

FRONTIER COMMUNICATIONS CORP
Form DEF 14A
March 31, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

FRONTIER COMMUNICATIONS CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(4) Date Filed:

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401 Merritt 7, Norwalk, CT 06851

(203) 614-5600

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

- Time and Date:** 10:00 a.m., Eastern Time, on Wednesday, May 11, 2016
- Location:** Hyatt Regency Hotel, 1800 East Putnam Avenue, Old Greenwich, Connecticut
- Items of Business:**
- To elect 11 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 2016; 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 14, 2016 are entitled to vote at the meeting or any adjournments or postponements thereof.

Your vote is very important. On or about March 31, 2016, we mailed a Notice of Internet Availability of Proxy Materials (the Notice). The Notice includes instructions on how to access our Proxy Statement and 2015 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 attend the meeting.

By Order of the Board of Directors

Mark D. Nielsen

Executive Vice President, General Counsel and Secretary

March 31, 2016

**Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Stockholders to be held on May 11, 2016.**

The Proxy Statement and 2015 Annual Report are available at www.proxyvote.com.

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PROXY SUMMARY

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.

2016 Annual Meeting

Date	Time
May 11, 2016	10:00 a.m., Eastern Time
Record Date	Location
March 14, 2016	Hyatt Regency Hotel, 1800 East Putnam Avenue, Old Greenwich, Connecticut

Meeting Agenda and Voting Matters

Proposal	Board Vote Recommendation	Page Reference (for more information)
Item 1 Election of Directors	FOR each nominee	12
Item 2 Advisory Vote to Approve Executive Compensation (Say-on-Pay)	FOR	53
Item 3 Ratification of Selection of Independent Registered Public Accounting Firm	FOR	57

Director Nominees

Name/Age*	Independent	Director Since	Occupation/Career Highlights	Committee Membership
Leroy T. Barnes, Jr., 64	Yes	2005	Retired, Vice President and Treasurer, PG&E Corp.	Audit
Peter C.B. Bynoe, 65	Yes	2007	Managing Director, Equity Group Investments	Retirement Plan (Chair) Compensation
Diana S. Ferguson, 52	Yes	2014	Principal, Scarlett Investments, LLC	Nom. and Corp. Gov. (Chair) Audit
Edward Fraioli, 69	Yes	2010	Retired, Partner, Ernst & Young	Nom. and Corp. Gov. Audit (Chair)
Daniel J. McCarthy, 51	No	2014	President and CEO, Frontier Communications	Retirement Plan
Pamela D.A. Reeve (Chairman), 66	Yes	2010	Retired, President and CEO, Lightbridge, Inc.	
Virginia P. Rueterholz, 54	Yes	2013	Retired, Executive Vice President, Verizon Communications	Compensation (Chair) Retirement Plan

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Howard L. Schrott, 61	Yes	2005	Principal, Schrott Consulting	Audit
Lorraine D. Segil, 67	Yes	2005	CEO, Lorraine Segil Inc.	Nom. and Corp. Gov. Compensation
Mark Shapiro, 46	Yes	2010	Chief Content Officer, WME/IMG	Retirement Plan Nom. and Corp. Gov.
Myron A. Wick, III, 72	Yes	2005	Retired, Director General, Hola Television Group	Compensation Retirement Plan

* Age is as of the date of the Annual Meeting.

All of our directors attended over 75% of the meetings of the Board and committees

on which they served in 2015.

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PROXY SUMMARY

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:

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

2015 Highlights

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Frontier continued its track record of solid execution in 2015. Notably:

We added approximately 102,000 net broadband subscribers, an increase of approximately 4%, which contributed to our improved revenue performance for data and Internet services. This was Frontier's third consecutive year of broadband additions in excess of 100,000.

We had ample capital to invest in and enhance our competitive infrastructure while at the same time sustain our dividend. In 2015, we paid \$456 million in common stock dividends and \$120 million in preferred stock dividends.

We completed the integration of the Connecticut wireline properties that we acquired from AT&T Inc. in October 2014. As a result of that transaction, we now own and operate a wireline broadband, voice and video business and statewide fiber network that provides services to customers in Connecticut.

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PROXY SUMMARY

In February 2015, we entered into an agreement with Verizon Communications Inc. to acquire Verizon's wireline properties in California, Texas and Florida, for a purchase price of \$10.54 billion in cash, which will allow us to provide services to residential, commercial and wholesale customers in those areas (the California, Texas and Florida Acquisition). Throughout 2015, we worked to achieve key milestones to close the California, Texas and Florida Acquisition in a timely manner, including:

A capital raise to finance the California, Texas and Florida Acquisition, consisting of the issuance of \$2.75 billion in common and preferred stock, a \$1.5 billion senior secured term loan facility and a \$6.6 billion private debt offering; and

The receipt of all necessary regulatory approvals from the FCC, the Public Utilities Commission of Texas and the California Public Utilities Commission.

The California, Texas and Florida Acquisition furthers three critical objectives for Frontier: to be a driving force in states with growing populations, to transform our revenue mix and to focus on our core competencies.

We will have closed the California, Texas and Florida Acquisition on April 1, 2016, resulting in:

An estimated 2.1 million new broadband connections and 3.3 million new voice connections	Over half of the acquired network is FiOS® enabled, the product of substantial capital investments by Verizon	The addition of approximately 9,400 employees	An expanded footprint in key markets
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We successfully completed our multi-year internal succession plan, pursuant to which:

Daniel J. McCarthy, who had been our President and Chief Operating Officer, became our President and Chief Executive Officer in April 2015.

In connection with Mr. McCarthy's appointment, Mary Agnes Wilderotter, our long time Chairman and Chief Executive Officer, became Executive Chairman in April 2015. As planned, on March 31, 2016, Mrs. Wilderotter retired and stepped down from the Board of Directors.

Pamela D.A. Reeve, an independent director who had been serving as our Lead Director, was appointed Chairman, effective April 1, 2016.

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PROXY SUMMARY

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 shareholder return, and through the use of equity awards, rather than cash, 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.

Our executive compensation for fiscal 2015 performance consisted of four components: base salary, annual cash bonus opportunity, restricted stock awards and performance share awards. Of these components, only base salary represents fixed compensation. Each of the other components is dependent upon Frontier's financial, operating and relative total shareholder return performance as well as the performance of the individual executive.

94.7% of the votes cast on our 2015 Say-On-Pay proposal were in favor of our executive compensation program.

For additional information about our executive compensation practices, see our Compensation Discussion and Analysis on page 26.

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 2016 Say-On-Pay proposal.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

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 2016 Annual Meeting of Stockholders, which is being held on May 11, 2016, at 10:00 a.m., Eastern Time, at the Hyatt Regency Hotel, 1800 East Putnam Avenue, Old Greenwich, Connecticut, 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 2015 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 31, 2016, 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 2015 Annual Report, which will be sent on or about April 1, 2016.

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.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

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 11 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 2016
- 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 14, 2016, the record date for our Annual Meeting. As of March 14, 2016, there were 1,172,149,199 shares of common stock outstanding, with each share entitled to one vote.

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 in person 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.	

In Person at our Annual 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 attends the Annual Meeting and votes in person, his or her shares will not be voted.

Can I change my mind after I have voted?

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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 voting in person at the Annual Meeting. Attendance at the Annual Meeting will not alone constitute revocation of a proxy.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

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.

For the non-routine proposals of election of directors (Proposal 1) and advisory approval of our executive compensation (Proposal 2), your broker, bank or other nominee will not be able to vote without instruction from you.

For the routine proposal of ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2016 (Proposal 3), your broker, bank or other nominee may vote in their discretion 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
Advisory Vote to Approve Executive Compensation (Say-on-Pay)	Majority of the shares present in person or represented by proxy	Unless a contrary choice is specified, proxies received by our Board will be voted FOR the election of our director nominees FOR
		Unless a contrary choice is specified, proxies received by our Board will be voted

**Ratification of the appointment of KPMG
LLP as our independent registered public
accounting firm for 2016**

Majority of the shares present in person or
represented by proxy

FOR the proposal
FOR

Unless a contrary choice is specified,
proxies received by our Board will be voted
FOR the ratification of the appointment

Frontier Communications Corporation

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

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?