2017 Summary Annual Report and Proxy Statement

401 Merritt 7, Norwalk, CT 06851
(203) 614-5600

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

VIRTUAL MEETING OF STOCKHOLDERS VIA LIVE WEBCAST

Time and Date:	10:00 a.m., Eastern Time, on May 9, 2018
Items of Business:	• To elect 9 directors; • To consider and vote upon an advisory proposal to approve executive compensation; • To ratify the selection of KPMG LLP as our independent registered public accounting firm for 2018; and • To transact any other business that may properly be brought before the meeting or any adjournment or postponement of the meeting.
Record Date:	Stockholders of record at the close of business on March 12, 2018 are entitled to vote at the meeting or any adjournments or postponements thereof.

Your vote is very important. On or about March 27, 2018, we mailed a Notice of Internet Availability of Proxy Materials (the Notice). The Notice includes instructions on how to access our Proxy Statement and 2017 Annual Report and vote online. Stockholders who received a printed copy of our proxy materials may also vote by mail by signing, dating and returning the proxy card in the envelope provided. Voting now will not limit your right to change your vote or participate in the meeting.

This year's Annual Meeting will be a virtual meeting, which means that you will be able to participate in the Annual Meeting via live webcast by visiting *www.virtualshareholdermeeting.com/FTR2018*. **Because the Annual Meeting is virtual and being conducted electronically, stockholders will not be able to attend the Annual Meeting in person.**

By Order of the Board of Directors

Mark D. Nielsen
Executive Vice President, Chief Legal Officer and Secretary
March 27, 2018

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 9, 2018.

The Proxy Statement and 2017 Annual Report are available at *www.proxyvote.com*.

TABLE OF CONTENTS

PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement about Frontier Communications Corporation. You should read the entire Proxy Statement carefully before voting.

2018 Annual Meeting

Date May 9, 2018	**Time** 10:00 a.m., Eastern Time
Record Date March 12, 2018	**Via the internet** www.virtualshareholdermeeting.com/FTR2018

Meeting Agenda and Voting Matters

Proposal	Board Vote Recommendation
Item 1 – Election of Directors	FOR each nominee
Item 2 – Advisory Vote to Approve Executive Compensation (Say-on-Pay)	FOR
Item 3 – Ratification of Selection of Independent Registered Public Accounting Firm	FOR

Director Nominees

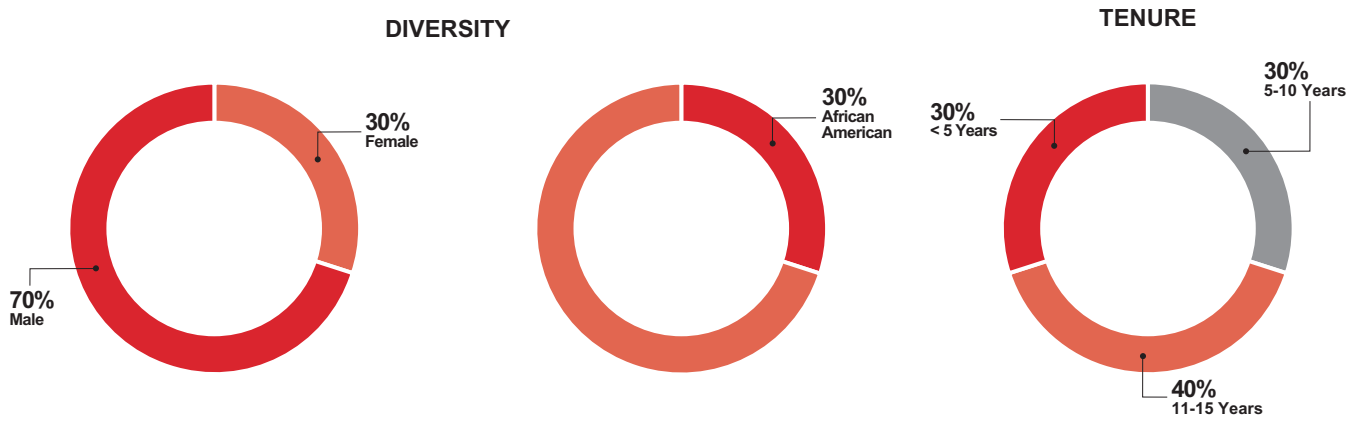
Name/Age*	Independent	Director Since	Occupation/Career Highlights	Committee Membership
Leroy T. Barnes Jr., 66	Yes	2005	Retired, Vice President and Treasurer, PG&E Corp.	Audit Retirement Plan (Chair)
Peter C.B. Bynoe, 67	Yes	2007	Managing Director, Equity Group Investments	Compensation Nom. and Corp. Gov. (Chair)
Diana S. Ferguson, 54	Yes	2014	Principal, Scarlett Investments, LLC	Audit Compensation
Edward Fraioli, 71	Yes	2010	Retired, Partner, Ernst & Young	Audit (Chair) Retirement Plan
Daniel J. McCarthy, 53	No	2014	President and CEO, Frontier Communications	
Pamela D.A. Reeve (Chairman), 68	Yes	2010	Retired, President and CEO, Lightbridge, Inc.	
Virginia P. Ruesterholz, 56	Yes	2013	Retired, Executive Vice President, Verizon Communications	Compensation (Chair) Retirement Plan
Howard L. Schrott, 63	Yes	2005	Principal, Schrott Consulting	Audit Nom. and Corp. Gov.
Mark Shapiro, 48	Yes	2010	Co-President, WME/IMG	Retirement Plan

* Age is as of the date of the Annual Meeting.
Mr. Wick, who has served on the Board since 2005, is not standing for re-election at our Annual Meeting.

All of our directors attended over 75% of the meetings of the Board and committees on which they served in 2017.

Board Characteristics

We believe that diversity in its many forms, and the breadth of perspective that it brings, enhances the effectiveness of the Board.



Corporate Governance Highlights

The Board is committed to exercising good corporate governance practices. This includes:

- ✓ All independent directors (except our CEO)
- ✓ An independent Chairman of the Board with extensive duties
- ✓ Each standing committee composed exclusively of independent directors
- ✓ Annual elections of all directors (not a staggered Board)
- ✓ Frequent executive sessions of independent directors
- ✓ Majority voting for our director elections
- ✓ Stock ownership guidelines for executive officers and non-management directors
- ✓ Annual Board and committee self-evaluations
- ✓ A robust clawback policy

2017 Review

2017 was a period of immense change and development for Frontier Communications. We ended the year in a much stronger position than we started, and in 2018 we are poised to achieve further improvements, most notably in California, Texas, and Florida (CTF). These markets have leading-edge, fiber-to-the-home networks that enable best-in-class broadband, video and other communications services for consumers and businesses.

In 2017, we systematically addressed performance issues in CTF that negatively affected revenue, profitability, and our stock price. We achieved steady improvements in Frontier FiOS® customer trends. We also made the decision to suspend the common dividend effective with the first quarter of 2018. This action will free up $250 million of additional cash annually, following the conversion of the company's mandatory convertible preferred stock in June 2018, to accelerate debt reduction.

We still have substantial work ahead, but we remain fully committed to increasing shareholder value.

Executive Compensation

Our Compensation Committee sets executive compensation each year based upon the following philosophy:

Establish clear alignment between the interests of our executives and those of our stockholders by rewarding performance measured by key financial metrics, strategic objectives and relative total stockholder return, and through the use of equity awards as a significant component of annual compensation.

Reinforce our performance culture for our Named Executive Officers (NEOs) by making a majority of their compensation at risk, i.e., contingent upon achievement of specified company and individual performance goals.

Hire and retain talented executives by having a compensation program that is competitive in relation to comparable companies based on size, overall complexity and the nature of our business.

Ensure company goals are fully aligned throughout the organization. Each year, we establish company-wide goals to achieve Frontier's business plan for the year. Our NEOs are compensated to the extent they are successful in leading Frontier to achieve these goals for each year.

In light of the challenges we faced in 2017 and the resulting decline in the price of our common stock, Frontier paid no annual cash bonuses for 2017 performance. The Compensation Committee elected to grant executives restricted stock awards, performance share awards and performance cash awards (but not as replacement for the annual cash bonus). We believe that these awards tie the interests of our executives and our stockholders.

For additional information about our executive compensation practices, see "Compensation Discussion and Analysis."

Frontier believes that our compensation program is a sound reflection of our compensation philosophy and, as such, our Board recommends that stockholders vote FOR our 2018 Say-On-Pay proposal.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Why did I receive these proxy materials?

This Proxy Statement is being furnished to you in connection with the Board's solicitation of proxies to be voted at our 2018 Annual Meeting of Stockholders, which is being held on May 9, 2018, at 10:00 a.m., Eastern Time, via the internet at *www.virtualshareholdermeeting.com/FTR2018*, and at any adjournments thereof (the Annual Meeting).

What is included in our proxy materials?

Our proxy materials, which are available on the Investor Relations page of our website, *www.frontier.com*, include:

- Our Notice of Annual Meeting of Stockholders;
- Our Proxy Statement; and
- Our 2017 Annual Report to Stockholders.

If you received printed versions of these materials by mail (rather than through electronic delivery), these materials also included a proxy card or voting instruction form.

The information on our website is not incorporated herein by reference.

How is Frontier distributing proxy materials?

Under rules adopted by the Securities and Exchange Commission (the SEC), we have elected to furnish the proxy materials to many of our stockholders via the Internet. On or about March 27, 2018, we began mailing to holders of our common stock (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials. If you received the Notice, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the proxy materials. The Notice also instructs you on how you may submit your proxy via the Internet. Stockholders who do not receive the Notice will continue to receive either a paper or electronic copy of our Proxy Statement and 2017 Annual Report, which will be sent on or about March 27, 2018.

If you received a Notice by mail and would like to receive a copy of our proxy materials, follow the instructions (contained in the Notice) regarding how you may request to receive your materials electronically or in printed form on a one-time or ongoing basis. We encourage you to receive all future proxy materials electronically to help us save printing costs and postage fees, as well as natural resources in producing and distributing these materials. If you wish to receive these materials electronically next year, please follow the instructions on the proxy card or on the Investor Relations page of our website, *www.frontier.com*.

Requests for printed copies of the proxy materials can be made via the Internet at *www.proxyvote.com*, by telephone at 1-800-579-1639 (or, for callers without touch-tone phones, 1-866-232-3037) or by email at sendmaterial@proxyvote.com by sending a blank email with your control number (the 12 digit identifying number in the box on the Notice) in the subject line.

What matters will be voted on at the Annual Meeting?

The following matters are scheduled for vote by stockholders at the Annual Meeting:

1	Elect the 9 nominees named in this Proxy Statement to serve as directors
2	Approve, on an advisory basis, Frontier's executive compensation
3	Ratify the selection of KPMG LLP as Frontier's independent registered public accounting firm for 2018
4	Transact any other business that may properly be brought at the Annual Meeting or any adjournment or postponement thereof

Who can vote at our Annual Meeting?

You can vote your shares of common stock at our Annual Meeting if you were a stockholder at the close of business on March 12, 2018, the record date for our Annual Meeting. As of March 12, 2018, there were 78,317,891 shares of common stock outstanding, with each share entitled to one vote.

How can I participate in the Annual Meeting?

We are excited to invite stockholders to participate in the Annual Meeting virtually via the internet at *www.virtualshareholdermeeting.com/FTR2018*. We believe hosting a virtual meeting will promote greater stockholder attendance, by enabling stockholders that might not otherwise be able to travel to a physical meeting to attend online, while also reducing the costs of the annual meeting.

We are committed to enhancing the stockholder experience at the annual meeting. We have engaged Broadridge Financial Solutions to host the virtual annual meeting. On the date of the Annual Meeting, Broadridge Financial Solutions will be available via telephone at 1-855-449-0991 to answer your questions regarding how to participate in the Annual Meeting virtually via the internet. On the day of the annual meeting, Broadridge Financial Solutions will open the portal in advance of the meeting so that you may have time prior to the meeting to submit questions you may have for the Company. In order to vote or submit a question, you will need to follow the instructions posted at *www.virtualshareholdermeeting.com/FTR2018* and will need the control number provided on your Notice, proxy card or voting instructions. In addition, you may submit questions in advance of the meeting at *www.proxyvote.com*.

What is the quorum requirement for our Annual Meeting?

Holders of a majority of the outstanding shares of common stock entitled to vote must be present or represented by proxy in order for action to be taken at the Annual Meeting. Abstentions and broker non-votes are treated as present for quorum purposes.

How do I vote my shares?

	If you are a stockholder of record	If you hold your shares in street name
By Internet*	www.proxyvote.com	www.proxyvote.com
By Telephone*	1-800-690-6903	If your shares are held of record in the name of a bank, broker or other nominee, follow the voting instructions on the form you receive from your record holder. The availability of Internet and telephone voting will depend on their voting procedures.
By Mail	Return a properly executed and dated proxy card in the pre-paid envelope we have provided.	
During the Annual Meeting	To vote virtually via the internet at the meeting, please follow the instructions posted at www.virtualshareholdermeeting.com/FTR2018. All proxy cards and ballots must be received by the independent inspector before the polls close at the meeting.	To vote virtually via the internet at the meeting, please follow the instructions posted at www.virtualshareholdermeeting.com/FTR2018. All proxy cards and ballots must be received by the independent inspector before the polls close at the meeting.

*Internet and telephone voting procedures are designed to authenticate stockholder identities, to allow stockholders to give voting instructions and to confirm that stockholders' instructions have been recorded properly. A control number, located on the Notice and proxy card, will identify stockholders and allow them to vote their shares and confirm that their voting instructions have been properly recorded. Stockholders voting via the Internet or telephone should understand that there may be costs associated with voting via the Internet or telephone, such as usage charges from Internet access providers and telephone companies, which must be borne by the stockholder.

If a stockholder neither returns a signed proxy card, votes via the Internet or by telephone, nor participates in the Annual Meeting and votes via the internet, his or her shares will not be voted.

Can I change my mind after I have voted?

You can revoke your proxy at any time before the Annual Meeting by giving written notice of revocation to our Secretary, at our address stated on the cover page of this Proxy Statement, by executing and delivering a later-dated proxy, either in writing, by telephone or via the Internet, or by participating in the Annual Meeting and voting virtually via the internet at www.virtualshareholdermeeting.com/FTR2018. Participation in the Annual Meeting will not alone constitute revocation of a proxy.

Do I hold my shares as a registered stockholder or in street name?

If your shares of common stock are owned directly in your name, as shown in the records of our transfer agent, Computershare Investor Services, you are considered a registered holder of those shares.

If your shares of common stock are held by a broker, bank or other nominee, you hold those shares in street name. Your broker, bank or other nominee will vote your shares as you direct.

If I hold my shares in street name, does my broker need instructions in order to vote my shares?

If you hold shares of common stock in street name and you do not submit specific voting instructions to your broker, bank or other nominee, how your shares may be voted will depend on the type of proposal. Brokers, banks and other nominees generally will have discretion to vote your shares on routine matters, but will not have discretion to vote your

shares on non-routine matters. When the broker, bank or other nominee is unable to vote on a proposal because the proposal is not routine and you do not provide voting instructions, a "broker non-vote" occurs and, as a result, your shares will not be voted on these proposals.

- The ratification of the appointment of KPMG LLP as our independent registered public accountant for 2018 (Proposal No. 3) is considered routine under applicable rules. Your broker, bank or other nominee may vote in their discretion without instruction from you.
- All other matters to be voted on at the Annual Meeting are considered non-routine under applicable rules. Your broker, bank or other nominee will not be able to vote without instruction from you.

If I hold my shares as a registered stockholder but do not give specific voting instructions, how will my shares be voted?

If you sign, date and return a proxy card but do not give specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board on all matters presented in this Proxy Statement, and the proxy holders may determine in their discretion how to vote your shares on any other matters properly presented for a vote at our Annual Meeting. Although our Board does not anticipate that any of the director nominees will be unable to stand for election as a director nominee at our Annual Meeting, if this occurs, proxies will be voted in favor of such other person or persons as may be nominated by our Board.

What vote is required for adoption or approval of each matter to be voted on, and how does the Board recommend that I vote?

Proposal	Vote Required	Board Recommendation
Election of Directors	Majority of the shares present in person or represented by proxy (for each director nominee)	FOR all nominees Unless a contrary choice is specified, proxies received by our Board will be voted FOR the election of our director nominees
Advisory Vote to Approve Executive Compensation (Say-on-Pay)	Majority of the shares present in person or represented by proxy	FOR Unless a contrary choice is specified, proxies received by our Board will be voted FOR the proposal
Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2018	Majority of the shares present in person or represented by proxy	FOR Unless a contrary choice is specified, proxies received by our Board will be voted FOR the ratification of the appointment

We have adopted a policy under which, in non-contested elections, if a director fails to win a majority of votes, the director must immediately tender his or her resignation from the Board, and the Board then decides at its next regularly scheduled meeting, through a process managed by the Nominating and Corporate Governance Committee and excluding the nominee in question, whether to accept the resignation.

What are my choices for casting my vote on each matter to be voted on?

Proposal	Voting Options	Effect of Abstentions	Broker Discretionary Voting Allowed?	Effect of Broker Non-Votes
Election of Directors	FOR, AGAINST OR ABSTAIN (for each director nominee)	Treated as a vote AGAINST the nominee	No	No effect
Advisory Vote to Approve Executive Compensation (Say-on-Pay)	FOR, AGAINST OR ABSTAIN	Treated as a vote AGAINST the proposal	No	No effect
Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2018	FOR, AGAINST OR ABSTAIN	Treated as a vote AGAINST the proposal	Yes	Not applicable

What is "Householding"?

We have adopted a procedure approved by the SEC called "householding." Under this procedure, stockholders of record who have the same address and last name will receive only one copy of our Proxy Statement and Annual Report unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees. Stockholders who participate in householding will continue to receive separate proxy cards. Householding will not in any way affect dividend check mailings.

If your household received a single set of proxy materials, but you would prefer to receive a separate copy of this Proxy Statement and Annual Report, please contact our transfer agent, Computershare Investor Services (in writing: P.O. Box 43078, Providence, RI 02940-3078; or by telephone: in the U.S., Puerto Rico and Canada, 1-877-770-0496; outside the U.S., Puerto Rico and Canada, 1-781-575-2382).

Stockholders who hold their shares in street name can request information about householding from their banks, brokers or other nominees.

Who bears the cost of soliciting votes for the Annual Meeting?

We will bear the costs of solicitation of proxies for the Annual Meeting. In addition to solicitation by mail, directors, officers and our regular employees may solicit proxies from stockholders by telephone, personal interview or otherwise. These directors, officers and employees will not receive additional compensation, but may be reimbursed for out-of-pocket expenses in connection with this solicitation. In addition to solicitation by our directors, officers and employees, we have engaged Innisfree M&A Incorporated to assist in the solicitation of proxies and provide related advice and informational support, for a base fee of $15,000, plus customary disbursements. Banks, brokers, other nominees, fiduciaries and other custodians have been requested, with respect to shares of record held by them, to forward soliciting material to the beneficial owners of common stock, and these custodians will be reimbursed for their reasonable expenses.

How do I contact the Transfer Agent?

Our transfer agent is Computershare Investor Services. You should contact the transfer agent, at the phone number or addresses listed below, if you have questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

If by First Class Mail:
Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078

If by Overnight Courier:
Computershare Investor Services
250 Royall Street
Canton, MA 02021-1011

website: *www.computershare.com/investor*

Telephone: (877) 770-0496 (in the U.S., Puerto Rico and Canada)
or (781) 575-2382 (outside the U.S., Puerto Rico and Canada)

OWNERSHIP OF COMMON STOCK

Set forth below is certain information with respect to the beneficial ownership of our common stock (as determined under the rules of the SEC) by (1) each person who, to our knowledge, is the beneficial owner of more than 5% of our outstanding shares of common stock, which is our only class of voting securities, (2) each director and nominee for director, (3) each of the executive officers named in the Summary Compensation Table under "Executive Compensation" and (4) all of our directors and executive officers as a group. The information is as of March 12, 2018 unless otherwise indicated. The business address of each person listed is c/o Frontier Communications Corporation, 401 Merritt 7, Norwalk, Connecticut 06851, unless stated otherwise. Except as otherwise described below, each of the persons named in the table has sole voting and investment power with respect to the common stock beneficially owned and has not pledged such common stock as security for any obligations.

5% Beneficial Owners	Number of Shares and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc.[a]	15,219,684	19.4%
The Vanguard Group[b]	10,263,864	13.1%

Non-Employee Directors & Director Nominees	Number of Shares and Nature of Beneficial Ownership	Percent of Class
Leroy T. Barnes Jr.	28,065.22[c]	*
Peter C.B. Bynoe	27,474.90[d]	*
Diana S. Ferguson	15,189.14[e]	*
Edward Fraioli	29,133.33[f]	*
Pamela D.A. Reeve	33,658.49[g]	*
Virginia P. Ruesterholz	21,085.02[h]	*
Howard L. Schrott	31,688.04[i]	*
Mark Shapiro	34,578.29[j]	*
Myron A. Wick, III	38,046.22[k]	*

Named Executive Officers and Directors & Executive Officers as a Group	Number of Shares and Nature of Beneficial Ownership	Percent of Class
Kenneth W. Arndt	134,930[l]	*
Steve Gable	158,693[m]	*
John L. Lass	130,503[n]	*
R. Perley McBride	250,323[o]	*
Daniel J. McCarthy	617,565[p]	*
Cecilia K. McKenney	91,856[q]	*
All directors and executive officers as a group (16 persons)	1,811,277.64[r]	2.3%

* Less than 1%.

(a) The number of shares is as of December 31, 2017 and based on a Schedule 13G filed on January 9, 2018 by BlackRock, Inc. The business address of this beneficial owner is 55 East 52nd Street, New York, NY 10055. Such Schedule 13G discloses that BlackRock, Inc. has sole voting power over 14,970,822 shares and sole dispositive power over 15,219,684 shares and that the shares beneficially owned by BlackRock, Inc. are held by subsidiaries of BlackRock, Inc.

(b) The number of shares is as of December 31, 2017 and based on a Schedule 13G filed on February 9, 2018 by The Vanguard Group, Inc. The business address of this beneficial owner is 100 Vanguard Blvd., Malvern, PA 19355. Such Schedule 13G discloses that The Vanguard Group, Inc. has sole voting power over 86,357 shares, shared voting power over 8,999 shares, sole dispositive power over 10,174,023 shares and shared dispositive power over 89,841 shares and that, of the shares beneficially owned by The Vanguard Group, Inc., 95,356 shares are held by wholly-owned subsidiaries of The Vanguard Group, Inc.

(c) Consists of 27,507.22 shares that may be acquired upon the redemption of stock units and 558 shares held by family trust. Directors may elect to redeem stock units upon termination of service in the form of cash or shares of our common stock. See “Director Compensation,” below.

(d) Includes 27,218.90 shares that may be acquired upon the redemption of stock units.

(e) Consists of 15,189.14 shares that may be acquired upon the redemption of stock units.

(f) Includes 666.67 shares that may be acquired upon the exercise of currently exercisable stock options and 27,133.66 shares that may be acquired upon the redemption of stock units.

(g) Includes 32,992.49 shares that may be acquired upon the redemption of stock units.

(h) Consists of 21,085.02 shares that may be acquired upon the redemption of stock units.

(i) Includes 31,355.04 shares that may be acquired upon the redemption of stock units.

(j) Includes 666.67 shares that may be acquired upon the exercise of currently exercisable stock options, 23,232.62 shares that may be acquired upon the redemption of stock units and 3,999 shares that may be acquired upon the conversion of Series A Mandatory Convertible Preferred Stock (assuming the maximum conversion rate).

(k) Consists of 35,380.22 shares that may be acquired upon the redemption of stock units and 2,666 shares held by family trusts. As previously disclosed, Mr. Wick will not stand for re-election at the Annual Meeting.

(l) Includes 118,110 restricted shares over which Mr. Arndt has sole voting power but no dispositive power.

(m) Includes 143,828 restricted shares over which Mr. Gable has sole voting power but no dispositive power.

(n) Includes 104,402 restricted shares over which Mr. Lass has sole voting power but no dispositive power.

(o) Includes 239,787 restricted shares over which Mr. McBride has sole voting power but no dispositive power.

(p) Includes 503,558 restricted shares over which Mr. McCarthy has sole voting power but no dispositive power and 1,259 shares held in a 401(k) plan.

(q) Based on a Form 4 filed by Ms. McKenney on February 27, 2017. Ms. McKenney’s employment with the Company ended on June 30, 2017.

(r) Includes 1,381,561 restricted shares over which executive officers have sole voting power but no dispositive power, 1,333.33 shares that may be acquired pursuant to the exercise of currently exercisable stock options by independent directors, 242,427.64 shares that may be acquired upon the redemption of stock units by independent directors and 5,332 shares that may be acquired by an independent director and executive officer upon the conversion of Series A Mandatory Convertible Preferred Stock (assuming the maximum conversion rate).

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and officers, and persons who beneficially own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC. Such directors, officers and greater than 10% stockholders are also required to furnish us with copies of all such filed reports.

Based solely upon a review of the copies of such reports furnished to us, or representations that no reports were required, we believe that during the year ended December 31, 2017, all persons subject to the reporting requirements of Section 16(a) filed the required reports on a timely basis.

PROPOSAL 1: ELECTION OF DIRECTORS

Election Process

Each director is elected at the annual stockholder meeting to hold office until the next annual stockholder meeting or until his or her successor has been elected and qualified. Directors are elected by a majority of the votes of the holders of shares of common stock present in person or represented by proxy at the meeting and entitled to vote at the meeting.

If any of the Board's nominees becomes unavailable prior to the Annual Meeting to serve as a director, the Board may select a replacement nominee or reduce the number of directors to be elected. The proxy holders will vote the shares for which they serve as proxy for any replacement candidate nominated by the Board.

Nominations

Our Nominating and Corporate Governance Committee evaluates and recommends to the Board candidates for nomination to the Board in accordance with our Corporate Governance Guidelines and membership guidelines adopted by our Board described under "Director Qualifications," below.

Stockholders may propose director candidates for consideration by the Nominating and Corporate Governance Committee. Any such recommendation should include the nominee's name and qualifications for membership on the Board and should be directed to our Secretary at the address of our principal executive offices. To nominate an individual for election at an annual stockholder meeting, the stockholder must give timely notice to our Secretary in accordance with our bylaws, which, in general, require that notice be received by our Secretary not less than 90 days nor more than 120 days before the anniversary date of the immediately prior annual stockholders meeting, unless the annual meeting is moved by more than 30 days before or after the anniversary of the prior year's annual meeting, in which case the notice must be received not less than a reasonable time, as determined by our Board, prior to the printing and mailing of proxy materials for the applicable annual meeting. The notice should include a description of the qualifications of the suggested nominee and any information that is required by the regulations of the SEC concerning the suggested nominee and his or her direct or indirect securities holdings or other interests in Frontier. See "Proposals by Stockholders" for the deadline for nominating persons for election as directors for the 2019 annual meeting of stockholders.

Decisions regarding the renomination of directors are made by the Board, upon the recommendation of the Nominating and Corporate Governance Committee, which annually evaluates each director's performance and contribution to the Board. Under our Corporate Governance Guidelines, a non-employee director will not ordinarily be renominated if he or she has served on the Board for 15 years, but the Nominating and Corporate Governance Committee may recommend to the Board for renomination a director regardless of the length of his or her service if, in the judgment of the Nominating and Corporate Governance Committee, such renomination is in the best interests of Frontier and our stockholders.

Director Qualifications

Each candidate for nomination as a director, including each person recommended by stockholders, is evaluated in accordance with our Corporate Governance Guidelines and additional guidelines adopted by our Board. The additional guidelines set forth specific characteristics that each nominee must possess, set forth below.

- A reputation for integrity, honesty, fairness, responsibility, good judgment and high ethical standards.
- Broad experience at a senior, policy-making level in business, government, education, technology or public interest.
- The ability to provide insights and practical wisdom based on the nominee's experience and expertise.
- An understanding of a basic financial statement.
- Comprehension of the role of a public company director, particularly the fiduciary obligation owed to Frontier and our stockholders.
- Commitment to understanding Frontier and its industry and to spending the time necessary to function effectively as a director.
- An absence of a conflict of interest (or appearance of a conflict of interest) that will impair the nominee's ability to fulfill his or her responsibilities as a director.

Under the additional guidelines, the Nominating and Corporate Governance Committee also evaluates whether the background and qualifications of the directors, as a group, is diverse, and whether each individual nominee possesses a depth of experience, knowledge and ability that will enable him or her to assist the other directors in fulfilling the Board's responsibilities to Frontier and our stockholders. Each nominee must also be willing to commit that he or she will comply with our director stock ownership guidelines.

In addition, a nominee should be "independent," as defined by the SEC and the Nasdaq Listing Rules. To the extent permitted by applicable law and our bylaws, nominees who do not qualify as independent may be nominated when, in the opinion of the Nominating and Corporate Governance Committee, such action is in the best interests of Frontier and our stockholders.

Although we do not have a formal policy regarding Board diversity, when evaluating candidates for nomination as a director, the Nominating and Corporate Governance Committee does consider diversity in its many forms, including among others, experience, skills, ethnicity, race and gender. We believe a diverse Board, as so defined, provides for different points of view and robust debate and enhances the effectiveness of the Board. Currently, the Board includes one or more current and/or former CEOs, CFOs, investment bankers, experts in communications, marketing and strategy, auditors and individuals of different race, gender, ethnicity and background.

In the interest of promoting diversity and new perspectives on the Board, the Board has adopted a policy pursuant to which one long-standing director will elect not to stand for re-election at the Annual Meeting. This began at the 2017 Annual Meeting when Ms. Larraine Segil, who had served on the Board since 2005, elected not to stand for re-election at the 2017 Annual Meeting. Mr. Wick, a Board member since 2005, has elected not to stand for re-election at the 2018 Annual Meeting, and, assuming Mr. Barnes is re-elected at this year's meeting, the Board expects Mr. Barnes, a Board member since 2005, not to stand for re-election at the 2019 Annual Meeting. Further, the Board has engaged an executive search firm to help it identify, evaluate and recruit potential director candidates.

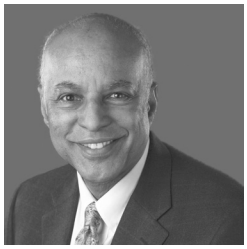
Director Nominees

At the Annual Meeting, nine nominees are to be elected and each will hold office until the next annual stockholder meeting or until his or her successor has been elected and qualified. The Board, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated the nine individuals listed below, each of whom is currently serving as a director. Each nominee has agreed to be named in this Proxy Statement and to serve if elected.

As previously disclosed, Mr. Wick will not seek re-election at the Annual Meeting. Mr. Wick has served on the Board since 2005, and Frontier thanks Mr. Wick for his many years of dedication and service to the Company.

The Board unanimously recommends that you vote FOR the election of the following director nominees:

Leroy T. Barnes Jr.



Age: 66
Independent Director
Director Since:
May 2005
Board Committees:
Audit
Retirement Plan (Chair)

Background

Prior to his retirement, Mr. Barnes was Vice President and Treasurer of PG&E Corp., a holding company for energy-based businesses (2001 to 2005), and Vice President and Treasurer of Gap Inc., a clothing retailer (1997 to 2001). Before joining Gap, he held various executive positions with Pacific Telesis Group/SBC Communications, a Regional Bell Operating Company.

Qualifications

Mr. Barnes' experience as an executive at PG&E, Gap and Pacific Telesis, as well as his service on the boards of other public companies, allows him to contribute valuable insight in the areas of corporate finance and risk management.

Other Directorships

The McClatchy Company
Principal Funds, Inc. (three investment company directorships)

Past Directorships

Herbalife Ltd. (December 2004 to February 2015)

Peter C.B. Bynoe

Age: 67
Independent Director
Director Since:
October 2007
Board Committees:
Compensation
Nominating and Corporate Governance (Chair)

Background

Mr. Bynoe is a Managing Director of Equity Group Investments, a private investment fund. Prior to joining Equity Group Investments in October 2014, Mr. Bynoe served as Chief Executive Officer of Rewards Network, Inc., a merchant cash advance and marketing services company (September 2013 to October 2014), and in multiple capacities, including as a partner, with Loop Capital Markets LLP, an investment bank (February 2009 to September 2013). In addition, Mr. Bynoe was associated with the international law firm DLA Piper US LLP from March 1995 to December 2016. He is also Chairman of Telemat Ltd., a business consulting firm he founded in 1982.

Qualifications

Mr. Bynoe provides the Board with extensive business, legal and public policy expertise. Mr. Bynoe has experience serving on the boards of other public companies, including as a nominating and governance committee member and chair, and as a compensation committee member and chair.

Other Directorships

Covanta Holding Corporation Real Industry, Inc.

Diana S. Ferguson

Age: 54
Independent Director
Director Since:
October 2014
Board Committees:
Audit
Compensation

Background

Ms. Ferguson has been Principal of Scarlett Investments, LLC, a firm that invests in and advises middle market businesses, since August 2013. Ms. Ferguson served as Chief Financial Officer of the Chicago Board of Education (February 2010 to May 2011) and as Senior Vice President and Chief Financial Officer of The Folgers Coffee Company, a maker of coffee products (April 2008 to November 2008), until Folgers was sold in 2008. Prior to joining Folgers, Ms. Ferguson was Executive Vice President and Chief Financial Officer of Merisant Worldwide, Inc., a maker of table-top sweeteners and sweetened food products (April 2007 to March 2008). Ms. Ferguson also served as Chief Financial Officer of Sara Lee Foodservice, a division of Sara Lee Corporation (June 2006 to March 2007), and in a number of leadership positions at Sara Lee Corporation including Senior Vice President of Strategy and Corporate Development and Treasurer.

Qualifications

Ms. Ferguson's broad experience and executive leadership allow her to provide the Board with valuable perspectives on financial, corporate and strategic matters.

Past Directorships

TreeHouse Foods, Inc. (2008 – 2016)

Edward Fraioli

Age: 71
Independent Director
Director Since:
July 2010
Board Committees:
Audit (Chair)
Retirement Plan

Background

Mr. Fraioli currently acts as a business consultant, which he has done since his retirement in July 2010. Prior to his retirement, Mr. Fraioli was a partner at Ernst & Young, a public accounting firm, since 1983. During his tenure at Ernst & Young, he served as Professional Practice Director for Ernst & Young's Private Equity practice (2008 to July 2010), Global Vice Chairman for Independence Matters within Global Quality and Risk Management (2005 to 2008) and as lead audit partner on a number of public and global companies.

Qualifications

Mr. Fraioli's over 35 years of accounting and business experience at Ernst & Young provide the Board with substantial expertise in the areas of public accounting, risk management and corporate finance.

Daniel J. McCarthy

Age: 53
Director Since:
May 2014

Background

Mr. McCarthy is the President and Chief Executive Officer of Frontier Communications Corporation and has been with Frontier since December 1990. Prior to becoming President and Chief Executive Officer in April 2015, Mr. McCarthy held other positions of responsibility at Frontier, including President and Chief Operating Officer (April 2012 to April 2015), Executive Vice President and Chief Operating Officer (January 2006 to April 2012) and Senior Vice President, Field Operations (December 2004 to December 2005). Mr. McCarthy serves as a Trustee of Sacred Heart University in Fairfield, Connecticut for the Diocese of Bridgeport, Connecticut. He is a member of the Board of Directors of the Western Connecticut Health Network, the Board of Directors of the Business Council of Fairfield County, and a member of the Business Roundtable.

Qualifications

Mr. McCarthy has been with Frontier for over 25 years in positions of increasing responsibility and as such he is able to provide the Board with critical insight into our business, operations, history, industry and strategic opportunities.

Other Directorships

Constellation Brands, Inc.

Pamela D.A. Reeve (Chairman)

Age: 68
Independent Director
Director Since:
July 2010

Background

From November 1989 to August 2004, Ms. Reeve held various executive positions, including President and Chief Executive Officer, and was a director at Lightbridge, Inc., a global provider of mobile business software and technology solutions. Prior to joining Lightbridge, Ms. Reeve spent 11 years as a consultant and in a series of executive positions at the Boston Consulting Group, Inc.

Qualifications

Ms. Reeve provides the Board with leadership, operational and financial expertise, particularly in the communications and technologies industries. In addition, her experience on the boards of other public companies provides the Board with important perspectives on corporate governance and risk management.

Other Directorships

American Tower Corporation Sonus Networks, Inc.

Past Directorships

LiveWire Mobile, Inc. (1997 to November 2009)

Virginia P. Ruesterholz

Age: 56
Independent Director
Director Since:
August 2013
Board Committee:
Compensation (Chair)
Retirement Plan

Background

During her 28 year career with Verizon Communications, a broadband and telecommunications company, and its predecessors, Ms. Ruesterholz held various executive positions, including Executive Vice President of Verizon Communications (January to July 2012) and President of Verizon Services Operations (2009 to 2011). Earlier she served as President of Verizon Telecom, President of Verizon Partner Solutions and President of Verizon Wholesale Markets. She also serves as Chairman of the Board of Trustees of Stevens Institute of Technology.

Qualifications

Through her substantial experience as a senior executive at Verizon, Ms. Ruesterholz provides the Board with valuable knowledge of the telecommunications industry, large scale operations, risk management and information technology.

Other Directorships

The Hartford Financial Services Group, Inc.
Bed, Bath & Beyond

Howard L. Schrott

Age: 63
Independent Director
Director Since:
July 2005
Board Committees:
Audit
Nominating and Corporate Governance

Background

Mr. Schrott is a Principal in Schrott Consulting, a management consulting firm servicing broadcasting, telecommunications and technology companies which he founded in February 2006. Prior to founding Schrott Consulting, he was Chief Financial Officer of the Liberty Corporation, a television broadcaster, from 2001 until Liberty's sale in February 2006. Mr. Schrott also serves as a Trustee of Butler University, a Governor of the Indianapolis Museum of Art and on the Board of Directors of Metropolitan Indianapolis Public Media, Inc.

Qualifications

Mr. Schrott provides the Board with an extensive understanding of the telecommunications industry. In addition, his experience in executive and director roles provides the Board with important knowledge of financial and operational matters.

Past Directorships

Media General, Inc. (November 2013 to December 2014) Time Warner Telecom Holdings Inc. (2004 to 2006)

Mark Shapiro

Age: 48
Independent Director
Director Since:
July 2010
Board Committee:
Retirement Plan

Background

Mr. Shapiro is the Co-President of WME/IMG, a global leader in sports, fashion, entertainment and media. Prior to joining WME/IMG in September 2014, he served as Chief Executive Officer and an Executive Producer of Dick Clark Productions, an independent producer of television programming (May 2010 to September 2014), and as a Director, President and Chief Executive Officer of Six Flags, Inc., a family-oriented entertainment company (December 2005 to May 2010). Prior to joining Six Flags, Mr. Shapiro spent 12 years at ESPN, Inc., where he served in various capacities, including Executive Vice President, Programming and Production.

Qualifications

Mr. Shapiro provides the Board with valuable knowledge of operations, strategy and consumer services. His experience as a senior-level executive at WME/IMG, Dick Clark Productions and Six Flags provides him with important perspectives on content creation, marketing and branding.

Other Directorships

Live Nation Entertainment, Inc.
Equity Residential
Papa John's International, Inc.

Mr. Wick, who has served on the Frontier Board since 2005, is not standing for re-election at the Annual Meeting.

DIRECTOR COMPENSATION

Frontier uses cash and stock-based compensation to attract and retain qualified non-employee members of our Board. Mr. McCarthy, the only employee director, receives no remuneration for service as a member of our Board.

Annual Retainer and Stipend – Paid in Cash or Stock Units

Each non-employee director is paid an annual $95,000 retainer. The Chairman of the Board is also paid an annual stipend of $175,000, 45% in cash and 55% in stock units, and each committee chair is paid a stipend ($25,000 for the Audit Committee, $20,000 for the Compensation Committee, $15,000 for the Retirement Plan Committee and $15,000 for the Nominating and Corporate Governance Committee).

Directors may elect, by December 31 of the prior year, whether to receive the retainer and stipend, if any, in cash or stock units. Directors are also entitled to reimbursement for reasonable expenses they incur in connection with Board meetings they attend in person. The annual retainer is payable in advance in equal quarterly installments on the first business day of each quarter. Stipends are payable in arrears in equal quarterly installments on the last business day of each quarter.

Annual Fee – Paid in Stock Units

Non-employee directors receive additional compensation in the form of stock units. In 2017, each non-employee director received a $120,000 fee in the form of stock units. Stock units for fees are earned quarterly and credited to the director's account on the last business day of the quarter in which the fees are earned.

The number of stock units credited equals the amount of the retainer, stipend or fee (as appropriate) divided by the closing price of our common stock on the credit date of the stock units. We hold all stock units until a director's termination of service, at which time the units are redeemable, at the director's election, in either cash or in shares of our common stock.

The following table sets forth compensation information earned for 2017 by each non-employee director.

Name	Director Compensation Paid in Cash ($)	Stock Unit Awards ($ value)[1]	Total ($)
Leroy T. Barnes Jr.	$110,000	$120,000	$230,000
Peter C.B. Bynoe	$110,000	$120,000	$230,000
Diana S. Ferguson	$ 95,000	$120,000	$215,000
Edward Fraioli	$ 95,000	$145,000	$240,000
Pamela D.A. Reeve	$173,750	$216,250	$390,000
Virginia P. Ruesterholz	$115,000	$120,000	$235,000
Howard L. Schrott	$ 95,000	$120,000	$215,000
Larraine D. Segil[(2)]	$ 23,750	$ 60,000	$ 83,750
Mark Shapiro	$ 95,000	$120,000	$215,000
Myron A. Wick, III	$ 95,000	$120,000	$215,000

(1) The amounts shown in this column represent the grant date fair value in accordance with Financial Accounting Standards Board ASC Topic 718 of the stock units granted to directors in 2017. For a discussion of valuation assumptions, see Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. Dividends are paid on stock units held by directors at the same rate and at the same time as we pay dividends on shares of our common stock. No above-market or preferential dividends were paid with respect to any stock units. Dividends on stock units are paid in the form of additional stock units.

(2) Departed the Board after not standing for reelection at the 2017 Annual Meeting.

At December 31, 2017, Mr. Fraioli and Mr. Shapiro each held 666.67 stock options. Such stock options were granted with an exercise price equal to the closing price of our common stock on the date each director was elected to the Board. The options became exercisable six

months after the grant date and expire on the tenth anniversary of the grant date or, if earlier, on the first anniversary of the director's termination of service. Since October 2010, directors are no longer eligible to receive stock option grants upon joining the Board.

In addition, our bylaws require us to indemnify our directors and officers to the fullest extent permitted by law, so that they may be free from undue concern about personal liability in connection with their service to the Company. We have also entered into indemnification agreements with our directors and officers that provide similar indemnification rights.

CORPORATE GOVERNANCE

We maintain corporate governance policies and practices that reflect what the Board believes provide appropriate oversight, leadership and independence as well as those required by the Sarbanes-Oxley Act of 2002 and the rules of the SEC and the Nasdaq Stock Market (Nasdaq), on which our common stock is listed. A copy of our Corporate Governance Guidelines is available upon request to our Secretary, or may be viewed or downloaded from the Investor Relations page of our website, *www.frontier.com*.

Leadership Structure

Our Board is led by Pamela D.A. Reeve, who became non-executive Chairman of the Board of Directors in April 2016. Ms. Reeve had previously held the position of Lead Director and has been an independent member of our Board since 2010. The Board has determined that it is in the best interests of our stockholders at this time to separate the roles of Chairman and CEO. The Board will continue to evaluate our leadership structure based on the best interests of Frontier and our stockholders.

The Role of the Chairman:

- Call meetings of the Board and non-management directors (including those to be attended only by independent directors) when appropriate and preside at such meetings. Following each executive session, the Chairman will discuss with the CEO any issues arising in such executive session.
- Coordinate the flow of information to and among independent directors and, if any, other non-management directors.
- Collaborate with the CEO to set Board meeting agendas and review and approve Board meeting schedules to ensure that there is sufficient time for discussion of all agenda items. All Board members are encouraged to communicate to the Chairman any additional agenda items that they deem necessary or appropriate in carrying out their duties.
- Periodically solicit from other independent and non-management directors comments or suggestions related to Board operations, including the flow of information to directors, the setting of meeting agendas and the establishment of the schedule of Board meetings, and communicate those suggestions to the CEO. The Chairman shall also seek to ensure that there is: (a) an efficient and adequate flow of information to the independent and non-management directors; (b) adequate time for the independent and non-management directors to consider all matters presented to them for action; and (c) appropriate attention paid to all matters subject to oversight and actions by the independent and non-management directors.
- Attend all committee meetings, as appropriate. The Chairman shall work with each committee chair to ensure that each committee is effectively functioning and providing ongoing reports to the Board.
- Serve as the liaison between the independent and non-management directors, on the one hand, and the CEO, on the other, and as the representative of the independent and non-management directors in communications with the CEO and management outside of regular Board meetings.
- Serve as liaison and provide direction to advisers and consultants retained by the independent directors.

Our Board does not have a policy as to whether the roles of Chairman and CEO should be separate or combined. However, if the roles are combined, the Board will also have a Lead Director. Our Nominating and Corporate Governance Committee annually reviews our leadership structure to determine whether the existing structure is in the best interests of Frontier and its stockholders.

Chief Executive Officer Succession

The Board is actively engaged in managing executive talent and succession planning. The Nominating and Corporate Governance Committee reviews and considers succession development plans for the CEO and the development of executive talent. The Board also evaluates the adequacy and effectiveness of Frontier's succession plan for the CEO in connection with its annual assessment of the performance of the CEO.

Chief Executive Officer Pay Ratio

We determined that the 2017 median annual total compensation of all our employees who were employed as of December 31, 2017, other than our CEO, Dan McCarthy, was $101,408; Dan McCarthy's 2017 annual total compensation was $6,038,195; and the ratio of these amounts was 60:1. As of December 31, 2017, our total population consisted of 22,700 employees. To identify the median compensated employee, we used a Consistently Applied Compensation Measure (CACM) defined as annual base salary as of December 31, 2017.

Director Independence

The Board is required to affirmatively determine that a majority of the directors qualify as independent under Nasdaq listing standards. The Board undertakes an annual review of director independence by reviewing relationships between Frontier and each director as well as Frontier and the organizations with which each director is affiliated.

After considering the relevant facts, the Board has determined that no director, other than Mr. McCarthy, has a material relationship with Frontier (either directly or as a partner, stockholder or officer of an organization that has a relationship with Frontier) that would impair the director's ability to exercise independent judgment in carrying out his or her responsibilities as a director. Therefore, all of our directors, other than Mr. McCarthy, are independent under Nasdaq listing standards.

Mr. Shapiro, who serves on our Retirement Plan Committee, is the Co-President of WME/IMG. During 2017, Frontier engaged WME/IMG to assist in the negotiation and entry into certain sponsorship and content arrangements. The Nominating and Corporate Governance Committee and the Board reviewed this business relationship and determined that the value of the engagement was immaterial to WME/IMG, given the amount and WME/IMG's gross revenues, and that Mr. Shapiro's independence is not impaired.

The Board has determined that 8 of our 9 director nominees are independent

Risk Management and Board Oversight

The Board is responsible for oversight of Frontier's risk management process, and the full Board regularly discusses exposure to various potentially material risks. In accordance with our Corporate Governance Guidelines, the Audit Committee also reviews risk exposures and the guidelines and policies governing management's assessment and management of exposure to risk, including the enterprise risk management (ERM) process.

Management is responsible for Frontier's risk management activities, including the annual ERM process, which is jointly administered by the Chief Financial Officer and the Senior Vice President, Internal Audit. As part of the ERM process, each member of senior management and his or her direct reports participate in an annual identification, assessment and evaluation of risks. The individual risks are aggregated across Frontier to help management determine our enterprise level risks. For each such risk, one or more mitigation strategies are developed and implemented to minimize or manage that risk. During the course of the year, periodic monitoring, self-assessment and reporting to the Audit Committee are performed by senior management to:

- Update the trending of each risk, compared to the latest annual ERM review;
- Identify/consider new and emerging risks;
- Assess the implementation status/effectiveness of each mitigation strategy; and
- Identify changes to mitigation strategies, if necessary.

Attendance at Meetings

In 2017, the Board held 11 meetings. All of our directors attended over 75% of the meetings of the Board and committees on which they served in 2017. In accordance with our policy, all members of the Board attended last year's annual meeting of stockholders.

Committees of the Board

The Board has four standing committees: Audit, Compensation, Nominating and Corporate Governance, and Retirement Plan. Each committee is composed solely of independent directors and operates under a written charter adopted by the Board (available on the Investor Relations page of our website, *www.frontier.com*).

Audit Committee	**Number of Meetings in 2017: 6**
Chair: Edward Fraioli **Other Committee Members:** Leroy T. Barnes Jr. Diana S. Ferguson Howard L. Schrott	**Primary Responsibilities:** • Selects, determines compensation for, and oversees our independent auditors • Assists the Board in its oversight of our financial statements, compliance with legal and regulatory requirements, the independence, performance and qualifications of our independent auditors, the qualifications of our internal auditors and internal audit function performance • Pre-approves all audit and permissible non-audit services, if any, provided by our independent auditors • Prepares the Audit Committee Report • Oversees risk assessment and risk management
Each Audit Committee member is independent, meets the standard of an "audit committee financial expert" under SEC rules and meets the financial literacy requirements of the Nasdaq Listing Rules	

Mr. Barnes is on the audit committee of The McClatchy Company and each of the Principal Funds, Inc. investment companies of which he is a board member. We do not formally limit the number of audit committees on which our Audit Committee members may serve, but instead review on a case-by-case basis. After careful consideration, our Board determined that Mr. Barnes' service on the other audit committees would not impair his ability to effectively serve on our Audit Committee.

Compensation Committee	**Number of Meetings in 2017: 8**
Chair: Virginia P. Ruesterholz **Other Committee Members:** Peter C.B. Bynoe Diana S. Ferguson Myron A. Wick, III*	**Primary Responsibilities:** • Reviews our general compensation strategies and policy • Evaluates at least annually the performance of the CEO and other senior executives against corporate goals and objectives and determines and approves executive compensation (including any discretionary incentive awards) based on this evaluation • Reviews and makes recommendations to the Board regarding director compensation • Prepares the Compensation Committee Report • Oversees and approves incentive compensation plans and equity-based compensation plans
Each Compensation Committee member is independent, an "outside director" under Section 162(m) of the Internal Revenue Code and a "non-employee director" for purposes of Rule 16b-3 of the Exchange Act	

* Through the date of the Annual Meeting.

Nominating and Corporate Governance Committee	Number of Meetings in 2017: 4
Chair: Peter C.B. Bynoe **Other Committee Members:** Howard L. Schrott Myron A. Wick, III*	**Primary Responsibilities:** • Conducts annual evaluation of the Board and its committees • Recommends candidates for nomination, election or appointment to the Board and its committees • Engages in CEO succession planning efforts and executive talent development • Takes a leadership role in shaping our corporate governance, including developing and recommending to the Board our Corporate Governance Guidelines
Each Nominating and Corporate Governance committee member is independent	

* Through the date of the Annual Meeting. The Board expects to appoint Ms. Reeve to serve as a member of the Nominating and Corporate Governance Committee following Mr. Wick's departure from the Nominating and Corporate Governance Committee.

Retirement Plan Committee	Number of Meetings in 2017: 3
Chair: Leroy T. Barnes Jr. **Other Committee Members:** Edward Fraioli Virginia P. Ruesterholz Mark Shapiro	**Primary Responsibilities:** • Oversees our retirement plans, which includes review of the investment strategies and asset performance of the plans, compliance with the plans and the overall quality of the asset managers, plan administrators and communications with employees
Each Retirement Plan Committee member is independent	

Director Stock Ownership Guideline

Each non-management director is expected to own shares of our stock having a minimum value of five times the cash portion of the annual non-management director retainer (which currently equates to $475,000) by the later of February 15, 2017 and five years after joining the Board. Stock unit grants are counted for purposes of fulfilling this guideline. Each non-management director is required to hold 100% of all stock units granted as compensation for Board service until his or her termination of service, and compliance with such 100% retention is an alternative method of complying with the director stock ownership guideline.

Executive Sessions of the Board of Directors

Our independent directors have regularly scheduled executive sessions in which they meet outside the presence of management. Pamela D.A. Reeve, in her role as Chairman, presides at executive sessions of the Board.

Communications with the Board of Directors

Any stockholder or interested party who wishes to communicate with the Board or any specific director, any non-management director, the non-management directors as a group, any independent director or the independent directors as a group, may do so by writing to such director or directors at: Frontier Communications Corporation, 401 Merritt 7, Norwalk, Connecticut 06851. This communication will be forwarded to the director or directors to whom it is addressed. This information regarding contacting the Board is also posted on the Investor Relations page of our website, *www.frontier.com*.

Code of Business Conduct and Ethics

We have a Code of Business Conduct and Ethics (the Code of Conduct) to which all employees, executive officers and directors (which for purposes of the Code of Conduct we collectively refer to as "employees") are required to adhere in addressing the legal and ethical issues encountered in conducting their work. The Code of Conduct requires that all

employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner, and otherwise act with integrity. Employees are required to report any conduct that they believe is an actual or apparent violation of the Code of Conduct and may do so anonymously by using our Ethics Hotline. Specific provisions applicable to our principal executive officer and senior financial officers are in the Specific Code of Business Conduct and Ethics Provisions for Certain Officers (the Executive Code). We disclose on our website any amendment to, or waiver of, any provision of our Code of Conduct or Executive Code that is required to be disclosed pursuant to securities laws. Copies of the Code of Conduct and the Executive Code are available upon request to our Secretary, or may be viewed or downloaded from the Investor Relations page of our website, *www.frontier.com*.

Related Person Transactions Policy

The Board has adopted a policy addressing our procedures with respect to the review, approval and ratification of "related person transactions" that are required to be disclosed pursuant to SEC regulations. The policy provides that any transaction, arrangement or relationship, or series of similar transactions, to which we are a party, that exceeds $120,000 in the aggregate, with a "related person" (as defined in the SEC regulations) who has or will have a direct or indirect material interest shall be subject to review, approval or ratification by the Nominating and Corporate Governance Committee. In its review of related person transactions, the Nominating and Corporate Governance Committee shall review the material facts and circumstances of the transaction and shall take into account specified factors, where appropriate, based on the particular facts and circumstances, including (i) the nature of the "related person's" interest in the transaction, (ii) the significance of the transaction to us and to the "related person" and (iii) whether the transaction is likely to impair the judgment of the "related person" to act in the best interest of Frontier.

No member of the Nominating and Corporate Governance Committee may participate in the review, approval or ratification of a transaction with respect to which he or she is a "related person," although such director can be counted for purposes of a quorum and shall provide such information with respect to the transaction as may be reasonably requested by other members of the Committee or the Board.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Named Executive Officers

Daniel J. McCarthy	President and Chief Executive Officer
R. Perley McBride	Executive Vice President and Chief Financial Officer
Kenneth W. Arndt	Executive Vice President, Commercial Sales
Steve Gable	Executive Vice President and Chief Technology Officer
John J. Lass	Executive Vice President, Customer Operations
Cecilia K. McKenney*	Executive Vice President, Consumer Sales and Marketing

Ms. McKenney stepped down as Frontier's Executive Vice President, Consumer Sales and Marketing on June 30, 2017.

Executive Summary

The purpose of our executive compensation program is to align the goals and interests of our executives with those of Frontier and its stockholders by rewarding our leadership team for delivering on both short-term and long-term goals. Our program emphasizes stockholder value creation by using a mix of pay components, the majority of which are "at risk" and contingent upon performance against specified company and individual goals and tied to annual and sustained performance over a multi-year period.

2017 Review

2017 was a period of immense change and development for Frontier Communications. We ended the year in a much stronger position than we started, and in 2018 we are poised to achieve further improvements, most notably in California, Texas, and Florida (CTF). These markets have leading-edge, fiber-to-the-home networks that enable best-in-class broadband, video and other communications services for consumers and businesses.

In 2017, we systematically addressed performance issues in CTF that negatively affected revenue, profitability, and our stock price. We achieved steady improvements in Frontier FiOS® customer trends. We also made the decision to suspend the common dividend effective with the first quarter of 2018. This action will free up $250 million of additional cash annually, following the conversion of the company's mandatory convertible preferred stock in June 2018, to accelerate debt reduction.

We still have substantial work ahead, but we remain fully committed to increasing shareholder value.

Due to Frontier's financial performance in 2017, Frontier did not pay annual performance-based cash bonuses to any management employees, including our NEOs, for the year. Additionally, the 2015-2017 performance share awards were earned at 69.9% of target with a payout at 4.5% of the grant date target value when factoring the decline in the Frontier stock price.

As you will see in this CD&A, we have redesigned our compensation programs to ensure continued focus on rebuilding our Company and stockholder value.

Total Stockholder Return

Total stockholder return (TSR) is a measure of gains or losses realized by common stockholders over time. TSR combines price appreciation and dividends paid to show the total return to a common stockholder as an annualized percentage. Frontier had a one year TSR of -84% for 2017 and a three year TSR of -90%. We paid $266 million in common stock dividends and $214 million in preferred stock dividends in 2017 while continuing to invest in expanding and upgrading our network and product offerings.

CEO Pay at a Glance

Mr. McCarthy's target total direct compensation (TDC) for 2017 and 2018 is set forth below. While Mr. McCarthy has a bonus target of $1,500,000, as stated above, no bonus was paid for 2017 performance. A significant portion of his compensation is in the form of restricted stock and performance shares, the value of which is dependent on our stock price and the achievement of company targets along with an industry comparison. The Compensation Committee considered multiple factors to determine Mr. McCarthy's TDC, including:

- Financial and stock performance of Frontier
- The implementation of a new organizational structure that allows Frontier to better serve its consumer and business customers
- His overall leadership of Frontier

Compensation Element	2017 Target	2018 Target	Note
Base Salary	$1,000,000	$1,000,000	
Annual Cash Bonus	$1,500,000	$1,500,000	No annual cash bonuses were paid for 2017 performance
Restricted Stock Awards	$3,600,000	$3,600,000	This represents the target value of restricted stock awards granted in February 2017 and 2018, which vest ratably over a three-year period
Performance Share/Cash Awards	$2,400,000	$2,400,000	This represents the value of the target number of performance shares granted in February 2017 and February 2018. The actual value Mr. McCarthy will earn will be based on Company performance over each of the three-year Measurement Periods, and Company three-year TSR
Total Direct Compensation	$8,500,000	$8,500,000	

EXECUTIVE COMPENSATION

Key Features of our Executive Compensation Program

Key executive compensation practices are summarized below. We believe these practices promote good governance and are in the best interests of Frontier and its stockholders:

What We Do
✓ Employ a pay-for-performance executive compensation program whereby over 80% of NEO compensation is at risk.
✓ Pay a majority of compensation in the form of long-term incentive awards to defer a portion of pay based on future company performance and tie compensation payout levels to our stock performance.
✓ Use multipliers to reward above-target performance and reduce short-term and long-term incentive payouts for below-target performance.
✓ Require our executives to own Frontier stock equal to a multiple of base salary. For our CEO, this multiple is five times base salary.
✓ Use double-trigger change-in-control severance arrangements.
✓ Hold an annual stockholder vote on our executive compensation program.
✓ Have a recoupment, or “clawback,” policy to recover both cash and equity compensation from executives, including in the case of misconduct that results in a restatement of our financial statements.
✓ Regularly analyze risks related to our compensation program and conduct a broad risk assessment annually.
✓ Engage an independent compensation consultant to provide advice to our Compensation Committee.

What We Don’t Do
✕ Permit our executives to hedge or pledge Frontier stock.
✕ Reward our executives with perquisites or tenure-based benefits, such as retiree medical benefits, in the ordinary course.
✕ Pay dividends on unearned performance shares.
✕ Make tax “gross-ups” for severance payments.

Impact of 2017 Say-on-Pay Vote

The Compensation Committee considers the results of the annual stockholder vote on our executive compensation program, in addition to other input from our stockholders, when evaluating and determining compensation policies and the compensation for our CEO and the other NEOs. The 2017 stockholder vote affirmed the Compensation Committee’s decisions for 2016, with a 79% stockholder approval of our executive compensation program. Despite this significant shareholder support, the Compensation Committee continues to review and modify our executive compensation program to better align pay with performance.

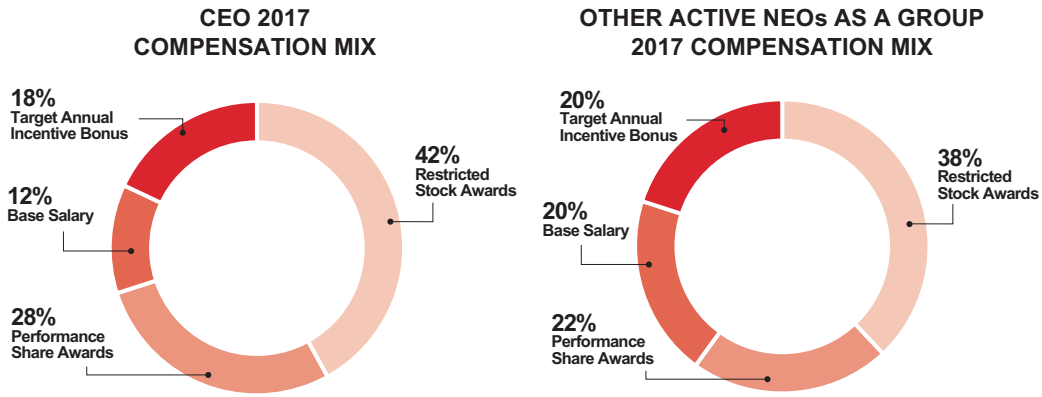
In 2018, the Committee made several changes to the executive compensation program, including:

- Modifying the bonus payment schedule to include 60% of the 2018 Frontier Bonus to be paid on a quarterly schedule with quarterly goals based on specific metrics. The remaining 40% of the bonus is based on full year results. These quarterly goals were established in the beginning of the year and add up to the full-year targets. This change is designed to focus our leaders on financials and customer experience by placing a greater emphasis on our quarterly results that will lead to achievement of our full-year results.
- For executives other than the CEO, we are delivering the long-term performance grant as Performance Cash based on the same metrics used in our Performance Share program in 2017. This was done to mitigate the share usage while continuing to provide a long-term incentive tied to both Company performance and relative total shareholder return.

- Increase the weight on performance awards from 33% to 40% of total LTI to enhance the performance orientation of the program.

Our Pay and Performance Alignment

A key tenet of our compensation philosophy is to link the interests of our executives and our stockholders. Approximately 88% of our CEO's target compensation for 2017 performance was at risk. For the other active NEOs as a group, approximately 80% of their target compensation for 2017 performance was at risk. This directly links our executives' pay to Frontier's financial performance, execution of strategic initiatives and TSR.



To enhance transparency regarding the compensation received by each of our NEOs, we have included a Realized Pay Table to supplement the information provided in the Summary Compensation Table. See "2017 Realized Pay" below.

Executive Compensation Program Structure

Philosophy

Maintain clear alignment between the interests of our executives and those of our stockholders by rewarding performance measured by key financial metrics, strategic objectives and relative TSR and through the use of long-term incentive awards as a significant component of compensation.

Reinforce our performance culture for our NEOs by making a majority of their compensation at risk, i.e., contingent upon relative, specified company and individual performance.

Hire and retain talented executives by having a compensation program that is competitive in relation to comparable companies based on size, overall complexity and the nature of our business.

Ensure company goals are fully aligned throughout the organization. Each year, we establish company-wide goals that align with Frontier's business plan for the year. Our NEOs are compensated to the extent they are successful in leading Frontier to achieve these goals for each year.

Compensation Program Design

To achieve the objectives described above, our executive compensation program rewards our executives for both annual and long-term performance. For 2017, the primary components of executive compensation were base salary, bonus, restricted stock awards and performance share awards under the 2013 Equity Incentive Plan. Of these components, only base salary represents fixed compensation. Each of the other components was variable and at risk.

At its February 2017 meeting, the Compensation Committee set maximum individual payouts under our umbrella bonus pool and the Adjusted EBITDA performance goal for the year, the achievement of which would permit the funding of the payouts. The Company Performance Goals and financial targets used to determine bonuses under the Frontier Bonus Plan, and restricted stock awards and performance share awards under the 2013 Equity Incentive Plan, were also set at that meeting based on management's estimate of consolidated financial performance for the full year.

In order to determine the appropriate amount and mix of compensation components for each NEO, the Compensation Committee considers many factors, including experience, value provided to Frontier, scope of responsibility, company and individual performance, benchmark data based on our peer group and general industry survey data for comparably sized companies.

Component	Purpose	Performance Measures
Base Salary (Fixed)	• Attract and retain executives	• Job scope and experience • Market pay (we target the median of market using peer group and survey data)

Annual Cash Bonus (At Risk)	• Attract and retain executives
	• Incentivize and reward executives for achievement of pre-established, measurable annual performance goals
	• Align award with business financials and customer surveys
		• Company Performance Goals:
		  • Financial targets (revenue, Adjusted EBITDA, Operating Cash Flow)
		  • Customer experience targets
		• Individual targets and performance adjustments

Restricted Stock Awards (At Risk)	• Attract and retain executives • Align value with stock price because vest ratably over three years	• Individual targets and performance adjustments
Performance Share Awards (At Risk)	• Attract and retain executives • Align executive pay with financial performance and TSR over three-year Measurement Period	• Free Cash Flow per share targets set annually • Three-year TSR "modifier" (Frontier TSR as compared to industry peers) • Individual must maintain satisfactory performance rating throughout period

Market and Peer Group Reviews

The Compensation Committee, with input from its independent compensation consultant, establishes Frontier's peer group for use in benchmarking and market comparison purposes. The peer group set forth below was used to set compensation for 2017. When comparing financial metrics of the peer group, Frontier was at the 24th percentile for market capitalization, 36th percentile for enterprise value, 65th percentile for revenue, 55th percentile for employee count, 65th percentile for total assets and 80th percentile for EBITDA.

2017 Peer Group	
• Anixter International Inc.	• Priceline Group Inc.
• ADP, LLC	• Rogers Communications Inc.
• Cablevision Systems Corporation	• R. R. Donnelley & Sons Company
• CenturyLink, Inc.	• Sprint Corporation
• Charter Communications, Inc.	• TELUS Corporation
• DISH Network Corporation	• Thomson Reuters Corporation
• First Data Corporation	• Time Warner Cable Inc.
• Harris Corporation	• T-Mobile US, Inc.
• Juniper Networks, Inc.	• Windstream Holdings, Inc.
• Level 3 Communications, Inc.	• Xerox Corporation

In May 2017, the Compensation Committee determined that it was appropriate to revise Frontier's peer group to better reflect our size and scale and to include businesses that are asset intensive, have a technology focus, have subscription-based revenue, deliver content and typically have a bundled package service offering. The new peer group set forth below was used to set compensation for 2018. When comparing financial metrics of Frontier to our new peers on June 30, 2017, we were just above median in revenue, just below the 75th percentile in EBITDA, just above the 25th percentile in enterprise value and in the lower quartile in market capitalization.

2018 Peer Group	
Companies listed in bold were added to the peer group. The following companies were removed from the peer group due to relative size or M&A activity: Cablevision Systems Corporation, Charter Communications, Inc., Harris Corporation, R. R. Donnelley & Sons Company, Time Warner Cable Inc. and Xerox Corporation.	
• Anixter International Inc.	• Rogers Communications Inc.
• ADP, LLC	• **Sirius Corp.**
• **BCE**	• Sprint Corporation
• CenturyLink, Inc.	• **Telephone & Data Systems**
• DISH Network Corporation	• TELUS Corporation
• First Data Corporation	• Thomson Reuters Corporation
• Juniper Networks, Inc.	• T-Mobile US, Inc.
• Level 3 Communications, Inc.	• **United States Cellular**
• **News Corp.**	• Windstream Holdings, Inc.
• Priceline Group Inc.	

General industry survey data, as described below, was also considered in determining the compensation levels of the NEOs and other executives. In the case of executives for whom there was no publicly available data or no comparable position at the peer group companies, the results from proprietary general industry executive compensation surveys were analyzed to assess competitiveness.

As an initial step in the consideration of survey data, the survey is size-adjusted based on our annual revenue. The 2016 survey data used to determine 2017 compensation was size-adjusted to approximate Frontier's 2016 revenue. The analyses included examining how each executive's target total direct compensation compared to the results in the surveys for base salary, target bonus and target long term incentives. Some of our NEOs have responsibilities that extend beyond the traditional scope indicated by their titles. As a result, directly comparable roles in the survey data were not always available. In these cases, the Compensation Committee took into account data from these third-party surveys and the importance of the role to Frontier when determining the commensurate total compensation levels for the NEO. In considering the survey data, the Compensation Committee did not review nor is it aware of the specific companies that are included in the surveys.

2017 Realized Pay

The table below supplements the Summary Compensation Table that appears later in this Proxy Statement. The Realized Pay Table shows the compensation actually received by each NEO in 2017, 2016 and 2015. Realized pay for an NEO for any given year may be greater or less than the compensation reported in the Summary Compensation Table for that year depending on fluctuations in stock prices on the grant and vesting dates, differences in equity grant values from year to year and SEC reporting requirements, as described below.

The primary difference between the Realized Pay Table and the Summary Compensation Table is the method used to value restricted stock awards and performance share awards. SEC rules require that the grant date fair value of all restricted stock awards and performance share awards be reported in the Summary Compensation Table for the year in which they were granted. As a result, a significant portion of the total compensation amounts reported in the Summary Compensation Table relates to restricted stock awards and performance shares that have not vested or been earned, for which the value is therefore uncertain and which may end up having no value at all. In contrast, the Realized Pay Table includes only restricted stock and performance shares that vested during the applicable year and shows the value of those awards as of the applicable vesting date.

There is no assurance that the NEOs will actually realize the value attributed to these awards even in this Realized Pay Table, since the ultimate value of the restricted stock and performance shares will depend on the price of Frontier's common stock when the vested and earned shares are sold by the executives. Our executives are subject to periodic stock sale restrictions and our stock ownership guidelines, which also limit their ability to sell Frontier stock received as compensation.

2017 Realized Pay Table for Active NEOs

Name	Year	Salary[1]	Transaction Bonus[2]	Actual Cash Incentive Bonus[3]	Restricted Stock Awards Vested[4]	Performance Shares Earned [5]	All Other Compensation[6]	Total
Daniel J. McCarthy	2017	$1,000,000	—	—	$1,679,173	$378,313	$ 34,181	$3,091,667
	2016	$ 981,251	—	—	$1,934,451	$386,314	$ 31,830	$3,333,846
	2015	$ 862,500	—	$1,165,500	$2,524,118	$557,668	$ 9,105	$5,118,891
R. Perley McBride[7]	2017	$ 650,000	—	—	$ 16,717	—	$ 17,521	$ 684,238
	2016	$ 199,432	—	—	—	—	$109,663	$ 309,095
Kenneth W. Arndt[8]	2017	$ 500,000	—	—	$ 171,348	$ 47,416	$ 10,270	$ 729,034
Steve Gable[9]	2017	$ 470,000	—	—	$ 125,775	$ 17,656	$ 9,717	$ 623,148
	2016	$ 458,750	$1,000,000	—	$ 78,324	$ 18,029	$ 9,884	$1,564,987
John J. Lass[10]	2017	$ 439,875	—	—	$ 210,039	$ 47,416	$ 56,756	$ 754,086
	2016	$ 436,156	$ 415,200	—	$ 318,947	$ 48,419	$ 9,836	$1,228,558

(1) Amounts shown in this column equal the amounts reported in the “Salary” column of the Summary Compensation Table.

(2) Amounts shown in this column equal the amounts reported in the “Bonus” column of the Summary Compensation Table and reflect bonuses granted in connection with the closing of the California, Texas and Florida Acquisition in April 2016.

(3) Amounts shown in this column equal the amounts reported in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table.

(4) Amounts shown in this column represent the aggregate value of all restricted stock that vested during the applicable year. The value of restricted stock realized upon vesting is based on the closing price of our common stock on the vesting dates and does not take into account the NEO’s tax liability upon vesting.

(5) Amounts in this column represent the value of performance shares that were earned for the applicable three-year Measurement Period, based on the price of our common stock on the day of the payout in February following the completion of the Measurement Period. For example, the amounts shown for 2017 represent the 2014-2016 performance award payout made in February 2017.

(6) Amounts shown in this column equal the amounts reported in the “All Other Compensation” column of the Summary Compensation Table.

(7) Information for Mr. McBride is not provided for 2015 because he joined Frontier in September 2016.

(8) Information for Mr. Arndt is not provided for 2015 and 2016 because he was not an NEO for those years.

(9) Information for Mr. Gable is not provided for 2015 because he was not an NEO for that year.

(10) Information for Mr. Lass is not provided for 2015 because he was not an NEO for that year.

2017 Total Direct Compensation for NEOs

Cash Compensation

Base Salary. Base salaries for our executives, including our NEOs, are set by the Compensation Committee after consideration of various factors, including individual performance, executive experience and skill set, the ability to attract and retain talented executives and market data.

Executives are eligible for increases to their base salary if there is a change in responsibility or the individual's base salary is not in line with desired market position. We generally target the median of our peers when setting base salary, but any increases or decreases are ultimately at the discretion of the Compensation Committee. The salaries for our NEOs were not adjusted in 2017.

Bonus. The Compensation Committee uses the Frontier Bonus Plan to provide cash incentives to executives, including the NEOs, based on the achievement of certain company metrics (Company Performance Goals) with adjustments for individual performance. The bonus pool is funded based solely on achievement of Company Performance Goals. An NEO's "target bonus opportunity" is expressed as a percentage of his or her annual base salary and represents the amount the NEO would receive if performance metrics are achieved at target. For 2017, each NEO, other than Mr. McCarthy, had a target bonus opportunity equal to 100% of his or her base salary; Mr. McCarthy's target bonus opportunity was 150% of his base salary. Potential bonus payouts could be from 0% for below-threshold performance, up to a maximum of 130% for outstanding performance, of each NEO's target bonus opportunity. Achievement of threshold performance would result in a payout of 79% of the target bonus opportunity, subject to the discretion of the Compensation Committee.

For 2017, the Compensation Committee revised the Company Performance Goals from those used in prior years to align executive interests with Frontier's business objectives. The Company Performance Goals were weighted in relation to Frontier's business plan (the Weighted Company Performance Goals). We include Net Experience Score in the Weighted Company Performance Goals because customer experience is a strong driver of our business success. The Net Experience Score provides an incentive to continually improve our customer experience.

2017 Weighted Company Performance Goals	Weighting
Revenue Target	12.5%
Adjusted EBITDA Target	50.0%
Operating Cash Flow Target	25.0%
Net Experience Score	12.5%
Total	**100%**

The Committee also set a minimum performance threshold of 93% of the Adjusted EBITDA target in order to achieve a payout under the 2017 Frontier Bonus Plan. At its February 2018 meeting, the Compensation Committee reviewed Frontier's performance against each of the targets for 2017, which was as follows:

($ in millions) Financial Target	Threshold (approx. 93% of Target)	Target	Outstanding (approx. 110% of Target)	Result	Percentage of Target
Revenue	$9,317	$10,018	$11,020	$9,128	91%
Adjusted EBITDA	$3,793	$ 4,078	$ 4,486	$3,684	90%
Operating Cash Flow	$2,630	$ 2,828	$ 3,111	$2,530	89%
Net Experience Score	1.5	3.9	6.2	7.1	114%

Payout for performance between levels is determined using linear interpolation.

After assessing performance under each of the Weighted Company Performance Goals, Frontier applied a 3:1 power ratio for results between the threshold (93%) and maximum (110%), meaning that for each one percent that performance is above or below the target (100%), the bonus increases or decreases by three percentage points.

Because our performance did not meet the minimum performance threshold of 93% of our Adjusted EBITDA goal, no bonus was paid to our NEOs or any management employees for 2017 performance.

At its January 2018 meeting, the Compensation Committee set the 2018 Company Performance Goals for our Senior Leadership Team, including our NEOs, which are intended to focus senior leadership on driving financial goals and business results.

2018 Company Performance Goals	Weighting to Set Bonus Pool
Revenue	12.5%
Adj. EBITDA	50.0%
Operating Cash Flow	25.0%
Net Experience Score (a measure of customer experience)	12.5%

The Compensation Committee also modified the payment schedule such that 60% of the 2018 Frontier Bonus would be paid on a quarterly schedule, with quarterly goals based on the above metrics for the NEOs. The remaining 40% of the bonus is based on full year results. These quarterly goals were established in the beginning of the year and represent the full-year targets. This change is designed to focus our leaders on financials and customer experience by placing a greater emphasis on our quarterly results that will lead to achievement of our full-year results.

Long-Term Incentive Compensation

The Compensation Committee provides long-term incentives to our employees, including our NEOs, through a combination of restricted stock and performance share awards granted under our 2013 Equity Incentive Plan.

In February of each year, the Compensation Committee sets a target dollar value of total equity awards for each NEO for that year to fulfill the purposes described above under “Compensation Program Design.” In making this determination, the Compensation Committee considers peer group information and survey data as well as the need to align each NEO’s interests with those of our stockholders.

For 2017, the Compensation Committee continued its practice where one-third of long-term incentive awards was delivered in the form of performance shares and two-thirds in the form of restricted stock awards, except for Mr. McCarthy whose awards are delivered on a 40/60 mix. The Committee believes that this mix aligns stockholder value and executive interests by linking compensation to long-term performance and stockholder returns. There is no minimum guaranteed level of equity awards. In February 2017, the Compensation Committee set the following targets for equity awards for each NEO:

Name	2017 Target Value of Restricted Stock Awards	2017 Target Value of Performance Share Awards	2017 Target Value of Total Equity Awards
Daniel J. McCarthy	$3,600,000	$2,400,000	$6,000,000
R. Perley McBride	$2,000,000	$1,000,000	$3,000,000
Kenneth W. Arndt	$ 960,000	$ 470,000	$1,430,000
Steve Gable	$1,200,000	$ 600,000	$1,800,000
John J. Lass	$ 850,000	$ 400,000	$1,250,000

Restricted Stock Awards. The Compensation Committee uses restricted stock awards (RSAs) as a component of compensation because RSAs encourage our NEOs to focus attention on decisions that emphasize long-term returns for stockholders. RSAs are granted based on performance and vest ratably over three years.

The Compensation Committee generally makes all RSA grants to our executives, including our NEOs, at its regularly scheduled meeting each February, with the exception of awards to eligible new hires, which are awarded as of the date of hire.

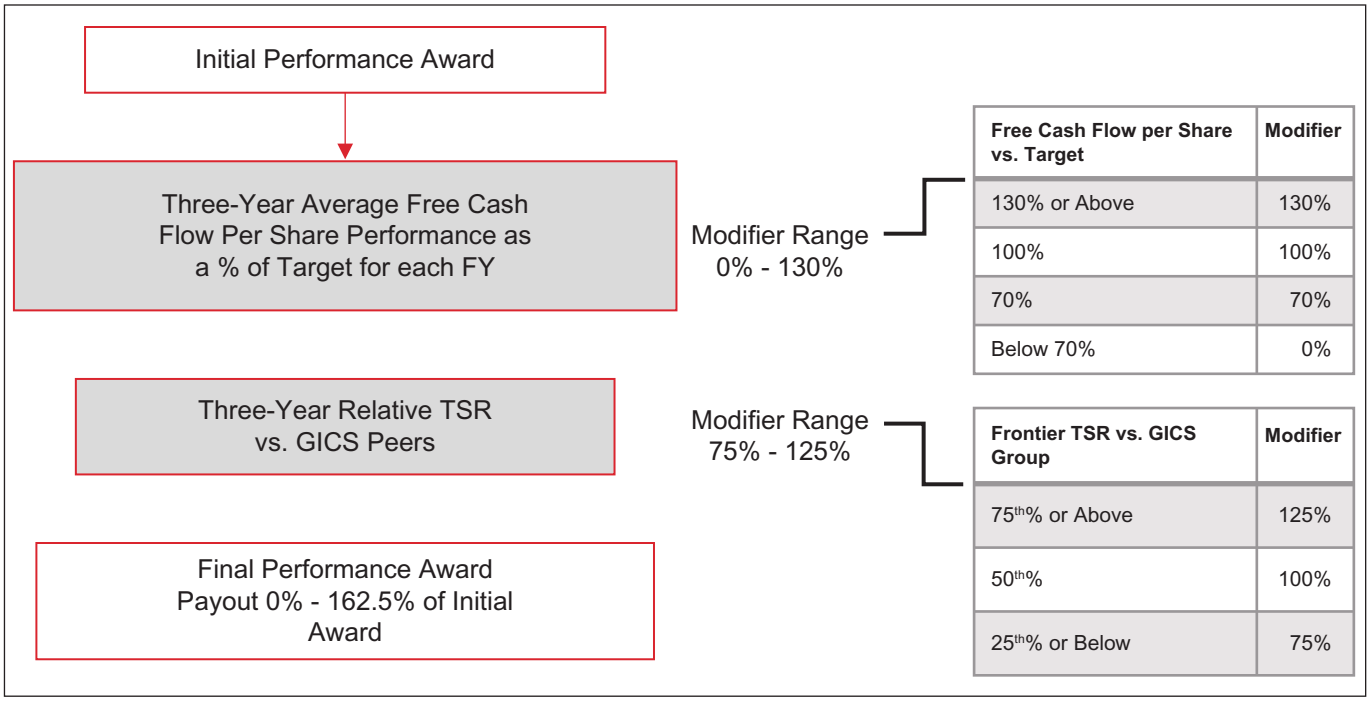
The Compensation Committee determines the dollar value of RSA grants based upon the target set at the beginning of the year, which can be adjusted based on the assessment of individual performance at the end of such year. There is no guarantee that an NEO will receive a grant of restricted shares.

In February 2018, the Compensation Committee approved RSA grants as set forth below under "2018 NEO Compensation Actions."

Performance Share Awards. Performance share awards are an important component of compensation because they encourage a focus on long-term financial performance and TSR, further aligning the interests of our NEOs and stockholders.

NEOs are eligible to receive a target performance share award each year at a regularly scheduled Compensation Committee meeting. Performance share awards are then earned at the end of the three-year Measurement Period applicable to these awards based on the following:

- Achievement of annual targets for Free Cash Flow per share for each year in the three-year Measurement Period → Important measure of Frontier's underlying financial performance
- Our TSR relative to the Integrated Telecommunications Services Group (GICS Code 50101020) for the three-year Measurement Period → Creates direct link to stockholder results



Free Cash Flow per Share vs. Target	Modifier
130% or Above	130%
100%	100%
70%	70%
Below 70%	0%

Frontier TSR vs. GICS Group	Modifier
75th% or Above	125%
50th%	100%
25th% or Below	75%

Annual Free Cash Flow per share targets are used because it is not feasible to set and calculate multi-year performance given significant changes in Frontier's business. A three-year relative TSR modifier is applied in order to measure Frontier's execution on its strategic goals over a multi-year period relative to our industry peers. The Free Cash Flow per share and TSR results that fall in between levels are determined using straight line interpolation.

An executive must remain employed by Frontier throughout the three-year Measurement Period and also must maintain a satisfactory performance rating throughout the Measurement Period for the award to vest. Performance share awards, to the extent earned, will be paid out in the form of common stock on a one-to-one basis, plus accrued dividends on such earned shares, shortly following the end of the three-year Measurement Period.

In February 2017, the Compensation Committee approved target performance share awards for each of the NEOs for the 2017-2019 Measurement Period. These awards are described in the Grants of Plan-Based Awards Table and the narrative that follows that table. Actual shares earned will be determined by the Compensation Committee in February 2020 and will be subject to adjustment (including forfeiture of the entire award for below threshold performance with respect to Free Cash Flow per share) as set forth in the diagram above.

In February 2018, following the completion of the 2015-2017 Measurement Period, the Compensation Committee determined the number of shares of common stock earned for that period. The 2015-2017 Measurement Period results were as follows:

Operating Cash Flow Results (dollars in millions)			
Year	**Target**	**Actual**	**Performance as % of Target**
2015	$1,713	$1,603	93.6%
2016	$2,342	$2,266	96.8%
2017	$2,828	$2,530	89.5%
Average			**93.3%**
TSR Performance Modifier			**75% (Below 25th percentile)**
Number of shares earned as % of target performance share awards			**69.9%**

The number of shares of common stock earned by each of the NEOs for the 2015-2017 Measurement Period is set forth below under “2018 NEO Compensation Actions.”

In February 2018, the Compensation Committee also granted target performance share awards to the CEO and target performance cash awards for the 2018-2020 Measurement Period to the other NEOs as set forth below under “2018 NEO Compensation Actions.” The performance cash awards replace the typical performance share awards and may be earned on the same metrics used in our Performance Share program in 2017. Further, the split in our long-term incentive awards between Restricted Stock and the Performance Shares/Cash award was modified from 66.7%/33.3% to 60%/40%. The purpose of these actions was to mitigate the share usage while continuing to provide a long-term incentive tied to both Company performance and relative total shareholder return.

In addition, the Compensation Committee modified the bonus payment schedule such that 60% of the 2018 Frontier Bonus will be considered on a quarterly schedule, with the remaining 40% of the bonus considered on full year results. The quarterly goals were established in the beginning of 2018 and add up to the full-year targets. This change is designed to focus our leaders on financials and customer experience by placing a greater emphasis on our quarterly results and leading to the achievement of our full-year results.

Perquisites and Other Benefits

There were no reportable perquisites in 2017 for the CEO or the other NEOs.

We provide benefits to our NEOs on the same basis as all our non-union, full-time employees. These benefits consist of medical, dental and vision insurance, basic life and disability insurance and matching contributions to our 401(k) plan for employees who participate in the plan. The Frontier-paid life insurance benefit for all employees, including the NEOs, is 100% of base salary, up to a maximum of $1,000,000.

Messrs. McCarthy, McBride and Lass are our only NEOs with vested benefits under the Frontier Pension Plan, which was frozen for all non-union participants in 2003.

Executives, including our NEOs, are not eligible for retiree medical benefits.

Compensation for Ms. McKenney

Frontier and Ms. McKenney entered into a Separation Agreement and Release dated June 30, 2017, which was amended on July 20, 2017. As consideration for Ms. McKenney's compliance with the terms of the Separation Agreement, the Company agreed to pay her $1,218,465 (in three installments) and to pay COBRA premiums for 15 months. This amount was based on her base salary, her 2017 target bonus and the value of her unvested restricted shares due to vest in February 2018. The compensation arrangements in place for Ms. McKenney prior to her departure were established in accordance with the general processes outlined above for our NEOs. Upon her departure, Ms. McKenney forfeited her other unvested equity incentive awards. See below under "Employment Arrangements; Potential Payments Upon Termination or Change-in-Control" for additional information.

2018 NEO Compensation Actions

In January and February 2018, the Compensation Committee met to evaluate the performance of our CEO and the other NEOs to determine annual cash bonus payouts for 2017 performance and performance share awards earned for the 2015-2017 Measurement Period. The Compensation Committee also approved 2018 base salaries, RSA grants, and target performance share/cash awards to be granted for the 2018-2020 Measurement Period. As part of its compensation determinations, the Compensation Committee considered competitive market data provided by its independent compensation consultant as well as potential dilution to shareholders. The Company also engaged with certain shareholders and shareholder advocates regarding the 2018 compensation actions, including those concerning Mr. McCarthy's equity grants.

The Compensation Committee evaluated Mr. McCarthy based upon Frontier's 2017 financial performance (as measured by Revenue, Adjusted EBITDA, Operating Cash Flow and Net Experience Score), his leadership with respect to the achievement of the Company Performance Goals and his 2017 individual performance goals, which included the execution of near-term and long-term strategic initiatives.

For the other NEOs, whose performance was evaluated based on the same Company Performance Goals as Mr. McCarthy, the Compensation Committee reviewed Mr. McCarthy's performance assessments and compensation recommendations. The Committee then discussed its assessment of each NEO and approved RSA grants, performance share awards earned for the 2015-2017 Measurement Period and target performance cash awards granted for the 2018-2020 Measurement Period, in each case as set forth in the table below. The Compensation Committee, in order to mitigate share usage in 2018, moved the performance share portion of these long-term incentive awards to a performance cash program with the same metrics used in the 2017-2019 performance share program previously discussed. The Compensation Committee decided that no annual bonuses were to be awarded for 2017 performance as a result of not meeting the threshold performance level on the EBITDA target. The Compensation Committee also elected to increase base salaries for Mr. Arndt and Mr. Gable to reflect their current roles and responsibilities, with no change to their target bonus percentages or target LTI.

Name	2018 Incentive Bonus Payout ($)	Performance Share Awards Earned(1) (#)	2018 Base Salary ($)	Value of Restricted Stock Awarded In February 2018	Value of Target Performance Shares/Cash Awards Granted in February 2018(2)
Daniel J. McCarthy	$0	7,943	$1,000,000	$3,600,008	$2,400,000
R. Perley McBride	$0	0	$ 650,000	$1,800,008	$1,200,000
Kenneth W. Arndt	$0	876	$ 525,000	$ 858,002	$ 572,000
Steve Gable	$0	467	$ 500,000	$1,080,006	$ 720,000
John J. Lass	$0	876	$ 440,000	$ 750,008	$ 500,000

(1) The amounts in this column represent the number of performance shares earned for the 2015-2017 Measurement Period, 69.9% of target.

(2) The amounts in this column for Mr. McCarthy represent the target value of shares awarded in February 2018 for the 2018-2020 Measurement Period at the grant date stock price of $8.23. All other values are performance cash awards to be paid on the same basis as performance shares.

Roles and Responsibilities

The Compensation Committee

The Compensation Committee is responsible for approving and overseeing our executive compensation philosophy and programs, as well as determining and approving the compensation for our senior executives, including our NEOs. Each year, at its February meeting, the Compensation Committee reviews the Company Performance Goals and the individual performance goals for the NEOs and approves the target levels for each of the compensation components that apply to the NEOs for the upcoming year. Also, the Compensation Committee assesses the performance of our NEOs for the prior year. With respect to CEO compensation, the Compensation Committee reviews its recommendations with the other independent directors and considers any additional input from them before finalizing its decision.

In making its compensation decisions, the Compensation Committee reviews tally sheets setting forth all components of compensation paid to the NEOs for the past five years, along with target compensation for those years, including base salary, bonus, grant date values of RSAs and performance share/cash awards and the value of dividends paid on unvested restricted shares and vested performance shares. These tally sheets also show the executives' holdings of unvested RSAs and performance share awards from prior years and the current value of those awards. The Compensation Committee uses these tally sheets to (i) review the total annual compensation of the NEOs over the past five years, (ii) assess the executive officers' compensation against their individual and company performance over that period and (iii) assure that the Committee has a comprehensive view of our compensation programs.

The Compensation Committee reviews on a periodic basis management compensation programs, including any management incentive compensation plans, to determine whether they are appropriate, properly coordinated and achieve their intended purpose(s), and recommends to the Board any modifications or new plans or programs.

The Chief Executive Officer

Our CEO annually reviews the performance and contributions of our other senior executives, including our other NEOs, and presents to the Compensation Committee his performance assessments and compensation recommendations, including the proposed award for each component of the executive's total compensation. Mr. McCarthy's review consists of an assessment of the executive's performance against company-level and individual goals and targets. The Compensation Committee then conducts a separate review process with respect to these executives and, after making any adjustments, approves the compensation for these executives.

The CEO has no involvement in setting his own compensation.

The Compensation Consultant

The Compensation Committee retains an independent executive compensation consultant that provides services solely to the Compensation Committee and not Frontier. Since 2010, the Compensation Committee has engaged Frederic W. Cook & Co., Inc. to assist the Committee in the development of compensation programs, evaluation of compensation practices and the determination of compensation awards. In addition, in 2017 the compensation consultant provided advice and insights on additional compensation matters, including the peer group used, benchmarking of executive compensation and director compensation levels, incentive plan design review, and Compensation Discussion and Analysis disclosure.

The Compensation Committee considers the compensation consultant's input and advice but reaches its own independent decisions on compensation matters. The Compensation Committee has sole authority to retain and terminate the compensation consultant.

The compensation consultant provides no other services to Frontier. The Compensation Committee has instituted policies to avoid conflicts of interest raised by the work of the compensation consultant. Pursuant to SEC rules, the Compensation Committee is required to consider any conflicts of interest raised by the work of the Compensation Committee's compensation consultants. After considering the relevant factors, the Compensation Committee determined that no conflicts of interest were raised by the work of the compensation consultant in 2017.

Additional Compensation Features and Policies

Stock Ownership Guidelines

To further align our executives' interests with those of our stockholders, our Board established stock ownership guidelines for the CEO and the other members of the Senior Leadership Team, and reviews the guidelines annually. The CEO is expected to own shares of Frontier stock having a minimum value of five times (5x) base salary, the CFO is expected to own shares of Frontier stock having a minimum value of three and one-half times (3.5x) base salary and each other member of the Senior Leadership Team is expected to own shares of Frontier stock having a minimum value of two and one-half times (2.5x) base salary. Unvested restricted stock awards and unearned performance shares are not counted for purposes of fulfilling this requirement. At such times as a member of the Senior Leadership Team does not meet the applicable ownership guideline, the executive will be required to hold 50% of Frontier stock that the executive acquires after that date through the Frontier equity compensation programs, excluding shares sold to pay related taxes. The Compensation Committee administers these stock ownership guidelines.

Hedging and Pledging Prohibition

Executives are prohibited from hedging or pledging their shares of Frontier stock.

Termination of Employment and Change-in-Control Arrangements

To attract talented executives, support retention objectives and ensure that executives perform their work with objectivity, we provide certain post-employment benefits to the NEOs. In addition, Frontier has a Senior Leadership Team Severance Plan (the Severance Plan), which covers, among others, our NEOs.

We also maintain change-in-control arrangements with our NEOs to promote the unbiased efforts of our executives to maximize stockholder value before, during and after a change-in-control that may impact the employment status of the executives. The Compensation Committee set the severance amounts based on peer group reviews. The change-in-control arrangements are subject to "double-trigger" vesting and do not include gross-up payments for excise taxes imposed under Section 280G of the Internal Revenue Code as a result of severance payouts.

For further discussion of these severance arrangements, see "Employment Arrangements; Potential Payments Upon Termination or Change-in-Control" that follows this Compensation Discussion and Analysis.

Clawback Policies

Since 2010, Frontier has included in all of its equity compensation awards, including to the NEOs, a recoupment or "clawback" provision. This provision requires that unvested equity awards be forfeited if the Compensation Committee determines that the employee engaged in certain defined types of misconduct, including engaging in acts considered to be contrary to the best interests of Frontier, commission of felonies or other serious crimes, or engaging in any activity which constitutes gross misconduct. The provision also provides that the Compensation Committee may in its sole discretion require the employee to return all stock that vested within the twelve-month period immediately prior to the misconduct, or if no longer held by the employee, to pay to Frontier any and all gains realized from such stock.

Effective December 11, 2014, we adopted an enhanced clawback policy that is triggered if Frontier is required to restate its financial statements due to material noncompliance with any financial reporting requirement under the securities laws that was contributed to by the fraud or intentional misconduct of an executive officer, including an NEO. If the policy is triggered, the Compensation Committee will require reimbursement or forfeiture of any cash and equity incentive compensation awarded to or received by the executive officer in question during the three-year period preceding the date on which Frontier is required to prepare the restatement. The amount to be recovered would be the excess of the incentive compensation obtained by the executive officer based on the erroneous data over the amount that would have been obtained by the executive officer had it been based on the restated results, as determined by the Compensation Committee. We will review the terms of this recovery policy in light of the requirements under the Dodd-Frank Act and will make any necessary changes to be in compliance with final regulations when issued.

Tax Implications—Deductibility of Executive Compensation

The Committee considers the limitation on deductibility of executive compensation for federal income tax purposes under Section 162(m) of the Internal Revenue Code in the design of our compensation programs. Section 162(m) places a limit of $1 million on the amount of compensation that we may deduct in any one year with respect to the NEOs (other than the Chief Financial Officer). There is an exception for performance-based compensation meeting certain requirements defined by the IRS. Annual incentive awards, performance-based stock and cash awards, performance-based restricted stock and unit awards generally meet those requirements, but no assurance can be given that any such compensation will be fully deductible under all circumstances. The Committee balances the desirability to qualify for such deductibility with the Company's need to maintain flexibility in compensating executive officers in a manner designed to promote corporate goals and compensation objectives. As a result, portions of the total compensation program may not be deductible under Section 162(m), including the portion of base salary in excess of $1 million and any time-based restricted stock awards.

The exemption from 162(m)'s deduction limit for performance-based compensation has been repealed for tax years beginning after December 31, 2017. Consequently, compensation paid to our covered executive officers in excess of $1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

Compensation Committee Report

The Compensation Committee of our Board of Directors has submitted the following report for inclusion in this proxy statement:

Our Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on our Committee's review of and the discussions with management with respect to the Compensation Discussion and Analysis, our Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K.

The foregoing report is provided by the following directors, who constitute the Committee:

Submitted by:

Virginia P. Ruesterholz, Chair
Peter C.B. Bynoe
Diana S. Ferguson
Myron A. Wick, III

Summary Compensation Table

The following table sets forth the compensation awarded to, earned by, or paid to our CEO, CFO, the three other most highly compensated executive officers at fiscal year-end, and one additional employee who would have been an NEO had she been an executive officer at fiscal year-end.

Name and Principal Position	Year	Salary	Bonus[1]	Stock Awards[2]	Non-Equity Incentive Plan Compensation[3]	All Other Compensation[4]	Total
Daniel J. McCarthy President and CEO	2017	$1,000,000	—	$5,004,014	—	$ 34,181	$6,038,195
	2016	$ 981,251	—	$4,455,065	—	$ 31,830	$5,468,146
	2015	$ 862,500	—	$4,170,022	$1,165,500	$ 9,105	$6,207,127
R. Perley McBride EVP and CFO[5][6]	2017	$ 650,000	—	$1,733,033	—	$ 17,521	$2,400,554
	2016	$ 199,432	—	$ 253,553	—	$ 109,663	$ 562,648
Kenneth W. Arndt EVP, Commercial Sales	2017	$ 500,000	—	$1,134,299	—	$ 10,270	$1,644,569
Steve Gable EVP and CTO[6]	2017	$ 470,000	—	$1,130,644	—	$ 9,717	$1,610,361
	2016	$ 458,750	$1,000,000	$ 471,904	—	$ 9,884	$1,940,538
John J. Lass EVP, Field Operations[6]	2017	$ 439,875	—	$1,067,948	—	$ 56,756	$1,564,579
	2016	$ 436,156	$ 415,200	$ 629,257	—	$ 9,836	$1,490,449
Cecilia K. McKenney EVP, Consumer Sales & Marketing	2017	$ 243,438	—	$1,453,241	—	$1,273,202	$2,969,881
	2016	$ 483,906	$ 459,600	$1,660,754	—	$ 9,805	$2,614,065
	2015	$ 445,833	—	$1,755,945	$ 457,800	$ 9,105	$2,668,683

(1) Amounts in this column represent special non-recurring bonuses granted in connection with the closing of the California, Texas and Florida Acquisition in April 2016.

(2) The stock awards referred to in this column consist of grants of restricted stock and grants of performance shares under the 2013 Equity Incentive Plan. The amounts shown in this column represent the grant date fair value, pursuant to Financial Accounting Standards Board ASC Topic 718, of the stock awards granted in the applicable year or, with respect to multi-year performance share awards where performance conditions are set at the beginning of each year, the fair value of the shares subject to the performance conditions for the applicable year. In the latter case, accounting standards provide that each annual establishment of performance conditions during a multi-year vesting period constitutes a separate "grant date." As a result, the grant date fair value of the performance share awards granted in 2017 is calculated using only the first tranche of the grant for the 2017-2019 Measurement Period; the second and third tranches of the 2017-2019 Measurement Period are not included because the performance conditions for those tranches had not been set in 2017. With respect to the grant for the 2016-2018 Measurement Period, the grant date fair value is calculated using the second tranche, as the grant date fair value for the first tranche was reported last year and the performance conditions for the third tranche were not set in 2017. With respect to the grant for the 2015-2017 Measurement Period, the grant date fair value is calculated using the third tranche, as the grant date fair values for the first two tranches were reported in prior years. Further, in calculating the grant date fair value of such performance shares in the table, the target number of shares was used. Frontier uses Monte Carlo simulations to value performance share awards. The value of such performance shares at $6.76 per share assuming that the highest level of operating cash flow and TSR performance will be achieved (using the methodology described above) would be as follows: McCarthy: $320,965; McBride: $73,414; Arndt: $47,874; Gable: $69,932; Lass: $57,392 and McKenney: $90,429. For a discussion of valuation assumptions, see Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. For additional details regarding the stock awards, see the Grants of Plan-Based Awards table below and the accompanying narrative.

(3) The amounts shown in this column represent cash awards made under the Frontier Bonus Plan. Awards for each year are generally paid in March of the following year.

(4) The All Other Compensation column includes premiums for life insurance coverage paid for by Frontier, a 401(k) match and change in actuarial value of the frozen pension. Other than as set forth below, all perquisites and personal benefits are below the threshold for disclosure in this column:

- Amounts shown for Mr. McCarthy include $22,431, $20,241 and -$9,329 for the change in the actuarial value of his frozen pension in 2017, 2016 and 2015; $9,000 for each year in matching contributions and imputed income for life insurance of $2,650, $2,589 and $105 for each year; also included in the amount for 2017 is a $100 wellness payment.
- Amounts shown for Mr. McBride include $9,000 in matching contributions, $1,684 in imputed income for life insurance and $6,837 for his change in pension value for 2017. In 2016 the amount includes a payment of $75,000 for relocation assistance, which includes household goods transfer, closing costs and temporary housing, plus a tax gross up for taxes related to such services equal to $34,312, each as an inducement to accept employment with Frontier, along with $351 for imputed income for life insurance.
- Amount shown for Mr. Arndt includes $3,375 for the change in actuarial value of his frozen pension in 2017, $5,625 in matching contributions and $1,270 in imputed income for life insurance.
- Amount shown for Mr. Gable consists of premiums for life insurance coverage paid for by Frontier, a 401(k) match and a wellness credit.

- Amounts shown for Mr. Lass include $44,488 for the change in the actuarial value of his frozen pension in 2017; $9,000 for each year in matching contributions and imputed income for life insurance of $3,168 and $3,133 for 2017 and 2016; also included in the amount for 2017 is a $100 wellness payment.
- Amounts shown in 2017 for Ms. McKenney consist of payments for life insurance coverage of $1,153, a 401(k) match of $6,768 and $1,265,280 in severance and related payments in connection with her departure from Frontier in June 2017.

(5) Mr. McBride assumed the role of Executive Vice President and Chief Financial Officer on November 4, 2016.

(6) Information for Messrs. McBride, Gable and Lass is not provided for 2015 because they were not NEOs for that year. Information for Mr. Arndt is not provided for 2015 and 2016 because he was not an NEO for those years.

Grants of Plan-Based Awards

The following table sets forth information with respect to awards granted to each of our NEOs during 2017.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units (#)[3]	Grant Date Fair Value of Stock Awards ($)[4]
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
Daniel J. McCarthy									
Cash bonus award	2/16/2017	$1,050,000	$1,500,000	$1,950,000					
Performance share award (2017-2019)	2/16/2017				8,421	16,040	26,065		$ 846,912
Performance share award (2016-2018)	2/16/2017				4,930	9,390	15,259		$ 443,678
Performance share award (2015-2017)	2/16/2017				1,989	3,788	6,156		$ 153,414
Restricted stock award	2/16/2017							72,138	$3,560,010
R. Perley McBride									
Cash bonus award	2/16/2017	$ 455,000	$ 650,000	$ 845,000					
Performance share award (2017-2019)	2/16/2017				3,509	6,683	10,860		$ 352,862
Restricted stock award	2/16/2017							27,967	$1,380,171
Kenneth W. Arndt									
Cash bonus award	2/16/2017	$ 350,000	$ 500,000	$ 650,000					
Performance share award (2017-2019)	2/16/2017				1,649	3,141	5,104		$ 165,845
Performance share award (2016-2018)	2/16/2017				420	800	1,300		$ 37,800
Performance share award (2015-2017)	2/16/2017				219	417	678		$ 16,889
Restricted stock award	2/16/2017							18,516	$ 913,765
John J. Lass									
Cash bonus award	2/16/2017	$ 307,913	$ 439,875	$ 571,838					
Performance share award\(2017-2019)	2/16/2017				1,403	2,673	4,344		$ 141,134
Performance share award (2016-2018)	2/16/2017				1,120	2,134	3,468		$ 100,832
Performance share award (2015-2017)	2/16/2017				219	417	678		$ 16,889
Restricted stock award	2/16/2017							16,395	$ 809,093
Steve Gable									
Cash bonus award	2/16/2017	$ 329,000	$ 470,000	$ 611,000					
Performance share award (2017-2019)	2/16/2017				2,105	4,010	6,516		$ 211,728
Performance share award (2016-2018)	2/16/2017				1,120	2,134	3,468		$ 100,832
Performance share award (2015-2017)	2/16/2017				117	222	361		$ 8,991
Restricted stock award	2/16/2017							16,395	$ 809,093
Cecilia McKenney									
Cash bonus award	2/16/2017	$ 340,813	$ 486,875	$ 632,938					
Performance share award (2017-2019)	2/16/2017				2,105	4,010	6,516		$ 211,728
Performance share award (2016-2018)	2/16/2017				1,456	2,774	4,508		$ 131,072
Performance share award (2015-2017)	2/16/2017				760	1,448	2,353		$ 58,644
Restricted stock award	2/16/2017							21,313	$1,051,797

(1) Reflects the target payout amounts of non-equity incentive plan awards payable for service in 2017 as approved by the Compensation Committee. See the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table for Fiscal Year 2017 for the non-equity incentive plan awards actually earned by the NEOs in 2017 and paid in early 2018.

(2) Reflects the number of shares of Common Stock that may be earned upon vesting of the LTIP awards granted in 2017, assuming the achievement of threshold, target and maximum performance levels (i.e., 52.5%, 100% and 162.5%, respectively, of the target awards) during the applicable performance period.

(3) Reflects awards of RSAs.

(4) See footnote (2) to the Summary Compensation Table for Fiscal Year 2017 for additional information regarding the determination of the grant date fair value of RSAs and LTIP awards.

Cash awards under the Frontier Bonus Plan for 2017 performance shown under the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards columns would have been paid in March 2018 based on performance metrics set for 2017, as described above under "Compensation Discussion and Analysis—2017 Total Direct Compensation for NEOs—Cash Compensation—Annual Bonus." Target awards under the Frontier Bonus Plan are set as a percentage of base salary. Targets awards were set at 100% of 2017 base salary for each of the NEOs, other than Mr. McCarthy, whose target award was set at 150% of 2017 base salary. Payouts can be 0% of target for below-threshold performance, up to 70% of target for threshold performance, and up to 130% of target for outstanding performance. The annual performance-based cash bonuses for 2017 were not paid to any Frontier Management employee, including the NEOs, due to the fact that the Company did not reach the threshold performance of 93% of Adjusted EBITDA, as reported above in the Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation."

The awards shown under the Estimated Future Payouts Under Equity Incentive Plan Awards columns are performance shares deemed to have been granted in 2017 in accordance with Financial Accounting Standards Board ASC Topic 718 (i.e., the first tranche of the 2017-2019 Measurement Period, the second tranche of the 2016-2018 Measurement Period and the third tranche of the 2015-2017 Measurement Period). See footnote (2) to the Summary Compensation Table. The amounts shown represent the range of shares that may be issued at the end of the applicable Measurement Period for such grants assuming achievement of threshold, target or maximum performance. If our operating cash flow (for the 2015-2017 and the 2016-2018 periods and Free Cash Flow per share for the 2017-2019 period) performance is, on average, below threshold for the three-year Measurement Period, no shares will be issued at the end of the period. Dividends on performance shares will be accrued and paid out at the end of the three-year Measurement Period only with respect to shares that are earned and issued. See the discussion of performance share awards under "Compensation Discussion and Analysis—2017 Total Direct Compensation for NEOs—Equity Compensation—Performance Share Awards."

The stock awards shown under the All Other Stock Awards column in the above table are grants of restricted stock. The grants represent annual restricted stock awards and vest in three equal annual installments commencing one year after the date of approval by the Compensation Committee. All such grants of restricted stock were made under our 2013 Equity Incentive Plan based on 2015 performance. Each of the NEOs is entitled to receive dividends on shares of restricted stock at the same rate and at the same time we pay dividends on shares of our common stock. The post-split common stock dividends for 2017 were $1.575 for the first quarter and $0.60 for the following three quarters. No above-market or preferential dividends were paid with respect to any restricted shares. See the discussion of restricted stock awards under "Compensation Discussion and Analysis—2017 Total Direct Compensation for NEOs—Equity Compensation—Restricted Stock Awards."

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding equity awards held by each of the NEOs at year-end.

	Stock Awards				
Name	Date of Grant	Number of Shares of Stock or Units That Have Not Vested[1] (#)	Market Value of Shares of Stock or Units That Have Not Vested[2] ($)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested[3] (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares That Have Not Vested[2] ($)
Daniel J. McCarthy	2/25/2015	7,493	$ 50,653	11,362	$ 76,807
	2/11/2016	36,081	$243,908	28,171	$190,436
	2/16/2017	72,138	$487,653	48,120	$325,291
R. Perley McBride	9/12/2016	2,429	$ 16,420	—	$ —
	2/16/2017	27,967	$189,057	20,050	$135,538
Kenneth W. Arndt	2/25/2015	756	$ 5,111	1,253	$ 8,470
	2/11/2016	3,025	$ 20,449	2,401	$ 16,231
	2/16/2017	18,516	$125,168	9,424	$ 63,706
Steve Gable	2/25/2015	323	$ 2,183	668	$ 4,516
	2/11/2016	3,339	$ 22,572	6,403	$ 43,284
	2/16/2017	16,395	$110,830	12,030	$ 81,323
John J. Lass	2/25/2015	756	$ 5,111	1,253	$ 8,470
	2/11/2016	4,681	$ 31,644	6,403	$ 43,284
	2/16/2017	16,395	$110,830	8,020	$ 54,215
Cecilia K. McKenney[4]	2/25/2015	—	$ —	—	$ —
	2/11/2016	—	$ —	—	$ —
	2/16/2017	—	$ —	—	$ —

(1) The amounts shown in this column represent shares of restricted stock held by the named executive officers as of December 31, 2017. RSAs granted in 2015 will vest fully on the third anniversary of the grant date. RSAs granted in 2016 will vest equally on each of the second and third anniversaries of the grant date. RSAs granted in 2017 will vest in equal installments on each of the first three anniversaries of the grant date.

(2) The market value of shares of common stock reflected in the table is based upon the closing price of the common stock on December 30, 2017, which was $6.76 per share.

(3) The amounts shown in this column represent the number of performance shares that may be earned by the NEOs, assuming achievement of target performance, in accordance with SEC regulations.

(4) Unvested restricted stock and performance shares were forfeited by Ms. McKenney upon her resignation on June 30, 2017.

Option Exercises and Stock Vested

The following table sets forth information regarding the shares of restricted stock and performance shares that vested for each of the NEOs in 2017. No NEO acquired any shares upon the exercise of stock options in 2017. The value of restricted stock realized upon vesting is based on the closing price of the shares on the applicable vesting dates and the value of performance shares earned is based on the closing price of the shares on December 30, 2017, the last day of the three-year Measurement Period.

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)(1)(2)	Value Realized on Vesting ($)(3)
Daniel J. McCarthy	41,392	$2,057,486
R. Perley McBride	1,214	$ 16,717
Kenneth W. Arndt	4,405	$ 218,764
Steve Gable	2,892	$ 143,431
John J. Lass	5,186	$ 257,454
Cecilia K. McKenney	17,312	$ 860,310

(1) The RSA awards that vested in 2017 reflect the vesting on the anniversary of the grant date of (a) the third 33% installment of the RSAs awarded to the NEOs on February 28, 2014 (other than Mr. McBride), (b) the second 33% installment of the RSAs awarded to the NEOs on February 25, 2015 (other than Mr. McBride), (c) the first 33% installment of the RSAs awarded to the NEOs on February 11, 2016 (other than Mr. McBride), and (d) for Mr. McBride only, the first 33% installment of the RSAs awarded to him on September 12, 2016.

(2) The LTIP awards that vested in 2017 reflect the vesting of the LTIP shares that were awarded to Messrs. McCarthy, Arndt, Gable, Lass and Ms. McKenney on February 28, 2014. Mr. McBride did not hold any 2014 LTIP awards that vested in 2017. The number of shares of Common Stock acquired by the NEOs from the vesting of the 2014 LTIP awards was equal to 71.7% of the applicable target number of LTIP shares based on the Company's cumulative Operating Cash Flow as compared to the goals approved by the Compensation Committee, which resulted in an Operating Cash Flow factor of 93.1%, and the Company's TSR ranking relative to the other companies in the GICS industry code for U.S. Integrated Telecommunications Services, which resulted in a TSR modifier of 77.0%.

(2) The value realized from the vesting of the RSA and LTIP awards was calculated based on the average of the high and low sale price of Common Stock on the NYSE Composite Tape on the applicable vesting date or, if the vesting date occurred on a non-trading day, the last trading day preceding the applicable vesting date.

Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Daniel J. McCarthy	Frontier Pension Plan	10	$208	—
R. Perley McBride	Frontier Pension Plan	5 years, 8 mo	$59,677	—
Kenneth W. Arndt	Frontier Pension Plan	6 years, 2 mo	$30,482	—
Steve Gable	—	—	—	—
John J. Lass	Frontier Pension Plan	21 years, 1 mo	$537,314	—
Cecilia K. McKenney	—	—	—	—

We have a noncontributory, qualified retirement plan, the Frontier Pension Plan, covering certain of our employees. The plan provides benefits that, in most cases, are based on formulas related to base salary and years of service. The plan was amended to provide that, effective February 1, 2003, no further benefits will be accrued under the plan by most non-union participants (including all executive officers), and is considered "frozen." Messrs. McCarthy, McBride, Arndt, and Lass are the only NEOs with vested benefits under the plan. The estimated annual pension benefits (assumed to be paid in the normal form of an annuity) for Mr. McCarthy is $22,641, for Mr. McBride is $6,885, for Mr. Arndt is $3,386 and for Mr. Lass is $45,438. This amount is calculated under the plan based on Mr. McCarthy's 10 years of service, Mr. McBride's five years, eight months of service, Mr. Arndt's 6 years, two months of service and Mr. Lass's 21 years, one month of service credit at the time the plan was frozen and the compensation limits established in accordance with

federal tax law in the computation of retirement benefits under qualified plans. Benefits are not subject to reduction for Social Security payments or other offset amounts. For a discussion of valuation assumptions, see Note 17 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

As previously discussed, Mr. McBride was named Executive Vice President and Chief Financial Officer in November 2016. He also worked for Frontier before the Frontier Pension Plan was frozen.

Employment Arrangements; Potential Payments upon Termination or Change-in-Control

Employment Agreements and Arrangements

Frontier is party to an employment agreement with Mr. McCarthy, Mr. McBride, Mr. Arndt, and Mr. Gable and a separation agreement with Ms. McKenney, and each agreement has been publicly filed with the SEC. In accordance with best practices, the agreements do not provide for a set term of employment.

Each NEO receives a base salary and is entitled to participate in the Frontier Bonus Plan and our 2013 and 2017 Equity Incentive Plans. In addition, each NEO is entitled to severance benefits under the Severance Plan.

The separation agreement for Ms. McKenney is discussed separately below.

Potential Payments upon Termination of Employment or Change-in-Control

The following summarizes potential payments that would be made under the Company's Severance Plan or the NEO's employment agreement, as applicable, upon a termination of employment or change-in-control.

If Mr. McCarthy's employment is terminated without "cause" or by Mr. McCarthy with "good reason," we would be required to pay Mr. McCarthy an amount equal to the non-change in control severance factor applicable to Mr. McCarthy (as set forth below) multiplied by the sum of his base salary and target bonus. In addition, all his restricted stock would vest, and all performance share awards granted to him or any other performance incentive award pursuant to a performance-based vesting schedule would be vested with respect to any service requirement, but the number of shares earned would be based on actual performance against the pre-established goals. In addition, in such circumstances, Mr. McCarthy would be entitled to an amount equal to 18 times the monthly COBRA charge for the type of employer-provided health coverage in effect for him.

With respect to our other active NEOs, if the executive's employment is terminated without "cause" or by the NEO with "good reason," we would be required to pay the executive an amount equal to the non-change in control severance factor applicable to the executive (as set forth below) multiplied by his or her base salary. The executive would also be entitled to purchase from Frontier three months' COBRA coverage at the active employee rate.

If Mr. McCarthy's employment is terminated due to his death or in connection with a disability, Mr. McCarthy or his estate would be entitled to payment of six months' base salary (paid in installments as salary continuation pursuant to our standard payroll practices) and a prorated portion of his target bonus for the year of termination (paid in lump sum). In addition, all restricted stock would vest, and performance shares would vest pro-rata, based on time served through the date of termination at the target level of shares granted. Mr. McCarthy, or his spouse, in the event of Mr. McCarthy's death, would also be entitled to an amount equal to 18 times the monthly COBRA charge for the type of employer-provided coverage in effect for Mr. McCarthy.

In the event Mr. McCarthy's employment is terminated without "cause" or by Mr. McCarthy with "good reason" in connection with a "change in control," Mr. McCarthy would be entitled to the amounts he would receive in connection with a termination by us without cause or by him with good reason in a non-change in control context, except that (a) the change in control severance factor would apply as set forth below and (b) the number of earned performance shares would be based on actual performance as of the date of the change in control (if determinable), otherwise based on target performance, and these earned shares would vest at the time of the qualifying termination. In addition, if the successor following a change in control declines to assume Frontier's obligations with respect to Mr. McCarthy's performance shares, the earned performance shares would vest upon the change in control, regardless of whether his employment was terminated.

With respect to our other active NEOs, in the event the NEO's employment is terminated without "cause" or by the executive with "good reason" in connection with a change in control, the executive would be entitled to the amounts he or she would receive in connection with a termination by us without cause in a non-change in control context, except that (a) the change in control severance factor would apply as set forth below and the executive's target bonus would be included in the severance pay calculation, (b) the executive's restricted stock would vest in full and (c) performance shares would be earned based on actual performance as of the date of the change in control (if determinable), otherwise based on target performance, and these earned shares would vest at the time of the qualifying termination. In addition, if the successor following a change in control declines to assume Frontier's obligations with respect to the executive's performance shares, the earned performance shares would vest upon the change in control, regardless of whether employment was terminated.

To the extent an active NEO would be subject to any excise taxes under Section 280G of the Internal Revenue Code, the amounts he or she would be entitled to receive would be "capped" to avoid any excise tax unless the total payments to be received by him or her without regard to a cap would result in a higher after-tax benefit. The executive would be responsible for paying any required excise tax.

The severance factors for our active NEOs are as follows:

Executive	Severance Factor in Non-Change in Control Situations	Severance Factor in Change in Control Situations
Daniel J. McCarthy	2.25	3.00
R. Perley McBride	1.25	2.00
Kenneth W. Arndt	1.00	2.00
Steve Gable	1.00	2.00
John Lass	1.00	1.50

Each NEO would be required to enter into a separate agreement in which the NEO releases claims against Frontier in order to receive the severance payments.

The following table sets forth certain potential payments that would have been made to each NEO had his or her employment been terminated as of December 31, 2017 under various scenarios, including a change in control. The information for Messrs. McCarthy, Arndt and Lass do not include their pension benefits, which are set forth under "Pension Benefits."

Because payments to be made to an NEO depend on several factors, actual amounts to be paid out upon an NEO's termination of employment can only be determined at the time of separation from Frontier.

Payment Type	D. McCarthy	R. P. McBride	K. Arndt	S. Gable	J. Lass	C. McKenney[1]
Termination without Cause or Resignation for Good Reason (no CIC)						
Base Salary[2]	$2,250,000	$ 812,500	$ 500,000	$ 470,000	$ 439,875	—
Bonus[2]	$3,375,000	—	—	—	—	—
Value of Accelerated Restricted Stock[3]	$ 782,213	—	—	—	—	—
Value of Accelerated Performance Shares[4]	$ 515,727	—	—	—	—	—
Other Benefits[5]	$ 32,359	$ 17,528	$ 16,185	$ 16,185	$ 2,081	—
Total	$6,955,299	$ 830,028	$ 516,185	$ 486,185	$ 441,956	—
Death or Disability						
Base Salary	$ 500,000	—	—	—	—	—
Bonus	$1,500,000	—	—	—	—	—
Value of Accelerated Restricted Stock[3]	$ 782,213	—	—	—	—	—
Value of Accelerated Performance Shares[4]	$ 515,727	—	—	—	—	—
Other Benefits[5]	$ 32,359	—	—	—	—	—
Total	$3,330,259	—	—	—	—	—
Termination without Cause or Resignation for Good Reason (in connection with CIC)						
Base Salary[6]	$3,000,000	$1,300,000	$1,000,000	$ 940,000	$ 659,813	—
Bonus[6]	$4,500,000	$1,300,000	$1,000,000	$ 940,000	$ 659,813	—
Value of Accelerated Restricted Stock[3]	$ 782,213	$ 205,477	$ 150,728	$ 135,585	$ 147,584	—
Value of Accelerated Performance Shares[7]	$ 235,388	$ 45,179	$ 32,056	$ 55,964	$ 46,928	—
Other Benefits[5]	$ 32,359	$ 17,528	$ 16,185	$ 16,185	$ 2,081	—
Total	$8,549,960	$2,868,184	$2,198,969	$2,087,734	$1,516,218	—

(1) Ms. McKenney's employment ended on June 30, 2017.

(2) For Mr. McCarthy, the amount shown is equal to 2.25 times his 2017 base salary and bonus opportunity. The portion of this amount related to the bonus opportunity would be paid in lump sum at the time bonus payments are made to other executives under the Frontier Bonus Plan. The remaining portion is payable to Mr. McCarthy in installments as salary continuation pursuant to our standard payroll practices. For Mr. McBride, the amount shown is equal to 1.25 times his 2017 base salary. For Messrs. Arndt, Gable and Lass, the amount shown is equal to 1.00 times his 2017 base salary. Amounts payable to each NEO (other than Mr. McCarthy) are payable in installments as salary continuation pursuant to our standard payroll practices.

(3) For Mr. McCarthy, all restricted stock vests upon termination without cause or by him with good reason, whether the termination is in connection with a change in control or not, and upon death or disability. For each other NEO, all restricted stock vests upon termination without cause or by such NEO with "good reason" (as defined) in connection with a change in control. Amounts shown represent the value of restricted stock held by each NEO on December 31, 2017 based on the closing price of $6.76 per share of our common stock on December 29, 2017.

(4) Dollar value of the 76,291 performance shares held by Mr. McCarthy on December 31, 2017 based on the closing price of $6.76 per share of our common stock on December 29, 2017. The number of performance shares used for this purpose is equal to the target level of shares granted. Does not include the value of performance shares that were earned (and issued) on December 31, 2017 upon completion of the 2015-2017 Measurement Period.

(5) Under the Severance Plan, Mr. McCarthy is entitled to an amount equal to 18 times the monthly COBRA charge for the type of employer-provided health coverage in effect for the CEO. This amount will be paid in lump sum within 60 days following termination. All other NEOs are entitled to purchase from Frontier up to eighteen months COBRA coverage at the active employee rate with the above amounts reflecting the portion of COBRA paid by Frontier.

(6) Amounts shown are payable in lump sum upon termination of the NEO without cause or by the NEO with good reason in connection with a change of control. For Mr. McCarthy, the amount is equal to 3.00 times his 2017 base salary and bonus opportunity. For Messrs. McBride, Arndt and Gable, the amount is equal to 2.00 times their 2017 base salary and bonus opportunity. For Mr. Lass, the amount is equal to 1.50 times his 2017 base salary and bonus opportunity.

(7) Amounts shown represent the dollar value of performance shares earned as of December 31, 2017 based on the closing price of $6.76 per share of common stock on December 29, 2017. The number of earned performance shares used for this purpose is based upon the target level of shares granted. This does not include the value of performance shares that were earned and issued on December 31, 2017 upon completion of the 2015-2017 Measurement Period.

Compensation for Ms. McKenney

As previously discussed, Frontier and Ms. McKenney entered into a Separation Agreement and Release, originally dated June 30, 2017. As consideration for Ms. McKenney's compliance with the terms of the Separation Agreement, the Compensation Committee agreed to pay her $1,218,465 (in three installments), COBRA premiums for 15 months along with $46,815 for unused accrued vacation. This amount was based on her base salary, her 2017 target bonus and the value of her unvested restricted shares due to vest in February 2018. The compensation arrangements in place for Ms. McKenney prior to her departure were established in accordance with the general processes outlined above for our NEOs. Upon her departure, Ms. McKenney forfeited her other unvested equity incentive awards.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Ms. Ruesterholz, as Chair, Messrs. Bynoe and Wick, and Ms. Ferguson. Mr. Wick is not standing for reelection at the Annual Meeting. None of our executive officers served as (i) a member of the compensation committee (or other committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee; (ii) a director of another entity, one of whose executive officers served on our Compensation Committee; or (iii) a member of the compensation committee (or other committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as one of our directors.

Compensation Policy Risk Analysis

Management annually reviews our compensation policies and practices applicable to all of our employees, including the NEOs, for the purpose of evaluating the risks to Frontier arising from such policies and practices. Each component of our compensation program is evaluated for any risks to Frontier associated with such compensation. Included in these evaluations is an analysis of the likelihood that such compensation components would influence behaviors or decision-making and impact our risk profile. For 2017, risk controls, both entity-level and compensation-related, were identified and evaluated. These controls included:

- Corporate governance and Enterprise Risk Management policies;
- Oversight of our compensation practices and policies by the Compensation Committee, including the ability to reduce incentive payouts based on factors such as earnings and individual performance;
- Frontier's compensation program design, including the mix of cash and equity compensation, short- and long-term incentive compensation, "fixed" and "variable" compensation and company-wide and individual goals and targets, the use of multiple performance metrics based on the Company Performance Goals, which include financial and other quantitative and qualitative measurements, the use of modest multipliers, and maximum payout limits (in terms of dollars and percentages of base salary);
- Performance goals that are set at levels that are sufficiently high to encourage strong performance and support the resulting compensation expense, but within reasonably attainable parameters to discourage pursuit of excessively risky business strategies; and
- Meaningful risk mitigators, including substantial stock ownership guidelines, claw-back provisions, anti-hedging/pledging policies, independent Compensation Committee oversight and engagement of an independent consultant that does no other work for Frontier or management.

In February 2018, management reviewed its findings with the Compensation Committee at a meeting at which the Compensation Committee and management engaged in an in-depth discussion of the findings. Based on its review of management's risk assessment of Frontier's compensation policies, practices and controls and the Compensation Committee's evaluation of management's assessment, the Compensation Committee determined that such policies and practices are not reasonably likely to have a material adverse effect on Frontier.

PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION

Frontier and its Board are committed to excellence in governance and recognize the interests that our stockholders have expressed in our executive compensation program. As part of our commitment, in 2009, the Board voluntarily adopted a Corporate Governance Guideline, commonly known as "Say-on-Pay," to annually provide stockholders with the opportunity to endorse or not endorse compensation paid to the NEOs through consideration of the following non-binding advisory resolution:

> **"Resolved, that the compensation paid to Frontier's named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and accompanying narrative discussion, is hereby approved."**

We believe that our executive compensation philosophy and programs reinforce our pay for performance culture and are strongly aligned with the long-term interests of our stockholders. The Compensation Committee, which oversees and approves the compensation philosophy and programs, engages in an extensive process to align executive pay, both short- and long-term, with Frontier's performance and the interests of our stockholders. The Compensation Discussion and Analysis section of this Proxy Statement provides a comprehensive review of our executive compensation philosophy and programs and the rationale for executive compensation decisions, and the accompanying tables and narrative provide details on the compensation paid to our NEOs. We urge you to read this disclosure prior to voting on this proposal.

Our existing Say-on-Pay policy is consistent with Section 14A of the Securities Exchange Act of 1934 adopted in July 2010 as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Because your vote is advisory, it will not be binding upon the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements. Stockholders who wish to communicate with our Board or any specific director, including the Chairman, any non-management director, the non-management directors as a group, any independent director or the independent directors as a group, on executive compensation or any other matter of stockholder concern, can do so by writing to such director or group of directors at: Frontier Communications Corporation, 401 Merritt 7, Norwalk, Connecticut 06851. Any communication will be forwarded to the director or directors to whom it is addressed.

In accordance with the wishes of our stockholders and best practices, we will provide a say on pay vote annually and the next Say-on-Pay proposal will be included in our 2019 proxy statement.

The Board unanimously recommends that you vote FOR this proposal.

AUDIT COMMITTEE REPORT

The Audit Committee consists of four independent directors, each of whom has been determined by the Board to meet the heightened independence criteria applicable to Audit Committee members and to satisfy the financial literacy requirements of the Nasdaq Listing Rules and the applicable rules of the SEC. The Audit Committee is responsible, under its charter, for oversight of our independent registered public accounting firm, which reports directly to the Audit Committee. The Audit Committee has the authority to retain and terminate the independent registered public accounting firm, to review the scope and terms of the audit and to approve the fees to be charged. The Audit Committee monitors our system of internal control over financial reporting, and management's certifications as to disclosure controls and procedures and internal controls for financial reporting. Our management and independent registered public accounting firm, not the Audit Committee, are responsible for the planning and conduct of the audit of our consolidated financial statements and determining that the consolidated financial statements are complete and accurate and prepared in accordance with U.S. generally accepted accounting principles.

The Audit Committee has met and held discussions with management, our senior internal auditor and our independent registered public accounting firm (with and without management and our senior internal auditor present) and has reviewed and discussed the audited consolidated financial statements and related internal control over financial reporting with management and our independent registered public accounting firm.

The Audit Committee has also discussed with our independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees.

Our independent registered public accounting firm also provided the Audit Committee with the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and the Audit Committee discussed with our independent registered public accounting firm that firm's independence.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC. The Audit Committee selected KPMG LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2018, which is being presented to stockholders at the meeting for ratification.

Submitted by:

Edward Fraioli, Chair
Leroy T. Barnes Jr.
Diana S. Ferguson
Howard L. Schrott

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES

In accordance with the Sarbanes-Oxley Act of 2002, the rules of the SEC and the Audit Committee Charter, the pre-approval of the Audit Committee is required for all audit and permissible non-audit services that will be provided by KPMG LLP, our independent registered public accounting firm. All of the services of KPMG LLP for 2017 and 2016 were pre-approved by the Audit Committee.

The following table sets forth the fees for professional audit services paid by us to KPMG LLP, our independent registered public accounting firm:

	2017	2016
Audit Fees	$5,859,000	$5,955,000
Audit-Related Fees	20,000	80,000
Tax Fees	142,804	123,400
All Other Fees	—	—
Total	$6,021,804	$6,158,400

Audit Fees

Audit fees relate to professional services rendered in connection with the audit of our annual consolidated financial statements included in our Annual Report on Form 10-K and internal control over financial reporting, the review of our quarterly financial statements included in our Quarterly Reports on Form 10-Q, the audit of our captive insurance company and audit services provided in connection with other subsidiary audit reports.

Audit-Related Fees

For 2017, audit-related fees primarily relate to professional services rendered in connection with agreed-upon procedure reports. For 2016, audit-related fees primarily relate to professional services rendered in connection with the review of pro forma financials and a registration statement filed.

Tax Fees

Tax fees for 2017 and 2016 primarily relate to professional services rendered in connection with the preparation of transactional tax filings.

PROPOSAL 3: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The ratification of the selection of KPMG LLP as our independent registered public accounting firm for 2018 is being submitted to stockholders because we believe that this action follows sound corporate practice and is in the best interests of the stockholders. If the stockholders do not ratify the selection by the affirmative vote of the holders of a majority of the shares of common stock present or represented by proxy and entitled to vote at the meeting, the Audit Committee will reconsider the selection of the independent registered public accounting firm, but such a vote will not be binding on the Audit Committee. If the stockholders ratify the selection, the Audit Committee, in its discretion, may still direct the appointment of a new independent registered public accounting firm at any time during the year if the Audit Committee believes that this change would be in our and our stockholders' best interests.

The Board recommends that the stockholders ratify the selection of KPMG LLP, registered public accounting firm, as the independent registered public accounting firm to audit our accounts and those of our subsidiaries for 2018. KPMG has served as our independent registered public accounting firm since 1936, and the Audit Committee believes that the continued retention of KPMG as our independent registered public accounting firm is in the best interests of Frontier and our stockholders. The Audit Committee approved the selection of KPMG LLP as our independent registered public accounting firm for 2018.

A representative of KPMG is expected to participate at the Annual Meeting and will have the opportunity to make a statement and be available to respond to appropriate questions.

The Board unanimously recommends that you vote FOR this proposal.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes compensation plans under which our securities are authorized for issuance as of December 31, 2017.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	(b) Weighted-average exercise price of outstanding options, warrants and rights[2]	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	511,351	$105.45	4,361,000
Equity compensation plans not approved by security holders	—	—	—
Total	511,351	$105.45	4,361,000

(1) Reflects the number of outstanding performance shares (assuming achievement of target performance), phantom units and options.

(2) The weighted-average exercise price excludes performance shares and phantom units, as they have no exercise price.

ANNUAL REPORT AND COMPANY INFORMATION

A copy of our 2017 Annual Report to Stockholders is being furnished to stockholders concurrently herewith. Stockholders may request another free copy of our 2017 Annual Report from:

Frontier Communications Corporation
Attn: Investor Relations Department
401 Merritt 7
Norwalk, Connecticut 06851
Telephone: (866) 491-5249
email: ir@ftr.com

Our proxy materials are also available on the Investor Relations page of our website, *www.frontier.com*. The information on our website is not incorporated herein by reference.

PROPOSALS BY STOCKHOLDERS

Proposals that stockholders wish to include in our proxy statement and form of proxy for presentation at our 2019 annual stockholders meeting must be received by us no later than November 27, 2018. Such proposals also must comply with SEC regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended, regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Secretary
Frontier Communications Corporation
401 Merritt 7
Norwalk, Connecticut 06851
Fax: (203) 614-4651

For a stockholder proposal that is not intended to be included in our 2019 proxy statement under Rule 14a-8, our bylaws require that the stockholder's written proposal be submitted to our Secretary at the address above:

- On or after the close of business on January 9, 2019; and
- On or before the close of business on February 8, 2019.

In such a case, the notice of proposal must meet certain requirements set forth in our bylaws. Such proposals are not required to be included in our proxy materials.

401 Merritt 7
Norwalk, Connecticut 06851

2018 Annual Meeting of Stockholders
10:00 a.m., Eastern Time, May 9, 2018
Virtual Meeting, visit: www.virtualshareholdermeeting.com/FTR2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 001-11001

FRONTIER COMMUNICATIONS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	06-0619596
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
401 Merritt 7 Norwalk, Connecticut	06851
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(203) 614-5600**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.25 per share	The NASDAQ Stock Market LLC
Series A Participating Preferred Stock Purchase Rights	The NASDAQ Stock Market LLC
11.125% Mandatory Convertible Preferred Stock, Series A	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes _X_ No ___

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes __ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "accelerated filer," "large accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐
Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes __ No X

The aggregate market value of common stock held by non-affiliates of the registrant on June 30, 2017 was $1,358,686,000 based on the closing price of $17.40 per share (on a post-split basis) on such date. The number of shares outstanding of the registrant's common stock as of February 10, 2018 was 78,408,000.

DOCUMENT INCORPORATED BY REFERENCE

Portions of the Proxy Statement for Frontier's 2018 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

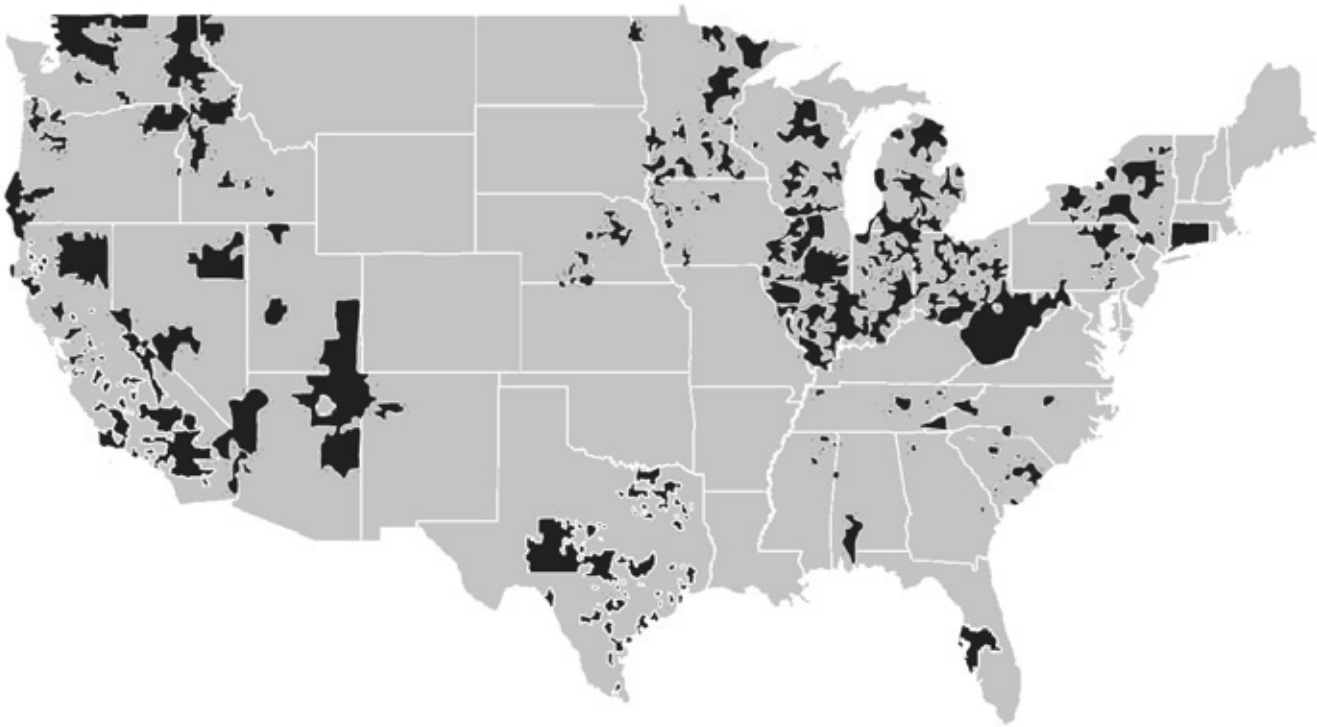
TABLE OF CONTENTS

PART I

Item 1. Business

Frontier Communications Corporation (Frontier) is a provider of communications services in the United States, with approximately 4.9 million customers, 3.9 million broadband subscribers and 22,700 employees, operating in 29 states. In recent years, Frontier has completed multiple acquisitions. On April 1, 2016, we acquired the wireline operations of Verizon Communications, Inc. in California, Texas and Florida for a purchase price of $10,540 million in cash and assumed debt.

Frontier's Service Territories



How We Serve Our Customers

We conduct business with both consumer and commercial customers.

Consumer. We provide broadband, video, voice and other services and products to our consumer customers. We deliver these services generally over a combination of fiber and copper-based networks.

Commercial (small, medium and large enterprise business (SME) as well as wholesale customers).

Commercial. We provide a broad range of services to our SME customers, including broadband service, Ethernet service, traditional circuit-based services (TDM services) and voice services. We also offer advanced hardware and network solutions and services.

- *Larger Enterprise:* Fortune 1000, multi-location companies, large government entities, large educational institutions, and non-profits.
- *Medium Business:* Single or multi-location companies and mid-sized government entities, educational institutions and non-profits.
- *Small Business:* Mostly single-location businesses, the smaller of which have purchase patterns similar to consumer customers.

- *Wholesale*: Wholesale customers are often referred to as carriers or service providers and include national operators such as AT&T and Verizon; Local Exchange Companies that need to access locations within Frontier's footprint to offer local services; and wireless carriers and integrated carriers that offer a variety of services across all of these categories. Wholesale customers buy both voice and data services to supplement their own network infrastructure.

Services and Products

We offer a broad portfolio of communications services for consumer and commercial customers. These services are offered on either a standalone basis or in a bundled package, depending on each customer's needs.

Data and Internet services. We offer a comprehensive range of broadband and networking services. The principal consumer service we provide is broadband internet service. Commercial services include a complete portfolio of Ethernet services, dedicated internet, software defined wide area network (SDWAN), multiprotocol label switching (MPLS), time division multiplexing (TDM) data transport services and optical transport services. These services are all supported by 24/7 technical support and an advanced network operations center. We also offer wireless broadband services (using unlicensed spectrum) in select markets utilizing networks that we own or operate.

Video services. We offer video services under FiOS® brand in portions of California, Texas, Florida, Indiana, Oregon and Washington, and the Vantage™ brand in portions of Connecticut, North Carolina, South Carolina, Minnesota, Illinois, New York, and Ohio. We also offer satellite TV video service to our customers under an agency relationship with DISH® in all of our markets.

Voice services. We provide voice services, including data-based VoIP, long-distance and voice messaging services, to consumer and commercial customers in all of our markets. These services are billed monthly in advance. Long-distance service to and from points outside our operating properties are provided by interconnection with the facilities of interexchange carriers. Our long-distance services are billed in advance for unlimited use service, and billed in arrears for services on a per minute-of-use basis.

We also offer packages of communications services. These packages permit customers to bundle their products and services, including voice service, video and Internet services, and other product offerings.

Access services. We offer a range of access services. Our switched access services allow other carriers to use our facilities to originate and terminate their local and long-distance voice traffic. These services are generally offered on a month-to-month basis and the service is billed primarily on a minutes-of-use basis. Switched access charges are based on access rates filed with the Federal Communications Commission (FCC) for interstate services and with the respective state regulatory agency for intrastate services. See "Regulatory Environment" below.

Advanced Hardware and Network Solutions. We offer our SME customers various hardware and network solutions utilizing cloud functionality and Customer Premise Equipment (CPE). We offer third-party communications equipment tailored to their specific business needs by partnering with Mitel, Cisco, Ingram Micro, Airbus, Avaya, Hewlett Packard, Adtran and other equipment manufacturers. CPE is typically sold in conjunction with voice, data and Internet services, and may also be sold on a standalone basis.

Frontier Operating Strategies

Consumer Business

Improve Customer Experience and Retention. We provide multiple service and product options to our consumer customers. Our strategy is to foster relationships and loyalty throughout the customer lifecycle in order to improve experiences, reduce churn and grow revenue. Our plan to retain customers includes providing easier access to account services and trouble-shooting options through online portals and user interfaces. We incorporate and utilize customer feedback to improve our product offerings with the goal of improving the overall customer experience for our subscribers. We focus and refine our marketing strategy for sales and retention to drive further improvement in the business.

New Customer Acquisition. We focus on broadband as the core growth component of our service offerings, either bundled with our voice and/or video services, or on a standalone basis. We seek to attract and retain a greater number of customers and increase average revenue per customer (ARPC). We are committed to

growing our customer base through providing higher broadband speeds and capacity that will enable us to reach new markets, target new customers, and grow the business while maximizing our full footprint.

Improve Revenue Trends. As we expand the range of services we offer customers, increase the capabilities of our networks, and increase the penetration of our services, we increase our revenue opportunity and are better positioned to increase the average amount of revenue we can receive from a customer.

Commercial Business

Improve Revenue Trends. Our strategy is to achieve revenue growth in our Commercial business through the acquisition of new customers, increasing the penetration of services with existing customers, and improved retention of existing customers.

Offer a Competitive Product Portfolio. We offer both traditional services as well as an expanding range of advanced, packet-based services, such as Ethernet, SDWAN, Unified Communication as a Service (UCaaS) cloud-based connectivity for our large enterprise customers, and more cost-effective integrated voice and data services for our medium and small business customers.

New Customer Acquisition. We have increased our sales force with an emphasis on adding new customers and increasing penetration of existing customers, particularly in areas where we have a robust fiber network.

Improve Customer Experience and Retention. We plan to grow our revenues in the commercial sector through increased retention and deepening of existing customer relationships. The proper alignment of our sales force, service personnel, and resources will enable us to provide excellent service to our existing enterprise, medium and small business customers, while obtaining the greatest opportunities for revenue growth and expansion.

Company-Wide

Invest in our Network through Capital Expenditures. Our investment focus is the enhancement of our existing network and the expansion of fiber-based infrastructure in our network. We continue to upgrade network hardware, expand transport capacity of our middle-mile and data backbone, and enhance our video capabilities. Similarly, we are focused on enhancing our premium Ethernet service offerings across our network for our commercial customers.

Improve Productivity and Operational Efficiency. We continuously engage in productivity initiatives with a focus on simplifying our processes, eliminating redundancies and further reducing our cost structure while improving our customer service capabilities. We continue to migrate our network and systems to common operating platforms in order to increase efficiency and we have been migrating traffic to a common architecture to eliminate duplication.

Network Architecture and Technology

Our local exchange carrier networks consist of host central office and remote sites, primarily equipped with digital and Internet Protocol switches. The outside plant consists of transport and distribution delivery networks connecting our host central office with remote central offices and ultimately with our customers. We own fiber optic and copper cable, which have been deployed in our networks and are the primary transport technologies between our host and remote central offices and interconnection points with other incumbent carriers.

We have expanded and enhanced our fiber optic and copper transport systems to support increasing demand for high bandwidth transport services. We routinely enhance our network and upgrade with the latest Internet Protocol Transport and routing equipment, Reconfigurable Optical Add/Drop Multiplexers (ROADM) transport systems, Very High Bit-Rate Digital Subscriber Line (VDSL) broadband equipment, and VoIP switches. These systems support advanced services such as Ethernet, Dedicated Internet, Multiprotocol Label Switching (MPLS) transport, VoIP, and SDWAN. The network is designed with redundancy and auto-failover capability on our major circuits.

We connect to households and business locations in our service territory using a combination of fiber optic and copper technologies. In some cases we provide direct fiber into a residence or a business premises. In other cases a location is served with a hybrid combination of fiber and copper. Residences in our service territory are served by fiber-to-the-home (FTTH) and by fiber-to-the-node (FTTN), meaning fiber carries the traffic to an intermediate location where the

signals are converted to copper wire for the final delivery to the household. We provide data, video, and voice services to customers over both of these architectures. Additionally, fixed wireless broadband (FWB) will play an important part of our future broadband strategy and could be deployed for some business Ethernet services. FWB is delivered by the use of an antenna on a Frontier base location and another antenna at the customer location.

Rapid and significant changes in technology are occurring in the communications industry. Our success will depend, in part, on our ability to anticipate and adapt to technological changes. We believe that our next generation network architecture strategy will enable us to respond to these ongoing technological changes efficiently. In addition, we anticipate reducing costs through the sharing of best practices across operations, centralization or standardization of functions and processes, and deployment of technologies and systems that provide for greater efficiencies and profitability. We will continue to make strategic enhancements to our network, with a focus on higher return investments.

Competitive Positioning

Competition for consumer customers comes from cable operators, wireless carriers and online video providers, among others.

- *Cable operators*: In a majority of our markets, cable operators offer high speed Internet, video and voice services similar to ours, and compete with us aggressively on speed and price by marketing their offerings with significant promotional period pricing.

- *Wireless carriers*: Wireless operators primarily compete with us for broadband, video, and voice services in our markets by offering increasingly larger data packages to mobile customers. The percentage of homes with a landline telephone has been declining, a trend we expect will continue.

- *Online video providers*: Many consumers are opting for internet-delivered video services (Over the Top, or OTT) through online service providers rather than traditional, multi-channel video. In response, we have made investments in our network to deliver OTT video content to consumers who might not opt for traditional video services. The percentage of homes with a video product has been declining, a trend we expect will continue.

Many consumer customers prefer to bundle their voice, data, Internet and video services with a single provider. In areas where we do not directly offer a network-based video service, we offer satellite TV video service through DISH. This can positively impact acquisition of new customers and retention of existing customers, representing a critical factor for the attachment of video, broadband and voice products. As of December 31, 2017, 50% of our consumer customers subscribed to at least two service offerings, and 17% subscribed to at least three service offerings.

Competition for commercial customers comes from telecommunications providers, cable operators, Competitive Local Exchange Companies and other enterprises, some of which are substantially larger than us. As compared to our consumer customers, these customers often require more sophisticated and more data-centered solutions (e.g., IP PBX, E911 networks, Ethernet and SIP trunking).

In order to remain competitive, we continue to evolve our product offerings to stay current with the changing needs of the market, to provide strong customer service and support, to invest in our network so we maintain adequate capacity and can deliver new capabilities as needed, and to package our offerings to make them attractive to customers.

Regulatory Environment

Some of our operations are subject to regulation by the FCC and various state regulatory agencies, often called public service or utility commissions. We expect federal and state lawmakers, the FCC and the state regulatory agencies to continue to revise the statutes and regulations governing communications services.

Regulation of our business

We are subject to federal, state and local regulation and we have various regulatory authorizations for our regulated service offerings. At the federal level, the FCC generally exercises jurisdiction over information services, interstate or international telecommunications services and over facilities to the extent they are used to provide, originate or terminate interstate or international services. State regulatory commissions generally exercise jurisdiction over intrastate telecommunications services and the facilities used to provide, originate or terminate those services. Most of our local exchange companies operate as incumbent carriers in the states in which they operate and are certified in those states to provide local telecommunications services. Certain federal and state agencies, including attorneys general, monitor and exercise oversight related to consumer protection issues. In addition, local governments often regulate the public rights-of-way necessary to install and operate networks and may require service providers to obtain licenses or franchises regulating their use of public rights-of-way. Municipalities and other local government agencies also may regulate other limited aspects of our business, by requiring us to obtain cable franchises and construction permits and to abide by applicable building codes.

Some states' regulatory agencies have substantial oversight over incumbent telephone companies, and their interconnection with competitive providers and provision of non-discriminatory network access to certain network elements to them. Under the Federal Telecommunications Act of 1996, state regulatory commissions have jurisdiction to arbitrate and review interconnection disputes and agreements between incumbent telephone companies and competitive local exchange carriers, in accordance with rules set by the FCC. The FCC and some state regulatory commissions also impose fees on providers of telecommunications services to support state universal service programs. Many of the states in which we operate require prior approvals or notifications for certain acquisitions and transfers of assets, customers, or ownership of regulated entities.

Additionally, in some states we are subject to operating restrictions and minimum service quality standards. Failure to meet such restrictions may result in penalties. We also are required to report certain financial information. At the federal level and in a number of the states in which we operate, we are subject to price cap or incentive regulation plans under which prices for regulated services are capped. Some of these plans have limited terms and, as they expire, we may need to renegotiate with various states. These negotiations could impact rates, service quality and/or infrastructure requirements, which could also impact our earnings and capital expenditures. In other states in which we operate, we are subject to rate of return regulation that limits levels of earnings and returns on investments. Approximately 19% of our total access lines at December 31, 2017 are in state jurisdictions under the rate of return regulatory model. We continue to advocate for no or reduced regulation with various regulatory agencies in those states. In some of the states we operate in we have already been successful in reducing or eliminating price regulation on end-user services.

Federal Regulatory Environment

Frontier, along with all telecommunications providers, is subject to FCC rules governing privacy of specified customer information. Among other things, these rules obligate carriers to implement procedures to: protect specified customer information from inappropriate disclosure; obtain customer permission to use specified information in marketing; authenticate customers before disclosing account information; and annually certify compliance with the FCC's rules. Although most of these regulations are generally consistent with our business plans, they may restrict our flexibility in operating our business.

Some regulations are, or could in the future be, the subject of judicial proceedings, legislative hearings and administrative proposals or challenges that could change the manner in which the entire industry operates. Neither the outcome of any of these developments, nor their potential impact on us, can be predicted at this time. Regulation can change rapidly in the communications industry, and such changes may have an adverse effect on us.

The current status of material regulatory initiatives is as follows:

Federal High-Cost Subsidies: The FCC has adopted rules changing the eligibility requirements for federal subsidies offered to wireline carriers providing service to high-cost, low-density markets, as well as the amounts of such subsidies, as follows:

Connect America Fund (CAF): On November 18, 2011, the FCC adopted the Universal Service Fund (USF)/Intercarrier Compensation (ICC) Report and Order (the 2011 Order), which changed how federal subsidies are calculated and disbursed, and began the transition of the high-cost component of the Federal USF, which supported voice services in high-cost areas, to the CAF, which supports broadband deployment in high-cost areas. Frontier received $133 million from 2012 through 2014 across two rounds of CAF Phase I funding to make broadband available to approximately 194,600 previously unserved or underserved locations. We completed deployment of broadband service to the first round of CAF Phase I households in 2015 and to the second round of CAF Phase I locations in March 2017 as required by the FCC rules.

On April 29, 2015, the FCC released offers of support to price cap carriers under the CAF Phase II program. The intent of these offers is to provide long-term support for carriers for establishing and providing broadband service with at least 10 Mbps downstream/1 Mbps upstream speeds in high cost areas unserved by a competitor. Frontier accepted the CAF Phase II offer in 29 states, including our CTF properties, which provides for $332 million in annual support through 2020, and a commitment to make broadband available to approximately 774,000 households. CAF Phase II support is a successor to the approximately $156 million in annual USF frozen high cost support that Frontier had been receiving prior to the CTF acquisition, and the $42 million in annual transitional USF frozen high cost support that Verizon had been receiving in California and Texas. In addition to the annual support levels, these amounts also include frozen support phasedown amounts in states where the annual CAF II funding is less than the prior annual frozen high cost support funding. The frozen support phasedown support was $17 million in 2017 and is expected to be $9 million in 2018.

In 2017, the FCC adopted a competitive bidding process to distribute approximately $200 million per year in CAF Phase II funding in those high-cost areas where price cap carriers declined the FCC's offer of support, possibly presenting a new support and deployment opportunity. The FCC released the eligible areas in December 2017 but the competitive bidding process has not yet been fully finalized. Therefore, Frontier is unable to determine whether it will participate in any competitive bid process at this time.

Intercarrier Compensation: In the 2011 Order, the FCC also reformed Intercarrier Compensation, which is the payment framework that governs how carriers compensate each other for the exchange of interstate switched traffic, and began a multi-year transition to the new rates. The 2011 Order provided for the gradual elimination of effectively all terminating traffic charges by July 2017. Frontier's switched access revenue declined sequentially in the third quarter of 2017, reflecting the rate reductions mandated by the 2011 Order, and we anticipate that we have experienced nearly all of the rate decline related to the 2011 Order. Frontier has been able to recover a significant portion of those lost revenues through end user rates and other replacement support mechanisms, a trend we expect will continue. There are no longer any active Intercarrier Compensation-related challenges to the 2011 Order. However, the 2011 Order did not resolve all questions on originating access rates. The FCC continues to consider the possibility of a transition of originating access rates, although the impact on Frontier, if any, is unknown at this time. Our total revenue for Intercarrier Compensation was $7 million for the year ended December 31, 2017.

Special Access: In April 2016, the FCC released a Notice of Proposed Rulemaking on special access or "business data" services. It sought comment on proposed changes to the way the FCC regulates traditional special access services based on market competition, and on a proposal to adopt pricing rules for Ethernet services in markets that are found to be "noncompetitive." In August 2017, the FCC's decision in this proceeding, which deregulates the market for end user special access services where the market is determined to be competitive and deregulates the transport market nationwide, became effective. This decision is generally favorable in that it gives Frontier more flexibility to operate its business in a deregulated fashion like its competitors in the market. Frontier is in the process of implementing various aspects of this decision and otherwise adjusting its rates on select business data service elements in response to market conditions. Some aspects of the decision are under appeal by stakeholders, including Frontier. Whether the appeals will be successful on any grounds is unknown.

Intrastate Services: Some state regulatory commissions regulate some of the rates ILECs charge for intrastate services, including originating switched access rates for intrastate access services paid by providers of intrastate long-distance services. Some states also have their own open proceedings to address reform to originating intrastate access charges and other intercarrier compensation and state universal service funds. Although the FCC has pre-empted state jurisdiction on most access charges, some states could consider moving forward with their proceedings.

We cannot predict when or how these matters will be decided or the effect on our subsidy or switched access revenues. Our total revenue for Intrastate switched access services was $53 million for the year ended December 31, 2017, spread across all the states we serve.

Current and Potential Internet Regulatory Obligations and Privacy: In December 2017 the FCC voted to overturn the FCC's 2015 decision in which it had asserted jurisdiction over broadband service, declared broadband a "Title II" telecommunications service, and imposed rules to "preserve a Free and Open Internet" (i.e., net neutrality). Specifically, the FCC voted to eliminate explicit bans on blocking, throttling and paid prioritization in favor of requiring Internet service providers (ISPs) to be fully transparent about their practices. Both the FCC and Federal Trade Commission (FTC) will now have a role in ensuring that the ISPs are managing their network in the manner in which they publicly state they are.

The December 2017 decision also puts ISPs on an equal footing with other online web companies with respect to privacy rules, with the FTC being the lead agency on privacy enforcement. This decision follows Congress's March 2017 action under the Congressional Review Act to vacate the 2015 rules that created a separate and more onerous privacy regime for ISPs than other online web companies. Frontier's Internet service will now be subject to the same privacy rules as online web companies, including disclosure of its practices to consumers, which is Frontier's current practice.

The December 2017 ruling is not yet effective and will likely be appealed in court. Meanwhile, the 2015 ruling is still under appeal, though it now appears moot. Frontier continues to comply with the existing regulatory requirements, and it is unclear whether the pending or future appeals will have any impact on the regulatory structure.

Video programming

Federal, state and local governments extensively regulate the video services industry. Our FiOS and Vantage video services are subject to, among other things: subscriber privacy regulations; requirements that we carry a local broadcast station or obtain consent to carry a local or distant broadcast station; rules for franchise renewals and transfers; the manner in which program packages are marketed to subscribers; and program access requirements.

We provide video programming in some of our markets in California, Connecticut, Florida, Illinois, Indiana, Minnesota, New York, North Carolina, Ohio, Oregon, South Carolina, Texas and Washington pursuant to franchises, permits and similar authorizations issued by state and local franchising authorities. Most franchises are subject to termination proceedings in the event of a material breach. In addition, most franchises require payment of a franchise fee as a requirement to the granting of authority.

Many franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and monetary penalties for non-compliance. In many cases, franchises are terminable if the franchisee fails to comply with material provisions set forth in the franchise agreement governing system operations. We believe that we are in compliance and meeting all material standards and requirements. Franchises are generally granted for fixed terms of at least ten years and must be periodically renewed. Local franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate.

Environmental regulation

The local exchange carrier subsidiaries we operate are subject to federal, state and local laws and regulations governing the use, storage, disposal of, and exposure to hazardous materials, the release of pollutants into the environment and the remediation of contamination. As an owner and former owner of property, we are subject to environmental laws that could impose liability for the entire cost of cleanup at contaminated sites, including sites formerly owned by us, regardless of fault or the lawfulness of the activity that resulted in contamination. We believe that our operations are in substantial compliance with applicable environmental laws and regulations.

Segment Information

We currently operate in one reportable segment.

Financial Information about Foreign and Domestic Operations and Export Sales

We have no foreign operations.

General

The dollar amount of our order backlog is not a significant consideration in our business and is not a meaningful metric for us. We have no material contracts or subcontracts that may be subject to renegotiation of profits or termination at the election of the federal government.

Intellectual Property

We believe that we have the trademarks, trade names and intellectual property licenses that are necessary for the operation of our business.

We own or have the rights to use various trademarks, service marks and trade names referred to in this report. Solely for convenience, we refer to trademarks, service marks and trade names in this prospectus without the ™, SM and ® symbols. Such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted by law, our rights to our trademarks, service marks and trade names. Other trademarks, trade names or service marks appearing in this report are the property of their respective owners.

Employees

As of December 31, 2017, we had approximately 22,700 employees, as compared to approximately 28,300 employees as of December 31, 2016. During 2017, reduction in workforce activities resulted in the severance of approximately 1,300 employees. Approximately 16,000 of our total employees are represented by unions as of December 31, 2017. The number of employees covered by a collective bargaining agreement that expired in 2017, but have been extended and are still effective for 2018, is approximately 1,400. The number of employees covered by collective bargaining agreements that expire in 2018 is approximately 4,300. We consider our relations with our employees to be good.

Available Information

We are subject to the informational requirements of the Securities Exchange Act of 1934 (the Exchange Act). Accordingly, we file periodic reports, proxy statements and other information with the Securities and Exchange Commission (SEC). These reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements and other information regarding Frontier and other issuers that file electronically.

We make available, free of charge on our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as practicable after we electronically file these documents with, or furnish them to, the SEC. These documents may be accessed through our website at www.frontier.com under “Investor Relations.” The information posted or linked on our website is not part of, or incorporated by reference into, this report. We also make our Annual Report available in printed form upon request at no charge.

We also make available on our website, as noted above, or in printed form upon request, free of charge, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Specific Code of Business Conduct and Ethics Provisions for Certain Officers, and the charters for the Audit, Compensation, and Nominating and Corporate Governance committees of the Board of Directors. Stockholders may request printed copies of these materials by writing to: 401 Merritt 7, Norwalk, Connecticut 06851 Attention: Corporate Secretary.

Forward-Looking Statements

This Annual Report on Form 10-K contains "forward-looking statements," related to future events. Forward-looking statements address our expected future business and financial performance and financial condition, and contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "may," “will,” "would," or "target." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include:

- competition from cable, wireless and wireline carriers, satellite, and OTT companies, and the risk that we will not respond on a timely or profitable basis;
- our ability to successfully adjust to changes in the communications industry, including the effects of technological changes and competition on our capital expenditures, products and service offerings;
- our ability to implement organizational structure changes successfully;
- risks related to the operation of our properties, including our ability to retain or obtain customers in our Legacy markets and those acquired from Verizon;
- our ability to realize anticipated cost savings and our ability to meet commitments made in connection with the Verizon acquisition;
- reductions in revenue from our voice customers that we cannot offset with increases in revenue from broadband and video subscribers and sales of other products and services;
- our ability to maintain relationships with customers, employees or suppliers;
- the effects of governmental legislation and regulation on our business, such as the repeal of net neutrality, including costs, disruptions, possible limitations on operating flexibility and changes to the competitive landscape resulting from such legislation or regulation;
- the impact of regulatory, investigative and legal proceedings and legal compliance risks;
- government infrastructure projects (such as highway construction) that impact our capital expenditures;
- continued reductions in switched access revenues as a result of regulation, competition or technology substitutions;
- the effects of changes in the availability of federal and state universal service funding or other subsidies to us and our competitors;
- our ability to meet our remaining CAF II funding obligations on a timely basis, it could be subject to penalties or obligations to return certain CAF II funds;
- our ability to effectively manage service quality in our territories and meet mandated service quality metrics;
- our ability to successfully introduce new product offerings;
- the effects of changes in accounting policies or practices, including potential future impairment charges with respect to our intangible assets;
- our ability to effectively manage our operations, operating expenses, capital expenditures, debt service requirements and cash paid for income taxes and liquidity;

- the effects of changes in both general and local economic conditions in the markets that we serve;
- the effects of increased medical expenses and pension and postemployment expenses;
- the effects of changes in income tax rates, tax laws, regulations or rulings, or federal or state tax assessments, including the risk that such changes may benefit our competitors more than us;
- our ability to successfully renegotiate union contracts;
- changes in pension plan assumptions, interest rates, discount rates, regulatory rules and/or the value of our pension plan assets, which could require us to make increased contributions to the pension plan in 2018 and beyond;
- adverse changes in the credit markets;
- adverse changes in the ratings given to our debt securities by nationally accredited ratings organizations;
- the availability and cost of financing in the credit markets;
- covenants in our indentures and credit agreements that may limit our operational and financial flexibility as well as our ability to access the capital markets in the future;
- the effects of state regulatory cash management practices that could limit our ability to transfer cash among our subsidiaries or dividend funds up to the parent company;
- the effects of severe weather events or other natural or man-made disasters, which has, and may in the future, increase our operating and capital expenses or adversely impact customer revenue; and
- the impact of potential information technology or data security breaches or other disruptions.

Any of the foregoing events, or other events, could cause our results to vary from management's forward-looking statements included in this report. You should consider these important factors, as well as the risks set forth under Item 1A. "Risk Factors," in evaluating any statement in this report or otherwise made by us or on our behalf. We have no obligation to update or revise these forward-looking statements and do not undertake to do so.

Investors should also be aware that while we do, at various times, communicate with securities analysts, it is against our policy to disclose to them selectively any material non-public information or other confidential information. Accordingly, investors should not assume that we agree with any statement or report issued by an analyst, irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

Item 1A. Risk Factors

Before you make an investment decision with respect to any of our securities, you should carefully consider all the information we have included in this Annual Report on Form 10-K and our subsequent filings with the SEC. In particular, you should carefully consider the risk factors described below and the risks and uncertainties related to "Forward-Looking Statements," any of which could materially adversely affect our business, operating results, financial condition and the actual outcome of matters as to which forward-looking statements are made in this annual report. The risks and uncertainties described below are not the only ones facing Frontier. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial or that are not specific to us, such as general economic conditions, may also adversely affect our business and operations. The following risk factors should be read in conjunction with the balance of this annual report, including the consolidated financial statements and related notes included in this report.

Risks Related to Our Business

We have experienced declining revenues and may experience further declines in our revenues going forward.

We have experienced declining revenues as a result of declining voice services revenues, lower switched and nonswitched access revenues and declining video and data services revenues. Such declines have been driven primarily by customer losses, changing technology and consumer behavior (such as wireless displacement of wireline use, e-mail use, instant messaging and increasing use of VoIP), increased competition, regulatory constraints and financial decisions by governmental authorities. There can be no assurances that we will be able to stabilize or increase our revenues in the future. Future declines in our revenues could materially and adversely impact our ability to execute on our business strategy, comply with our financial covenants, repay our debts as they become due, negotiate with third parties or attract and retain employees.

We may be unable to stabilize or grow our revenues and cash flows despite the initiatives we have implemented.

We must produce adequate revenues and operating cash flows that, when combined with cash on hand and funds available under our revolving credit facility and other financings, will be sufficient to service our debt, fund our capital expenditures, pay our taxes, and fund our pension and other employee benefit obligations. We have experienced revenue declines in 2017 and 2016 as compared to prior years. While we have identified potential areas of opportunity and implemented several revenue and cost initiatives, we cannot assure you that these efforts will be successful or that these initiatives will improve our financial position or our results of operations.

We face intense competition.

The communications industry is extremely competitive. Through mergers and various service expansion strategies, service providers are striving to provide integrated solutions both within and across geographic markets. Our competitors include competitive local exchange carriers, Internet service providers, wireless companies, OTT, VoIP providers and cable companies, some of which may be subject to less regulation than we are. These entities may provide services competitive with the services that we offer or intend to introduce. For example, our competitors may seek to introduce networks in our legacy markets that are competitive with or superior to our copper-based networks in those markets. We also believe that wireless and cable providers have increased their penetration of various services in our markets. We expect that competition will remain robust. Our revenue and cash flow will be adversely impacted if we cannot reverse our customer losses or continue to provide high-quality services.

We cannot predict which of the many possible future technologies, products or services will be important in order to maintain our competitive position or what expenditures will be required to develop and provide these technologies, products or services. Our ability to compete successfully will depend on the effectiveness of capital expenditure investments in our properties, our marketing efforts, our ability to anticipate and respond to various competitive factors affecting the industry, including a changing regulatory environment that may affect our business and that of our competitors differently, new services that may be introduced, changes in consumer preferences, or habits, demographic trends, economic conditions and pricing strategies by competitors. Increasing competition may

reduce our revenues and increase our marketing and other costs as well as require us to increase our capital expenditures and thereby decrease our cash flows.

Some of our competitors have superior resources, which may place us at a disadvantage.

Some of our competitors have market presence, engineering, technical, marketing and financial capabilities, substantially greater than ours. In addition, some of these competitors are able to raise capital at a lower cost than we are able to. Consequently, some of these competitors may be able to develop and expand their communications and network infrastructures more quickly, adapt more swiftly to new or emerging technologies and changes in customer requirements, take advantage of acquisition and other opportunities more readily and devote greater resources to the marketing and sale of their products and services than we will be able to. Additionally, the greater brand name recognition of some competitors may require us to price our services at lower levels in order to retain or obtain customers. Finally, the cost advantages and greater financial resources of some of these competitors may give them the ability to reduce their prices for an extended period of time if they so choose. Our business and results of operations may be materially adversely impacted if we are not able to effectively compete.

Weak economic conditions may decrease demand for our services or necessitate increased discounts.

We could be adversely impacted by weak economic conditions or their effects. Downturns in the economy and competition in our markets have in the past, and could in the future, cause some of our customers to reduce or eliminate their purchases of our basic and enhanced voice services, broadband and video services and make it difficult for us to obtain new customers or retain existing customers. In addition, if economic conditions are depressed or further deteriorate, our customers may delay or discontinue payment for our services or seek more competitive pricing from other service providers, or we may be required to offer increased discounts in order to retain our customers, which could have a material adverse effect on our business or results of operations.

Disruption in our networks, infrastructure and information technology may cause us to lose customers and/or incur additional expenses.

To attract and retain customers, we must provide reliable service. Some of the risks to our networks, infrastructure and information technology include physical damage, security breaches, capacity limitations, power surges or outages, software defects and other disruptions beyond our control, such as natural disasters and acts of terrorism. From time to time in the ordinary course of business, we experience disruptions in our service due to factors such as cable damage, theft of our equipment, inclement weather and service failures of our third-party service providers. We could experience more significant disruptions in the future. We could also face disruptions due to capacity limitations if changes in our customers' usage patterns for our broadband services result in a significant increase in capacity utilization, such as through increased usage of video or peer-to-peer file sharing applications. We could also face disruptions in our networks if third-party providers elect not to continue doing business with us or put their services up for auction and we are not able to retain their services as a result. Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause us to lose customers, or increase our operating expense, all of which could adversely affect our business, revenues and cash flows.

Our business is sensitive to the creditworthiness of our wholesale customers.

We have substantial business relationships with other communications carriers for which we provide service. While bankruptcies or insolvency of these carriers have not had a material adverse effect on our business in recent years, future bankruptcies or insolvencies in the industry could result in the loss of significant customers, as well as cause more price competition and an increased allowance for doubtful accounts receivable. Such bankruptcies and insolvencies may be more likely in the future if economic conditions stagnate. As a result, our revenues and results of operations could be materially and adversely affected.

A significant portion of our workforce is represented by labor unions.

As of December 31, 2017, we had approximately 22,700 employees. Approximately 16,000 of our total employees were represented by unions and were subject to collective bargaining agreements. As of December 31, 2017, we had approximately 1,400 employees covered by a collective bargaining agreement that expired in 2017, but have been extended and are still effective for 2018. Of the union-represented employees as of December 31, 2017, approximately 4,300, or 27%, of the unionized workforce are covered by collective agreements that expire in

2018 and approximately 7,600, or 48%, of the unionized workforce are covered by collective bargaining agreements that expire in 2019.

We cannot predict the outcome of negotiations of the collective bargaining agreements covering our employees. If we are unable to reach new agreements or renew existing agreements, employees subject to collective bargaining agreements may engage in strikes, work slowdowns or other labor actions, which could materially disrupt our ability to provide services. New labor agreements or the renewal of existing agreements may impose significant new costs on us, which could adversely affect our financial condition and results of operations in the future.

If we are unable to hire or retain key personnel, we may be unable to operate our business successfully.

Our success will depend in part upon the continued services of our management. We cannot guarantee that our key personnel will not leave or compete with us. The loss, incapacity or unavailability for any reason of key members of our management team could have a material impact on our business. In addition, our financial results and our ability to compete will suffer if we are unable to attract or retain other qualified personnel in the future.

We may be unable to realize the anticipated benefits of recent acquisitions.

In recent years, we have completed multiple acquisitions. We cannot assure you that we will be able to realize the full benefit of any anticipated growth opportunities or cost synergies from such acquisitions or that these benefits will be realized within the expected time frames.

We have a significant amount of goodwill and other intangible assets on our balance sheet. We recorded goodwill impairments in 2017 and if our goodwill or other intangible assets become further impaired, we may be required to record additional non-cash charges a non-cash charge to earnings and reduce our stockholders' equity.

Under generally accepted accounting principles, intangible assets are reviewed for impairment on an annual basis or more frequently whenever events or circumstances indicate that their carrying value may not be recoverable. Frontier monitors relevant circumstances, including general economic conditions, enterprise value EBITDA multiples for other providers of communications services, our overall financial performance, and the market prices for our stock, and the potential impact that changes in such circumstances might have on the valuation of Frontier's goodwill or other intangible assets. As a result of the continued decline in the share price of our common stock in each of the four quarters in 2017, we tested goodwill for impairment. Our second and fourth quarter quantitative assessments indicated that the carrying value of the enterprise exceeded its fair value and, therefore, an impairment existed. We recorded goodwill impairments totaling $2,748 million for 2017.If our goodwill or other intangible assets are determined to be further impaired in the future, we may be required to record a non-cash charge to earnings during the period in which the impairment is determined, which would reduce our stockholders' equity.

We may complete a future significant strategic transaction that may not achieve intended results or could increase the number of our outstanding shares or amount of outstanding debt.

We continuously evaluate and may in the future enter into additional strategic transactions. Any such transaction could happen at any time, could be material to our business and could take any number of forms, including, for example, an acquisition, merger or a sale of certain of our assets.

Evaluating potential transactions and integrating completed ones may divert the attention of our management from ordinary operating matters. The success of these potential transactions will depend, in part, on our ability to realize the anticipated growth opportunities and cost synergies through the successful integration of the businesses we acquire with our existing business. Even if we are successful in integrating acquired businesses, we cannot assure you that these integrations will result in the realization of the full benefit of any anticipated growth opportunities or cost synergies or that these benefits will be realized within the expected time frames. In addition, acquired businesses may have unanticipated liabilities or contingencies.

If we complete an acquisition, investment or other strategic transaction, we may require additional financing that could result in an increase in the number of our outstanding shares of stock or the aggregate amount and/or cost of our debt, which may result in an adverse impact to our ratings. The number of shares of our stock or the

aggregate principal amount of our debt that we may issue may be significant. Moreover, the terms of any debt financing may be expensive or adversely impact our results of operations.

We have in the past and may in the future consider disposing of certain assets or asset groups. We may not be able to dispose of such assets on terms that are attractive to us, or at all. To the extent we consummate such a transaction, we may experience operational challenges in segregating such assets.

In the past, we have disposed of assets for a variety of reasons, and we may, from time to time, consider disposing of other assets or asset groups in the future. We may not be able to dispose of any such assets on terms that are attractive to us, or at all, which could adversely impact our financial condition or results of operation. In addition, to the extent we consummate an agreement for the sale and disposition of an asset or asset group, we may experience operational difficulties segregating them from our retained assets and operations, which could impact the execution or timing for such dispositions and could result in disruptions to our operations and/or claims for damages, among other things.

Negotiations with the providers of content for our video systems may not be successful, potentially resulting in our inability to carry certain programming channels on our FiOS and Vantage video systems, which could result in the loss of subscribers. Alternatively, because of the power of some content providers, we may be forced to pay an increasing amount for some content, resulting in higher expenses and lower profitability.

We must negotiate with the content owners of the programming that we carry on our multichannel video systems (marketed as FiOS video and Vantage video). These content owners are the exclusive provider of the channels they offer. If we are unable to reach a mutually-agreed contract with a content owner, including pricing and carriage provisions, our existing agreements to carry this content may not be renewed, resulting in the blackout of these channels. The loss of content could result in our loss of customers who place a high value on the particular content that is lost. In addition, many content providers own multiple channels. As a result, we typically have to negotiate the pricing for multiple channels rather than one, and carry and pay for content that customers do not value, in order to have access to other content that customers do value. Some of our competitors have materially larger scale than we do, and may, as a result, be better positioned than we are in such negotiations. As a result of these factors, the expense of content acquisition may continue to increase, and this could result in higher expenses and lower profitability.

Risks Related to Liquidity, Financial Resources and Capitalization

We currently have a significant amount of indebtedness, including secured indebtedness, and are contractually permitted to incur substantial additional indebtedness and grant substantial additional liens in the future. Such debt and debt service obligations may adversely affect us.

We have a significant amount of indebtedness, which amounted to $17.9 billion outstanding at December 31, 2017, of which $3.6 billion was secured. We also have access to a $850 million secured Revolving Credit Facility, which currently is undrawn.

The terms of our indentures and credit facilities allow us to incur substantial additional indebtedness and grant substantial additional liens in the future. In addition, these terms do not prevent us or our restricted subsidiaries from incurring various types of obligations that do not constitute “indebtedness” under these terms.

If we incur any additional indebtedness that ranks equally with our senior notes and debentures, the holders of that new debt will be entitled to share ratably with holders of our senior notes and debentures in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of Frontier. If any such additional indebtedness is secured, it will be effectively senior to our unsecured senior notes and debentures to the extent of the collateral securing such indebtedness. This may have the effect of reducing the probability of payment, or the amount of proceeds paid, to holders of our senior notes and debentures.

In addition, to the extent other new debt is added to our and our subsidiaries’ current debt levels, the substantial leverage risks described below would increase.

The potential significant negative consequences on our financial condition and results of operations that could result from our substantial debt include:

- limitations on our ability to obtain additional debt or equity financing on favorable terms or at all;
- instances in which we are unable to comply with the covenants contained in our indentures and credit agreements or to generate cash sufficient to make required debt payments, which circumstances have the potential of accelerating the maturity of some or all of our outstanding indebtedness;
- the possibility that we may trigger the springing maturity provisions in our credit agreements;
- the allocation of a substantial portion of our cash flow from operations to service our debt, thus reducing the amount of our cash flows available for other purposes, including capital expenditures and dividends that would otherwise improve our competitive position, results of operations or stock price;
- requiring us to issue debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations;
- compromising our flexibility to plan for, or react to, competitive challenges in our business and the telecommunications industry; and
- the possibility of our being put at a competitive disadvantage with competitors who, relative to their size, do not have as much debt as we do, and competitors who may be in a more favorable position to access additional capital resources.

In addition, our senior notes and debentures are rated below “investment grade” by independent rating agencies. This has resulted in higher borrowing costs for us. We cannot assure that these rating agencies will not lower our debt ratings further, if in the rating agencies’ judgment such an action is appropriate. A further lowering of a rating would likely increase our future borrowing costs and reduce our access to capital. Our negotiations with vendors, customers and business partners can be negatively impacted if they deem us a credit risk as a result of our credit rating.

The indentures and agreements governing our debt, including our senior notes and debentures and our credit facilities, contain covenants that impose restrictions on us and certain of our subsidiaries that may affect our ability to operate our business, make payments on our debt, and pay dividends.

The indentures and agreements governing our existing indebtedness contain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to:

- incur additional indebtedness, guarantee indebtedness or issue preferred stock;
- create liens;
- enter into mergers or consolidations, or transfer or sell all or substantially all of our assets;
- pay dividends on, or make distributions in respect of, or redeem or repurchase, capital stock, make certain investments or make other restricted payments;
- make certain asset sales;
- enter into agreements that might prevent certain of our subsidiaries from making distributions, loans or advances to us or other subsidiaries; and
- engage in transactions with affiliates.

In addition, our credit facilities require us to comply with additional covenants, including financial ratios. Any future indebtedness may also require us to comply with similar or other covenants. These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions and other corporate opportunities.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with any of the covenants in our existing or future financing indentures and agreements could result in a default under those documents and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity of the debt and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by indentures and credit agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

Frontier is primarily a holding company and, as a result, we rely on the receipt of funds from our subsidiaries in order to meet our cash needs and service our indebtedness, including our senior notes and debentures.

Frontier is primarily a holding company and its principal assets consist of the shares of capital stock or other equity instruments of its subsidiaries. As a holding company, we depend on dividends, distributions and other payments from our subsidiaries to fund our obligations, including those arising under our senior notes and debentures, and meet our cash needs. We cannot assure you that the operating results of our subsidiaries at any given time will be sufficient to make dividends, distributions or other payments to us in order to allow us to make payments on our indebtedness, including our senior notes and debentures. In addition, the payment of these dividends, distributions and other payments, as well as other transfers of assets, between our subsidiaries and from our subsidiaries to us may be subject to legal, regulatory or contractual restrictions. Some state regulators have imposed and others may consider imposing on regulated companies, including us, cash management practices that could limit the ability of such regulated companies to transfer cash between subsidiaries or to the parent company. While none of the existing state regulations materially affects our cash management, any changes to the existing regulations or imposition of new regulations or restrictions may materially adversely affect our ability to transfer cash within our consolidated companies.

Our senior notes and debentures are structurally subordinated to liabilities of our subsidiaries.

Our subsidiaries have not guaranteed our senior notes and debentures. As a result, holders of such securities will not have any claim as a creditor against our subsidiaries. Accordingly, all obligations of our subsidiaries (including any liens granted by our subsidiaries on any of their assets to secure any of our obligations) will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise. In addition, our subsidiaries may be able to incur $1.4 billion of additional debt (including secured debt), subject to the contractual limitations in our debt instruments applicable to such subsidiaries. Holders or our senior notes and debentures would be structurally subordinated to any such future debt as well.

Our senior notes and debentures are unsecured and subordinated to any secured indebtedness.

Our senior notes and debentures are unsecured and therefore are subordinated to our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. At December 31, 2017, our secured indebtedness consisted of obligations under the JPM Credit Agreement, the CoBank Credit Agreements, the Revolving Credit Agreement, Term Loan B and the Continuing Agreement for Standby Letters of Credit between Frontier and Deutsche Bank AG New York Branch and Bank of Tokyo – Mitsubishi UFJ, LTD, each of which is secured by the security package under the JPM Credit Agreement which includes pledges of the equity interests in certain Frontier subsidiaries and guaranties by certain Frontier subsidiaries. In the event of a bankruptcy or similar proceeding, the assets that serve as collateral for our secured indebtedness will be available to satisfy the obligations under the secured indebtedness before any payments are made on the senior notes and debentures from the proceeds of such assets. The indentures governing our senior notes and debentures permit us, subject to specified limitations, to incur a substantial amount of additional secured debt.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase.

At December 31, 2017, approximately 20% of our total debt is subject to variable rates of interest. Borrowings under our credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we might not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into might not fully mitigate our interest rate risk.

We may not have sufficient funds to repurchase our senior notes upon a change of control triggering event.

The terms of our senior notes require us to make an offer to repurchase the notes upon the occurrence of a Change of Control and Ratings Decline (as defined in the indentures governing the notes) at a purchase price equal to 101% of the respective principal amounts of the notes plus accrued and unpaid interest to, but not including, the date of the purchase. It is possible that we would not have sufficient funds at the time of such a change of control triggering event to make the required repurchase of the applicable series of notes and would be required to obtain third party financing to do so. We may not be able to obtain this financing on commercially reasonable terms, or on terms acceptable to us, or at all. In addition, the occurrence of certain change of control events may constitute an event of default under the terms of our credit facilities. Such an event of default would entitle the lenders under our credit facilities to, among other things, cause all outstanding debt thereunder to become due and payable.

Any future payment of dividends on our capital stock will be at the sole discretion of our Board of Directors and subject to certain important limitations, including legal and contractual restrictions.

The amount and timing of future dividend payments, if any, on our common stock and Series A Preferred Stock will be made at the sole discretion of our Board of Directors based on factors such as cash flow and cash requirements, capital expenditures requirements, financial condition, covenants in our debt instruments and legal restrictions. Under Delaware law, our Board of Directors may only declare and pay dividends on shares of our capital stock out of our statutory “surplus” (which is the amount equal to total assets minus total liabilities, in each case at fair market value, minus statutory capital), or if there is no such surplus, out of our net profits for the then current or immediately preceding fiscal year. In addition, our ability to declare and pay dividends is restricted by our existing financing arrangements and may be restricted by future financing arrangements. For example, our credit agreements prohibit us from using proceeds from our revolving credit facility to fund dividend payments if the undrawn amount under the revolver is less than $250 million, and we may not pay dividends on our common stock in excess of $2.40 per share in any fiscal year. As such, there can be no assurances that we will declare and pay any future dividends on our capital stock.

We expect to make contributions to our pension plan in future years, the amount of which will be impacted by volatility in asset values related to Frontier’s pension plan and/or changes in pension plan assumptions.

Frontier made contributions of $75 million, net of the Differential payment received (See note 17), and $28 million to its pension plan in 2017 and 2016, respectively, and we expect to continue to make contributions in future years. Volatility in our asset values, liability calculations, or returns may impact the costs of maintaining our pension plan and our future funding requirements. Any future material contribution could have a negative impact on our liquidity by reducing cash flows.

Significant changes in discount rates, rates of return on pension assets, mortality tables and other factors could adversely affect our earnings and equity and increase our pension funding requirements.

Pension costs and obligations are determined using actual results as well as actuarial valuations that involve several assumptions. The most critical assumptions are the discount rate, the long-term expected return on assets and mortality tables. Other assumptions include salary increases and retirement age. Some of these

assumptions, such as the discount rate and return on pension assets, are reflective of economic conditions and largely out of our control. Changes in the pension assumptions could adversely affect our earnings, equity and funding requirements.

Risks Related to Regulation and Oversight

Changes in federal or state regulations may reduce the switched access charge revenues we receive.

A portion of Frontier's total revenues ($165 million, or 2%, in 2017 and $170 million, or 2%, in 2016) are derived from switched access charges paid by other carriers for services we provide in originating intrastate and interstate long-distance traffic. Frontier expects a portion of our revenues will continue to be derived from switched access charges paid by these carriers for these services. The rates Frontier can charge for switched access are regulated by the FCC and state regulatory agencies.

In 2011, the FCC adopted the 2011 Order regarding Intercarrier Compensation, which is the payment framework that governs how carriers compensate each other for the exchange of voice traffic between carriers. The 2011 Order began a multi-year transition that moves the rate for terminating traffic to near zero by 2017, with the final phase down of a subset of traffic in 2018. Additionally, the 2011 Order requires VoIP providers to pay interstate terminating interconnection charges and requires all carriers terminating traffic to provide appropriate call information, thus prohibiting so-called "phantom traffic." The FCC also reformed the Universal Service Fund in this order to shift the High-Cost portion of the fund from supporting voice services to supporting broadband deployment in high-cost areas.

However, the 2011 Order did not resolve all questions on Intercarrier Compensation. The FCC continues to consider the possibility of transitioning originating access rates in the future. We cannot predict when or how the FCC would implement any changes originating access rates, and future reductions in these revenues may directly affect our profitability and cash flows as these regulatory revenues do not have an equal level of associated variable expenses.

In August 2017, the FCC decision to deregulate the market for special access services where the market is determined to be competitive and the transport market nationwide became effective. Some aspects of that decision are under appeal by stakeholders. We cannot predict the outcome of that appeal or the impact of future changes on our results or operations.

Certain states also have their own open proceedings to address reform to originating intrastate access charges, other intercarrier compensation, and state universal service funds. Although the FCC has pre-empted state jurisdiction on most access charges, many states could consider moving forward with their proceedings. We cannot predict when or how these matters will be decided or the effect on our subsidy or switched access revenues. However, future reductions in our subsidy or switched access revenues may directly affect our profitability and cash flows as those regulatory revenues do not have an equal level of associated variable expenses.

A portion of Frontier's revenues are derived from federal and state subsidies. To the extent the federal or any state government reduces such subsidies, our operating income could be materially and adversely impacted.

A portion of Frontier's total revenues ($395 million, or 4%, in 2017 and $409 million, or 5%, in 2016) are derived from federal and state subsidies for rural and high-cost support, that consists of CAF II support, Federal High Cost support, and various state subsidies. The FCC's 2011 Order changed how federal subsidies are calculated and disbursed. These changes transitioned the USF (Universal Service Fund), which supported voice services in high-cost areas, to the CAF (Connect America Fund), which supports broadband deployment in high-cost areas. Federal subsidies represented approximately 92% of subsidy revenue in 2017 and 89% in 2016, with the remainder being state subsidies.

Frontier is required to contribute to the Universal Service Fund. The FCC allows Frontier to recover these contributions through a USF Surcharge on customers' bills. This surcharge accounted for $216 million of revenue in 2017 and $217 million in 2016.

Future reductions in these subsidies, or in our ability to recover Universal Service Fund contributions, could have a material adverse effect on our business or results of operations.

Frontier and our industry will likely remain highly regulated, and we could incur substantial compliance costs that could constrain our ability to compete in our target markets.

As an incumbent local exchange carrier, some of the services we offer are subject to significant regulation from federal, state and local authorities. This regulation could impact our ability to change our rates, especially on our basic voice services and our access rates, and could impose substantial compliance costs on us. In some jurisdictions, regulation may restrict our ability to expand our service offerings. In addition, changes to the regulations that govern our business (including any implementation of the 2011 Order) may have an adverse effect on our business by reducing the allowable fees that we may charge, imposing additional compliance costs, reducing the amount of subsidies or otherwise changing the nature of our operations and the competition in our industry. At this time, it is unknown how these regulations will affect Frontier's operations or ability to compete in the future.

Other FCC rulemakings and state regulatory proceedings, including those relating to intercarrier compensation, universal service and broadband services, could have a substantial adverse impact on our operations.

In December 2017, the FCC voted to roll back the FCC's 2015 Order applying the Title II framework to broadband services. This decision restores the light touch regulatory treatment of broadband service in place prior to 2015 and preserves the FCC's transparency requirements. The decision also clarifies that the Federal Trade Commission is the proper venue for enforcement of the transparency requirements and privacy practices. Several parties are expected to appeal this order and may seek a stay of its provisions.

Our Internet access offerings could become subject to additional laws and regulations as they are adopted or applied to the Internet. As the significance of the Internet expands, federal, state and local governments may pass laws and adopt rules and regulations, including those directed at privacy, or apply existing laws and regulations to the Internet (including Internet access services), and related matters are under consideration in both federal and state legislative and regulatory bodies. Although the FCC has pre-empted state jurisdiction on network neutrality and privacy, many states could consider moving forward with legislation on these or other Internet-related issues. At least two states, Montana and New York have already taken executive action directed at reinstating aspects of the FCC's 2015 Order. We cannot predict whether the outcome of expected or pending challenges to the FCC's order or future proceedings will prove beneficial or detrimental to our competitive position.

We are subject to the oversight of certain federal and state agencies that have in the past, and may in the future, investigate or pursue enforcement actions against us relating to consumer protection matters.

Certain federal and state agencies, including state attorneys general, monitor and exercise oversight related to consumer protection matters, including those affecting the communications industry. Such agencies have in the past, and may in the future, choose to launch an inquiry or investigation of our business practices in response to customer complaints or other publicized customer service issues or disruptions. Such inquiries or investigations could result in reputational harm, enforcement actions, litigation, fines, settlements and/or operational and financial conditions being placed on the company, any of which could materially and adversely affect our business.

Tax legislation may adversely affect our business and financial condition.

Tax laws are dynamic and continually change as new laws are passed and new interpretations of the law are issued or applied. On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the TCJA). The TCJA makes broad and complex changes to the U.S. tax code and, among other things, includes changes to U.S. federal tax rates, imposes significant additional limitations on the deductibility of interest, allows for the expensing of capital expenditures, and imposes limitations on the use of net operating losses arising in taxable years beginning after December 31, 2017. The reduction of the U.S. corporate tax rate results in a decreased valuation of our deferred tax asset and liabilities. The overall impact of the new federal tax law is uncertain and our business and financial condition could be adversely affected. In addition, it is uncertain if and to what extent various states will conform to the newly enacted federal tax law. The determination of the benefit from (provision for) income taxes requires complex estimations, significant judgments and significant knowledge and experience concerning the applicable tax laws. Given that we are still in the transition period for the accounting for income tax effects of the TCJA, the current assessment on deferred tax assets (liabilities) is based on the currently available information and guidance. If in the future any element of the tax reform changes the related accounting guidance for income tax, it could affect our income tax position and we may need to adjust the benefit from (provision for) income taxes accordingly.

Risks Related to Technology

We may be unable to meet the technological needs or expectations of our customers, and may lose customers as a result.

The telecommunications industry is subject to significant changes in technology, and replacing or upgrading our infrastructure to keep pace with such technological changes could result in significant capital expenditures. If we do not replace or upgrade technology and equipment and manage broadband speeds and capacity as necessary, we may be unable to compete effectively because we will not be able to meet the needs or expectations of our customers.

In addition, enhancements to product offerings may influence our customers to consider other service providers, such as cable operators or wireless providers. We may be unable to attract new or retain existing customers from cable companies due to their deployment of enhanced broadband and VoIP technology. In addition, new capacity services for wireless broadband technologies may permit our competitors to offer broadband data services to our customers throughout most or all of our service areas. Any resulting inability to attract new or retain existing customers could adversely impact our business and results of operations in a material manner.

We rely on network and information systems and other technology, and a disruption or failure of such networks, systems or technology as a result of computer viruses, cyber-attacks, misappropriation of data or other malfeasance, as well as outages, accidental releases of information or similar events, may disrupt our business and materially impact our results of operations, financial condition and cash flows.

We maintain security measures, disaster recovery plans and business continuity plans for our business and are continuously working to upgrade our existing technology systems and provide employee training around the cyber risks we face. Nevertheless, our information technology networks and infrastructure may be subject to damage, disruptions or shutdowns due to computer viruses, cyber-attacks or breaches, employee or third-party error or malfeasance, power outages, telecommunication or utility failures, systems failures, natural disasters or other catastrophic events.

Further, our network and information systems are subject to various risks related to third parties and other parties we may not fully control. We use encryption and authentication technology licensed from third parties to provide secure transmission of confidential information, including our business data and customer information. Similarly, we rely on employees in our network operations centers, data centers, call centers and retail stores to follow our procedures when handling sensitive information. While we select our third-party business partners and employees carefully, we do not always control their actions, which could expose us to cyber-security risks. In addition, our customers using our network to access the Internet may become victim to malicious and abusive Internet activities, such as unsolicited mass advertising (or spam), peer-to-peer file sharing, distribution of viruses, worms and other destructive or disruptive software; these activities could adversely affect our network, result in excessive call volume at our call centers and damage our or our customers' equipment and data.

Any unauthorized access, computer viruses, accidental or intentional release of confidential information or other disruptions could result in misappropriation of our or our customers' sensitive information; reputational harm; increased costs, such as those relating to remediation or future protection; customer dissatisfaction, which could lead to a decline in customers and revenue; and legal claims or proceedings, fines and other liabilities. There can be no assurance that the impact of such incidents would not be material to our results of operations, financial condition or cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own property, which consists primarily of land and buildings, office and warehouse facilities, central office equipment, software, outside plant and related equipment. Outside communications plant includes aerial and underground cable, conduit, poles and wires. Central office equipment includes digital switches and peripheral equipment. As such, our properties do not provide a basis for description by character or location of principal units. All of our property is considered to be in good working condition and suitable for its intended purpose.

Our gross investment in property, by category, as of December 31, 2017, was as follows:

($ in millions)		
Land	$	231
Buildings and leasehold improvements		2,282
General support		1,570
Central office/electronic circuit equipment		8,137
Poles		1,095
Cable, fiber and wire		10,997
Conduit		1,646
Construction work in progress		538
Total	$	26,496

Item 3. Legal Proceedings

See Note 19 of the Notes to Consolidated Financial Statements included in Part IV of this report.

We are party to various legal proceedings (including individual, class and putative class actions, governmental investigations) arising in the normal course of our business covering a wide range of matters and types of claims including, but not limited to, general contracts, billing disputes, rights of access, taxes and surcharges, consumer protection, advertising, trademark and patent infringement, employment, regulatory, tort, claims of competitors and disputes with other carriers. Litigation is subject to uncertainty and the outcome of individual matters is not predictable. However, we believe that the ultimate resolution of all such matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our financial position, results of operations, or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is currently traded on the NASDAQ Global Select Market under the symbol FTR. The amount and timing of dividends payable on our common stock are within the sole discretion of our Board of Directors. Dividends on shares of the Series A Preferred Stock are payable on a cumulative basis when, as and if declared by our Board of Directors (or an authorized committee thereof) at an annual rate of 11.125% on the liquidation preference of $100.00 per share, on the last business day of March, June, September and December of each year, up to the mandatory conversion date of June 29, 2018. Series A Preferred Stock dividends of $214 million were paid in each of 2017 and 2016. Cash dividends paid to common shareholders were $266 million and $493 million in 2017 and 2016, respectively. The declaration and payment of future dividends on our common stock is at the discretion of our Board of Directors, and will depend upon many factors, including our financial condition, results of operations, growth prospects, funding requirements, payment of cumulative dividends on Series A Preferred Stock, applicable law, restrictions in agreements governing our indebtedness and other factors our Board of Directors deems relevant.

A portion of the dividends on common stock may be classified as total ordinary dividends and represents qualified dividends, and a portion of the dividends is classified as non-dividend distributions and represents a return of capital. For the year ended December 31, 2017, all dividends on common stock were classified as non-dividend distributions and represented a return of capital.

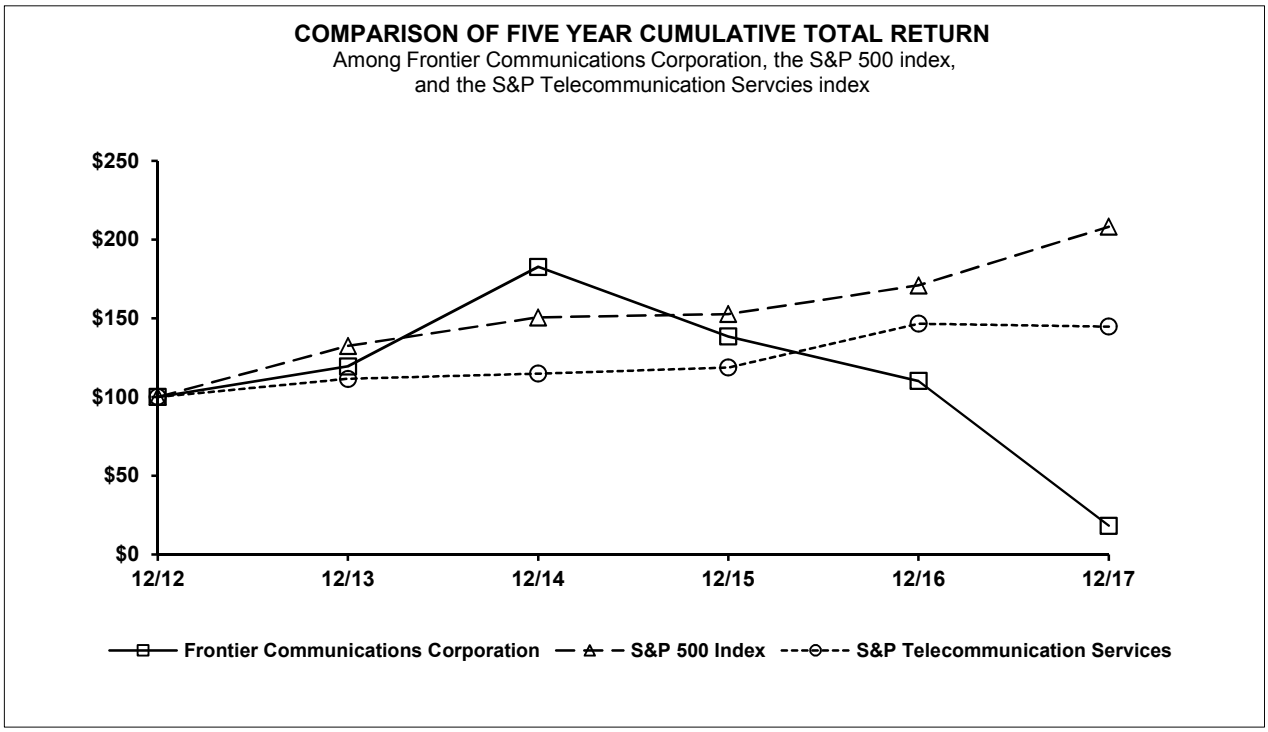
The following table indicates the high and low intra-day sales prices per share of common stock, as reported by the NASDAQ Global Select Market, and sets forth dividends paid per share of common stock during the periods indicated.

	2017			2016		
	High	Low	Dividend	High	Low	Dividend
First Quarter	$ 57.30	$ 28.80	$ 0.600	$ 87.75	$ 57.15	$ 1.575
Second Quarter	$ 32.85	$ 16.50	$ 0.600	$ 86.25	$ 68.55	$ 1.575
Third Quarter	$ 18.21	$ 11.65	$ 0.600	$ 78.30	$ 61.05	$ 1.575
Fourth Quarter	$ 12.83	$ 6.08	$ 0.600	$ 65.40	$ 46.50	$ 1.575

As of February 10, 2018, the approximate number of security holders of record of our common stock was 235,270. This information was obtained from our transfer agent, Computershare Inc.

STOCKHOLDER RETURN PERFORMANCE GRAPH

The following performance graph compares the cumulative total return of our common stock to the S&P 500 Stock Index and to the S&P Telecommunication Services Index for the five-year period commencing December 31, 2012.



The graph assumes that $100 was invested on December 31, 2012 in each of our common stock, the S&P 500 Stock Index and the S&P Telecommunication Services Index and that all dividends were reinvested.

		INDEXED RETURNS Years Ending				
Company / Index	**Base Period 12/12**	**12/13**	**12/14**	**12/15**	**12/16**	**12/17**
Frontier Communications	**100**	119.36	182.62	138.38	110.15	18.24
S&P 500 Index	**100**	132.39	150.51	152.59	170.84	208.14
S&P Telecommunication Services	**100**	111.47	114.80	118.70	146.58	144.75

The foregoing performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent we specifically incorporate it by reference into such filing.

RECENT SALES OF UNREGISTERED SECURITIES, USE OF PROCEEDS FROM REGISTERED SECURITIES

There were no unregistered sales of equity securities during the fourth quarter of 2017.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share
October 1, 2017 to October 31, 2017		
Employee Transactions [1]	9,220	$ 11.65
November 1, 2017 to November 30, 2017		
Employee Transactions [1]	11	$ 11.86
December 1, 2017 to December 31, 2017		
Employee Transactions [1]	169	$ 11.55
Totals October 1, 2017 to December 31, 2017		
Employee Transactions [1]	9,400	$ 11.65

[1] Includes restricted shares withheld (under the terms of grants under employee stock compensation plans) to offset minimum tax withholding obligations that occur upon the vesting of restricted shares. Frontier's stock compensation plans provide that the value of shares withheld shall be the average of the high and low price of our common stock on the date the relevant transaction occurs.

Item 6. Selected Financial Data

The following tables present selected historical consolidated financial information of Frontier for the periods indicated. The selected historical consolidated financial information of Frontier as of and for each of the five fiscal years in the period ended December 31, 2017 has been derived from Frontier's historical consolidated financial statements. The selected historical consolidated financial information as of December 31, 2017 and 2016 and for each of the years in the three-year period ended December 31, 2017 is derived from the audited historical consolidated financial statements of Frontier included elsewhere in this Annual Report. The selected historical consolidated financial information as of December 31, 2015, 2014 and 2013 and for each of the years ended December 31, 2014 and 2013 is derived from the audited historical consolidated financial statements of Frontier not included in this Annual Report.

	Year Ended December 31, [1]				
($ in millions, except per share amounts)	2017	2016	2015	2014	2013
Revenue	$ 9,128	$ 8,896	$ 5,576	$ 4,772	$ 4,762
Operating Income (loss)	$ (1,568)	$ 888	$ 745	$ 820	$ 981
Net income (loss) [2] [3] [4] [5]	$ (1,804)	$ (373)	$ (196)	$ 133	$ 115
Net income (loss) attributable to Frontier common shareholders [2] [3] [4] [5] [6]	$ (2,018)	$ (587)	$ (316)	$ 133	$ 113
Net income (loss) attributable to Frontier common shareholders per basic share [2] [3] [4] [5] [6]	$ (25.99)	$ (7.61)	$ (4.41)	$ 1.93	$ 1.67
Net income (loss) attributable to Frontier common shareholders per diluted share [2] [3] [4] [5] [6]	$ (25.99)	$ (7.61)	$ (4.41)	$ 1.93	$ 1.67
Cash dividends declared (and paid) per common share	$ 3.42	$ 6.35	$ 6.31	$ 6.05	$ 6.04
Cash dividends declared (and paid) per share of Series A Preferred Stock	$ 11.125	$ 11.125	$ 6.24 [7]	$ -	$ -

	As of December 31,				
($ in millions)	2017	2016	2015	2014	2013
Total assets	$ 24,884	$ 29,013	$ 27,084	$ 18,810	$ 16,540
Long-term debt	$ 16,970	$ 17,560	$ 15,508	$ 9,393	$ 7,810
Total shareholders' equity of Frontier	$ 2,274	$ 4,519	$ 5,614	$ 3,658	$ 4,056

(1) Operating results include activities for the CTF operations from the date of their acquisition from Verizon on April 1, 2016 and the Connecticut operations from the date of their acquisition from AT&T on October 24, 2014.

(2) Operating results include the pre-tax impacts of losses on retirement of debt of $88 million ($58 million after tax) and $160 million ($99 million after tax) for 2013, respectively.

(3) Operating results include pre-tax acquisition and integration costs of $25 million ($16 million after tax), $436 million ($283 million after tax), $236 million ($133 million after tax), $142 million ($91 million after tax) and $10 million ($6 million after tax) for 2017, 2016, 2015, 2014 and 2013, respectively.

(4) Operating results include pre-tax restructuring costs and other charges of $82 million ($52 million after tax), $91 million ($59 million after tax), $2 million ($1 million after tax), $2 million ($1 million after tax) and $12 million ($7 million after tax) for 2017, 2016, 2015, 2014 and 2013, respectively.

(5) Operating results include pre-tax pension settlement costs of $83 million ($53 million after tax) and $44 million ($27 million after tax) for 2017 and 2013, respectively.

(6) Operating results include pre-tax goodwill impairment charges of $2,748 million ($2,354 million after tax) for 2017.

(7) Represents dividends on the 11.125% Mandatory Convertible Preferred Stock, Series A, from the issuance date of June 10, 2015 through December 31, 2015.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Introduction

(a) Results of Operations

2017 Compared to 2016

On April 1, 2016, we completed our acquisition of Verizon's wireline properties in California, Texas, and Florida (the CTF Acquisition, of the CTF Operations). Frontier's scope of operations and balance sheet changed materially as a result of the completion of the CTF Acquisition. Historical financial and operating data presented for Frontier includes the results of the CTF Operations that were acquired in the CTF Acquisition from the date of acquisition on April 1, 2016. As a result our financial results for 2017 include CTF Operations for the full year of 2017, while financial results for 2016 only included CTF Operations for the final nine months of 2016.

On July 10, 2017, we effected a one for fifteen reverse stock split of our common stock. The reverse stock split reduced the number of common shares issued (which includes outstanding shares and treasury shares) from approximately 1,193,000,000 shares to 80,000,000 shares, and reduced shares outstanding from 1,178,000,000 shares to 79,000,000 shares. In addition, and at the same time, the total number of shares of common stock that Frontier is authorized to issue changed from 1,750,000,000 shares to 175,000,000 shares. There was no change in the par value of the common stock, and no fractional shares were issued. All share and per share amounts in the financial discussion below have been retroactively adjusted for all periods presented to give effect to the reverse stock split. As a result of our reverse stock split the conversion rates of our Series A Preferred Stock were proportionately adjusted.

The sections below include tables that present customer counts, average monthly consumer revenue per customer (ARPC) and consumer customer churn. We define churn as the number of consumer customer deactivations during the month divided by the number of consumer customers at the beginning of the month and utilize the average of each monthly churn in the period.

Management believes that consumer customer counts and average monthly revenue per customer are important factors in evaluating our consumer customer trends. Among the key services we provide to consumer customers are voice service, data service and video service. We continue to explore the potential to provide additional services to our customer base, with the objective of meeting all of our customers' communications needs.

The following should be read in conjunction with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2017.

	As of or for the year ended		
	December 31, 2017	December 31, 2016	% Increase (Decrease)
Customers (in thousands)	4,850	5,393	(10)%
Consumer customer metrics			
Customers (in thousands)	4,397	4,891	(10)%
Net customer additions/(losses)	(494)	1,767 [1]	(128)%
Average monthly consumer revenue per customer	$ 80.96	$ 77.47	5 %
Customer monthly churn	2.17%	1.98%	10 %
Commercial customer metrics			
Customers (in thousands)	453	502	(10)%
Broadband subscriber metrics (in thousands)			
Broadband subscribers	3,938	4,271	(8)%
Net subscriber additions/(losses)	(333)	1,809 [2]	(118)%
Video (excl. DISH) subscriber metrics (in thousands)			
Video subscribers (in thousands)	961	1,145	(16)%
Net subscriber additions/(losses)	(184)	903 [2]	(120)%
DISH subscriber metrics (in thousands)			
DISH subscribers (in thousands)	235	274	(14)%
Net subscriber additions/(losses)	(39)	(38) [2]	3 %
Employees [3]	22,736	28,332	(20)%

(1) 2,283,000 consumer customers, 250,000 commercial customers and 2,533,000 total customers were acquired at the time of the April 2016 CTF Acquisition.
(2) 2,052,000 broadband subscribers and 1,165,000 video subscribers were acquired at the time of the April 2016 CTF Acquisition.
(3) At December 31, 2016, we had approximately 1,900 employees in our Frontier Secure Strategic Partnerships business, which was sold in May 2017.

Customer Trends and Revenue Performance

We provide service and product options in our consumer and commercial offerings in each of our markets. As of December 31, 2017, 67% of our consumer broadband customers were subscribed to at least one other service offering.

We had approximately 4.4 million and 4.9 million total consumer customers as of December 31, 2017 and 2016, respectively. Our average monthly consumer customer churn was 2.17% for the year ended December 31, 2017 (1.91% for Frontier legacy and 2.56% for CTF Operations) compared to 1.98% (1.76% for Frontier legacy and 2.46% for CTF Operations) for 2016. The consolidated average monthly consumer revenue per customer (consumer ARPC) increased by $3.49 or 5% to $80.96 during 2017 compared to the prior year. The overall increase in consumer ARPC is a result of the increased revenue provided by a full year of CTF operations in 2017 compared to only nine months in 2016. This increase was partially offset by a decrease in video services.

We had approximately 453,000 and 502,000 total commercial customers as of December 31, 2017 and 2016, respectively. We lost approximately 49,000 commercial customers during the year ended December 31, 2017 compared to an increase of 213,000 customers for the prior year. Frontier expects the declines in voice services revenue and wireless backhaul revenues from commercial customers to continue in 2018. Our Ethernet product revenues from our SME (small business, medium business and larger enterprise customers) and carrier customers grew 11% for the Frontier legacy operations during 2017, compared to the prior year period. The prior year increase in customers was driven by 250,000 new customers acquired from Verizon in the CTF Acquisition.

We had approximately 3.9 million and 4.3 million broadband subscribers as of December 31, 2017 and 2016, respectively. During the year ended December 31, 2017, we lost approximately 333,000 net broadband subscribers compared to an increase of 1,809,000 for the prior year. The prior year increase in subscribers was driven by 2,052,000 new subscribers acquired from Verizon in the CTF Acquisition.

We offer video services to certain of our customers under the FiOS® brand in portions of California, Texas, Florida, Indiana, Oregon, and Washington, and under the Vantage brand in portions of Connecticut, North Carolina, South Carolina, Minnesota, Illinois, New York, and Ohio. We also offer satellite TV video service to our customers under an agency relationship with DISH® in all of our markets. For the year ended December 31, 2017, we lost approximately 223,000 net video subscribers across all markets. At December 31, 2017, we had 961,000 linear video subscribers that are served with FiOS or Vantage video service. In addition to our linear video subscribers, we have approximately 235,000 DISH satellite video customers.

REVENUE

($ in millions)	For the year ended December 31, 2017	2016	$ Increase (Decrease)	% Increase (Decrease)
Data and Internet services [1]	$ 3,862	$ 3,693	$ 169	5 %
Voice services	2,864	2,886	(22)	(1)%
Video services	1,304	1,244	60	5 %
Other	322	276	46	17 %
Customer revenue [1]	8,352	8,099	253	3 %
Switched access and subsidy	776	797	(21)	(3)%
Total revenue [1]	$ 9,128	$ 8,896	$ 232	3 %

($ in millions)	For the year ended December 31, 2017	2016	$ Increase (Decrease)	% Increase (Decrease)
Consumer	$ 4,476	$ 4,383	$ 93	2 %
Commercial[1]	3,876	3,716	160	4 %
Customer revenue [1]	8,352	8,099	253	3 %
Switched access and subsidy	776	797	(21)	(3)%
Total revenue [1]	$ 9,128	$ 8,896	$ 232	3 %

[1] Includes revenue from Frontier Secure Strategic Partnerships business, which was sold in May of 2017, of $40 million and $84 million for the year ended December 31, 2017 and 2016, respectively.

We generate revenues primarily through either a monthly recurring fee or a fee based on usage, and revenue recognition is not dependent upon significant judgments by management, with the exception of a determination of the provision for uncollectible amounts.

The increase of $232 million in consolidated total revenue was primarily due to the additional revenue provided by a full year of CTF Operations in 2017 compared to only nine months in 2016. This increase was partially offset by decreased voice and data and Internet services revenues driven by a decline in customers.

Consolidated customer revenue increased $93 million due to consumer customer revenue and $160 million due to commercial customer revenues. The increase in consumer customer revenue was primarily due additional revenue provided by a full year of CTF Operations in 2017 compared to only nine months in 2016. This increase was partially offset by decreases in voice, data and internet, and video services revenue. We have experienced declines in the number of traditional voice customers and switched access minutes of use as a result of competition and the availability of substitutes, a trend we expect to continue. The increase in consolidated commercial customer revenue was primarily driven by additional revenue provided by a full year of CTF Operations in 2017 compared to only nine months in 2016. This increase was partially offset by decreases in our voice services revenue and nonswitched revenue including wireless backhaul revenue and decreased revenues related to our Frontier Secure Strategic Partnerships business which was sold in May 2017.

Consolidated switched access and subsidy revenue represented 9% of our revenues for the year ended December 31, 2017. Switched access revenue was $165 million for the year ended December 31, 2017, or 2% of our revenues, which decreased from $170 million, or 2% of our revenues, in the prior year period. The decrease was driven by reduced rates which were mandated by the 2011 Order with a related decline in operating expenses. Subsidy revenue, including CAF Phase II subsidies, was $611 million for the year ended December 31, 2017, or 7% of our revenues, which decreased from $626 million, or 7% of our revenues, in the prior year period.

We categorize our products, services, and other revenues into the following five categories:

Data and Internet Services
Data and internet services include broadband services for consumer and commercial customers. We also provide data transmission services to high volume commercial customers and other carriers with dedicated high capacity circuits ("nonswitched access") including services to wireless providers ("wireless backhaul").

Consolidated data and Internet services revenue for the year ended December 31, 2017 increased $169 million as compared with 2016. Consolidated data services revenue for the year ended December 31, 2017 increased $81 million, or 4%, to $2,240 million due to the additional revenue provided by a full year of CTF Operations in 2017 compared to only nine months in 2016. This increase was partially offset by a reduction in revenue as a result of the sale of the Frontier Secure Strategic Partnerships business in May 2017 and a decrease in the total number of broadband subscribers. Consolidated nonswitched access revenues for the year ended December 31, 2017 increased $88 million, or 6%, to $1,622 million as compared with 2016 due to additional revenue provided by a full year of CTF Operations in 2017 compared to only nine months in 2016. This increase was partially offset by lower monthly recurring revenue for wireless backhaul and other carrier services. We expect wireless data usage to continue to increase, which may drive the need for additional wireless backhaul capacity. Despite the need for additional capacity, in the near term, we anticipate that our overall wireless backhaul revenues (which comprise approximately 3% of consolidated total revenues) will continue to decline in 2018, as our carrier customers migrate to Ethernet solutions at lower price points or migrate to our competitors.

Voice Services
Voice services include traditional local and long-distance wireline services, data-based Voice over Internet Protocol (VoIP) services, as well as voice messaging services offered to our consumer and commercial customers. Voice services also include the long-distance voice origination and termination services that we provide to our commercial customers and other carriers.

The decrease of $22 million in voice services revenue was primarily due to the continued loss of voice customers and decreases in long-distance revenue among those customers that do not have a bundled long-distance plan, which was partially offset by additional revenues resulting from a full year of CTF Operations in 2017 compared to only nine months in 2016.

Video Services
Video services include revenues generated from services provided directly to consumer customers through the FiOS video and Vantage video brands, and through DISH satellite TV services.

The increase of $60 million in video services revenue was primarily due to additional revenue provided by a full year of CTF Operations in 2017 compared to only nine months in 2016. The increase was partially offset by reduced revenue resulting from a decrease in the total number of video subscribers.

Other
Other customer revenue includes sales of customer premise equipment to our commercial customers and directory services, less our provision for bad debts.

The increase of $46 million in other revenue was primarily due to a decrease in uncollectibles, which was partially offset by a decrease in maintenance contracts.

Switched Access and Subsidy
Switched access and subsidy revenues include revenues derived from allowing other carriers to use our network to originate and/or terminate their local and long-distance voice traffic ("switched access"). These services are primarily billed on a minutes-of-use basis applying tariffed rates filed with the FCC or state agencies. We also receive cost subsidies from state and federal authorities, including the Connect America Fund.

The decrease of $21 million in switched access and subsidy revenue was primarily due to decreases in subsidies from the state high cost, offset by additional revenue provided by a full year of CTF Operations in 2017 compared to 2016. We expect that switched access revenue will continue to decline in 2018.

2017 OPERATING EXPENSES COMPARED TO 2016

NETWORK ACCESS EXPENSE

($ in millions)	For the year ended December 31, 2017	2016	$ Increase (Decrease)	% Increase (Decrease)
Network access expenses	$ 1,597	$ 1,470	$ 127	9 %

Network access expenses include access charges and other third-party costs directly attributable to connecting customer locations to our network, and video content costs. Such access charges and other third-party costs exclude network related expenses, depreciation and amortization, and employee related expenses.

The increase in network access expenses was primarily due to additional expenses resulting from a full year of CTF Operations in 2017 compared to only nine months in 2016. These increases were partially offset by lower video content costs.

NETWORK RELATED EXPENSES

($ in millions)	For the year ended December 31, 2017	2016	$ Increase (Decrease)	% Increase (Decrease)
Network related expenses	$ 1,959	$ 1,887	$ 72	4 %

Network related expenses include expenses associated with the delivery of services to customers and the operation and maintenance of our network, such as facility rent, utilities, maintenance and other costs, as well as salaries, wages and related benefits associated with personnel who are responsible for the delivery of services, and the operation and maintenance of our network.

The increase in network related expenses was primarily due to additional expenses resulting from a full year of CTF Operations in 2017 compared to only nine months in 2016 and an increase in outside services (primarily related to storm-related costs) which was partially offset by reduced compensation costs related to lower employee headcount and certain benefits, including pension and OPEB expense (as discussed below). There was also a reduction in rent expense as a result of more of the vehicle fleet being financed under capital leases than operating leases.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

($ in millions)	For the year ended December 31, 2017	2016	$ Increase (Decrease)	% Increase (Decrease)
Selling, general and administrative expenses	$ 2,018	$ 2,093	$ (75)	(4)%

Selling, general and administrative expenses (SG&A expenses) include the salaries, wages and related benefits and the related costs of corporate and sales personnel, travel, insurance, non-network related rent, advertising and other administrative expenses.

The decrease in SG&A expenses was primarily driven by decreased employee headcount, compensation costs, certain benefits, including pension and OPEB expense (as discussed below), reduced marketing costs, lower outside services costs and facilities. There were approximately $52 million of additional SG&A expense during the year ended December 31, 2016 related to the Frontier Secure Strategic Partnerships business, which was sold in May 2017. The decrease was partially offset by additional expenses resulting from a full year of CTF Operations in 2017 compared to only nine months in 2016.

Pension and OPEB costs

Frontier allocates pension/OPEB expense to network related expenses and SG&A expenses. Total consolidated pension and OPEB costs, excluding pension settlement costs and special termination benefits, for the year ended December 31, 2017 and 2016 were as follows:

	For the year ended December 31,	
($ in millions)	2017	2016
Total pension/OPEB costs	$ 120	$ 129
Less: costs capitalized into capital expenditures	(26)	(25)
Net pension/OPEB expense	$ 94	$ 104

DEPRECIATION AND AMORTIZATION

The fair value estimates related to the allocation of the purchase price of the CTF Operations to Other intangibles were revised and finalized during the first quarter of 2017 from the previous estimates as of December 31, 2016. The allocation that was reported as of December 31, 2016 for Other intangibles increased $100 million, from $2,162 million to $2,262 million. These measurement period adjustments resulted in higher amortization expense during 2017 ($20 million of which is attributable to 2016).

	For the year ended December 31,		$ Increase	% Increase
($ in millions)	2017	2016	(Decrease)	(Decrease)
Depreciation expense	$ 1,485	$ 1,388	$ 97	7 %
Amortization expense	699	643	56	9 %
	$ 2,184	$ 2,031	$ 153	8 %

Depreciation and amortization expense for the year ended December 31, 2017 increased as compared to 2016. The increase of $97 million in depreciation expense was due to additional depreciation of assets used for a full year of CTF Operations during 2017 compared to only nine months in 2016, which was partially offset by lower net asset bases as compared to 2016. The increase of $56 million in amortization expense was due to a full year of amortization of the CTF customer base during 2017 compared to amortization expense of only nine months in 2016.

GOODWILL IMPAIRMENT

As a result of the continued decline in the share price of our common stock in each of the four quarters in 2017, we tested goodwill for impairment. Our second and fourth quarter quantitative assessments indicated that the carrying value of the enterprise exceeded its fair value and, therefore, an impairment existed. We recorded goodwill impairments totaling $2,748 million for 2017. The driver for the impairment in the second quarter was a reduction in our profitability and utilized EBITDA estimate, which when applied to our market multiple resulted in a lower enterprise valuation. During the fourth quarter, the impairment was largely driven by a lower enterprise valuation resulting from a reduction in utilized market multiple from 5.8x to 5.5x reflecting the lower outlook for our industry as a whole. The revaluation of our net deferred tax liabilities which resulted from the enactment of Tax Cut and Job Act, caused further goodwill impairment. Further declines in our profitability or share price could result in additional impairment in the future.

ACQUISITION AND INTEGRATION COSTS

($ in millions)	For the year ended December 31, 2017	2016	$ Increase (Decrease)	% Increase (Decrease)
Acquisition and integration costs	$ 25	$ 436	$ (411)	(94)%

Acquisition costs include financial advisory, accounting, regulatory, legal and other related costs. Integration costs include expenses that are incremental and directly related to the acquisition, which were incurred to integrate the network and information technology platforms. Integration costs also include costs to achieve synergies and operational efficiencies directly associated with the acquisition.

We invested $34 million and $142 million in capital expenditures related to the CTF Acquisition during 2017 and 2016, respectively.

PENSION SETTLEMENT COSTS

($ in millions)	For the year ended December 31, 2017	2016	$ Increase (Decrease)	% Increase (Decrease)
Pension Settlement Costs	$ 83	$ -	$ 83	NM

NM - Not meaningful

The Pension Plan contains provisions that provide certain employees with the option of receiving a lump sum payment upon retirement. Frontier's accounting policy is to record these payments as a settlement only if, in the aggregate, they exceed the sum of the annual service and interest costs for the Pension Plan's net periodic pension benefit cost. During the year ended December 31, 2017, lump sum pension settlement payments to terminated or retired individuals amounted to $486 million, which exceeded the settlement threshold of $224 million, and as a result, Frontier recognized non-cash settlement charges totaling $83 million during 2017. The non-cash charge accelerated the recognition of a portion of the previously deferred unrecognized actuarial losses, which are included in Other comprehensive income, in the Pension Plan.

RESTRUCTURING COSTS AND OTHER CHARGES

($ in millions)	For the year ended December 31, 2017	2016	$ Increase (Decrease)	% Increase (Decrease)
Restructuring costs and other charges	$ 82	$ 91	$ (9)	(10)%

Restructuring costs and other charges consist of expenses related to changes in the composition of our business, including workforce reductions, the sale of business lines or divisions, and corresponding changes to our retirement plans.

The $9 million decrease in restructuring costs and other charges was primarily driven by a reduction in special termination benefits related to the pension plan, partially offset by increased severance expense related to workforce reductions.

OTHER NON-OPERATING INCOME AND EXPENSE

($ in millions)	For the year ended December 31, 2017	2016	$ Increase (Decrease)	% Increase (Decrease)
Investment and other income, net	$ 3	$ 27	$ (24)	(89)%
Losses on early extinguishment of debt and debt exchanges	$ 88	$ 7	$ 81	NM
Interest expense	$ 1,534	$ 1,531	$ 3	0 %
Income tax benefit	$ (1,383)	$ (250)	$ (1,133)	NM

NM - Not meaningful

Investment and Other Income, Net
The decrease in investment and other income, net was due to less restricted cash on hand earning interest during 2017 as compared to the prior year, and the impact of a nonrecurring gain on the expiration/settlement of customer advances in 2016.

Losses on Early Extinguishment of Debt and Debt Exchanges
The increase in loss on extinguishment of debt and debt exchanges was primarily driven by premiums to retire certain notes and the unamortized original issuance costs, which was slightly offset by discounts received on the retirement of certain notes.

Interest expense
Interest expense was relatively flat as compared to 2016. Our composite average borrowing rate as of December 31, 2017 and 2016 was 8.44% and 8.55%, respectively.

Income tax benefit
The increase of $1,133 million in income tax benefit was driven by a decrease in the federal tax rate on our deferred tax liabilities, net of deferred tax assets, partially offset by the tax impact of goodwill impairments during the year, along with an increased pre-tax loss. The effective tax rate for the year ended December 31, 2017 was 43.4% as compared with 40.2% for the year ended December 31, 2016. The decrease in our net deferred tax liabilities was largely driven by the enactment of the Tax Cuts and Jobs Act on December 22, 2017. We received $51 million in federal and state tax refunds in 2017 as compared to net cash refunds of $120 million in 2016.

Net loss attributable to Frontier common shareholders
Net loss attributable to Frontier common shareholders for 2017 was a net loss of $2,018 million, or $25.99 per share, as compared to a net loss of $587 million, or $7.61 per share, in 2016.

Diluted net loss attributable to Frontier common shareholders
Diluted net loss attributable to Frontier common shareholders for 2017 was a net loss of $2,018 million, or $25.99 per share, as compared to a net loss of $587 million, or $7.61 per share, in 2016.

2016 Compared to 2015

On April 1, 2016, we completed our acquisition of Verizon's wireline properties in California, Texas, and Florida (the CTF Acquisition). Frontier's scope of operations and balance sheet changed materially as a result of the completion of the CTF Acquisition. Historical financial and operating data presented for Frontier includes the results of the CTF Operations that were acquired in the CTF Acquisition from the date of acquisition on April 1, 2016 and is not indicative of future operating results. The financial discussion below includes a comparative analysis of our results of operations on a historical basis for Frontier operations as of and for the years ended December 31, 2016 and 2015. Unless otherwise noted, the variance explanations discussed below are based upon an analysis of the 2016 financial data for Frontier legacy operations (excluding the CTF Operations) in comparison to 2015.

The sections below include tables that present customer counts, average monthly revenue per customer (ARPC) and consumer customer churn which we define as the average of the amount of consumer customer deactivations during the month divided by the number of consumer customers at the beginning of the month. The following also categorizes revenue into customer revenue (consumer and commercial) and regulatory revenue (switched access and subsidy). The decline in the number of customers was partially offset by increased penetration of additional higher revenue generating products and services sold to both consumer and commercial customers, which has increased our average monthly revenue per customer in 2016 as compared to 2015. Similar to other wireline providers, we have experienced declines in the number of traditional voice customers, switched access minutes of use and rates per switched access minute of use, due to the FCC's intercarrier compensation reform, as a result of competition and the availability of substitutes, a trend which we expect will continue.

Management believes that consumer customer counts and average monthly revenue per customer are important factors in evaluating our consumer customer trends. Among the key services we provide to consumer customers are voice service, data service and video service. We continue to explore the potential to provide additional services to our customer base, with the objective of meeting all of our customers' communications needs.

2016 CUSTOMER RELATED METRICS COMPARED TO 2015

	As of or for the year ended December 31,		
	2016	% Increase (Decrease)	2015
Customers (in thousands)	5,393 [(1)]	58 %	3,413
Consumer customer metrics:			
Customers (in thousands)	4,891 [(1)]	57 %	3,124
Average monthly consumer revenue per customer	$ 77.47	21 %	$ 63.93
Customer monthly churn	1.98%	9 %	1.82%
Commercial customer metrics:			
Customers (in thousands)	502 [(1)]	74 %	289
Average monthly commercial revenue per customer	$ 673.72	(2)%	$ 690.88
Broadband subscribers (in thousands)	4,271 [(2)]	73 %	2,462
Video subscribers (in thousands)	1,419 [(2)]	156 %	554
Switched access minutes of use (in thousands)	19,450	27 %	15,327
Employees	28,332	48 %	19,160

(1) 2,283,000 consumer customers, 250,000 commercial customers and 2,533,000 total customers were acquired at the time of the April 2016 CTF Acquisition.

(2) 2,052,000 broadband subscribers and 1,165,000 video subscribers were acquired at the time of the April 2016 CTF Acquisition.

Customer Trends

We provide service and product options in our consumer and commercial offerings to the customer base in each of our markets which results in a better customer experience that allows us to maximize retention of existing customers

and attract new customers. As of December 31, 2016, 63% of our consumer broadband customers were subscribed to at least one other service offering.

During 2016, we gained approximately 2.0 million customers, net, as compared to a loss of 96,000 customers, net, in 2015. Although we added approximately 2.5 million customers in 2016 following the CTF Acquisition, we lost a net of approximately 553,000 customers across all of our markets. These customer losses were more heavily weighted in the newly acquired CTF markets due to transition disruptions following the acquisition, resulting in higher than normal customer churn, as well as the suspension of collection activities prior to and after the closing of the CTF Acquisition, and the suspension of marketing efforts for a period of time following the acquisition. These actions resulted in fewer additions than would otherwise have been achieved.

We had approximately 4.9 million and 3.1 million total consumer customers as of December 31, 2016 and 2015, respectively Although we added approximately 2.3 million total consumer customers attributable to the CTF Acquisition in 2016, we lost approximately 516,000 consumer customers, net, during 2016, composed of losses in both our legacy markets and in the CTF markets, principally driven by declines in voice customers. Our consumer customer monthly churn was 1.98% for 2016. Average monthly consumer revenue per customer (consumer ARPC) increased $13.54, or 21%, to $77.47 during 2016 as compared to 2015. The overall increase in consumer ARPC is a result of higher video revenue from our CTF Operations and improvements in data services revenue for our legacy operations, partially offset by lower voice services revenue. We expect to improve our video and data subscriber trends for our Frontier legacy and CTF operations. We anticipate continuing declines in voice services revenue as fewer consumer customers subscribe to landline voice services.

We had approximately 0.5 million and 0.3 million total commercial customers as of December 31, 2016 and 2015, respectively. Although we added 250,000 total commercial customers attributable to the CTF Acquisition in 2016, we lost approximately 38,000 commercial customers, net in 2016, composed of losses in both our legacy markets and in the CTF markets. Average monthly commercial revenue per customer (commercial ARPC) decreased $17.16, or 2%, to $673.72 during 2016 as compared to 2015. The commercial ARPC decrease is primarily attributable to our CTF markets having lower ARPC per SME (small business, medium business and larger enterprise customers) customer and proportionally fewer wholesale customers relative to total commercial customers as compared to our legacy markets. We have seen modest increases in our revenues from small/medium/enterprise (SME) customers throughout 2016, and our Ethernet product revenues from our SME and carrier customers has grown by 8% for the Frontier legacy operations during 2016.

At December 31, 2016, we had approximately 1.8 million more broadband subscribers than we did at December 31, 2015. We added 2,052,000 subscribers as part of the CTF Acquisition; however, we lost approximately 243,000 net subscribers, primarily due to fewer gross activations and higher customer churn. At December 31, 2016, 57% of our consolidated consumer broadband customers subscribed to speeds in excess of our 6 Mbps basic speed tier, up from 29% at December 31, 2015.

We offer video services under the Vantage brand to our customers in Connecticut, South Carolina, Minnesota, and Illinois and under the FiOS® brand in California, Texas, and Florida (and on a limited basis in Indiana, Oregon and Washington). We also offer satellite TV video service to our customers under an agency relationship with DISH® in all of our markets. During the year, we added 1,165,000 video subscribers in the CTF Acquisition. For the full year, we lost approximately 300,000 net video subscribers across all markets. At December 31, 2016, we had 1.14 million linear video subscribers that are served with FiOS or Vantage video service. In addition to our linear video subscribers, we have 274,000 DISH satellite video customers.

2016 REVENUE COMPARED TO 2015

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Voice services	$ 2,886	$ 1,077	$ 1,809	$ (213)	(11) %	$ 2,022
Data and Internet services	3,693	1,366	2,327	(10)	(0) %	2,337
Video services	1,244	978	266	(19)	(7) %	285
Other	276	26	250	(5)	(2) %	255
Customer revenue	8,099	3,447	4,652	(247)	(5) %	4,899
Switched access and subsidy	797	175	622	(55)	(8) %	677
Total revenue	$ 8,896	$ 3,622	$ 5,274	$ (302)	(5) %	$ 5,576

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Consumer	$ 4,383	$ 2,092	$ 2,291	$ (141)	(6) %	$ 2,432
Commercial	3,716	1,355	2,361	(106)	(4) %	2,467
Customer revenue	8,099	3,447	4,652	(247)	(5) %	4,899
Switched access and subsidy	797	175	622	(55)	(8) %	677
Total revenue	$ 8,896	$ 3,622	$ 5,274	$ (302)	(5) %	$ 5,576

REVENUE

Consolidated total revenue for 2016 increased $3,320 million to $8,896 million as compared to 2015. Excluding additional revenue of $3,622 million in 2016 attributable to CTF operations, our revenue for 2016 decreased $302 million, or 5%, as compared to 2015. This decline in 2016 is primarily the result of decreases in voice services revenues and lower switched and nonswitched access revenue, partially offset by an increase in data services revenue, each as described in more detail below.

Customer revenue for the year ended December 31, 2016 increased $3,200 million to $8,099 million as compared to 2015. Excluding additional customer revenue of $3,447 million attributable to the CTF Operations, our customer revenue for 2016 decreased $247 million, or 5%, as compared to 2015.

Consolidated consumer customer revenue for the year ended December 31, 2016 increased $1,951 million, or 80%, as compared to 2015. Consolidated consumer customer revenue for the year ended December 31, 2016 included $2,092 million of revenue attributable to the CTF Operations. Consumer customer revenues for our legacy operations for the year ended December 31, 2016 decreased $141 million, or 6%, compared to 2015, primarily as a result of decreases in voice services revenue, partially offset by increases in data services revenue. Similar to other wireline providers, we have experienced declines in the number of traditional voice customers and switched access minutes of use as a result of competition and the availability of substitutes, a trend we expect to continue. The consolidated monthly average revenue per customer (ARPC) for our consumer customers increased 21% for the year ended December 31, 2016 as compared to 2015. The overall increase in consumer ARPC is a result of higher video revenue from our CTF Operations and improvements in data services revenue for our legacy operations, partially offset by lower voice services revenue.

Consolidated commercial customer revenue for 2016 increased $1,249 million, or 51%, as compared to 2015. Consolidated commercial customer revenue for 2016 included $1,355 million of revenue attributable to the CTF Operations. Commercial customer revenue for our legacy operations declined $106 million, or 4%, as compared to

2015, principally as a result of decreases in our voice services revenue and wireless backhaul revenue. The consolidated ARPC for our commercial customers decreased 2%, for the year ended December 31, 2016 as compared with 2015. The commercial ARPC decrease is primarily attributable to our CTF markets having lower ARPC per SME (small business, medium business and larger enterprise customers) customer and proportionally fewer wholesale customers relative to total business customers as compared to our legacy markets.

Consolidated switched access and subsidy revenue of $797 million represented 9% of our revenues for 2016. Switched access revenue was $170 million in 2016, or 2% of our revenues, down from $177 million, or 3% of our revenues, in 2015. The Report and Order released by the FCC on November 18, 2011 (the 2011 Order) provided for the gradual elimination of terminating traffic charges by 2017. Switched access revenue declined sequentially in the third quarter of 2016, reflecting the rate reductions mandated by the 2011 Order, and we anticipate that we have experienced nearly all of the rate decline related to the 2011 Order. We have been able to recover a significant portion of these lost revenues through end user rates and other replacement support mechanisms, a trend we expect will continue throughout 2017. We expect declining revenue trends in switched access revenue to continue in 2017 in our legacy operations. Subsidy revenue, including CAF Phase II subsidies, was $626 million in 2016, or 7% of our revenues, which increased from $500 million, or 9% of our revenues, in 2015.

We categorize our products, services and other revenues among the following five categories:

Voice Services
Voice services revenue for 2016 decreased as compared with 2015, primarily due to the continued loss of voice customers and, to a lesser extent, decreases in individual feature packages, as well as long-distance revenue among those customers that do not have a bundled long-distance plan, partially offset by increased local voice charges to consumer and commercial end users.

Data and Internet Services
Data and Internet services revenue for 2016 decreased as compared with 2015. Data services revenues for 2016 increased $45 million, or 3%, primarily due to higher Frontier Secure revenues. Nonswitched access revenues decreased $55 million, or 6%, primarily due to lower monthly recurring revenues for wireless backhaul and other carrier services. We expect wireless data usage to continue to increase, which may drive the need for additional wireless backhaul capacity.

Video Services
Video services for 2016 decreased primarily due to a decrease in the total number of video subscribers.

Other
Other revenues for 2016 decreased primarily due to lower directory services revenue.

Switched Access and Subsidy
Switched access and subsidy revenue for 2016 decreased as compared to 2015. Subsidy revenues decreased $16 million, or 3% in 2016, primarily attributable to the one-time true-up payments and phasedown support recognized in 2015 in connection with the CAF Phase II program. Switched access revenue decreased $39 million, or 22%, in 2016 primarily due to the impact of the decline in minutes of use related to access line losses and the displacement of minutes of use by wireless and other communications services, combined with the lower rates enacted by the FCC's intercarrier compensation.

2016 OPERATING EXPENSES COMPARED TO 2015

NETWORK ACCESS EXPENSE

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Network access expenses	$ 1,470	$ 852	$ 618	$ (22)	(3) %	$ 640

Network access expenses include access charges and other third-party costs directly attributable to connecting customer locations to our network and video content costs. Such access charges and other third-party costs exclude network related expenses, depreciation and amortization, and employee related expenses.

Network access expenses for 2016 decreased in our legacy markets, primarily due to lower long-distance costs and video content costs as a result of a decline in video customers, partially offset by increases in customer premise equipment costs, pole and conduit rental expense, and Frontier Secure costs.

NETWORK RELATED EXPENSES

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Network related expenses	$ 1,887	$ 623	$ 1,264	$ (23)	(2) %	$ 1,287

Network related expenses for 2016 decreased due to lower compensation costs, primarily related to decreased employee headcount, and certain benefits, including incentive compensation, pension and OPEB expense (as discussed below), and a reduction in rental costs for vehicles under operating leases that were modified during 2016, resulting in the classification as capital leases.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Selling, general and administrative expenses	$ 2,093	$ 731	$ 1,362	$ 16	1 %	$ 1,346

SG&A expenses for 2016 increased due to higher costs for compensation, primarily related to increased employee headcount due to additional services provided by Frontier Secure, and certain benefits, including pension and OPEB expense (as discussed below), partially offset by lower incentive compensation for the year.

Pension and OPEB Costs

Total consolidated pension and OPEB costs, excluding special termination benefits of $26 million in 2016, for the years ended December 31, 2016 and 2015 were as follows:

	For the year ended December 31,	
($ in millions)	2016	2015
Total pension/OPEB expense	$ 129	$ 95
Less: capitalized into capital expenditures	(25)	(20)
Net pension/OPEB costs	$ 104	$ 75

DEPRECIATION AND AMORTIZATION

	For the year ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Depreciation expense	$ 1,388	$ 439	$ 949	$ (34)	(3) %	$ 983
Amortization expense	643	361	282	(55)	(16) %	337
	$ 2,031	$ 800	$ 1,231	$ (89)	(7) %	$ 1,320

Depreciation and amortization expense for 2016 decreased primarily due to the accelerated method of amortization related to the customer base that was acquired in our 2010 Acquisition with Verizon and in the Connecticut Acquisition, combined with changes in the remaining useful lives of certain plant assets and a lower net asset base. There was also an increase in depreciation expense as a result of more of the vehicle fleet being financed under capital leases than operating leases.

RESTRUCTURING COSTS AND OTHER CHARGES

	For the year ended December 31,					
	2016					2015
			Frontier Legacy (excluding CTF Operations)			
($ in millions)	Consolidated Amount	CTF Operations	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
Restructuring costs and other charges	$ 91	$ 34	$ 57	$ 55	NM	$ 2

NM - Not meaningful

Restructuring costs and other charges increased in 2016 compared to 2015 primarily due to a reduction in the workforce of approximately 1,950 employees resulting in an increase in severance and related expenses of $30 million and pension/OPEB special termination benefit enhancements of $25 million.

ACQUISITION AND INTEGRATION COSTS

	For the year ended December 31,			
	2016			2015
($ in millions)	Amount	$ Increase (Decrease)	% Increase (Decrease)	Amount
CTF Acquisition	$ 435	$ 239	122 %	$ 196
Connecticut Acquisition	1	(39)	(98)%	40
Total acquisition and integration costs	$ 436	$ 200	85 %	$ 236

We invested $142 million and $129 million in capital expenditures related to the CTF Acquisition during the years ended December 31, 2016 and 2015, respectively.

We also invested $24 million in capital expenditures related to the Connecticut Acquisition during 2015.

OTHER NON-OPERATING INCOME AND EXPENSE

($ in millions)	For the year ended December 31, 2016	2015	$ Increase (Decrease)	% Increase (Decrease)
Investment and other income, net	$ 27	$ 7	$ 20	286 %
Losses on early extinguishment of debt and debt exchanges	$ 7	$ -	$ 7	0 %
Interest expense	$ 1,531	$ 1,113	$ 418	38 %
Income tax expense (benefit)	$ (250)	$ (165)	$ (85)	52 %

Investment and Other Income, Net
Investment and other income, net for 2016 increased $20 million due to a gain on expiration/settlement of customer advances combined with higher interest and dividend income of $6 million, primarily due to interest earned on restricted cash during 2016.

Loss on Extinguishment of Debt and Debt Exchanges
During the year ended December 31, 2016, Frontier recorded a loss of $7 million resulting from the exchange of senior notes during the year.

Interest expense
Interest expense for 2016 increased, primarily due to additional interest of $755 million in 2016 on the $6 billion senior notes offering and the $1,625 million term loan facility related to the CTF Acquisition. We incurred commitment fees of $10 million and $184 million for the Verizon Bridge Facility (as defined below) related to the CTF Acquisition during 2016 and 2015, respectively. Our composite average borrowing rate as of December 31, 2016 and 2015 was 8.55% and 8.99%, respectively. There was also an increase in interest expense as a result of more of the vehicle fleet being financed under capital leases than operating leases.

Income tax expense (benefit)
Income tax benefit for 2016 increased compared to 2015, primarily due to the increase in pretax loss. The effective tax rate on our pretax loss for 2016 was 40.2% as compared with 45.8% for 2015. Income taxes for 2016 include the impact of $36 million of tax benefits resulting primarily from the adjustment of deferred tax balances due to the CTF Acquisition in 2016.

We received $120 million in tax refunds in 2016 as compared to net cash taxes paid of $28 million in 2015.

Net loss attributable to Frontier common shareholders
Net loss attributable to Frontier common shareholders for 2016 was a net loss of $587 million, or $7.61 per share, as compared to a net loss of $316 million, or $4.41 per share, in 2015.

Diluted net loss attributable to Frontier common shareholders
Diluted net loss attributable to Frontier common shareholders for 2016 was a net loss of $587 million, or $7.61 per share, as compared to a net loss of $316 million, or $4.41 per share, in 2015.

(b) Liquidity and Capital Resources

Analysis of Cash Flows

As of December 31, 2017, we had unrestricted cash and cash equivalents aggregating $362 million and restricted cash of $14 million. Restricted cash represents funds held as collateral by certain insurance carriers, of which $7 million was released in January 2018, and the remainder expected to be released in the first quarter of 2018. Our primary source of funds during 2017 was cash generated from operations, restricted and unrestricted cash, and additional borrowings. In 2017, we used cash flow from operations, restricted cash, and cash on hand to principally fund all of our cash investing and financing activities, primarily capital expenditures, dividends, and debt repayments. On April 1, 2016, we used the restricted cash obtained from net proceeds of the September 2015 senior notes offering and June 2015 equity offerings, along with additional borrowings and cash on hand, to finance the CTF Acquisition.

At December 31, 2017, we had a working capital deficit of $1,185 million, including $656 million of long-term debt due within one year, as compared to a working capital deficit of $788 million at December 31, 2016. The decline in working capital is primarily due to an increase in long term debt due within one year of $293 million as compared to the prior year related to senior notes reaching maturity during 2018. Although we have a working capital deficit as of December 31, 2017, after deducting current debt maturities, the majority of the balance relates to current advanced billings of $270 million that will be recognized as revenue over the next twelve months.

Cash Flows provided by Operating Activities

Cash flows provided by operating activities increased $174 million, or 10%, to $1,850 million in 2017 as compared to 2016. The increase was primarily the result of the addition of our CTF operations, partially offset by unfavorable changes in working capital along with higher interest expense and acquisition and integration costs.

We received $51 million in tax refunds in 2017 as compared to tax refunds of $120 million and net cash taxes paid of $28 million in 2016 and 2015, respectively.

In connection with the CTF and Connecticut Acquisitions, Frontier recognized acquisition and integration costs of $25 million during 2017 compared to $436 million during 2016. Interest expense of $755 million was incurred during 2016 related to the September 2015 debt offering and the JPM Credit Agreement (as defined below) compared to $189 million in interest expense during 2015. Additionally, Frontier incurred $10 million of interest expense related to the Verizon Bridge Facility in 2016 compared to $184 million during 2015.

Cash Flows used by Investing Activities

Capital Expenditures

In 2017, 2016 and 2015, our capital expenditures were, respectively, $1,188 million, $1,401 million and $863 million (including $34 million, $142 million and $153 million of integration-related capital expenditures in 2017, 2016 and 2015, respectively, associated with the CTF Acquisition and the Connecticut Acquisition). In addition to the capital expenditures mentioned above, network expansion funded by the previously received Connect America Fund (CAF) Phase I funds amounted to $22 million in 2015. Capital expenditures related to CAF Phase II are included in our reported amounts for capital expenditures.

CTF Acquisition

On April 1, 2016, Frontier acquired the wireline operations of Verizon in California, Texas and Florida for a purchase price of $10,540 million in cash and assumed debt (the CTF Acquisition), pursuant to the February 5, 2015 Securities Purchase Agreement, as amended. In addition, Frontier and Verizon settled the working capital and net debt adjustments with $15 million paid to Frontier in October 2016.

Cash Flows used by and provided from Financing Activities

Proceeds from Long Term Debt Borrowings
During 2017, 2016, and 2015 we borrowed $1,500 million, $1,940 million, and $6,603 million, respectively, of debt consisting of $1,500 million, $1,940 million, and $3 million, respectively, of senior secured debt. Refer to note 7 for details of the specific transactions.

Debt Reduction
During 2017, 2016 and 2015, we retired an aggregate principal amount of $1,815 million, $453 million and $298 million, respectively, of debt consisting of $1,655 million, $23 million and $295 million, respectively, of senior unsecured debt and $1 million during 2016 and 2015, of rural utilities service loan contracts. Of these amounts, $159 million, $430 million and $3 million of related to secured debt during 2017, 2016 and 2015, respectively. Refer to note 7 for details of the specific transactions.

Subject to limitations contained in our indentures and credit facilities, we may from time to time make repurchases of our debt in the open market, through tender offers, by exercising rights to call or in privately negotiated transactions. We may also refinance existing debt or exchange existing debt for newly issued debt obligations.

Common Stock Offering
On June 10, 2015, prior to the reverse stock split, we completed a registered offering of 150,000,000 shares of our common stock, par value $0.25 per share, at an offering price of $5 per share. On June 24, 2015, Frontier issued an additional 15,000,000 shares of common stock in connection with the over-allotment option that was exercised in full by the underwriters. Aggregate net proceeds were approximately $799 million after deducting commissions and expenses. We used the net proceeds from this offering to fund a portion of the acquisition price of the CTF Acquisition and for related fees and expenses.

Mandatory Convertible Preferred Stock (Series A) Offering
On June 10, 2015, we also completed a registered offering of 17,500,000 shares of our 11.125% Mandatory Convertible Preferred Stock, Series A, par value $0.01 per share (the “Series A Preferred Stock”), at an offering price of $100 per share. On June 24, 2015, Frontier issued an additional 1,750,000 shares of Series A Preferred Stock in connection with the over-allotment option that was exercised in full by the underwriters. Aggregate net proceeds of the offering were $1,866 million after deducting commissions and expenses. We used the net proceeds from this offering to fund a portion of the acquisition price of the CTF Acquisition and for related fees and expenses. All shares of Series A Preferred Stock will convert to common stock on June 30, 2018 at a ratio of 1.33:1.

Capital Resources
Our primary source of cash is cash flows from operations. We believe our operating cash flows, existing cash balances, existing revolving credit facility and access to the capital markets, as necessary, will be adequate to finance our working capital requirements, fund capital expenditures, make required debt interest and principal payments, pay taxes and support our short-term and long-term operating strategies for the next twelve months. A number of factors, including but not limited to, losses of customers, pricing pressure from increased competition, lower subsidy and switched access revenues, and the impact of economic conditions may negatively affect our cash generated from operations. As of December 31, 2017, we had $656 million and $804 million of debt maturing in 2018 and 2019, respectively.

Term Loan and Credit Facilities
On February 27, 2017, Frontier entered into a first amended and restated credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which Frontier combined its revolving credit agreement, dated as of June 2, 2014, and its term loan credit agreement, dated as of August 12, 2015. Under the JPM Credit Agreement, as further amended on June 15, 2017 by Increase Joinder No.1 (as so amended, the JPM Credit Agreement), Frontier has a $1,625 million senior secured term loan A facility (the Term Loan A) maturing on March 31, 2021, an $850 million undrawn secured revolving credit facility maturing on February 27, 2022 (the Revolver), and $1,500 million senior secured term loan B facility (the Term Loan B) maturing on June 15, 2024. The determination of interest rates for each of the facilities under the JPM Credit Agreement is based on margins over the Base Rate (as defined in the JPM Credit Agreement) or over LIBOR, at the election of Frontier. Interest rate margins on the Term Loan A and Revolver (ranging from 0.75% to 1.75% for Base Rate borrowings and 1.75% to 2.75% for LIBOR borrowings) are subject to adjustment based on Frontier’s Total Leverage Ratio (as defined in the JPM Credit Agreement). The interest rate on the Term Loan A as of December 31, 2017 was LIBOR plus 2.75%. Interest rate margins on the Term Loan B (2.75% for Base Rate borrowings and 3.75% for LIBOR borrowings) are not subject to adjustment. The security package under the JPM Credit Agreement, which includes pledges of the equity interests in

certain Frontier subsidiaries and guaranties by certain Frontier subsidiaries. As of December 31, 2017, no borrowing had been made under the revolving credit facility. Letters of credit, which may be issued under the revolver up to a maximum of $134 million, reduce available borrowing capacity under the revolving credit facility. Letters of credit issued under the revolver totaled $63 million and $0 as of December 31, 2017 and 2016, respectively. The revolving credit facility is available for general corporate purposes but may not be used to fund dividend payments if the undrawn amount under the revolver is less than $250 million.

Frontier has two senior secured credit agreements with CoBank, ACB, as administrative agent, lead arranger and a lender, and the other lenders party thereto: the first, drawn in 2011 (the 2011 CoBank Credit Agreement), was refinanced on October 12, 2016 with a similar facility for $315 million, maturing on October 12, 2021 (the 2016 CoBank Credit Agreement), and the second, drawn in 2014 (the 2014 CoBank Credit Agreement), matures on October 24, 2019.

On March 29, 2017, Frontier amended the 2014 and 2016 CoBank Credit Agreements. The amendments provide that interest rate margins under each of these facilities will range from 0.875% to 3.875% for Base Rate borrowings and 1.875% to 4.875% for LIBOR borrowings, subject to adjustment based on our Total Leverage Ratio, as defined in each credit agreement. The interest rate on each of the facilities as of December 31, 2017 was LIBOR plus 3.875%. In addition, the amendments provide for increases in the maximum Leverage Ratio and expansion of the security package identical to those contained in the JPM Credit Agreement.

On January 25, 2018 Frontier further amended its credit agreements with JP Morgan Chase and CoBank (JPM Credit Amendment). The amendments expand the security package to include interests of certain subsidiaries previously not pledged and also update the net leverage ratio maintenance test covenant, which provides Frontier with greater flexibility in executing on operational initiatives going forward, as detailed in the section below.

Letters of Credit Facility

Frontier has a Continuing Agreement for Standby Letters of Credit with Deutsche Bank AG New York Branch and Bank of Tokyo – Mitsubishi UFJ, LTD. (the LC Agreements), Frontier can also issue letters of credit under the revolver up to a maximum of $134 million. As of December 31, 2017, $129 million and $63 million of undrawn Standby Letters of Credit had been issued under the LC Agreements and revolver respectively. Borrowings under the LC Agreements are secured by a security package identical to those contained in the JPM Credit Amendment.

Covenants

The terms and conditions contained in our indentures, the CoBank Credit Agreements, and the JPM Credit Agreement include the timely payment of principal and interest when due, the maintenance of our corporate existence, keeping proper books and records in accordance with GAAP, restrictions on the incurrence of liens on our assets securing indebtedness and our subsidiaries' assets, restrictions on the incurrence of indebtedness by our subsidiaries and restrictions on asset sales and transfers, mergers and other changes in corporate control subject to important qualifications and exceptions. We would be restricted from declaring dividends by the CoBank Credit Agreements and the JPM Credit Agreement if an event of default occurred and was continuing at the time or would result from the dividend declaration. In addition, under the Certificate of Designations of our 11.125% Mandatory Convertible Preferred Stock, Series A, we would be restricted from paying dividends on our common stock if we failed to declare and pay dividends on our Series A Preferred Stock.

The JPM Credit Amendment replaced Frontiers existing net leverage ratio test with a first lien net leverage ratio maintenance test which provides for a maximum first lien net leverage ratio of 1.50 to 1.00 as of the last day of any fiscal quarter, stepping down to 1.35 to 1.00 for the fiscal quarters ending June 30, 2020 and thereafter. The Amendments also modify the covenants to provide for junior lien capacity on any indebtedness permitted under the credit agreements, while limiting the incurrence of first lien debt. Additionally, the amendment prohibit us from using proceeds from our revolving credit facility to fund dividend payments if the undrawn amount under the revolver is less than $250 million, and we may not pay dividends on our common stock in excess of $2.40 per share in any fiscal year.

Indentures for our senior unsecured debt obligations limit our ability to create liens on our assets securing indebtedness and our subsidiaries' assets or merge or consolidate with other companies, our subsidiaries' ability to borrow funds and to engage in change of control transactions, subject to important exceptions and qualifications. The indentures for our 8.875% Senior Notes due 2020, our 10.50% Senior Notes due 2022, and our 11.00% Senior Notes due 2025 contain covenants that are customary for similarly rated issuers. Among other things, these covenants limit our ability to incur additional indebtedness if our leverage ratio exceeds 4.5 to 1 (as defined in the indentures), limits liens and subsidiary debt to 1.25 times EBITDA (as defined in the indentures), limits cumulative restricted payments,

including dividends, to cumulative EBITDA less 1.4 times cumulative interest expense (as defined in the indenture), if our leverage ratio does not exceed 4.5 to 1, and limits cumulative restricted payments, including dividends, to a lesser amount during periods, if any, in which our leverage ratio exceeds 4.5 to 1, and restricts our ability to divest substantially all of the assets of Frontier.

As of December 31, 2017, we were in compliance with all of our indenture and credit facility covenants.

Dividends

The Board of Directors has suspended the quarterly cash dividend on the Company's common stock beginning with the first quarter of 2018. The declaration and payment of future dividends on our common stock is at the discretion of our Board of Directors, and will depend upon many factors, including our financial condition, results of operations, growth prospects, funding requirements, payment of cumulative dividends on Series A Preferred Stock, applicable law, restrictions in agreements governing our indebtedness and other factors our Board of Directors deem relevant.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial statements.

Future Contractual Obligations and Commitments

A summary of our future contractual obligations and commercial commitments as of December 31, 2017 is as follows:

		Payments due by period					
($ in millions)	Total	2018	2019	2020	2021	2022	Thereafter
Long-term debt obligations, excluding interest	$ 17,863	$ 656	$ 804	$ 1,132	$ 2,558	$ 2,703	$ 10,010
Interest on long-term debt	11,136	1,488	1,437	1,380	1,246	1,128	4,457
Operating lease obligations	571	80	25	29	26	23	388
Capital lease obligations	119	41	29	19	12	9	9
Financing lease obligations	100	9	9	10	10	10	52
Purchase obligations	126	37	40	31	7	2	9
Liability for uncertain tax positions	12	1	-	1	-	-	10
Total	$ 29,927	$ 2,312	$ 2,344	$ 2,602	$ 3,859	$ 3,875	$ 14,935

During 2017, we increased our outstanding performance letters of credit from $125 million to $192 million at December 31, 2017.

On April 29, 2015, the FCC released its right of first refusal offer of support to price cap carriers under the CAF Phase II program, which is intended to provide long-term support for broadband in high-cost unserved or underserved areas. In June 2015, Frontier accepted the CAF Phase II offer, which provides for $332 million in annual support, including $49 million in annual support related to the properties acquired in the CTF Acquisition, through 2020 to make available 10 Mbps downstream/1 Mbps upstream broadband service to approximately 774,000 households across certain of the 29 states where we now operate.

To the extent we do not enable the required number of households with 10 Mbps downstream/1 Mbps upstream broadband service by the end of the CAF Phase II term, we will be required to return a portion of the funds previously received.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions. There are inherent uncertainties with respect to such estimates and assumptions; accordingly, it is possible that actual results could differ from those estimates and changes to estimates could occur in the near term. The estimates which require the most significant judgment are listed below.

These critical accounting estimates have been reviewed with our independent registered public accounting firm and with the Audit Committee of our Board of Directors. For a discussion of these and other accounting policies, see Note 1 of the Notes to Consolidated Financial Statements.

Allowance for Doubtful Accounts
We maintain an allowance for doubtful accounts based on our estimate of our ability to collect accounts receivable. Our estimates are based on assumptions and other considerations, including payment history, customer financial performance, carrier billing disputes and aging analysis. Our estimation process includes general and specific reserves and varies by customer category. In 2017 and 2016, we had no "critical estimates" related to bankruptcies of communications companies or any other significant customers. See Notes 1 and 4 of the Notes to Consolidated Financial Statements for additional discussion.

Indefinite-lived Intangibles
Our indefinite-lived intangibles consist of goodwill and trade name, which were generated as a result of business combinations. We test for impairment of these assets annually as of December 31 or more frequently, whenever events occur, or facts and circumstances change that make it more likely than not that the fair value of a reporting unit has been reduced below its carrying amount. Events that might indicate impairment include, but are not limited to, strategic decisions made in response to economic and competitive conditions, the impact of the economic environment on our customer base, material negative changes in relationships with significant customers, and/or a significant decline in our stock price for a sustained period.

We early adopted ASU 2017-04 "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04") during the second quarter of 2017. In accordance with ASU 2017-04, our annual goodwill impairment test (and interim test if determined to be necessary) will consist of comparing the fair value of our reporting unit to its carrying value. To the extent that the carrying value exceeds fair value, an impairment will be recognized.

For the purpose of our goodwill impairment test, we first assess qualitative factors to determine if it is more likely than not that fair value of the reporting unit is less than the carrying amount. If it is less, an additional quantitative evaluation must be performed. Our quantitative assessment consists of using a market multiples approach to determine fair value. Marketplace company comparisons and analyst reports within the wireline telecommunications industry have historically supported a range of fair values of multiples between 4.4x and 6.5x annualized EBITDA (defined as operating income, net of acquisition and integration costs, pension/OPEB expense, pension settlement costs, stock-based compensation expense, goodwill impairment, storm-related costs, and restructuring costs and other charges, as well as depreciation and amortization).

During 2017, our common stock declined and traded at historically low prices. As a result, we tested goodwill for impairment in each of the four quarters in 2017. Our second and fourth quarter quantitative assessments indicated that the carrying value of the enterprise exceeded its fair value and, therefore, an impairment existed. We recorded goodwill impairments totaling $2,748 million for 2017. The driver for the impairment in the second quarter was a reduction in our profitability and utilized EBITDA estimate, which when applied to our market multiple resulted in a lower enterprise valuation. During the fourth quarter, the impairment was largely driven by a lower enterprise valuation resulting from a reduction in utilized market multiple from 5.8x to 5.5x reflecting our lower stock price and a lower outlook for wireline communications companies. The revaluation of our net deferred tax liabilities which resulted from the enactment of Tax Cut and Job Act, caused further goodwill impairment (see Note 12). The first and third quarter quantitative assessments, did not result in goodwill impairment charges. In estimating the enterprise fair value we used 5.8x as the multiple for the first three quarters of 2017 and 5.5x for the fourth quarter test.

The market multiples approach that we use incorporates significant estimates and assumptions related to the forecasted results for the remainder of the year, including revenues, expenses, and the achievement of other cost synergies. Our assessment includes many qualitative factors that require significant judgment. Alternative interpretations of these factors could have resulted in different conclusions regarding the need for, or size of, an impairment. Continued declines in our profitability or cash flows or in sustained low trading prices of our common stock may result in further impairment.

The enterprise fair value is sensitive to the amount of EBITDA generated by Frontier and the EBITDA multiple used in the calculation. Significant changes in the assumptions or estimates used in our impairment analyses, such as a reduction in profitability and/or cash flows, could result in a non-cash goodwill and indefinite-lived intangible asset impairment charge and materially affect our operating results. The market multiples approach is sensitive to changes in the estimated annual EBITDA, with each $100 million change equating to approximately $550 million of estimated enterprise value. Similarly, a ten-basis point change in the multiple used would affect the estimated enterprise value by approximately $355 million. Sustained low trading prices for our common stock could also affect the reconciliation of our market capitalization and indicate further impairment.

We also considered whether the carrying values of finite-lived intangible assets and property plant and equipment may not be recoverable or whether the carrying value of certain finite-lived intangible assets were impaired, noting no impairment was present as of December 31, 2017.

Depreciation and Amortization
The calculation of depreciation and amortization expense is based upon the estimated useful lives of the underlying property, plant and equipment and identifiable finite-lived intangible assets. Depreciation expense is principally based on the composite group method for substantially all of our property, plant and equipment assets. The estimates for remaining lives of the various asset categories are determined annually, based on an independent study. Among other considerations, these studies include models that consider actual usage, replacement history and assumptions about technology evolution for each category of asset. The latest study was completed in the fourth quarter of 2017 and did not result in any significant changes in remaining lives for any of our asset categories. A one year decrease in the estimated useful lives of our property, plant and equipment would result in an increase of approximately $180 million to depreciation expense.

Our finite-lived intangibles consist principally of customer base; $2,760 million from the 2010 Acquisition, $570 million from the Connecticut Acquisition and $2,190 million from the CTF Acquisition. These customer bases are being amortized on an accelerated method because this method most closely resembles the projected underlying revenue streams. In assigning lives, which range from between eight and 12 years, a separate evaluation and determination is made for consumer and commercial customers.

See Notes 5 and 6 of the Notes to Consolidated Financial Statements for additional discussion.

Asset Impairments
We review long-lived assets to be held and used, including customer lists and long-lived assets to be disposed of for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. When triggering events are identified, recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair market value. If any assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value. Also, we periodically reassess the useful lives of our tangible and intangible assets to determine whether any changes are required.

Pension and Other Postretirement Benefits
We sponsor a defined benefit pension plan covering a significant number of our current and former employees as well as other postretirement benefit plans that provide medical, dental, life insurance and other benefits for covered retired employees and their beneficiaries and covered dependents. As of December 31, 2017, the unfunded benefit obligation for these plans recorded on our consolidated balance sheet was $1,705 million. During 2017, we contributed $75 million to these plans net of the differential (see note 17), and recorded $208 million of expense before capitalization, including $83 million of pension settlement costs and $5 million of special termination benefits. Pension and other postretirement benefit costs and obligations are dependent upon various actuarial assumptions, the most significant of which are the discount rate and the expected long-term rate of return on plan assets.

Our discount rate assumption is determined annually with assistance from our actuaries based on the pattern of expected future benefit payments and the prevailing rates available on long-term, high quality corporate bonds with durations approximate to that of our benefit obligation. As of December 31, 2017, and 2016, we utilized an estimation technique that is based upon a settlement model (Bond:Link) that permits us to closely match cash flows to the expected payments to participants. This rate can change from year-to-year based on market conditions that affect corporate bond yields.

We are utilizing a discount rate of 3.70% as of December 31, 2017 for our qualified pension plan, compared to rates of 4.10% and 4.50% in 2016 and 2015, respectively. The discount rate for postretirement plans as of December 31, 2017 was a range of 3.70% to 3.80% compared to a range of 4.10% to 4.30% in 2016 and 4.50% to 4.70% in 2015.

In the following table, we show the estimated sensitivity of our pension and other postretirement benefit plan liabilities to a 25 basis point change in the discount rate as of December 31, 2017:

($ in millions)	Increase in Discount Rate of 25 bps	Decrease in Discount Rate of 25 bps
Pension plans		
Projected benefit obligation	$ (83)	$ 87
Other postretirement plans		
Accumulated postretirement benefit obligation	$ (36)	$ 38

In developing the expected long-term rate of return assumption, we considered published surveys of expected market returns, 10 and 20 year actual returns of various major indices, and our own historical 5 year, 10 year and 20 year investment returns. The expected long-term rate of return on plan assets is based on an asset allocation assumption of 40% in long-duration fixed income securities, and 60% in equity securities and other investments. We review our asset allocation at least annually and make changes when considered appropriate. Our asset return assumption is made at the beginning of our fiscal year. In 2017, 2016 and 2015, our expected long-term rate of return on plan assets was 7.50%, 7.50% and 7.75%, respectively. Our actual return on plan assets in 2017 was 16.50%. For 2018, we will assume a rate of return of 7.50%. Our pension plan assets are valued at fair value as of the measurement date.

For additional information regarding our pension and other postretirement benefits see Note 17 to the Notes to Consolidated Financial Statements.

Income Taxes

We file a consolidated federal income tax return. We utilize the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recorded for the tax effect of temporary differences between the financial statement basis and the tax basis of assets and liabilities using tax rates expected to be in effect when the temporary differences are expected to reverse. Actual income taxes could vary from these estimates due to future changes in governing law or review by taxing authorities.

We use a “more likely than not” threshold to the recognition and derecognition of uncertain tax positions either taken or expected to be taken in Frontier’s income tax returns. The total amount of our gross tax liability for tax positions that may not be sustained under a “more likely than not” threshold amounts to $12 million as of December 31, 2017 including interest of $1 million. For additional information regarding our accounting for income taxes see Note 12 of the Notes to Consolidated Financial Statements.

Business Combinations

We allocate the total cost of an acquisition to the underlying net assets based on their respective estimated fair values. As part of this allocation process, we identify and attribute values and estimated lives to the intangible assets acquired. These determinations involve significant estimates and assumptions about several highly subjective variables, including future cash flows, discount rates, and asset lives. There are also different valuation models for each component, the selection of which requires considerable judgment. Our estimates and assumptions may be based, in part, on the availability of listed market prices or other transparent market data. These determinations will affect the amount of amortization expense recognized in future periods. We base our fair value estimates on assumptions we believe are reasonable, but recognize that the assumptions are inherently uncertain. Depending on the size of the purchase price of a particular acquisition and the mix of intangible assets acquired, the purchase price allocation could be materially impacted by applying a different set of assumptions and estimates. Frontier allocated $9,871 million and $2,018 million in total consideration to the “fair market value” of the assets and liabilities acquired in the CTF Acquisition and the Connecticut Acquisition, respectively. The estimates of the fair values assigned to property, plant and equipment, customer list and goodwill, are more fully described in Note 3 of the Notes to Consolidated Financial Statements.

Recent Accounting Pronouncements

See Note 2 of the Notes to Consolidated Financial Statements included in Part IV of this report for additional information related to recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk in the normal course of our business operations due to ongoing investing and funding activities, including those associated with our pension plan assets. Market risk refers to the potential change in fair value of a financial instrument as a result of fluctuations in interest rates and equity prices. We do not hold or issue derivative instruments, derivative commodity instruments or other financial instruments for trading purposes. As a result, we do not undertake any specific actions to cover our exposure to market risks, and we are not party to any market risk management agreements other than in the normal course of business. Our primary market risk exposures from interest rate risk and equity price risk are as follows:

Interest Rate Exposure

Our exposure to market risk for changes in interest rates relates primarily to the interest-bearing portion of our pension investment portfolio and the related actuarial liability for pension obligations, as well as our floating rate indebtedness. As of December 31, 2017, 80% of our long-term debt had fixed interest rates. We had no interest rate swap agreements related to our fixed rate or variable rate debt in effect at December 31, 2017 and 2016. We believe that our currently outstanding obligation exposure to interest rate changes is minimal.

Our objectives in managing our interest rate risk are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, only 20% of our outstanding borrowings at December 31, 2017 have floating interest rates. Our undrawn $850 million revolving credit facility has interest rates that float with the LIBO Rate, as defined. Consequently, we have limited material future earnings or cash flow exposures from changes in interest rates on our debt. An adverse change in interest rates would increase the amount that we pay on our variable rate obligations and could result in fluctuations in the fair value of our fixed rate obligations. Based upon our overall interest rate exposure at December 31, 2017, a near-term change in interest rates would not materially affect our consolidated financial position, results of operations or cash flows.

At December 31, 2017, the fair value of our long-term debt was estimated to be approximately $14 billion, based on prevailing interest rates, our overall weighted average borrowing rate of 8.44% and our overall weighted average maturity of approximately six years. As of December 31, 2017, there has been no significant change in the weighted average maturity applicable to our obligations since December 31, 2016.

Equity Price Exposure

Our exposure to market risks for changes in equity security prices as of December 31, 2017 is limited to our pension plan assets. We have no other security investments of any significant amount.

Our Pension Plan assets decreased from $2,766 million at December 31, 2016 to $2,674 million at December 31, 2017, a decrease of $92 million, or 3%. This decrease was a result of benefit payments of $544 million, primarily lump sum settlements of $486 million, partially offset by positive investment returns of $378 million, net of investment management and administrative fees, and contributions in excess of the Differential (as defined below) of $74 million, during 2017.

As part of the CTF Acquisition, Verizon was required to make a cash payment to Frontier for the difference in assets initially transferred by Verizon into the Pension Plan and the related obligation (the Differential). During 2017, we received the $131 million Differential payment from Verizon, and have remitted an equivalent amount to the Pension Plan as of December 31, 2017. As the Differential was reflected as a receivable of the Pension Plan at December 31, 2016, the cash funding had no impact to plan assets.

Item 8. Financial Statements and Supplementary Data

The following documents are filed as part of this Report:

1. Financial Statements - See Index on page F-1.

2. Supplementary Data - Quarterly Financial Data is included in the Financial Statements (see 1. above).

3. Schedule of Pledged Subsidiary Financial Data

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(i) Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, regarding the effectiveness of our disclosure controls and procedures (as defined in Rules 13a–15(e) and 15d–15(e) under the Securities Exchange Act of 1934, as amended). Based upon this evaluation, our principal executive officer and principal financial officer concluded, as of the end of the period covered by this report, December 31, 2017, that our disclosure controls and procedures were effective.

(ii) Internal Control Over Financial Reporting

(a) Management's annual report on internal control over financial reporting

Our management report on internal control over financial reporting appears on page F-2.

(b) Report of registered public accounting firm

The report of KPMG LLP, our independent registered public accounting firm, on internal control over financial reporting appears on page F-4.

(c) Changes in internal control over financial reporting

We reviewed our internal control over financial reporting at December 31, 2017. There have been no changes in our internal control over financial reporting identified in an evaluation thereof that occurred during the last fiscal quarter of 2017 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Certain of the information required by this Item is incorporated by reference from our definitive proxy statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2017.

Executive Officers of the Registrant

Our Executive Officers as of February 28, 2018 were:

Name	Age	Current Position and Officer
Kenneth W. Arndt	53	Executive Vice President, Commercial Sales Operations
Donald Daniels	50	Senior Vice President and Controller
Steve Gable	44	Executive Vice President and Chief Technology Officer
Chris D. Levendos	50	Executive Vice President, Field Operations
John Maduri	56	Executive Vice President, Consumer Sales, Marketing and Product
R. Perley McBride	52	Executive Vice President and Chief Financial Officer
Daniel J. McCarthy	53	President and Chief Executive Officer and a Director
Mark D. Nielsen	53	Executive Vice President and Chief Legal Officer
Kathleen Weslock	62	Executive Vice President and Chief People Officer

There is no family relationship between the directors or executive officers. The term of office of each of the foregoing officers of Frontier is annual and will continue until a successor (if any) has been elected and qualified.

KENNETH W. ARNDT has been with Frontier since 2003 and was appointed Executive Vice President, Commercial Sales Operations, in December 2016. Mr. Arndt previously had oversight of Frontier's operations in Connecticut, New York, Ohio, Pennsylvania and West Virginia. Before joining Frontier, Mr. Arndt served as Vice President of Marketing for Lucent Technologies and Vice President of Sales and Marketing for Commonwealth Telephone Company in Pennsylvania.

DONALD DANIELS joined Frontier in July 2014 as Senior Vice President and Controller. From October 2002 to July 2014 he held various positions with JetBlue Airways Corporation, including Corporate Controller, Chief Accounting Officer, Vice President and Controller, Assistant Controller, and Director of Financial Reporting. Prior to that Mr. Daniels held various positions of increasing responsibility at Delta Air Lines and Deloitte and Touche, LLP. Mr. Daniels is a veteran of the United States Army and a certified public accountant.

STEVE GABLE became Executive Vice President and Chief Technology Officer of Frontier in April 2015. He joined Frontier in November 2012 as Senior Vice President and Chief Information Officer. Prior to Frontier, Mr. Gable was Executive Vice President/CTO of Tribune Company while also serving as President of Tribune Digital. Before Tribune, Mr. Gable served as Vice President of Technology for Clear Channel Radio.

CHRIS D. LEVENDOS joined Frontier in June 2017 as Executive Vice President of Field Operations. Mr. Levendos is responsible for the efficiency and effectiveness of operational field service delivery, upgrades, maintenance and repair. Prior to joining Frontier, Mr. Levendos worked at Google Fiber, from April 2015 to May 2017, heading Google Fiber's Network Deployment and Operations organization. Before that, Mr. Levendos spent 26 years at Verizon, from 1989 to April 2015, last serving as Region Vice President for its New York City wireline operations. Mr. Levendos holds a bachelor's degree from the State University of New York at Plattsburg and master's degree from New York University and Stevens Institute of Technology.

JOHN MADURI joined Frontier in July 2017 as Executive Vice President, Consumer Sales, Marketing & Product. He has more than 30 years of experience in the telecommunications industry. From January 2014 to December 2016, Mr. Maduri was President of Cable & Wireless Communications' Commercial Business Unit, responsible for the strategy and growth of the B2B segment in the Caribbean and Latin America. From 2005 to 2013, Mr. Maduri was CEO of Xplornet Communications Inc. Prior to that, Mr. Maduri served as President, TELUS Business Solutions, a telecommunications company, from 2000 to 2004. Prior to joining Telus, Mr. Maduri held positions of increasing responsibility with Rogers Communications, including Executive Vice President, Finance and Planning, and Chief Financial Officer. He began his career as a Senior Auditor at the Toronto office of Price Waterhouse.

R. PERLEY MCBRIDE became Chief Financial Officer and Executive Vice President of Frontier on November 4, 2016. Prior to joining Frontier, Mr. McBride was the Chief Financial Officer of Cable & Wireless Communications Plc until its May 2016 acquisition by Liberty Global Plc. Previously, Mr. McBride served as Chief Financial Officer at Leap Wireless International from December 2012 through May 2014 and was part of the Executive team that led the business through its acquisition by AT&T Inc. Prior to Leap Wireless, he served as Executive Vice President of Finance at The Weather Company, owner of The Weather Channel among other assets, between 2010 and 2012. He also served in several senior financial management roles at Frontier between 1999 and 2010, and also between 1994 and 1997.

DANIEL J. McCARTHY has been with Frontier since December 1990 and is the President and Chief Executive Officer. Prior to becoming President and Chief Executive Officer in April 2015, Mr. McCarthy held other positions of responsibility at Frontier, including President and Chief Operating Officer, from April 2012 to April 2015, Executive Vice President and Chief Operating Officer, from January 2006 to April 2012, and Senior Vice President, Field Operations, from December 2004 to December 2005. Mr. McCarthy serves as a Trustee of Sacred Heart University in Fairfield, Connecticut, and of Foundations in Education for the Diocese of Bridgeport, Connecticut. He is a member of the Board of Directors of the Western Connecticut Health Network, the Board of Directors of the Business Council of Fairfield County, and a member of the Business Roundtable. He is also a director of Constellation Brands, Inc.

MARK D. NIELSEN joined Frontier in March 2014 and is Executive Vice President and Chief Legal Officer. Prior to joining Frontier, he was Associate General Counsel and Chief Compliance Officer for Praxair Inc. and Vice President and Assistant General Counsel of Raytheon Company. Before that, Mr. Nielsen served as Chief Legal Counsel, and then Chief of Staff, to Massachusetts Governor Mitt Romney from 2004 to 2007.

KATHLEEN WESLOCK joined Frontier as Executive Vice President and Chief People Officer in July 2015. Previously, she had worked as Senior Vice President/Chief Human Resources Officer at Cisco Systems, Inc. and Senior Vice President, Chief Human Resources Officer & Internal Communications, at SunGard Data Systems. She has also worked as Director of Human Resources, Financial Advisory Services, at Deloitte and Director of Global Human Resources at the global law firm Shearman & Sterling.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2017.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2017.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2017.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2018 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2017.

PART IV

Item 15. Exhibits and Financial Statement Schedules

List of Documents Filed as a Part of This Report:

(1) Index to Consolidated Financial Statements:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2017 and 2016

Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Equity for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015

Notes to Consolidated Financial Statements

All other schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or is not applicable or not required.

(2) Index to Exhibits:

Exhibit No.	Description
2.1	Stock Purchase Agreement, dated as of December 16, 2013, by and between AT&T Inc. and Frontier (filed as Exhibit 2.1 to Frontier's Current Report on Form 8-K filed on December 17, 2013).*
2.2	Securities Purchase Agreement, dated as of February 5, 2015, by and between Verizon Communications Inc. and Frontier (filed as Exhibit 2.1 to Frontier's Current Report on Form 8-K filed on February 5, 2015).*
3.1	Restated Certificate of Incorporation (filed as Exhibit 3.200.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2000).*
3.2	Certificate of Amendment of Restated Certificate of Incorporation, effective July 31, 2008 (filed as Exhibit 3.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008).*
3.3	Certificate of Amendment of Restated Certificate of Incorporation, effective June 28, 2010 (filed as Exhibit 99.2 to Frontier's Current Report on Form 8-K filed July 1, 2010).*
3.4	By-laws, as amended February 6, 2009 (filed as Exhibit 99.1 to Frontier's Current Report on Form 8-K filed on February 6, 2009).*
3.5	Certificate of Designations of 11.125% Mandatory Convertible Preferred Stock, Series A (filed as Exhibit 3.5 to the Current Report on Form 8-K filed on June 10, 2015).*
4.1	Indenture of Securities, dated as of August 15, 1991, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee (the "August 1991 Indenture") (filed as Exhibit 4.100.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1991).*
4.2	Fourth Supplemental Indenture to the August 1991 Indenture, dated October 1, 1994, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 7.68% Debentures due 2034 (filed as Exhibit 4.100.7 to Frontier's Current Report on Form 8-K filed on January 3, 1995).*
4.3	Fifth Supplemental Indenture to the August 1991 Indenture, dated as of June 15, 1995, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 7.45% Debentures due 2035 (filed as Exhibit 4.100.8 to Frontier's Current Report on Form 8-K filed on March 29, 1996 (the "March 29, 1996 8-K")).*
4.4	Sixth Supplemental Indenture to the August 1991 Indenture, dated as of October 15, 1995, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 7% Debentures due 2025 (filed as Exhibit 4.100.9 to the March 29, 1996 8-K).*
4.5	Seventh Supplemental Indenture to the August 1991 Indenture, dated as of June 1, 1996, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 6.8% Debentures due 2026 (filed as Exhibit 4.100.11 to Frontier's Annual Report on Form 10-K for the year ended December 31, 1996 (the "1996 10-K")).*

4.6 Eighth Supplemental Indenture to the August 1991 Indenture, dated as of December 1, 1996, between Frontier and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee, with respect to 7.05% Debentures due 2046 (filed as Exhibit 4.100.12 to the 1996 10-K).*

4.7 Indenture, dated as of August 16, 2001, between Frontier and JPMorgan Chase Bank, N.A. (as successor to The Chase Manhattan Bank), as Trustee, with respect to 9% Senior Notes due 2031 (including the form of note attached thereto) (filed as Exhibit 4.1 of Frontier's Current Report on Form 8-K filed on August 22, 2001).*

4.8 Indenture, dated as of December 22, 2006, between Frontier and The Bank of New York, as Trustee, with respect to 7.875% Senior Notes due 2027 (including the form of note attached thereto) (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on December 29, 2006).*

4.9 Indenture dated as of March 23, 2007 by and between Frontier and The Bank of New York with respect to the 7.125% Senior Notes due 2019 (including the form of such note attached thereto) (filed as Exhibit 4.2 to the March 27, 2007 8-K).*

4.10 Indenture dated as of April 9, 2009, between Frontier and The Bank of New York Mellon, as Trustee (the "April 2009 Indenture") (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on April 9, 2009 (the "April 9, 2009 8-K")).*

4.11 Second Supplemental Indenture to the April 2009 Indenture, dated as of October 1, 2009, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 8.125% Senior Notes due 2018 (including the form of note attached thereto) (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on October 1, 2009).*

4.12 Third Supplemental Indenture to the April 2009 Indenture, dated as of May 22, 2012, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 9.25% Senior Notes due 2021 (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on May 22, 2012 (the "May 22, 2012 8-K")).*

4.13 Form of Senior Note due 2021 (filed as Exhibit 4.2 to the May 22, 2012 8-K).*

4.14 Fourth Supplemental Indenture to the April 2009 Indenture, dated as of August 15, 2012, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 7.125% Senior Notes due 2023 (the "Fourth Supplement to April 2010 Indenture") (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on August 15, 2012 (the "August 15, 2012 8-K")).*

4.15 Form of Senior Note due 2023 (filed as Exhibit 4.2 to the August 15, 2012 8-K).*

4.16 First Amendment to the Fourth Supplement to April 2009 Indenture, dated as of October 1, 2012, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 7.125% Senior Notes due 2023 (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on October 1, 2012).*

4.17 Fifth Supplemental Indenture to the April 2009 Indenture, dated as of April 10, 2013, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 7.625% Senior Notes due 2024 (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on April 10, 2013 (the "April 10, 2013 8-K").*

4.18 Sixth Supplemental Indenture to the April 2009 Indenture, dated as of September 17, 2014, between Frontier Communications Corporation and The Bank of New York Mellon, as Trustee (including the form of 6.250% Senior Notes due 2021) (filed as Exhibit 4.1 to Frontier's Current Report on Form 8-K filed on September 17, 2014 (the "September 17, 2014 8-K")).*

4.19 Seventh Supplemental Indenture to the April 2009 Indenture, dated as of September 17, 2014, between Frontier Communications Corporation and The Bank of New York Mellon, as Trustee, with respect to 6.875% Senior Notes due 2025 (including the form of notes attached thereto) (filed as Exhibit 4.2 to the September 17, 2014 8-K).*

4.20 Form of Senior Note due 2024 (filed as Exhibit 4.2 to the April 10, 2013 8-K).*

4.21 Indenture, dated as of April 12, 2010 (the "April 2010 Indenture"), as amended, between New Communications Holdings Inc. ("Spinco") and The Bank of New York Mellon, as Trustee (including the forms of notes attached thereto) (filed as Exhibit 4.22 to Spinco's Registration Statement on Form 10 filed on April 20, 2010 (File No. 000-53950) (the "Spinco Form 10")).*

4.22 First Supplemental Indenture to the April 2010 Indenture, dated as of July 1, 2010, between Frontier and The Bank of New York Mellon, as Trustee, with respect to 7.875% Senior Notes due 2015, 8.25% Senior Notes due 2017, 8.5% Senior Notes due 2020, and 8.75% Senior Notes due 2022 (filed as Exhibit 4.2 to Frontier's Registration Statement on Form S-4 filed on July 2, 2010 (File No. 333-167962)).*

4.23 Indenture, dated as of January 1, 1994, between Frontier North Inc. (formerly GTE North Incorporated) and Bank of New York Mellon (as successor to The First National Bank of Chicago), as Trustee (the "Frontier North Indenture") (filed as Exhibit 4.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2010).*

4.24 First Supplemental Indenture to the Frontier North Indenture, dated as of May 1, 1996, between Frontier North Inc. (formerly GTE North Incorporated) and Bank of New York Mellon (as successor to The First National Bank of Chicago), as Trustee (filed as Exhibit 4.2 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2010).*

4.25 Form of Debenture under the Frontier North Indenture (filed as Exhibit 4.24 to Frontier's Annual Report on Form 10-K for the year ended December 31, 2011 (the "2011 10-K")).*

4.26 Base Indenture, dated as of September 25, 2015 (the "2015 Base Indenture"), between Frontier Communications Corporation and The Bank of New York Mellon, as trustee (filed as Exhibit 4.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2015 (the "September 30, 2015 10-Q")).*

4.27 First Supplemental Indenture to the 2015 Base Indenture, dated as of September 25, 2015, between Frontier Communications Corporation and The Bank of New York Mellon, as trustee, with respect to 8.875% Senior Notes due 2020 (including the forms of notes attached thereto) (filed as Exhibit 4.2 to the September 30, 2015 10-Q).*

4.28 Second Supplemental Indenture to the 2015 Base Indenture, dated as of September 25, 2015, between Frontier Communications Corporation and The Bank of New York Mellon, as trustee, with respect to 10.500% Senior Notes due 2022 (including the forms of notes attached thereto) (filed as Exhibit 4.3 to the September 30, 2015 10-Q).*

4.29 Third Supplemental Indenture to the 2015 Base Indenture, dated as of September 25, 2015, between Frontier Communications Corporation and The Bank of New York Mellon, as trustee, with respect to 11.000% Senior Notes due 2025 (including the forms of notes attached thereto) (filed as Exhibit 4.4 to the September 30, 2015 10-Q). *

4.30 Restated Indenture, dated as of March 25, 2008, between Southwestern Associated Telephone Company and First National Bank in Dallas, as trustee (filed as Exhibit 4.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2016 (the "June 30, 2016 10-Q")).*

4.31 Indenture, dated as of December 1, 1993, between GTE California Incorporated and Bank of America National Trust and Savings Association, as trustee (the "California Indenture") (filed as Exhibit 4.2 to the June 30, 2016 10-Q). *

4.32 First Supplemental Indenture to the California Indenture dated as of April 15, 1996, between GTE California Incorporated and First Trust of California, National Association, as trustee (filed as Exhibit 4.3 to the June 30, 2016 10-Q). *

4.33 Indenture, dated as of November 1, 1993, between GTE Florida Incorporated and Nations Bank of Georgia, National Association, as trustee (the "Florida Indenture") (filed as Exhibit 4.4 to the June 30, 2016 10-Q). *

4.34 First Supplemental Indenture to the Florida Indenture dated as of January 1, 1998, between GTE Florida Incorporated and the Bank of New York, as trustee (filed as Exhibit 4.5 to the June 30, 2016 10-Q). *

10.1 Credit Agreement, dated as of June 2, 2014, by and among Frontier, as the Borrower, and the Lenders party thereto and CoBank, ACB, as Administrative Agent (filed as Exhibit 10.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2014 (the "June 30, 2014 10-Q") (the "2014 CoBank Credit Agreement")).*

10.2 Second Amendment, dated as of March 5, 2015, to the 2014 CoBank Credit Agreement, among Frontier, as the Borrower, and CoBank, ACB, as the Administrative Agent and the Lenders referred to therein (filed as Exhibit 10.2 to the March 5, 2015 8-K).*

10.3 Fourth Amendment, dated as of March 29, 2017, to the 2014 CoBank Credit Agreement, among Frontier, as the Borrower, and CoBank, ACB, as the Administrative Agent and the Lenders referred to therein (filed as Exhibit 10.1 to the March 29, 2017 8-K).*

10.4 Fifth Amendment, dated as of January 25, 2018, to the 2014 CoBank Credit Agreement, among Frontier, as the Borrower, and CoBank, ACB, as the Administrative Agent and the Lenders referred to therein (filed as Exhibit 10.2 to the January 25, 2018 8-K).*

10.5 Credit Agreement, dated as of October 12, 2016, by and among Frontier, as the Borrower, the Lenders party thereto and CoBank, ACB, as the Administrative Agent (filed as Exhibit 10 to Frontier's Current Report on Form 8-K filed on October 12, 2016) (the "2016 CoBank Credit Agreement").*

10.6 First Amendment, dated as of March 29, 2017, to the 2016 CoBank Credit Agreement, among Frontier, as the Borrower, the Lenders party thereto and CoBank, ACB, as the Administrative Agent (filed as Exhibit 10.2 to the March 29, 2017 8-K).*

10.7 Second Amendment, dated as of January 25, 2018, to the 2016 CoBank Credit Agreement, among Frontier, as the Borrower, the Lenders party thereto and CoBank, ACB, as the Administrative Agent (filed as Exhibit 10.3 to the January 25, 2018 8-K).*

10.8 First Amended and Restated Credit Agreement, dated as of February 27, 2017, among Frontier, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10 to Frontier's Current Report on Form 8-K filed on February 28, 2017) (the "JPM Credit Agreement").*

10.9 Amendment No. 1, dated as of February 27, 2017, to the JPM Credit Agreement, among Frontier, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10 to the February 28, 2017 8-K).*

10.10 Amendment No. 2, dated as of January 25, 2018, to the JPM Credit Agreement, among Frontier, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10.1 to the January 25, 2018 8-K).*

10.11 Tax Sharing Agreement, dated as of May 13, 2009, by and among Verizon Communications Inc. ("Verizon"), New Communications Holdings Inc. ("Spinco") and Frontier, (filed as Exhibit 10.3 to Frontier's Current Report on Form 8-K filed on May 15, 2009).*

10.12 Agreement Regarding Intellectual Property Matters, dated as of March 23, 2010, among Frontier, Spinco and Verizon (filed as Exhibit 10.12 to the Spinco Form 10).*

10.13 Non-Employee Directors' Deferred Fee Equity Plan, as amended and restated December 29, 2008 (filed as Exhibit 10.7 to Frontier's Annual Report on Form 10-K for the year ended December 31, 2008 (the "2008 10-K"). *

10.14 Non-Employee Directors' Equity Incentive Plan, as amended and restated December 29, 2008 (filed as Exhibit 10.8 to the 2008 10-K).*

10.15 1996 Equity Incentive Plan, as amended and restated December 29, 2008 (filed as Exhibit 10.11 to the 2008 10-K).*

10.16 2013 Frontier Bonus Plan (filed as Appendix A to Frontier's Proxy Statement dated March 25, 2013 (the "2013 Proxy Statement")).*

10.17 Amended and Restated 2000 Equity Incentive Plan, as amended and restated December 29, 2008 (filed as Exhibit 10.13 to the 2008 10-K).*

10.18 2009 Equity Incentive Plan (filed as Appendix A to Frontier's Proxy Statement dated April 6, 2009).*

10.19 2013 Equity Incentive Plan (filed as Appendix B to the 2013 Proxy Statement).*

10.20 2017 Equity Incentive Plan (filed as Annex A to Frontier's Proxy Statement dated March 28, 2017).*

10.21 Separation Agreement and Release, dated September 14, 2016, between Frontier and John M. Jureller (filed as Exhibit 10.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016 (the "September 30, 2016 10-Q")).*

10.22 Offer of Employment Letter, dated September 1, 2016, between Frontier and R. Perley McBride (filed as Exhibit 10.2 to the September 30, 2016 10-Q). *

10.23 Change in Control Letter Agreement, dated April 27, 2012, between Frontier and Daniel J. McCarthy (filed as Exhibit 10.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012).*

10.24 Offer of Employment Letter, dated February 25, 2015, between Frontier and Daniel J. McCarthy (filed as Exhibit 10.1 to Frontier's Current Report on Form 8-K filed on March 3, 2015 (the "March 3, 2015 8-K")).*

10.25 Offer of Employment Letter, dated January 13, 2006, between Frontier and Cecilia K. McKenney ("McKenney Offer Letter") (filed as Exhibit 10.1 to Frontier's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008).*

10.26 Amendment, dated May 31, 2012, to Offer of Employment Letter, dated January 13, 2006, between Frontier and Cecilia K. McKenney (filed as Exhibit 10.5 to the June 30, 2012 10-Q).*

10.27 Amended and Restated Employment Agreement, dated as of March 8, 2013, between Frontier and Mary Agnes Wilderotter (filed as Exhibit 10.1 to Frontier's Current Report on Form 8-K filed on March 13, 2013 (the "Wilderotter Employment Agreement")).*

10.28 Amendment to the Wilderotter Employment Agreement, dated as of February 25, 2015, between Frontier and Mary Agnes Wilderotter (filed as Exhibit 10.2 to the March 3, 2015 8-K).*

10.29 Offer of Employment Letter, dated January 15, 2014, between Frontier and Mark D. Nielsen (filed as Exhibit 10.1 to the June 30, 2014 10-Q).*

10.30 Offer of Employment Letter, dated June 9, 2014, between Frontier and Donald W. Daniels, Jr. (filed as Exhibit 10.3 to the June 30, 2014 10-Q).*

10.31 Offer of Employment Letter, dated December 6, 2016, between Frontier and Kenneth Arndt.

10.32 Offer of Employment Letter, dated October 3, 2012, between Frontier and Steven Gable.

10.33 Form of Restricted Stock Agreement.

10.34 Form of Performance Share Agreement.

10.35 Form of Restricted Cash Award Agreement.

10.36 Form of Performance Cash Award Agreement.

10.37 Summary of Non-Employee Directors' Compensation Arrangements Outside of Formal Plans (filed as Exhibit 10.29 to Frontier's Annual Report on Form 10-K for the year ended December 31, 2016). *

10.38 Form of Indemnification Agreement with Directors and Officers.

10.39 Offer of Employment Letter, dated April 27, 2017, between Frontier and Christopher Levendos (filed as Exhibit 10.2 to Frontier's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).*

10.40 Offer of Employment Letter, dated June 12, 2017, between Frontier and John Maduri (filed as Exhibit 10.3 to Frontier's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).*

10.41 Form of Change in Control Agreement, dated as of July 10, 2017, by and between Frontier and each of Kenneth W. Arndt, Steve Gable, Christopher D. Levendos, John Maduri, R. Perley McBride, Mark D.

	Nielsen and Kathleen Weslock (synchronizing the terms of existing change in control provisions) (filed as Exhibit 10.4 to Frontier's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).*
12	Computation of ratio of earnings to fixed charges (this item is included herein for the sole purpose of incorporation by reference).
21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 (the "1934 Act").
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the 1934 Act.
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.PRE	XBRL Taxonomy Presentation Linkbase Document.
101.CAL	XBRL Taxonomy Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Label Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

Exhibits 10.13 through 10.41 are management contracts or compensatory plans or arrangements.

* Incorporated by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRONTIER COMMUNICATIONS CORPORATION
(Registrant)

By: /s/ Daniel J. McCarthy
Daniel J. McCarthy
President and Chief Executive Officer

February 28, 2018

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 28th day of February 2018.

Signature	Title
/s/ Leroy T. Barnes, Jr. (Leroy T. Barnes, Jr.)	Director
/s/ Peter C. B. Bynoe (Peter C. B. Bynoe)	Director
/s/ Donald Daniels (Donald Daniels)	Senior Vice President & Controller (Principal Accounting Officer)
/s/ Diana S. Ferguson (Diana S. Ferguson)	Director
/s/ Edward Fraioli (Edward Fraioli)	Director
/s/ R. Perley McBride (R. Perley McBride)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Daniel J. McCarthy (Daniel J. McCarthy)	Director, President and Chief Executive Officer (Principal Executive Officer)
/s/ Pamela D.A. Reeve (Pamela D.A. Reeve)	Director
/s/ Virginia P. Ruesterholz (Virginia P. Ruesterholz)	Director
/s/ Howard L. Schrott (Howard L. Schrott)	Director
/s/ Mark Shapiro (Mark Shapiro)	Director
/s/ Myron A. Wick III (Myron A. Wick III)	Director

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
Index to Consolidated Financial Statements

Management's Report On Internal Control Over Financial Reporting

The Board of Directors and Shareholders
Frontier Communications Corporation:

The management of Frontier Communications Corporation and subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2017.

Our independent registered public accounting firm, KPMG LLP, has audited the consolidated financial statements included in this report and, as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting.

/s/ Daniel J. McCarthy	/s/ R. Perley McBride
Daniel J. McCarthy	R. Perley McBride
President and Chief Executive Officer	Executive Vice President and Chief Financial Officer

Norwalk, Connecticut
February 28, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Frontier Communications Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Frontier Communications Corporation and subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control – Integrated Framework (2013*)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 28, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Accompanying Supplemental Information

The supplemental information contained in the Schedule of Pledged Subsidiary Financial Data has been subjected to audit procedures performed in conjunction with the audit of the Company's consolidated financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with U.S. generally accepted accounting principles. In our opinion, the supplemental information contained in the Schedule of Pledged Subsidiary Financial Data is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

/s/ KPMG LLP

We have served as the Company's auditor since 1936.

Stamford, Connecticut
February 28, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Frontier Communications Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Frontier Communications Corporation and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the "consolidated financial statements"), and our report dated February 28, 2018 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report On Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Stamford, Connecticut
February 28, 2018

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND 2016
($ in millions and shares in thousands, except for per-share amounts)

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 362	$ 522
Accounts receivable, less allowances of $69 and $131, respectively	819	938
Prepaid expenses	78	88
Income taxes and other current assets	64	108
Total current assets	1,323	1,656
Property, plant and equipment, net	14,377	14,902
Goodwill, net	7,024	9,674
Other intangibles, net	2,063	2,662
Other assets	97	119
Total assets	$ 24,884	$ 29,013
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt due within one year	$ 656	$ 363
Accounts payable	564	698
Advanced billings	270	301
Accrued content costs	102	164
Accrued other taxes	156	134
Accrued interest	401	437
Pension and other postretirement benefits	29	23
Other current liabilities	330	324
Total current liabilities	2,508	2,444
Deferred income taxes	1,139	2,516
Pension and other postretirement benefits	1,676	1,602
Other liabilities	317	372
Long-term debt	16,970	17,560
Equity:		
Preferred stock, $0.01 par value (50,000 authorized shares, 11.125%, Series A, 19,250 shares issued and outstanding)	-	-
Common stock, $0.25 par value (175,000 authorized shares, 79,532 issued, and 78,441 and 78,170 outstanding, at December 31, 2017 and 2016, respectively)	20	20
Additional paid-in capital	5,034	5,561
Accumulated deficit	(2,263)	(460)
Accumulated other comprehensive loss, net of tax	(366)	(387)
Treasury common stock	(151)	(215)
Total equity	2,274	4,519
Total liabilities and equity	$ 24,884	$ 29,013

The accompanying Notes are an integral part of these Consolidated Financial Statements.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
($ in millions and shares in thousands, except for per-share amounts)

	2017	2016	2015
Revenue	$ 9,128	$ 8,896	$ 5,576
Operating expenses:			
Network access expenses	1,597	1,470	640
Network related expenses	1,959	1,887	1,287
Selling, general and administrative expenses	2,018	2,093	1,346
Depreciation and amortization	2,184	2,031	1,320
Goodwill impairment	2,748	-	-
Acquisition and integration costs	25	436	236
Pension settlement costs	83	-	-
Restructuring costs and other charges	82	91	2
Total operating expenses	10,696	8,008	4,831
Operating income (loss)	(1,568)	888	745
Investment and other income, net	3	27	7
Losses on early extinguishment of debt and debt exchanges	88	7	-
Interest expense	1,534	1,531	1,113
Loss before income taxes	(3,187)	(623)	(361)
Income tax benefit	(1,383)	(250)	(165)
Net loss	(1,804)	(373)	(196)
Less: Dividends on preferred stock	214	214	120
Net loss attributable to Frontier common shareholders	$ (2,018)	$ (587)	$ (316)
Basic net loss per share attributable to Frontier common shareholders	$ (25.99)	$ (7.61)	$ (4.41)
Diluted net loss per share attributable to Frontier common shareholders	$ (25.99)	$ (7.61)	$ (4.41)
Total weighted average shares outstanding - basic	77,736	77,607	72,308
Total weighted average shares outstanding - diluted	77,736	77,607	72,308

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
($ in millions)

	2017	2016	2015
Net loss	$ (1,804)	$ (373)	$ (196)
Other comprehensive income (loss), net of tax	21	(34)	51
Comprehensive loss	$ (1,783)	$ (407)	$ (145)

The accompanying Notes are an integral part of these Consolidated Financial Statements.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
($ in millions and shares in thousands)

	Preferred Stock		Common Stock		Additional Paid-In	Retained Earnings (Accumulated	Accumulated Other Comprehensive	Treasury Common Stock		Total
	Shares	Amount	Shares	Amount	Capital	Deficit)	Loss	Shares	Amount	Equity
Balance December 31, 2014	-	$ -	68,532	$ 17	$ 4,230	$ 109	$ (404)	(1,701)	$ (294)	$ 3,658
Issuance of common stock	-	-	11,000	3	796	-	-	-	-	799
Issuance of preferred stock	19,250	-	-	-	1,866	-	-	-	-	1,866
Stock plans	-	-	-	-	(4)	-	-	49	16	12
Dividends on common stock	-	-	-	-	(456)	-	-	-	-	(456)
Dividends on preferred stock	-	-	-	-	(120)	-	-	-	-	(120)
Net loss	-	-	-	-	-	(196)	-	-	-	(196)
Other comprehensive income, net of tax	-	-	-	-	-	-	51	-	-	51
Balance December 31, 2015	19,250	-	79,532	20	6,312	(87)	(353)	(1,652)	(278)	5,614
Stock plans	-	-	-	-	(44)	-	-	290	63	19
Dividends on common stock	-	-	-	-	(493)	-	-	-	-	(493)
Dividends on preferred stock	-	-	-	-	(214)	-	-	-	-	(214)
Net loss	-	-	-	-	-	(373)	-	-	-	(373)
Other comprehensive loss, net of tax	-	-	-	-	-	-	(34)	-	-	(34)
Balance December 31, 2016	19,250	-	79,532	20	5,561	(460)	(387)	(1,362)	(215)	4,519
Cumulative-effect adjustment from adoption of ASU 2016-09	-	-	-	-	-	1	-	-	-	1
Stock plans	-	-	-	-	(47)	-	-	271	64	17
Dividends on common stock	-	-	-	-	(266)	-	-	-	-	(266)
Dividends on preferred stock	-	-	-	-	(214)	-	-	-	-	(214)
Net loss	-	-	-	-	-	(1,804)	-	-	-	(1,804)
Other comprehensive income, net of tax	-	-	-	-	-	-	21	-	-	21
Balance December 31, 2017	19,250	$ -	79,532	$ 20	$ 5,034	$ (2,263)	$ (366)	(1,091)	$ (151)	$ 2,274

The accompanying Notes are an integral part of these Consolidated Financial Statements.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
($ in millions)

	2017	2016	2015
Cash flows provided from provided from (used by) operating activities:			
Net loss	$ (1,804)	$ (373)	$ (196)
Adjustments to reconcile net loss to net cash provided from operating activities:			
Depreciation and amortization	2,184	2,031	1,320
Loss on early extinguishment of debt and debt exchanges	88	7	-
Pension settlement costs	83	-	-
Pension/OPEB costs	17	79	10
Special termination benefits	5	26	-
Stock based compensation expense	14	24	27
Amortization of deferred financing costs	33	46	191
Other adjustments	(14)	(12)	-
Deferred income taxes	(1,385)	(206)	(167)
Goodwill Impairment	2,748	-	-
Change in accounts receivable	122	(19)	62
Change in accounts payable and other liabilities	(315)	(12)	116
Change in prepaid expenses, income taxes and other current assets	74	85	(48)
Net cash provided from operating activities	1,850	1,676	1,315
Cash flows provided from (used by) investing activities:			
Cash paid for CTF Acquisition	-	(9,871)	-
Capital expenditures - Business operations	(1,154)	(1,259)	(710)
Capital expenditures - Integration activities	(34)	(142)	(153)
Network expansion funded by Connect America Fund - Phase 1	-	-	(22)
Proceeds on sale of assets	110	8	22
Cash paid for an acquisition, net of cash acquired	-	-	(17)
Other	24	5	2
Net cash used by investing activities	(1,054)	(11,259)	(878)
Cash flows provided from (used by) financing activities:			
Long-term debt payments	(1,811)	(453)	(298)
Proceeds from long-term debt borrowings	1,500	1,940	6,603
Financing costs paid	(15)	(39)	(119)
Proceeds from issuance of common stock, net	-	-	799
Proceeds from issuance of preferred stock, net	-	-	1,866
Dividends paid on common stock	(266)	(493)	(456)
Dividends paid on preferred stock	(214)	(214)	(120)
Premium paid to retire debt	(86)	-	-
Capital lease obligation payments	(42)	(8)	-
Other	(8)	(8)	(14)
Net cash provided from (used by) financing activities	(942)	725	8,261
Increase/(Decrease) in cash, cash equivalents and restricted cash	(146)	(8,858)	8,698
Cash, cash equivalents and restricted cash at January 1,	522	9,380	682
Cash, cash equivalents and restricted cash at December 31,	$ 376	$ 522	$ 9,380
Supplemental cash flow information:			
Cash paid (received) during the period for:			
Interest	$ 1,548	$ 1,467	$ 728
Income taxes (refunds), net	$ (51)	$ (120)	$ 28
Non-cash investing and financing activities:			
Financing obligation for contributions of real property to pension plan	$ -	$ 15	$ -
Reduction of pension obligation	$ -	$ 15	$ -
Increase (decrease) in capital expenditures due to changes in accounts payable	$ 50	$ (60)	$ (56)
Capital lease obligations	$ 17	$ 111	$ -

The accompanying Notes are an integral part of these Consolidated Financial Statements.

(1) Description of Business and Summary of Significant Accounting Policies:

(a) Description of Business:

Frontier Communications Corporation (Frontier) is the fourth largest Incumbent Local Exchange Carrier (ILEC) in the United States, with approximately 4.9 million customers, 3.9 million broadband subscribers and 22,700 employees, operating in 29 states. Frontier was incorporated in 1935, originally under the name of Citizens Utilities Company and was known as Citizens Communications Company until July 31, 2008. Frontier and its subsidiaries are referred to as “we,” “us,” “our,” “Frontier,” or the “Company” in this report.

Effective April 1, 2016, Frontier’s scope of operations and balance sheet changed materially as a result of the completion of the CTF Acquisition, as described in Note 3 - Acquisitions. Historical financial data presented for Frontier is not indicative of the future financial position or operating results for Frontier, and includes the results of the CTF Operations, as defined in Note 3 – Acquisitions, from the date of acquisition on April 1, 2016.

(b) Basis of Presentation and Use of Estimates:

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Certain reclassifications of amounts previously reported have been made to conform to the current presentation. All significant intercompany balances and transactions have been eliminated in consolidation.

For our financial statements as of and for the period ended December 31, 2017, we evaluated subsequent events and transactions for potential recognition or disclosure through the date that we filed this Form 10-K with the Securities and Exchange Commission (SEC).

The preparation of our financial statements in conformity with GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities at the date of the financial statements, (ii) the disclosure of contingent assets and liabilities, and (iii) the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates and judgments are used when accounting for the allowance for doubtful accounts, asset impairments, indefinite-lived intangibles, depreciation and amortization, income taxes, business combinations, and pension and other postretirement benefits, among others.

On July 10, 2017, we effected a one for fifteen reverse stock split of our common stock. The reverse stock split reduced the number of common shares issued (which includes outstanding shares and treasury shares) from approximately 1,193,000,000 shares to 80,000,000 shares, and reduced shares outstanding from 1,178,000,000 shares to 79,000,000 shares. In addition, and at the same time, the total number of shares of common stock that Frontier is authorized to issue changed from 1,750,000,000 shares to 175,000,000 shares. There was no change in the par value of the common stock, and no fractional shares were issued. All share and per share amounts in the financial statements and footnotes have been retroactively adjusted for all periods presented to give effect to the reverse stock split. As a result of our reverse stock split the conversion rates of our Series A Preferred Stock were proportionately adjusted.

(c) Cash Equivalents:

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Restricted cash of $14 million is included within “Income taxes and other current assets” on our consolidated balance sheet as of December 31, 2017. This amount represents funds held as collateral by certain insurance carriers, of which $7 million was released in January 2018, and the remainder expected to be released in the first quarter of 2018.

(d) Revenue Recognition:

Revenue is recognized when services are provided or when products are delivered to customers. Revenue that is billed in advance includes monthly recurring network access services (including data services), special access services and monthly recurring voice, video and related charges. The unearned portion of these fees is initially deferred as a component of “Advanced billings” on our consolidated balance sheet and recognized as revenue over the period that the services are provided. Revenue that is billed in arrears includes non-recurring network access services (including data services), switched access services and non-recurring voice

and video services. The earned but unbilled portion of these fees is recognized as revenue in our consolidated statements of operations and accrued in “Accounts Receivable” on our consolidated balance sheet in the period that the services are provided. Excise taxes are recognized as a liability when billed. Installation fees and their related direct and incremental costs are initially deferred and recognized as revenue and expense over the average term of a customer relationship. We recognize as current period expense the portion of installation costs that exceeds installation fee revenue.

Frontier collects various taxes from its customers and subsequently remits these taxes to governmental authorities. Substantially all of these taxes are recorded through the consolidated balance sheet and presented on a net basis in our consolidated statements of operations. We also collect Universal Service Fund (USF) surcharges from customers (primarily federal USF) that we have recorded on a gross basis in our consolidated statements of operations and included within “Revenue” and “Network related expenses” of $216 million, $217 million and $151 million for the years ended December 31, 2017, 2016 and 2015, respectively.

In 2015 we accepted the FCC’s Connect America Fund (CAF) Phase II offer of support, which is a successor to and augments the USF frozen high cost support that we had been receiving pursuant to a 2011 FCC order. Upon completion of the CTF Acquisition, Frontier assumed the CAF Phase II support and related obligations that Verizon had previously accepted with regard to California and Texas. CAF Phase II funding is a program intended to subsidize the high cost of establishing and delivering communications services to certain unserved or underserved areas. We are recognizing these subsidies into revenue on a straight line basis, which is consistent with how the costs related to these subsidies are being and are expected to be incurred. CAF Phase II is a multi-year program which requires us to deploy broadband to a specified number of households in each of the states where funding was accepted. Failure to meet our deployment obligations at the end of the program in 2020 will result in a return of a portion of the funding received. We regularly evaluate our ability to meet our broadband deployment obligations and adjust revenue accordingly.

We categorize our products, services and other revenues among the following five categories:

- *Data and Internet services* include broadband services for consumer and commercial customers. We provide data transmission services to high volume commercial customers and other carriers with dedicated high capacity circuits (“nonswitched access”) including services to wireless providers (“wireless backhaul”);

- *Voice services* include traditional local and long-distance wireline services, Voice over Internet Protocol (VoIP) services, as well as a number of unified messaging services offered to our consumer and commercial customers. Voice services also include the long-distance voice origination and termination services that we provide to our commercial customers and other carriers;

- *Video services* include revenues generated from services provided directly to consumer customers through the FiOS® and Vantage video brands, and through DISH® satellite TV services;

- *Other* customer revenue includes sales of customer premise equipment to our commercial customers and directory services, less our provision for bad debts; and

- *Switched Access and Subsidy* revenues include revenues derived from allowing other carriers to use our network to originate and/or terminate their local and long-distance voice traffic (“switched access”). These services are primarily billed on a minutes-of-use basis applying tariffed rates filed with the FCC or state agencies. We also receive cost subsidies from state and federal authorities, including the Connect America Fund Phase II.

The following table provides a summary of revenues from external customers by the categories of Frontier's products and services:

	For the year ended December 31,		
($ in millions)	2017	2016	2015
Data and Internet services	$ 3,862	$ 3,693	$ 2,337
Voice services	2,864	2,886	2,022
Video services	1,304	1,244	285
Other	322	276	255
Customer revenue	8,352	8,099	4,899
Switched access and subsidy	776	797	677
Total revenue	$ 9,128	$ 8,896	$ 5,576

(e) Property, Plant and Equipment:
Property, plant and equipment are stated at original cost, including capitalized interest, or fair market value as of the date of acquisition for acquired properties. Maintenance and repairs are charged to operating expenses as incurred. The gross book value of routine property, plant and equipment retirements is charged against accumulated depreciation.

(f) Goodwill and Other Intangibles:
Goodwill represents the excess of purchase price over the fair value of identifiable tangible and intangible net assets acquired. We undertake studies to determine the fair values of assets and liabilities acquired and allocate purchase prices to assets and liabilities, including property, plant and equipment, goodwill and other identifiable intangibles. We examine the carrying value of our goodwill and trade name annually as of December 31, or more frequently, as circumstances warrant, to determine whether there are any impairment losses. We test for goodwill impairment at the "operating segment" level, as that term is defined in GAAP.

We determined that we have one operating segment based on a number of factors that our management uses to evaluate and run our business operations, including similarities of customers, products and technology. We tested goodwill for impairment as of December 31, 2017 as a result of the continued decline in share price of our common stock since September 30, 2017, the date of our last goodwill impairment test. Refer to Note 6 for a discussion of our goodwill impairment testing and results as of December 31, 2017. As stated in Note 2, we early adopted ASU No. 2017-04, "Simplifying the Test for Goodwill Impairment" during 2017 in conjunction with our goodwill impairment assessment.

Frontier amortizes finite-lived intangible assets over their estimated useful lives on the accelerated method of sum of the years digits. We review such intangible assets at least annually as of December 31 to assess whether any potential impairment exists and whether factors exist that would necessitate a change in useful life and a different amortization period.

(g) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of:
We review long-lived assets to be held and used, including customer lists, and long-lived assets to be disposed of for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair market value. If any assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value. Also, we periodically reassess the useful lives of our tangible and intangible assets to determine whether any changes are required.

(h) Income Taxes and Deferred Income Taxes:
We file a consolidated federal income tax return. We utilize the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recorded for the tax effect of temporary differences between the financial statement basis and the tax basis of assets and liabilities using tax rates expected to be in effect when the temporary differences are expected to reverse.

(i) Stock Plans:
We have various stock-based compensation plans. Awards under these plans are granted to eligible employees and directors. Awards may be made in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units or other stock-based awards, including awards with performance, market and time-vesting conditions. Our general policy is to issue shares from treasury upon the grant of restricted shares, earning of performance shares and the exercise of options.

The compensation cost recognized is based on awards ultimately expected to vest. GAAP requires forfeitures to be estimated and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

(j) Net Loss Per Share Attributable to Frontier Common Shareholders:
Basic net loss per common share is computed using the weighted average number of common shares outstanding during the period being reported on, excluding unvested restricted stock awards. The impact of dividends paid on unvested restricted stock awards have been deducted in the determination of basic and diluted net income (loss) per share attributable to Frontier common shareholders. Except when the effect would be antidilutive, diluted net income per common share reflects the dilutive effect of certain common stock equivalents, as described further in Note 13 – Net Loss Per Common Share.

(2) Recent Accounting Pronouncements:

Recent Accounting Pronouncements Not Yet Adopted

Revenue Recognition
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers.” This standard, along with its related amendments, requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services. This new standard will be adopted by Frontier for annual and interim reporting periods beginning with the first quarter of 2018.

The FASB allows two adoption methods under ASC 606. Companies are permitted to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. We currently plan to adopt the standard in the first quarter of 2018, using the “modified retrospective method.” Under that method, we will apply the rules to all contracts existing as of January 1, 2018, recognizing, in beginning retained earnings, a cumulative-effect adjustment to include the establishment of contract asset and contract liability accounts with a corresponding adjustment to retained earnings. We will also provide additional disclosures comparing revenue recognized under ASC 606 to revenue as reported prior to the adoption of the standard.

The key changes in the standard that impact our revenue recognition relate to the allocation of contract revenues among various services and equipment, and the timing of when those revenues are recognized. Additionally, the new standard will impact the timing of recognizing costs to obtain contracts. This includes a change in our existing policy related to the way we account for the allocation of discounts, customer incentives, upfront non-recurring charges, customer disputes and commission payments.

We are implementing changes to our systems, processes, policies and internal controls to meet the standard’s reporting and disclosure requirements. We believe the changes will impact service revenue categorization as

well as Selling, general and administrative expenses, however, we do not anticipate its impact will be material to operating income.

Leases

In February 2016, the FASB issued ASU No. 2016 – 02, "Leases (Topic 842)." This standard, along with its related amendments, establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. Upon implementation, lessees will need to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. It will be critical to identify leases embedded in a contract to avoid misstating the lessee's balance sheet. The income statement impacts of the leases will depend on the nature of the leasing arrangement and will be similar to existing accounting for operating and capital leases. Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. Lessor accounting is similar to the current model, but updated to align with certain changes to the lessee model and the new revenue recognition standard. Existing sale-leaseback guidance, including guidance for real estate, is replaced with a new model applicable to both lessees and lessors. The new guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years using modified retrospective application. Early application is permitted. Frontier is in the initial stages of evaluating the potential impact this new standard may have on the consolidated financial statements.

Compensation – Retirement Benefits

In March 2017, the FASB issued ASU No. 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". This standard was established to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost by requiring that an employer disaggregate the service cost component of periodic benefit cost from the other components of net benefit cost. The amendments in the update also provide explicit guidance on how to present the service cost component and other components of net benefit cost in the income statement and allow only the service cost components of net benefit cost to be eligible for capitalization. The new guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods and requires the presentation of the income statement to be applied retrospectively. As a result of the standard, pension settlement costs and certain benefit costs which are currently included in operating expense, would be reported as other non-operating expense and will no longer be capitalized. This will have a material impact on previously reported operating income and may have a material impact to operating income in future periods, however, the impact to pre-tax income is not expected to be material.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, FASB issued ASU 2018-02, which allows for the reclassification of certain income tax effects related to the Tax Cuts and Jobs Act (the "Tax Act") between "Accumulated other comprehensive income" and "Retained earnings." This ASU relates to the requirement that adjustments to deferred tax liabilities and assets related to a change in tax laws or rates to be included in "Income from continuing operations", even in situations where the related items were originally recognized in "Other comprehensive income" (rather than in "Income from continuing operations"). The amendments in this ASU are effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. Adoption of this ASU is to be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the tax laws or rates were recognized. We are still evaluating certain aspects of this ASU as well as the related impacts it may have on our financial statements.

Recently Adopted Accounting Pronouncements

Share-Based Payments - Scope of Modification Accounting
In May 2017, the FASB issued ASU No. 2017-09, Scope of Modification Accounting which amends the scope of modification accounting for share-based payment arrangements. This standard provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. Specifically, an entity would not apply modification accounting if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification. The new guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods and early adoption is permitted including in any interim period. Frontier has adopted this standard during the second quarter 2017, with no impact to our share-based payment awards.

Intangibles – Goodwill
In January 2017, the FASB issued ASU No. 2017-04, "Simplifying the Test for Goodwill Impairment." This standard was established to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The FASB also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. Therefore, the same impairment assessment applies to all reporting units. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. Frontier early adopted this standard during in 2017 in conjunction with our goodwill impairment assessment. See Note 1 and Note 6 for further discussion.

Compensation – Stock Compensation
In March 2016, the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting," to amend ASC Topic 718, "Compensation – Stock Compensation." The ASU is part of the FASB's ongoing simplification initiative, which is designed to reduce cost and complexity while maintaining or improving the usefulness of the information provided to the users of financial statements. The simplifications address a variety of areas for public entities, including the following: 1) accounting for income taxes, 2) classification of excess tax benefits on the statement of cash flows, 3) forfeitures, 4) minimum statutory tax withholding requirements, 5) classifications of employee taxes paid on the statement of cash flows when an employer withholds shares for tax withholding purposes, and 6) classification of awards with repurchase features. This guidance was effective for Frontier as of the third quarter of 2017. During the year ended December 31, 2017 Frontier recognized $1 million of income tax expense and recorded a cumulative effect adjustment to beginning accumulated deficit of $1 million to recognize all unrecognized deferred tax benefits recorded as of January 1, 2017. For the years ended December 31, 2016 and 2015, Frontier reclassified $10 million and $14 million, respectively, of taxes paid on behalf of employees related to shares withheld from "Cash flows provided from (used by) operations" to "Cash flows used by financing activities" in accordance with the new standard.

(3) Acquisitions:

The CTF Acquisition
On April 1, 2016, Frontier acquired the wireline operations of Verizon Communications, Inc. in California, Texas and Florida for a purchase price of $10,540 million in cash and assumed debt (the CTF Acquisition), pursuant to the February 5, 2015 Securities Purchase Agreement, as amended. In addition, Frontier and Verizon settled the working capital and net debt adjustments with $15 million paid to Frontier in October 2016. As a result of the CTF Acquisition, Frontier now operates these former Verizon properties, which included approximately 2.5

million total customers, 2.1 million broadband subscribers, and 1.2 million FiOS video subscribers as of April 1, 2016 (the CTF Operations).

Our consolidated statement of operations for the year ended December 31, 2016 includes $3,622 million of revenue and $582 million of operating income related to the nine months of operating results of the CTF Operations since April 1, 2016.

The allocation of the purchase price presented below, which was finalized as of March 31, 2017, represents the effect of recording the estimates of the fair value of assets acquired and liabilities assumed as of the date of the CTF Acquisition, based on the total transaction cash consideration of $9,871 million at December 31, 2017.

($ in millions)		
Current assets	$	353
Property, plant & equipment		6,096
Goodwill		2,606
Other intangibles - primarily customer base		2,262
Current liabilities		(579)
Long-term debt		(544)
Other liabilities		(323)
Total net assets acquired	$	9,871

The fair value estimates related to the allocation of the purchase price to Other intangibles were revised and updated during the first quarter of 2017 from the previous estimates as of December 31, 2016. The allocation that was reported as of December 31, 2016 for Other intangibles increased $100 million, from $2,162 million to $2,262 million. These measurement period adjustments resulted in $20 million of amortization expense during the first quarter of 2017 that would have been recorded in 2016 if the adjustments had been recognized as of the acquisition date. Other adjustments to the allocation of the purchase price for the CTF Acquisition during the first quarter of 2017 resulted in a $140 million decrease in Property, plant & equipment, a $61 million increase in Current liabilities, and a $98 million increase in Goodwill.

The total consideration exceeded the net estimated fair value of the assets acquired and liabilities assumed by $2,606 million, which we recognized as goodwill. This goodwill is attributable to strategic benefits, including enhanced financial and operational scale, market diversification and leveraged combined networks that we expect to realize. This amount of goodwill associated with the CTF Acquisition will be deductible for income tax purposes.

The following unaudited pro forma financial information presents the combined results of operations of Frontier and the CTF Operations as if the CTF Acquisition had occurred as of January 1, 2015. The pro forma information is not necessarily indicative of what the financial position or results of operations actually would have been had the CTF Acquisition been completed as of January 1, 2015. In addition, the unaudited pro forma financial information is not indicative of, nor does it purport to project, the future financial position or operating results of Frontier. The unaudited pro forma financial information excludes acquisition and integration costs and does not give effect to any estimated and potential cost savings or other operating efficiencies that may result from the CTF Acquisition.

	(Unaudited)	
	For the year ended December 31,	
($ in millions, except per share amounts)	2016	2015
Revenue	$ 10,255	$ 11,157
Operating income	$ 1,433	$ 1,529
Net loss attributable to Frontier common shareholders	$ (262)	$ (192)
Basic and diluted net loss per share attributable to Frontier common shareholders	$ (3.38)	$ (2.66)

The Connecticut Acquisition

On October 24, 2014, Frontier acquired the wireline properties of AT&T Inc. (AT&T) in Connecticut (the Connecticut Acquisition) for a purchase price of $2,018 million in cash, pursuant to the stock purchase agreement dated December 16, 2013, as amended. Following the Connecticut Acquisition, Frontier now owns and operates the wireline business and fiber optic network servicing consumer, commercial and wholesale customers in Connecticut. Frontier also acquired the AT&T U-verse® video (Vantage) and DISH® satellite TV customers in Connecticut.

Acquisition and Integration Costs

Acquisition costs include legal, financial advisory, accounting, regulatory and other related costs. Integration costs include expenses that are incremental and directly related to the acquisition, and were incurred to integrate the network and information technology platforms and to enable other integration initiatives.

Frontier incurred operating expenses related to the CTF Acquisition and the Connecticut Acquisition, as follows:

	For the year ended December 31,		
($ in millions)	2017	2016	2015
Acquisition costs:			
CTF Acquisition	$ -	$ 23	$ 44
Connecticut Acquisition	-	-	1
	-	23	45
Integration costs:			
CTF Acquisition	25	412	152
Connecticut Acquisition	-	1	39
	25	413	191
Total acquisition and integration costs	$ 25	$ 436	$ 236

We also invested $34 million, $142 million, and $129 million in capital expenditures related to the CTF Acquisition during the years ended December 31, 2017, 2016, and 2015, respectively. In connection with the Connecticut Acquisition, Frontier invested $24 million in capital expenditures during the year ended December 31, 2015.

(4) Accounts Receivable:
The components of accounts receivable, net at December 31, 2017 and 2016 are as follows:

($ in millions)	2017	2016
Retail and Wholesale	$ 801	$ 979
Other	87	90
Less: Allowance for doubtful accounts	(69)	(131)
Accounts receivable, net	$ 819	$ 938

An analysis of the activity in the allowance for doubtful accounts for the years ended December 31, 2017, 2016 and 2015 is as follows:

($ in millions)	Balance at beginning of Period	Charged to Other Revenue	Charged (Credited) to Switched and Nonswitched Revenue and Other Accounts	Write-offs, net of Recoveries	Balance at end of Period
2015	$ 72	$ 67	$ (17)	$ (65)	$ 57
2016	$ 57	$ 164	$ 15	$ (105)	$ 131
2017	$ 131	$ 109	$ (22)	$ (149)	$ 69

We maintain an allowance for doubtful accounts based on our estimate of our ability to collect accounts receivable. The provision for uncollectible amounts was $87 million, $179 million, and $50 million for the years ended December 31, 2017, 2016 and 2015, respectively. Our allowance for doubtful accounts increased in 2016 primarily as a result of the customer account balances related to CTF Operations subsequent to the CTF Acquisition. Our allowance for doubtful accounts decreased during 2017 primarily as a result of resolutions of carrier disputes and increased collection efforts on delinquent balances in both our CTF and Legacy markets. Resolutions reached with carriers resulted in a reduction of our reserves of $39 million in 2017.

(5) Property, Plant and Equipment:
Property, plant and equipment, net at December 31, 2017 and 2016 are as follows:

($ in millions)	Estimated Useful Lives	2017	2016
Land	N/A	$ 231	$ 235
Buildings and leasehold improvements	41 years	2,282	2,320
General support	5 to 17 years	1,570	1,502
Central office/electronic circuit equipment	5 to 18 years	8,137	7,683
Poles	30 years	1,095	995
Cable, fiber and wire	15 to 25 years	10,997	10,292
Conduit	55 years	1,646	1,611
Construction work in progress		538	903
Property, plant and equipment		26,496	25,541
Less: Accumulated depreciation		(12,119)	(10,639)
Property, plant and equipment, net		$ 14,377	$ 14,902

Property, plant, and equipment includes approximately $171 million and $154 million of fixed assets recognized under capital leases as of December 31, 2017 and 2016, respectively.

In 2017, we sold certain properties, generating $102 million in net proceeds, of which $97 million relates to property subject to leasebacks. For these properties, we have deferred $66 million in related gains that will be amortized over the related lease terms of two years. For year ended December 31, 2017, amortization of these deferred gains totaled $23 million, which are included in "Selling, general and administrative expenses" on our consolidated income statement. We have remaining deferred gain balances of $43 million, which are included in "Other liabilities."

Depreciation expense is principally based on the composite group method. Depreciation expense was as follows:

	For the Year Ended		
($ in millions)	2017	2016	2015
Depreciation expense	$ 1,485	$ 1,388	$ 983

We adopted new estimated remaining useful lives for certain plant assets as of October 1, 2017, as a result of an annual independent study of the estimated remaining useful lives of our plant assets, with an insignificant impact to depreciation expense.

(6) Goodwill and Other Intangibles:
The changes in the carrying amount of goodwill, net for the years ended December 31, 2017 and 2016 were as follows:

($ in millions)	Goodwill
Balance at January 1, 2016	$ 7,166
CTF Acquisition (Note 3)	2,508
Balance at December 31, 2016	9,674
CTF Acquisition adjustment	98
Goodwill impairment	(2,748)
Balance at December 31, 2017	$ 7,024

Accumulated goodwill impairment charges were $2,788 million and $40 million as of December 31, 2017 and 2016, respectively.

We are required to perform impairment tests related to our goodwill annually, which we perform as of December 31, or sooner if an indicator of impairment occurs. Due to the continued decline in our stock price we had triggering events in each of the four quarters in 2017.

We use a market multiples approach to determine fair value. Marketplace company comparisons and analyst reports within the wireline telecommunications industry have historically supported a range of fair values of multiples between 4.4x and 6.5x annualized EBITDA (defined as operating income, net of acquisition and integration costs, pension/OPEB expense, pension settlement costs, stock-based compensation expense, goodwill impairment, storm-related costs, and restructuring costs and other charges, as well as depreciation and amortization). We estimated the enterprise fair value using a multiple of 5.8x EBITDA for the first three quarters in 2017 and a multiple of 5.5x EBITDA for the fourth quarter evaluation.

Our second and fourth quarter quantitative assessments indicated that the carrying value of the enterprise exceeded its fair value and, therefore, an impairment existed. We elected to early adopt the simplified goodwill testing method under ASU 2017-04, recording goodwill impairments totaling $2,748 million for 2017. The driver for the impairment in the second quarter was a reduction in our profitability and utilized EBITDA estimate, which when applied to our market multiple resulted in a lower enterprise valuation. During the fourth quarter, the impairment was largely driven by a lower enterprise valuation resulting from a reduction in utilized market multiple from 5.8x to 5.5x reflecting the lower outlook for our industry as a whole. The revaluation of our net

deferred tax liabilities which resulted from the enactment of Tax Cut and Job Act, caused further goodwill impairment (see Note 12).

Our first and third quarter quantitative assessments indicated that the fair value of the enterprise exceeded its carrying value and, therefore, no indication of impairment existed in either period.

The market multiples approach that we use incorporates significant estimates and assumptions related to the forecasted results for the remainder of the year including revenues, expenses, and the achievement of other cost synergies. Our assessment includes many qualitative factors that require significant judgment. Alternative interpretations of these factors could have resulted in different conclusions regarding the need for, or size of, an impairment. Continued declines in our profitability or cash flows or in the sustained, historically low trading prices of our common stock may result in further impairment.

We also considered whether the carrying values of finite-lived intangible assets and property plant and equipment may not be recoverable or whether the carrying value of certain indefinite-lived intangible assets were impaired, noting no additional impairment was present as of December 31, 2017.

The components of other intangibles at December 31, 2017 and 2016 are as follows:

	2017			2016		
($ in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Other Intangibles:						
Customer base	$ 5,188	$ (3,294)	$ 1,894	$ 5,088	$ (2,604)	$ 2,484
Trade name	122	-	122	122	-	122
Royalty agreement	72	(25)	47	72	(16)	56
Total other intangibles	$ 5,382	$ (3,319)	$ 2,063	$ 5,282	$ (2,620)	$ 2,662

Amortization expense was as follows:

	For the Year Ended		
($ in millions)	2017	2016	2015
Amortization expense	$ 699	$ 643	$ 337

Amortization expense primarily represents the amortization of our customer base acquired as a result of the CTF Acquisition, the Connecticut Acquisition and the acquisition of certain Verizon properties in 2010 with each based on a useful life of 8 to 12 years on an accelerated method. The approximate weighted average remaining life of our customer base is 6 years and for our royalty agreement is 3 years. Amortization expense based on our current estimate of useful lives, is estimated to be approximately $569 million in 2018, $454 million in 2019, $354 million in 2020, $260 million in 2021, and $173 million in 2022.

(7) Long-Term Debt:

The activity in our long-term debt from January 1, 2017 to December 31, 2017 is summarized as follows:

		Year ended December 31, 2017			
($ in millions)	January 1, 2017	Payments and Retirements	New Borrowings	December 31, 2017	Interest Rate at December 31, 2017*
Senior & Subsidiary Unsecured Debt	$ 15,900	$ (1,655)	$ -	$ 14,245	9.22%
Senior Secured Debt	2,151	(155)	1,500	3,496	5.24%
Secured Subsidiary Debt	100	-	-	100	8.50%
Secured Debt	19	(3)	-	16	5.56%
Rural Utilities Service Loan Contracts	8	(1)	-	7	6.15%
Total Debt	$ 18,178	$ (1,814)	$ 1,500	$ 17,863	8.44%
Less: Debt Issuance Costs	(209)			(183)	
Less: Debt Premium (Discount)	(46)			(54)	
Less: Current Portion	(363)			(656)	
Total Long-Term Debt	$ 17,560			$ 16,970	

** Interest rate includes amortization of debt issuance costs and debt premiums or discounts. The interest rates at December 31, 2017 represent a weighted average of multiple issuances.*

Additional information regarding our senior unsecured debt, senior secured debt and subsidiary debt at December 31, 2017 and 2016 is as follows:

	2017		2016	
($ in millions)	Principal Outstanding	Interest Rate	Principal Outstanding	Interest Rate
Senior Unsecured Debt Due:				
4/15/2017	$ -	8.250%	$ 210	8.250%
10/1/2018	491	8.125%	583	8.125%
3/15/2019	404	7.125%	434	7.125%
4/15/2020	619	8.500%	1,169	8.500%
9/15/2020	303	8.875%	1,066	8.875%
7/1/2021	490	9.250%	500	9.250%
9/15/2021	775	6.250%	775	6.250%
4/15/2022	500	8.750%	500	8.750%
9/15/2022	2,188	10.500%	2,188	10.500%
1/15/2023	850	7.125%	850	7.125%
4/15/2024	750	7.625%	750	7.625%
1/15/2025	775	6.875%	775	6.875%
9/15/2025	3,600	11.000%	3,600	11.000%
11/1/2025	138	7.000%	138	7.000%
8/15/2026	2	6.800%	2	6.800%
1/15/2027	346	7.875%	346	7.875%
8/15/2031	945	9.000%	945	9.000%
10/1/2034	1	7.680%	1	7.680%
7/1/2035	125	7.450%	125	7.450%
10/1/2046	193	7.050%	193	7.050%
	13,495		15,150	
Senior Secured Debt Due:				
10/24/2019 (1)	245	5.445% (Variable)	280	4.145% (Variable)
3/31/2021 (2)	1,483	4.320% (Variable)	1,564	3.270% (Variable)
10/12/2021(3)	276	5.445% (Variable)	307	4.145% (Variable)
6/15/2024 (4)	1,492	5.320% (Variable)	-	
	3,496		2,151	
Subsidiary Debentures Due:				
5/15/2027	200	6.750%	200	6.750%
2/1/2028	300	6.860%	300	6.860%
2/15/2028	200	6.730%	200	6.730%
10/15/2029	50	8.400%	50	8.400%
11/15/2031	100	8.500%	100	8.500%
	850		850	
Total	$ 17,841	8.1% (5)	$ 18,151	8.3% (5)

(1) Represents borrowings under the 2014 CoBank Credit Agreement, as defined below.

(2) Represents borrowings under the JPM Credit Agreement Term Loan A, as defined below.

(3) Represents borrowings under the 2016 CoBank Credit Agreement, as defined below.

(4) Represents borrowings under the JPM Credit Agreement Term Loan B, as defined below.

(5) Interest rate represents a weighted average of the stated interest rates of multiple issuances.

New Notes Issuances
Upon completion of the CTF Acquisition on April 1, 2016, we assumed additional debt of $600 million, including $200 million aggregate principal amount of 6.75% Senior Notes due May 15, 2027, $300 million aggregate principal amount of 6.86% Senior Notes due February 1, 2028 and $100 million aggregate principal amount of 8.50% Senior Notes due November 15, 2031.

On September 25, 2015, Frontier completed a private offering of $6,600 million aggregate principal amount of unsecured Senior Notes, as follows: $1,000 million of 8.875% Senior Notes due 2020; $2,000 million of 10.50% Senior Notes due 2022; and $3,600 million of 11.00% Senior Notes due 2025. Each was issued at a price equal to 100% of its principal amount. Frontier used the net proceeds from the offering (after deducting underwriting fees) to finance a portion of the cash consideration paid in connection with the CTF Acquisition and to pay related fees and expenses. The net proceeds of the debt offering of $6,485 million were included in “Restricted cash” in the consolidated balance sheet as of December 31, 2015. In June 2016, we completed an exchange offer of registered senior notes for the privately placed senior notes.

Debt Reductions and Conversions
During 2017, Frontier used proceeds from Term Loan B (see definition and note discussion below) and cash on hand to retire $763 million of 8.875% Notes due 2020, $550 million of 8.500% Notes due 2020, $92 million of 8.125% Notes due 2018, $30 million of 7.125% Notes due 2019, and $10 million of 9.250% Notes due 2021. Frontier recorded a loss of $88 million driven primarily by premiums on the retirement of the notes. Additionally, Frontier used cash available on hand for the scheduled retirement of $210 million of 8.25% Senior Notes at maturity.

During 2016, we completed non-cash debt exchanges including related accrued interest, of $397 million of our 8.25% Notes due April 2017 for approximately $147 million of our 8.50% Notes due April 2020, $66 million of our 8.875% Notes due September 2020, and $188 million of our 10.50% Notes due September 2022. A pretax loss of approximately $7 million was recognized and included in our consolidated statement of operations for the year ended December 31, 2016.

During 2015, Frontier used cash available on hand for the scheduled retirement of $97 million of 7.875% Senior Notes, and $105 million 6.625% Senior Notes at maturity.

Term Loans and Credit Facilities
On February 27, 2017, Frontier entered into a first amended and restated credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which Frontier combined its revolving credit agreement, dated as of June 2, 2014, and its term loan credit agreement, dated as of August 12, 2015. Under the JPM Credit Agreement, as further amended on June 15, 2017 by Increase Joinder No.1 (as so amended, the JPM Credit Agreement), Frontier has a $1,625 million senior secured term loan A facility (the Term Loan A) maturing on March 31, 2021, an $850 million undrawn secured revolving credit facility maturing on February 27, 2022 (the Revolver), and $1,500 million senior secured term loan B facility (the Term Loan B) maturing on June 15, 2024. The maturities of the Term Loan A, the Revolver, and the Term Loan B, in each case if still outstanding, will be accelerated in the following circumstances: (i) if, 91 days before the maturity date of any series of Senior Notes maturing in 2020, 2023 and 2024, more than $500 million in principal amount remains outstanding on such series; or (ii) if, 91 days before the maturity date of the first series of Senior Notes maturing in 2021 or 2022, more than $500 million in principal amount remains outstanding, in the aggregate, on the two series of Senior Notes maturing in such year. The determination of interest rates for each of the facilities under the JPM Credit Agreement is based on margins over the Base Rate (as defined in the JPM Credit Agreement) or over LIBOR, at the election of Frontier. Interest rate margins on the Term Loan A and Revolver (ranging from 0.75% to 1.75% for Base Rate borrowings and 1.75% to 2.75% for LIBOR borrowings) are subject to adjustment based on Frontier’s Total Leverage Ratio (as defined in the JPM Credit Agreement). The interest rate on the Term Loan A as of December 31, 2017 was LIBOR plus 2.75%. Interest rate margins on the Term Loan B (2.75% for Base Rate borrowings and 3.75% for LIBOR borrowings) are not subject to adjustment. The security package under the JPM Credit Agreement includes pledges of the equity interests in certain Frontier subsidiaries and guaranties by certain Frontier subsidiaries. As of December 31, 2017 no borrowing had been made under the revolving credit facility. Letters of credit, which may be issued under the revolver up to a maximum of $134 million, reduce available borrowing capacity under the revolving credit facility. Letters of credit issued under the revolver totaled $63 million and $0 as of December 31, 2017 and 2016,

respectively. The revolving credit facility is available for general corporate purposes but may not be used to fund dividend payments if the undrawn amount under the revolver is less than $250 million.

Frontier has two senior secured credit agreements with CoBank, ACB, as administrative agent, lead arranger and a lender, and the other lenders party thereto: the first, drawn in 2011 (the 2011 CoBank Credit Agreement), was refinanced on October 12, 2016 with a similar facility for $315 million, maturing on October 12, 2021 (the 2016 CoBank Credit Agreement), and the second, drawn in 2014 (the 2014 CoBank Credit Agreement), matures on October 24, 2019. Repayment of the principal balance will be made in quarterly installments of $8 million which commenced December 31, 2016 for the 2016 CoBank Credit Agreement, and $9 million which commenced on March 31, 2015 for the 2014 CoBank Credit Agreement. The remaining outstanding principal balances to be repaid on the maturity date.

On March 29, 2017, Frontier amended the 2014 and 2016 CoBank Credit Agreements. The amendments provide that interest rate margins under each of these facilities will range from 0.875% to 3.875% for Base Rate borrowings and 1.875% to 4.875% for LIBOR borrowings, subject to adjustment based on our Total Leverage Ratio, as defined in each credit agreement. The interest rate on each of the facilities as of December 31, 2017 was LIBOR plus 3.875%. In addition, the amendments provide for increases in the maximum Leverage Ratio and expansion of the security package identical to those contained in the JPM Credit Agreement.

On January 25, 2018 Frontier further amended its credit agreements with JP Morgan Chase and CoBank (JPM Credit Amendment). The amendments expanded the security package to include interests of certain subsidiaries previously not pledged and replaced the net leverage ratio maintenance test with a first lien net leverage ratio maintenance test.

During 2015, we entered into secured financings totaling $3 million with four year terms and no stated interest rate for certain equipment purchases.

As of December 31, 2017, we were in compliance with all of our debt and credit facility covenants.

Our scheduled principal payments are as follows as of December 31, 2017:

($ in millions)	Principal Payments
2018	$ 656
2019	$ 804
2020	$ 1,132
2021	$ 2,558
2022	$ 2,703
Thereafter	$ 10,010

Other Obligations

During 2016, Frontier contributed a real estate property with a fair value of $15 million for the purpose of funding a portion of its contribution obligations to its qualified defined benefit pension plan. The pension plan obtained independent appraisals of the property and, based on these appraisals, the pension plan recorded the contribution at its fair value of $15 million. Frontier has entered into a lease for the contributed property with initial terms of 15 years at a combined aggregate annual rent of approximately $2 million. The property is managed on behalf of the pension plan by an independent fiduciary, and the terms of the lease were negotiated with the fiduciary on an arm's-length basis.

The contribution and leaseback of the property was treated as a financing transaction and, accordingly, Frontier continues to depreciate the carrying value of the property in its financial statements and no gain or loss was recognized. An obligation of $15 million was recorded in our consolidated balance sheet within "Other liabilities" and the liability is reduced annually by a portion of the lease payments made to the pension plan.

During 2017 and 2016, Frontier modified certain operating leases for vehicles which resulted in the classification as capital leases. These agreements have lease terms of 1 to 7 years. These capital lease obligations are included in our consolidated balance sheet within "Other liabilities" and "Other current liabilities."

In 2012, Frontier entered into a sale and leaseback arrangement for a facility in Everett, Washington and entered into a capital lease for the use of fiber in the state of Minnesota. These agreements have lease terms of 12 and 23 years, respectively. These capital lease obligations are included in our consolidated balance sheet within "Other liabilities" and "Other current liabilities."

Future minimum payments for finance lease obligations and capital lease obligations as of December 31, 2017 are as follows:

($ in millions)	Finance Lease Obligations	Capital Lease Obligations
Year ending December 31:		
2018	$ 9	$ 41
2019	9	29
2020	10	19
2021	10	12
2022	10	9
Thereafter	52	9
Total future payments	100	119
Less: Amounts representing interest	(55)	(14)
Present value of minimum lease payments	$ 45	$ 105

(8) Restructuring Costs

As of December 31, 2017, restructuring related liabilities of $25 million pertaining to employee separation charges are included in "Other current liabilities" in our consolidated balance sheet.

During 2017, restructuring costs and other charges, primarily consisting of severance and other employee-related costs of $68 million, pension/OPEB benefit enhancements of $5 million and the loss recorded on the sale of Frontier's Secure Strategic Partnerships business of $9 million, totaling $82 million in connection with workforce reductions, are included in "Restructuring costs and other charges" in our consolidated statement of operations for the year ended December 31, 2017.

During 2016, restructuring costs and other charges, primarily consisting of severance and other employee-related costs of $65 million, and pension/OPEB benefit enhancements of $26 million, totaling $91 million in connection with workforce reductions, are included in "Restructuring costs and other charges" in our consolidated statement of operations for the year ended December 31, 2016.

The following is a summary of the changes in the liabilities established for restructuring programs at December 31, 2017:

($ in millions)	Restructuring Liability
Balance, January 1, 2016	$ 1
Severance costs	65
Cash payments during the period	(19)
Balance, December 31, 2016	47
Severance costs	68
Cash payments during the period	(90)
Balance, December 31, 2017	$ 25

(9) Investment and Other Income, Net:

The components of investment and other income, net for the years ended December 31, 2017, 2016 and 2015 are as follows:

($ in millions)	2017	2016	2015
Interest and dividend income	$ 6	$ 13	$ 7
Gain on expiration/settlement of customer advances	-	13	-
All other, net	(3)	1	-
Total investment and other income, net	$ 3	$ 27	$ 7

During 2016, we recognized income of $13 million in connection with certain retained liabilities that have terminated, associated with customer advances for construction from our disposed water properties.

(10) Capital Stock:

We are authorized to issue up to 175,000,000 shares of common stock and 50,000,000 shares of preferred stock. The amount and timing of dividends payable on common and preferred stock are, subject to applicable law, within the sole discretion of our Board of Directors.

Common Stock Offering

On June 10, 2015, prior to the reverse stock split (see Footnote 1) we completed a registered offering of 150,000,000 shares of our common stock, par value $0.25 per share, at an offering price of $5 per share. On June

24, 2015, Frontier issued an additional 15,000,000 shares of common stock in connection with the over-allotment option that was exercised in full by the underwriters. Aggregate net proceeds were approximately $799 million after deducting commissions and estimated expenses. We used the net proceeds from this offering to fund a portion of the acquisition price of the CTF Acquisition and related fees and expenses.

Mandatory Convertible Preferred Stock (Series A) Offering

On June 10, 2015, prior to the reverse stock split, we completed a registered offering of 17,500,000 shares of our 11.125% Mandatory Convertible Preferred Stock, Series A, par value $0.01 per share (the "Series A Preferred Stock"), at an offering price of $100 per share. On June 24, 2015, Frontier issued an additional 1,750,000 shares of Series A Preferred Stock in connection with the over-allotment option that was exercised in full by the underwriters. Aggregate net proceeds of the offering were $1,866 million after deducting commissions and estimated expenses. We used the net proceeds from this offering to fund a portion of the acquisition price of the CTF Acquisition and related fees and expenses.

Unless converted earlier, each share of the Series A Preferred Stock will automatically convert on June 29, 2018 into common stock, (between 1.1348 and 1.3333 shares on a post-split basis) depending on the applicable market value of our common stock, subject to anti-dilution adjustments. Subject to certain restrictions, at any time prior to June 29, 2018, holders of the Series A Preferred Stock may elect to convert all or a portion of their shares into common stock at the minimum conversion rate then in effect.

Dividends on shares of the Series A Preferred Stock are payable on a cumulative basis when, as and if declared by our Board of Directors (or an authorized committee thereof) at an annual rate of 11.125% on the liquidation preference of $100.00 per share, on the last business day of March, June, September and December of each year, commencing on September 30, 2015 to, and including, the mandatory conversion date. Series A Preferred Stock dividends of $214 million, $214 million, and $120 million were paid in 2017, 2016, and 2015 respectively.

Pursuant to the terms of the CTF Acquisition, $1,955 million of the $2,665 million in net proceeds from the equity offerings were deposited into escrow and were included in "Restricted cash" in the consolidated balance sheet as of December 31, 2015. Upon closing of the CTF Acquisition, the funds were released and used to fund a portion of the purchase price.

(11) Stock Plans:

At December 31, 2017, we had seven stock-based compensation plans under which grants were made and awards remained outstanding. No further awards may be granted under six of the plans: the 1996 Equity Incentive Plan (the 1996 EIP), the Amended and Restated 2000 Equity Incentive Plan (the 2000 EIP), the 2009 Equity Incentive Plan (the 2009 EIP), the 2013 Equity Incentive Plan (the 2013 EIP), the Deferred Fee Plan and the Directors' Equity Plan. At December 31, 2017, there were approximately 5,667,000 shares authorized for grant and approximately 4,361,000 shares available for grant under the 2017 Equity Incentive Plan (the 2017 EIP and together with the 1996 EIP, the 2000 EIP, the 2009 EIP and the 2013 EIPS, the EIPs). Our general policy is to issue treasury shares upon the grant of restricted shares and the exercise of options.

1996, 2000, 2009, 2013, and 2017 Equity Incentive Plans

Since the expiration dates of the 1996 EIP, the 2000 EIP, the 2009 EIP, and the 2013 EIP on May 22, 2006, May 14, 2009, May 8, 2013, and May 10, 2017, respectively, no awards have been or may be granted under the 1996 EIP, the 2000 EIP, the 2009 EIP, and the 2013 EIP. Under the 2017 EIP, awards of our common stock may be granted to eligible employees in the form of incentive stock options, non-qualified stock options, SARs, restricted stock, performance shares or other stock-based awards. As discussed under the Non-Employee Directors' Compensation Plans below, prior to May 25, 2006 non-employee directors received an award of stock options under the 2000 EIP upon commencement of service. No awards may be granted more than 10 years after the effective date (May 10, 2017) of the 2017 EIP plan. The exercise price of stock options and SARs under the EIPs generally are equal to or greater than the fair market value of the underlying common stock on the date of grant. Stock options are not ordinarily exercisable on the date of grant but vest over a period of time (generally four years). Under the terms of the EIPs, subsequent stock dividends and stock splits have the effect of increasing the option shares outstanding, which correspondingly decrease the average exercise price of outstanding options.

Performance Shares

On February 15, 2012, Frontier's Compensation Committee, in consultation with the other non-management directors of Frontier's Board of Directors and the Committee's independent executive compensation consultant, adopted the Frontier Long-Term Incentive Plan (the LTIP). LTIP awards are granted in the form of performance shares. The LTIP is currently offered under Frontier's 2009 EIP, 2013 EIP and 2017 EIP, and participants consist of senior vice presidents and above. The LTIP awards have performance, market and time-vesting conditions.

Beginning in 2012, during the first 90 days of a three-year performance period (a Measurement Period), a target number of performance shares are awarded to each LTIP participant with respect to the Measurement Period. The performance metrics under the LTIP are (1) annual targets for operating cash flow based on a goal set during the first 90 days of each year in the three-year Measurement Period and (2) an overall performance "modifier" set during the first 90 days of the Measurement Period, based on Frontier's total return to stockholders (i.e., Total Shareholder Return or TSR) relative to the Integrated Telecommunications Services Group (GICS Code 50101020) for the three-year Measurement Period. Operating cash flow performance is determined at the end of each year and the annual results will be averaged at the end of the three-year Measurement Period to determine the preliminary number of shares earned under the LTIP award. The TSR performance measure is then applied to decrease or increase payouts based on Frontier's three year relative TSR performance. LTIP awards, to the extent earned, will be paid out in the form of common stock shortly following the end of the three-year Measurement Period.

On February 25, 2015, the Compensation Committee granted approximately 665,000 performance shares under the LTIP and set the operating cash flow performance goal for 2015, which applies to the first year in the 2015-2017 measurement period, the second year of the 2014-2016 measurement period and the third year of the 2013-2015 measurement period. On February 11, 2016, the Compensation Committee granted approximately 1,669,000 performance shares under the LTIP and set the operating cash flow performance goal for 2016, which applies to the first year in the 2016-2018 measurement period, the second year of the 2015-2017 measurement period and the third year of the 2014-2016 measurement period. On February 16, 2017, the Compensation Committee of our Board of Directors granted approximately 157,400 performance shares under the Frontier Long Term Incentive Plan (the LTIP) and set the operating cash flow performance goal for 2017, which applies to the first year in the 2017-2019 measurement period, the second year of the 2016-2018 measurement period and the third year of the 2015-2017 measurement period. The number of shares of common stock earned at the end of each three-year Measurement Period may be more or less than the number of target performance shares granted as a result of operating cash flow and TSR performance. An executive must maintain a satisfactory performance rating during the Measurement Period and must be employed by Frontier at the end of the three-year Measurement Period in order for the award to vest. The Compensation Committee will determine the number of shares earned for each three year Measurement Period in February of the year following the end of the Measurement Period.

The following summary presents information regarding LTIP target performance shares as of December 31, 2017 and changes during the three years then ended with regard to LTIP shares awarded under the 2009 EIP, 2013 EIP, and 2017 EIP:

	Number of Shares *(in thousands)*
Balance at December 31, 2014	179
LTIP target performance shares granted	49
LTIP target performance shares earned	(50)
LTIP target performance shares forfeited	(10)
Balance at December 31, 2015	168
LTIP target performance shares granted	111
LTIP target performance shares earned	(59)
LTIP target performance shares forfeited	(30)
Balance at December 31, 2016	190
LTIP target performance shares granted	211
LTIP target performance shares earned	(41)
LTIP target performance shares forfeited	(54)
Balance at December 31, 2017	306

For purposes of determining compensation expense, the fair value of each performance share is measured at the end of each reporting period and, therefore, will fluctuate based on the price of Frontier common stock as well as performance relative to the targets. Frontier recognized an expense, included in "Selling, general, and administrative expenses" of $1 million, $6 million, and $7 million during 2017, 2016 and 2015, respectively, for the LTIP.

Restricted Stock

The following summary presents information regarding unvested restricted stock as of December 31, 2017 and changes during the three years then ended with regard to restricted stock under the 2009 EIP, 2013 EIP, and 2017 EIP:

	Number of Shares *(in thousands)*	Weighted Average Grant Date Fair Value (per share)	Aggregate Fair Value *(in millions)*
Balance at December 31, 2014	512	$ 71.25	$ 52
Restricted stock granted	188	$ 118.80	$ 13
Restricted stock vested	(214)	$ 73.35	$ 15
Restricted stock forfeited	(24)	$ 76.50	
Balance at December 31, 2015	462	$ 88.95	$ 33
Restricted stock granted	396	$ 65.40	$ 20
Restricted stock vested	(248)	$ 78.90	$ 13
Restricted stock forfeited	(61)	$ 76.65	
Balance at December 31, 2016	549	$ 78.00	$ 28
Restricted stock granted	454	$ 47.77	$ 3
Restricted stock vested	(240)	$ 80.86	$ 2
Restricted stock forfeited	(130)	$ 60.92	
Balance at December 31, 2017	633	$ 58.63	$ 4

For purposes of determining compensation expense, the fair value of each restricted stock grant is estimated based on the average of the high and low market price of a share of our common stock on the date of grant. Total remaining unrecognized compensation cost associated with unvested restricted stock awards that is deferred at December 31, 2017 was $21 million and the weighted average vesting period over which this cost is expected to be recognized is approximately 1.2 years.

We have granted restricted stock awards to employees in the form of our common stock. None of the restricted stock awards may be sold, assigned, pledged or otherwise transferred, voluntarily or involuntarily, by the employees until the restrictions lapse, subject to limited exceptions. The restrictions are time-based. Compensation expense, recognized in "Selling, general and administrative expenses", of $18 million, $18 million and $20 million, for the years ended December 31, 2017, 2016 and 2015, respectively, has been recorded in connection with these grants.

Non-Employee Directors' Compensation Plans

As of October 1, 2013, stock units are credited to the director's account in an amount that is determined as follows: the total cash value of the fees payable to the director is divided by the closing price of Frontier common stock on the grant date of the units. Units are credited to the director's account quarterly. Directors must also elect to convert the units to either common stock (convertible on a one-to-one basis) or cash upon retirement or death.

Dividends are paid on stock units held by directors at the same rate and at the same time as we pay dividends on shares of our common stock. Dividends on stock units are paid in the form of additional stock units.

There were 9 directors participating in the Director Plans during all or part of 2017. The total plan units earned were 94,034, 29,618, and 22,279 in 2017, 2016 and 2015, respectively.

To the extent directors elect to receive the distribution of their stock unit account in cash, they are considered liability-based awards. To the extent directors elect to receive the distribution of their stock unit accounts in common stock, they are considered equity-based awards. Compensation expense for stock units that are considered equity-based awards is based on the market value of our common stock at the date of grant. Compensation expense for stock units that are considered liability-based awards is based on the market value of our common stock at the end of each period.

In connection with the Director Plans, there were compensation costs associated with the issuance of stock units of $(5) million, $0 million and ($1) million in 2017, 2016 and 2015, respectively. Cash compensation associated with the Director Plans was $1 million in 2017, 2016 and 2015, respectively. These costs are recognized in "Selling, general and administrative expenses".

(12) Income Taxes:

The following is a reconciliation of the provision for income taxes computed at the federal statutory rate to income taxes computed at the effective rates for the years ended December 31, 2017, 2016 and 2015:

	2017	2016	2015
Consolidated tax provision at federal statutory rate	35.0 %	35.0 %	35.0 %
State income tax provisions, net of federal income tax benefit	1.7	(0.1)	8.7
Tax reserve adjustment	0.1	0.6	(0.3)
Domestic production activities deduction	-	(1.9)	-
Changes in certain deferred tax balances	(0.4)	5.8	0.8
Goodwill impairment	(19.1)	-	-
Federal research and development credit	0.1	1.0	1.5
Non-deductible transaction costs	-	-	0.4
Deferred Tax Remeasurement - 2017 Tax Reform	26.1	-	-
All other, net	(0.1)	(0.2)	(0.3)
Effective tax rate	43.4 %	40.2 %	45.8 %

Income taxes for the year ended December 31, 2017 includes the tax impact of $608 million related to the goodwill impairment recorded during the year.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation known as the Tax Cut and Jobs Act (the TCJA). The TCJA, makes broad and complex changes to the U.S. tax code. The TCJA reduces the corporate tax rate to 21%, effective January 1, 2018. Under ASC 740, the effects of new legislation are recognized upon enactment. Accordingly, recognition of the tax effects of the TCJA is required in the interim and annual periods that include December 22, 2017.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (“SAB 118”), which provides guidance on accounting for the tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740, Income Taxes. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the TCJA for which the accounting under ASC 740 is complete. To the extent that a company’s accounting for certain income tax effects of the TCJA is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements.

As a result of the reduction of the federal corporate income tax rate, we revalued our net deferred tax liability, as of December 31, 2017. We have recorded a net tax benefit of $830 million to value the liability using the new, lower federal tax rate. Our effective tax rate increased to 43.4% primarily as a result of the revaluation of our net deferred tax liability, partially offset by the 19.1% detriment related to the goodwill impairments. The components of the provisional net tax expense recorded in 2017 are based on currently available information and additional information needs to be prepared, obtained and/or analyzed to determine the final amounts. The provisional tax benefit for the re-measurement of deferred taxes will require additional information necessary for the preparation of our U.S. federal tax return, and further analysis and interpretation of certain provisions of the TCJA impacting deferred taxes, for example, 100% expensing of qualified assets as well as deferred tax items arising from items of income or loss recorded in other comprehensive income, could impact our tax balances as of December 31, 2017.

Income taxes for 2016 include the impact of $36 million of tax benefits resulting primarily from the adjustment of deferred tax balances due to the CTF Acquisition, the impact of $6 million in benefits from the Federal research and development credits, along with a $12 million reversal of benefits related to the domestic production activities deduction.

Income taxes for 2015 include the impact of a $3 million benefit arising from the adjustment of deferred tax balances and a $5 million benefit from the federal research and development credit.

Amounts pertaining to income tax related accounts of $0 and $55 million are included in "Income taxes and other current assets" in the consolidated balance sheets as of December 31, 2017 and 2016, respectively.

In 2017 and 2016, we received federal and state income tax refunds totaling $51 million and $120 million, respectively.

The components of the net deferred income tax liability (asset) at December 31 are as follows:

($ in millions)	2017	2016
Deferred income tax liabilities:		
Property, plant and equipment basis differences	$ 2,022	$ 2,751
Intangibles	140	878
Deferred revenue/expense	8	14
Other, net	4	12
	$ 2,174	$ 3,655
Deferred income tax assets:		
Pension liability	176	273
Tax operating loss carryforward	960	687
Employee benefits	192	255
Accrued expenses	23	44
Lease obligations	39	75
Tax credit	43	30
Allowance for doubtful accounts	7	44
Other, net	2	2
	1,442	1,410
Less: Valuation allowance	(407)	(271)
Net deferred income tax asset	1,035	1,139
Net deferred income tax liability	$ 1,139	$ 2,516

Our federal net operating loss carryforward as of December 31, 2017 is estimated at $2.1 billion. The federal loss carryforward will begin to expire after 2036, unless otherwise used.

Our state tax operating loss carryforward as of December 31, 2017 is estimated at $9.3 billion. A portion of our state loss carryforward will continue to expire annually through 2037, unless otherwise used.

Our federal research and development credit and alternative minimum tax credit as of December 31, 2017 is estimated at $18 million and $3 million, respectively. The federal research and development credit will expire between 2034 and 2037, unless otherwise used.

Our various state credits as of December 31, 2017 are estimated at $27 million. The state credits will expire between 2018 and 2022, unless otherwise used.

As of December 31, 2017, Frontier has a valuation allowance of $407 million to reduce deferred tax assets to an amount more likely than not to be realized. This valuation allowance is related to state net operating losses and state tax credits. In evaluating Frontier's ability to realize its deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. Management also considered the projected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon this assessment, management believes it is more likely than not Frontier will

realize the benefits of these deductible differences, net of valuation allowance. There was a valuation allowance of $271 million recorded as of December 31, 2016.

The provision (benefit) for federal and state income taxes, as well as the taxes charged or credited to equity of Frontier, includes amounts both payable currently and deferred for payment in future periods as indicated below:

($ in millions)	2017	2016	2015
Income tax expense (benefit):			
Current:			
Federal	$ (4)	$ (52)	$ 8
State	5	7	(6)
Total Current	1	(45)	2
Deferred:			
Federal	(1,312)	(145)	(126)
State	(72)	(60)	(41)
Total Deferred	(1,384)	(205)	(167)
Total income tax expense (benefit)	(1,383)	(250)	(165)
Income taxes charged (credited) to equity of Frontier:			
Utilization of the benefits arising from restricted stock	(1)	(5)	-
Deferred income taxes (benefits) arising from the recognition of additional pension/OPEB liability	7	(21)	36
Total income taxes charged (credited) to equity of Frontier	6	(26)	36
Total income taxes	$ (1,377)	$ (276)	$ (129)

U.S. GAAP requires applying a “more likely than not” threshold to the recognition and derecognition of uncertain tax positions either taken or expected to be taken in Frontier’s income tax returns. The total amount of our gross tax liability for tax positions that may not be sustained under a “more likely than not” threshold amounts to $12 million as of December 31, 2017 including interest of $1 million. The amount of our uncertain tax positions, for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease during the next twelve months, and which would affect our effective tax rate, is $3 million as of December 31, 2017.

Frontier’s policy regarding the classification of interest and penalties is to include these amounts as a component of income tax expense. This treatment of interest and penalties is consistent with prior periods. We are subject

to income tax examinations generally for the years 2013 forward for federal and 2008 forward for state filing jurisdictions. We also maintain uncertain tax positions in various state jurisdictions.

The following table sets forth the changes in Frontier's balance of unrecognized tax benefits for the years ended December 31, 2017 and 2016:

($ in millions)	2017	2016
Unrecognized tax benefits - beginning of year	$ 16	$ 19
Gross increases - prior year tax positions	-	3
Gross increases - current year tax positions	3	3
Gross decreases - FIN 48 liability release	(7)	(9)
Gross decreases - expired statute of limitations	-	-
Unrecognized tax benefits - end of year	$ 12	$ 16

The amounts above exclude $1 million of accrued interest as of December 31, 2017 and 2016, respectively, that we have recorded and would be payable should Frontier's tax positions not be sustained.

(13) Net Loss Per Common Share:

The reconciliation of the net loss per common share calculation for the years ended December 31, 2017, 2016 and 2015 is as follows:

($ in millions and shares in thousands, except per share amounts)	2017	2016	2015
Net loss used for basic and diluted earnings (loss) per share:			
Net loss attributable to Frontier common shareholders	$ (2,018)	$ (587)	$ (316)
Less: Dividends paid on unvested restricted stock awards	(2)	(3)	(3)
Total basic net loss attributable to Frontier common shareholders	$ (2,020)	$ (590)	$ (319)
Effect of loss related to dilutive stock units	-	-	-
Total diluted net loss attributable to Frontier common shareholders	$ (2,020)	$ (590)	$ (319)
Basic earnings (loss) per share:			
Total weighted average shares and unvested restricted stock awards outstanding - basic	78,409	78,142	72,787
Less: Weighted average unvested restricted stock awards	(673)	(535)	(479)
Total weighted average shares outstanding - basic	77,736	77,607	72,308
Basic net loss per share attributable to Frontier common shareholders	$ (25.99)	$ (7.61)	$ (4.41)
Diluted earnings (loss) per share:			
Total weighted average shares outstanding - basic	77,736	77,607	72,308
Effect of dilutive shares	-	-	-
Total weighted average shares outstanding - diluted	77,736	77,607	72,308
Diluted net loss per share attributable to Frontier common shareholders	$ (25.99)	$ (7.61)	$ (4.41)

In calculating diluted net loss per common share for the years ended December 31, 2017, 2016, and 2015 the effect of all common stock equivalents is excluded from the computation as the effect would be antidilutive.

Stock Options

For the years ended December 31, 2017, 2016 and 2015, options to purchase 1,334, 2,667 and 3,333 shares, respectively, issuable under employee compensation plans were excluded from the computation of diluted earnings (loss) per share (EPS) for those periods because the exercise prices were greater than the average market price of our common stock and, therefore, the effect would be antidilutive.

Stock Units

At December 31, 2017, 2016 and 2015, we had 203,952, 125,431, and 95,812 stock units, respectively, issued under the Director Plans and the 2013 EIP. These securities have not been included in the diluted income per share of common stock calculation because their inclusion would have an antidilutive effect.

Mandatory Convertible Preferred Stock

The impact of the common share equivalents associated with approximately 19,250,000 shares of Series A Preferred stock described above were not included in the calculation of diluted EPS as of December 31, 2017 and 2016, as their impact was antidilutive.

(14) Comprehensive Loss:

Comprehensive income (loss) consists of net income (loss) and other gains and losses affecting shareholders' investment and pension/postretirement benefit (OPEB) liabilities that, under GAAP, are excluded from net income/(loss).

The components of accumulated other comprehensive loss, net of tax at December 31, 2017, 2016 and 2015, and changes for the years then ended, are as follows:

($ in millions)	Pension Costs	OPEB Costs	Total
Balance at December 31, 2014 [(a)]	$ (330)	$ (74)	$ (404)
Other comprehensive income (loss) before reclassifications	(51)	82	31
Amounts reclassified from accumulated other comprehensive income (loss)	18	2	20
Net current-period other comprehensive income (loss)	(33)	84	51
Balance at December 31, 2015 [(a)]	(363)	10	(353)
Other comprehensive income (loss) before reclassifications	(65)	11	(54)
Amounts reclassified from accumulated other comprehensive income (loss)	25	(5)	20
Net current-period other comprehensive income (loss)	(40)	6	(34)
Balance at December 31, 2016 [(a)]	(403)	16	(387)
Other comprehensive income (loss) before reclassifications	(12)	(31)	(43)
Amounts reclassified from accumulated other comprehensive income (loss)	70	(6)	64
Net current-period other comprehensive income (loss)	58	(37)	21
Balance at December 31, 2017 [(a)]	$ (345)	$ (21)	$ (366)

[(a)] Pension and OPEB amounts are net of deferred tax balances of $223 million, $231 million, $211 million, and $247 million as of December 31, 2017, 2016, 2015, and 2014, respectively

As a result of the pension settlement accounting discussed in Note 17, Frontier recorded pension settlement charges totaling $83 million ($51 million net of tax), which were reclassified from accumulated Other comprehensive income (loss) during 2017.

As a result of the CTF Acquisition, the Frontier Communications Pension Plan (the Plan) was remeasured. This remeasurement resulted in a decrease in the discount rate from 4.50% at December 31, 2015 to 4.00% at the date of the CTF Acquisition. This change in the discount rate resulted in a remeasurement charge to Other comprehensive income (loss) of $105 million during 2016.

The significant items reclassified from each component of accumulated other comprehensive loss for the years ended December 31, 2017, 2016 and 2015 are as follows:

($ in millions)	Amount Reclassified from Accumulated Other Comprehensive Loss [a]			
Details about Accumulated Other Comprehensive Loss Components	2017	2016	2015	Affected Line Item in the Statement Where Net loss is Presented
Amortization of Pension Cost Items [b]				
Actuarial gains (losses)	$ (30)	$ (40)	$ (29)	
Pension settlement costs	(83)	-	-	
Reclassifications, pretax	(113)	(40)	(29)	loss before income taxes
Tax Impact	43	15	11	Income tax (expense) benefit
Reclassifications, net of tax	$ (70)	$ (25)	$ (18)	Net loss
Amortization of OPEB Cost Items [b]				
Prior-service credits/(costs)	$ 9	$ 9	$ 5	
Actuarial gains (losses)	-	(1)	(8)	
Reclassifications, pretax	9	8	(3)	loss before income taxes
Tax impact	(3)	(3)	1	Income tax (expense) benefit
Reclassifications, net of tax	$ 6	$ 5	$ (2)	Net loss

(a) Amounts in parentheses indicate losses.
(b) These accumulated other comprehensive loss components are included in the computation of net periodic pension and OPEB costs (see Note 17 - Retirement Plans for additional details).

(15) Segment Information:

We operate in one operating and one reportable segment. Frontier provides both regulated and unregulated voice, data and video services to consumer and commercial customers and is typically the incumbent voice services provider in its service areas.

(16) Quarterly Financial Data (Unaudited):

($ in millions, except per share amounts) 2017	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenue	$ 2,356	$ 2,304	$ 2,251	$ 2,217	$ 9,128
Operating income (loss)	271	(394)	309	(1,754)	(1,568)
Net loss attributable to Frontier common shareholders [1] [2]	(129)	(715)	(92)	(1,082)	(2,018)
Basic net loss per share attributable to Frontier common shareholders[1] [2]	$ (1.67)	$ (9.20)	$ (1.19)	$ (13.91)	$ (25.99)
Diluted net loss per share attributable to Frontier common shareholders[1] [2]	$ (1.67)	$ (9.21)	$ (1.19)	$ (13.91)	$ (25.99)

(1) During the fourth quarter of 2017, we recorded a goodwill impairment charge of $2,078 million ($1,822 million after-tax). Refer to Note 6 for further details.
(2) The quarterly net loss per share amounts are rounded to the nearest cent. Annual net loss per share may vary depending on the effect of such rounding.

($ in millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
2016					
Revenue	$ 1,355	$ 2,608	$ 2,524	$ 2,409	$ 8,896
Operating income	58	311	264	255	888
Net loss attributable to Frontier common shareholders (1) (2) (4)	(240)	(80)	(134)	(133)	(587)
Basic net loss per share attributable to Frontier common shareholders(1) (2) (3) (4)	$ (3.10)	$ (1.05)	$ (1.73)	$ (1.73)	$ (7.61)
Diluted net loss per share attributable to Frontier common shareholders(1) (2) (3) (4)	$ (3.10)	$ (1.05)	$ (1.73)	$ (1.73)	$ (7.61)

(1) During the fourth quarter of 2016, we recorded acquisition and integration expenses of $49 million ($48 million after-tax) related to the CTF acquisition in June 2016.
(2) During the fourth quarter of 2016, we recorded restructuring costs and other charges of $80 million ($52 million after-tax) related to severance expense and special termination benefits resulting from a reduction in the workforce.
(3) The quarterly net loss per share amounts are rounded to the nearest cent. Annual net loss per share may vary depending on the effect of such rounding.
(4) The change in revenue, operating income, net loss, and net loss per share during the second quarter of 2016 and each subsequent quarter of 2016 reflects additional results of the CTF Operations related to the CTF Acquisition, as described further in Note 3.

(17) Retirement Plans:

We sponsor a noncontributory defined benefit pension plan covering a significant number of our former and current employees and other postretirement benefit plans that provide medical, dental, life insurance and other benefits for covered retired employees and their beneficiaries and covered dependents. The pension plan and postretirement benefit plans are closed to the majority of our newly hired employees. The benefits are based on years of service and final average pay or career average pay. Contributions are made in amounts sufficient to meet ERISA funding requirements while considering tax deductibility. Plan assets are invested in a diversified portfolio of equity and fixed-income securities and alternative investments.

The accounting results for pension and other postretirement benefit costs and obligations are dependent upon various actuarial assumptions applied in the determination of such amounts. These actuarial assumptions include the following: discount rates, expected long-term rate of return on plan assets, future compensation increases, employee turnover, healthcare cost trend rates, expected retirement age, optional form of benefit and mortality. We review these assumptions for changes annually with our independent actuaries. We consider our discount rate and expected long-term rate of return on plan assets to be our most critical assumptions.

The discount rate is used to value, on a present value basis, our pension and other postretirement benefit obligations as of the balance sheet date. The same rate is also used in the interest cost component of the pension and postretirement benefit cost determination for the following year. The measurement date used in the selection of our discount rate is the balance sheet date. Our discount rate assumption is determined annually with assistance from our independent actuaries based on the pattern of expected future benefit payments and the prevailing rates available on long-term, high quality corporate bonds that approximate the benefit obligation.

As of December 31, 2017, 2016 and 2015, we utilized an estimation technique that is based upon a settlement model (Bond:Link) that permits us to closely match cash flows to the expected payments to participants. This rate can change from year-to-year based on market conditions that affect corporate bond yields.

As a result of the technique described above, Frontier is utilizing a discount rate of 3.70% as of December 31, 2017 for its qualified pension plan, compared to rates of 4.10% and 4.50% in 2016 and 2015, respectively. The discount rate for postretirement plans as of December 31, 2017 was a range of 3.70% to 3.80% compared to a range of 4.10% to 4.30% in 2016 and 4.50% to 4.70% in 2015.

The Pension Plan contains provisions that provide certain employees with the option of receiving a lump sum payment upon retirement. Frontier's accounting policy is to record these payments as a settlement only if, in the aggregate, they exceed the sum of the annual service and interest costs for the Pension Plan's net periodic pension benefit cost. During year ended December 31, 2017, lump sum pension settlement payments to terminated or retired individuals amounted to $486 million, which exceeded the settlement threshold of $224 million, and as a result, Frontier recognized non-cash settlement charges totaling $83 million during 2017. The non-cash charge accelerated the recognition of a portion of the previously unrecognized actuarial losses in the Pension Plan. These non-cash charges increased our recorded net loss and accumulated deficit, with an offset to accumulated other comprehensive loss in shareholders' equity.

As a result of the CTF Acquisition, the Frontier Communications Pension Plan (the Plan) was remeasured. This remeasurement resulted in a decrease in the discount rate from 4.50% at December 31, 2015 to 4.00% at the date of the CTF Acquisition. This change in the discount rate resulted in a remeasurement charge to other comprehensive income (loss) of $105 million during 2016.

The expected long-term rate of return on plan assets is applied in the determination of periodic pension and postretirement benefit cost as a reduction in the computation of the expense. In developing the expected long-term rate of return assumption, we considered published surveys of expected market returns, 10 and 20 year actual returns of various major indices, and our own historical 5 year, 10 year and 20 year investment returns. The expected long-term rate of return on plan assets is based on an asset allocation assumption of 40% in long-duration fixed income securities, and 60% in equity securities and other investments. We review our asset allocation at least annually and make changes when considered appropriate. Our pension asset investment allocation decisions are made by the Retirement Investment & Administration Committee (RIAC), a committee comprised of members of management, pursuant to a delegation of authority by the Retirement Plan Committee of the Board of Directors. The RIAC is responsible for reporting its actions to the Retirement Plan Committee. Asset allocation decisions take into account expected market return assumptions of various asset classes as well as expected pension benefit payment streams. When analyzing anticipated benefit payments, management considers both the absolute amount of the payments as well as the timing of such payments. In 2017, 2016 and 2015, our expected long-term rate of return on plan assets was 7.50%, 7.50%, and 7.75%, respectively. For 2018, we will assume a rate of return of 7.50%. Our pension plan assets are valued at fair value as of the measurement date. The measurement date used to determine pension and other postretirement benefit measures for the pension plan and the postretirement benefit plan is December 31. The remeasured funded status of the Pension Plan was approximately 80%, as of December 31, 2017, similar to December 31, 2016.

Pension Benefits

The following tables set forth the pension plan's projected benefit obligations, fair values of plan assets and the pension benefit liability recognized on our consolidated balance sheets as of December 31, 2017 and 2016 and the components of total pension benefit cost for the years ended December 31, 2017, 2016 and 2015:

($ in millions)	2017	2016
Change in projected benefit obligation (PBO)		
PBO at beginning of year	$ 3,465	$ 2,142
Service cost	97	88
Interest cost	127	122
Actuarial (gain)/loss	214	137
Benefits paid	(59)	(155)
CTF Acquisition PBO	-	1,108
Settlements	(486)	-
Special termination benefits	5	23
PBO at end of year	$ 3,363	$ 3,465
Change in plan assets		
Fair value of plan assets at beginning of year	$ 2,766	$ 1,572
Fair value of plan assets for the CTF operations as of acquisition date	-	1,120
Actual return on plan assets	378	201
Employer contributions	206	28
Settlements	(486)	-
Differential payment received from Verizon	(131)	-
Benefits paid	(59)	(155)
Fair value of plan assets at end of year	$ 2,674	$ 2,766
Funded status	$ (689)	$ (699)
Amounts recognized in the consolidated balance sheet		
Pension and other postretirement benefits - current	$ -	$ -
Pension and other postretirement benefits - noncurrent	$ (689)	$ (699)
Accumulated other comprehensive loss	$ 556	$ 647

In connection with the completion of the CTF Acquisition, certain employees were transferred to the Frontier Communications Pension Plan (the Plan) effective April 1, 2016. Assets of $1,108 million related to the CTF Acquisition were transferred from Verizon and the Verizon pension plan trusts during 2016.

($ in millions)	2017	2016	2015
Components of total pension benefit cost			
Service cost	$ 97	$ 88	$ 55
Interest cost on projected benefit obligation	127	122	88
Expected return on plan assets	(186)	(168)	(129)
Amortization of unrecognized loss	30	40	29
Net periodic pension benefit cost	68	82	43
Pension settlement costs	83	-	-
Special termination benefits	5	23	-
Total pension benefit cost	$ 156	$ 105	$ 43

The expected amortization of deferred unrecognized loss, included in Other comprehensive income, in 2018 is $26 million.

We capitalized $26 million, $25 million and $20 million of pension and OPEB expense into the cost of our capital expenditures during the years ended December 31, 2017, 2016 and 2015, respectively, as the costs relate to our engineering and plant construction activities.

The plan's weighted average asset allocations at December 31, 2017 and 2016 by asset category are as follows:

	2017	2016
Asset category:		
Equity securities	50 %	50 %
Debt securities	40 %	38 %
Alternative investments	10 %	11 %
Cash and other	-%	1 %
Total	100 %	100 %

The plan's expected benefit payments over the next 10 years are as follows:

($ in millions)	Amount
2018	$ 265
2019	256
2020	251
2021	245
2022	237
2023-2027	1,122
Total	$ 2,376

We made total contributions to our pension plan of $75 million, net of the Differential (as defined below), during 2017.

As part of the CTF Acquisition, Verizon was required to make a cash payment to Frontier for the difference in assets initially transferred by Verizon into the Pension Plan and the related obligation (the Differential). In 2017, we received the $131 million Differential payment from Verizon, and have remitted an equivalent amount to the Pension Plan as of December 31, 2017. As the Differential was reflected as a receivable of the Pension Plan at December 31, 2016, the cash funding had no impact to plan assets.

See Note 7 for further discussion of a Frontier contribution of real estate property in 2016 with an aggregate fair value of $15 million for the purpose of funding a portion of its contribution obligations to the Plan. We made total cash contributions to our pension plan during 2016 and 2015 of $13 million and $62 million, respectively.

The accumulated benefit obligation for the plan was $3,363 million and $3,465 million at December 31, 2017 and 2016, respectively.

Assumptions used in the computation of annual pension costs and valuation of the year-end obligations were as follows:

	2017	2016	2015
Discount rate - used at year end to value obligation	3.70 %	4.10 %	4.50 %
Discount rate - used to compute annual cost	4.10 %	4.50 %	4.10 %
Expected long-term rate of return on plan assets	7.50 %	7.50 %	7.75 %
Rate of increase in compensation levels	2.50 %	2.50 %	2.50 %

Postretirement Benefits Other Than Pensions—"OPEB"

The following tables set forth the OPEB plans' benefit obligations, fair values of plan assets and the postretirement benefit liability recognized on our consolidated balance sheets as of December 31, 2017 and 2016 and the components of total postretirement benefit cost for the years ended December 31, 2017, 2016 and 2015.

($ in millions)	2017	2016
Change in benefit obligation		
Benefit obligation at beginning of year	$ 925	$ 626
CTF Acquisition PBO	-	276
Service cost	21	19
Interest cost	40	37
Plan participants' contributions	7	5
Actuarial (gain)/loss	54	(18)
Benefits paid	(31)	(23)
Special termination benefits	-	3
Benefit obligation at end of year	$ 1,016	$ 925
Change in plan assets		
Fair value of plan assets at beginning of year	$ -	$ -
Plan participants' contributions	7	5
Employer contribution	24	18
Benefits paid	(31)	(23)
Fair value of plan assets at end of year	$ -	$ -
Funded status	$ (1,016)	$ (925)
Amounts recognized in the consolidated balance sheet		
Pension and other postretirement benefits - current	$ (29)	$ (23)
Pension and other postretirement benefits - noncurrent	$ (987)	$ (902)
Accumulated other comprehensive (gain)/loss	$ 33	$ (29)

($ in millions)	2017	2016	2015
Components of total postretirement benefit cost			
Service cost	$ 21	$ 19	$ 19
Interest cost on projected benefit obligation	40	37	30
Amortization of prior service (credit)/costs	(9)	(9)	(5)
Amortization of unrecognized loss	-	1	8
Net periodic postretirement benefit cost	52	48	52
Special termination benefits	-	3	-
Total postretirement benefit cost	$ 52	$ 51	$ 52

The expected amortization of prior service credit in 2018 is $9 million and the expected amortization of unrecognized loss in 2018 is $2 million.

Assumptions used in the computation of annual OPEB costs and valuation of the year-end OPEB obligations were as follows:

	2017	2016	2015
Discount rate - used at year end to value obligation	3.70% - 3.80%	4.10% - 4.30%	4.50% - 4.70%
Discount rate - used to compute annual cost	4.10% - 4.30%	4.50% - 4.70%	4.10% - 4.20%

The OPEB plan's expected benefit payments over the next 10 years are as follows:

($ in millions)	Gross Benefit	Medicare Part D Subsidy	Total
2018	$ 30	$ -	$ 30
2019	37	-	37
2020	44	-	44
2021	49	-	49
2022	52	-	52
2023-2027	306	2	308
Total	$ 518	$ 2	$ 520

For purposes of measuring year-end benefit obligations, we used, depending on medical plan coverage for different retiree groups, a 6.75% annual rate of increase in the per-capita cost of covered medical benefits, gradually decreasing to 5.00% in the year 2025 and remaining at that level thereafter. The effect of a 1% increase in the assumed medical cost trend rates for each future year on the aggregate of the service and interest cost components of the total postretirement benefit cost would be $1 million and the effect on the accumulated postretirement benefit obligation for health benefits would be $22 million. The effect of a 1% decrease in the assumed medical cost trend rates for each future year on the aggregate of the service and interest cost components of the total postretirement benefit cost would be $(1) million and the effect on the accumulated postretirement benefit obligation for health benefits would be $(22) million.

The amounts in accumulated other comprehensive (gain)/loss before tax that have not yet been recognized as components of net periodic benefit cost at December 31, 2017 and 2016 are as follows:

	Pension Plan		OPEB	
($ in millions)	2017	2016	2017	2016
Net actuarial loss	$ 556	$ 647	$ 54	$ 1
Prior service cost/(credit)	-	-	(21)	(30)
Total	$ 556	$ 647	$ 33	$ (29)

The amounts recognized as a component of accumulated other comprehensive loss for the years ended December 31, 2017 and 2016 are as follows:

	Pension Plan		OPEB	
($ in millions)	2017	2016	2017	2016
Accumulated other comprehensive (gain)/loss at beginning of year	$ 647	$ 584	$ (29)	$ (20)
Net actuarial gain/(loss) recognized during year	(30)	(40)	-	(1)
Prior service (cost)/credit recognized during year	-	-	9	9
Net actuarial loss/(gain) occurring during year	22	103	53	(17)
Settlement loss recognized	(83)	-	-	-
Net amount recognized in comprehensive income (loss) for the year	(91)	63	62	(9)
Accumulated other comprehensive (gain)/loss at end of year	$ 556	$ 647	$ 33	$ (29)

401(k) Savings Plans

We sponsor employee retirement savings plans under section 401(k) of the Internal Revenue Code. The plans cover substantially all full-time employees. Under certain plans, we provide matching contributions. Employer contributions were $48 million, $48 million and $28 million for 2017, 2016 and 2015, respectively.

(18) Fair Value of Financial Instruments:

Fair value is defined under GAAP as the exit price associated with the sale of an asset or transfer of a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value under GAAP must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

The three input levels in the hierarchy of fair value measurements are defined by the FASB generally as follows:

Input Level	Description of Input
Level 1	Observable inputs such as quoted prices in active markets for identical assets.
Level 2	Inputs other than quoted prices in active markets that are either directly or indirectly observable.
Level 3	Unobservable inputs in which little or no market data exists.

The following tables represent Frontier's pension plan assets measured at fair value on a recurring basis as of December 31, 2017 and 2016:

	Fair Value Measurements at December 31, 2017			
($ in millions)	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 37	$ 37	$ -	$ -
U.S. Government Obligations	30	-	30	-
Corporate and Other Obligations	448	-	448	-
Common Stock	523	523	-	-
Common/Collective Trusts	1,215	-	1,215	-
Interest in Registered Investment Companies	324	324	-	-
Interest in Limited Partnerships and Limited Liability Companies	115	-	-	115
Total investments at fair value	$ 2,692	$ 884	$ 1,693	$ 115
Interest and Dividend Receivable	6			
Due from Broker for Securities Sold	40			
Receivable Associated with Insurance Contract	7			
Due to Broker for Securities Purchased	(71)			
Total Plan Assets, at Fair Value	$ 2,674			

	Fair Value Measurements at December 31, 2016			
($ in millions)	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 42	$ 42	$ -	$ -
U.S. Government Obligations	29	-	29	-
Corporate and Other Obligations	400	-	400	-
Common Stock	487	487	-	-
Common/Collective Trusts	1,104	-	1,104	-
Interest in Registered Investment Companies	334	334	-	-
Interest in Limited Partnerships and Limited Liability Companies	118	-	-	118
Total investments at fair value	$ 2,514	$ 863	$ 1,533	$ 118
Receivable for plan assets of the CTF Operations	258			
Interest and Dividend Receivable	6			
Due from Broker for Securities Sold	27			
Receivable Associated with Insurance Contract	7			
Due to Broker for Securities Purchased	(46)			
Total Plan Assets, at Fair Value	$ 2,766			

There have been no reclassifications of investments between Levels 1, 2 or 3 assets during the years ended December 31, 2017 or 2016.

The tables below set forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31, 2017 and 2016:

	Interest in Limited Partnerships and Limited Liability Companies	
($ in millions)	2017	2016
Balance, beginning of year	$ 118	$ 92
Realized gains	12	7
Unrealized gains/(losses)	(2)	13
Purchases	-	15
Sales and distributions	(13)	(9)
Balance, end of year	$ 115	$ 118

The following table provides further information regarding the redemption of the Plan's Level 3 investments as well as information related to significant unobservable inputs and the range of values for those inputs for the Plan's interest in certain limited partnerships and limited liability companies as of December 31, 2017:

($ in millions)	Fair Value	Liquidation Period	Capitalization Rate
Interest in Limited Partnerships and Limited Liability Companies [d]			
MS IFHF SVP LP Cayman [a]	$ 1	5 years	N/A
MS IFHF SVP LP Alpha [a]	1	5 years	N/A
RII World Timberfund, LLC [b]	5	10 years	N/A
426 E Casino Road, LLC [c]	15	N/A	7.00%
100 Comm Drive, LLC [c]	9	N/A	8.00%
100 CTE Drive, LLC [c]	10	N/A	9.50%
6430 Oakbrook Parkway, LLC [c]	26	N/A	7.75%
8001 West Jefferson, LLC [c]	26	N/A	8.75%
1500 MacCorkle Ave SE, LLC [c]	14	N/A	8.50%
400 S. Pike Road West, LLC [c]	1	N/A	8.50%
601 N US 131, LLC [c]	1	N/A	9.50%
9260 E. Stockton Blvd., LLC [c]	6	N/A	7.50%
Total Interest in Limited Partnerships and Limited Liability Companies	$ 115		

(a) The partnerships' investment objective is to seek capital appreciation principally through investing in investment funds managed by third party investment managers who employ a variety of alternative investment strategies. These instruments are subject to certain withdrawal restrictions. The Plan is in the process of liquidating its interest in the partnerships and distributions are expected to be made over the next four years.
(b) The fund's objective is to realize substantial long-term capital appreciation by investing in timberland properties primarily in South America and Australia. This investment is subject to certain withdrawal restrictions.
(c) The entity invests in commercial real estate properties that are leased to Frontier. The leases are triple net, whereby Frontier is responsible for all expenses, including but not limited to, insurance, repairs and maintenance and payment of property taxes.
(d) All Level 3 investments have the same redemption frequency (through the liquidation of underlying investments) and redemption notice period (none).

The following table summarizes the carrying amounts and estimated fair values for long-term debt at December 31, 2017 and 2016. For the other financial instruments including cash, accounts receivable, restricted cash, long-term debt due within one year, accounts payable and other current liabilities, the carrying amounts approximate fair value due to the relatively short maturities of those instruments.

	2017		2016	
($ in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 16,970	$ 13,994	$ 17,560	$ 17,539

The fair value of our long-term debt is estimated based upon quoted market prices at the reporting date for those financial instruments.

(19) Commitments and Contingencies:

Although from time to time we make short-term purchasing commitments to vendors with respect to capital expenditures, we generally do not enter into firm, written contracts for such activities.

In June 2015, Frontier accepted the Federal Communications Commission's (FCC) offer of support to price cap carriers under the Connect America Fund (CAF) Phase II program, which is intended to provide long-term support for broadband in high cost unserved or underserved areas. This program provides $332 million in annual support, including $49 million in annual support related to the properties acquired in the CTF Acquisition, through 2020 to make available 10 Mbps downstream/1 Mbps upstream broadband service to approximately 774,000 households across certain of the 29 states where we now operate. To the extent we do not enable the required number of households with 10 Mbps downstream/1 Mbps upstream broadband service by the end of the CAF Phase II term, we will be required to return a portion of the funds previously received.

On April 28, 2016, the FCC completed its inquiry into whether certain terms and conditions contained in specifically identified special access tariff pricing plans offered by four carriers, including Frontier, are just and reasonable. The FCC held that certain of the tariff terms for business data TDM services, specifically DS1s and DS3s, were unreasonable. Specifically, the FCC struck down "excessive" early termination fees and "all-or-nothing" provisions. Frontier has revised its tariffs in accordance with the FCC's Order. The FCC's decision has no retroactive effect, and we anticipate no material impact to Frontier from it.

The FCC deferred the issue of how its ruling will affect customers currently purchasing services from these tariffs to a Notice of Proposed Rulemaking. It is seeking comment on proposed changes to the way the FCC regulates traditional special access services and, on a proposal, to adopt pricing rules for Ethernet services in markets that are found to be "noncompetitive." The potential impact to Frontier of this proceeding is unknown, though any pending initiative could adversely affect our operations or financial results.

We are party to various legal proceedings (including individual, class and putative class actions, governmental investigations) arising in the normal course of our business covering a wide range of matters and types of claims including, but not limited to, general contracts, billing disputes, rights of access, taxes and surcharges, consumer protection, advertising, trademark and patent infringement, employment, regulatory, tort, claims of competitors and disputes with other carriers. Litigation is subject to uncertainty and the outcome of individual matters is not predictable. However, we believe that the ultimate resolution of all such matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our financial position, results of operations, or cash flows.

In October 2013, the California Attorney General's Office notified certain Verizon companies, including one of the subsidiaries that we acquired in the CTF Acquisition, of potential violations of California state hazardous waste statutes primarily arising from the disposal of electronic components, batteries and aerosol cans at certain California facilities. We are cooperating with this investigation. We have accrued an amount for potential penalties that we deem to be probable and reasonably estimated, and we do not expect that any potential penalties, if ultimately incurred, will be material in comparison to the established accrual.

We accrue an expense for pending litigation when we determine that an unfavorable outcome is probable, and the amount of the loss can be reasonably estimated. Legal defense costs are expensed as incurred. None of our existing accruals for pending matters, after considering insurance coverage, is material. We monitor our pending litigation for the purpose of adjusting our accruals and revising our disclosures accordingly, when required. Litigation is, however, subject to uncertainty, and the outcome of any particular matter is not predictable. We will vigorously defend our interests in pending litigation, and as of this date, we believe that the ultimate resolution of all such matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our consolidated financial position, results of operations, or our cash flows.

We conduct certain of our operations in leased premises and also lease certain equipment and other assets pursuant to operating leases. The lease arrangements have terms ranging from 1 to 99 years and several contain rent escalation clauses providing for increases in monthly rent at specific intervals. When rent escalation clauses exist, we record annual rental expense based on the total expected rent payments on a straight-line basis over the lease term. Certain leases also have renewal options. Renewal options that are reasonably assured are included in determining the lease term.

Future minimum rental commitments for all long-term noncancelable operating leases as of December 31, 2017 are as follows:

($ in millions)	Operating Leases
Year ending December 31:	
2018	$ 80
2019	25
2020	29
2021	26
2022	23
Thereafter	388
Total minimum lease payments	$ 571

Total rental expense included in our consolidated statements of operations for the years ended December 31, 2017, 2016 and 2015 was $106 million, $137 million and $119 million, respectively.

We are party to contracts with several unrelated long-distance carriers. The contracts provide fees based on traffic they carry for us subject to minimum monthly fees.

At December 31, 2017, the estimated future payments for obligations under our noncancelable long-distance contracts and service agreements are as follows:

($ in millions)	Amount
Year ending December 31:	
2018	$ 37
2019	40
2020	31
2021	7
2022	2
Thereafter	9
Total	$ 126

At December 31, 2017, we have outstanding performance letters of credit as follows:

($ in millions)	Amount
CNA Financial Corporation (CNA)	$ 49
AIG Insurance	114
Zurich	28
All other	1
Total	$ 192

CNA serves as our insurance carrier with respect to casualty claims (auto liability, general liability and workers' compensation) with dates of loss prior to June 1, 2017 (except for those claims which arise out of the operations acquired from CTF that have dates of loss prior to April 1, 2016). As our insurance carrier, they administer the casualty claims and make claim payments on our behalf. We reimburse CNA for such services upon presentation of their invoice. To serve as our carrier and make payments on our behalf, CNA requires that we establish a letter of credit in their favor. CNA could potentially draw against this letter of credit if we failed to reimburse CNA in accordance with the terms of our agreement. The amount of the letter of credit is reviewed annually and adjusted based on claims history.

Zurich serves as our insurance carrier with respect to casualty claims (auto liability, general liability and workers' compensation) with dates of loss from June 1, 2017 and going forward. As our insurance carrier, they administer the casualty claims and make claim payments on our behalf. We reimburse Zurich for such services upon presentation of their invoice. To serve as our carrier and make payments on our behalf, Zurich requires that we establish a letter of credit in their favor. Zurich could potentially draw against this letter of credit if we failed to reimburse Zurich in accordance with the terms of our agreement. The amount of the letter of credit is reviewed annually and adjusted based on claims history.

AIG Insurance serves as our insurance carrier with respect to casualty claims (auto liability, general liability and workers' compensation) that were acquired from CTF, as well as new claims which arise out of the operations acquired from CTF that have dates of loss prior to April 1, 2016. Sedgwick, a third-party claims administrator, administers the casualty claims and make claim payments on our behalf. We reimburse Sedgwick for such services upon presentation of their invoice. However, to serve as our insurance carrier, AIG Insurance requires that we establish a letter of credit in their favor. AIG Insurance could potentially draw against this letter of credit if we failed to meet the insurance-related and claims-related obligations we assumed in accordance with the terms of our agreement. The amount of the letter of credit is reviewed annually and adjusted based on claims history.

Schedule of Pledged Subsidiary Financial Data

As of December 31, 2017, the Company's secured indebtedness consisted of obligations under the JPM Credit Agreement, the 2014 CoBank Credit Agreement, the 2016 CoBank Credit Agreement and the LC Agreements, each of which is secured equally and ratably by pledges of the outstanding equity interests in certain of the Company's wholly-owned subsidiaries (the "Original Pledged Subsidiaries"). The equity interests of the remaining subsidiaries of the Company are not pledged to secure the obligations under these debt agreements.

In connection with the 2018 Credit Amendment, the Company expanded the security package to include the pledge of the outstanding equity interests in certain wholly-owned subsidiaries of the Company not previously pledged (together with the Original Pledged Subsidiaries, the "Pledged Subsidiaries").

The financial statements were prepared using Frontier's historical basis in the assets and liabilities of the Pledged Subsidiaries, and its combined financial statements include all revenue, costs, assets, and liabilities directly attributable to the Pledged Subsidiaries. Historically, Frontier provided certain corporate services to the Pledged Subsidiaries and costs associated with these functions have been allocated to the Pledged Subsidiaries. Management believes these expenses have been allocated using reasonable allocation methodologies to the services provided, primarily based on relative percentage of total net sales, relative percentage of headcount, or specific identification.

The allocations may not reflect the expense the Pledged Subsidiaries would have incurred as a stand-alone company for the periods presented. Actual costs that may have been incurred if the Pledged Subsidiaries had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees, and strategic decisions made in certain areas. The total shareholder's equity represents Frontier's interest in the Pledged Subsidiaries' recorded net assets.

Allocated operating expenses include corporate costs, employee benefits (medical, dental and vision), 401(k) contributions, pension and postretirement benefits, stock-based compensation relating to restricted stock issuances, collections on receivables and acquisition and integration costs incurred by Frontier. Operating expenses, excluding depreciation expense, are allocated from Frontier primarily based on customer counts and headcount.

Taxes are allocated from Frontier based on the Pledged Subsidiaries' relative contribution to the consolidated financial results.

The Pledged Subsidiaries are part of a centralized cash management system with Frontier in which cash received by Frontier on Pledged Subsidiaries' behalf and cash disbursements made by Frontier on Pledged Subsidiaries' behalf are recorded through intercompany accounts. These transactions include receipts and disbursements related to income taxes attributable to federal and state jurisdictions and capital expenditures, among others.

The following supplemental financial information presents the consolidating balance sheet information and statement of operations information of the Pledged Subsidiaries, all other Frontier entities, and the Pledged Subsidiaries and all other Frontier entities on a consolidated basis, as of and for the year ended December 31, 2017. A listing of the Pledged Subsidiaries is provided following the financial statements.

Schedule of Pledged Subsidiary Financial Data

CONSOLIDATING BALANCE SHEET INFORMATION
AS OF DECEMBER 31, 2017
($ in millions)

	Pledged & Guarantors Subsidiaries	All Other Entities	Intercompany Eliminations	Total Consolidated Frontier
ASSETS				
Current assets:				
Cash and cash equivalents	$ -	$ 362	$ -	$ 362
Accounts receivable, less allowances of $69	650	199	(30)	819
Notes receivable	-	67	(67)	-
Prepaid expenses	-	109	(31)	78
Income taxes and other current assets	43	21	-	64
Total current assets	693	758	(128)	1,323
Property, plant and equipment, net	11,546	2,831	-	14,377
Goodwill, net	5,457	1,567	-	7,024
Other intangibles, net	1,923	140	-	2,063
Other assets	31	66	-	97
Receivable from (payable to) associated companies	(3,486)	1,788	1,698	-
Investment in associated companies	(15)	11,894	(11,879)	-
Total assets	$ 16,149	$ 19,044	$ (10,309)	$ 24,884
LIABILITIES AND EQUITY				
Current liabilities:				
Long-term debt due within one year	$ -	$ 656	$ -	$ 656
Accounts payable	218	453	(107)	564
Advanced billings	236	47	(13)	270
Accrued content costs	-	102	-	102
Accrued income and other taxes [1]	577	(421)	-	156
Accrued interest	16	385	-	401
Pension and other postretirement benefits	-	29	-	29
Other current liabilities	116	214	-	330
Total current liabilities	1,163	1,465	(120)	2,508
Deferred income taxes	1,226	(87)	-	1,139
Pension and other postretirement benefits	-	1,676	-	1,676
Other liabilities	118	199	-	317
Long-term debt	750	16,220	-	16,970
Income taxes accrued- total	65	(65)	-	-
Advances from (to) associated companies	340	(2,038)	1,698	-
Equity:				
Common stock	1,442	(1,383)	(39)	20
Preferred stock	-	-	-	-
Additional paid-in capital	10,021	6,916	(11,903)	5,034
Retained earnings (accumulated deficit)	1,024	(3,205)	(82)	(2,263)
Accumulated other comprehensive loss, net of tax	-	(375)	9	(366)
Treasury common stock	-	(279)	128	(151)
Total equity	12,487	1,674	(11,887)	2,274
Total liabilities and equity	$ 16,149	$ 19,044	$ (10,309)	$ 24,884

[1] Includes amounts receivable and payable from affiliated companies for income tax related balances.

Schedule of Pledged Subsidiary Financial Data

CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017
($ in millions)

	Pledged & Guarantors Subsidiaries	All Other Entities	Intercompany Eliminations	Total Consolidated Frontier
Revenue	$ 7,502	$ 1,724	$ (98)	$ 9,128
Operating expenses:				
Network access expenses	1,268	384	(55)	1,597
Network related expenses	1,719	260	(20)	1,959
Selling, general and administrative expenses	1,906	134	(22)	2,018
Depreciation and amortization	1,810	374	-	2,184
Goodwill impairment	2,056	692	-	2,748
Acquisition and integration costs	14	11	-	25
Pension settlement costs	-	83	-	83
Restructuring costs and other charges	29	53	-	82
Total operating expenses	8,802	1,991	(97)	10,696
Operating loss	(1,300)	(267)	(1)	(1,568)
Investment and other income, net	(21)	23	1	3
Losses on early extinguishment of debt and debt	-	88	-	88
Interest expense	54	1,480	-	1,534
Loss before income taxes	(1,375)	(1,812)	-	(3,187)
Income tax expense (benefit)	534	(1,917)	-	(1,383)
Net income (loss)	$ (1,909)	$ 105	$ -	$ (1,804)

Schedule of Pledged Subsidiary Financial Data

List of Pledged and & Guarantor Subsidiaries

Entity Name	
Citizens Telecommunications Company Of Minnesota, LLC	Pledged and Guarantor
Citizens Telecommunications Company Of Tennessee L.L.C.	Pledged and Guarantor
Citizens Telecommunications Company Of The Volunteer State LLC	Pledged and Guarantor
Citizens Telecommunications Company Of Utah	Pledged and Guarantor
Frontier Communications - St. Croix LLC	Pledged and Guarantor
Frontier Communications Northwest Inc.	Pledged and Guarantor
Frontier Communications of Iowa, LLC	Pledged and Guarantor
Frontier Communications of Minnesota, Inc.	Pledged and Guarantor
Frontier Communications of Mondovi LLC	Pledged and Guarantor
Frontier Communications of Wisconsin LLC	Pledged and Guarantor
Frontier Communications of Viroqua LLC	Pledged and Guarantor
Frontier Florida LLC	Pledged and Guarantor
Frontier Southwest Incorporated	Pledged and Guarantor
Rhinelander Telephone LLC	Pledged and Guarantor
Citizens Telecommunications Company Of California Inc.	Pledged
Citizens Telecommunications Company Of Idaho	Pledged
Citizens Telecommunications Company Of Illinois	Pledged
Frontier California Inc.	Pledged
Commonwealth Telephone Company, LLC	Pledged
Frontier Communications of the Carolinas LLC	Pledged
Frontier North Inc.	Pledged
The Southern New England Telephone Company	Pledged

401 Merritt 7
Norwalk, CT 06851
203.614.5600
www.frontier.com