



## **Frontier Restructuring General FAQ**

### **1. What did Frontier Communications announce?**

- Frontier, together with its subsidiaries, has entered into a Restructuring Support Agreement (“RSA”) with bondholders representing more than 75% of Frontier’s approximately \$11 billion in outstanding unsecured bonds on a financial restructuring plan (the “Plan”).
- The Plan leaves unimpaired all general unsecured creditors and holders of secured and subsidiary debt, is expected to reduce the Company’s debt by more than \$10 billion, and will provide Frontier with significant financial flexibility to support continued investment in our long-term growth.
- With this agreement with our unsecured bondholders, we can now focus on executing our strategy to better compete, drive operational efficiencies and position our business for the future.
- To implement the agreed upon terms of the financial restructuring plan, Frontier voluntarily filed petitions under Chapter 11 of the United States Bankruptcy Code in the Southern District of New York.
- Frontier expects to continue providing quality service to its customers without interruption and work with its business partners as usual throughout the court-supervised process.
- Under the RSA, our trade vendors will be unimpaired for both pre- and post-petition obligations. In other words, our vendors are expected to be paid for goods and services they provided to Frontier both before and after the filing date.

### **2. How does this agreement benefit Frontier Communications? Why take this action now?**

- We are undertaking a proactive and strategic process with the support of our bondholders in order to significantly improve our capital structure and reduce our debt on an expedited basis – without any expected interruption of service to our customers.
- With a stronger balance sheet, we will have the increased financial flexibility to accelerate investments in upgrading our network reliability and speeds, delivering new and innovative solutions, adding top-tier talent to our organization and becoming a stronger provider for existing and new customers.
- We can now focus on executing our strategy to better compete, drive operational efficiencies and position our business for long-term growth.
- Many companies enter the court-supervised restructuring process with no defined path forward – and those companies leave the discussions with bondholders for later in the process. What we’re announcing is that we have much of the hard work of our restructuring process already behind us. And the RSA we have reached demonstrates the support our bondholders have of our business.

**3. What does it mean to file for protection under Chapter 11? Why does Frontier have to file Chapter 11 if we reached an agreement?**

- Chapter 11 is a section of the U.S. Bankruptcy Code that allows companies to restructure their finances through a court-supervised proceeding while continuing to operate their businesses.
- Chapter 11 permits, and even encourages, daily business operations to continue as usual.
- In Chapter 11, companies continue to pay wages and benefits, make payments to vendors and take care of other obligations.
- Filing for Chapter 11 will allow us to implement our pre-arranged plan, which has been agreed upon with bondholders representing more than 75% of Frontier's approximately \$11 billion in outstanding unsecured bonds.

**4. What does it mean that we have a pre-arranged financial restructuring plan?**

- A pre-arranged plan means that Frontier has received significant support.
- In our case, we initiated the court-supervised process to implement our plan with bondholders representing more than 75% of Frontier's approximately \$11 billion in outstanding unsecured bonds.
- Many companies enter the court-supervised process with no defined path forward – and those companies leave the discussions with bondholders for later in the process. What we're announcing is that we have most of the hard work already behind us. And the RSA we have reached demonstrates the support our bondholders have of our business.

**5. Is the Company going out of business?**

- No. We are continuing our business as we did before the Chapter 11 filing, providing our customers with the quality services they expect and maintaining our long-standing relationships with our vendors and business partners.
- Frontier has a solid foundation, and we are continuing to execute our strategy to better compete, drive operational efficiencies and position our business for long-term growth.
- This proactive and strategic step forward with the support of our bondholders will enable us to significantly improve our capital structure and reduce our debt on an expedited basis.
- We have put a tremendous amount of time and effort into this process to ensure we limit the impact on our stakeholders.

**6. How will the filing affect day-to-day operations at Frontier?**

- Frontier expects to continue providing quality service to its customers without interruption and work with its business partners as usual throughout the court-supervised process.
- We have sufficient liquidity to run our business throughout the court-supervised process.
- Customers should not expect any interruption to their service as a result of the Court process.
- We are continuing to execute our strategy to better compete, drive operational efficiencies and position our business for long-term growth.

- 7. Does Frontier have the liquidity to continue operating throughout this process?**
- Yes, we have sufficient liquidity to run our business. We are building infrastructure, maintaining our network and meeting our business and regulatory commitments.
  - We have also obtained commitments for \$460 million in debtor-in-possession (“DIP”) financing.
  - Subject to Court approval, this additional liquidity, combined with cash flow generated by the Company’s ongoing operations, is expected to be available and sufficient to meet Frontier’s operational and restructuring needs.
  - All employees will receive their usual pay and benefits, and we expect to serve our customers as usual and maintain our relationships with our vendors and business partners.
- 8. When will Frontier complete the court-supervised process?**
- Because we have a pre-arranged financial restructuring plan, we expect to move through this process as efficiently as possible while we continue running our business as usual.
  - We will keep you informed of important milestones as we move forward.
- 9. Will the current management team remain in place during this process?**
- In a Chapter 11 process, the Board of Directors and senior management normally remain in control of the Company while the case is ongoing, but may or may not change when the Company emerges from the restructuring process.
  - However, the direction of the Company and its objectives will remain unchanged.
- 10. Does this impact the sale of the Washington, Oregon, Idaho, and Montana operations and assets to Northwest Fiber? Does the Court need to approve this transaction now?**
- The Company intends to proceed with the sale of these operations and assets, subject to certain closing adjustments, on or around April 30, 2020.
  - We will seek Court approval to complete the transaction on an expedited basis.
- 11. Does this filing have anything to do with the COVID-19 pandemic?**
- Constructive engagement with our bondholders over many months resulted in this comprehensive resolution.
  - At the same time, while this is not a result of the situation related to COVID-19, the pandemic continues to impact the entire business community, and our team is focused on ensuring the health and safety of our employees and customers.