

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-11001



FRONTIER COMMUNICATIONS PARENT, INC.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

86-2359794

(I.R.S. Employer Identification No.)

401 Merritt 7

Norwalk, Connecticut

(Address of principal executive offices)

06851

(Zip Code)

Registrant's telephone number, including area code: (203) 614-5600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol

Name of each exchange on which registered

Common Stock, par value \$0.01 per share

FYBR

The NASDAQ Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. X

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No X

The number of shares outstanding of the registrant's common stock as of August 1, 2023 was

245,759,000

FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
Table of Contents

	<u>Page</u>
<u>Part I. Financial Information (Unaudited)</u>	
Item 1. Financial Statements	
<u>Consolidated Balance Sheets as of June 30, 2023, and December 31, 2022</u>	1
<u>Consolidated Statements of Operations for the three and six months ended June 30, 2023, and 2022</u>	2
<u>Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2023, and 2022</u>	3
<u>Consolidated Statements of Equity for the three and six months ended June 30, 2023, and 2022</u>	4
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2023, and 2022</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3. Quantitative and Qualitative Disclosures about Market Risk	45
Item 4. Controls and Procedures	46
<u>Part II. Other Information</u>	
Item 1. Legal Proceedings	47
Item 1A. Risk Factors	47
Item 6. Exhibits	49
Signature	50

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(\$ in millions and shares in thousands, except for per-share amounts)

	(Unaudited) June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 662	\$ 322
Short-term investments	575	1,750
Accounts receivable, less allowances of \$ 30 and \$ 47, respectively	431	438
Prepaid expenses	71	57
Income taxes and other current assets	22	30
Total current assets	<u>1,761</u>	<u>2,597</u>
Property, plant and equipment, net	13,353	11,850
Other intangibles, net	3,746	3,906
Other assets	290	271
Total assets	<u>\$ 19,150</u>	<u>\$ 18,624</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt due within one year	\$ 15	\$ 15
Accounts payable	1,161	1,410
Advanced billings	200	194
Accrued other taxes	122	137
Accrued interest	124	104
Pension and other postretirement benefits	39	39
Other current liabilities	<u>406</u>	<u>396</u>
Total current liabilities	<u>2,067</u>	<u>2,295</u>
Deferred income taxes	563	558
Pension and other postretirement benefits	976	1,044

Other liabilities	523	483
Long-term debt	9,829	9,110
Total liabilities	13,958	13,490
Equity:		
Common stock, \$0.01 par value (1,750,000 authorized shares, 245,744 and 245,021 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively)	2	2
Additional paid-in capital	4,242	4,198
Retained earnings	856	855
Accumulated other comprehensive income, net of tax	92	79
Total equity	5,192	5,134
Total liabilities and equity	\$ 19,150	\$ 18,624

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions and shares in thousands, except for per-share amounts)
(Unaudited)

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Revenue	\$ 1,449	\$ 1,459	\$ 2,889	\$ 2,906
Operating expenses:				
Cost of service	528	546	1,070	1,099
Selling, general, and administrative expenses	428	427	845	862
Depreciation and amortization	354	290	684	574
Restructuring costs and other charges	24	30	32	84
Total operating expenses	<u>1,334</u>	<u>1,293</u>	<u>2,631</u>	<u>2,619</u>
Operating income	115	166	258	287
Investment and other income, net (See Note 10)	32	122	34	199
Interest expense	(149)	(118)	(290)	(221)
Income (loss) before income taxes	(2)	170	2	265
Income tax expense	-	69	1	99
Net (loss) income	<u>\$ 2</u>	<u>\$ 101</u>	<u>\$ 1</u>	<u>\$ 166</u>
Basic net (loss) earnings per share	(0.01)	0.41	0.00	0.68
attributable to Frontier common shareholders	<u>\$ 0.01</u>	<u>\$ 0.41</u>	<u>\$ 0.00</u>	<u>\$ 0.68</u>
Diluted net (loss) earnings per share	(0.01)	0.41	0.00	0.68
attributable to Frontier common shareholders	<u>\$ 0.01</u>	<u>\$ 0.41</u>	<u>\$ 0.00</u>	<u>\$ 0.68</u>
Total weighted average shares outstanding - basic	245,474	244,723	245,285	244,592
Total weighted average shares outstanding - diluted	245,474	244,723	246,517	244,831

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION (Continued)

FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (\$ in millions)
 (Unaudited)

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net (loss) income	\$ (2)	\$ 101	\$ 1	\$ 166
Other comprehensive income, net of tax	9	4	13	2
Comprehensive income	<u>\$ 7</u>	<u>\$ 105</u>	<u>\$ 14</u>	<u>\$ 168</u>

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(\$ in millions and shares in thousands)
(Unaudited)

	For the six months ended June 30, 2023					
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity	
	Shares	Amount				
Balance at January 1, 2023	245,021	\$ 2	\$ 4,198	\$ 855	\$ 79	
Stock plans, net	211	-	22	-	22	
Net income Other comprehensive	-	-	-	3	3	
income, net of tax	-	-	-	-	4	
Balance at March 31, 2023	<u>245,232</u>	<u>\$ 2</u>	<u>\$ 4,220</u>	<u>\$ 858</u>	<u>\$ 83</u>	
Stock plans, net	512	-	22	((
Net loss Other comprehensive	-	-	-	2)	2)	
income, net of tax	-	-	-	9	9	
Balance at June 30, 2023	<u>245,744</u>	<u>\$ 2</u>	<u>\$ 4,242</u>	<u>\$ 856</u>	<u>\$ 92</u>	
	For the six months ended June 30, 2022					
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity	
	Shares	Amount				
Balance at January 1, 2022	244,416	\$ 2	\$ 4,124	\$ 414	\$ 60	\$ 4,600
Stock plans, net	60	-	15	-	-	15
Net income Other comprehensive	-	-	-	65	-	65
loss, net of tax	-	-	-	(2)	(2)	(2)
Balance at March 31, 2022	<u>244,476</u>	<u>\$ 2</u>	<u>\$ 4,139</u>	<u>\$ 479</u>	<u>\$ 58</u>	<u>\$ 4,678</u>
Stock plans, net	493	-	13	-	-	13
Net income Other comprehensive	-	-	-	101	-	101
income, net of tax	-	-	-	4	-	4
Balance at June 30, 2022	<u>244,969</u>	<u>\$ 2</u>	<u>\$ 4,152</u>	<u>\$ 580</u>	<u>\$ 62</u>	<u>\$ 4,796</u>

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(\$ in millions)
(Unaudited)

For the six months ended
June 30,

2023 2022

Cash flows provided from (used by) operating activities:

	\$	\$
Net Income	1	166
Adjustments to reconcile net income to net cash provided from (used by) operating activities:		
Depreciation and amortization	684	574
Stock-based compensation expense	51	35
Lease Impairment	-	44
Amortization of premium	15	14
Bad debt expense	16	14
Other adjustments	2	1
Deferred income taxes	-	93
Change in accounts receivable	9	24
Change in long-term pension and other postretirement liabilities	51	242
Change in accounts payable and other liabilities	12	77
Change in prepaid expenses, income taxes, and other assets	(2)	(15)
Net cash provided from operating activities	665	757
Cash flows provided from (used by) investing activities:		
Capital expenditures	2,211	1,088
Purchase of short-term investments	575	2,600
Sale of short-term investments	1,750	300
Proceeds on sale of assets	4	1
Other	-	2
Net cash (used by) investing activities	1,032	3,385
Cash flows provided from (used by) financing activities:		
Long-term debt principal payments	8	7
Proceeds from long-term debt borrowings	750	1,200

	((
Financing costs paid	13	17
))
Finance lease obligation payments	12	10
))
Taxes paid on behalf of employees for shares withheld	7	7
))
Other	3	1
	_____	_____
Net cash provided from financing activities	707	1,158
	((
Increase (Decrease) in cash, cash equivalents, and restricted cash	340	1,470
))
Cash, cash equivalents, and restricted cash at January 1,	322	2,178
	_____	_____
Cash, cash equivalents, and restricted cash at June 30,	662	708
	_____	_____
Supplemental cash flow information: Cash paid during the period for:		
Interest	\$ 314	\$ 198
	\$	\$
Income tax payments, net	1	9
	\$	\$

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

(1) Summary of Significant Accounting Policies :

a) Basis of Presentation and Use of Estimates :

Frontier Communications Parent, Inc. and its subsidiaries are referred to as "we," "us," "our," "Frontier," or the "Company" in this report. Our interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2022. All significant intercompany balances and transactions have been eliminated in consolidation. These interim unaudited consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary, in the opinion of Frontier's management, to present fairly the results for the interim periods shown. Revenues, net income, and cash flows for any interim periods are not necessarily indicative of results that may be expected for the full year.

We operate in

one reportable segment. Frontier provides both regulated and unregulated voice, data and video services to consumer, business, and wholesale customers and is typically the incumbent voice services provider in its service areas. Certain reclassifications of prior period balances have been made to conform to the current period presentation. For our interim financial statements as of and for the period ended June 30, 2023, we evaluated subsequent events and transactions for potential recognition or disclosure through the date that we filed this Form 10-Q with the Securities and Exchange Commission ("SEC").

The preparation of our interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities at the date of the financial statements, (ii) the disclosure of contingent assets and liabilities, and (iii) the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates and judgments are used when accounting for the application of allowance for credit losses, asset impairments, indefinite-lived intangibles, depreciation and amortization, income taxes, and pension and other postretirement benefits, among others.

b) Revenue Recognition :

Revenue for data and Internet services, voice services, video services, and switched and non-switched access services is recognized as services are provided to customers. Services that are billed in advance include monthly recurring network access services (including data services), special access services, and monthly recurring voice, video, and related charges. Revenue is recognized by measuring progress toward the complete satisfaction of our performance obligations. The unearned portion of these fees is deferred as a component of "Advanced billings" on our consolidated balance sheet and recognized as revenue over the period that the services are provided. Services that are billed in arrears include non-recurring network access services (including data services), switched access services, and non-recurring voice and video services. The earned but unbilled portion of these fees is recognized as revenue in our consolidated statements of operations and accrued in "Accounts receivable" on our consolidated balance sheet in the period that services are provided. Excise taxes are recognized as a liability when billed.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Satisfaction of Performance Obligations

We satisfy our obligations to customers by transferring goods and services in exchange for consideration received from the customer. The timing of our satisfaction of the performance obligation may differ from the timing of the customer's payment.

Bundled Service and Allocation of Discounts

When customers purchase more than one service, revenue for each is determined by allocating the total transaction price based upon the relative stand-alone selling price of each service. We frequently offer service discounts as an incentive to customers, which reduce the total transaction price. Any incentives which are considered cash equivalents (e.g. gift cards) that are granted will similarly result in a reduction of the total transaction price. Cash equivalent incentives are accounted for on a portfolio basis and are recognized in the month they are awarded to customers.

Customer Incentives

In the process of acquiring and/or retaining customers, we may issue a variety of incentives aside from service discounts or cash equivalent incentives. Those incentives that have stand-alone value (e.g. gift cards not considered cash equivalents or free goods/services) are considered separate performance obligations. While these incentives are free to the customer, a portion of the consideration received from the customer is ascribed to them based upon their relative stand-alone selling price. These types of incentives are accounted for on a portfolio basis with both revenue and expense recognized in the month they are awarded to the customer. The earned revenue associated with these incentives is reflected in "Other" revenue while the associated costs are reflected in "Cost of services".

Upfront Fees

All non-refundable upfront fees assessed to our customers provide them with a material right to renew; therefore, they are deferred by creating a contract liability and amortized into "Data and Internet service revenue" for fees charged to our wholesale customers and "Other revenue" for fees charged to all other customers over the average customer life using a portfolio approach.

Customer Acquisition Costs

Sales commission expenses are recognized as incurred. According to ASC 606, incremental costs in obtaining a contract with a customer are deferred and recorded as a contract asset if the period of benefit is expected to be greater than one year. For our retail customers, this period of benefit has been determined to be less than one year. As such, we applied the practical expedient that allows such costs to be expensed as incurred.

Taxes, Surcharges and Subsidies

We collect various taxes, Universal Service Funds ("USF") surcharges (primarily federal USF), and certain other surcharges from our customers and subsequently remits these taxes to governmental authorities.

In June 2015, we accepted the FCC offer of support to price cap carriers under the Connect America Fund ("CAF") Phase II program, which was intended to provide long-term support for broadband build commitments in high cost unserved or underserved areas. We recognized FCC's CAF Phase II subsidies into revenue on a straight-line basis over the seven-year funding term which ended on December 31, 2021. The FCC is reviewing carriers' CAF II program completion data, and if the FCC determines that we did not satisfy certain applicable CAF Phase II requirements, we could be required to return a portion of the funds previously received and may be subject to certain other requirements and obligations. We have accrued an amount for any potential shortfall in the household build commitment that we deem to be

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

probable and reasonably estimated, and we do not expect that any amounts of funds that may need to be returned will be material.

In May 2022, we accepted the FCC offer under the Rural Digital Opportunity Fund ("RDOF") Phase I program, which provides funding over a ten-year period to support the construction of broadband networks in rural communities across the country. We accepted \$

37

million in annual support through 2032 in return for our commitment to make broadband available to households within the RDOF eligible areas. We will recognize the FCC's RDOF Phase I subsidies into revenue on a straight-line basis over the ten-year funding term which will end March 31, 2032. We are required to complete the RDOF deployment by December 31, 2028. Thereafter, the FCC will review carriers' RDOF program completion data, and if the FCC determines that we did not satisfy applicable FCC RDOF requirements, we could be required to return a portion of the funds previously received and may be subject to certain other requirements and obligations.

c) **Cash Equivalents** :

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. These amounts could represent cash collateral required for certain Letter of Credit obligations and utility vendors. We did not have any restricted cash as of June 30, 2023 or December 31, 2022.

d) **Short-Term Investments** :

Given the long-term nature of our fiber build, we have invested cash into short-term investments to improve interest income while preserving funding flexibility.

As of June 30, 2023, short-term investments of \$

575

million are comprised of term deposits earning interest in excess of traditional bank deposit rates, maturing between July 10, 2023, and August 24, 2023, and placed with banks with A-1/P-1 or equivalent credit quality. These short-term investments are in scope of ASC 320, Investments - Debt Securities. The short-term investments' original maturity is greater than 90 days but less than one year, and they are classified as held to maturity, recorded as current assets, and are accounted for at amortized cost.

e) **Definite and Indefinite Lived Intangible Assets**:

Intangible assets are initially recorded at estimated fair value. Customer relationship intangibles have been established for business and wholesale customers. These intangibles are amortized on a straight-line basis over their assigned useful lives of between 11 and 16 years. Additionally, trademark and tradename assets established upon emergence are amortized on a straight-line basis over 5 years. We review such intangible assets annually, or more often if indicators of impairment arise, to determine whether there is evidence that indicates an impairment condition may exist that would necessitate a change in useful life and a different amortization period.

f) **Lease Accounting**:

We determine if an arrangement contains a lease at inception. Right-of-use (ROU) assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating and Finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating and finance lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms used in accounting for leases may reflect options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for operating leases is recognized on a straight-line basis over the lease term. ROU assets for operating leases are recorded to "Other Assets", and the related liabilities recorded to "Other current liabilities", and "Other liabilities" on our consolidated balance sheets. Assets subject to finance leases are included in "Property, Plant &

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Equipment", with corresponding liabilities recorded to "Other current liabilities", and "Other liabilities" on our consolidated balance sheets.

We assess potential impairments to our leases annually, or as indicators exist, if indicators of impairment arise to determine whether there is evidence that indicate an impairment condition may exist. We continue to review our real estate portfolio and, during the first quarter of 2022, determined to either terminate or market for sublease certain facilities leases, which triggered an impairment of \$

44

million for our finance and operating lease assets recorded as restructuring charges and other costs. See Note 9 for further details.

g) Going Concern:

In accordance with the requirements of Accounting Standards Update ("ASU") 2014-15, "Presentation of Financial Statements Going Concern (ASU 2014-15)", and ASC 205, "Presentation of Financial Statements", we have the responsibility to evaluate at each reporting period, including interim periods, whether conditions and/or events raise substantial doubt about our ability to meet our future financial obligations. In its evaluation for this report, management considered our current financial condition and liquidity sources, including current funds available, forecasted future cash flows and our conditional and unconditional obligations due within one year following the date of issuance of this Quarterly Report on Form 10-Q.

We believe we have the ability to meet our obligations for at least one year from the date of issuance of this Form 10-Q. Accordingly, the accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern and contemplate the realization of assets and the satisfaction of liabilities in the normal course business.

h) Property, Plant and Equipment:

Property, plant, and equipment are stated at original cost, including capitalized interest, or fair market value as of the date of acquisition for acquired properties. Maintenance and repairs are charged to operating expenses as incurred. The gross book value of routine property, plant and equipment retirements is charged against accumulated depreciation.

i) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of:

We review long-lived assets to be held and used, including customer lists and property, plant and equipment, and long-lived assets to be disposed of for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair market value. If any assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value. Also, we periodically reassess the useful lives of our long-lived assets to determine whether any changes are required.

j) Income Taxes and Deferred Income Taxes:

We file a consolidated federal income tax return. We utilize the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recorded for the tax effect of temporary differences between the financial statement basis and the tax basis of assets and liabilities using tax rates expected to be in effect when the temporary differences are expected to reverse.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, tax-planning strategies, and results of recent operations. If we determine that we are not able to realize a portion of our net deferred tax assets

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

in the future, we would make an adjustment to the deferred tax asset valuation allowance, which would increase the provision for income taxes.

The tax effect of a change in tax law or rates included in income tax expense from continuing operations includes effect of changes in deferred tax assets and liabilities initially recognized through a charge or credit to other comprehensive income (loss). The residual tax effects typically are released when the item giving rise to the tax effect is disposed of, liquidated, or terminated.

k) Stock Plans:

We have various stock-based compensation plans. Awards under these plans are granted to eligible employees and directors. Awards may be made in the form of restricted stocks, restricted stock units, incentive stock options, non-qualified stock options, stock appreciation rights or other stock-based awards, including awards with performance, market, and time-vesting conditions.

The compensation cost recognized is based on awards ultimately expected to vest. GAAP requires forfeitures to be estimated and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

(2) Recent Accounting Pronouncements:

There have been no recent accounting pronouncements or changes in accounting pronouncements during the six months ended June 30, 2023, as compared to the recent accounting pronouncements described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, that are of significance or potential significance to the Company.

(3) Revenue Recognition :

We categorize our products, services and other revenues into the following categories:

Data and Internet services include broadband services for consumer and business customers. We provide data transmission services to high volume business customers and other carriers with dedicated high capacity circuits ("non-switched access") including services to wireless providers (wireless backhaul);

Voice services include traditional local and long-distance wireline services, Voice over Internet Protocol (VoIP) services, as well as a number of unified messaging services offered to our consumer and business customers. Voice services also include the long-distance voice origination and termination services that we provide to our business customers and other carriers;

Video services include revenues generated from services provided directly to consumer customers as linear terrestrial television services, through various satellite providers, and through partnerships with over-the-top (OTT) video providers. Video services also includes pay-per-view revenues, video on demand, equipment rentals, and video advertising. We have made the strategic decision to limit sales of new traditional TV services, focusing on our broadband products and OTT video options;

Other customer revenue includes switched access revenue, rents collected for colocation services, and revenue from other services and fees. Switched access revenue includes revenues derived from allowing other carriers to use our network to originate and/or terminate their local and long-distance voice traffic (switched access). These services are primarily billed on a minutes-of-use basis applying tariffed rates filed with the FCC or state agencies; and

Subsidy and other regulatory revenue includes revenues generated from cost subsidies from state and federal authorities, including the CAF II and RDOF.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

The following tables provide a summary of revenues, by category:

(\$ in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Data and Internet services	\$ 880	\$ 847	\$ 1,742	\$ 1,683
Voice services	347	381	703	767
Video services	112	134	229	271
Other	89	80	172	163
Revenue from contracts with customers ⁽¹⁾	1,428	1,442	2,846	2,884
Subsidy and other revenue	21	17	43	22
Total revenue	\$ 1,449	\$ 1,459	\$ 2,889	\$ 2,906
(\$ in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Consumer	\$ 775	\$ 791	\$ 1,536	\$ 1,567
Business and wholesale	653	651	1,310	1,317
Revenue from contracts with customers ⁽¹⁾	1,428	1,442	2,846	2,884
Subsidy and other revenue	21	17	43	22
Total revenue	\$ 1,449	\$ 1,459	\$ 2,889	\$ 2,906

(1) Includes lease revenue of \$

15 million and \$

30 million for the three and six months ended June 30, 2023, and \$

16 million and \$

32 million for the three and six months ended June 30, 2022, respectively.

The following is a summary of the changes in the contract liabilities:

(\$ in millions)	Contract Liabilities	
	Current	Noncurrent
Balance at December 31, 2022	\$ 27	\$ 17
Revenue recognized included in opening contract balance	(23)	(6)
Credits granted, excluding amounts recognized as revenue	23	11

		(
	4		4
Reclassified between current and noncurrent			
Balance at June 30, 2023	\$ 31		\$ 18
	Contract Liabilities		
	Current	Noncurrent	
Balance at December 31, 2021	\$ 27	\$	11
	(((
Revenue recognized included in opening contract balance	20	)	5
Credits granted, excluding amounts recognized as revenue	18		11
			(
Reclassified between current and concurrent	2		2
Balance at June 30, 2022	\$ 27		\$ 15

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

The unsatisfied obligations for retail customers consist of amounts in advance billings, which are expected to be earned within the following monthly billing cycle. Unsatisfied obligations for wholesale customers are based on a point-in-time calculation and determined by the number of circuits provided and the contractual price. These wholesale customer obligations change from period to period based on new circuits added as well as circuits that are terminated.

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period:

<u>(\$ in millions)</u>	Revenue from contracts with customers
2023 (remaining six months)	\$ 394
2024	285
2025	156
2026	60
2027	11
Thereafter	6
Total	\$ 912

(4) Accounts Receivable :

The components of accounts receivable, net are as follows:

<u>(\$ in millions)</u>	June 30, 2023	December 31, 2022
Retail and wholesale	\$ 398	\$ 416
Other	63	69
Less: Allowance for doubtful accounts	(30)	(47)
Accounts receivable, net	\$ 431	\$ 438

We maintain an allowance for credit losses based on the estimated ability to collect accounts receivable. The allowance for credit losses is increased by recording an expense for the provision for bad debts for retail customers, and through decreases to revenue at the time of billing for wholesale customers. The allowance is decreased when customer accounts are written off, or when customers are given credits.

The provision for bad debts was \$

16
million and \$

14
million for the six months ended June 30, 2023 and 2022, respectively.

In accordance with ASC 326, we performed calculations to estimate expected credit losses, utilizing rates that are consistent with our write offs (net of recoveries) because such events affect the entity's loss given default experience.

Activity in the allowance for credit losses for the six months ended June 30, 2023 was as follows:

<u>(\$ in millions)</u>	47
Balance at December 31, 2022	\$
Provision for bad debt	16

Amounts charged to revenue	7
	(
Write offs charged against the allowance	40
)
Balance at June 30, 2023	30
	<u><u>\$</u></u>

12

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

(5) Property, Plant and Equipment :

Property, plant and equipment, net is as follows:

(\$ in millions)	June 30, 2023	December 31, 2022
Property, plant and equipment	\$ 15,180	\$ 13,186
Less: Accumulated depreciation	(1,827)	(1,336)
Property, plant and equipment, net	<u>13,353</u>	<u>11,850</u>
	<u><u>\$</u></u>	<u><u>\$</u></u>

Depreciation expense is principally based on the composite group method. Depreciation expense was as follows:

(\$ in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Depreciation expense	\$ 273	\$ 211	\$ 523	\$ 414

As of June 30, 2023, our materials and supplies were \$

596
million, as compared to \$

546
million as of December 31, 2022. Components of this include fiber, network electronics, and customer premises equipment.

During the six months ended June 30, 2023, our capital expenditures were \$

2,211
million which included a decrease of \$

218
million due to changes in accounts payable from December 31, 2022. As of June 30, 2023 there was \$

764
million in accounts payable associated with capital expenditures. For the six months ended June 30, 2023, we had capitalized interest of \$
39
million.

(6) Intangibles:

We consider whether the carrying values of finite-lived intangible assets and property plant and equipment may not be recoverable or whether the carrying value of certain indefinite-lived intangible assets were impaired. There was no impairment of either intangibles or property plant and equipment as of June 30, 2023 and 2022.

The balances of these assets as of June 30, 2023 and December 31, 2022 was as follows:

(\$ in millions)	June 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangibles:						
Customer Relationships - Business	\$ 800	\$ 158	\$ 642	\$ 800	\$ 121	\$ 679
Customer Relationships - Wholesale	3,491	472	3,019	3,491	364	3,127
Trademarks & Tradenames	150	65	85	150	50	100
Total other intangibles	<u>4,441</u>	<u>695</u>	<u>3,746</u>	<u>4,441</u>	<u>535</u>	<u>3,906</u>

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Amortization expense was as follows:

(\$ in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Amortization expense	\$ 81	\$ 79	\$ 161	\$ 160

We amortize our intangible assets on a straight-line basis, over the assigned useful lives of 16 years for our wholesale customer relationships, 11 years for our business customer relationships, and five years for our trademarks and tradenames.

(7) Fair Value of Financial Instruments :

The following table summarizes the carrying amounts and estimated fair values for total long-term debt at June 30, 2023 and December 31, 2022. For the other financial instruments including cash, short-term investments, accounts receivable, accounts payable and other current liabilities, the carrying amounts approximate fair value due to the relatively short maturities of those instruments.

The fair value of our total long-term debt is estimated based upon quoted market prices at the reporting date for those financial instruments.

(\$ in millions)	June 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total debt	\$ 9,705	\$ 8,544	\$ 8,963	\$ 8,079

(8) Long-Term Debt:

The activity in long-term debt is summarized as follows:

(\$ in millions)	January 1, 2023	For the six months ended June 30, 2023			June 30, 2023
		Principal Payments and Retirements	New Borrowings	(
Secured debt issued by Frontier	\$ 8,113	\$ 8)	\$ 750	\$ 8,855	
Secured debt issued by subsidiaries	100	-	-	-	100
Unsecured debt issued by subsidiaries	750	-	-	-	750
Principal outstanding	\$ 8,963	\$ 8)	\$ 750	\$ 9,705	
Less: Debt Issuance Costs	28	)	-	-	37
Less: Current Portion	15)	-	-	-	15)
Plus: Unamortized fair value adjustments ⁽¹⁾	190				176
Total Long-term debt	\$ 9,110				\$ 9,829

⁽¹⁾ Upon emergence, we adjusted the carrying value of our debt to fair value. The adjustment consisted of the elimination of the existing unamortized debt issuance costs and unamortized discounts and recording a balance of \$

236 million as a fair value adjustment. The fair value accounting adjustment is being amortized into interest expense using the effective interest method.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Additional information regarding our senior unsecured debt, senior secured debt, and subsidiary debt at June 30, 2023 and December 31, 2022 is as follows:

(\$ in millions)	June 30, 2023		December 31, 2022	
	Principal Outstanding	Interest Rate	Principal Outstanding	Interest Rate
Secured debt issued by Frontier				
Term loan due 10/8/2027	\$ 1,442	9.000% (Variable)	\$ 1,450	8.500% (Variable)
First lien notes due 10/15/2027	1,150	5.875 %	1,150	5.875 %
First lien notes due 5/1/2028	1,550	5.000 %	1,550	5.000 %
First lien notes due 5/15/2030	1,200	8.750 %	1,200	8.750 %
First lien notes due 3/15/2031	750	8.625 %	-	-
Second lien notes due 5/1/2029	1,000	6.750 %	1,000	6.750 %
Second lien notes due 11/1/2029	750	5.875 %	750	5.875 %
Second lien notes due 1/15/2030	1,000	6.000 %	1,000	6.000 %
IDRB due 5/1/2030	13	6.200 %	13	6.200 %
Total secured debt issued by Frontier	8,855		8,113	
Secured debt issued by subsidiaries				
Debentures due 11/15/2031	100	8.500 %	100	8.500 %
Total secured debt issued by subsidiaries	100		100	
Unsecured debt issued by subsidiaries				
Debentures due 5/15/2027	200	6.750 %	200	6.750 %
Debentures due 2/1/2028	300	6.860 %	300	6.860 %
Debentures due 2/15/2028	200	6.730 %	200	6.730 %
Debentures due 10/15/2029	50	8.400 %	50	8.400 %
Total unsecured debt issued by subsidiaries	750		750	
Principal outstanding	\$ 9,705	6.977 % (1)	\$ 8,963	6.760 % (1)

(1) Interest rate represents a weighted average of the stated interest rates of multiple issuances.

Summaries of our various credit and debt agreements, including our credit agreements and the indentures for our senior secured notes, including our first lien notes and second lien notes, are contained in our Annual Report on Form 10-K. The summaries below and in our Form 10-K do not purport to be complete and are qualified in their entirety by reference to the respective agreements filed as an Exhibit to our Annual Report on Form 10-K.

Credit Facilities and Term Loans

Revolving Facility

On March 8, 2023, Frontier Holdings entered into an amendment to its Revolving Facility, which, among other things, (i) extends the maturity with respect to the commitments of certain revolving lenders (in addition to certain amendments to springing maturity provisions); (2) amends the financial maintenance covenant for the benefit of the Revolving Facility by increasing the maximum first lien leverage ratio thereunder to

3.50
:1.00, with step-downs to: (a)

3.25
:1.00 in 2026; and (b)

3.00
:1.00 in 2027 and continuing thereafter; and (3) provides for certain amendments to debt incurrence and other restrictive covenants.

The \$

900
million Revolving Facility will be available on a revolving basis until April 30, 2025 and with respect to certain lenders currently representing \$

850
million thereunder, the maturity date of the Revolving Facility will be the earliest of (a) April 30, 2028, (b) 91 days prior to the maturity date of the term loan facility, (c) unless such notes have been repaid and/or redeemed in full, the date that is 91 days prior to the stated maturity date of our

5.875
% First Lien Notes due 2027, and (d) unless such notes have been repaid and/or redeemed in full, the date that is 91 days prior to the stated maturity date of our

5.000
% First Lien Notes due 2028.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

At Frontier's election, the determination of interest rates for the Revolving Facility is based on margins over the alternate base rate or over Secured Overnight Financing Rate ("SOFR"). The interest rate margin with respect to any SOFR loan under the Revolving Facility is

3.50
% or

2.50
% with respect to any alternate base rate loans, with a

0
% SOFR floor.

Subject to customary exceptions and thresholds, the security package under the Revolving Facility includes pledges of the equity interests in certain of our subsidiaries, which is currently limited to certain specified pledged entities and substantially all personal property of Frontier Video, which same assets also secure our First Lien Notes. The Revolving Facility is guaranteed by the same subsidiaries that guarantee the First Lien Notes. After giving effect to approximately \$

236
million of letters of credit previously outstanding, we have \$

664
million of available borrowing capacity under the Revolving Facility.

Senior Secured Notes

First Lien Notes due 2031

On March 8, 2023, our consolidated subsidiary Frontier Communications Holdings, LLC ("Frontier Holdings") issued \$

750
million aggregate principal amount of

8.625
% first lien secured notes due 2031 (the "First Lien Notes due 2031") in an offering pursuant to exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). We intend to use the net proceeds of the offering to fund capital investments and operating costs arising from our fiber build and expansion of our fiber customer base, and for general corporate purposes.

The First Lien Notes due 2031 are secured by a first-priority lien, subject to permitted liens, by all the assets that secure the issuer's obligations under its senior secured credit facilities and existing senior secured notes. The First Lien Notes due 2031 were issued pursuant to an indenture, dated as of March 8, 2023, by and among Frontier Holdings, the guarantors party thereto, the grantor party thereto, Wilmington Trust, National Association, as trustee and JPMorgan Chase Bank, N.A., as collateral agent.

Fiber Securitization Transaction

On August 1, 2023, we announced that Frontier Issuer LLC ("Frontier Issuer"), our limited-purpose, bankruptcy remote, subsidiary priced \$

1.6
billion of aggregate principal amount of secured fiber network revenue term notes consisting of \$

1.119
billion

6.60
% Series 2023-1, Class A-2 term notes, \$

155
million

8.30
% Series 2023-1, Class B term notes and \$

312
million

11.50
% Series 2023-1, Class C term notes, each with an anticipated repayment term of five years (collectively, the "Notes"). Collectively, the Notes have a weighted average yield of approximately

8.797
%. The Notes will be secured by certain of Frontier's fiber assets and associated customer contracts in the Dallas metropolitan area and constitute the first offering of green bonds by a Frontier subsidiary. We expect the Notes transaction to close on or around August 8, 2023, subject to satisfaction of various closing conditions. There can be no assurance regarding the timing of closing or that the sale of the Notes will be completed.

In connection with the offering of the Notes, Frontier Issuer entered into a commitment for a \$

500
million variable funding note facility with a delayed draw feature, subject to leverage tests and other customary drawing conditions.

(9) Restructuring and Other Charges:

Restructuring and other charges consists of severance and employee costs related to workforce reductions.

During the six month period ended June 30, 2023, we incurred \$

million in restructuring charges and other costs consisting of \$
33 million of severance and employee costs resulting from workforce reductions, and \$
1 million of income related to other restructuring activities. Of the \$
33 million in severance and employee costs,

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

approximately \$

23

million related to the second quarter of 2023, as a result of larger workforce reductions during such quarter.

During the six month period ended June 30, 2022, we incurred \$

84

million in restructuring charges and other costs consisting of \$

44

million of lease impairment costs from the strategic exit of certain facilities, \$

32

million of severance and employee costs resulting from workforce reductions, and \$

8

million of costs related to other restructuring activities. Of the \$

32

million in severance and employee costs, approximately \$

26

million related to the second quarter of 2022, as a result of larger workforce reductions.

As part of Frontier's cost reduction strategy, certain real estate leases will not be retained, or will be marketed for sublease. We evaluated the related right-of-use assets and other lease related assets for impairment under ASC 360. In connection with this analysis, we reassessed our leased real estate asset groups and estimated the fair value of the office space to be subleased under current market conditions. Where the carrying values of individual asset groups exceeded their fair values, an impairment charge was recognized for the difference.

The following is a summary of the changes in the liabilities established for restructuring and other related programs:

(\$ in millions)

Balance at January 1, 2023				9
Severance expense				33
Other income				1
Cash payments during the period				21
Balance at June 30, 2023				20

(10) Investment and Other Income:

The following is a summary of the components of Investment and Other Income:

<i>(\$ in millions)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest and dividend income	\$ 17	\$ 6	\$ 38	\$ 8
Pension benefit	5	25	9	50
OPEB costs	2	5	5	8
OPEB remeasurement gain (loss)	12	96	8	150
All other, net	-	-	-	1
Total investment and other income, net	\$ 32	\$ 122	\$ 34	\$ 199

In the first half of 2023, Frontier amended the medical coverage for certain postretirement benefit plans, which resulted in an \$

8

million net remeasurement loss for the first half of 2023. The net loss was comprised of a loss of \$

20

million in the first quarter offset by a remeasurement gain of \$

12

million in the second quarter, primarily due to discount rate changes. Refer to Note 15 for further details.

Pension and OPEB benefit (cost) consist of interest income (costs), expected return on plan assets, amortization of prior service (costs) and recognition of actuarial (gain) loss. Service cost components of pension and OPEB benefit costs are included in "Selling, general, and administrative expenses" on our consolidated statements of operations.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

(11) Stock Plans :

Frontier Communications Parent, Inc. has one stock-based compensation plan under which grants are made and awards remain outstanding: the 2021 Management Incentive Plan (the "2021 Incentive Plan"). The 2021 Incentive Plan permits stock-based awards to be made to employees, directors, or consultants of the Company or its affiliates, as determined by the Compensation and Human Capital Committee of the Board. Under the 2021 Incentive Plan,

15,600,000 shares of common stock have been reserved for issuance. Equity awards have been issued in the form of time-based restricted stock units (RSUs) and performance-based stock units (PSUs). As of June 30, 2023, approximately

4,180,000 shares were available to grant under the 2021 Incentive Plan.

Restricted Stock Units

The following summary presents information regarding unvested RSUs outstanding under the 2021 Incentive Plan:

	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)	Aggregate Fair Value (in millions)
Balance at January 1, 2023	2,514	\$ 25.78	\$ 64
Restricted stock units granted	1,315	\$ 23.41	25
Restricted stock units vested	1,118	\$ 25.73	21
Restricted stock units forfeited	141	\$ 25.19	
Balance at June 30, 2023	2,570	\$ 24.63	\$ 48

For purposes of determining compensation expense, the fair value of each RSU grant is based on the closing price of our common stock on the date of grant. The non-vested RSUs granted in 2021, 2022, and 2023 generally vest, and are expensed, on a ratable basis over three years from the grant date of the award. Total remaining unrecognized compensation cost associated with unvested RSU awards that is deferred at June 30, 2023 was \$

55 million and the weighted average vesting period over which this cost is expected to be recognized is approximately 2 years.

None of the RSU awards may be sold, assigned, pledged, or otherwise transferred, voluntarily or involuntarily, by the employees until the applicable time-based restrictions lapse, subject to limited exceptions. Compensation expense, including compensation related to non-employee directors, recognized in "Selling, general, and administrative expenses", of \$

19 million for both the six month-periods ended June 30, 2023, and 2022, respectively, have been recorded in connection with RSUs.

Performance Stock Units

Under the 2021 Incentive Plan, a target number of performance units ("PSU") have been awarded to applicable participants with respect to three-year performance periods (each a "Measurement Period"). The performance metrics under the 2021, 2022, and 2023 PSU awards consist of targets for (1) Adjusted Fiber EBITDA, (2) Fiber Locations Constructed and (3) Expansion Fiber Penetration. In addition, there is an overall relative total shareholder return ("TSR") modifier, which is based on our total return to stockholders over the Measurement Period relative to the S&P 400 Mid Cap Index. Each performance metric is weighted

33.3 %, and targets for each metric are set for each of the three years during the Measurement Period. Achievement of the metrics will be measured separately on a cumulative basis for each performance metric, and the number of awards earned will be determined at the end of the three-year Measurement Period based on actual performance relative to the

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

targets of each performance metric, plus the effect of the TSR modifier. The payout of the 2021 PSUs can range from

0% to a maximum award payout of

300% of the target PSUs. The payout of the 2022 and 2023 PSUs can range from

0% to a maximum award payout of

200% of the target PSUs.

The number of PSU awards earned at the end of a Measurement Period may be more or less than the number of target PSUs granted as a result of performance. An executive must maintain a satisfactory performance rating during the Measurement Period and, except for limited circumstances, must be employed by Frontier upon determination in order for the award to vest. The Compensation and Human Capital Committee will determine the number of PSUs earned for the Measurement Period in the first quarter of the year following the end of the Measurement Period. PSU awards, to the extent earned, will be paid out in the form of common stock on a

one-for-one basis.

Under ASC 718, Stock Based Compensation Expense, a grant date, and the fair value of a performance award are determined once the targets are finalized. For the 2021, 2022 and 2023 PSU awards, targets for all of the metrics have been fully set for each performance period and the related expense will be amortized over the appropriate performance period.

The following summary presents information regarding PSU awards as of June 30, 2023, and changes during the six months then ended with regard to PSUs awarded under the 2021 Incentive Plan:

	Number of Shares (in thousands)	Weighted Average Award Date Fair Value (per share) ⁽¹⁾
Balance at January 1, 2023	3,485	\$ 25.62
Target performance shares awarded, net	1,037	\$ 24.39
Target performance shares forfeited	(31)	\$ 25.82
Balance at June 30, 2023	<u>4,491</u>	<u>\$ 25.34</u>

⁽¹⁾ Represents the weighted average of the closing price of our stock on the date of the awards.

For purposes of determining compensation expense, the fair value of each PSU award is estimated based on the closing price of a share of our common stock on the date of the grant, adjusted to reflect the fair value of the relative TSR modifier. For the six months ended June 30, 2023, and 2022, we recognized net compensation expense, reflected in "Selling, general, and administrative expenses," of \$

31 million and \$

16 million, respectively, related to PSU awards.

Non-Employee Directors

Compensation expense related to the board of directors, recognized in "Selling, general, and administrative expenses", was \$

1 million for the six months ended June 30, 2023.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

(12) Income Taxes:

The following is a reconciliation of the provision for income taxes computed at the federal statutory rate to income taxes computed at the effective rates:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Consolidated tax provision at federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State income tax provisions, net of federal	((((
income tax benefit	32.8)	15.0	57.2	12.0
Changes in certain deferred tax balances	-	1.7	-	1.1
Sec. 162(f) nondeductible penalties	6.3)	-	((
Tax reserve adjustment	-	0.3	3.8)	0.4 (
Tax Credit	-	0.6)	7.6 (	0.8)
Sec.162(m) - nondeductible Executive Compensation	0.2)	2.4	22.2)	3.2 (
All other, net	0.1 (	0.8	0.5)	0.5
Effective tax rate	<u>18.2 %)</u>	<u>40.6 %)</u>	<u>59.3 %)</u>	<u>37.4 %)</u>

Frontier considered positive and negative evidence in regard to evaluating certain state deferred tax assets during the second quarter of 2023, including the development of recent years of pre-tax book losses. On the basis of this evaluation, a valuation allowance of \$

33
million (\$

26
million net of federal benefit) was recorded as of June 30, 2023.

The Inflation Reduction Act was signed into law on August 16, 2022. The law contains numerous changes to tax laws effective January 1, 2023. The Company evaluated the effects and does not believe the Company will be materially impacted by the Inflation Reduction Act.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

(13) Net (Loss) Earnings Per Share:

The reconciliation of the net (loss) income per common share calculation is as follows:

(\$ in millions and shares in thousands, except per share amounts)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net (loss) income used for basic and diluted earnings per share:				
Total basic net (loss) income	(
attributable to Frontier common shareholders	\$ 2)	\$ 101	\$ 1	\$ 166
Effect of loss related to dilutive stock units	-	-	-	-
Total diluted net (loss) income	(
attributable to Frontier common shareholders	\$ 2)	\$ 101	\$ 1	\$ 166
Basic earnings per share:				
Total weighted average shares and unvested restricted stock awards outstanding - basic	245,474	244,723	245,285	244,592
Less: Weighted average unvested restricted stock awards	-	-	-	-
Total weighted average shares outstanding - basic	245,474	244,723	245,285	244,592
Basic net earnings (loss) per share	(
attributable to Frontier common shareholders	\$ 0.01)	\$ 0.41	\$ 0.00	\$ 0.68
Diluted earnings per share:				
Total weighted average shares outstanding - basic	245,474	244,723	245,285	244,592
Effect of dilutive performance stock awards	-	-	750	-
Effect of dilutive restricted stock awards	-	-	482	239
Total weighted average shares outstanding - diluted	245,474	244,723	246,517	244,831
Diluted net earnings (loss) per share	(
attributable to Frontier common shareholders	\$ 0.01)	\$ 0.41	\$ 0.00	\$ 0.68

In calculating diluted net income per common share for the six months ended June 30, 2023, the effect of certain outstanding PSUs is included in the computation as their respective performance metrics have been satisfied as of June 30, 2023.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

(14) Comprehensive Income:

Comprehensive income consists of net income and other gains and losses affecting shareholders' equity and pension/postretirement benefit (OPEB) liabilities that, under GAAP, are excluded from net income.

The components of accumulated other comprehensive income, net of tax, are as follows:

(\$ in millions)	OPEB Costs
Balance at January 1, 2023 ⁽¹⁾	79
Other comprehensive income before reclassifications	21
Amounts reclassified from accumulated other	(
comprehensive income to net loss	8)
Net current-period other comprehensive income	13
Balance at June 30, 2023 ⁽¹⁾	\$ 92
(\$ in millions)	OPEB Costs
Balance at January 1, 2022 ⁽¹⁾	\$ 60
Other comprehensive income before reclassifications	6
Amounts reclassified from accumulated other	(
comprehensive loss to net loss	4)
Net current-period other comprehensive loss	2
Balance at June 30, 2022 ⁽¹⁾	\$ 62

(1) OPEB amounts are net of deferred tax balances of \$

23
million and \$

15
million as of January 1, 2023 and 2022,
respectively and \$

28
million and \$

17
million as of June 30, 2023 and 2022, respectively.

The significant items reclassified from components of accumulated other comprehensive loss are as follows:

(\$ in millions)	Amount Reclassified from Accumulated Other Comprehensive Income ⁽¹⁾				Affected Line Item in the Statement Where Net Income (Loss) is Presented	
	For the three months ended June 30,		For the six months ended June 30,			
	2023	2022	2023	2022		
Details about Accumulated Other Comprehensive Loss Components						
Amortization of OPEB Cost Items Prior-service credits (costs)	5 \$ (	3 \$ (	10 \$ (	6 \$ (	Income (loss) before income taxes
Tax impact	1)	1)	2)	2)	Income tax benefit	

\$	4	\$	2	\$	8	\$	4	Net income (loss)
----	---	----	---	----	---	----	---	-------------------

(1) These accumulated other comprehensive income components are included in the computation of net periodic pension and OPEB costs (see Note 15 - Retirement Plans for additional details).

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

(15) Retirement Plans:

Frontier recognizes actuarial gains (losses) for our pension and postretirement plans in the period they occur. The components of net periodic benefit cost other than the service cost component for our plans as well as any actuarial gains or losses are included in "Investment and other income (loss)" on the consolidated statement of income.

The following tables provide the components of total pension benefit cost:

(\$ in millions)	Pension Benefits			
	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Components of total pension benefit cost				
Service cost	\$ 14	\$ 20	\$ 27	\$ 41
Interest cost on projected benefit obligation	33	25	66	49
Expected return on plan assets	(38)	(50)	(75)	(99)
Total pension benefit cost / (income)	<u>\$ 9</u>	<u>\$ 5</u>	<u>\$ 18</u>	<u>\$ 9</u>

The components of net periodic benefit cost other than the service cost component are included in "Investment and other income" on the consolidated statement of income.

The value of our pension plan assets increased \$

150
million from \$

2,033
million at December 31, 2022 to \$

2,183
million at June 30, 2023. This increase primarily resulted from changes in the market value of investments of \$

172
million net of plan expenses, and contributions of \$

64
million, partially offset by benefit payments to participants of \$

86
million.

The following tables provide the components of total postretirement benefit cost:

(\$ in millions)	Postretirement			
	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Components of net periodic postretirement benefit cost				
Service cost	\$ 2	\$ 3	\$ 4	\$ 7
Interest cost on projected benefit obligation	7	8	15	14
Amortization of prior service credit (gain) loss recognized	(5)	(3)	(10)	(6)
Remeasurement (gain) loss	<u>12</u>	<u>96</u>	<u>8</u>	<u>150</u>
Total periodic postretirement (benefit) cost	<u>\$ 8</u>	<u>\$ 88</u>	<u>\$ 17</u>	<u>\$ 135</u>

In the first half of 2023, Frontier amended the medical coverage for certain postretirement benefit plans, which resulted in remeasurement losses of \$

8

million, primarily due to discount rate changes.

During the six months ended June 30, 2023, and 2022 we capitalized \$

9

million and \$

11

million of pension and OPEB expense, respectively, into the cost of our capital expenditures, as the costs relate to our engineering and plant construction activities.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

In the first half of 2022, Frontier amended the medical coverage for certain postretirement benefit plans, which necessitated a remeasurement of its OPEB obligations. This remeasurement resulted in the recognition of a net actuarial gain of \$

150

million, which was driven primarily from a higher assumed discount rate relative to the previous measurement date. Frontier recognizes actuarial gains and losses in the period in which they occur. As such, this gain was recorded in "Investment and other income, net" on our consolidated statements of operations.

(16) Commitments and Contingencies :

Although from time to time we make short-term purchasing commitments to vendors with respect to capital expenditures, we generally do not enter into firm, written contracts for such activities. In connection with the fiber expansion build, we have prioritized diversifying our vendor base and solidifying partnership agreements with vendors for relevant labor and materials, to enable our build growth and customer expansion. As necessary, some of these key supplier agreements to ensure future supply have multi-year terms and purchase commitments.

In 2014, Citynet, a competitive local exchange carrier doing business in West Virginia, filed a qui tam action in federal court in the District Court for the Southern District of West Virginia against Frontier West Virginia, Inc. and others on behalf of the U.S. Government concerning billing practices relating to a government grant. The complaint became public in 2016 after the U.S. Government declined to participate in the case and instead allowed Citynet to pursue the claims on behalf of the U.S. On December 6, 2022, the parties reached a settlement in principle. On May 23, 2023, the parties finalized the terms of the settlement agreement to resolve the case in its entirety, the terms of which were made part of the public record and which requires a payment of approximately \$

18
million.

In addition, we are party to various legal proceedings (including individual actions, class and putative class actions, and governmental investigations) arising in the normal course of our business covering a wide range of matters and types of claims including, but not limited to, general contract disputes, billing disputes, rights of access, taxes and surcharges, consumer protection, advertising, sales and the provision of services, intellectual property, including, trademark, copyright, and patent infringement, employment, regulatory, environmental, tort, claims of competitors and disputes with other carriers. Litigation is subject to uncertainty and the outcome of individual matters is not predictable. However, we believe that the ultimate resolution of all such matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our financial position, results of operations, or cash flows.

In October 2013, the California Attorney General's Office notified certain Verizon companies, including one of the subsidiaries that we acquired in the CTF transaction, of potential violations of California state hazardous waste statutes primarily arising from the disposal of electronic components, batteries, and aerosol cans at certain California facilities. We are cooperating with this investigation. We have accrued an amount for potential penalties that we deem to be probable and reasonably estimable, and we do not expect that any potential penalties, if ultimately incurred, will be material.

We accrue an expense for pending litigation when we determine that an unfavorable outcome is probable, and the amount of the loss can be reasonably estimated. Legal defense costs are expensed as incurred. None of our existing accruals for pending matters, after considering insurance coverage, is material. We monitor our pending litigation for the purpose of adjusting our accruals and revising our disclosures accordingly, when required. Litigation is, however, subject to uncertainty, and the outcome of any particular matter is not predictable. We will vigorously defend our interests in pending litigation, and as of this date, we believe that the ultimate resolution of all such matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our consolidated financial position, results of operations, or our cash flows.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

In 2015, Frontier accepted the FCC's CAF Phase II offer, which provided \$

313

million in annual support through 2021 in our current 25 states in return for the Company's commitment to make broadband available to households within the CAF II eligible areas. The Company was required to complete the CAF II deployment by December 31, 2021. Thereafter, the FCC has been reviewing carriers' CAF II program completion data, and if the FCC determines that the Company did not satisfy applicable FCC CAF Phase II requirements, Frontier could be required to return a portion of the funds previously received and may be subject to certain fines, or additional requirements and obligations.

On January 30, 2020, the FCC adopted an order establishing the RDOF competitive reverse auction to provide support to serve high-cost areas. Under the FCCs RDOF Phase I auction, we were awarded approximately \$

371

million over ten years to build gigabit-capable broadband over a fiber-to-the-premises network to approximately

127,000
locations in

eight

states (California, Connecticut, Florida, Illinois, New York, Pennsylvania, Texas, and West Virginia). We began receiving RDOF funding in the second quarter of 2022 and we will be required to complete the buildout to the awarded locations by December 31, 2028, with interim target milestones over this period. To the extent that Frontier is unable to meet the milestones or construct to all locations by the required deadlines, Frontier could be required to return a portion of funds previously received and may be subject to certain fines or additional requirements and obligations.

We conduct certain of our operations in leased premises and lease certain equipment and other assets pursuant to operating leases. The lease arrangements have terms ranging from 1 to 99 years and several contain rent escalation clauses providing for increases in monthly rent at specific intervals. When rent escalation clauses exist, we record annual rental expense based on the total expected rent payments on a straight-line basis over the lease term. Certain leases also have renewal options. Renewal options that are reasonably assured are included in determining the lease term.

We are party to contracts with several unrelated long-distance carriers. The contracts provide fees based on traffic they carry for us subject to minimum monthly fees.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" related to future events. Forward-looking statements address our expectations or beliefs concerning future events, including, without limitation, our future operating and financial performance, our ability to implement strategic initiatives, such as our fiber build and fiber penetration and our ability to realize cost savings initiatives, our ability to comply with the covenants in the agreements governing our indebtedness, our capital expenditures and other matters. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and performance and contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "may," "will," "would," or "target." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. We do not intend, nor do we undertake any duty, to update any forward-looking statements, except as required by law.

A wide range of factors could materially affect future developments and performance, including but not limited to:

- our significant indebtedness, our ability to incur substantially more debt in the future, and covenants in the agreements governing our current indebtedness that may reduce our operating and financial flexibility;
- declines in Adjusted EBITDA and revenue relative to historical levels that we are unable to offset;
- economic uncertainty, volatility in financial markets, and rising interest rates could limit our ability to access capital or increase the cost of capital needed to fund business operations, including our fiber expansion plans;
- our ability to satisfy the closing conditions related to the securitization notes offering and consummate the variable funding notes facility;
- our ability to successfully implement strategic initiatives, including our fiber buildout and other initiatives to enhance revenue and realize productivity improvements;
- our ability to secure necessary construction resources, materials and permits for our fiber buildout initiative in a timely and cost-effective manner;
- inflationary pressures on costs and potential disruptions in our supply chain resulting from the global microchip shortage, the COVID-19 pandemic, or otherwise, which could adversely impact our financial condition or results of operations and hinder our fiber expansion plans;
- our ability to effectively manage our operations, operating expenses, capital expenditures, debt service requirements and cash paid for income taxes and liquidity;
- the impact of potential information technology or data security breaches or other cyber-attacks or other disruptions;
- competition from cable, wireless and wireline carriers, satellite, fiber "overbuilders" and over the top companies, and the risk that we will not respond on a timely or profitable basis;
- our ability to successfully adjust to changes in the communications industry, including the effects of technological changes and competition on our capital expenditures, products and service offerings;
- our ability to retain or attract new customers and to maintain relationships with existing customers, including wholesale customers;

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

- our reliance on a limited number of key supplies and vendors;
- declines in revenue from our voice services, switched and non-switched access and video and data services that we cannot stabilize or offset with increases in revenue from other products and services;
- our ability to secure, continue to use or renew intellectual property and other licenses used in our business;
- our ability to hire or retain key personnel;
- our ability to dispose of certain assets or asset groups or to make acquisition of certain assets on terms that are attractive to us, or at all;
- the effects of changes in the availability of federal and state universal service funding or other subsidies to us and our competitors and our ability to obtain future subsidies;
- our ability to comply with the applicable CAF II and RDOF requirements and the risk of penalties or obligations to return certain CAF II and RDOF funds;
- our ability to defend against litigation or government investigations and potentially unfavorable results from current pending and future litigation or investigations;
- our ability to comply with applicable federal and state consumer protection requirements;
- the effects of governmental legislation and regulation on our business, including costs, disruptions, possible limitations on operating flexibility and changes to the competitive landscape resulting from such legislation or regulation;
- the impact of regulatory, investigative and legal proceedings and legal compliance risks;
- our ability to effectively manage service quality in the states in which we operate and meet mandated service quality metrics or regulatory requirements;
- the effects of changes in income tax rates, tax laws, regulations or rulings, or federal or state tax assessments, including the risk that such changes may benefit our competitors more than us, as well as potential future decreases in the value of our deferred tax assets;
- the effects of changes in accounting policies or practices;
- our ability to successfully renegotiate union contracts;
- the effects of increased medical expenses and pension and postemployment expenses;
- changes in pension plan assumptions, interest rates, discount rates, regulatory rules and/or the value of our pension plan assets;
- the impact of adverse changes in economic, political and market conditions in the areas that we serve, the U.S. and globally, including but not limited to, disruption in our supply chain, inflation in pricing for key materials or labor, or other adverse changes resulting from epidemics, pandemics and outbreaks of contagious diseases, including the COVID-19 pandemic, natural disasters, economic or political instability, terrorist attacks and wars, including the ongoing war in Ukraine, or other adverse widespread developments;

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

- potential adverse impacts of climate change and increasingly stringent environmental laws, rules and regulations, and customer expectations and other environmental liabilities;
- market overhang due to substantial common stock holdings by our former creditors;
- certain provisions of Delaware law and our certificate of incorporation that may prevent efforts by our stockholders to change the direction or management of our company; and
- certain other factors set forth in our other filings with the SEC.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative and is not intended to be exhaustive. Any of the foregoing events, or other events, could cause our results to vary from management's forward-looking statements included in this report. You should consider these important factors, as well as the risks contained in our most recent Form 10-K and other filings with the SEC, in evaluating any statement in this report or otherwise made by us or on our behalf.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Frontier Communications Parent, Inc. is a leading communications and technology provider offering gigabit speeds that empower and connect approximately 2.9 million broadband subscribers, with approximately 14,100 employees, operating in 25 states as of June 30, 2023. We are building critical infrastructure across the country with our fiber-optic network and cloud-based solutions, enabling secure high-speed connections. Rallied around our purpose of Building Gigabit America™, we are focused on supporting a digital society, closing the digital divide, and working toward a more sustainable environment.

Business Overview

In 2020, we began the expansion and transformation of our fiber network in order to meet the rapidly increasing demand for data from both our consumer and business customers. We believe that a fiber network has competitive advantages to be able to meet this growing demand, including faster download speeds, faster upload speeds, and lower latency levels than alternative broadband services.

In August 2021, we announced our plan to pass 10 million total locations with fiber. We are prioritizing our activities to locations which we believe will provide the highest investment returns. In these expansion markets, we target penetration between 15% and 20% within 12 months and between 25% and 30% within 24 months. Over time, we expect our business mix will shift significantly, with a larger percentage of revenue coming from fiber as we implement our expansion plan.

Our strategy focuses on four levers of value creation: fiber deployment, fiber broadband penetration, operational efficiency, and improving the customer experience. We accomplished the following objectives in the second quarter of 2023:

- We passed 316,000 new fiber locations. As of June 30, 2023, we had approximately 5.8 million total locations passed with fiber. Our build plan is solidified by multi-year agreements with key labor and equipment partners.
- We added 66,000 fiber broadband customer net additions, resulting in fiber broadband customer growth of 19% as compared to the prior year period. Fiber broadband customer net additions continued to outpace copper broadband customer net losses, resulting in 2,000 total broadband customer net additions.
- We continue to make progress towards achieving annualized gross run rate cost savings target of \$500 million by the end of 2023. As of June 30, 2023, we had realized \$460 million of gross annualized cost savings since 2021.
- Our consumer fiber broadband churn improved to 1.41% from 1.43% as of June 30, 2022.
- Reported business and wholesale revenue growth year-over-year for the first time in six years.
- Priced \$2.1 billion fiber securitization transactions on August 1, 2023, subject to customary conditions.

Our fiber build plans include significant expenditures which could be adversely impacted by supply chain delays, actual or perceived inflation, tightening labor markets, increased fuel and electricity costs, increases in the cost of borrowing, and other risks. In addition to higher costs, the availability of building materials and other supply chain risks could negatively impact our ability to achieve the fiber build plans we are executing against. During the second quarter of 2023, markets remained volatile, and the economic outlook was uncertain. We continue to closely monitor and evaluate the impact these and other factors may have on our business, including demand for our products and services, our ability to execute on our strategic priorities and our financial condition and results of operations.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Financial Overview – Operating Income

We reported operating income of \$115 million and \$166 million for the three months ended June 30, 2023 and 2022, respectively, a decrease of \$51 million.

We reported operating income of \$258 million and \$287 million for the six months ended June 30, 2023 and 2022, respectively, a decrease of \$29 million.

Operating income decreased primarily due to decreases in revenue from voice and video services and increases in depreciation and amortization expense. These factors were partially offset by an increase in data and internet services and other income, as well as decreases in cost of services and restructuring costs and other charges as compared to the corresponding period in 2022.

Presentation of Results of Operations

The sections below include tables that present customer counts, average monthly consumer revenue per customer ("ARPC"), average monthly revenue per unit ("ARPU"), and consumer customer churn. We define churn as the number of consumer customer deactivations during the month divided by the number of consumer customers at the beginning of the month and utilize the average of each monthly churn in the period. Management believes that consumer customer counts, ARPC, ARPU, and consumer customer churn are important factors in evaluating our consumer customer trends. Among the key services we provide to consumer customers are voice service, data service and video service. We continue to explore the potential to provide additional services to our customer base, with the objective of meeting our customers' communications needs.

The following section should be read in conjunction with the unaudited interim consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2022. The following charts present key customer metrics, disaggregation of revenue, and the results of operations of the consolidated company.

(a) Results of Operations

Unless otherwise indicated, the discussion of the customer metrics and components of operating income for the table that follows relates only to the financial results for the three and six months ended June 30, 2023, as compared to the financial results for the three and six months ended June 30, 2022.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Customer Trends

<i>(Customer and Employee Metrics in thousands)</i>	As of or for the three months ended June 30,			% Change
	2023	2022		
Customers				
Consumer	3,127	3,159		(1)%
Consumer Customer Metrics				
Net customer losses		(13)	(10)	30%
ARPC	\$ 82.48	\$ 83.35	(1)%	
Customer Churn	1.53%	1.53%	0%	
Broadband Customer Metrics ⁽¹⁾				
Fiber Broadband				
Consumer customers	1,722	1,438	20%	
Business customers	113	102	11%	
Consumer net customer additions	63	50	26%	
Consumer customer churn	1.41%	1.43%	(2)%	
Consumer customer ARPU	\$ 63.12	\$ 63.35	(0)%	
Copper Broadband				
Consumer customers	928	1,163	(20)%	
Business customers	102	124	(18)%	
Consumer net customer losses	(59)	(41)	44%	
Consumer customer churn	1.84%	1.73%	6%	
Consumer customer ARPU	\$ 51.90	\$ 48.47	7%	
Other Metrics				
Employees	14,099	15,074		(6)%

<i>(Customer and Employee Metrics in thousands)</i>	For the six months ended June 30,			% Change
	2023	2022		
Consumer Customer Metrics				
Net customer losses		(6)	(6)	-%
ARPC	\$ 81.70	\$ 82.51	(1)%	
Customer Churn	1.48%	1.44%	3 %	
Broadband Customer Metrics ⁽¹⁾				
Fiber Broadband				
Consumer net customer additions	147	102	44 %	
Consumer customer churn	1.30%	1.31%	(0)%	
Consumer customer ARPU	\$ 62.31	\$ 62.76	(1)%	
Copper Broadband				
Consumer net customer losses	(115)	(71)	62 %	
Consumer customer churn	1.78%	1.63%	9 %	
Consumer customer ARPU	\$ 50.39	\$ 47.09	7 %	

(1) Amounts presented exclude related metrics for our wholesale customers.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Customers

We experienced a decrease in consumer customers of approximately 1% as of June 30, 2023, as compared to the prior year period.

Consumer customer losses were driven by reductions in our copper broadband and stand-alone voice customers, partially offset by net additions of fiber broadband customers. Customer preferences as well as our fiber investment initiatives resulted in an increase in the number of our consumer broadband customers and a migration of our customer base to fiber.

- We lost approximately 13,000 and 6,000 consumer customers for the three and six months ended June 30, 2023, and 10,000 and 6,000 consumer customers for the three and six months ended June 30 2022, driven by losses in copper broadband, voice and video customers, offset by growth in fiber broadband customers.
- In the three and six months ended June 30, 2023, we experienced a net gain of consumer broadband customers of approximately 4,000 and 32,000 as compared to a net gain of approximately 9,000 and 31,000 for the three and six months ended June 30, 2022.

The average monthly consumer revenue per customer ("consumer ARPC") decreased \$0.87, or 1%, to \$82.48 and \$0.81, or 1%, to \$81.70 for the three and six months ended June 30, 2023, compared to the prior year period. The slight decrease was primarily a result of decreased voice and video services and copper broadband, partially offset by increased fiber data. We have de-emphasized the sale of low margin video products, which have historically been a material part of the overall ARPC. As a result, the moderate decrease in ARPC is expected to continue as our customer mix becomes more weighted towards broadband service.

Fiber Broadband Customers

Our investment strategy is focused on expanding our fiber network. In conjunction with this strategy, we are also working to improve our product positioning in both existing and new fiber markets.

The quarter ended June 30, 2023 represents the sixteenth consecutive quarter of positive fiber net adds. For the three and six months ended June 30, 2023, we added approximately 63,000 and 147,000 consumer fiber broadband customers compared to 50,000 and 102,000 for the three and six months ended June 30, 2022. Customers who migrated from our copper base constituted a small portion of these consumer fiber broadband customer net additions in the three and six months ended June 30, 2023.

For the three and six months ended June 30, 2023, we added approximately 3,000 and 6,000 business fiber broadband customers compared to approximately 4,000 and 6,000 net additions for the three and six months ended June 30, 2022.

Our focus on expanding and improving our fiber network has contributed to healthy customer retention. Our average monthly consumer fiber broadband churn was 1.41% and 1.30% for the three and six months ended June 30, 2023, compared to 1.43% and 1.31% for the three and six months ended June 30, 2022. Both the current and prior year quarter show marked improvements over historical customer churn levels and were impacted by our increased focus on key customer touchpoints such as installation, first bill, end of promotion periods, and retention activities associated with inflation-related pricing actions.

The average monthly consumer fiber broadband revenue per customer ("consumer ARPU") decreased \$0.23 to \$63.12 and \$0.45 to \$62.31 for the three and six months ended June 30, 2023, compared to the prior year period. The slight decrease in consumer ARPU for the three and six months ended June 30, 2023 was due to retention activity, partially offset by inflationary price increases, customer shift toward higher broadband speeds, customers rolling off promotional pricing, and upgrade activity. An increase in gift card redemption for the three months ended March 31, 2023 compared to the prior year period also contributed to the slight decrease in consumer ARPU for the six months ended June 30, 2023.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Copper Broadband Customers

For the three and six months ended June 30, 2023, we lost approximately 59,000 and 115,000 consumer copper broadband customers compared to a loss of approximately 41,000 and 71,000 for the three and six months ended June 30, 2022.

For the three and six months ended June 30, 2023, Frontier lost approximately 5,000 and 12,000 business copper broadband customers compared to a loss of approximately 5,000 and 9,000 in the three and six months ended June 30, 2022.

Our average monthly consumer copper broadband churn was 1.84% and 1.78% for the three and six months ended June 30, 2023, compared to 1.73% and 1.63% in the three and six months ended June 30, 2022. The increase in consumer copper broadband churn was driven by the impact of inflationary price increases, copper to fiber migration activities reducing the copper customer base in newly built fiber areas, and changes to our copper broadband go to market approach which impacted gross add volume.

Financial Results

(\$ in millions)	For the three months ended		%	For the six months ended		%
	June 30,	2023		June 30,	2023	
	2023	2022	Change	2023	2022	Change
Data and Internet services	\$ 880	\$ 847	4 %	\$ 1,742	\$ 1,683	4 %
Voice services	347	381	(9) %	703	767	(8) %
Video services	112	134	(16) %	229	271	(15) %
Other	89	80	11 %	172	163	6 %
Revenue from contracts with customers	1,428	1,442	(1) %	2,846	2,884	(1) %
Subsidy and other revenue	21	17	24 %	43	22	95 %
Revenue	1,449	1,459	(1) %	2,889	2,906	(1) %
Operating expenses:						
Cost of service	528	546	(3) %	1,070	1,099	(3) %
Selling, general, and administrative expenses	428	427	0 %	845	862	(2) %
Depreciation and amortization	354	290	22 %	684	574	19 %
Restructuring costs and other charges	24	30	(20) %	32	84	(62) %
Total operating expenses	\$ 1,334	\$ 1,293	3 %	\$ 2,631	\$ 2,619	0 %
Operating income	115	166	(31) %	258	287	(10) %
Consumer	775	791	(2) %	1,536	1,567	(2) %
Business and wholesale	653	651	0 %	1,310	1,317	(1) %
Revenue from contracts with customers	\$ 1,428	\$ 1,442	(1) %	\$ 2,846	\$ 2,884	(1) %
Fiber revenue	746	685	9 %	1,475	1,357	9 %
Copper revenue	682	757	(10) %	1,371	1,527	(10) %
Revenue from contracts with customers	\$ 1,428	\$ 1,442	(1) %	\$ 2,846	\$ 2,884	(1) %

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

REVENUE

The table below presents our revenue by technology for the periods indicated:

(\$ in millions)	For the three months ended		\$ Increase (Decrease)	% Increase (Decrease)
	2023	June 30, 2022		
Fiber	\$ 746	\$ 685	\$ 61	9 %
Copper	682	757	(75)	(10)%
Revenue from contracts with customers ⁽¹⁾	1,428	1,442	(14)	(1)%
Subsidy revenue	21	17	4	24 %
Total revenue	\$ 1,449	\$ 1,459	\$ (10)	(1)%

(\$ in millions)	For the six months ended		\$ Increase (Decrease)	% Increase (Decrease)
	2023	June 30, 2022		
Fiber	\$ 1,475	\$ 1,357	\$ 118	9 %
Copper	1,371	1,527	(156)	(10)%
Revenue from contracts with customers ⁽¹⁾	2,846	2,884	(38)	(1)%
Subsidy revenue	43	22	21	95 %
Total revenue	\$ 2,889	\$ 2,906	\$ (17)	(1)%

⁽¹⁾ Includes lease revenue of \$15 million and \$30 million for the three and six months ended June 30, 2023, and \$16 million and \$32 million for the three and six months ended June 30, 2022, respectively.

Our revenue streams are primarily a result of recurring data, voice, and video services delivered over our fiber and copper network. Revenues are considered fiber or copper based on the "last-mile" technology used to connect the customer location. With our investment strategy to expand and improve our fiber network and the corresponding fiber focus of our sales and marketing efforts, we are experiencing growth in fiber broadband revenue and a decline in copper revenue. We expect this trend to continue and accelerate due to strong fiber demand and the migration of customers from copper to fiber as we expand our fiber network.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

The table below presents our revenue for our consumer and business and wholesale customers for the periods indicated:

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Consumer	\$ 775	\$ 791	\$ (16)	(2) %
Business and wholesale	653	651	2	0 %
Revenue from contracts with customers (1)	1,428	1,442	(14)	(1) %
Subsidy and other revenue	21	17	4	24 %
Total revenue	\$ 1,449	\$ 1,459	\$ (10)	(1) %
 For the six months ended June 30,				
(\$ in millions)	For the six months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Consumer	\$ 1,536	\$ 1,567	\$ (31)	(2) %
Business and wholesale	1,310	1,317	(7)	(1) %
Revenue from contracts with customers (1)	2,846	2,884	(38)	(1) %
Subsidy and other revenue	43	22	21	95 %
Total revenue	\$ 2,889	\$ 2,906	\$ (17)	(1) %

(1) Includes lease revenue of \$15 million and \$30 million for the three and six months ended June 30, 2023, and \$16 million and \$32 million for the three and six months ended June 30, 2022, respectively.

We conduct business with a range of consumer, business and wholesale customers and we generate both recurring and non-recurring revenues. Recurring revenues are primarily billed at fixed recurring rates, with some services billed based on usage. Revenue recognition is not dependent upon significant judgments by management, with the exception of a determination of the provision for expected credit losses.

Consumer

For the three and six months ended June 30, 2023, compared to the three and six months ended June 30, 2022:

- We experienced a 2% decline in consumer revenues for both the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022. This decline was predominantly a result of decreases in voice, video, and copper broadband, offset by increases in fiber broadband. Our fiber initiative will result in increasing revenue mix toward fiber broadband.
- We experienced 19% and 18% improvement in consumer fiber broadband revenues for the three and six months ended June 30, 2023, as compared to the three and six months ended June 30, 2022. This improvement is a result of continued net adds of consumer fiber broadband customers, and our continued focus on product positioning in both new and existing markets, partly offset by a slight decline in consumer fiber broadband ARPU.
- We experienced approximately 13% and 12% decline in consumer copper broadband revenues for the three and six months ended June 30, 2023. As our copper footprint transitions to fiber, we expect fewer copper sales opportunities, and will proactively migrate certain existing broadband customers from copper to fiber, both of which will reduce our copper net adds.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Business

For the three and six months ended June 30, 2023, our business and wholesale revenues were relatively flat, increasing slightly and declining less than 1%, respectively, as compared to the three and six months ended June 30, 2022. This decline was driven by decreases in voice revenue predominantly in business, offset by increases in fiber broadband and network access services. The increase in fiber broadband was due to continued growth of our customer base, and a shift towards higher broadband speeds. The increase in network access services is due primarily to price adjustments as well as install and upgrade activity.

The table below presents our revenue by product and service type for the periods indicated:

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Data and Internet services	\$ 880	\$ 847	\$ 33	4 %
Voice services	347	381	(34)	(9)%
Video services	112	134	(22)	(16)%
Other	89	80	9	11 %
Revenue from contracts with customers ⁽¹⁾	1,428	1,442	(14)	(1)%
Subsidy and other revenue	21	17	4	24 %
Total revenue	\$ 1,449	\$ 1,459	\$ (10)	(1)%
For the six months ended June 30,				
(\$ in millions)	2023		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Data and Internet services	\$ 1,742	\$ 1,683	\$ 59	4 %
Voice services	703	767	(64)	(8) %
Video services	229	271	(42)	(15) %
Other	172	163	9	6 %
Revenue from contracts with customers ⁽¹⁾	2,846	2,884	(38)	(1) %
Subsidy and other revenue	43	22	21	95 %
Total revenue	\$ 2,889	\$ 2,906	\$ (17)	(1) %

⁽¹⁾ Includes lease revenue of \$15 million and \$30 million for the three and six months ended June 30, 2023, and \$16 million and \$32 million for the three and six months ended June 30, 2022, respectively.

We categorize our products, services, and other revenues into the following five categories:

Data and Internet Services

We provide data and Internet services to our consumer, business, and wholesale customers. Data and Internet services consist of fiber broadband services, copper broadband services, and network access revenues (data transmission services and dedicated high-capacity circuits including data services to wireless providers commonly called wireless backhaul). Network access services, which constitute approximately one third of this revenue category, are provided primarily to our business and wholesale customers, while fiber and copper broadband, which constitute nearly two thirds of the revenue category, are provided to all customer segments.

Our fiber expansion strategy is expected to positively impact data and Internet services. This network expansion is designed to provide faster, symmetrical broadband speeds and provide customer and revenue growth opportunities for fiber broadband and certain network access products like ethernet. We believe this initiative will create opportunities for us to provide more fiber-based services to our customers.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

(\$ in millions)	For the three months ended	For the six months ended
Data and Internet services revenue, June 30, 2022	\$ 847	\$ 1,683
Change in fiber broadband revenue	54	102
Change in copper broadband revenue	(24)	(46)
Change in other data and internet services	3	3
Data and Internet services revenue, June 30, 2023	\$ 880	\$ 1,742

Data and internet services revenue increased \$33 million, or 4%, to \$880 million, and \$59 million, or 4%, to \$1,742 million for the three and six months ended June 30, 2023, as compared to the prior year period. The increase was driven by growth in the fiber broadband revenue, partly offset by declines in copper broadband revenue.

Voice services

We provide voice services consisting of traditional local and long-distance service and voice over Internet protocol (VoIP) service provided over our fiber and copper broadband products. It also includes enhanced features such as call waiting, caller identification, and voice messaging services.

Voice services revenue declined \$34 million, or 9%, to \$347 million, and \$64 million, or 8%, to \$703 million for the three and six months ended June 30, 2023, as compared to the prior year period. The decline was primarily due to net losses in business and consumer customers in addition to fewer customers bundling voice services with broadband as compared to the prior year period.

Video services

Video services include revenues generated from traditional television (TV) services provided directly to consumer customers as well as satellite TV services provided through various satellite providers. Video services also includes pay-per-view revenues, video on demand, equipment rentals, and video advertising. We have made the strategic decision to limit sales of new traditional TV services, focusing on our broadband products and OTT video options. We are partnering with OTT video providers and expect this to grow as OTT options are offered with our broadband products.

Video services revenue declined \$22 million, or 16%, to \$112 million and \$42 million, or 15%, to \$229 million for the three and six months ended June 30, 2023, as compared to the prior year period. The decline was primarily driven by linear video customer losses, partially offset by price increases as compared to the prior year period.

Other

Other customer revenue includes non-recurring equipment sales, network facility rental income, ancillary customer fees, directory listing services and switched access revenue. Switched access revenue includes revenue derived from allowing other carriers to use our network to originate and/or terminate their local and long-distance voice traffic. These switched access services are primarily billed on a minutes-of-use basis applying tariffed rates filed with the FCC or state agencies.

Other customer services revenue increased by \$9 million for both the three and six months ended June 30, 2023 as compared to the prior year period primarily due to a Poles application true-up.

Subsidy and other revenue

Subsidy and other revenue increased for the three and six months ended June 30, 2023, compared to the prior year period, primarily due to increases in RDOF and other services revenue.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

OPERATING EXPENSES

The table below presents our operating expenses for the periods indicated:

(\$ in millions)	For the three months ended		\$ Increase (Decrease)	% Increase (Decrease)
	2023	June 30, 2022		
Operating expenses:				
Cost of service	\$ 528	\$ 546	\$ (18)	(3) %
Selling, general, and administrative expenses	428	427	1	0 %
Depreciation and amortization	354	290	64	22 %
Restructuring costs and other charges	24	30	(6)	(20) %
Total operating expenses	<u><u>\$ 1,334</u></u>	<u><u>\$ 1,293</u></u>	<u><u>\$ 41</u></u>	<u><u>3 %</u></u>

(\$ in millions)	For the six months ended		\$ Increase (Decrease)	% Increase (Decrease)
	2023	June 30, 2022		
Operating expenses:				
Cost of service	\$ 1,070	\$ 1,099	\$ (29)	(3) %
Selling, general, and administrative expenses	845	862	(17)	(2) %
Depreciation and amortization	684	574	110	19 %
Restructuring costs and other charges	32	84	(52)	(62) %
Total operating expenses	<u><u>\$ 2,631</u></u>	<u><u>\$ 2,619</u></u>	<u><u>\$ 12</u></u>	<u><u>0 %</u></u>

Cost of service

Cost of service expenses include access charges and other third-party costs directly attributable to connecting customer locations to our network, video content costs and certain promotional costs. Such access charges and other third-party costs exclude depreciation and amortization, and employee related expenses.

Cost of service declined \$18 million and \$29 million for the three and six months ended June 30, 2023 as compared to the prior year period. For the six months ended June 30, 2023, the decrease in cost of service expense was driven by lower video content costs as a result of declines in video customers, non-renewal of certain content agreements and decreased CPE costs. These decreases more than offset higher fuel and energy prices, and outside service rate increases resulting from increased inflation.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses (SG&A expenses) include the salaries, wages and the related benefits and costs of corporate and sales personnel, travel, insurance, non-network related rent, advertising, and other administrative expenses.

SG&A expense remained flat for the three months ended June 30, 2023, and decreased by \$17 million for the six months ended June 30, 2023 as compared to the prior year period. This decrease was primarily a result of lower compensation and benefit costs, and other fees, partially offset by increased commissions and a non-recurring \$8 million sales tax refund in 2022.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Pension and Other post-employment benefits (“OPEB”) costs

We allocate certain pension/OPEB expense to cost of service and SG&A expenses. Total pension and OPEB service costs were as follows:

(\$ in millions)	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Total pension/OPEB expenses	\$ 16	\$ 23	\$ 31	\$ 48
Less: costs capitalized into capital expenditures	(5)	(5)	(9)	(11)
Net pension/OPEB expense	\$ 11	\$ 18	\$ 22	\$ 37

Depreciation and Amortization

For the three and six months ended June 30, 2023, the increased depreciation and amortization expense was driven by higher depreciation expense as a result of higher property, plant and equipment in service.

Restructuring costs and other charges

Restructuring costs and other charges consist of consulting and advisory fees, workforce reductions, transformation initiatives, and other restructuring expenses.

For the three and six months ended June 30, 2023, restructuring costs and other charges decreased \$6 million and \$52 million, respectively, due to the non-recurrence of a one-time lease impairment charge of \$44 million in the prior year, and lower costs related to other restructuring activities, partially offset by higher severance and employee costs.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

OTHER NON-OPERATING INCOME AND EXPENSE

(\$ in millions)	For the three months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Investment and other income, net	\$ 32	\$ 122	\$ (90)	(74) %
Interest expense	\$ (149)	\$ (118)	\$ (31)	26 %
Income tax expense	\$ -	\$ 69	\$ (69)	(100) %

(\$ in millions)	For the six months ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Investment and other income, net	\$ 34	\$ 199	\$ (165)	(83) %
Interest expense	\$ (290)	\$ (221)	\$ (69)	31 %
Income tax expense	\$ 1	\$ 99	\$ (98)	(99) %

Investment and other income, net

Investment and other income, net decreased by \$90 million and \$165 million for the three and six months ended June 30, 2023, as compared to June 30, 2022. This decrease was primarily driven by a remeasurement gain for our other postretirement benefit obligation of \$12 million and a net loss of \$8 million for the three and six months ended June 30, 2023, compared to a remeasurement gain of \$96 million and \$150 million for the three and six months ended June 30, 2022; a decrease of \$18 million and \$38 million in pension and other postretirement benefits for the three and six months ended June 30, 2023; partially offset by an \$11 million and \$30 million increase in interest and dividend income, as compared to the prior year periods.

Interest expense

For the three and six months ended June 30, 2023, interest expense increased \$31 million and \$69 million, respectively, as compared to the same periods in 2022. The increase in interest expense was primarily driven by a higher debt balance, as well as higher interest rates.

Income tax expense

During the three and six months ended June 30, 2023, we recorded an income tax expense of \$0 million and \$1 million, on pre-tax loss of \$2 million, and pre-tax income of \$2 million, respectively. During the three and six months ended June 30, 2022, we recorded income tax expense of \$69 million and \$99 million on pre-tax income of \$170 million and \$265 million, respectively.

Our effective tax rates for the three and six months ended June 30, 2023 was (18)% and 59% and for the three and six months ended June 30, 2022 was 41% and 37%.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

(b) Liquidity and Capital Resources

As of June 30, 2023, we had liquidity of approximately \$1,901 million, comprised of \$662 million of cash and cash equivalents, \$575 million of short-term investments consisting of term deposits earning interest in excess of traditional bank deposit rates, and placed with banks with A-1/P-1 or equivalent credit quality, and our available capacity on our undrawn revolving credit facility of \$664 million.

Analysis of Cash Flows

As of June 30, 2023, we had unrestricted cash and cash equivalents aggregating \$662 million. For the six months ended June 30, 2023, we used cash flow from operations, cash on hand, and cash from borrowings principally to fund our cash investing and financing activities, which were primarily short-term investments and capital expenditures.

As of June 30, 2023, we had a working capital deficit of \$306 million compared to a \$302 million surplus at December 31, 2022. The change in working capital was driven by a decrease in cash, net of movements between short term investments, as a result of funding our capital expenditures related to our fiber build, partially offset by a decrease in accounts payable.

Cash Flows provided by Operating Activities

Cash flows provided by operating activities decreased \$92 million to \$665 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. The overall decrease in operating cash flows was primarily the result of changes in working capital.

We paid \$1 million and \$9 million in net cash taxes during the six months ended June 30, 2023 and 2022, respectively.

Cash Flows used by Investing Activities

Cash flows used by investing activities were \$1,032 million for the six months ended June 30, 2023, compared to cash flows used in investing activities of \$3,385 million for the corresponding period in 2022. Given the long-term nature of our fiber build, as of June 30, 2023, we have invested \$575 million cash in short-term investments to improve interest income, while preserving funding flexibility. In the first half of 2023 and 2022, we invested \$575 and \$2,600 million, respectively, in short-term investments.

Capital Expenditures

For the six months ended June 30, 2023 and 2022, our capital expenditures were \$2,211 million and \$1,088 million, respectively. The increase in capital expenditures was driven by increased spending for fiber upgrades to our existing copper network. We expect cash capital expenditures to be approximately \$3.0 billion to \$3.2 billion in 2023.

Cash Flows provided from Financing Activities

Cash flows provided from financing activities decreased \$451 million to \$707 million for the six months ended June 30, 2023 as compared to the corresponding period in 2022. The decrease in financing activities was primarily driven by a reduction in proceeds from long-term debt borrowings in the first half of 2023 as compared to the prior year period.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Capital Resources

Our primary anticipated uses of liquidity are to fund the costs of operations, working capital and capital expenditures and to fund interest payments on our long-term debt. Our primary sources of liquidity are cash flows from operations, cash on hand and borrowing capacity under our \$900 million Revolving Facility (as reduced by \$236 million of revolver Letters of Credit). In addition, potential future sources of capital may include debt and equity (or equity-linked) financing.

On March 8, 2023, Frontier Holdings entered into an amendment to its Revolving Facility which, among other things, (i) extends the maturity with respect to the commitments of certain revolving lenders (in addition to certain amendments to springing maturity provisions); (2) amends the financial maintenance covenant for the benefit of the Revolving Facility by increasing the maximum first lien leverage ratio thereunder to 3.50:1.00, with step-downs to: (a) 3.25:1.00 in 2026; and (b) 3.00:1.00 in 2027 and continuing thereafter; and (3) provides for certain amendments to debt incurrence and other restrictive covenants.

During the six months ended June 30, 2023, we paid \$314 million of cash interest. Our Amended and Restated Credit Agreement, including our \$1.4 billion term loan facility and \$900 million Revolving Facility, and the indentures governing our outstanding secured first lien notes and second lien notes are described in detail in Note 8 to the financial statements contained in Part I of this report. A summary of certain covenants and our borrowing capacity is provided below.

On August 1, 2023, we announced that Frontier Issuer LLC ("Frontier Issuer"), our limited-purpose, bankruptcy remote, subsidiary priced \$1.6 billion of aggregate principal amount of secured fiber network revenue term notes consisting of \$1.119 billion 6.60% Series 2023-1, Class A-2 term notes, \$155 million 8.30% Series 2023-1, Class B term notes and \$312 million 11.50% Series 2023-1, Class C term notes, each with an anticipated repayment term of five years (collectively, the "Notes"). Collectively, the Notes have a weighted average yield of approximately 8.797%. The Notes will be secured by certain of Frontier's fiber assets and associated customer contracts in the Dallas metropolitan area and constitute the first offering of green bonds by a Frontier subsidiary. We expect the Notes transaction to close on or around August 8, 2023, subject to satisfaction of various closing conditions. There can be no assurance regarding the timing of closing or that the sale of the Notes will be completed.

In connection with the offering of the Notes, Frontier Issuer entered into a commitment for a \$500 million variable funding note facility with a delayed draw feature, subject to leverage tests and other customary drawing conditions.

We have assessed our current and expected funding requirements and our current and expected sources of liquidity, and have determined, based on our forecasted financial results and financial condition as of June 30, 2023, that our operating cash flows and existing cash balances, will be adequate to finance our working capital requirements, fund capital expenditures, make required debt interest and principal payments, pay taxes and make other payments over the next twelve months. A number of factors, including but not limited to, loss of customers, pricing pressure from increased competition, lower subsidy and switched access revenues, and the impact of economic conditions may negatively affect our cash generated from operations.

Debt Covenants and Borrowing Capacity

Our Amended and Restated Credit Agreement includes usual and customary negative covenants for loan agreements of this type, including covenants limiting us and our restricted subsidiaries' (other than certain covenants therein which are limited to subsidiary guarantors) ability to, among other things, incur additional indebtedness, create liens on assets, make investments, loans or advances, engage in mergers, consolidations, sales of assets and acquisitions, pay dividends and distributions and make payments in respect of certain material subordinated indebtedness, in each case subject to customary exceptions for loan agreements of this type.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Our Amended and Restated Credit Agreement also contains a "financial covenant" which provides that our first lien leverage ratio shall not exceed as of the last day of each fiscal quarter 3.50:1.00, with step-downs to: (a) 3.25:1.00 in 2026; and (b) 3.00:1.00 in 2027 and continuing thereafter.

This financial covenant is only applicable for the benefit of the Revolving Lenders (as defined in the Amended and Restated Credit Agreement) thereunder and failure to comply with the financial covenant would not cause an Event of Default with respect to any loans pursuant to our term loan facility unless and until the Required Revolving Lenders (as defined in the Amended and Restated Credit Agreement) have declared all amounts outstanding under the revolving facility to be immediately due and payable and all outstanding commitments under the revolving facility to be immediately terminated.

The indentures governing our First Lien Notes and Second Lien Notes also include usual and customary negative covenants for debt securities of this type, including covenants limiting us and our restricted subsidiaries' (other than certain covenants therein which are limited to subsidiary guarantors) ability to, among other things, incur additional indebtedness, create liens on assets, make investments, loans or advances, engage in mergers, consolidations, sales of assets and acquisitions, pay dividends and distributions and make payments in respect of certain material subordinated indebtedness, in each case subject to customary exceptions for debt securities of this type.

The indentures governing the outstanding subsidiary debentures include covenants that limit such subsidiary's ability to create liens and/or merge or consolidate with other companies. These covenants are subject to important exceptions and qualifications.

As of June 30, 2023, we were in compliance with all of the covenants under our existing indentures and the Amended and Restated Credit Agreement.

Net Operating Losses

In connection with our emergence from bankruptcy, we consummated a taxable disposition of substantially all of the assets and/or subsidiary stock of the Company. Certain of the net operating losses ("NOLs") were utilized in offsetting gains from the disposition, certain of the NOLs were extinguished as part of attribute reduction and certain subsidiary NOLs were carried over. Under Section 338(h)(10) of the Code, Predecessor and Successor made elections to step-up tax basis of certain subsidiary assets. Such Section 338(h)(10) elections will generate depreciation and amortization expense going forward, which may result in NOLs. Such net operating losses would be carried forward indefinitely but would be subject to an 80% limitation on U.S. taxable income.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial statements.

Future Contractual Obligations and Commitments

There have been no material changes outside the ordinary course of business to the information provided with respect to our contractual obligations, including indebtedness and purchase and lease obligations, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

Future Commitments

See "Regulatory Developments" immediately below for information regarding Frontier's known and potential future commitments related to our participation in the FCC's CAF Phase II program and RDOF Phase I auction.

Regulatory Developments

Connect America Fund ("CAF")/ Rural Digital Opportunity Fund ("RDOF"): In 2015, Frontier accepted the FCC's CAF Phase II offer, which provided \$313 million in annual support through 2021 in return for the Company's commitment

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

to make broadband available to households within the CAF II areas in our existing 25 states. The Company was required to complete the CAF II deployment by December 31, 2021. Thereafter, the FCC has been reviewing carriers' CAF II program completion data, and if the FCC determines that the Company did not satisfy certain applicable CAF Phase II requirements, Frontier could be required to return a portion of the funds previously received and may be subject to certain other fines, requirements and obligations.

On January 30, 2020, the FCC adopted an order establishing the RDOF competitive reverse auction to provide support to serve high-cost areas. The FCC announced the results of its RDOF Phase I auction on December 7, 2020. Frontier was awarded approximately \$371 million over ten years to build gigabit-capable broadband over a fiber-to-the-premises network to approximately 127,000 locations in eight states (California, Connecticut, Florida, Illinois, New York, Pennsylvania, Texas, and West Virginia). We began receiving RDOF funding in the second quarter of 2022 and we will be required to complete the buildup to the awarded locations by December 31, 2028, with interim target milestones over this period. To the extent that Frontier is unable to meet the milestones or construct to all locations by the required deadlines, Frontier could be required to return a portion of funds previously received and may be subject to certain fines or additional requirements and obligations.

As part of its RDOF order, the FCC indicated it would hold a follow-on auction for the unawarded funding following the Phase I auction. However, it remains uncertain whether any such follow-on auction will occur given the recent passage of significant federal funding for broadband infrastructure.

Privacy: Our businesses are subject to federal and state laws and regulations that impose various restrictions and obligations related to privacy and the handling of customers' personal information. Privacy-related legislation has been adopted in a number of states in which we operate. Certain state requirements give consumers increased rights including the right to know what personal information is being collected about them and obtain a copy of such information, opt-out of the sale of personal information or sharing of personal information for purposes of certain targeted advertising, and to request the correction or deletion of this information. Complying with such laws, as well as other legislative and regulatory action related to privacy, could result in increased costs of compliance, claims against the Company or investigations related to compliance, and increased uncertainty in the use and availability of certain consumer data.

Video Programming: Federal, state, and local governments extensively regulate the video services industry. Our linear video services are subject to, among other things: subscriber privacy regulations; requirements that we carry a local broadcast station or obtain consent to carry a local or distant broadcast station; rules for franchise renewals and transfers; the manner in which program packages are marketed to subscribers; and program access requirements.

We provide video programming in some of our markets including California, Connecticut, Florida, Indiana, and Texas pursuant to franchises, permits and similar authorizations issued by state and local franchising authorities. Most franchises require payment of a franchise fee as a requirement to the granting of authority.

Many franchises establish facilities and service requirements, as well as specific customer service standards and monetary penalties for non-compliance. We believe that we are meeting all material standards and requirements. Franchises are generally granted for fixed terms and must be periodically renewed.

Environmental Regulation: The local exchange carrier subsidiaries we operate are subject to federal, state, and local laws, and regulations governing the use, storage, disposal of, and exposure to hazardous materials, the release of pollutants into the environment and the remediation of contamination. As an owner and former owner of property, we are subject to environmental laws that could impose liability for the entire cost of cleanup at contaminated sites, including sites formerly owned by us or our predecessors, regardless of fault or the lawfulness of the activity that resulted in contamination. We believe that our operations are in substantial compliance with applicable environmental laws and regulations.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions. There are inherent uncertainties with respect to such estimates and assumptions; accordingly, it is possible that actual results could differ from those estimates and changes to estimates could occur in the near term. These critical accounting estimates have been reviewed with the Audit Committee of our Board of Directors.

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Recent Accounting Pronouncements

For additional information regarding FASB Accounting Standards Updates ("ASU's) that have been issued but not yet adopted and that may impact the Company, refer to Note 2 – "Recent Accounting Pronouncements" to the Consolidated Financial Statements included in Part I of this report for additional information related to recent accounting literature.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk in the normal course of our business operations due to ongoing investing and funding activities, including those associated with our pension plan assets. Market risk refers to the potential change in fair value of a financial instrument as a result of fluctuations in interest rates and equity prices. We do not hold or issue derivative instruments, derivative commodity instruments or other financial instruments for trading purposes. As a result, we do not undertake any specific actions to cover our exposure to market risks, and we are not party to any market risk management agreements other than in the normal course of business. Our primary market risk exposures from interest rate risk and equity price risk are as follows:

Interest Rate Exposure

Our exposure to market risk for changes in interest rates relates primarily to the interest-bearing portion of our pension investment portfolio and the related actuarial liability for pension obligations, as well as our floating rate indebtedness. As of June 30, 2023, 85% of our total debt had fixed interest rates. We had no interest rate swap agreements in effect at June 30, 2023. We believe that our currently outstanding obligation exposure to interest rate changes is minimal.

Our objectives in managing our interest rate risk are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, only our \$1.4 billion term loan facility has a floating rate at June 30, 2023. Commencing July 1, 2023 the annual impact of 100 basis points change in the SOFR would result in approximately \$1.4 million of additional interest expense, provided that the SOFR rate exceeds the SOFR floor. An adverse change in interest rates would increase the amount that we pay on our variable rate obligations and could result in fluctuations in the fair value of our fixed rate obligations. To date, interest income from cash invested in term deposits has offset the impact of higher interest expense from floating rate debt. Based upon our overall interest rate exposure, a near-term change in interest rates would not materially affect our consolidated financial position, results of operations or cash flows.

Our discount rate assumption for our pension benefit obligation is determined at least annually, or whenever required, with assistance from our actuaries. The discount rate is based on the pattern of expected future benefit payments and the prevailing rates available on long-term, high quality corporate bonds with durations approximate to that of our benefit obligation. As of December 31, 2022, the discount rate utilized in calculating our benefit plan obligation was 5.50%.

The discount rate assumption for our OPEB obligation is determined in a similar manner to the pension plan. As of December 31, 2022, our discount rate utilized in calculating our benefit plan obligation was 5.50%.

PART I. FINANCIAL INFORMATION (Continued)
FRONTIER COMMUNICATIONS PARENT, INC. AND SUBSIDIARIES
(Unaudited)

At June 30, 2023, the fair value of our debt was estimated to be approximately \$8.5 billion, based on quoted market prices, our overall weighted average borrowing rate was 6.977% and our overall weighted average maturity was approximately 6.2 years.

Equity Price Exposure

Our exposure to market risks for changes in equity security prices as of June 30, 2023 is primarily limited to our pension plan assets. We have no other security investments of any significant amount.

Our pension plan assets increased \$150 million from \$2,033 million at December 31, 2022 to \$2,183 million at June 30, 2023. This increase was primarily a result of changes in the market value of investments of \$172 million, net of plan expenses, and contributions of \$64 million, partially offset by benefit payments to participants of \$86 million.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, regarding the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon this evaluation, our principal executive officer and principal financial officer concluded, as of the end of the period covered by this report, June 30, 2023, that our disclosure controls and procedures were effective.

(b) Changes in internal control over financial reporting

There have been no changes to our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) identified in an evaluation thereof that occurred during the first six months of 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For more information regarding pending and threatened legal actions and proceedings see Note 16 - "Commitments and Contingencies" to the Consolidated Financial Statements included in Part I of this report.

In 2014, Citynet, a competitive local exchange carrier doing business in West Virginia, filed a qui tam action in federal court in the District Court for the Southern District of West Virginia against Frontier West Virginia, Inc. and others on behalf of the U.S. Government concerning billing practices relating to a government grant. The complaint became public in 2016 after the U.S. Government declined to participate in the case and instead allowed Citynet to pursue the claims on behalf of the U.S. On December 6, 2022, the parties reached a settlement in principle. On May 23, 2023, the parties finalized the terms of the settlement agreement to resolve the case in its entirety, the terms of which were made part of the public record and which requires a payment of approximately \$18 million.

In addition, we are party to various other legal proceedings (including individual, class and putative class actions as well as federal and state governmental investigations) arising in the normal course of our business covering a wide range of matters and types of claims including, but not limited to, general contracts, billing disputes, rights of access, taxes and surcharges, consumer protection, trademark, copyright and patent infringement, employment, regulatory, environmental, tort, claims of competitors and disputes with other carriers. Such matters are subject to uncertainty and the outcome of individual matters is not predictable. However, we believe that the ultimate resolution of these matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our financial position, results of operations, or cash flows.

Item 1A. Risk Factors

The following risk factor updates and replaces the risk factor entitled "Climate change and increasingly stringent environmental laws, rules and regulations, and customer expectations, could adversely affect our business." disclosed under the caption "Risk Factors", in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K"). There have been no other material changes to the Risk Factors in our 2022 Form 10-K.

Climate change and increasingly stringent environmental laws, rules and regulations, and customer expectations and other environmental liabilities, could adversely affect our business.

There is a heightened public focus on climate change, sustainability, and environmental issues and customer, regulatory and shareholder expectations are evolving rapidly, with a focus on companies' climate change readiness, response, and mitigation strategies. This has led to increased government regulation and caused certain of our partners and vendors to incorporate environmental standards into our business with them. We expect that the trend of increasing environmental awareness will continue, which will result in higher costs of operations. We are committed to incorporating environmentally sustainable practices into our business, including those focused on reducing our carbon footprint and emissions, managing energy use and efficiency, and enhancing our use of renewable energy and device recycling, which may result in increases in our costs of operations relative to our competitors.

The potential impact of climate change on our operations and our customers remains uncertain. The primary risk that climate change poses to our business is the potential for increases in severe weather in the areas in which we operate. Increasing frequency and intensity of rainfall and severe storms, flooding, wildfires, mudslides, sustained high wind events and freezing conditions, including related power outages, could impair our ability to build and maintain our network and lead to disruptions in our services, workforce, and supply chain. These changes could be severe and could negatively impact our operations. In addition, governmental initiatives to address climate change could, if adopted, restrict our operations, require us to make capital expenditures to comply with these initiatives, and increase our costs, all of which could impact our ability to compete. Our inability to timely respond to the risks posed by climate change and the costs of compliance with climate change laws and regulations could have a material adverse impact on us.

PART II. OTHER INFORMATION

In addition, the local exchange carrier subsidiaries we operate are subject to federal, state, and local laws and regulations governing the use, storage, disposal of, and exposure to hazardous materials, the release of pollutants into the environment and the remediation of contamination. As an owner and former owner of property, we are subject to environmental laws that could impose liability for the entire cost of cleanup at contaminated sites, including sites formerly owned or operated by us or our predecessors, regardless of fault or the lawfulness of the activity that resulted in contamination. As a result, we may become responsible for the investigation and remediation of property that we own or operate (or previously owned or operated), or that has been adversely affected by infrastructure we own or operate (or previously owned or operated), including land or waterways potentially impacted by the release of contaminants from lead-sheathing with respect to certain legacy copper cabling. We cannot assure you that we will not be subject to significant legal proceedings, governmental investigations or costly remediation obligations in connection with any environmental impacts associated with aging infrastructure that we now control or formerly controlled, which could have a material adverse impact on us.

PART II. OTHER INFORMATION

Item 6. Exhibits

(a) Exhibits:

Exhibit Number	Description
<u>31.1</u>	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
<u>31.2</u>	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
<u>32</u>	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Frontier's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Loss; (iv) the Consolidated Statements of Equity (Deficit); (v) the Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.
104	Cover Page from Frontier's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in iXBRL and contained in Exhibit 101.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRONTIER COMMUNICATIONS PARENT, INC.

By: /s/ William McGloin
William McGloin
Chief Accounting Officer and Controller
(Principal Accounting Officer)

Date: August 4, 2023

CERTIFICATIONS

I, Nick Jeffery, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Frontier Communications Parent, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2023

/s/ Nick Jeffery

Nick Jeffery

President and Chief Executive Officer

CERTIFICATIONS

I, Scott Beasley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Frontier Communications Parent, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2023

/s/ Scott Beasley

Scott Beasley

Executive Vice President, Chief Financial Officer

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Frontier Communications Parent, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Nick Jeffery, President and Chief Executive Officer and Scott Beasley, Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Nick Jeffery

Nick Jeffery
President and Chief Executive Officer
August 4, 2023

/s/ Scott Beasley

Scott Beasley
Executive Vice President, Chief Financial Officer
August 4, 2023

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Frontier Communications Parent, Inc. and will be retained by Frontier Communications Parent, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
