

FRONTIER COMMUNICATIONS CORP  
Form DEF 14A  
March 26, 2012

**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  S

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))
- S Definitive Proxy Statement
- £ Definitive Additional Materials
- £ Soliciting Material Under Rule 14a-12

**FRONTIER COMMUNICATIONS CORPORATION**

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(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

S No fee required.

£ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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securities to  
which  
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(2)

Aggregate  
number of  
securities to  
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- (3) Per unit price  
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- (1) Amount  
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(2) Form,  
Schedule or  
Registration  
Statement  
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(3) Filing Party:

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(4) Date Filed:

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Three High Ridge Park, Stamford, CT 06905  
(203) 614-5600

March 26, 2012

Dear Fellow Stockholder:

On behalf of the board of directors of Frontier Communications Corporation, I am pleased to invite you to attend our 2012 Annual Meeting of Stockholders. The meeting will be held at our offices located at Three High Ridge Park, Stamford, Connecticut 06905, on Wednesday, May 9, 2012, at 10:00 a.m., Eastern Daylight Savings Time.

At this meeting, you will be asked:

To elect 11  
directors;

To consider  
and vote upon  
an advisory  
proposal to  
approve  
executive  
compensation;

To consider  
and vote upon  
two  
stockholder  
proposals, if  
presented at  
the meeting;

To ratify the  
selection of  
KPMG LLP as  
our  
independent  
registered  
public  
accounting  
firm for 2012;  
and

To transact any  
other business  
that may  
properly be  
brought before

the meeting or  
any  
adjournment or  
postponement  
of the meeting.

It is important that your shares be represented, whether or not you attend the meeting. You may vote by telephone or via the Internet. If you received a paper copy of the proxy card by mail, you may vote by completing, dating and signing the proxy card and returning it in the envelope provided. No postage is required if the proxy card is mailed in the United States. If present at the meeting, you may revoke your proxy and vote in person.

Attendance at the meeting will be limited to stockholders as of the record date, or their authorized representatives, and our guests. If you are planning to attend the meeting please mark the appropriate box on the proxy card.

We look forward to seeing you at the meeting.

Cordially,

Mary Agnes Wilderotter  
Chairman of the Board of Directors,  
President and Chief Executive Officer

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Three High Ridge Park, Stamford, CT 06905  
(203) 614-5600

March 26, 2012

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held May 9, 2012**

To the Stockholders of  
FRONTIER COMMUNICATIONS CORPORATION:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Frontier Communications Corporation will be held at the company's offices, Three High Ridge Park, Stamford, Connecticut 06905, on Wednesday, May 9, 2012, at 10:00 a.m., Eastern Daylight Savings Time, for the following purposes:

To elect 11  
directors;

To consider  
and vote upon  
an advisory  
proposal to  
approve  
executive  
compensation;

To consider  
and vote upon  
two  
stockholder  
proposals, if  
presented at  
the meeting;

To ratify the  
selection of  
KPMG LLP as  
our  
independent  
registered  
public  
accounting  
firm for 2012;  
and

To transact any  
other business  
that may

properly be  
brought before  
the meeting or  
any  
adjournment or  
postponement  
of the meeting.

The board of directors fixed the close of business on March 13, 2012 as the record date for determining stockholders entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting. At the close of business on March 13, 2012, there were 998,511,956 shares of our common stock entitled to vote at the meeting.

A complete list of stockholders entitled to vote at the meeting will be open to the examination of stockholders on the meeting date and for a period of ten days prior to the meeting at our offices at Three High Ridge Park, Stamford, Connecticut 06905, during ordinary business hours.

By Order of the Board of Directors

Nancy S. Rights  
Senior Vice President, Deputy General Counsel and Secretary

**Important Notice Regarding the Availability of  
Proxy Materials for the Annual Meeting of Stockholders to be held on May 9, 2012.**

The proxy statement and 2011 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

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**FRONTIER COMMUNICATIONS CORPORATION**  
**Three High Ridge Park**  
**Stamford, Connecticut 06905**

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**PROXY STATEMENT**

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**2012 Annual Meeting of Stockholders**

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**THE MEETING**

**Introduction**

This proxy statement is being furnished to the stockholders of Frontier Communications Corporation, a Delaware corporation, in connection with the solicitation of proxies by our board of directors for use at our 2012 annual meeting of stockholders and at any adjournments thereof.

**Date, Time and Place**

The meeting will be held on May 9, 2012, at 10:00 a.m., Eastern Daylight Savings Time, at our offices located at Three High Ridge Park, Stamford, Connecticut 06905.

**Internet Availability of Proxy Materials**

This proxy statement and our Annual Report for the fiscal year ended December 31, 2011, containing financial and other information concerning our company, are available on the Investor Relations page of our website, [www.frontier.com](http://www.frontier.com). Additionally, and in accordance with Securities and Exchange Commission ( SEC ) rules, you may access our proxy statement at [www.proxyvote.com](http://www.proxyvote.com).

Under rules adopted by the SEC, we have elected to furnish the proxy statement and Annual Report to many of our stockholders via the Internet, instead of mailing printed materials to each stockholder. We believe this is in the best interests of our stockholders as it will enable us to provide our stockholders with the information they need, while lowering the cost of delivery and reducing the environmental impact.

On or about March 26, 2012, we began mailing to holders of our common stock (other than those who previously requested electronic or paper delivery and certain other stockholders) a Notice of Internet Availability of Proxy Materials (the Notice ). If you received the Notice by mail, you will not automatically receive a printed copy of this proxy statement and our Annual Report in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the proxy materials online. The Notice also instructs you on how you may submit your proxy via the Internet. If you previously requested electronic delivery, you will receive an email providing you with the Notice, and if you previously requested paper delivery, you will receive a paper copy of the proxy materials by mail. We encourage you to receive all proxy materials in the future 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](http://www.frontier.com).

You can receive a copy of our proxy materials by following 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. Requests for printed copies of the proxy materials can be made by Internet at [www.proxyvote.com](http://www.proxyvote.com), by telephone at 1-800-579-1639 or by email at [sendmaterial@proxyvote.com](mailto: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.



## **Matters to be Considered**

At the meeting, stockholders will be asked to elect 11 directors, to consider and vote upon an advisory proposal to approve executive compensation, to consider and vote upon two stockholder proposals, if presented, and to ratify the selection of our independent registered public accounting firm. See ELECTION OF DIRECTORS, ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION, STOCKHOLDER PROPOSALS and RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM. The board of directors does not know of any matters to be brought before the meeting other than as set forth in the notice of meeting. If any other matters properly come before the meeting, the persons named in the form of proxy or their substitutes will vote in accordance with their best judgment on such matters.

## **Record Date; Shares Outstanding and Entitled to Vote; Quorum**

Stockholders as of the record date, *i.e.*, the close of business on March 13, 2011, are entitled to notice of and to vote at the meeting. As of the record date, there were 998,511,956 shares of common stock outstanding and entitled to vote, with each share entitled to one vote. Holders of a majority of the outstanding shares entitled to vote must be present in person or represented by proxy in order for action to be taken at the meeting.

## **Required Votes**

*Election of Directors.* Under our by-laws, the affirmative vote of the holders of a majority of the shares of common stock present or represented by proxy and entitled to vote at the meeting is required to elect each director. Consequently, only shares that are voted in favor of a particular nominee will be counted toward the nominee's achievement of a majority. Shares present at the meeting that are not voted for a particular nominee or shares present by proxy where the stockholder properly withholds authority to vote for the nominee will have the same effect as a vote against the nominee. Brokers are not permitted to vote shares on the election of directors if they do not receive voting instructions from the beneficial owners of such shares. Such broker non-votes will be considered present for purposes of establishing a quorum, but will not be considered in determining the number of votes necessary for approval and will have no effect on the outcome of the vote on election of directors.

Under Delaware law, an incumbent director who fails to receive the required vote holds over, or continues to serve as a director until his or her successor is elected and qualified. To address this hold-over issue, we have adopted a policy under which, in non-contested elections, if a director fails to win a majority of affirmative votes for his or her election, the director must immediately tender his or her resignation from the board, and the board will decide, through a process managed by the Nominating and Corporate Governance Committee and excluding the nominee in question, whether to accept the resignation at its next regularly scheduled meeting.

*Advisory Proposal on Executive Compensation.* Approval of the advisory proposal on executive compensation requires the affirmative vote of the holders of a majority of the common stock present or represented by proxy and entitled to vote at the meeting. Abstentions will have the same effect as a vote against approving the advisory proposal. Brokers are not permitted to vote shares on this matter if they do not receive voting instructions from the beneficial owners of such shares. Such broker non-votes will be considered present for purposes of establishing a quorum, but will not be considered in determining the number of votes necessary for approval and will have no effect on the outcome of the vote on the advisory proposal. Because the vote is advisory, it will not be binding upon the board of directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

*Stockholder Proposals.* Approval of each stockholder proposal requires the affirmative vote of the holders of a majority of the common stock present or represented by proxy and entitled to vote at the meeting. Abstentions will have the same effect as a vote against approving a stockholder proposal. Brokers are not permitted to vote shares on these matters if they do not receive voting instructions from the beneficial owners of such shares. Such broker

non-votes will be considered present for purposes of establishing a quorum, but will not be considered in determining the number of votes necessary for approval and will have no effect on the outcome of the votes on the stockholder proposals.

*Selection of Auditors.* The ratification of the selection of KPMG LLP as our independent registered public accounting firm is being submitted to stockholders because we believe that this action follows sound corporate practice and is in the best interests of the stockholders. If the stockholders do not ratify the selection by the affirmative vote of the holders of a majority of the common stock present or represented by proxy and entitled to vote at the meeting, the Audit Committee of the board of directors will reconsider the selection of the independent registered public accounting firm, but such a vote will not be binding on the Audit Committee. If the stockholders ratify the selection, the Audit Committee, in its discretion, may still direct the appointment of a new independent registered public accounting firm at any time during the year if they believe that this change would be in our and our stockholders' best interests. Abstentions will have the same effect as a vote against ratification of the auditors.

### **Voting Recommendations**

The board of directors recommends that you vote **FOR** each nominee for director named, **FOR** the advisory proposal on executive compensation, **AGAINST** the stockholder proposals and **FOR** ratification of the selection of our independent registered public accounting firm for 2012.

### **Voting and Revocation of Proxies**

Stockholders who hold shares in their own name are requested to vote by proxy in one of three ways:

By Internet You can vote via the Internet by following the instructions in the Notice or by visiting the Internet website at [www.proxyvote.com](http://www.proxyvote.com) and follow the on-screen instructions;

By Telephone In the United States and Canada you can vote by telephone by following the instructions in the Notice or by calling 1-800-690-6903 (toll-free) and following the instructions; or

By Mail You can vote by mail if you received a printed proxy card by dating, signing and promptly returning

your proxy card in  
the postage prepaid  
envelope provided  
with the materials.

Common stock represented by properly executed proxies, received by us or voted by telephone or via the Internet, which are not revoked will be voted at the meeting in accordance with the instructions contained therein. Subject to the broker non-vote rules discussed above under Required Votes, if instructions are not given, proxies will be voted **FOR** election of each nominee for director named, **FOR** the advisory proposal on executive compensation, **AGAINST** the stockholder proposals and **FOR** ratification of the selection of our independent registered public accounting firm.

Voting instructions, including instructions for both telephonic and Internet voting, are provided in the Notice or, if you received a printed proxy card, on the proxy card. The 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 should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, which must be borne by the stockholder. If you do vote by Internet or telephone, it will not be necessary to return a proxy card.

If your shares are held in the name of a bank or broker, 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.

If a stockholder neither returns a signed proxy card, votes by the Internet or by telephone, nor attends the meeting and votes in person, his or her shares will not be voted.

Any proxy signed and returned by a stockholder or voted by telephone or via the Internet may be revoked at any time before it is exercised by giving written notice of revocation to our Secretary, at our address set forth herein, by executing and delivering a later-dated proxy, either in writing, by telephone or via the Internet, or by voting in person at the meeting. Attendance at the meeting will not alone constitute revocation of a proxy.

## **Householding of Annual Report and Proxy Materials**

We have adopted a procedure approved by the SEC called householding. Under this procedure, stockholders of record who have the same address and last name will receive only one copy of our Annual Report and proxy statement unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

Stockholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings.

If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of the Annual Report and/or the proxy statement, or if you hold in more than one account, and in either case you wish to receive only a single copy of each of these documents for your household, please contact our transfer agent, Computershare Investor Services (in writing: P.O. Box 43078, Providence, RI 02940-3078; by telephone: in the U.S., Puerto Rico and Canada, 1-877-770-0496; outside the U.S., Puerto Rico and Canada, 1-781-575-2382).

If we are householding materials to your address and you wish to receive a separate copy of the Annual Report or this proxy statement, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact Computershare Investor Services as indicated above.

Beneficial stockholders can request information about householding from their banks, brokers or other holders of record.

## **Proxy Solicitation**

We will bear the costs of solicitation of proxies for the meeting. In addition to solicitation by mail, directors, officers and our regular employees may solicit proxies from stockholders by telephone, personal interview or otherwise. These directors, officers and employees will not receive additional compensation, but may be reimbursed for out-of-pocket expenses in connection with this solicitation. In addition to solicitation by our directors, officers and employees, we have engaged The Proxy Advisory Group, LLC to assist in the solicitation of proxies and provide related advice and informational support, for a base fee of \$15,000, plus customary disbursements. Brokers, nominees, fiduciaries and other custodians have been requested to forward soliciting material to the beneficial owners of common stock held of record by them, and these custodians will be reimbursed for their reasonable expenses.

## **Independent Registered Public Accounting Firm**

We have been advised that representatives of KPMG LLP, our independent registered public accounting firm for 2011, will attend the meeting, will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions of stockholders.

## **Transfer Agent**

Our transfer agent is Computershare Investor Services. You should contact the transfer agent, at the phone number or addresses listed below, if you have questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

*If By First Class Mail:*

Computershare Investor Services  
P.O. Box 43078

Providence, RI 02940-3078

*If By Overnight Courier:*

Computershare Investor Services  
250 Royall Street  
Canton, MA 02021

e-mail: [www.computershare.com/investor](http://www.computershare.com/investor)

Telephone: (877) 770-0496 (in the U.S., Puerto Rico and Canada)  
or (781) 575-2382 (outside the U.S., Puerto Rico and Canada)



**OWNERSHIP OF COMMON STOCK**

Set forth below is certain information as of March 13, 2012 with respect to the beneficial ownership of our common stock (as determined under the rules of the SEC) by (1) each person who, to our knowledge, is the beneficial owner of more than 5% of our outstanding shares of common stock, which is our only class of voting securities, (2) each director and nominee for director, (3) each of the executive officers named in the Summary Compensation Table under Executive Compensation, and (4) all of our directors and executive officers as a group. Except as otherwise stated, the business address of each person listed is c/o Frontier Communications Corporation, Three High Ridge Park, Stamford, Connecticut 06905. Except as otherwise described below, each of the persons named in the table has sole voting and investment power with respect to the common stock beneficially owned and has not pledged such common stock as security for any obligations.

<b>Name and Address of Beneficial Owner</b>	<b>Number of Shares and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
The Vanguard Group, Inc. (a)	53,109,796	5.3 %
BlackRock, Inc. (b)	50,509,096	5.1 %
Kathleen Q. Abernathy	305,706 (c)	*
Leroy T. Barnes, Jr.	68,616 (d)	*
Peter C.B. Bynoe	64,892 (e)	*
Jeri B. Finard	164,652 (f)	*
Edward Fraioli	35,497 (g)	*
James S. Kahan	29,882 (h)	*
Daniel J. McCarthy	688,991 (i)	*
Cecilia K. McKenney	458,444 (j)	*
Pamela D.A. Reeve	29,598 (k)	*
Howard L. Schrott	93,665 (l)	*
Lorraine D. Segil	107,009 (m)	*
Mark Shapiro	54,798 (n)	*
Donald R. Shassian	817,555 (o)	*
Myron A. Wick, III	125,140 (p)	*
Mary Agnes Wilderotter	3,009,694 (q)	*
All directors and executive officers as a group (18 persons)	6,834,765 (r)	*

\* Less than 1%.

(a) The business address of this beneficial owner is  
100 Vanguard  
Blvd., Malvern, PA

19355. Based on a Schedule 13G filed on February 10, 2012 by The Vanguard Group, Inc. ( Vanguard ). Such Schedule 13G discloses that of the shares beneficially held by Vanguard, 1,380,645 shares are beneficially held by a wholly-owned subsidiary and that Vanguard has the sole power to vote and has shared dispositive power of such shares.

(b) The business address of this beneficial owner is 40 East 52nd Street, New York, NY 10022. Based on a Schedule 13G filed on February 9, 2012 by BlackRock, Inc. Such Schedule 13G discloses that the shares beneficially owned by BlackRock, Inc. are held by subsidiaries of BlackRock, Inc.

(c) Includes 10,000 shares that may be acquired upon the exercise of stock options as of March 13, 2011 or within 60 days thereafter. We refer to these stock options as currently exercisable. Also, includes 207,300 restricted shares over which Ms.

Abernathy has sole voting power but no dispositive power.

- (d) Includes 10,000 shares that may be acquired upon the exercise of currently exercisable stock options and 53,316 shares that may be acquired upon the redemption of stock units. Directors may elect to redeem stock units upon termination of service in the form of cash or shares of our common stock. See Director Compensation Non-Employee Director Compensation Program below.
- (e) Includes 10,000 shares that may be acquired upon the exercise of currently exercisable stock options and 51,042 shares that may be acquired upon the redemption of stock units.

- (f) Includes 10,000 shares that may be acquired upon the exercise of currently exercisable stock options and 134,152 shares that may be acquired upon the redemption of stock units.
- (g) Includes 10,000 shares that may be acquired upon the exercise of currently exercisable stock options and 20,747 shares that may be acquired upon the redemption of stock units.
- (h) Includes 24,882 shares that may be acquired upon the redemption of stock units.
- (i) Includes 431,302 restricted shares over which Mr. McCarthy has sole voting power but no dispositive power and 14,707 shares held in a 401(k) plan.
- (j) Includes 266,556 restricted shares over which Ms. McKenney has sole voting power but no dispositive power.
- (k) Includes 19,598 shares that may be acquired upon the redemption of stock units.

- (l) Includes 5,000 shares that may be acquired upon the exercise of currently exercisable stock options and 83,665 shares that may be acquired upon the redemption of stock units.
  
- (m) Includes 10,000 shares that may be acquired upon the exercise of currently exercisable stock options and 93,009 shares that may be acquired upon the redemption of stock units.
  
- (n) Includes 10,000 shares that may be acquired upon the exercise of currently exercisable stock options and 19,598 shares that may be acquired upon the redemption of stock units.
  
- (o) Includes 534,025 restricted shares over which Mr. Shassian has sole voting power but no dispositive power.
  
- (p) Consists of 10,000 shares that may be acquired upon the exercise of currently exercisable stock options, 107,140 shares that may be acquired upon the redemption of stock units and 8,000 shares held in the Myron A. Wick, III Trust U/A/D

2/21/56.

- (q) Includes 1,659,777 restricted shares over which Mrs. Wilderotter has sole voting power but no dispositive power and 1,254,513 shares held by a family trust.
  
- (r) Includes 3,538,881 restricted shares over which executive officers have sole voting power but no dispositive power, 75,000 shares that may be acquired pursuant to the exercise of currently exercisable stock options by directors, 10,000 shares that may be acquired pursuant to the exercise of currently exercisable stock options by executive officers and 607,149 shares that may be acquired upon the redemption of stock units.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and officers, and persons who beneficially own more than 10% of our common stock to file reports of ownership and changes in ownership with the SEC. Such directors, officers and greater than 10% stockholders are also required to furnish us with copies of all such filed reports.

Based solely upon a review of the copies of such reports furnished to us, or representations that no reports were required, we believe that during the year ended December 31, 2011, all persons subject to the reporting requirements of Section 16(a) filed the required reports on a timely basis.

**ELECTION OF DIRECTORS  
(Item 1 on the Proxy Card)**

At the meeting, 11 directors are to be elected to serve until the next annual meeting or until their successors have been elected and qualified. All of the following nominees are currently serving as directors. Directors will be elected by a majority of the votes of the holders of shares of common stock present in person or represented by proxy at the meeting and entitled to vote at the meeting.

The persons named in the enclosed form of proxy have advised that, unless contrary instructions are received, they intend to vote **FOR** the 11 nominees named by the board of directors and listed on the following table. In case any of these nominees should become unavailable for any reason, the persons named in the enclosed form of proxy have advised that they will vote for such substitute nominees as the board of directors may propose..

**Name and Present Position, if any, with the Company**

**Age, Period Served as Director, Other Business Experience during the Last Five Years and Family Relationships, if any**

Leroy T. Barnes, Jr.	Mr. Barnes, 60, has served as a Director since May 2005. Prior to his retirement, he was Vice President and Treasurer of PG&E Corp., a holding company for energy-based businesses, from 2001 to 2005 and Vice President and Treasurer of Gap Inc., a clothing retailer, from 1997 to 2001. Mr. Barnes has been a Director of The McClatchy Company since September 2000, a Director of Herbalife Ltd. since December 2004 and a Director of Principal Funds, Inc. and Principal Variable Contracts, Inc. since March 2012. He was a Director of Longs Drugs Stores Corporation from February 2002 to October 2008.
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Mr. Barnes is a skilled financial leader with an extensive background in finance and treasury from his career as treasurer of several public companies, including the Gap and PG&E. Mr. Barnes' experiences have provided him with a wealth of knowledge in dealing with complex financial issues and an understanding of financial strategy in challenging economic environments. Mr. Barnes also has extensive experience serving on public company audit, nominating, governance and pension committees which he can bring to bear as a member of our board and committees.

Peter C.B. Bynoe	Mr. Bynoe, 61, has served as a Director since October 2007. Since January 2008, Mr. Bynoe has served as a Senior Counsel in the Chicago office of the international law firm DLA Piper US LLP. Since February 2008, he has been associated with Loop Capital Markets LLP, most recently as a partner. From March 1995 until December 2007, Mr. Bynoe was a senior Partner at DLA Piper US LLP and served on its Executive Committee. He is also Chairman of Telemat Ltd., a business consulting firm that he founded in 1982. Mr. Bynoe has been a Director of Covanta Holding Corporation since July 2004. He was a Director of Rewards Network Inc. from 2003 to May 2008.
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Mr. Bynoe brings a varied business, legal and public policy background to the board. Mr. Bynoe served as the Executive Director of the Illinois Sports Facilities Authority, a joint venture of the City of Chicago and State of Illinois created to develop the new Comiskey Park for the Chicago White Sox and was Managing General Partner of the National Basketball Association's Denver Nuggets. Mr. Bynoe also served as a consultant to the Atlanta Fulton County Recreation Authority and the Atlanta Committee to Organize the Olympic Games in preparation for the 1996 Summer Olympic Games. Mr.

Bynoe also has experience serving on boards of directors of public companies, including as a nominating and governance committee member and chair and as a compensation committee member.



**Name and Present Position, if any, with the Company**

**Age, Period Served as Director, Other Business Experience during the Last Five Years and Family Relationships, if any**

Jeri B. Finard Ms. Finard, 52, has served as a Director since December 2005. Since January 2012, she has served as a Senior Advisor to Catterton Partners, a private equity firm providing equity capital to small to middle market consumer companies in North America. Ms. Finard was Senior Vice President, Global Brand President of Avon Products, Inc., a global beauty products company, from December 2008 to January 2012. She was Executive Vice President and Chief Marketing Officer of Kraft Foods, Inc., a manufacturer and marketer of packaged foods and beverages, from April 2006 to May 2007. Prior to that time, Ms. Finard was Executive Vice President, Global Category Development of Kraft Foods, Inc. from April 2005 to April 2006, Group Vice President and President of N.A. Beverages Sector of Kraft Foods, Inc. from October 2004 to April 2005, Executive Vice President of Kraft Foods North America from 2000 to 2004 and General Manager of Kraft's Coffee Division in 2004 and of Kraft Food's Desserts Division from 2000 to 2003.

Ms. Finard has extensive experience in marketing and leading large organizations from her career as a marketing executive at Kraft Foods and Avon Products. Her marketing acumen brings a unique customer perspective to the board as the company seeks to compete in an increasingly competitive environment while always putting the customer first.

Edward Fraioli Mr. Fraioli, 65, has served as a Director since July 2010 following his retirement from Ernst & Young LLP, a public accounting firm, where he had been a partner since 1983. Since that time, he has served as a business consultant to other companies. He had served as Professional Practice Director for Ernst & Young's Private Equity practice from 2008 to July 2010, where he was responsible for support of engagement teams on accounting and auditing matters. From 2005 through 2008, Mr. Fraioli served as Ernst & Young's Global Vice Chairman for Independence matters within Global Quality and Risk Management, where he was responsible for the Ernst & Young's global independence organization. Prior to 2005, he served as lead audit partner on a number of public and global companies.

Mr. Fraioli was with Ernst & Young for over 35 years. As such, his public accounting and financial expertise provides the board with a valuable resource.

James S. Kahan Mr. Kahan, 64, has been a Director since May 2011. He was an executive of AT&T Inc. (formerly SBC Communications Inc.), where he spent nearly 38 years, most recently as Senior Executive Vice President of Corporate Development from July 1993 until his retirement in June 2007. Mr. Kahan has been a Director of Amdocs Ltd. since April 1998 and a Director of Live Nation Entertainment, Inc. since September 2007.

**Name and Present Position, if any, with the Company**

**Age, Period Served as Director, Other Business Experience during the Last Five Years and Family Relationships, if any**

Mr. Kahan has over three decades of senior executive level experience at telecommunications companies, including AT&T, Western Electric, Bell Laboratories, South Central Bell and Southwestern Bell Telephone. At AT&T and SBC, he oversaw approximately \$300 billion of acquisitions, including the acquisitions of Pacific Telesis (1997), Southern New England Telecommunications (1998), Ameritech (1999) and the former AT&T Corp. (2005), as well as Cingular Wireless acquisition of AT&T Wireless (2004). He was also responsible for AT&T's acquisition of BellSouth Corp. in 2006. Mr. Kahan also brings experience serving on boards of directors of public companies, including as a compensation committee chair, audit committee member and nominating and corporate governance committee member.

Pamela D.A. Reeve Ms. Reeve, 62, has been a Director since July 2010. She has also served as a director of American Tower Corporation since March 2002 and serves as the Lead Director and a member of the compensation and nominating and corporate governance committees of the American Tower board. From November 1989 to August 2004, Ms. Reeve was the founder and a director of Lightbridge, Inc., a global provider of mobile business software and technology solutions, offering products and services for the wireless telecommunications industry, where she held various executive positions, including President and Chief Executive Officer. Ms. Reeve served on the board of directors of LiveWire Mobile, Inc. from 1997 until November 2009.

Ms. Reeve has leadership, operational and financial expertise, particularly in the communications and technologies industries, and has extensive corporate governance experience, having served on public company audit, compensation and nominating and corporate governance committees.

Howard L. Schrott Mr. Schrott, 57, has served as a Director since July 2005. Since February 2006, Mr. Schrott has been a Principal in Schrott Consulting, a division of AMMC, Inc., a management consulting firm, for which he also serves as Chief Financial Officer. Prior to that time, he was Chief Financial Officer of Liberty Corporation, a television broadcaster, from 2001 to February 2006. Mr. Schrott was a Director of Time Warner Telecom Holdings Inc. from 2004 to 2006.

Mr. Schrott brings a wealth of financial and operational experience to the board, having served as the Chief Financial Officer of three different companies in the media and technology space and running his own management consulting firm. He has also served as the chairman of the audit committee of Time Warner Telecom Holdings Inc. In addition, Mr. Schrott serves on the boards of directors of several private companies involved in media and technology, including Maverick Media, LLC, a radio broadcasting company, and Weather Central Holdings, Inc., a software and technology company, and previously served on the boards of Wide Orbit, Inc. and Gannaway Web Holding, LLC. Mr. Schrott also serves as a trustee of Butler University.

Lorraine D. Segil Ms. Segil, 63, has served as a Director since March 2005. Ms. Segil has been Chief Executive Officer of Lorraine Segil Inc. (formerly Lorraine Segil Productions, Inc.) since 1987 and of Little Farm Company, an agricultural holding company, since 2009. She has also been a senior research fellow at

the IC2 Institute at the University of Texas, Austin on strategy and alliances, since 1991, a member of the Entrepreneurs Board of Advisors for the UCLA Anderson School of Management since 1991 and a member of the board of LARTA, the Los Angeles Technology Alliance from 1994 to 2008. In January 2009, Ms. Segil was appointed to the board of Strategic Alliances Advisory Group for the Tropical Diseases Group of the World Health Organization in

**Name and Present Position, if any, with the Company**

**Age, Period Served as Director, Other Business Experience during the Last Five Years and Family Relationships, if any**

Geneva, Switzerland. From 2003 until December 2006, Ms. Segil was a Partner of Vantage Partners, a business strategy consulting group. Ms. Segil was a Partner and Co-Founder of The Lared Group, a business strategy consulting group, until its acquisition by Vantage in 2003.

Ms. Segil has extensive experience in the area of strategic alliances. In addition, she is a former partner of a business strategy consulting group. Ms. Segil's unique experience is a valuable asset to the board, particularly in light of the acquisition activity engaged in by the company over the past several years.

Mark Shapiro

Mr. Shapiro, 41, has served as a Director since July 2010. Mr. Shapiro is a limited partner in Dick Clark Productions and has served as its Chief Executive Officer since May 2010. Prior to that, he served as President, Chief Executive Officer and a director of Six Flags Entertainment Corporation (formerly Six Flags, Inc.), a theme park company, from December 2005 until May 2010. In June 2009, Six Flags and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code. In April 2010, Six Flags emerged from chapter 11. Prior to joining Six Flags, Mr. Shapiro spent 12 years at ESPN, Inc., where he served as Executive Vice President, Programming and Production and in various other capacities. Mr. Shapiro has been a director of Live Nation Entertainment, Inc. since November 2008, a trustee on the board of Equity Residential since January 2010, a Director of Papa John's International, Inc. since February 2011 and a member of the Advisory Board of NeuMedia, Inc. since June 2011.

Coupling his board service with experience in executive-level positions at large organizations facing complex business challenges, Mr. Shapiro brings business acumen and front-line operations know-how to many of the issues and challenges facing public companies, along with innovation and critical insight in the areas of content creation, marketing and branding.

Myron A. Wick, III

Mr. Wick, 68, has served as a Director since March 2005. Mr. Wick has been Managing Director of McGettigan & Wick, Co., an investment banking firm, since 1988 and a Principal of Proactive Partners, L.P., a merchant banking fund, since 1989. He has also been Managing Director of Hola Television Group, a private Spanish media company, since September 2009. He was a Director of Modtech Holdings, Inc. from 1994 to 2008.

Mr. Wick has over two decades of investment banking experience with an extensive knowledge of operational and financial transactions. Mr. Wick has served as chairman, chief executive officer and chief operating officer of a variety of enterprises spanning aquaculture, biotech, education, television broadcasting and investment banking. Mr. Wick is a co-founder of an investment banking firm that provides financial services to small private and public companies and a merchant banking fund, investing in and providing advisory services to micro cap public companies. Mr. Wick's background provides the board with an experienced lead director during a time of significant acquisition activity

by the company. He also has experience serving on the boards of directors of public companies, including as an audit and compensation committee member.

**Name and Present Position, if any, with the Company**

**Age, Period Served as Director, Other Business Experience during the Last Five Years and Family Relationships, if any**

Mary Agnes Wilderotter, Chairman of the Board, President and Chief Executive Officer

Mrs. Wilderotter, 57, has served as a Director since September 2004. She has served as our President and Chief Executive Officer since November 2004 and as our Chairman of the Board since December 2005. Prior to joining our company, she was Senior Vice President World Wide Public Sector of Microsoft Corp. from February 2004 to November 2004 and Senior Vice President Worldwide Business Strategy of Microsoft Corp. from 2002 to 2004. From 1997 to 2002, she was President and Chief Executive Officer of Wink Communications, an interactive telecommunications and media company. Mrs. Wilderotter has been a Director of Xerox Corporation since May 2006 and a Director of The Procter & Gamble Company since August 2009. She was a Director of The McClatchy Company from January 2001 to August 2007 and a Director of Yahoo!, Inc. from July 2007 to December 2009.

Mrs. Wilderotter serves as the company's Chairman of the Board and Chief Executive Officer and President and is a 30-year veteran of the cable and communications and information technology industries. She is a recognized leader in these fields and was selected as one of Fortune magazine's 50 Most Powerful Women in 2009, 2010 and 2011 and among The Financial Times' Top 50 Women in World Business in 2011. In October 2010, President Obama appointed her as Vice Chair of the President's National Security Telecommunications Advisory Committee. Her career has given her in-depth knowledge and placed her in leadership positions of companies at the convergence of communications and information technology. Early in her career at Cabledata (now DST), she ran the largest management information systems and billing company in the cable industry. Thereafter, she was Regional President managing McCaw Cellular Communications' California, Nevada, and Hawaii regions and then Senior Vice President of McCaw. Following McCaw's acquisition by AT&T, she was Chief Executive Officer of AT&T's Aviation Communications Division and later Executive Vice President of National Operations for AT&T Wireless Services, Inc. After seven years in the wireless industry, Mrs. Wilderotter became President and CEO of Wink Communications, which provided cable operators with a cost-effective technology to deliver interactive television services. After taking Wink public and negotiating its sale to Liberty Media, Mrs. Wilderotter joined Microsoft in 2002 as Senior Vice President-World Wide Public Sector and Senior Vice President Worldwide Business Strategy. During her career, Mrs. Wilderotter has sat on the boards of more than 20 public companies and now serves on the boards of Procter & Gamble and Xerox Corporation. Her board experience includes chair and membership on audit committees; chair and membership on compensation committees; and membership on finance committees and governance and public responsibility committees. Mrs. Wilderotter's industry and leadership experience provides the board with industry knowledge, vision, innovation and strategy.

The board of directors recommends that you vote **FOR** the election of all nominees for director.

**DIRECTOR COMPENSATION**

The following table sets forth compensation information for 2011 for each person who served as a non-employee member of our board of directors during 2011. Mary Agnes Wilderotter, our Chairman, President and Chief Executive Officer, is not included in this table as she is an employee of the company and thus receives no compensation for her services as a director. The compensation received by Mrs. Wilderotter as an employee of the company is shown in the Summary Compensation Table elsewhere in this proxy statement.

**2011 Director Compensation**

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards (1)</b>	<b>Total</b>
Leroy T. Barnes, Jr.	\$ 82,500	\$ 88,000	\$ 170,500
Peter C.B. Bynoe	\$ 85,000	\$ 88,000	\$ 173,000
Jeri B. Finard		\$ 176,000	\$ 176,000
Edward Fraioli	\$ 75,000	\$ 88,000	\$ 163,000
James S. Kahan		\$ 110,300	\$ 110,300
William M. Kraus (2)	\$ 28,125	\$ 33,000	\$ 61,125
Pamela D.A. Reeve	\$ 87,500	\$ 88,000	\$ 175,500
Howard L. Schrott	\$ 95,000	\$ 88,000	\$ 183,000
Lorraine D. Segil	\$ 75,000	\$ 88,000	\$ 163,000
Mark Shapiro	\$ 75,000	\$ 88,000	\$ 163,000
David H. Ward (2)	\$ 28,125	\$ 33,000	\$ 61,125
Myron A. Wick, III	\$ 75,000	\$ 120,350	\$ 195,350

- (1) The amounts shown in this column represent the grant date fair value in accordance with Financial Accounting Standards Board ASC Topic 718 ( Topic 718 ) of the stock units granted to directors in 2011. For a discussion of

valuation assumptions, see Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2011. The dollar amount of dividends on stock units is reflected in such amounts. Dividends are paid on stock units held by directors at the same rate and at the same time as we pay dividends on shares of our common stock. No above-market or preferential dividends were paid with respect to any stock units. Dividends on stock units are paid in the form of additional stock units.

The following table sets forth the aggregate number of



stock options  
held by  
directors at  
year-end.

Name	Number of Stock Options Held at Year-End
Leroy T. Barnes, Jr.	10,000
Peter C.B. Bynoe	10,000
Jeri B. Finard	10,000
Edward Fraioli	10,000
James S. Kahan	
William M. Kraus	
Pamela D.A. Reeve	
Howard L. Schrott	5,000
Lorraine D. Segil	10,000
Mark Shapiro	10,000
David H. Ward	21,079
Myron A. Wick, III	10,000

(2) Messrs.  
Kraus  
and  
Ward  
retired  
from the  
board of  
directors  
on May  
11, 2011.

#### **Non-Employee Director Compensation Program**

Directors who are also our employees receive no remuneration for service as a member of our board of directors or any committee of the board. Each non-employee director is entitled to receive an annual retainer of (1) \$75,000 in cash, which he or she may elect to receive in the form of stock units, as described below, and (2) \$75,000 in the form of stock units, in each case payable in advance in quarterly installments on the first business day of each quarter. In addition, the Lead Director, the chair of the Audit Committee and the chair of

the Compensation Committee each receives an additional annual cash stipend of \$20,000, the chair of the Nominating and Corporate Governance Committee receives an additional annual cash stipend of \$10,000 and the chair of the Retirement Plan Committee receives an additional annual cash stipend of \$7,500, which in each case he or she may elect to receive in the form of stock units. The annual stipend paid to the Lead Director and each of the committee chairs is payable in arrears in equal quarterly installments on the last business day of each quarter. Each director is required to irrevocably elect by December 31 of the prior year whether to receive the cash portion of his or her retainer and/or his or her stipend in stock units. Stock units are issued under the Non-Employee Directors' Equity Incentive Plan (the "Directors Plan"). Prior to the adoption of the Directors Plan on May 25, 2006, stock units were issued under the Non-Employee Directors' Deferred Fee Equity Plan (the "Predecessor Plan"). Directors are also entitled to reimbursement for reasonable expenses they incur in connection with meetings of the board of directors they attend in person.

Prior to October 1, 2010, upon commencement of services as a director, each non-employee director was granted options to purchase 10,000 shares of common stock at an exercise price equal to the closing price of our common stock on the date the director was elected to the board. The option grants were made under the Directors Plan and prior to adoption of the Directors Plan, under our Amended and Restated 2000 Equity Incentive Plan. These options became exercisable six months after the grant date and expire on the tenth anniversary of the grant date or, if earlier, on the first anniversary of a director's termination of service with respect to options granted after May 25, 2006. Since October 1, 2010, directors are no longer eligible to receive stock option grants upon joining the board.

In addition, each member of the board of directors and his or her spouse is eligible to participate in our medical, dental and vision plans at the same contribution rates as our management employees. Retired directors and their spouses who were participating in these plans at the time of their retirement from our board may continue to participate in the plans, but generally are required to pay 100% of the cost. Commencing August 1, 2015, neither active nor retired directors will be eligible to participate in our medical, dental or vision plans.

Stock units are credited in an amount that is equal to the cash payment the director otherwise would have received, based upon a formula where the cash payment amount is the numerator and the "Initial Market Value" of our common stock is the denominator. The Initial Market Value is equal to 85% of the closing price of the common stock on the grant date of the units. Stock units for fees and stipends are earned quarterly and credited to the director's account on the last business day of the quarter in which the fees and stipends are earned; stock units for the retainer are earned quarterly and credited to the director's account on the first business day of the quarter in which the retainer is earned. We hold all stock units until a director's termination of service, at which time the units are redeemable, at the director's election, in either cash or in shares of our common stock.

Messrs. Kraus and Ward retired from the board on May 11, 2011. Mr. Kraus elected to receive cash in settlement of his stock unit account. Accordingly, he received cash equal to the fair market value of the stock units in his stock unit account. Fair market value of a stock unit is equal to the fair market value of a share of our common stock (a) on the date of retirement, with respect to stock units awarded under the Directors Plan and (b) on the tenth day following the date of retirement, with respect to stock units awarded under the Predecessor Plan. Mr. Ward elected to receive company common stock in settlement of his stock unit account. Accordingly, he received a number of shares of company common stock equal to the number of stock units in his stock unit account.

## CORPORATE GOVERNANCE

We maintain corporate governance policies and practices that reflect what the board of directors believes are best practices, as well as those that we are required to comply with pursuant to the Sarbanes-Oxley Act of 2002 and the rules of the SEC and the NASDAQ Stock Market ( NASDAQ ) on which our common stock has been listed since December 16, 2011. Our common stock was previously listed on the New York Stock Exchange. A copy of our Corporate Governance Guidelines is available upon request to our Secretary, or may be viewed or downloaded from the Investor Relations page of our website, [www.frontier.com](http://www.frontier.com).

### Leadership Structure

Our Corporate Governance Guidelines provide that we will have a Chairman who will chair board meetings and perform such other duties as set forth in our charter and in the Corporate Governance Guidelines or as are otherwise assigned to him or her by the board. The Chairman and the CEO may be the same person; however, the board may separate these two positions if it deems it to be in the best interests of our company and our stockholders to do so. The Corporate Governance Guidelines provide for a Lead Director if the Chairman and CEO is the same person and the Lead Director will perform such duties as are assigned to him or her by the independent directors, including those set forth below. The independent directors as a group, acting through a resolution approved by a majority of all independent directors, will determine, based upon the recommendation of the Nominating and Corporate Governance Committee, which one of the independent directors will serve as Lead Director. A director must have served on the board for a minimum of one year in order to be eligible to be a Lead Director. At any time when the Chairman is an independent director, the Chairman can be the Lead Director if the independent directors, acting through a resolution approved by a majority of all independent directors, determine to have a Lead Director under such circumstances.

As set forth in our Corporate Governance Guidelines, the Lead Director will:

preside at all meetings of non-management directors (including those to be attended only by independent directors) and meetings of the board where the Chairman is not present;

coordinate the flow of information to and among independent and other non-management directors and review and approve

information sent  
to the board by  
the  
Chairman/CEO  
or management of  
our company;

review and  
approve all board  
meeting agendas;

periodically  
solicit from  
independent and  
other  
non-management  
directors  
comments or  
suggestions  
related to board  
operations,  
including the  
flow of  
information to  
directors, the  
setting of meeting  
agendas and the  
establishment of  
the schedule of  
board meetings,  
and communicate  
those suggestions  
to the  
Chairman/CEO.

The Lead  
Director will also  
seek to ensure  
that there is (a) an  
efficient and  
adequate flow of  
information to the  
independent and  
other  
non-management  
directors; (b)  
adequate time for  
the independent  
and other  
non-management  
directors to  
consider all

matters presented to them for action; and (c) appropriate attention paid to all matters subject to oversight and actions by the independent and other non-management directors;

serve as the liaison between the independent and other non-management directors and the Chairman/CEO and as the representative of the independent and other non-management directors in communications with the Chairman and management outside of regular board meetings;

serve as liaison and provide direction to advisers and consultants retained by the independent and other non-management directors;

have the authority to call meetings of non-management directors (including those to be attended

only by  
independent  
directors) when  
appropriate; and

be available for  
consultation and  
direct  
communication  
with major  
stockholders of  
our company if  
requested by any  
such stockholder  
in accordance  
with the  
Corporate  
Governance  
Guidelines.

Mary Agnes Wilderotter currently serves as our Chairman of the Board and Chief Executive Officer and Myron A. Wick, III currently serves as our Lead Director. The board of directors has given careful consideration to separating the roles of Chairman and Chief Executive Officer and has determined that our company and our stockholders are best served at this time by having Mrs. Wilderotter serve as both Chairman and Chief Executive Officer. The board of directors believes that our Chief Executive Officer is best situated to

serve as Chairman because she is the director most familiar with our company's business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Independent directors and management have different perspectives and roles in strategy development. Our independent directors bring experience, oversight and expertise from outside the company and industry. The board of directors also believes that the combined role of Chairman and Chief Executive Officer promotes information flow between management and the board of directors and strikes the appropriate balance between strategy development and independent oversight of management, which are essential to effective governance.

### **Director Independence**

The board of directors is required to affirmatively determine that a majority of our directors is independent under NASDAQ listing standards. The board of directors undertakes an annual review of director independence. As a result of this review, the board of directors affirmatively determined that, other than Mrs. Wilderotter, all of the current directors are independent under NASDAQ rules and were independent under the rules of the NYSE and NASDAQ, as applicable, during the periods in 2011 that the company was listed on such exchanges. The board of directors also affirmatively determined that each of Mr. Kraus and Mr. Ward, who retired from the board in May 2011, was independent under the rules of the NYSE while serving on the board during 2011. In determining director independence, the board of directors reviewed not only relationships between the director and our company, but also relationships between our company and the organizations with which the director is affiliated. After considering the relevant facts and circumstances, the board of directors determined that none of these individuals has a material relationship with our company (either directly or as a partner, shareholder or officer of an organization that has a relationship with our company), other than as a director of our company, and that each of these directors is free from any relationship with our company that would impair the director's ability to exercise independent judgment. The board determined that the following relationships are not material relationships and therefore do not affect the independence determinations: Ms. Segil's son is President of EdgeCast Networks, Inc. In 2011, we purchased an immaterial amount of communications products and services from EdgeCast in the ordinary course of business. Ms. Segil was not involved in the negotiations of the terms of the purchases and did not receive any special benefits as a result of the transactions. In addition, Ms. Segil is a director of Women In America, a charitable organization. In 2011, the company made an immaterial donation to the organization.

### **Risk Management and Board Oversight**

Management is responsible for the company's risk management activities, including the annual enterprise risk management (ERM) process which is jointly administered by our Chief Financial Officer and Vice President, Internal Audit. The ERM process has been in place since 2005 and currently entails having each member of senior management and their direct reports participate in an annual identification, assessment and evaluation of risks. The individual risks are aggregated across the company to help management determine our enterprise level risks. For each such risk, one or more mitigation strategies are developed and implemented to minimize that risk. During the course of the year, periodic monitoring, self-assessment and reporting to the Audit Committee are performed by senior management to:

- Update the trending of each risk compared to the latest annual ERM review;

- Identify/consider new and emerging risks;

Assess the implementation status/effectiveness for each mitigation strategy; and

Identify changes to mitigation strategies, if necessary.

Our Corporate Governance Guidelines specify that the board of directors maintains overall responsibility for risk management oversight and may delegate a portion of that responsibility to specific board committees to enhance the effectiveness of their review. The board of directors has delegated the review and monitoring of risk management exposures, guidelines and policies, as well as the ERM process, to the Audit Committee, as set forth in the Audit Committee Charter.



## Meetings of the Board of Directors

In 2011, the board of directors held eight meetings and committees of the board held 16 meetings for a total of 24 meetings. Average attendance at these meetings by members of the board in 2011 exceeded 97%. Each incumbent director attended at least 93.7% of the aggregate of these board meetings (during the period that he or she served as a director) and the total number of meetings held by all committees of the board on which he or she served. It is our policy that the directors attend the annual meeting of stockholders. All of the directors who were members of the board of directors at the time of last year's annual meeting of stockholders attended that meeting.

## Committees of the Board

The board of directors has four standing committees: Audit, Compensation, Nominating and Corporate Governance, and Retirement Plan.

*Audit Committee.* The Audit Committee is composed of three independent directors and operates under a written charter adopted by the board of directors. A copy of the Audit Committee Charter is available upon request to our Secretary, or may be viewed or downloaded from the Investor Relations page of our website, [www.frontier.com](http://www.frontier.com). The Audit Committee currently consists of Mr. Schrott, as Chair, and Mr. Barnes and Mr. Fraioli. Each member of the Audit Committee meets the financial literacy requirements of the NASDAQ Listing Rules. In addition, the board of directors has determined that each of Messrs. Barnes, Fraioli and Schrott meets the standard of an audit committee financial expert under the rules of the SEC. Mr. Barnes is a member of four public company audit committees, including our Audit Committee. We do not limit the number of audit committees on which our Audit Committee members may serve. However, our board of directors considered Mr. Barnes' ability to serve on the Audit Committee and determined that his service on the other audit committees would not impair his ability to effectively serve on our Audit Committee. The Audit Committee met six times in 2011.

The Audit Committee selects our independent registered public accounting firm. Management is responsible for our internal controls and financial reporting process. The Audit Committee assists the board of directors in undertaking and fulfilling its responsibilities in monitoring (i) the integrity of our consolidated financial statements, (ii) our compliance with legal and regulatory requirements, (iii) the qualifications of our internal auditors and the independence and qualifications of our independent registered public accounting firm and (iv) the performance of our internal audit function and independent registered public accounting firm.

In accordance with the Sarbanes-Oxley Act of 2002, the rules of the SEC and the Audit Committee Charter, the Audit Committee pre-approves all auditing and permissible non-auditing services that will be provided by KPMG LLP, our independent registered public accounting firm.

In accordance with the rules of the SEC, the Audit Committee has established procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

*Compensation Committee.* The Compensation Committee is composed of four independent directors and operates under a written charter adopted by the board of directors. A copy of the Compensation Committee Charter is available upon request to our Secretary, or may be viewed or downloaded from the Investor Relations page of our website, [www.frontier.com](http://www.frontier.com). Each member of the Compensation Committee is an outside director under Section 162(m) of the Internal Revenue Code and a non-employee director for purposes of Rule 16b-3 of the Securities Exchange Act of 1934. The Compensation Committee reviews our general compensation strategies; acts as the committee for our incentive compensation plans; and reviews and approves compensation for the Chief Executive Officer and other executive officers. The Compensation Committee also oversees and approves compensation policy and incentive plan design, costs and administration. The Compensation Committee, which met five times and took action on one other

occasion in 2011, currently consists of Ms. Reeve, as Chair, and Mr. Bynoe, Ms. Finard and Ms. Segil.

The Compensation Committee's responsibilities, which are set forth in its charter, include, among other duties, the responsibility to:

evaluate at  
least annually  
the  
performance  
of the CEO  
and other  
senior  
executives of  
the company  
against  
corporate  
goals and  
objectives,  
determine and  
approve the  
compensation  
level  
(including any

discretionary  
incentive awards)  
based on this  
evaluation,  
report, in the case  
of the CEO, on  
the same to the  
other  
non-management  
directors, and  
review, as  
appropriate, any  
agreement or  
understanding  
relating to the  
CEO s or such  
other senior  
executive s  
employment,  
incentive  
compensation, or  
other benefits  
based on this  
evaluation;

review  
periodically and  
recommend to the  
board, the  
compensation of  
all directors;

review the  
company s  
incentive  
compensation  
plans and  
equity-based  
plans and  
recommend to the  
board changes in  
such plans as  
needed. The  
Committee has  
and shall exercise  
all authority of  
the board with  
respect to the  
administration of  
such plans; and

review and approve all grants of awards, including the award of shares or options to purchase shares, pursuant to our incentive and equity-based compensation plans.

The compensation for the other senior officers is determined by the Compensation Committee taking into account the recommendation of Mrs. Wilderotter.

The Committee may form, and delegate any of its responsibilities to, a subcommittee so long as such subcommittee is solely comprised of one or more members of the Committee. The Compensation Committee engages compensation consultants from time to time to assist the Committee in evaluating the design and assessing the competitiveness of its executive compensation program and for individual benchmarking. For more detailed information on the role of compensation consultants, see Compensation Discussion and Analysis Roles and Responsibilities and Market and Peer Group Reviews elsewhere in this proxy statement.

*Nominating and Corporate Governance Committee.* The Nominating and Corporate Governance Committee is composed of four independent directors and operates under a written charter adopted by the board of directors. A copy of the Nominating and Corporate Governance Committee Charter is available upon request to our Secretary, or may be viewed or downloaded from the Investor Relations page of our website, [www.frontier.com](http://www.frontier.com). One of the committee's functions is to recommend candidates for election to the board of directors. The Nominating and Corporate Governance Committee uses a variety of means of identifying nominees for director, including recommendations from current board members and from stockholders. In determining whether to nominate a candidate, the Nominating and Corporate Governance Committee will consider the current composition and capabilities of serving board members, as well as additional capabilities considered necessary or desirable in light of our existing needs and then assess the need for new or additional members to provide those capabilities. In addition, the Nominating and Corporate Governance Committee takes a leadership role in shaping our corporate governance, including making recommendations on matters relating to the composition of the board of directors and its various committees and our Corporate Governance Guidelines. The Nominating and Corporate Governance Committee, which met three times and took action on one other occasion in 2011, currently consists of Mr. Bynoe, as Chair, and Mr. Schrott, Ms. Segil and Mr. Shapiro.

Stockholders may propose director candidates for consideration by the Nominating and Corporate Governance Committee. Any such recommendations should include the nominee's name and qualifications for membership to the board of directors and should be directed to our Secretary at the address of our principal executive offices. To nominate an individual for election at an annual stockholder meeting, the stockholder must give timely notice to our Secretary in accordance with our bylaws, which, in general, require that the notice be received by our Secretary not less than 90 days nor more than 120 days before the anniversary date of the immediately prior annual stockholders meeting, unless the annual meeting is moved by more than 30 days before or after the anniversary of the prior year's annual meeting, in which case the notice must be received not less than a reasonable time, as determined by our board, prior to the printing and mailing of proxy materials for the applicable annual meeting. The notice should include a description of the qualifications of the suggested nominee and any information that is required by the regulations of the SEC concerning the suggested nominee and his or her direct or indirect securities holdings or other interests in our company. See Proposals by Stockholders for the deadline for nominating persons for election as directors for the 2013 annual meeting.

Each candidate for nomination as a director, including each person recommended by stockholders, is evaluated in accordance with our Corporate Governance Guidelines. In addition, the board of directors has adopted guidelines to be used by the Nominating and Corporate Governance Committee in selecting candidates for membership to the board of directors. These guidelines set forth general criteria for selection, including that

the background and qualifications of the directors, as a group, should be diverse, and a nominee should possess a depth of experience, knowledge and abilities that will enable him or her to assist the other directors in fulfilling the board's responsibilities to our company and our stockholders. In addition, a nominee must be willing to commit that he or she will comply with our director stock ownership guidelines, as discussed below. The guidelines also include the following special criteria for the selection of director nominees:

A nominee must have a reputation for integrity, honesty, fairness, responsibility, good judgment and high ethical standards.

A nominee should have broad experience at a senior, policy-making level in business, government, education, technology or public interest.

A nominee should have the ability to provide insights and practical wisdom based on the nominee's experience and expertise.

A nominee should have an understanding of a basic financial statement.

A nominee should

comprehend  
the role of a  
public  
company  
director,  
particularly the  
fiduciary  
obligation  
owed to our  
company and  
our  
stockholders.

A nominee  
should be  
committed to  
understanding  
our company  
and its industry  
and to spend  
the time  
necessary to  
function  
effectively as a  
director.

A nominee  
should neither  
have nor appear  
to have a  
conflict of  
interest that  
will impair the  
nominee's  
ability to fulfill  
his or her  
responsibilities  
as a director.

A nominee  
should be  
independent, as  
defined by the  
SEC and  
NASDAQ. To  
the extent  
permitted by  
applicable law  
and our bylaws,  
nominees who  
do not qualify

as independent  
may be  
nominated  
when, in the  
opinion of the  
Nominating  
and Corporate  
Governance  
Committee,  
such action is  
in our best  
interests.

Although we do not have a formal policy regarding board diversity, when evaluating candidates for nomination as a director, the Nominating and Corporate Governance Committee does consider diversity in its many forms, including among others, experience, skills, ethnicity, race and gender. We believe a diverse board, as so defined, provides for different points of view and robust debate among our board members and enhances the effectiveness of the board. We believe we have a very diverse board of directors, which includes one or more current and/or former CEOs, CFOs, investment bankers, experts in communications, marketing and strategy, auditors and business people and individuals of different race, gender, ethnicity and background.

Decisions regarding the renomination of directors for additional terms on the board of directors are governed by the general and specific criteria described above and by the Nominating and Corporate Governance Committee's evaluation of the directors' performance and contribution to the board. In addition, as a general rule, a non-employee director will not be renominated if he or she has served 15 years as a member of the board of directors. The Nominating and Corporate Governance Committee reserves the right to renominate any director regardless of the length of his or her service if, in the judgment of the Nominating and Corporate Governance Committee, such renomination is in our company's and our stockholders' best interests.

In February 2012, the board of directors approved revised stock ownership guidelines for non-management directors. Each non-management director is now expected to own shares of our common stock having a minimum value of five (5) times the cash portion of the annual non-management director retainer (which currently equates to \$375,000) by the later of February 15, 2017 and five years after joining the Board. Stock unit grants are counted for purposes of fulfilling this guideline.

*The information contained in this proxy statement with respect to the Audit Committee Charter, the Compensation Committee Charter, the Nominating and Corporate Governance Committee Charter and the independence of the non-management members of the board of directors shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall the information be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference in a filing.*

*Retirement Plan Committee.* The Retirement Plan Committee is composed of three independent directors and operates under a written charter adopted by the board of directors. The Retirement Plan Committee oversees our company's retirement plans, including reviewing the investment strategies and asset performance of the plans, compliance with the plans and the overall quality of the asset managers, plan administrators and



communications with employees. The Retirement Plan Committee, which met two times and took action on one other occasion in 2011, currently consists of Mr. Barnes, as Chair, and Mr. Fraioli and Mr. Kahan.

### **Executive Sessions of the Board of Directors**

Our independent directors have regularly scheduled executive sessions in which they meet outside the presence of management. Myron A. Wick, III has been elected as the Lead Director by our independent directors. Mr. Wick presides at executive sessions of the board.

### **Communications with the Board of Directors**

Any stockholder or interested party who wishes to communicate with the board of directors or any specific director, including the Lead Director, any non-management director, the non-management directors as a group, any independent director or the independent directors as a group, may do so by writing to such director or directors at: Frontier Communications Corporation, Three High Ridge Park, Stamford, Connecticut 06905. This communication will be forwarded to the director or directors to whom it is addressed. This information regarding contacting the board of directors is also posted on the Investor Relations page of our website, [www.frontier.com](http://www.frontier.com).

### **Code of Business Conduct and Ethics**

We have a Code of Business Conduct and Ethics (the Code of Conduct ) to which all employees, executive officers and directors, which for purposes of the Code of Conduct we collectively refer to as employees, are required to adhere in addressing the legal and ethical issues encountered in conducting their work. The Code of Conduct requires that all employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner, and otherwise act with integrity. Employees are required to report any conduct that they believe, in good faith, is an actual or apparent violation of the Code of Conduct and may do so anonymously by using our Ethics Hotline. The Code of Conduct includes specific provisions applicable to our principal executive officer and senior financial officers. We disclose on our website any amendment to, or waiver of, any provision of our Code of Conduct that is required to be disclosed pursuant to securities laws. A copy of the Code of Conduct is available upon request to our Secretary, or may be viewed or downloaded from the Investor Relations page of our website, [www.frontier.com](http://www.frontier.com).

### **Related Person Transactions Policy**

The board of directors adopted a policy addressing our procedures with respect to the review, approval and ratification of related person transactions that are required to be disclosed pursuant to SEC regulations. The policy provides that any transaction, arrangement or relationship, or series of similar transactions, in which we are involved, with a related person (as defined in the SEC regulations) who has or will have a direct or indirect material interest and which exceeds \$120,000 in the aggregate shall be subject to review, approval or ratification by the Nominating and Corporate Governance Committee. In its review of related person transactions, the Nominating and Corporate Governance Committee shall review the material facts and circumstances of the transaction and shall take into account certain factors, where appropriate, based on the particular facts and circumstances, including (i) the nature of the related person's interest in the transaction, (ii) the significance of the transaction to us and to the related person and (iii) whether the transaction is likely to impair the judgment of the related person to act in the best interest of our company.

No member of the Nominating and Corporate Governance Committee may participate in the review, approval or ratification of a transaction with respect to which he or she is a related person provided that such person can be counted for purposes of a quorum and shall provide such information with respect to the transaction as may be reasonably requested by other members of the committee or the board.



## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

This section provides information regarding the 2011 compensation program in place for our Chairman, President and Chief Executive Officer (our CEO), our Chief Financial Officer (our CFO) and our three most highly-compensated executive officers other than our CEO and CFO. These are the executive officers named in the Summary Compensation Table presented in this proxy statement (the named executive officers or NEOs). This section includes information regarding our executive compensation philosophy, the overall objectives of our compensation program and each component of compensation that we provide. This section also describes the key factors the Compensation Committee considered in determining the compensation for the named executive officers in 2011. Company and compensation-related highlights for 2011 were as follows:

On July 1, 2010, the company completed its acquisition of approximately 4.0 million access lines across 14 states and related business assets from Verizon Communications Inc., which tripled the size of the company. During 2011, the company made significant progress on the integration of the acquisition and began to improve financial metrics and customer retention.

In 2011, we lowered access line churn by 8.3%, delivered \$5.2 billion in revenues and \$1.7 billion in operating cash flow, achieved \$552 million in acquisition synergies, built-out High-Speed Internet availability to over 415,000 additional homes and added 45,200 new high speed customers.

In October 2011, we converted the entire acquired business to the company's legacy financial and human resources systems and four of the thirteen states of the acquired business to our legacy customer and operating systems. In March 2012, the company commenced the conversion of the remaining nine states of the acquired business onto the company's legacy customer and operating systems. The completion of the conversions will significantly enhance the company's ability to effectively manage the business and reduce costs.

Despite the ongoing challenging economic environment, we continued to deliver solid operating performance, both on an absolute and a relative basis. Our performance against the financial metrics we use to measure our executives was 93.9% of the targets, on average, established by the board of directors in February 2011. However, as this was below target, compensation payouts were reduced accordingly. See Cash Compensation Annual Bonus below.

For 2011, we modified the Frontier Bonus Plan, the company's annual cash incentive bonus plan, to more strongly align executive compensation with annual performance.

We instituted a performance threshold below which no incentive cash bonuses will be awarded. In addition, we incorporated performance leverage into the bonus plan.

As a result, we increased upside potential for above-target performance and decreased bonus payouts for below-target performance. This design increases the incentive for executives to exceed targets. See Cash Compensation Annual Bonus below.

Consistent with our compensation philosophy, 82% of our CEO's 2011 compensation was at risk and contingent upon performance against specified company and individual goals, and of that amount, 74% was in the form of restricted stock.

Similarly, for the other named executive officers as a group,

76% of their total compensation was at risk, and of that amount, 72% was paid in restricted stock. See

Compensation Mix below.

Consistent with executive compensation best practices, we amended our stock ownership guidelines to increase the amount of stock our Senior Leadership Team members are expected to own. See Equity Compensation Stock Ownership Guidelines below.

At our 2011 Annual Meeting of Stockholders held on May 12, 2011, stockholders voted in favor of our executive compensation program, with over 93% approving our executive compensation program, philosophy and disclosure.

In addition to the above, in 2010 we entered into an amended and restated employment agreement with Maggie Wilderotter, our CEO. The amended agreement incorporates a variety of best practices. Mrs. Wilderotter is no longer entitled to guaranteed minimum equity awards or gross-up payments on amounts she may receive in connection with a change in control and she is no longer eligible for severance payments if we decide not to renew her employment agreement. See Post-Employment Compensation Termination of Employment and Change-in-Control Arrangements below.

In February 2012, we adopted the Frontier Long-Term Incentive Plan (LTIP), which will further promote the alignment of stockholder and executive interests by setting aggressive targets for operating cash flow over a three-year time horizon and taking into account the performance of our stock relative to a peer group.

### *Executive Compensation Philosophy*

The company's executive compensation philosophy is designed to achieve a number of objectives:

*Establish clear alignment between the interests of our executives and those of our stockholders.* Our executive compensation program is designed to align the interests of our executives with those of our stockholders by rewarding performance measured by certain key financial metrics, including revenue; earnings before interest, taxes, depreciation and amortization, excluding certain non-cash items (EBITDA); and operating cash flow (EBITDA less capital expenditures for business operations), and specific operating goals. In the case of annual awards, these metrics and goals are derived from the company's annual business plan and are discussed in more detail below.

Additionally, the executives' interests are aligned with our stockholders' interests through the use of restricted stock awards rather than cash as a significant component of annual compensation. This encourages our executives to focus their attention on decisions that emphasize long-term returns for our stockholders. We also have established and maintain minimum stock ownership guidelines for our CEO and her direct reports who are members of our Senior Leadership Team.

As mentioned above, in 2012 we adopted the LTIP, which will further align stockholder and executive interests by incenting executives to achieve financial goals during a multi-year period, thus balancing the focus on short- and long-term financial performance and taking into account our Total Shareholder Return relative to a peer group.

*Reinforce our performance culture.* Given the intensely competitive environment in the communications services industry, we believe that it is important that we have a culture that rewards performance with respect to critical strategic, financial and operational goals. Our executive compensation program is designed to reward superior performance over both the short- and long-term. We accomplish this goal by making a majority of our named executive officers' compensation at risk, i.e., contingent upon achievement of specified company and individual performance goals, and by not having any executive employment arrangements with guaranteed minimum provisions, other than base salary. See Compensation Mix below. The following components of executive compensation are at risk:

**Annual cash bonuses** are paid based upon achievement of specified company-level financial and non-financial targets and individual performance.

**Restricted stock** is awarded annually to

executives based on achievement of specified company-level financial targets and individual performance. Failure to attain threshold performance goals results in forfeiture of the award opportunity. Once earned based on performance, the ultimate value derived from the restricted stock award itself is tied to both changes in Frontier stock price as well as dividends paid during the multi-year vesting period. This design links the value of the awards to the company's long-term performance, as well as continued service, further reinforcing our performance culture and supporting our retention objective.

Commencing in 2012, the **LTIP** is designed to promote



long-term performance by rewarding the achievement of specified annual operating cash flow goals during three-year performance periods. LTIP awards are denominated and payable in shares of the company's common stock at the end of the applicable three-year performance period based on achievement of operating cash flow targets and specified relative-to-peer levels of Total Shareholder Return. Failure to attain threshold operating cash flow goals over a three-year Measurement Period will result in forfeiture of the corresponding LTIP award. We did not offer a long-term incentive opportunity in 2011 due to the difficulty of setting multi-year

performance goals during the transition period following the Verizon transaction, which closed in July 2010. Now that we are nearing the completion of the integration of the acquired business into the company, we have gained greater precision in forecasting future performance goals and have introduced a new long-term incentive plan. As a result of the adoption of the new LTIP in February 2012, we reduced restricted stock award targets to maintain current targeted compensation level and mix.

The company reinforces its performance culture by avoiding entitlement-based benefits and perquisites that are not performance-based. Our executives are eligible to participate in a comprehensive healthcare benefit plan, but we require the executives to pay a higher percentage of the costs than other employees. The only retirement benefit the company offers to executives is a 401(k) match, which is available on the same basis to all non-union, full-time employees who participate in the company's 401(k) plan. The company does not offer any active pension benefits or post-retirement medical benefits to executive officers. The company does not believe in rewarding its executives with tenure-based benefits such as pension plans or post-retirement medical benefits.

*Hire and retain talented executives.* The quality of the individuals we employ at all levels of the organization is a key driver of our performance as a company, both in the short-term and in the long-term. We employ utility players or athletes executives with an interdisciplinary set of skills who can fill many roles and whose responsibilities often extend beyond the traditional scope indicated by their titles. Accordingly, it is critical for us to be able to hire and retain the best executive talent in the marketplace and one of the important tools to do so is to pay competitive total compensation.

In order for us to hire and retain high performing executives with the skills critical to the long-term success of our company, we have implemented a compensation program that is competitive in comparison to comparable companies based on size, overall complexity and the nature of our business. We differentiate compensation opportunities among our named executive officers to reflect a variety of factors, including market compensation rates as well as the individual executive's tenure in the position, experience and skill set, importance to the company, sustained performance over time and readiness for promotion to a higher level and role in the overall succession planning process. We have also established multi-year vesting schedules for restricted stock and LTIP awards that are designed to help us retain valuable executives notwithstanding the competition for talent.

*Ensure company goals are fully aligned throughout the organization.* Each year, we establish goals in three broad categories that we refer to as the 3Ps (People, Product and Profit) to achieve the company's business plan for the year. These goals reflect the performance objectives that we have established for the relevant year for all employees, including the named executive officers. In the fourth quarter of 2010, our CEO and top company leaders developed the company's business plan for 2011, which was adopted by the board of directors. The 3Ps for 2011, which were reviewed by the Compensation Committee and adopted by our board of directors, were derived from the 2011 business plan. Following their approval, the 3P goals were communicated to all employees in the first quarter of 2011. The named executive officers are accountable for leading the company to achieve the 3P goals each year and are rewarded based on achieving specified 3P goals that are the key priorities for our business.

### ***Compensation Program Design***

To achieve the objectives described above, we offer a straightforward executive compensation program that rewards our executives for both short-term (one year) and long-term performance. For 2011, three primary components of compensation were available to our executives: base salary, an annual cash bonus opportunity and restricted stock awards. In 2012, a fourth component was added, the LTIP. Of these components, only base salary represents fixed compensation. Each of the other components is variable based on the performance of both the company and the individual executive, measured against specific pre-established goals and targets.

The Compensation Committee considers many factors in determining the amount of total compensation and the individual components of that compensation for each named executive officer, including the executive's experience level, value to the organization and scope of responsibility. Since the market for talented executives is highly competitive, the Compensation Committee also considers the compensation that is paid to executives in comparable companies with whom we compete for talent, which we refer to as our peer group. For more information about our peer group, see *Market and Peer Group Reviews* below. The peer group information provides valuable comparative insights and is one of many factors considered by the Compensation Committee in setting executive compensation. In general, it is our aim to offer total compensation to our executives that would place them, on average, at the 50<sup>th</sup>

percentile rank relative to the peer group. Under this approach, newly promoted executives and those new to their role may be placed below the median to reflect their limited experience and evolving skill set. Similarly, executives with significant experience and, therefore, above-market skills, or those executives who have sustained high performance and are most critical to the

company's long-term success, may be placed above the median. We believe that this strategy enables us to successfully hire, motivate and retain talented executives while simultaneously ensuring a reasonable overall compensation cost structure relative to our peers.

In making its compensation decisions, the Compensation Committee reviews tally sheets setting forth all components of compensation paid to the named executive officers for the past five years, along with targeted compensation for those years, including base salary, bonus, grant date values of restricted stock awards, the special transaction and retention bonuses paid in 2010 and the value of dividends paid on unvested restricted shares. These tally sheets also show the executives' holdings of unvested restricted stock from prior years' awards and the current value of those shares. The Compensation Committee uses these tally sheets to (i) review the total annual compensation of the named executive officers over the past five years, (ii) assess the executive officers' compensation against their individual and company performance over that period and (iii) assure that the Committee has a comprehensive view of our compensation programs.

### ***Impact of 2011 Say-on-Pay Vote***

The Compensation Committee considers the results of the annual stockholder vote on our executive compensation program when evaluating and determining compensation policies and the compensation for the CEO and the other named executive officers. The 2011 stockholder vote affirmed the Compensation Committee's decisions for 2010, given the 93% shareholder approval of our executive compensation program. The Compensation Committee recognizes the importance of continuing to align executive compensation with stockholders. Consistent with best practice, it determined to make additional changes to the executive compensation program to achieve this goal, including enhancing stock ownership requirements and adopting the LTIP.

### ***Roles and Responsibilities***

The Compensation Committee of the board of directors is responsible for overseeing and approving our executive compensation philosophy and compensation programs, as well as determining and approving the compensation for our CEO and other key senior executives. At the beginning of each year, the Compensation Committee reviews and approves the 3Ps that apply to the senior executives, as well as individual performance goals for the named executive officers, and approves the target levels for each of the compensation components that apply to the named executive officers for the upcoming year. Each year, at its February committee meeting, the Compensation Committee assesses our CEO's performance for the year just ended to determine the appropriate award for each component of her total compensation. The Compensation Committee then reviews its recommendations for our CEO with the other non-management directors and considers any additional input from them before finalizing its decision.

Our CEO annually reviews the performance of the other key senior executives for the year just ended, including the named executive officers, and presents to the Compensation Committee her performance assessments and compensation recommendations, including the award for each component of the executive's total compensation. Mrs. Wilderotter's review consists of an assessment of the executive's performance against company-level and individual goals and targets. The Compensation Committee then follows a review process with respect to these executives similar to that undertaken for Mrs. Wilderotter. After review and any adjustments, as appropriate, the Compensation Committee approves the compensation decisions for these executives.

The Compensation Committee has the authority to retain outside counsel, compensation consultants and other advisors to assist it in carrying out its responsibilities. The Committee has the sole authority to retain, compensate, direct, oversee and terminate counsel, compensation consultants and other advisors hired to assist the Committee, who are accountable ultimately to the Committee. The Compensation Committee retains an independent executive compensation consultant to assist in the development of compensation programs, evaluation of compensation practices and the determination of compensation awards. The role of the compensation consultant is to provide objective third-party data, advice and expertise in executive compensation matters. The decisions made by the

Compensation Committee are the responsibility of the Compensation Committee and reflect factors and considerations in addition to the information and recommendations provided by the compensation consultant and outside counsel.

In 2011, the Compensation Committee re-engaged Frederic W. Cook & Co. Inc. as its independent executive compensation consultant for 2012. Frederic W. Cook & Co. has been engaged by the Compensation Committee as its independent executive compensation consultant since 2010. In 2011, Frederic W. Cook & Co. provided to the Compensation Committee advice and insights on compensation matters, including the peer group, the company's bonus plan and the LTIP design, and reviewed this Compensation Discussion and Analysis. Frederic W. Cook & Co. provides no other services to the company.

The Compensation Committee reviews on a periodic basis the company's management compensation programs, including any management incentive compensation plans, to determine whether they are appropriate, properly coordinated and achieve their intended purposes(s), and recommends to the board any modifications or new plans or programs.

### ***Compensation Mix***

Consistent with our philosophy of having a majority of the named executive officers' compensation at risk and contingent upon specified company and individual performance goals, the following charts show the proportion of each of the principal compensation components to total compensation for the CEO and for the other named executive officers as a group for 2011. We refer to this ratio as performance-based pay or variable pay. For Mrs. Wilderotter, 82% of her 2011 total compensation was variable and 76% was variable for the other named executive officers as a group. The variable percentage of total compensation is greater for the CEO than for the other named executive officers because the CEO's duties are substantially more extensive. Therefore, to ensure alignment with stockholder's interests, a larger portion of the CEO's total compensation is variable or, at risk.

*\* The named executive officers other than the CEO*

### ***Components of the Executive Compensation Program***

The following describes the components that comprise our executive compensation program and post-employment compensation, the rationale for each component and how awards were determined for 2011.

#### ***Cash Compensation***

***Base Salary.*** Base salary levels for our executives, on average, are set at approximately the 50<sup>th</sup> percentile for comparable executives within our peer group. We believe a salary scale set at this level, when considered together with the other components of compensation, is sufficient to attract and retain talented executives. We conduct an annual merit review of our executives, generally held in February of each year, where each executive's performance for the year just ended is reviewed against his or her individual and company goals. The overall budget for merit increases is set by management using an average of the merit increase percentages

in national compensation surveys in each year and consideration of the company's performance. Executives are eligible for increases to their base salary based on individual performance.

An executive may also receive an increase in base salary when promoted, if the executive is given increased responsibility or if the executive's base salary is determined to be below the 50<sup>th</sup> percentile of our peer group. The Compensation Committee determines all changes to the base salary of Mrs. Wilderotter. Changes to the base salary for our other named executive officers are determined by the Compensation Committee, taking into account the recommendations of Mrs. Wilderotter. Base salary is targeted to represent between 15 and 20 percent of total compensation for 2011 for the CEO and between 20 and 30 percent of each other named executive officer (for this purpose, total compensation consists of base salary, the annual cash bonus payment and the grant date fair market value of restricted stock awards). This is consistent with our philosophy of having a majority of the named executive officer's compensation at risk and contingent upon specified company and individual performance goals.

The Compensation Committee determined not to award merit increases to base salary for 2012 to the Senior Leadership Team, including the CEO and the other named executive officers, and the Regional Presidents and Senior Vice Presidents based on the company's 2011 revenue decline.

*Annual Bonus.* The named executive officers participate in the Frontier Bonus Plan, which is the same bonus plan in which all eligible non-union employees participate (although the executive officers' performance is measured against the weighted 3Ps, as described below). This component of executive compensation is designed to incent and reward our executives for achieving pre-established and measurable annual performance goals. Target bonuses are established at the beginning of each year and are set as a percentage of the named executive officer's base salary. The target bonus for each named executive officer, other than Mrs. Wilderotter, is 100% of the officer's base salary. Under the terms of her employment agreement, Mrs. Wilderotter's target bonus is 135% of her base salary. The terms of Mrs. Wilderotter's employment agreement are described below under Employment Arrangements; Potential Payments upon Termination or Change-in-Control. The annual cash bonus is targeted to represent between 15 and 20 percent of total compensation for 2011 for the CEO and between 20 and 30 percent for each other named executive officer.

The performance goals for the Frontier Bonus Plan are based on our 3P goals (which, as previously stated, are our company-wide People, Product and Profit goals) and also include individual goals for each executive, which are consistent with our overall 3P goals. The performance goals are stretch goals that are designed to incent our executives to drive high performance and achieve the company's strategic, operational and financial objectives. As a result, we believe the goals will be difficult to achieve but are attainable with significant effort. In the last three years, the company has performed at varying levels of the established 3P goals, but in each year the bonus pool has been less than 100% of the target.

Bonuses may be paid upon partial or full achievement of company and individual goals. For 2011, the goals and corresponding weightings used in determining bonus payouts for the named executive officers are shown in the following table and narrative. The weightings used reflect the relative importance of the goals to the overall success of the company. We refer to the first three goals shown in the table below, namely achievement of financial targets, achievement of acquisition-related objectives and achievement of key 3P deliverables, as the weighted 3Ps.



<b>2011 Bonus Goals</b>	<b>Weighting to Set Bonus Pool</b>	<b>Payout Weighting</b>
(1) Achievement of financial targets	50 %	43 %