

## Frontier Communications Financial Update June 2021

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### **Emergence from Bankruptcy**

Frontier emerged from bankruptcy on April 30, 2021, having successfully eliminated \$10 billion in total outstanding debt. Frontier is now on more stable financial footing after years of cost cutting and inadequate investment led to deteriorating service quality and undermined its ability to compete.

Early and active intervention by CWA members and leadership ensured that Frontier's workforce was protected through the bankruptcy process with a reorganization plan that included no cuts to employees or changes to bargained agreements. CWA leadership also intervened at state regulatory agencies and the FCC to advocate for binding regulatory commitments on Frontier to follow through on investments in the network, service quality, and adequate workforce levels. These interventions resulted in new commitments on Frontier to invest over \$2 billion in its network over the next three years, deploy over 600,000 new fiber to the home locations over the next six years, and maintain adequate technician employment and local customer service operations in California and Connecticut over the next two years.

### **New Fiber Focused Approach**

In its most recent update to investors, Frontier leadership communicated a new course for Frontier as a fiber-focused company. New CEO Nick Jeffery said, *"Frontier's purpose is to be a leader in building Gigabit America."*

Frontier has outlined an initial plan for fiber deployment under its "Modernization Program" with a goal of deploying 3 million new fiber to the premise locations, effectively doubling its fiber footprint. Frontier is prioritizing highly profitable locations (with an "internal rate of return" (IRR) from 24 to 30%) for these fiber deployments and has identified eight states as the target for 90% of these new fiber locations - California, Connecticut, Florida, Illinois, New York, Ohio, Texas, and West Virginia. In addition to new fiber builds, Frontier has a goal of increasing "penetration" of its fiber (customer take-up of available fiber products) from 41.5% to 50%. Frontier is currently reviewing a plan to deploy up to 6.7m additional fiber locations at a slightly lesser, but still positive, expected profitability (from 14 to 20% IRR).

The rapid deployment of fiber has been identified by Frontier as a key goal. Frontier is planning to build close to 500,000 new fiber locations in 2021 and to double that rate in 2022. Frontier's workforce is critical to its goals of a rapid fiber deployment. During the most recent update to investors, CEO Jeffery said, *"Frontier has several advantages in building our modern fiber network...We have a terrific work force of thousands of employees, who build this fiber rapidly, which new entrants or smaller players cannot easily replicate."*