

FRONTIER COMMUNICATIONS CORP

Form DEF 14A

March 28, 2017

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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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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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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 10, 2017

Items of Business:

- To elect 10 directors;
- To consider and vote upon an advisory proposal to approve executive compensation;
- To consider and vote upon an advisory proposal on the frequency of the executive compensation proposal;
- To approve a proposal to adopt Frontier's 2017 Equity Incentive Plan;
- To approve a proposal to adopt an amendment to Frontier's Restated Certificate of Incorporation to: (i) effect a reverse stock split of the issued shares of Frontier common stock, at a reverse stock split ratio of not less than 1-for-10 and not more than 1-for-25, and to reduce the total number of shares of common stock that Frontier is authorized to issue from 1,750,000,000 to 175,000,000;
- To ratify the selection of KPMG LLP as our independent registered public accounting firm for 2017; 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 13, 2017 are entitled to vote at the meeting or any adjournments or postponements thereof.

Your vote is very important. On or about March 28, 2017, we mailed a Notice of Internet Availability of Proxy Materials (the Notice). The Notice includes instructions on how to access our Proxy Statement and 2016 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/FTR2017. **Because the Annual Meeting this year 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 and Chief Legal Officer

March 28, 2017

**Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Stockholders to be held on May 10, 2017.**

The Proxy Statement and 2016 Annual Report are available at www.proxyvote.com.

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

2017 Annual Meeting**Date**

May 10, 2017
Record Date

Time

10:00 a.m., Eastern Time
Via the internet

March 13, 2017

www.virtualshareholdermeeting.com/FTR2017

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	54
Item 3 Advisory Vote on the Frequency of Compensation Proposal (Say-on-Frequency)	FOR	55
Item 4 Vote to Approve Frontier's 2017 Equity Incentive Plan	FOR	56
Item 5 Vote to Approve Amendment to Certificate of Incorporation To Effect Reverse Stock Split and Reduction of the Authorized Number of Shares of Common Stock	FOR	67
Item 6 Ratification of Selection of Independent Registered Public Accounting Firm	FOR	76

Director Nominees

Name/Age*	Independent	Director Since	Occupation/Career Highlights	Committee Membership
Leroy T. Barnes, Jr., 65	Yes	2005	Retired, Vice President and Treasurer, PG&E Corp.	Audit
Peter C.B. Bynoe, 66	Yes	2007	Managing Director, Equity Group Investments	Retirement Plan (Chair) Compensation
Diana S. Ferguson, 53	Yes	2014	Principal, Scarlett Investments, LLC	Nom. and Corp. Gov. (Chair) Audit
Edward Fraioli, 70	Yes	2010	Retired, Partner, Ernst & Young	Nom. and Corp. Gov. Audit (Chair)
Daniel J. McCarthy, 52	No Yes	2014 2010	President and CEO, Frontier Communications Retired, President and CEO, Lightbridge, Inc.	Retirement Plan

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Pamela D.A. Reeve

(Chairman), 67

Virginia P. Rueterholz, 55	Yes	2013	Retired, Executive Vice President, Verizon Communications	Compensation (Chair)
Howard L. Schrott, 62	Yes	2005	Principal, Schrott Consulting	Retirement Plan Audit
Mark Shapiro, 47	Yes	2010	Co-President, WME/IMG	Nom. and Corp. Gov. Retirement Plan
Myron A. Wick, III, 73	Yes	2005	Retired, Director General, Holo Television Group	Compensation

Nom. and Corp. Gov.

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

Ms. Lorraine Segil, who served on the Frontier 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 2016.**

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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:

All of our directors (other than our CEO) are independent

An independent Chairman of the Board with extensive duties

Each standing committee is 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

2016 Review

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2016 was a year that was both transformational and challenging for Frontier.

On April 1, 2016, we completed the acquisition of Verizon's wireline properties in California, Texas and Florida for a purchase price of \$10.54 billion in cash and assumed debt, which allows us to provide services to residential, commercial and wholesale customers in those areas (the California, Texas and Florida Acquisition). In the past three years, and culminating with the close of the California, Texas and Florida Acquisition, we have more than doubled in size and scale, improved the quality of our assets, substantially diversified our revenue streams and geographic footprint, and expanded the sophistication and attractiveness of our product offerings.

In addition, we implemented a new customer-focused organizational structure in December 2016, which is designed to improve the customer experience, streamline processes and reduce costs. As part of this new organizational structure, we realigned into two groups: consumer sales and commercial sales. This allows us to better serve the different needs of consumer and business customers. Non-customer facing functions such as finance, human resources, marketing, engineering, information technology and communications that had been regionalized were integrated and centralized to support both segments. This eliminated organizational layers, duplicative roles and costs.

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PROXY SUMMARY

During 2016, we paid \$493 million in common stock dividends and \$214 million in preferred stock dividends, while continuing to invest in the expansion and upgrade of our network and product offerings.

In November 2016, R. Perley McBride became our Executive Vice President and Chief Financial Officer. Mr. McBride has more than 20 years of experience in financial roles in the communications industry, including more than a decade at Frontier earlier in his career.

However, Frontier also faced challenges that negatively impacted revenue and profitability in 2016. As a result, our stock price declined significantly. Despite these challenges, our Board of Directors believes in the future of Frontier as a provider of quality communications services and has utmost confidence in Frontier's management and its ability to rebuild stockholder value.

Reverse Stock Split and Authorized Share Count Reduction

The Board of Directors has adopted a resolution approving an amendment to our Restated Certificate of Incorporation and is recommending that our stockholders adopt such amendment to (i) effect a reverse stock split of the issued shares of Frontier common stock at a reverse stock split ratio of not less than 1-for-10 and not more than 1-for-25 (the exact reverse stock split ratio to be determined by the Board of Directors), and (ii) reduce the total number of shares of Frontier common stock that Frontier is authorized to issue from 1,750,000,000 to 175,000,000.

The main reasons for proposing the reverse stock split are to increase the trading price for Frontier common stock and to attract a broader investor base. For additional information about this proposal, see page 67.

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, 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.

In light of the challenges we faced in 2016 and the resulting decline in the price of our common stock, Frontier paid no annual cash bonuses for 2016 performance. As in past years, the Compensation Committee elected to grant executives restricted stock awards and performance share awards (but not as replacement for the annual cash bonus), which tie the interests of our executives and our stockholders because the value of these awards will depend on Frontier's common stock price when the vested and earned shares are sold by such executives.

93.7% of the votes cast on our 2016 Say-On-Pay proposal were in favor of our executive compensation program.

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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 2017 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 2017 Annual Meeting of Stockholders, which is being held on May 10, 2017, at 10:00 a.m., Eastern Time, via the internet at www.virtualshareholdermeeting.com/FTR2017, 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 2016 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 28, 2017, 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 2016 Annual Report, which will be sent on or about March 29, 2017.

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.

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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 10 nominees named in this Proxy Statement to serve as directors
- 2 Approve, on an advisory basis, Frontier's executive compensation
- 3 Approve, on an advisory basis, the frequency of Frontier's executive compensation proposal
- 4 Approve Frontier's 2017 Equity Incentive Plan
- 5 Approve the Amendment to Frontier's Restated Certificate of Incorporation to effect the reverse stock split and a reduction of the authorized number of shares of common stock
- 6 Ratify the selection of KPMG LLP as Frontier's independent registered public accounting firm for 2017
- 7 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 13, 2017, the record date for our Annual Meeting. As of March 13, 2017, there were 1,177,978,011 shares of common stock outstanding, with each share entitled to one vote.

How can I participate in the Annual Meeting?

Stockholders may participate in the Annual Meeting virtually via the internet at www.virtualshareholdermeeting.com/FTR2017. In order to vote or submit a question during the meeting, you will need to follow the instructions posted at www.virtualshareholdermeeting.com/FTR2017 and will need the control number provided on your Notice, proxy card or voting instructions. Broadridge Financial Solutions is hosting our virtual annual meeting and, on the date of the Annual Meeting, 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.

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.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

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/FTR2017 . 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/FTR2017 . 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/FTR2017. 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

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

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 2017 (Proposal No. 6) and the approval of the amendment to the Restated Certificate of Incorporation to effect a reverse stock split and reduction of the authorized number of shares of common stock (Proposal No. 5) are 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?