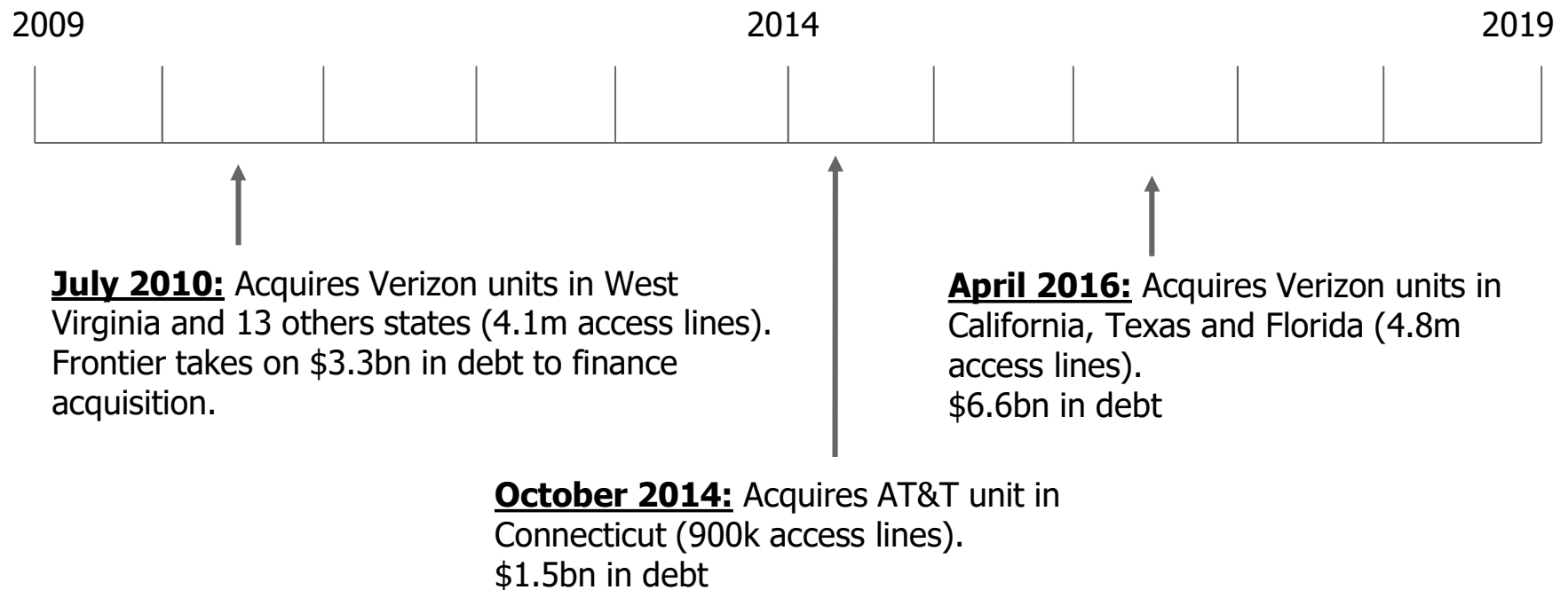


Frontier Financial Update

T&T Bargaining Council Meeting
January 24, 2020

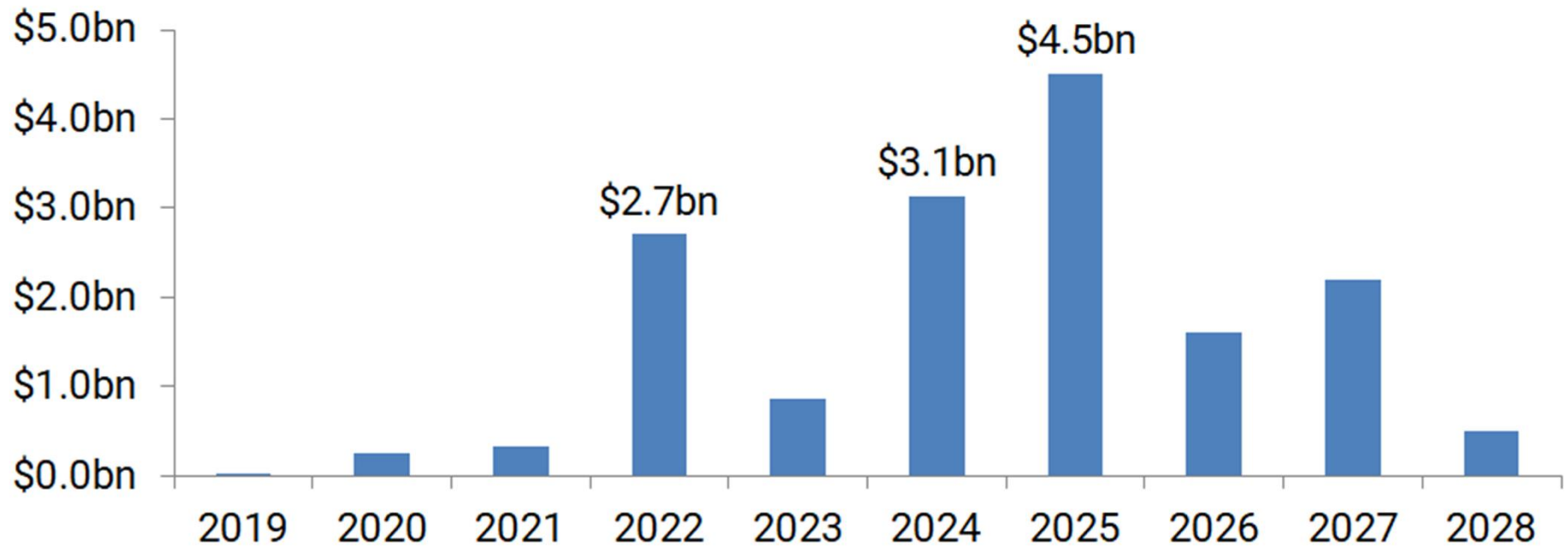
CWA

Frontier Grew Rapidly Over the Past 10 Years



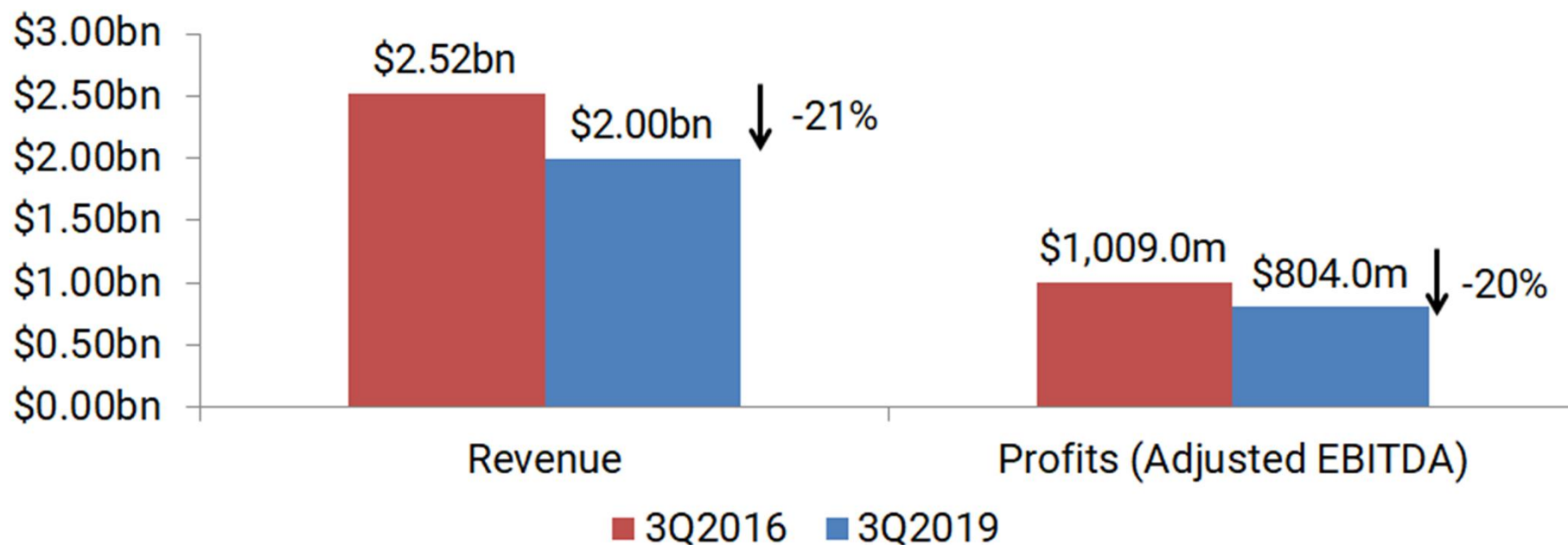
Source: Frontier Press Releases: "Frontier Communications to Acquire Verizon Assets...", 05/13/2009; "Frontier Communications to Acquire AT&T's Wireline...", 12/17/2013; "Frontier Communications to Acquire Verizon's Wireline Operations...", 02/05/2015; "Frontier Communications Reports 2014 Fourth Quarter and Full Year Results," 02/19/2015.

Frontier "Tower of Debt" Hits in 2022



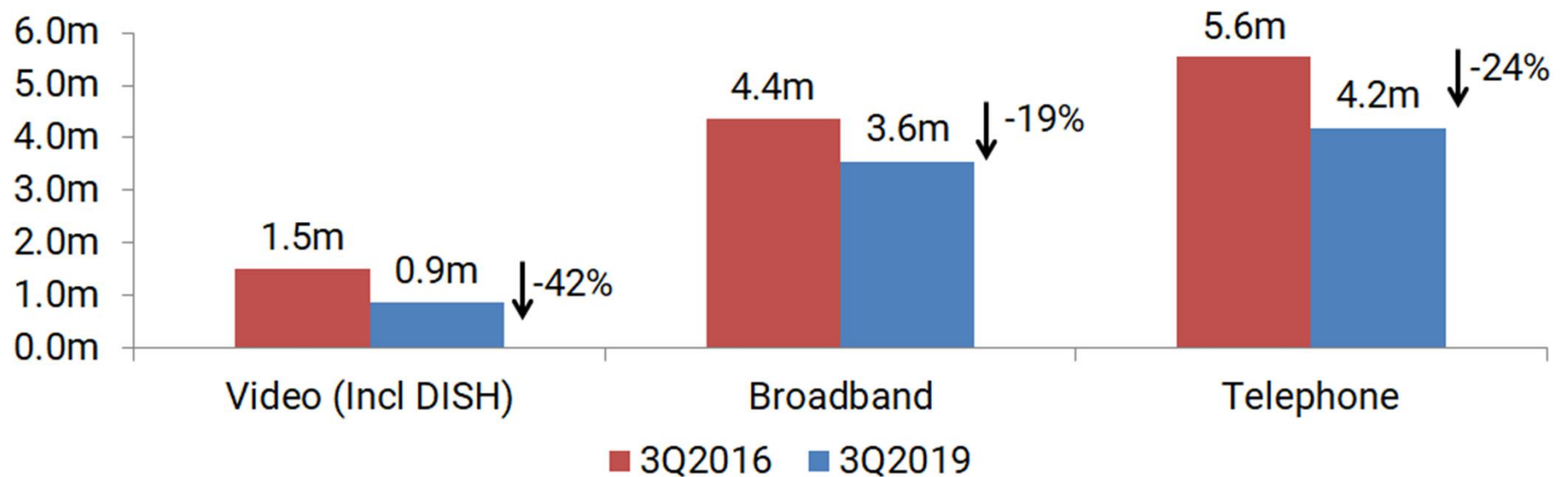
Source: Frontier Communications 3Q2019 earnings presentation, Nov 5, 2019 . Available at:
<https://www.snl.com/Cache/1500125025.PDF?O=PDF&T=&Y=&D=&FID=1500125025&iid=4057107>

Frontier's Ability to Pay Debt is Shrinking



Source: Frontier Communications 3Q2019 earnings presentation, Nov 5, 2019 . Available at: <https://investor.frontier.com/financial-information>

Frontier is Losing Subscribers Across Products



Source: Frontier Communications 3Q2019 earnings presentation, Nov 5, 2019 . Available at: <https://investor.frontier.com/financial-information>

Frontier Customer Satisfaction Ranks At the Bottom

	East	North/Central	West	
AT&T		●●●●●	●●●●●	●●●●● Among the Best
Comcast	●●●	●●●●●	●●●●●	●●●●● Better than Most
Verizon	●●●●●			●●●●● About Average
Cox	●●●		●●●	●●● The Rest
CenturyLink			●●●	
Frontier	●●	●●	●●	



Source: J.D. Power, U.S. Internet Service Provider Satisfaction Study (2019) - Overall Customer Satisfaction, Sept 26, 2019
<https://www.jdpower.com/business/ratings/study/U.S.-Internet-Service-Provider-Satisfaction-Study/10203ENG/South/1333>

CWA Members Identify Poor Service

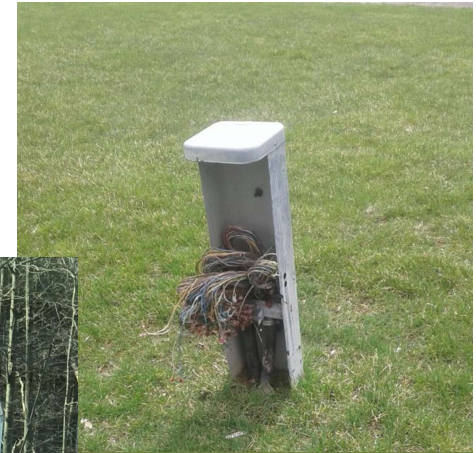
In 2019 CWA conducted a survey of members at Frontier across the country on service quality:

- **97% of technicians** working with copper plant reported service was “Terrible/Poor” or “Needs Improvement”
- **95% of sales and service employees** reported service was “Terrible/Poor” or “Needs Improvement”



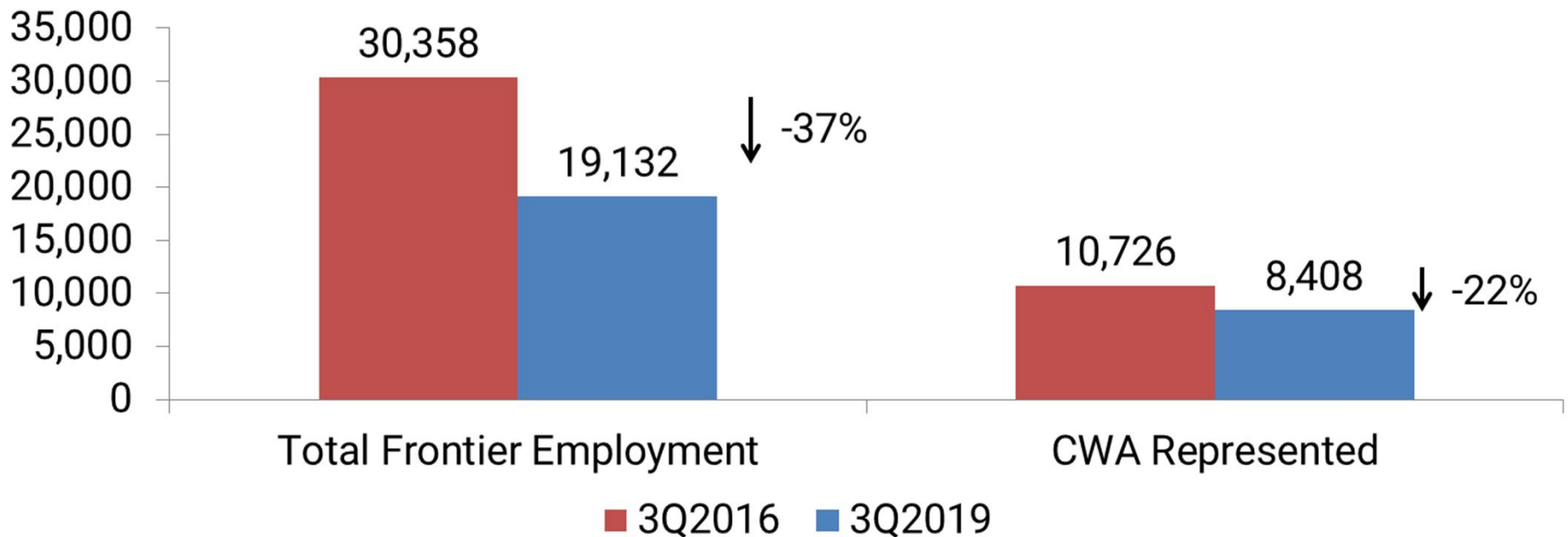
Source: National Survey of CWA members at Frontier between March and June of 2019

Quality Service Requires Investment in the Network



Source: Pictures taken of Frontier network and equipment in 2019 across CWA-represented service areas across the country. These pictures document the condition of outside plant readily observable from public streets and sidewalks.

Job Cuts Hurt Service Quality



Source: CWA internal data and Frontier Communications 3Q2019 earnings presentation, Nov 5, 2019 . Available at: <https://investor.frontier.com/financial-information>

Frontier Strategies to Manage Debt in 2019

1. **“Our Journey Forward” Program:** Frontier’s goal was \$500m in annual improved profit by 2020
2. **Debt Refinancing:** Frontier successfully refinanced 2021 debt payment, delaying those costs to 2027
3. **Asset Sales:** Frontier announced the sale of northwest properties (WA, OR, ID, MT) to WaveDivision Capital for \$1.35bn

Frontier's Disastrous August Earnings Report

1. Accelerated subscriber losses (103k loss in telephone subscribers, 71k loss in broadband subscribers)
2. Reduced expectations for profit in 2019 (from \$3.45bn to \$3.35bn)
3. Reduced expectations for profits from the "Our Journey Forward" in 2020 (from \$500m to \$200 - \$250m)
4. Overall reduction in the value of Frontier assets (reduced by \$5.5bn)

Frontier In Talks with Creditors to Relieve Debt

THE WALL STREET JOURNAL.

Frontier Communications, Creditors Prepare for Debt Restructuring Talks

Telecom company to present plan for its \$17 billion debt load



Bloomberg

Frontier Communications Seeking New CEO Ahead of Restructuring

Photographer: Chris Hat

Bloomberg

Frontier Tells Creditors It Seeks a March Bankruptcy

CWA

New CEO at Frontier – Bernie Han

- Advisor to Finances Committee of the Frontier Board of Directors (Oct – Dec 2019)
- Dish Network (2006 – 2018)
 - Exec VP for Strategic Planning
 - Chief Operations Officer
 - Chief Financial Officer
- Northwest Airlines (2002 – 2005)
 - Chief Financial Officer
- America West Airline (1996 – 2002)



Frontier Creditors have Destructive Track Records

- Elliott Management
- Aurelius Capital Management
- Golden Tree Asset Management
- Franklin Resources
- Oaktree Capital Management
- Brigade Capital Management
- Discovery Capital Management

CWA's Experience in Bankruptcy

Fairpoint (October 2009)

1. Contract renegotiated in bankruptcy: wage increase delayed, joint committee on operations established
2. Wages and benefit plans preserved through bankruptcy

Windstream (February 2019)

1. CWA has seat on creditors committee
2. Company committed to preserve CBAs, meaning no changes to wages and benefits

CWA's Goals at Frontier

CWA Vice-Presidents have set national goals for our work at Frontier. We believe that any deal to re-negotiate Frontier's debt needs to put Frontier in a position to improve service quality by:

1. Maintaining employment levels
2. Eliminating contracting of both call center and technician work
3. Increasing investment in the network

Bankruptcy Q&As

CWA

What is bankruptcy?

A bankruptcy is a legal proceeding, overseen by a judge, for distressed companies that cannot meet their financial obligations.

There are two types of bankruptcy:

- 1. Chapter 11** - This is a reorganization process overseen by the Company's management. Companies are given an opportunity to restructure operations and emerge in a position to operate profitably.
- 2. Chapter 7** - This is a liquidation process. The company terminates operations and a Chapter 7 trustee is selected to oversee the process of selling off assets to meet debts.

What happens to a union contract during bankruptcy?

The Company can ask the bankruptcy court to reject collectively bargained agreements (CBAs), after engaging in a period of negotiations. The Union has an opportunity to argue against rejection and present evidence in a trial in bankruptcy court.

If the CBA is rejected, the Company's last bargaining offer would be implemented and the Union would have the right to strike. The Company would ultimately be required to bargain over the terms of a new contract.

How would bankruptcy affect my pension plan?

Benefits Already Earned: Generally, all earned benefits under a traditional, defined-benefit pension are protected under federal law and must be paid in full.

However, an employer can apply for a distressed termination under the Pension Benefit Guaranty Corporation (PBGC) if:

1. the pension plan does not contain enough assets to pay benefits, and
2. the employer proves that it cannot remain in business while maintaining operation of the plan.

Under a distressed termination, the PBGC takes over funding of the plan and pays all benefits up to a maximum guaranteed amount.

Pension Benefit Guarantee Corporation (PBGC) 2020 Maximum Monthly Guarantees for Single Employer Plans

Age At Retirement	Monthly Guaranteed Amount (Straight-Life Annuity)
55	\$2,615.63
60	\$3,778.13
65	\$5,812.50
70	\$9,648.75



How would bankruptcy affect my pension plan?

Future Benefits: Filing for bankruptcy does not necessarily mean a change to future benefits.

Under Chapter 11, the Company may or may not seek changes to the pension plan (or any other employee benefit plan) during bankruptcy. Employers are required to negotiate with represented units for any changes to active benefit plans either under the normal rules of bargaining or the rules governing attempts to reject a collective bargaining agreement.



CWA