

SETTLEMENT AGREEMENT

AMENDMENT TO IMPLEMENTATION AGREEMENT BETWEEN FRONTIER COMMUNICATIONS CORPORATION AND THE CALIFORNIA EMERGING TECHNOLOGY FUND

This amendment ("Amendment") is to the Implementation Agreement previously executed by Frontier Communications Corporation ("Frontier") and the California Emerging Technology Fund ("CETF") (collectively, "the Parties") on July 22, 2016.

A. Recitals

1. The Parties entered into a Memorandum of Understanding and Agreement dated October 23, 2015 ("MOU").
2. The California Public Utilities Commission ("Commission") approved the MOU in Decision ("D.") 15-12-005, issued on December 9, 2015.
3. On July 22, 2016, the Parties entered into an Implementation Agreement to clarify the parties' respective obligations regarding the broadband adoption aspects of the MOU. The Implementation Agreement took effect on July 1, 2016, and, by its terms, it expired June 30, 2018.
4. Following execution of the Implementation Agreement, a dispute arose regarding the Parties' rights and obligations under the MOU and the Implementation Agreement.
5. On May 30, 2018, CETF filed with the Commission a Petition to Modify D.15-12-005 ("Petition to Modify"), claiming that Frontier has not complied with the MOU in several respects and that Frontier had thereby violated the MOU and the Commission decision approving it. On June 28, 2018, Frontier filed a Response opposing the Petition to Modify. CETF filed a Reply to the Frontier Response to CETF Petition to Modify, on July 9, 2018.
6. On October 25, 2018, the Commission issued an Order to Show Cause ("OSC"). The OSC attached a letter from certain Community-Based Organizations ("CBOs") who have received grants from CETF to achieve broadband adoptions, in furtherance of the objectives in the MOU. The OSC presented allegations regarding non-compliance with D.15-12-005 relating to the terms of the MOU with CETF.
7. Frontier filed a Verified Response to the OSC on November 2, 2018 and CETF filed a Response to Frontier's Response to the OSC on November 9, 2018.
8. A hearing on the OSC was convened by the assigned Administrative Law Judge ("ALJ") on November 28, 2018 and following partial testimony by CETF, the ALJ encouraged the parties to meet and attempt to resolve their disputes. The hearing was suspended to allow the parties an opportunity to meet and discuss possible resolution of their issues, with a joint statement due to the ALJ on December 14, 2018.

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9. Based on the additional terms reflected in this Amendment, the Parties have settled all disputes, including all matters presented in the Petition to Modify and included in the OSC.

10. This Amendment is intended to supplement and modify the Implementation Agreement to reflect the terms of the Parties' settlement of their disputes. Except as modified herein, the Implementation Agreement remains in full effect and binds the Parties regarding implementation of the MOU, which remains in effect.

B. Terms

11. The Implementation Agreement is incorporated herein by reference. The parties agree that the Implementation Agreement incorporates the terms of this Amendment, and, with those amended terms, it is extended as set forth herein. Except as expressly stated herein, this Amendment has no effect on the parties' rights or obligations under the MOU. The terms of the Implementation Agreement remain in effect except as expressly modified by this Amendment.

12. Paragraph B(6) of the Implementation Agreement is modified so that the principal contact for Frontier is:

Charlie Born
Director, Government & External Affairs
Frontier Communications
1201 K Street, Suite 1980
Sacramento California 95814
916.686.3570 (Office)
916.261.4036 (Mobile)
charlie.born@flr.com

13. Paragraph B.2.c and Exhibit A of the Implementation Agreement is deleted, and is replaced by the following:

B.2.c.

(i) As of November 14, 2018, Frontier has disbursed \$1 million to CETF (excluding the "Learning Communities" payment of \$50,000 to CETF for CBO workshop/meeting support as set forth in the Implementation Agreement, which is not in dispute). As set forth in the CETF Report to Frontier provided on November 14, 2018, the CBOs working with CETF pursuant to grant agreements have generated 4,541 qualified adoptions, resulting in total compensation for adoptions totaling \$272,460. CETF has advanced an additional \$433,415 to CBOs in connection with their adoption efforts.

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(ii) Through December 3, 2018, Frontier has provided 4,810 Wi-Fi devices to CBOs and Frontier has provided 1,716 devices directly to consumers through its direct sale channel for a total of 6,526 Wi-Fi devices shipped to date. Frontier shall provide up to an additional 43,474 devices to CBOs, to the extent that they achieve adoptions pursuant to paragraphs 20 and 21 of the MOU and the extension of the adoption program under this Amendment. Frontier agrees not to distribute more than 5,000 of the 50,000 Internet-enabled devices to customers signing up for a low-income offer through its own direct sales channel.

(iii) CETF and the CBOs may retain, for future qualified adoptions, the funds previously disbursed by Frontier and the Wi-Fi devices previously distributed by Frontier. Frontier will advance additional funds to CETF at \$60 per qualified adoptions from the \$3 million identified in paragraph 24 of the MOU once the total number of qualified adoptions exceeds 16,666 adoptions. The first payment to be advanced following the achievement of 16,666 adoptions by the CBOs shall be no less than \$500,000, and in amounts of \$500,000 thereafter following the achievement of 25,000, 33,333 and 41,667 adoptions by CBOs, respectively. CETF agrees that the remaining funds it holds, and all future funds it receives, shall be used to pay CBOs only for the adoptions they achieve (at \$60 per qualified adoption). CBOs may use these funds and Wi-Fi-enabled devices to enroll low-income households in any low-income service plan offered by Frontier (including, but not limited to, Frontier's Affordable Broadband service plan and Frontier Fundamentals service plan), or any low-income service plan offered by a different provider in Frontier's service territory.

14. Paragraph B.2.d of the Implementation Agreement is deleted, and is replaced by the following:

d. CETF is responsible for reporting the use of all funds advanced by Frontier on a monthly basis. Frontier also shall report to CETF its low income broadband adoptions on a monthly basis. Frontier may withhold future disbursements until the number of CBO-facilitated adoptions exceeds 16,666, but then will make further disbursements according to the provisions in paragraph ~~12~~ of this Amendment.

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15. The following paragraphs are added to Section C of the Implementation Agreement:

7. Frontier may revise, discontinue, or add any low-income broadband service plan while the Agreement is in effect, and every low-income household enrolling in any such service shall be counted toward the aspirational goal set forth in Section A(3); provided, however, Frontier

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shall not discontinue its Frontier Fundamentals service before December 31, 2021, unless CETF agrees to the discontinuance.

16. Paragraph C.6 of the Implementation Agreement is deleted, and is replaced by the following:

6. This Agreement shall remain in effect until the entire \$3 million identified in paragraph 24 of the MOU is disbursed (at \$60 per qualified adoption) and until all of the 50,000 Wi-Fi capable devices identified in paragraph 20 of the MOU are distributed (one device per qualified adoption), provided, however, if all funds and devices are not disbursed by CBOs under grant agreements with CETF or distributed by December 31, 2022, Frontier may elect to immediately disburse and distribute the remaining funds and devices to CETF.

17. Covenant 9 of the MOU requires the Parties to mutually identify 50 locations where Frontier will install public Wi-Fi subject to the conditions of Covenant 9(a). As of the effective date of this Amendment, Frontier has installed public Wi-Fi at 17 locations. The Parties agree to collaborate on and complete a list of the remaining 33 locations by March 1, 2019. Frontier shall complete its installation of the remaining 33 locations by March 1, 2020 unless an entity who owns or controls the space where the Wi-Fi would be installed declines to allow Frontier to install public Wi-Fi in that space or other circumstance prevents installation at an identified location. Upon receiving such notice from an entity who owns or controls the space where a potential Wi-Fi installation had been targeted, Frontier and CETF shall promptly confer, identify and select another site. The Parties will use commercially reasonable efforts to ensure that Wi-Fi is installed at the alternative site by December 31, 2020.

18. To further effectuate covenants 8 and 10 of the MOU regarding the Northeast counties (defined in covenant 8 as Modoc, Shasta, Lassen, Plumas, Siskiyou and Tehama), Frontier shall continue its comprehensive network assessment of these Northeast counties as provided for in Covenant 8, and shall actively involve CETF in discussions and meetings with the Northeast California Connect Consortia ("NCCC") and other stakeholders, as appropriate, in its evaluation of and planning for a potential California Advanced Services Fund (CASF) grant application to reach unserved households and effectuate other benefits in the region. Frontier agrees to notify CETF no later than June 30, 2019, whether it will submit a CASF application for the Northeast Counties in accordance with the CPUC CASF Infrastructure Fund submission timelines for new applications. Should Frontier fail to file a CASF application prior to the application deadline after notifying CETF it will file such an application, decline to submit such a CASF application, or fail to notify CETF by June 30, 2019 of its intention to file such a CASF application, CETF may seek to recruit and support another Internet service provider (ISP) for a project in the Northeast Region.

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19. Frontier will provide periodic updates on broadband deployment commitments for the area in addition to considering a CASF grant project. Frontier will share confidential information with CETF related to its discussions with NCCC, consistent with the Non-Disclosure Agreement previously executed by CETF. CETF agrees to consult with Frontier in efforts to secure a CASF grant for the benefit of the Northeast Region, consistent with its obligations under paragraph 8 of the MOU, optimize CASF funding, and obtain support from stakeholders, including CETF. Parties agree to monthly status calls.

20. Frontier shall provide to CETF the annual status reports that it files with the Commission, generally in March, regarding Frontier's completed broadband infrastructure deployments (subject to the Parties' Non-Disclosure Agreement). By November 1st of each year, CETF will provide Frontier with any addresses or any other information it has obtained through its community participation, outreach and engagement regarding households in Frontier's service territory that have been identified as unserved. Frontier shall meet with the CETF President and CEO in the first quarter of each year to inform CETF of its expected deployment plans for that year, including the census block areas Frontier plans to deploy broadband services in during that calendar year, recognizing, however, that Frontier might alter such deployment plans during the course of the year as it completes the necessary engineering analysis or other conditions change. Frontier will provide CETF with a quarterly update identifying the planned number of households, by Frontier exchange area and to the extent it has specifically identified, the general neighborhood or streets Frontier plans to deploy service. The detail of and completion of the build out identified in such plans shall be in Frontier's sole discretion. Frontier shall report to CETF in each year whether or not it deployed the infrastructure that had been planned in the previous year and Frontier shall explain the reasons for any material variations in the deployment plans that are shared with CETF.

21. Frontier and CETF shall meet semi-annually to discuss Frontier's advertising initiatives and the "best practices" for advertising Frontier's low-income broadband services to low-income communities (that may encompass disadvantaged communities such as non-English speaking, immigrants and farmworkers). As an experienced non-profit organization that has worked with CBOs conducting broadband adoption programs for low-income and disadvantaged communities for over a decade, CETF shall provide Frontier with advice and information on advertising and marketing investments needed to achieve broadband adoptions for households that lack computing devices and are unconnected to the Internet. Frontier, in consultation with CETF, shall prepare and submit a written advertising plan to CETF by May 1, 2019. Frontier shall conduct targeted advertising for its low-income broadband services at least 4 times per year. Frontier agrees to utilize a variety of marketing strategies which may include, but are not limited to, in-language and in-culture advertising (e.g. Spanish language print or broadcast advertisements) and digital media advertising (e.g. social media, mobile, and search) tactics and strategies suitable for

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unconnected low-income households. Within 30 days after the approval of this Amendment by the Commission, Frontier shall remit \$25,000 to CETF to be used to augment Frontier's advertising and marketing for Frontier's low income broadband offerings. Beginning for calendar year 2019, Frontier shall annually report the number of impressions resulting from its marketing efforts to CETF and the analysis of impact that results from adoptions to provide data to inform the marketing strategies for the following year.

22. The Parties agree that the Implementation Agreement as hereby amended, resolves all disputes set forth in the Petition to Modify, and the October 8, 2018 letter raised by the CBOs and presented by the OSC. The Parties agree to support and seek Commission approval of this Amendment and dismissal of the Petition for Modification and the OSC, without penalties or sanctions imposed on either party, in a joint motion. Should either Party violate this Amendment, the other Party reserves its rights to enforce the MOU, the Implementation Agreement, and/or this Amendment through any procedure permitted by law, including any applicable procedure under Commission rules.

23. This Amendment and the Implementation Agreement shall be binding upon, and shall inure to the benefit of the parties hereto and their respective successors in interest and assigns.

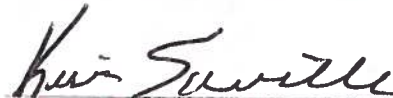
24. This Amendment is only effective upon the dismissal or resolution of the OSC without penalties or sanctions and the approval of the Amendment by the Commission.

Accepted on behalf of CETF by:



Sunne Wright McPeak
President and CEO

Accepted on behalf of Frontier by:



[Name and Title] Kevin Saville
Sr. Vice President, General Counsel
and Assistant Secretary