Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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Before you make an investment decision with respect to any of our securities, you should carefully consider all the information we have included in this Annual Report on Form 10- K and our subsequent filings with the SEC. In particular, you should carefully consider the risk factors described below and the risks and uncertainties related to " Forward- Looking Statements, " any of which could materially adversely affect our business, operating results, financial condition, and the actual outcome of matters as to which forward- looking statements are made in this annual report. The risks and uncertainties described below are not the only ones facing Frontier. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial or that are not specific to us, may also adversely affect our business and operations. The following risk factors should be read in conjunction with the balance of this annual report, including the consolidated financial statements and related notes included in this report. Risks Related to Our Indebtedness We have a significant amount of indebtedness, and we may incur substantially more debt in the future. Such debt and debt service obligations may adversely affect us. As of December 31, ~~2022~~ **2023**, we had indebtedness of approximately $ ~~9~~ **11** billion of which approximately $ ~~8~~ **10** billion was secured. We may also be able to incur substantial additional indebtedness in the future. Although the terms of the agreements currently governing our existing indebtedness restrict our restricted subsidiaries' ability to incur additional indebtedness and liens, such restrictions are subject to several exceptions and qualifications, and the indebtedness and / or liens incurred in compliance with such restrictions may be substantial. Also, these restrictions do not prevent us or our restricted subsidiaries from incurring obligations that do not constitute indebtedness. In addition, to the extent other new debt is added to our subsidiaries' current debt levels, the substantial leverage risks described below would increase. The potential significant negative consequences on our financial condition and results of operations that could result from our substantial debt include: ? limitations on our ability to obtain additional debt or equity financing on favorable terms or at all; ? instances in which we are unable to comply with the covenants contained in our indentures and credit agreements or to generate cash sufficient to make required debt payments, which circumstances have the potential of accelerating the maturity of some or all of our outstanding indebtedness; ? the allocation of a substantial portion of our cash flow from operations to service our debt, thus reducing the amount of our cash flows available for other purposes, including capital expenditures that would otherwise improve our competitive position, results of operations or stock price; ? requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations; ? compromising our flexibility to plan for, or react to, competitive challenges in our business and the telecommunications ~~and~~ industries; ? increasing our vulnerability to general adverse economic and industry conditions, including increases in interest rates, particularly given a portion of our indebtedness bears interest at variable rates, as well as to catastrophic events; and ? the possibility of being put at a competitive disadvantage with competitors who, relative to their size, do not have as much debt as we do, and competitors who may be in a more favorable position to access additional capital resources. In addition, our First Lien Notes and Second Lien Notes, as well as **a portion of** our subsidiary indebtedness **(other than a portion of the securitized Class A and Class B notes)**, are rated below " investment grade " by independent rating agencies. This has resulted in higher borrowing costs for us. These rating agencies may lower our debt ratings further, if in the rating agencies' judgment such an action is appropriate. A further lowering of a rating would likely increase our future borrowing costs and reduce our access to capital. Our negotiations with vendors, customers and business partners could also be negatively impacted if they deem us a credit risk as a result of our credit rating. ~~14~~ Economic uncertainty and volatility in the U. S. and global financial markets could limit our ability to access capital or increase the cost of capital needed to fund business operations, including our fiber expansion plans. As of December 31, ~~2022~~ **2023**, economic uncertainty, inflationary pressures, the ongoing ~~COVID~~ **war in Ukraine, the Israel** - **Hamas** ~~19 pandemic in the U. S. and globally, the ongoing~~ war ~~in Ukraine~~, rising interest rates and the expectations around the terminal target rate of the Federal Reserve continue to produce volatility in the debt and equity markets. Such volatility may affect our ability to access capital markets, which could lead to higher borrowing **13** costs or other unattractive financing terms or, in some cases, the inability to fund ongoing operations. Adverse changes or continued volatility in the financial markets could render us either unable to access additional financing or able to access these markets only at higher costs and with restrictive financial or other conditions, which could severely affect our business operations and hinder our fiber expansion plans. The agreements governing our current indebtedness contain various covenants that impose restrictions on us and certain of our subsidiaries that may reduce our operating and financial flexibility and we may not be able to satisfy our obligations under these or other, future debt arrangements. The agreements governing our existing indebtedness contain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to: ? incur additional debt and issue preferred stock; ? incur or create liens; ? redeem and / or prepay certain debt; ? pay dividends on our stock or repurchase stock; ? make certain investments; ? engage in specified sales of assets; ? enter into transactions with affiliates; and ? engage in consolidation, mergers, and acquisitions. In addition, our credit facilities require us to comply with specified financial ratios, including a maximum first lien coverage ratio. Any future indebtedness may also require us to comply with similar or other covenants. These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions, and other corporate opportunities. Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with any of the covenants in our financing agreements could result in a default under those agreements and under other agreements containing cross- default provisions. A default would permit lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. This could have serious consequences to our financial condition and results of operations. Frontier is primarily a holding company and, as a result, we rely on the receipt of funds from our subsidiaries in order to meet our cash needs and service our indebtedness, including the notes. Frontier is primarily a holding company, and its principal assets consist of the shares of capital stock or other equity instruments of its subsidiaries. As a holding company, we depend on distributions, transfers, and other intracompany payments from our subsidiaries to fund our obligations. The operating results of our subsidiaries at any given time may not be sufficient to make distributions, transfers, or other payments to us in order to allow us to make payments on our indebtedness. In addition, the payment of these distributions, transfers, and other payments, as well as other transfers of assets, between our subsidiaries and from our subsidiaries to us may be subject to legal, regulatory, or contractual restrictions. Some state regulators have imposed, and others may consider imposing on regulated companies, including us, cash management practices that could limit the ability of such regulated companies to transfer cash between subsidiaries or to the parent company. While none of the existing state regulations materially affect our cash management, any changes to the existing regulations or imposition of new regulations or restrictions may materially adversely affect our ability to transfer cash within our consolidated companies. We expect to make contributions to our pension plan in future years, the amount of which will be impacted by volatility in asset values related to Frontier' s pension plan and changes in pension plan assumptions. Under Internal Revenue Service (" IRS ") regulations, we are required to make minimum contributions to our pension plan annually, based upon, among other factors, the value of plan assets relative to the funding target. We made contributions of $ **134 million and $** 176 million ~~and $ 42 million~~ to our pension plan in **2023 and** 2022 ~~and 2021~~ , respectively. Our required contributions for plan years **2023 and** 2022 ~~and 2021~~ , calculated as of January 1 of the relevant year, were approximately $ **126 million and $** 134 ~~million and $ 172~~ million, respectively. In 2021, we received an IRS waiver of the minimum funding standard under Section 412 (c) of the Internal Revenue Code, and Section 302 (c) of the Employee Retirement Income Security Act of 1974 for the plan year 2020 minimum required distribution. With this waiver, we are spreading the 2020 minimum required contribution over the five subsequent plan years, in addition to the minimum contributions owed for those plan years. ~~Further, we have adopted certain provisions of the American Rescue Plan Act, or ARPA, effective for 2019 and 2020, which decreased the minimum required contributions for those years. 15~~ We expect to make contributions to our pension plan in future years and the amount of required contributions for future years could be significant. Volatility in our asset values, liability calculations, or returns may impact the costs of maintaining our pension plan and our future funding requirements. Any future contribution to our pension plan could be material and could have a material adverse effect on our liquidity by reducing cash flows. **14** Significant changes in discount rates, rates of return on pension assets, mortality tables and other factors could adversely affect our earnings and equity and increase our pension funding requirements. Pension costs and obligations are determined using actual results as well as actuarial valuations that involve several assumptions. The most critical assumptions are the discount rate, the long- term expected return on assets and ~~mortality tables~~ **lump sum conversion interest rates** . Other assumptions include salary increases, **mortality** ~~lump sum payments~~ , and retirement age. Some of these assumptions, such as the discount rate and return on pension assets, are reflective of economic conditions and impacted by factors such as inflationary pressures that are largely out of our control. Changes in the pension assumptions could have a material impact on pension costs and obligations, and could in turn have a material adverse effect on our earnings, equity, and funding requirements. Risks Related to Our Business If our fiber expansion plan or other initiatives to increase our revenues, customer trends, profitability and cash flows are unsuccessful, our financial position and results of operations will be negatively and adversely impacted. We must produce adequate revenues and operating cash flows that, when combined with cash on hand and borrowing under our revolving credit facility and other financings, will be sufficient to service our debt, fund our capital expenditures, taxes, pension and other employee benefit obligations and other operating expenses. We continue to experience revenue declines as compared to prior years. We have undertaken, and expect to continue to undertake, programs and initiatives with the objective of improving revenues, customer trends, profitability, and cash flows by enhancing our operations and customer service and support processes. In particular, under our fiber expansion plan we intend to grow our fiber network and optimize our existing copper network at attractive internal rates of return (IRRs) in order to increase our revenues and customer trends, and in turn increase our profitability and cash flows. We have historically experienced significant challenges in achieving such improvements. In addition, these programs and initiatives require significant investment and other resources and may divert attention from ongoing operations and other strategic initiatives. There can be no assurance that our current and future initiatives and programs will be successful, or that the actual returns from these programs and initiatives will not be lower than anticipated or take longer to realize than we anticipate. For example, we may not reach our targets to expand and penetrate our existing fiber network on the timelines we anticipate, or at all. If current and future programs and initiatives are unsuccessful, result in lower returns than we anticipate, or take longer than we anticipate, it could have a material adverse effect on our financial position and our results of operations. Inflationary pressures on costs and disruptions in our supply chain, ~~resulting from the COVID- 19 pandemic, the global microchip shortage, or otherwise,~~ may adversely impact our financial condition or results of operations, including our fiber expansion plans. During fiscal ~~2022~~ **2023** , we ~~began~~ **continued** to experience the impact of inflation, including upward pressure on the cost of materials, labor, fuel and electricity, and other items that are critical to our business. We continue to monitor these impacts closely. If our costs continue to rise, we may experience losses and diminished margins. While we may seek to recoup or offset increased costs in whole or in part through customer price increases or by implementing offsetting cost reductions, we may be unable to do so. Through December 31, ~~2022~~ **2023** , we had not experienced any significant disruptions in our supply chain; however, some of our business partners ~~,~~ have been impacted by COVID- related workforce absences and other disruptions which have affected our service levels and distribution of work ~~. In particular, network electronics that require microchip processors have experienced supply chain constraints due to~~

~~the global microchip shortage~~ . We cannot assure you that we will not experience significant shortages or delays in our supply chain relating to materials, labor, and other inputs necessary to our fiber expansion plans. Any such shortages or delays may adversely impact our ability to reach our fiber expansion targets on budget and on time. The communications industry is very competitive, and some of our competitors have superior resources which may place us at a disadvantage. We face competition in every aspect of our business. Through mergers and various service expansion strategies, service providers are striving to provide integrated solutions both within and across geographic markets. Our competitors include cable ~~companies~~ **operators** , wireless ~~and~~ **carriers, satellite providers,** wireline carriers ~~, satellite~~ , fiber " overbuilders " and OTT ~~companies~~ **video providers** , many of which are subject to less regulation than we are. These entities may provide services that are competitive with the services that we offer or intend to introduce. For example, our competitors may seek to introduce networks in our primarily copper- based markets that are competitive with or superior to our copper- based networks. Several competitors were successful bidders in the RDOF auction in areas within Frontier' s service footprint and we expect these competitors will deploy expanded services in these areas that will compete with our services. We also believe that wireless, cable, and other providers have increased their penetration of various services in our markets. We expect that competition will remain robust. Our revenue and cash flow will be adversely impacted if we cannot reverse our customer losses or continue to provide high- quality services. ~~16~~ Some of our competitors have market presence, engineering, technical, marketing, and financial capabilities which are substantially greater than ours. In addition, some of these competitors have less debt and are able to raise capital at a lower cost than we are able to. Consequently, some of these competitors may be able to develop and expand their communications and network infrastructures more quickly, adapt more swiftly to new or emerging technologies and changes in customer preferences, including leading edge technologies such as artificial intelligence, machine learning and various types of data science, as well as take advantage of acquisition and other opportunities more readily and devote greater resources to the marketing and sale of their products and services than we will be able to. Additionally, the greater brand name recognition of some competitors may require **15** us to price our services at lower levels in order to retain or obtain customers. Finally, the cost advantages and greater financial resources of some of these competitors may give them the ability to reduce their prices for an extended period of time if they so choose. Our business and results of operations may be materially adversely impacted if we are not able to effectively compete. We cannot predict which of the many possible future technologies, products or services will be important to maintain our competitive position or what expenditures will be required to develop and provide these technologies, products, or services. Our ability to compete successfully will depend on the effectiveness of capital expenditure investments in infrastructure, products and services, our marketing efforts, our ability to deliver high quality customer service, our ability to anticipate and respond to various competitive factors affecting the industry, including a changing regulatory environment that may affect our business and that of our competitors differently, new services that may be introduced, changes in consumer preferences, or habits, demographic trends, economic conditions and pricing strategies by competitors. Increasing competition may reduce our revenues and increase our marketing and other costs as well as require us to increase our capital expenditures and thereby decrease our cash flows. We rely on network and information systems and other technology, and a **breach,** disruption or failure of such networks, systems or technology as a result of cyber- attacks, malware, misappropriation of data or other malfeasance, as well as outages, accidental releases of information or similar events, may disrupt our business and materially impact our results of operations, financial condition and cash flows. Our **business involves the receipt, storage, and transmission of confidential information about our customers and others, including sensitive personal, account and payment card information, confidential information about our employees and suppliers, and other sensitive information about our company, such as our business plans, transactions, financial information, and intellectual property. Cyberattacks against companies like ours have increased in frequency and potential harm over time, and the methods used to gain unauthorized access constantly evolve, making it increasingly difficult to anticipate, prevent, and / or detect incidents successfully in every instance. Likewise, our** information technology, networks, and infrastructure may be subject to damage, disruptions, or shutdowns due to cyber- attacks, malware, including ransomware or other information security breaches, employee or third- party error or malfeasance, power outages, communication or utility failures, systems failures, natural disasters, or other catastrophic events. Further, our network and information systems are subject to various risks related to **our vendors,** third parties and other parties we may not fully control. We use encryption and authentication technology licensed from third parties to provide secure transmission of confidential information, including our business data and customer information. Similarly, we rely on employees in our network operations centers, data centers and call centers to follow our procedures when handling sensitive information. Use of **vendors and** third- party technologies could also expose us to supply chain cybersecurity risks **, and we may not have accurate or complete information about the risks that third- party service providers face or the security of their systems** . While we select our employees and third- party business partners carefully, ~~we do not control~~ **our ability to monitor these** ~~their~~ - **third** ~~actions~~ **parties is limited** , which could expose us to cyber- security and other risks. In addition, our customers using our network to access the Internet may become victim to malicious and abusive ~~Internet~~ **internet** activities, such as unsolicited mass advertising (or spam), peer- to- peer file sharing, distribution of viruses, worms and other destructive or disruptive software; these activities could adversely affect our network, result in excessive call volume at our call centers and damage our or our customers' equipment and data. While we maintain security measures, disaster recovery plans and business continuity plans ~~for our business~~ and work to upgrade our existing technology systems and provide employee training around the cyber risks we face, these risks are constantly evolving and are challenging to mitigate. Like many companies, we **and our third party service providers** are the subject of increasingly frequent cyber- attacks **. Security incidents result from the actions of a wide variety of actors with a wide range of motives and expertise, such as traditional hackers, personnel or the personnel of third parties, sophisticated nation- states and nation- state- supported actors. We are required to expend significant resources in an effort to protect against security incidents and may be required or choose to spend additional resources or modify our business activities, particularly where required by**

applicable data privacy and security laws or regulations or industry standards. While we have developed systems and processes designed to protect the integrity, confidentiality and security of the confidential and personal information under our control, we cannot assure you that any security measures that we or our third- party service providers implement will be effective in preventing security incidents, disruptions, cyberattacks, or other similar events . Any unauthorized access, computer viruses, ransomware attacks, accidental or intentional release of confidential information or other disruptions could result in misappropriation of our or our customers' sensitive information; financial loss; reputational harm; increased costs, such as those relating to remediation or future protection; customer dissatisfaction, which could lead to a decline in customers and revenue; changes to insurance premiums or coverage; government investigations and legal claims or proceedings, fines and other liabilities. There can be no assurance that the impact of such incidents would not be material to our results of operations, financial condition, or cash flows. We may be unable to meet the technological needs or expectations of our customers and may lose customers as a result. The communications industry is subject to significant changes in technology and replacing or upgrading our infrastructure to keep pace with such technological changes could result in significant capital expenditures. If we do not replace or upgrade technology and equipment and manage broadband speeds and capacity as necessary, we may be unable to compete effectively because we will not be able to meet the needs or expectations of our customers. ~~In addition~~ **Many of these technological changes may displace or reduce demand for certain of our services** , **enable the development of competitive products or services, enable customers to reduce or bypass use of our networks or reduce our profit margins. For 16 example, as service providers continue to invest in 5G and low earth orbit satellite networks and services, their 5G services could reduce demand for our network services. Such** enhancements to competitors' product offerings may influence our customers to consider other service providers, such as cable operators, CLECs, OTT or wireless providers. We may be unable to attract new or retain existing customers from cable companies due to their deployment of enhanced broadband and VoIP technology. In addition, new capacity services for broadband technologies may permit our competitors to offer broadband data services to our customers throughout most or all of our service areas. Any resulting inability to attract new or retain existing customers could adversely impact our business and results of operations in a material manner. ~~17~~ **Laws and regulations relating to the handling of privacy and data protection may result in increased costs, legal claims, fines against us, or reputational damage. We process, store, and transmit large amounts of data, including the personal information of our customers. Ongoing increases in the potential for misuse of personal information, the public' s awareness of the importance of safeguarding personal information, and the volume of legislation and regulations that have been adopted or is being considered regarding the protection, privacy, and security of personal information have resulted in increases to our information- related risks. Many states and local authorities have enacted or considered legislative or other actions that would impose restrictions on our ability to collect, use and disclose certain consumer information, particularly with regard to our broadband Internet business. These new privacy laws and others that we expect to be developed and enacted going forward will impose additional data protection obligations and potential liability on companies such as ours doing business in those states. We have incurred and will continue to incur significant implementation costs to ensure compliance with Federal and state privacy laws and their related regulations, including managing the complexity of laws that vary from state to state. Both federal and state governments are considering additional privacy laws and regulations, which, if passed, could further impact our business, strategies, offerings, and initiatives and cause us to incur further costs. Any actual or perceived failure to comply with data privacy laws or regulations, or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breaches, and other significant costs, penalties, and other liabilities, as well as harm to our reputation and market position.** Our business is sensitive to continued relationships with our wholesale customers. We have substantial business relationships with other communications carriers for which we provide service. While we seek to maintain and grow our business with these customers, we face significant competition for this wholesale business. If we fail to maintain our grow this business, our revenues and results of operations could be materially and adversely affected. A significant portion of our workforce is represented by labor unions. As of December 31, ~~2022~~ **2023** , approximately ~~69~~ **68** % of our total employees were represented by unions and were subject to collective bargaining agreements. The term of our collective bargaining agreements is typically three years and at any point in time we generally have several agreements under negotiation and extension. Approximately ~~27~~ **28** % of our unionized employees are covered by collective bargaining agreements that are scheduled to expire in ~~2023~~ **2024** ~~. In addition, approximately 11 % of the unionized workforce are covered by collective bargaining agreements that are on extensions from the dates on which they originally expired in 2021 or 2022~~ . We cannot predict the outcome of negotiations of the collective bargaining agreements covering our employees. If we are unable to reach new agreements or renew existing agreements, employees subject to collective bargaining agreements may engage in strikes, work slowdowns or other labor actions, which could materially disrupt our ability to provide services. New labor agreements or the renewal of existing agreements may impose significant additional costs on us, which could adversely affect our financial condition and results of operations in the future. 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 **, including damaging our network infrastructure, which could result in increased costs and loss of revenue. We may incur significant costs to prepare for, respond to, and mitigate the impact of climate change on our infrastructure and operations** . In addition, governmental initiatives to address climate change could, if adopted, restrict our operations, require us to make capital expenditures to comply **17** 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. 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** . Negotiations with the providers of content for our video systems may not be successful, potentially resulting in our inability to carry certain programming channels on our video systems, which could result in the loss of subscribers. Alternatively, because of the bargaining power of some content providers, we may be forced to pay an increasing amount for some content, resulting in higher expenses and lower profitability. We continue to execute on our video strategy of achieving savings by renegotiating contracts to lower content costs or dropping channels entirely. The content owners of the programming that we carry on our multichannel video systems are the exclusive provider of the channels they offer. If we are unable to reach a mutually- agreed contract with a content owner, including pricing and carriage provisions, our existing agreements to carry this content may not be renewed, resulting in the blackout of these channels. The loss of content could result in loss of customers who place a high value on the particular content that is lost. In addition, many content providers own multiple channels. As a result, we typically have to negotiate the pricing for multiple channels rather than one and carry and pay for content that customers do not value, in order to have access to other content that customers do value. Some of our competitors have materially larger scale than we do, and may, as a result, be better positioned than we are in such negotiations. As a result of these factors, the cost of content acquisition may continue to increase faster than corresponding revenues which could result in lower profitability. ~~18~~ We are subject to a significant amount of litigation, which could require us to pay significant damages or settlements. We are party to various legal proceedings, including, from time to time, individual actions, class and putative class actions, and governmental investigations, 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, trademark and patent infringement, employment, regulatory, tort, claims of competitors and disputes with carriers. In connection with our emergence from bankruptcy, the Plan provided that holders of general unsecured claims, including, but not limited to, litigation claims against us and / or our subsidiaries, had their claims " ride through " the bankruptcy, meaning there was no bar to or discharge of these claims. In particular, litigation claims against us survived the bankruptcy and those claims may be pursued against us. To the extent such claims could have been asserted prior to bankruptcy or arose during the bankruptcy, such claims can be asserted now that we have emerged from bankruptcy. In addition to potential liability for claims asserted against us, we have ongoing obligations to indemnify our former officers and directors and certain underwriters in connection with litigation as we did before the bankruptcy. Litigation is subject to uncertainty and the outcome of individual matters is not predictable. We may incur significant expenses in defending these lawsuits. In addition, we may be required to pay significant awards or enter into settlements with governmental or other entities which impose significant financial and business remediation measures. We rely on a limited number of key suppliers and vendors. We depend on a limited number of suppliers and vendors for equipment and services relating to our network infrastructure, including network elements such as digital and Internet protocol switching and routing equipment, optical and copper transmission equipment, broadband connectivity equipment, various forms of customer premise equipment, optical fiber, wireless equipment, as well as the software that is used throughout our network to manage traffic, network elements, and other functions critical to our operations. If any of our major suppliers were to experience disruption, supply- chain interruptions, financial difficulties, or other unforeseen problems delivering, maintaining, or servicing these network components on a timely basis, our operations could suffer significantly. For example, supply chain and labor disruptions arising from the COVID- 19 pandemic affected the ability of certain of our suppliers and vendors to provide products and services to us in a timely matter, or at all, if similar disruptions were to occur in the future, it could adversely impact our operations. Our suppliers and vendors may also continue to experience increased costs for their materials, labor, and other significant items due to inflation, which they could seek to pass along to us and their other customers. In addition, due to changes in the communications industry, the suppliers of many of these products and services have been consolidating. In the event it were to become necessary to seek alternative suppliers and vendors, we may be unable to **18** obtain satisfactory replacement supplies, services, or utilities on economically- attractive terms, on a timely basis, or at all, which could increase costs or cause disruptions in our services. Risks Related to Regulation and Oversight Changes in federal or state regulations may reduce ~~the switched access charge and~~ subsidy **and other** revenues we receive. A portion of Frontier' s total revenues ($ **75 million, or 1 %, in 2023 and $** 54 million, or 1 %, in 2022 ~~and $ 333 million, or 5 %, in 2021~~) are derived from federal and state subsidies for rural and high- cost support including ~~CAF II and~~ RDOF ~~and also including Federal High Cost support and various state subsidies~~. The CAF II program and associated support ended as of December 31, 2021. We participated in the FCC' s RDOF Phase I auction and 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 early in 2022. The RDOF program is less favorable to us than the CAF Phase II program was and ~~results~~ **resulted** in a material reduction in our annual FCC funding, from approximately $ 313 million in annual support under CAF II in 2021 to approximately $ 37 million in annual support under RDOF beginning in early 2022. This has resulted in a material reduction in our revenue and operating income and could have a material adverse effect on our business, financial condition, and results of operations. In addition, the FCC is reviewing CAF II carriers' completion data and if the FCC determines that we did not satisfy our CAF II requirements we could be required to return a portion of the funds received and may be subject to certain other **fines,** requirements and obligations **, which could have an adverse impact on our financial condition** . In November 2021, Congress passed the IIJA which provides $ 65 billion to fund broadband connectivity programs, including broadband deployment to unserved and underserved locations. The National Telecommunications and Information Administration (NTIA) is administering the principal last mile infrastructure funding program in the amount of $ 42. 5 billion, the Broadband Equity, Access & Deployment Program (BEAD), and will distribute funding through direct grants to states, who will then award the funds based on competitive grant programs. The NTIA has ~~not yet determined each~~ **allocated approximately $ 25. 5 billion to** states **in Frontier** ~~' funding allocation, which is dependent on the completion of the FCC~~ ' s **footprint** ~~Broadband Data Collection mapping initiative~~. We are closely tracking implementation of the BEAD program **, including state determinations regarding subsidy** ~~and anticipate a significant amount of funding will be available for awards~~ - **award criteria** ~~in our footprint~~. We are actively pursuing awards of these stimulus funds, however, we continue to evaluate our opportunities as the process is complex and any awards that we ultimately receive under the IIJA may require significant up- front capital expenditures or other costs. ~~19~~ A portion of our total revenues are derived from switched access charges paid by other carriers for services we provide in originating intrastate and interstate long- distance traffic. The rates we can charge for switched access are regulated by the FCC and state regulatory agencies and could be further reduced in the future. Certain states also have their own open proceedings to address reform to originating intrastate access charges, other intercarrier compensation, and state universal service funds. We cannot predict when or how these matters will be decided or the effect on our subsidy or switched access revenues. However, future reductions in our subsidy or switched access revenues may directly affect our profitability and cash flows as those regulatory revenues do not have an equal level of associated variable expenses. We are also required to contribute to the Universal Service Fund (" USF ") and the FCC allows us to recover these contributions through a USF surcharge on customers' bills. ~~This surcharge accounted for $ 83 million of revenue in the four months ended April 30, 2021.~~ Upon emergence from bankruptcy, USF charges are recorded on a net basis, to Cost of Service expense. If we are unable to recover USF contributions, it could have a material adverse effect on our business or results of operations. While we are implementing a number of operational initiatives in order to realize certain cost savings, our ability to achieve such cost savings on a timely basis, or at all, is subject to various risks and assumptions by our management, which may or may not be realized. Even if we do realize some or all of such cost savings, they may be insufficient to offset any reductions in subsidies we receive, or our inability to recover USF contributions. Frontier and our industry are expected to remain highly regulated, and we could incur substantial compliance costs that could constrain our ability to compete in our target markets. As an incumbent local exchange carrier, some of the services we offer are subject to significant regulation from federal, state, and local authorities. This regulation could impact our ability to change our rates, especially on our basic voice services and our access rates and could impose substantial compliance costs on us. In some jurisdictions, regulation may restrict our ability to expand our service offerings. In some jurisdictions we may be required to undertake investments and / or other actions to ensure service quality, network reliability, or continued availability of service or face penalties and other obligations. In addition, changes to the regulations that govern our business, including regulation of currently unregulated internet access services, may have an adverse effect on our business by reducing the allowable fees that we may charge, imposing additional compliance costs, reducing the amount of subsidies, or otherwise changing the nature of our operations and the competition in our industry. At this time, it is unknown how these regulations, regulatory oversight, or changes to these regulations will affect our operations or ability to compete in the future. **19** FCC rulemakings and state regulatory proceedings, including those relating to Internet access offerings, could have a substantial adverse impact on our operations. **The FCC currently classifies fixed consumer broadband services as information services, subject to light-touch regulation. In October 2023 the FCC released a notice of proposed rulemaking seeking to reclassify certain broadband services as lightly regulated telecommunications services, imposing certain requirements on the reclassified internet services.** Our Internet access offerings could become subject to additional laws and regulations as they are adopted or applied to the Internet. As the significance of the ~~Internet~~ **internet continues to** ~~expands~~ - **expand and evolve** , federal, state, and local governments may pass laws and adopt rules and regulations, including those directed at privacy, service quality or service rates, or apply existing laws and regulations to the ~~Internet~~ **internet** (including ~~Internet~~ **internet** access services), and related matters are under consideration in both federal and state legislative and regulatory bodies. We cannot predict whether new regulations, or the outcome of expected or pending challenges to federal, state or local regulations or actions will prove beneficial or detrimental to our competitive position. We are subject to the oversight of certain federal and state agencies that may investigate or pursue enforcement actions against us relating to consumer protection matters. Certain federal and state agencies, including state attorneys general, monitor and exercise oversight related to consumer protection matters, including those affecting the communications industry. Such agencies have in the past, and may in the future, choose to launch an inquiry or investigation of our business practices in response to customer complaints or other publicized customer service issues or disruptions, including regarding the failure to meet technological needs or expectations of our customers or related to public safety services. Such inquiries or investigations could result in reputational harm, enforcement actions, litigation, fines, settlements, and / or operational and financial conditions being placed on the Company, any of which could materially and adversely affect our business. We are subject to the oversight of certain federal and state regulatory agencies regarding commitments that were made by or imposed on the Company by the regulatory agencies in association with securing federal and state regulatory approval for the Restructuring. The Company made several affirmative commitments to federal and certain state regulators to secure approval for the Restructuring, including specific investment, broadband service deployment, service quality improvements, reporting, and compliance commitments. Regulators will monitor and may launch compliance inquiries or investigations and if the Company is found to have failed to comply with its obligations it could result in reputational harm, enforcement actions, litigation, penalties, fines, settlements and / or operational and financial conditions being placed on the Company, any of which could materially and adversely affect our business. ~~20~~ Tax legislation may adversely affect our business and financial condition. The determination of the benefit from (or provision for) income taxes requires complex estimations and significant judgments concerning the applicable tax laws. If in the future any element of tax legislation changes the tax code for income taxes, it could affect our income tax position and we may need to adjust the benefit from (or provision for) income taxes accordingly. Risks Related to Our Common Stock The price of our common stock may be volatile or may decline, which could result in substantial losses for purchasers of our common stock. Volatility in the market price of our common stock may prevent you from being able to sell your shares at or above the price you paid for them. Many factors, which may be outside our control, may cause the market price of our common stock to fluctuate significantly, including those described elsewhere in the " Risk Factors " section, as well as the following: ? variations in our operating and financial performance and prospects from period to period; ? our quarterly or annual earnings or those of other companies in our industry compared to market expectations; ? the public' s reaction to our press releases, other public announcements, and filings with the SEC; ? market overhang due to substantial holdings by former creditors that may wish to dispose of our common stock; ? coverage by or changes in financial estimates by securities analysts or failure to meet their expectations; ? market and industry perception of our success, or lack thereof, in pursuing our fiber expansion strategy; ? strategic actions by us or our competitors, such as acquisitions or restructurings; ? changes in laws or regulations which adversely affect our industry or us; ? changes in accounting standards, policies, guidance, interpretations, or principles; ? changes in senior management or key personnel; ? issuances, exchanges, or sales, or expected issuances, exchanges, or sales of our capital stock; ? adverse resolution of new or pending litigation against us; and ? changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events. **20** These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low. As a result, you may suffer a loss on your investment. If there are substantial sales of shares of our common stock, the price of our common stock could decline. The market price of the shares of our common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market, by us or significant stockholders, or the perception in the market that such sales could occur. We do not intend to pay dividends on our common stock for the foreseeable future. We currently have no intention to pay dividends on our common stock at any time in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions, and other factors that our board of directors may deem relevant. In addition, certain of our debt instruments contain covenants that restrict the ability of our subsidiaries to pay dividends to us. Delaware law and certain provisions in our certificate of incorporation may prevent efforts by our stockholders to change the direction or management of our Company. Our certificate of incorporation and our by- laws contain provisions that may make the acquisition of our Company more difficult without the approval of our Board, including, but not limited to, the following: action by stockholders may only be taken at an annual or special meeting duly called by or at the direction of our board of directors; and advance notice for all stockholder proposals is required. These and other provisions in our certificate of incorporation, bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to initiate actions that are opposed by our board of directors, including actions to delay or impede a merger, tender offer or proxy contest involving our Company. The existence of these provisions could negatively affect the price of our common stock and limit opportunities for you to realize value in a corporate transaction. If securities or industry analysts do not publish or cease publishing research or reports, or publish unfavorable research or reports, about us, our business, or our industry, or if they adversely change their recommendations regarding our stock, our stock price and trading volume could decline. ~~21~~ The trading market for our common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our industry, or our competitors. If we do not maintain adequate research coverage or if any of the analysts who may cover us downgrade our stock, publish inaccurate or unfavorable research about our business or provide relatively more favorable recommendations about our competitors, our stock price could decline. If any analyst who may cover us were to cease coverage of our Company or fail to regularly publish reports about us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. General Risk Factors The ability to attract and retain key personnel is critical to the success of our business ~~and may be affected by our emergence from bankruptcy~~ . Our success depends in part upon key personnel. Qualified individuals are in high demand, and we may incur significant costs to attract them. The loss of key employees or unexpected changes in the composition of our senior management team could materially and adversely affect our ability to execute our strategy and implement operational initiatives which could have a material and adverse effect on our financial condition, liquidity, and results of operations. We cannot guarantee that our key personnel will not leave or compete with us. If executives, managers, or other key personnel resign, retire, or are terminated, or their service is otherwise interrupted, we may not be able to replace them in a timely manner. The loss, incapacity, or unavailability for any reason of key members of our management team could have a material adverse impact on our business. ~~22~~ **The risks to attracting and retaining key personnel may be exacerbated by inflationary pressures on employee wages and benefits.** Item 1B. Unresolved Staff Comments None. ~~Item 2. Properties Our owned property consists primarily of land and buildings, office and warehouse facilities, central office equipment, software, outside communications plant, and related equipment. Outside communications plant includes aerial and underground cable, conduit, poles, and wires. Central office equipment includes digital switches and peripheral equipment. In addition, we lease certain property, including primarily office facilities. All of our property is considered to be in good working condition and suitable for its intended purpose. Our gross investment in property, by category, as of December 31, 2022, was as follows: ($ in millions) Land $ 244 Buildings and leasehold improvements 1, 212 General support 290 Central office / electronic circuit equipment 1, 807 Poles 797 Cable, fiber, and wire 5, 756 Conduit 1, 404 Materials and supplies 546 Construction work in progress 1, 130 Total $ 13, 186 In connection with our ongoing operational and cost savings initiatives, we have undertaken a review of our real estate portfolio, including leased facilities, and are seeking to consolidate our footprint and reduce our property portfolio where economically and operationally beneficial. Item 3. Legal Proceedings For more information regarding pending and threatened legal actions and proceedings see Note 22- ' ' Commitments, Contingencies, and Guarantees'' to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10- K. 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. The parties are in the process of attempting to finalize all the terms of an agreement. We have accrued an amount for potential penalties that we deem to be probable and reasonably estimable, but we do not expect that any potential penalties, if ultimately incurred, will be material. 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, 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 4. Mine Safety Disclosures Not applicable.~~