

FRONTIER COMMUNICATIONS CORP

Form 10-Q

August 05, 2010

FRONTIER COMMUNICATIONS CORPORATION

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

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 CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

06-0619596
(I.R.S. Employer Identification
No.)

3 High Ridge Park
Stamford, Connecticut
(Address of principal executive
offices)

06905
(Zip Code)

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

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant’s Common Stock as of July 23, 2010 was 992,020,000.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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Explanatory Note

Effective July 1, 2010, Frontier's scope of operations and balance sheet capitalization changed materially as a result of the completion of the Verizon Transaction, as described in Note 3 of the Notes to Consolidated Financial Statements. Historical financial and operating data presented for Frontier is not indicative of future results. The financial discussion represents an analysis of our results of operations on a historical basis for our Frontier legacy operations as of and for the three and six months ended June 30, 2010 and 2009.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(\$ in thousands)

	(Unaudited)	December 31,
	June 30, 2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 231,155	\$ 358,693
Transaction escrow	125,518	-
Accounts receivable, less allowances of \$30,761 and \$30,171, respectively	201,757	190,745
Prepaid expenses	21,520	28,081
Income taxes and other current assets	60,360	102,561
Total current assets	640,310	680,080
Property, plant and equipment, net	3,116,201	3,133,521
Goodwill, net	2,642,323	2,642,323
Other intangibles, net	219,622	247,527
Other assets	177,366	174,804
Total assets	\$ 6,795,822	\$ 6,878,255
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt due within one year	\$ 7,215	\$ 7,236
Accounts payable	110,424	139,556
Other current liabilities	246,130	245,885
Total current liabilities	363,769	392,677
Deferred income taxes	736,401	722,192
Other liabilities	625,297	630,187
Long-term debt	4,798,822	4,794,129
Equity:		
Shareholders' equity of Frontier:		
Common stock, \$0.25 par value (1,750,000,000 and 600,000,000 authorized shares, respectively, 313,392,000 and 312,328,000 outstanding, respectively, and 349,456,000 issued at June 30, 2010 and December 31, 2009)	87,364	87,364
Additional paid-in capital	866,423	956,401

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Retained earnings	2,091	2,756
Accumulated other comprehensive loss, net of tax	(237,565)	(245,519)
Treasury stock	(458,465)	(473,391)
Total shareholders' equity of Frontier	259,848	327,611
Noncontrolling interest in a partnership	11,685	11,459
Total equity	271,533	339,070
Total liabilities and equity	\$ 6,795,822	\$ 6,878,255

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

PART I. FINANCIAL INFORMATION (Continued)

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE THREE MONTHS ENDED JUNE 30, 2010 AND 2009
 (\$ in thousands, except for per-share amounts)
 (Unaudited)

	2010	2009
Revenue	\$ 516,137	\$ 532,142
Operating expenses:		
Network access expenses	53,139	59,203
Other operating expenses	189,649	192,754
Depreciation and amortization	99,974	132,818
Acquisition and integration costs	36,964	10,751
Total operating expenses	379,726	395,526
Operating income	136,411	136,616
Investment income	3,500	1,263
Other income, net	6,334	3,355
Interest expense	93,968	98,670
Income before income taxes	52,277	42,564
Income tax expense	17	

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- (4) This information is based solely on the Schedule 13G filed with the SEC on January 26, 2012 by Eagle Asset Management, Inc. (Eagle). Such filing indicates that Eagle has sole voting and dispositive power over all shares reported.
- (5) This information is based solely on the Schedule 13G filed with the SEC on February 14, 2012 by DBD Cayman Holdings, Ltd. Carlyle Strategic Partners II, L.P. (CSP II) and CSP II Coinvestment, L.P. (Coinvestment) are the record owners of 1,963,371 and 68,244 shares of Common Stock, respectively. CSP II General Partner, L.P. is the general partner of both CSP II and Coinvestment. The sole general partner of CSP II General Partner, L.P. is TC Group CSP II, L.L.C., a limited liability company that is wholly owned by TC Group Cayman Investment Holdings, L.P. The sole general partner of TC Group Cayman Investment Holdings, L.P. is TCG Holdings Cayman II, L.P. The sole general partner of TCG Holdings Cayman II, L.P. is DBD Cayman, Ltd. The sole shareholder of DBD Cayman, Ltd. is DBD Cayman Holdings, Ltd. Accordingly, each of CSP II General Partner, L.P., TC Group CSP II, L.L.C., TC Group Cayman Investment Holdings, L.P., TCG Holdings Cayman II, L.P., DBD Cayman, Ltd. and DBD Cayman Holdings, Ltd. may be deemed to be beneficial owners of the Common Stock held by CSP II and Coinvestment. DBD Cayman Holdings, Ltd. is controlled by its ordinary members, and all action relating to the voting or disposition of the Shares requires approval of a majority of the ordinary members. William E. Conway, Jr., Daniel A. D Aniello and David M. Rubenstein are the ordinary members of DBD Cayman Holdings, Ltd. and, in such capacity, may be deemed to share beneficial ownership of Shares beneficially owned by DBD Cayman Holdings, Ltd.
- (6) This information is based solely on the Schedule 13G filed with the SEC on February 10, 2012 by the Vanguard Group, Inc. (Vanguard). Vanguard 's wholly-owned subsidiary, Vanguard Fiduciary Trust Company is an investment manager for collective trust accounts and has sole power to direct the vote of 46,661 of the shares reported above. Vanguard reports sole dispositive power over 1,537,272 of such shares and shared dispositive power over 46,661 of such shares.
- (7) This information is based solely on the Schedule 13G filed with the SEC on February 9, 2012 by State Street Corporation (State Street), a parent holding company of the following direct or indirect subsidiaries: State Street Bank and Trust Company; SSGA Funds Management, Inc; State Street Global Advisors Ltd; and State Street Global Advisors, Australia Limited. Such filing indicates that State Street has sole voting and dispositive power over all shares reported.

Table of Contents**Security Ownership of Directors and Executive Officers**

The following table sets forth information concerning the beneficial ownership of our Common Stock of each director and director nominee, by each executive officer named in the Summary Compensation Table, and by all directors and executive officers as a group. Beneficial ownership is a concept which takes into account shares as to which the named person has or shares voting and/or investment power, as well as shares that may be acquired within 60 days (such as by exercising vested stock options). Information is provided as of February 29, 2012.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
Daniel I. Booker	30,061	*
Ronald L. Gallatin	50,000	*
Charles C. Gedeon	22,858	*
Stephen R. Giangiordano	92,963	*
Robert M. Hernandez	70,753	*
Dawne S. Hickton	196,068	*
Edith E. Holiday	20,638	*
William T. Hull	57,742	*
Rokus L. van Iperen	3,869	*
James L. McCarley	19,113	*
Bryan T. Moss	11,315	*
William F. Strome	53,338	*
James A. Williams	16,500	*
All directors and executive officers as a group (14 persons)	677,225	2.2%

* Indicates beneficial ownership of less than 1%.

(1) Includes the following number of shares of Common Stock subject to stock options exercisable within 60 days for the following persons: Stephen R. Giangiordano: 47,699; Dawne S. Hickton: 75,520; William T. Hull: 31,864; James L. McCarley: 5,342; William F. Strome: 25,026; and Chad Whalen: 20,419.

(2) There were 30,282,112 shares outstanding as of February 29, 2012. In accordance with the rules and regulations of the SEC, in computing the percentage ownership for each person listed, any shares which the listed person had the right to acquire within 60 days are deemed outstanding, however, shares which any other person had the right to acquire within 60 days are disregarded in the calculation. Therefore, the denominator used in calculating beneficial ownership among the persons listed may differ for each person. No percentage is shown for ownership of less than one percent.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

A. Executive Summary of 2011 Compensation

In 2011, the Company exceeded the financial performance goals established for management. Operating income and net income nearly doubled. In addition, management's performance on team and personal objectives largely exceeded expectations. However, the Company's share price declined. In these circumstances, as more fully explained in detail below, the Compensation Committee took the following approach to the three principal components of executive compensation:

Salary. Base salary changes for 2011 were guided by peer group and market survey data to increase approximately 3%, and for the Company's most highly compensated executives averaged 2.88%.

Annual Cash Incentive Compensation. Cash incentive compensation for 2011 performance was awarded in accordance with an annual incentive program that measured management achievement principally against objective financial goals (operating income, return on invested capital and working capital as a percentage of sales), and secondarily against defined team objectives and specific individual objectives. No discretion was used to vary from the payments determined in accordance with the annual incentive program, except that the payout to the CEO dictated by the plan was reduced by \$45,000 due to the application of a cap adopted by the Compensation Committee in 2011. The cap allows a payout in excess of 150% (up to 200%) of target only if management performance was extraordinary and significant shareholder value was created. The Company substantially exceeded the established financial goals, which were set above the previous year's actual results and, in some cases, above the Company's 2011 business plan. Accordingly, annual incentive program payouts were made ranging from 143% to 150% of target.

Long-Term Incentives. The long-term incentive plan remained unchanged during 2011, except that the target payout to the CEO was adjusted downward from 200% to 150% of base salary based on reduced CEO grant values in our compensation peer group. Despite performance above target levels, long-term incentive awards were made at target levels.

B. Overview and Pay Philosophy

For the 2011 executive compensation detailed in the tables that follow this discussion and analysis, the Board empowered the Committee to discharge the Board's duties concerning executive compensation and to advise the Board on the Company's compensation philosophy, programs, and objectives.

The Company employs a comprehensive statement entitled *Pay Philosophy and Guiding Principles Governing Officer Compensation* (the *Pay Philosophy*). The overall philosophy governing our officer compensation programs is as follows:

To promote achievement of the Company's business objectives and reinforce its strategies;

To align the interests of the Company's officers with those of its shareholders;

To provide externally competitive and internally equitable compensation that rewards identifiable and measurable accomplishments and that delivers significant rewards for exceptional performance without creating incentive for the assumption of unnecessary or excessive risk; and

To promote retention of officers and non-officer executives who perform well.

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The Company's compensation programs, as outlined in the Pay Philosophy, are managed so as to help communicate the Company's desired results and to promote decisions and actions by

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management that produce those results. Specifically, the Pay Philosophy states that the Company's compensation programs, discussed below, should be characterized by the following attributes:

Variability (i.e., performance-based) a large portion of total compensation will be based on Company performance, recognizing the highly cyclical nature of the Company's business and the need to maintain conservative compensation levels during business downturns. Salaries are to be generally maintained at competitive levels, with opportunities for significant upward shifts in total compensation to be provided by performance-based cash incentive compensation and long-term equity incentive awards;

Clarity all relevant performance objectives for annual cash incentive compensation and long-term incentive programs will be clearly established and articulated;

Communicability officers will be made aware of and fully understand their earnings potential for a given year and what specific actions and results are necessary to achieve that potential;

Strategic Emphasis compensation programs will include recognition of the roles that various elements of compensation play in attracting, retaining, and motivating employees, the performance aspects that each element is best suited to reward, and the needs of the Company and its officers that may warrant emphasis on specific elements of pay; and

Risk Management compensation programs will provide appropriate rewards for prudent risk taking, and will not create incentive for the assumption of unnecessary and/or excessive risks that would threaten the reputation or sustainability of the Company.

C. Elements of Named Executive Officer Compensation

Although the overall level of compensation, and the allocation of compensation amongst salary, cash incentive compensation, and long-term incentive awards payable to our named executive officers differs based on experience, strategic importance, level of responsibility and other position-specific factors, our Pay Philosophy is applied on a consistent basis amongst our named executive officers.

The Company's comprehensive compensation program consists of the following elements for our named executive officers:

Salary: Executive salary addresses current compensation and is paid to attract and retain qualified executives and to provide a base level of income regardless of total Company performance, as well as to recognize consistent performance excellence over a number of years. Salaries are set within a pre-determined range, the midpoint of which is near the median of similar positions at appropriate comparator companies, and with a maximum near the seventy-fifth percentile of the comparator group. Individual salaries and salary adjustments reflect a variety of individual factors, including the responsibilities and scope of the position, relevant experience, time in position, and individual performance as measured by the executive's annual performance review.

Annual Cash Incentive Compensation Program: The major role of annual cash incentive compensation (i.e., annual bonuses) is to motivate officers by recognizing attainment of key, specific, pre-established short-term objectives and/or other strategic milestones or operational goals, which include both individual and corporate goals, as well as management team objectives and Company performance. The annual incentive guidelines set forth in the Pay Philosophy call for annual cash incentive compensation for target performance as a percentage of base salary to be established near the median level for similar positions at appropriate comparator companies. The Company's annual incentive compensation program is based principally upon the Company's performance against pre-determined financial goals and secondarily upon satisfaction of personal and team objectives. After applying the objective formula set forth in the program, the Committee also applies a cap of 150% of target to payouts unless management's performance was extraordinary and significant shareholder value was created.

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No cash incentive compensation will be paid to an officer whose individual performance is judged to be unacceptable regardless of the Company's performance level. The Committee may exercise discretion and withhold cash incentive compensation payments where individual performance criteria have been met but where overall Company performance has not, or conversely may, in order to retain valued executives, pay cash incentive compensation to recognize exceptional individual performance when corporate performance may have been less than optimal.

Long-term Incentives: Long-term incentive awards are designed specifically to reward increases in shareholder wealth as measured by the Company's Common Stock price, as well as improvement in earnings per share. They also align the compensation of our executives with the interests of our shareholders. Long-term incentive grants are currently made pursuant to the Company's 2004 Stock Plan, and may be made in a combination of stock (restricted shares, performance shares, phantom stock, or non-restricted shares) and stock options. Target awards are a percentage of salary that is determined with reference to comparator peer group data compiled by Pay Governance. We believe that this approach keeps compensation in-line with the Company's peers and, more importantly, puts 60% or more of long-term incentive awards at-risk if future performance is not achieved.

- i Stock Option Awards: Our stock options are designed to align management's interests with that of our shareholders, and have value only if our stock price increases over time. Options are granted at fair market value on the date of grant and vest ratably over a three-year period from the date of grant.

- i Restricted Share Awards: We utilize time-based restricted share awards that vest ratably over five years from the date of grant as a retention tool for our executive officers, and to provide externally competitive compensation. Grants of restricted stock also build the ownership of our executive team and address the cyclical nature of our business by providing stability to the program when markets are down.

- i Performance Share Awards: Performance share awards provide for the issuance of shares of our Common Stock at the end of a three-year performance period in the event we achieve pre-established goals relating to total shareholder return over a three-year period from the date of grant. Total shareholder return, for purposes of these performance share awards, is defined as the share price appreciation of the Company's Common Stock (plus any dividends accrued during the performance period), as compared to the collective total shareholder return of a peer group of companies established by the Committee. The peer group of companies are the same as those listed on page 26 of this proxy statement used for compensation benchmarking, except that three business competitors Reliance Steel & Aluminum Co., Allegheny Technologies Inc., and CPI Aerostructures Inc. were added since they are appropriate for evaluating total shareholder return for incentive purposes, but are inappropriate, given their size (too large or too small), for use in establishing pay levels. The comparator companies comprising this peer group are approved by the Board and communicated to the award recipients at the time of grant of the performance share award. Additional information, including threshold, target, and maximum performance goals, is set forth on page 36.

The total value of long-term incentives is typically split as follows:

	Performance Share Awards	Restricted Shares (time-based vesting)	Stock Options
CEO	40%	40%	20%
Executive and Senior Vice Presidents	40%	35%	25%

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Stock Ownership Guidelines: In October of 2008, our Board of Directors approved stock ownership guidelines applicable to all executive officers of the Company. Under the guidelines, each participating officer has been asked to achieve certain stock ownership levels based on a percentage of base salary (calculated by award price or cost basis of the shares, as applicable). The current guidelines call for the following stock ownership goals:

CEO	5 times base salary
Executive and Senior Vice Presidents	3 times base salary
Certain Vice Presidents	2 times base salary

Under the guidelines, participants have five years from the implementation of the policy, or the application of a new ownership multiple (e.g. through hire or promotion), to accumulate sufficient equity through various means (including open market purchases, employee stock purchase plan purchases, stock option exercises, restricted stock ownership and shares owned through 401(k) or Company savings plans), after which time Board discretion will be used to address situations where the applicable guidelines have not been achieved.

Health and Welfare Benefits: We provide certain health and welfare benefits to our named executive officers that are not tied to any individual or corporate performance objectives and are intended to be part of an overall competitive compensation program. Our named executive officers participate in these plans on the same terms as other eligible employees, subject to any regulatory limits on amounts that may be contributed by or paid to the named executive officers under such health and welfare plans.

Perquisites: In November 2008 our Board restricted the issuance of perquisites to only those that are deemed to serve legitimate business functions. To that end, tax preparation and financial planning advice, certain business-related club memberships that are utilized by the Company as a whole, and annual executive medical exams have been retained, while personal club memberships, automobile allowances and other perquisites were eliminated. Perquisites are discussed in greater detail in the footnotes to and narrative disclosure following the Summary Compensation Table on page 33 of this proxy statement.

Post-Employment Compensatory Arrangements:

- i *Pension Plan.* We have a qualified defined benefit pension plan that covers each of our named executive officers except for Messrs. McCarley and Strome, who joined the Company after the pension plan was closed to new participants. The benefits are based on a formula that includes a percentage of the participant's average monthly base salary multiplied by continuous years of service. See *Retirement Benefits* on page 40 of this proxy statement for a description of our defined benefit pension plan.
- i *Excess Benefit Plan.* We maintain an excess benefit plan that covers each of our current named executive officers except for Messrs. McCarley and Strome. The excess benefit plan is an unfunded, non-qualified defined benefit plan that provides additional retirement income in an amount equal to the difference between benefits that would have been received under the pension plan but for certain tax limitations imposed by the Internal Revenue Code and amounts actually payable under the pension plan. See *Retirement Benefits* on page 40 of this proxy statement for a description of our excess benefit plan.
- i *Supplemental Pension Program.* Our named executive officers also participate in the supplemental pension program, an unfunded, non-qualified defined benefit plan. This plan entitles our executives to specified annual benefits based upon average annual cash incentive compensation and years of service if they retire after age 60, or prior to age 60 with 30 years of service with the Company's consent. See *Retirement Benefits* on page 40 of this proxy statement for a description of our supplemental pension program.

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- i *401(k) Plan.* Messrs. McCarley and Strome, who are not eligible to participate in the defined benefit pension plan, may participate in the Company's 401(k) defined contribution employee savings and investment plan, in which the Company contributes 50% of the first 8% of an executive's base salary and cash incentive compensation contributed by the executive, subject to applicable Internal Revenue Code limits. Other named executive officers who participate in the pension plan may participate in the 401(k) plan up to applicable Internal Revenue Code limits, but will not receive Company matching contributions.

- i *Change in Control Severance Policy.* Each named executive officer is eligible to participate in our Executive Change in Control Severance Policy, which entitles them to a benefit equal to 2.0 times their annual base salary and bonus (2.5 for our Chief Executive Officer), in each case if the executive's employment with the Company is terminated either by the Company other than for cause, death or disability, or by the executive for good reason, within 24 months after a change in control of the Company (as defined therein). Also, upon such event the executive will be entitled to accelerated vesting of previously unvested stock-based long-term incentive awards, and the continuation of life, disability, and health insurance benefits for a specified period. During 2010, the Company discontinued, on a prospective basis, providing an excise tax gross-up payment pursuant to the policy. As such, Mr. McCarley, who joined the Company in 2010, is not entitled to receive a gross-up payment under the change in control severance policy.

- i *Non-Change in Control Severance Policy.* Each named executive officer is also eligible to participate in our Executive Non-Change in Control Severance Policy, which entitles the named executive officers to certain severance benefits in the event that the Company terminates the executive's employment other than for cause, death or disability outside of the context of a change of control, if the Company breaches the executive's employment agreement in certain circumstances or if the Company reduces the executive's base salary without the executive's consent. In such event, our Chief Executive Officer will be entitled to a benefit equal to 2.0 times her annual base salary and cash incentive compensation, and each other named executive officer will be entitled to a benefit equal to 1.0 times their annual base salary and cash incentive compensation. Participants are also entitled to the continuation of life, disability and health insurance benefits for a specified period.

Tax Considerations

The Committee considers the impact of the applicable tax laws with respect to executive compensation. In certain circumstances, applicable tax laws impose potential penalties on compensation or result in a loss of deduction to the Company for such compensation.

Participation in and compensation paid under our plans, contracts and compensation arrangements may result in the deferral of compensation that is subject to the requirements of Section 409A of the Internal Revenue Code. While we intend for our plans, contracts, and compensation arrangements to be structured and administered in a manner that complies with the requirements of Section 409A, to the extent that our plans, contracts, and compensation arrangements fail to meet certain requirements under Section 409A, compensation earned thereunder may be subject to immediate taxation and tax penalties.

With certain exceptions, Section 162(m) of the Internal Revenue Code limits the deductibility of compensation in excess of \$1 million paid to certain covered employees. Compensation paid to covered employees is not subject to the deduction limitation if it is considered qualified performance-based compensation. The Committee reserves the right to provide both market and performance-based compensation to covered employees. Certain awards, such as stock options, are intended to qualify for deduction under Section 162(m). Other types of awards, such as restricted

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shares, however, may not qualify for the performance-based exception, and therefore may not be deductible under Section 162(m). The Company's annual cash incentive compensation program is not intended to qualify for deduction under Section 162(m). While the Committee considers the tax impact of any compensation arrangement, it reserves the right to approve non-deductible compensation that is consistent with the overall Pay Philosophy of the Company.

If a change in control of the Company results in the payment of severance or the accelerated vesting of equity-based awards, a disqualified individual could, in some cases, be considered to have received parachute payments within the meaning of Sections 280G and 4999 of the Internal Revenue Code. A disqualified individual can be subject to a 20% excise tax on excess parachute payments and the Company can be denied a tax deduction. Our Executive Change in Control Severance Policy discussed above provides that if it is determined any payment or benefit thereunder would constitute an excess parachute payment, the Company will pay a gross-up payment, subject to certain limitations, such that the net amount retained by the disqualified person after the application of any excise taxes will be equal to such payments or distributions. Gross-up payments will not be deducted by the Company. Although gross-up benefits were eliminated in 2010 on a going forward basis for new executives, such payments may be made to persons covered by the policy prior to 2010.

D. Overview of the Decision Making Process

The Committee reviews the compensation practices among peer companies to ensure the appropriateness of the Company's compensation program design and compensation levels. Pay Governance LLC, an independent consulting firm focused on delivering advisory services to compensation committees, was engaged to report directly to the Committee as its independent compensation consultant to advise on compensation matters. The consultant (or its predecessor firm Towers Watson or Towers Perrin) has participated in Committee meetings since 2006 and was engaged to advise on compensation trends and best practices, plan design and the reasonableness of individual compensation awards, as well as proxy statement preparation and disclosure.

Pay Governance employed a benchmarking process as an assessment tool that compares elements of the Company's compensation programs with those of other companies that have similar characteristics. The purpose of the benchmarking process is to:

Understand the competitiveness of current pay levels relative to peer companies with similar revenues and business characteristics;

Understand the alignment between executive compensation levels and Company performance; and

Serve as a basis for developing salary adjustments and incentive awards for the Committee's approval.

When advising the Committee on base salary and incentive compensation, Pay Governance used market compensation data from reputable compensation surveys such as Towers Watson, representing general industry companies, and a more specific analysis of proxy disclosures from publicly-owned peer companies. The peer group was developed based on a set of characteristics that, at the end of 2010, include:

Annual revenues that range from approximately \$225 million to \$2.9 billion;

Relevant Global Industry Classification System (GICS) codes representing industrial manufacturing companies; and

Asset-intensive companies similar to RTI.

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The following 2011 compensation peer group was established in October 2010:

AMCOL International Corp.

Carpenter Technology Corp.

Castle (AM) & Co.

Dril-Quip Inc.

Ducommun Inc.

Eagle Materials Inc.

Esterline Technologies Corp.

Haynes International Inc.

Kaydon Corp.

LMI Aerospace Inc.

Materion Corporation (formerly Brush Engineered Materials, Inc.)

Myers Industries Inc.

NN Inc.

Northwest Pipe Company

Olympic Steel Inc.

Texas Industries Inc.

Titanium Metals Corp.

Triumph Group Inc.

Peer group pay practices for each pay element were analyzed for base salary, target annual cash incentive opportunities, and long-term incentives. The peer group data was supplemented by broader general industry data from the compensation surveys to facilitate the evaluation of compensation levels and design. When survey data was used, the base salary data was sized accordingly based on the revenue responsibilities of the executive using regression equations provided by the survey.

Using this peer group benchmarking approach, Pay Governance presented ranges of base salary, target annual cash incentive payments as a percentage of salaries, and target long-term incentives as a percentage of salaries for each of our named executive officers.

In February 2011, the Compensation Committee reviewed the annual incentive compensation program designed by Pay Governance that was similar to one referenced by the Committee with respect to the 2010 annual incentive program. The Committee determined to continue to refer to this program, with slight modifications, as the basis for awarding 2011 annual incentive compensation. Therefore, the 2011 annual incentive program (the 2011 Program) was designed as performance-based, with achievement benchmarked against Company-wide financial goals, team

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objectives, and personal objectives. The Committee retained discretion to adjust the final awards in light of various factors including unplanned or unintended Company gains or losses or extraordinary events, unplanned events outside of the control of management, changes in accounting standards and changes in shareholder value, and determined that final payments in excess of 150% of target would be made only if management's performance had been exemplary and significant shareholder value was created. The Committee considered the recommendations of the CEO and determined that the three primary performance measures would be Company operating income, return on invested capital and managed working capital as a percentage of sales. Specific targets for each of these performance measures were established by the Committee and approved by the Board based upon consideration of the annual operating plan, historic actual performance, potential one-time items, and the current economic environment. In addition, team and individual performance goals were set for each officer based on recommendations from the CEO and input from the Committee and the Board. The goals were weighted and a formal performance range established payouts for varying levels of actual performance. The target setting process, weightings of goals, and performance ranges are discussed further under the caption Analysis of Compensation Awards for Our Named Executive Officers below.

Between October 2011 and January 2012, our CEO reviewed the performance of the other named executive officers against the pre-determined financial goals, team objectives, and personal objectives under the 2011 Program, and a compensation benchmarking study prepared by Pay Governance for the purpose of setting base salary in 2012. The Committee was also provided tally sheets summarizing each executive's current compensation and aggregate stock holdings and benefits in advance of each regular meeting. The overall purpose of the tally sheets is to bring together, in one place, all the elements of compensation, including compensation obligations upon various termination scenarios, so the Committee may analyze both the individual elements of compensation (including the compensation mix) as well as total compensation. At the January 2012 Committee meeting, Ms. Hickton presented the Company's 2011 accomplishments in each segment and how such achievements were aligned to the Company's long-term strategic plan. She also presented an assessment of each named executive officer's achievement against the pre-established financial goals, team objectives, and personal objectives. Ms. Hickton also calculated for the Committee's consideration potential annual incentive compensation payments using the 2011 Program based upon actual results. Finally, based on input from the Chairman of the Committee and

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the Chairman of the Board, basic information regarding trends in executive salaries in the manufacturing industry, market data on comparator companies and Company and individual performance, our CEO made recommendations as to the 2012 salaries and long-term compensation of the other named executive officers.

At its January 2012 meeting, the Committee reviewed and considered the recommendations of our CEO and information presented by Pay Governance with respect to the other executive officers and then, with the assistance of the Chairman of the Board, reviewed the performance of our CEO in the same manner that the CEO evaluated the other executive officers. The Committee discussed the potential payments in Executive Session with the Board, with and without the CEO present. The Committee then made the final determination as to base salaries for 2012, incentive compensation payments for 2011 performance, and awards of 2012 long-term, equity-based compensation, in each case consistent with the Pay Philosophy set forth above.

E. Analysis of Compensation Awards for Our Named Executive Officers

Base Salary. Base salaries for our named executive officers for 2009, 2010, and 2011 are set forth in the Summary Compensation Table located on page 33 of this proxy statement. In January 2011, the Committee determined to increase base salaries for each of our named executive officers as set forth below, effective February 28, 2011, based upon review of comparative market data on base salary ranges provided by Pay Governance and the prevalence of merit increases across industries. In making this determination, the Committee considered each executive officer's experience in the position, the amount of the increase of the salary level over the current compensation, relative internal positioning, and individual performance and contribution to the Company.

Named Executive Officer	Annualized 2010 Base Salary	New Base Salary Effective		Percentage Increase
		February 2011		
Dawne S. Hickton	\$ 585,000	\$ 600,000		2.6%
Stephen R. Giangiordano	\$ 340,000	\$ 350,000		2.9%
James L. McCarley	\$ 390,000	\$ 400,000		2.6%
William T. Hull	\$ 305,000	\$ 315,000		3.3%
William F. Strome	\$ 330,000	\$ 340,000		3.0%

Annual Incentive Compensation. Annual incentive compensation target amounts were established as a percentage of each named executive officer's base salary. For 2011, the target cash incentive compensation amounts were as follows:

Named Executive Officer	Target Cash Incentive Compensation (as percentage of base salary)
Dawne S. Hickton	75%
Stephen R. Giangiordano	50%
James L. McCarley	60%
William T. Hull	50%
William F. Strome	50%

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So as to enhance the pay-for-performance alignment of the program, as well as the clarity and communicability to management of opportunities and expectations, the Committee has, with the assistance of Pay Governance, implemented a more formulaic annual incentive program. Our Pay Philosophy continues to provide the Committee with discretion to adjust awards accordingly to reflect such things as business or economic conditions or shareholder value creation or lack thereof. At its January 2011 meeting, the Committee approved pre-established performance goals for three Company financial metrics: operating income; managed working capital as a percentage of sales; and return on invested capital (ROIC). In addition, pre-established team and individual personal objectives in support of our overall corporate strategy were established as in past years. The following table illustrates the weightings for the performance metrics under the 2011 annual incentive program.

Weighting Metric	CEO	Other NEOs
Operating income	25%	20%
Managed working capital as a percentage of sales	25%	20%
Return on invested capital	25%	20%
Team and Individual Personal Objectives	25%	40%

A formal performance range around each performance goal was established to determine the payout for varying levels of actual performance. The Committee determined that, given the cyclicity of the industry, which has a direct impact on Company results, wide performance ranges would be appropriate. For each financial metric, performance between 50% of target and 150% of target would result in suggested payouts to range between 50% of target and 200% of target, in line with typical market design for companies in cyclical industries. In evaluating each team and individual personal objective, credit would be determined as follows: 50% for threshold performance, 75% for above threshold performance, 100% for achieving the objective, 150% for partially exceeding the objective, and 200% for maximum performance.

The Committee spent a considerable amount of time in determining the appropriate performance goals for the three financial metrics. Historically, the primary reference for financial goals has been the Company's annual operating plan. For 2011, the Company's annual operating plan reflected stretch goals in the then-current environment. Nevertheless, the Committee determined that for compensation purposes, the operating income goal should be set at a level above the 2010 actual operating income result and the 2011 annual operating plan level. In addition, after reviewing the Company's ten-year actual results, the Committee set the target return on invested capital goal at a higher number than both the 2009 or 2010 actual results and the 2011 annual operating plan level. The Committee set the performance goal for the managed working capital as a percentage of sales metric at the same level as the 2011 annual operating plan because it was aspirational as compared to the Company's 2010 actual results and 10-year average.

Based on the Committee's evaluation of actual performance in 2011, two of the financial objectives were achieved at the maximum level, and a third was achieved above target. Actual operating income and return on invested capital performance for 2011 far exceeded our actual 2010 results. The following table summarizes the actual 2011 performance relative to the pre-established performance goals for the three financial metrics:

Financial Metric	Target Performance Goal	Actual 2011 Performance	Performance Against Target
Operating Income	\$14.5 million	\$ 27.9 million	>150% (maximum)
Managed Working Capital as a Percentage of Sales(1)	70.61%	64.4%	91.2% (maximum)
Return on Invested Capital	4.0%	4.81%	120.2%

(1) Managed Working Capital as Percentage of Sales equals (Accounts Receivable + Inventory - Accounts Payable - Unearned Revenue) ÷ Net Sales

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All of the shared short-term team objectives, which are designed to touch upon various aspects of the Company's operations and business that the Committee has determined are key areas for the Company's continued growth and development, were achieved, with the exception of the Martinsville goal, due to exceeding the overall five-year budget. Further, all individual personal objectives were achieved at least at a threshold level. The following tables summarize the named executive officer's performance against the shared team and individual personal objectives.

Team Objectives

Shared Team Objective	Performance
Achieve RTI's safety objectives	Achieved
Meet engineering, operating, and commercial milestones for installation of electron beam furnace	Achieved
Evaluate and develop action plan for Martinsville, on time forging cell operational and ready for qualification trials by December 31, 2011, balance of Martinsville site made ready for implementation of flat finishing equipment spending less than or equal to approved budget	Not Achieved
Improve upon employee succession planning and career development process by executing on development plans for identified high-potential employees	Achieved
Enhance the super plastic forming and hot forming capabilities and consider operating efficiencies with a goal toward optimizing commercial opportunities.	Achieved

Individual Personal Objectives

Dawne S. Hickton Vice Chair, President, and CEO

	Performance
Manage contractual relationships across Joint Strike Fighter supply chain	Achieved
Favorably resolve ongoing dispute regarding a contractual long-term supply arrangement with a supplier	Partially Exceeded
Enhance the quality of management of the Company's commercial and supply chain organization	Achieved
Analyze, research and pursue strategic opportunities that enable RTI's strategy for the Titanium, Fabrication and Energy businesses	Partially Exceeded
Stephen R. Giangordano Executive Vice President Technology and Innovation	

	Performance
Complete six product development projects	Partially Exceeded
Financially impact two or more areas of product quality enhancement	Partially Exceeded
Identify and evaluate emergent intellectual property and commercially available technology having attractive strategic potential	Achieved
Effectively transition Corporate Quality Management reporting structure in a manner that maintains continuity and effectiveness	Achieved

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James L. McCarley Executive Vice President Operations

	Performance
Develop yield measuring and reporting system for Titanium and Fabrication Groups	Achieved
Implement Risk Mitigation Buffer Stock and Manufacturing Plan for the 787 Program	Achieved
Develop and implement a Martinsville capital plan that provides for capacity increases, quality improvements, and material qualification below 2011 annual operating plan budgeted costs	Achieved
Improve workforce productivity and ensure continuity at key locations	Achieved
Develop plan, timeline and synergies to consolidate operations to major geographic centers	Achieved

William T. Hull Senior Vice President and Chief Financial Officer

	Performance
Improve overall Sarbanes-Oxley compliance by internalizing financial control testing, identifying areas for improvement, reducing outside reliance, and reducing net costs by 20% without incurring additional control risk.	Partially Exceeded
Support Executive Vice President Operations by developing and enhancing financial performance metrics to improve financial performance of the individual business units and the organization	Achieved
Support commercial group by developing and implementing a consistent Company-wide pricing model that identifies optimized margins and utilization of assets	Partially Exceeded
Establish enhanced business forecasting system across all business units that significantly reduces manual operations and delivers better analytical tools	Achieved

William F. Strome Senior Vice President Finance and Administration

	Performance
Identify and develop additional internal resources to support investor relations	Threshold Performance
Expand institutional shareholder base	Achieved
In conjunction with commercial and human resources departments, develop an integrated public relations marketing plan for the Company	Partially Exceeded
Complete assessment of Information Technology organization value proposition and determine whether to outsource or in-source more functionality and support	Achieved

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The table below sets forth the target cash incentive compensation amounts, the amounts earned and payable under the 2011 Program without the exercise of Committee discretion, and the actual cash incentive compensation paid for the 2011 fiscal year:

Named Executive Officer	Target Cash Incentive Compensation	Actual Cash Incentive Compensation Awarded
Dawne S. Hickton	\$ 450,000	\$ 675,000(1)
Stephen R. Giangiordano	\$ 175,000	\$ 259,000
James L. McCarley	\$ 240,000	\$ 345,600
William T. Hull	\$ 157,500	\$ 233,100
William F. Strome	\$ 170,000	\$ 244,120

(1) Target Cash Incentive Compensation represents the incentive payout resulting from the application of the weightings and performance formula proscribed by the 2011 Program as discussed above, without the exercise of discretion by the Committee.

(2) The Compensation Committee applied the 150% cap on payouts under the 2011 Program to Ms. Hickton's payment, which reduced her award by \$45,000.

Based upon these performance results, and applying the weightings and methodology of the 2011 Program as discussed above, the calculated annual incentive payouts were determined by the Committee to be between 143% and 160% of target payout, primarily due to achieving significantly better financial performance against the pre-established 2011 performance goals. All calculated awards were approved by the Committee with the exception of Ms. Hickton's award. Since Ms. Hickton's award under the model would have resulted in a payment that was 160% of her target award, the Compensation Committee used its discretion and applied the 150% cap, which had been adopted in early 2011. Ms. Hickton's annual incentive award for 2011 was \$675,000 instead of the calculated award of \$720,000.

Long-term incentive awards. Long-term equity-based incentives award grants were made in January 2011. Consistent with the Company's Pay Philosophy and comparator per group data compiled by Pay Governance, the Committee determined to make the 2011 long-term awards at target levels set forth below.

	Award Value as Percentage of Base Salary Awarded
Dawne S. Hickton	150%
Stephen R. Giangiordano	100%
James L. McCarley	100%
William T. Hull	80%
William F. Strome	80%

In each case, awards consisted of time-based restricted stock, stock options, and performance shares. For additional information regarding the specific awards received and the amounts of such awards, see the "Grants of Plan-Based Awards" Table on page 34 of this proxy statement. The Committee believes that awards of long-term incentives at these levels are appropriate in that the overall compensation program is based on peer group data and is designed to keep compensation in-line with the Company's peers and, more importantly, to put 60% or more of long-term incentive awards at risk if future performance is not achieved. The Committee believes that both stock options and performance share awards accomplish this goal as stock options only have value if the Company's stock price appreciates and performance share awards are only paid out if total shareholder return is competitive against the pre-defined peer group.

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During the Committee's meeting in January 2012, salary recommendations for the named executive officers were reviewed, discussed, and determined for 2012 as follows:

	Annualized 2011 Base Salary	New Base Salary Effective February 2012	Percentage Increase
Dawne S. Hickton	\$ 600,000	\$ 620,000	3.33%
Stephen R. Giangiordano	\$ 350,000	\$ 355,000	1.43%
James L. McCarley	\$ 400,000	\$ 415,000	3.75%
William T. Hull	\$ 315,000	\$ 325,000	3.17%
William F. Strome	\$ 340,000	\$ 350,000	2.94%

These salaries represent modest increases from current base salary that range from 1.43% to 3.75%. Based on the comparative market data reviewed, the Committee believes these salaries to be appropriate for 2012 and consistent with the Company's Pay Philosophy.

Response to 2011 Say-on-Pay Vote

At the Company's 2011 Annual Meeting, in a non-binding vote, 69% of the votes cast were cast in favor of the Company's 2010 executive compensation. Although this result meant that over two-thirds of those who voted agreed with the compensation paid to the named executive officers, the Committee took note of the minority of shareholders that did not vote in favor of the Company's compensation. At each of its April, July, October 2011, and January 2012 meetings, the Committee discussed the feedback received during the Company's outreach efforts prior to the 2011 annual meeting, as well as the voting recommendations made by the two primary proxy advisors to many of its institutional clients. In early 2012, the Company conducted additional outreach to its 26 largest shareholders. In assessing the feedback from these outreach efforts, the Committee took particular note of a concern expressed by some constituencies regarding the discretionary nature of the 2010 annual incentive program; a concern that the Committee believes was addressed in the design changes made in 2011 to implement a more formulaic annual incentive compensation program which:

Measures management achievement principally against objective financial goals and secondarily against defined team objectives and specific objectives,

Measures performance using predetermined ranges for each goal,

Assigns weightings to each goal, and

Implements a cap by allowing payouts in excess of 150% (up to 200%) of target only if management performance was extraordinary and significant shareholder value was created.

The Committee also adjusted the Company's Compensation Peer Group. From October 2011 to January 2012, the Committee considered proposals from Pay Governance as well as input from management regarding the appropriate composition of the Compensation Peer Group. The new peer group, which consists of 18 companies, removed the two largest peers from the previous Compensation Peer Group, Triumph Group, Inc. and Carpenter Technology Corp., and added three new companies, Ceradyne Inc., Horsehead Holding Corp., and Universal Stainless & Alloy Products, Inc., which are comparable to the Company's business activity, end-market focus, and/or size. The new Compensation Peer Group consists of the following companies:

AMCOL International Corp.

Ceradyne Inc.

Castle (AM) & Co.

Dril-Quip, Inc.

Ducommun Inc.

Eagle Materials

Esterline Technologies Corp.

Haynes International Inc.

Horsehead Holding Corp.

Kaydon Corporation

LMI Aerospace Inc.

Myers Industries Inc.

NN Inc.

Materion Corporation

Olympic Steel Inc.

Texas Industries Inc.

Titanium Metals Corp.

Universal Stainless & Alloy Products, Inc.

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Name and Principal Position (1)	Year	Salary (\$)	Bonus \$(2)	Stock Awards \$(3)(4)	Option Awards \$(3)	Non-Equity Incentive Plan Compensation \$(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(6)	All Other Compensation \$(7)	Total (\$)
Dawne S. Hickton	2011	\$ 598,269	\$	\$ 781,021	\$ 199,361	\$ 675,000	\$ 632,212	\$ 20,667	\$ 2,906,530
Vice Chairman, President and Chief Executive Officer	2010	579,462	650,000	832,579	233,100		425,067	21,117	2,741,325
Stephen R. Giangjordano	2011	348,846		283,916	96,550	\$ 259,000	697,553	17,421	1,685,865
Executive Vice President of Technology and Innovation	2010	337,262	212,000	229,591	85,859		617,342		1,482,054
James L. McCarley	2011	398,846		347,095	88,597	\$ 345,600	14,271	5,586	1,199,995
Executive Vice President of Operations	2010	232,500	160,000		133,100		1,449	4,545	531,594
William T. Hull	2011	313,846		203,763	69,296	\$ 233,100	125,908		945,913
Senior Vice President and Chief Financial Officer	2010	302,923	210,000	167,275	62,290		80,164		822,652
William F. Strome	2011	338,846		220,448	74,970	\$ 244,120	36,226	8,250	922,860
Senior Vice President of Finance and Administration	2010	327,307	230,000	178,130	66,563		16,847	6,125	824,972
	2009	304,492		154,766	63,063		2,102	8,250	532,673

- (1) Ms. Hickton and Mr. Strome were promoted to their current positions effective October 20, 2009. Mr. McCarley was hired May 17, 2010.
- (2) Represents the cash incentive compensation earned by the executive officers for their performance during 2010 in accordance with the Company's annual cash incentive program.
- (3) Represents the aggregate grant date fair value, computed in accordance with Financial Accounting Standards Board (FASB) authoritative guidance, of restricted stock, performance shares, and option awards issued by the Company during the years presented. The grant date fair value of restricted stock awards is based on the average of the high and low market prices on the date of grant. The grant date fair value of stock option awards is based on the Black-Scholes option pricing model. The actual value, if any, that a named executive officer may realize upon exercise of stock options will depend on the excess of the stock option price over the exercise price on the date of exercise. As such, there is no assurance that the value realized by a named executive officer will be at or near the value estimated by the Black-Scholes model. The grant date fair value of the performance share awards granted was calculated using a Monte Carlo model which incorporates the market-based performance conditions within the grant. The assumptions used in determining the grant date fair values of the 2011 awards are set forth in Note 14 to the Company's Consolidated Financial Statements, which is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC on February 28, 2012.
- (4) The grant date fair value of the performance share awards included in this column was calculated based on the probable outcome of the performance condition, as determined at the grant date. The grant date fair value of the performance share awards, if they were calculated at the maximum payout for each of the named executive officers, would have been: Ms. Hickton: \$789,822; Mr. Giangjordano: \$306,022; Mr. McCarley: \$351,012; Mr. Hull: \$219,624; and Mr. Strome: \$237,620.
- (5) Represents the cash incentive compensation earned by the named executive officers for their performance in accordance with the 2011 Program.

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- (6) Reflects the increase during the year presented in actuarial present values of each named executive officer's accumulated benefits under the Pension Plan for Eligible Salaried Employees and the Supplemental Pension and Excess benefit plans. These amounts were determined using interest rate and mortality rate assumptions consistent with those used in the Company's Consolidated Financial Statements, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC on February 28, 2012. There are many assumptions that are used to determine the present value of accumulated benefits, with interest rates (i.e. discount rates) being one of the key assumptions. A decrease in the interest rate (as the Company has experienced in each of the years presented) generally increases the present value of pension benefits. The degree of change in the present value depends on the age of the employee, when the benefit payments are projected to begin, and how long the benefits are expected to last.
- (7) Represents the aggregate incremental cost to the Company with respect to the perquisites and other personal benefits provided to the named executive officer in each year presented. See *All Other Compensation Table* on page 34 for further information on perquisites and other personal benefits provided to the Company's named executive officers.

Table of Contents**All Other Compensation Table**

The following table describes each component of the All Other Compensation column in the Summary Compensation Table:

Name	Year	Perquisites(1)	Tax Reimbursements	Insurance Premiums	Company Contributions to DC Plans(2)	Severance Payments/Accruals	Change in Control Payments/Accruals	Total
Dawne S. Hickton	2011	\$ 20,667	N/A	N/A	\$	N/A	N/A	\$ 20,667
	2010	21,117	N/A	N/A		N/A	N/A	21,117
	2009	17,421	N/A	N/A		N/A	N/A	17,421
Stephen R. Giangiordano	2011		N/A	N/A		N/A	N/A	
	2010		N/A	N/A		N/A	N/A	
	2009		N/A	N/A		N/A	N/A	
James L. McCarley	2011		N/A	N/A	5,586	N/A	N/A	5,586
	2010		N/A	N/A	4,545	N/A	N/A	4,545
	2009		N/A	N/A		N/A	N/A	
William T. Hull	2011		N/A	N/A		N/A	N/A	
	2010		N/A	N/A		N/A	N/A	
	2009		N/A	N/A		N/A	N/A	
William F. Strome	2011		N/A	N/A	8,250	N/A	N/A	8,250
	2010		N/A	N/A	6,125	N/A	N/A	6,125
	2009		N/A	N/A	8,250	N/A	N/A	8,250

(1) Represents the aggregate incremental cost to the Company in 2011 for all perquisites and personal benefits for the listed individuals in the event that such amounts exceeded \$10,000 in the aggregate. Perquisites and personal benefits for 2011 consisted of (i) annual tax preparation and advisory services for each named executive officer, and (ii) annual executive physical examination and diagnostic services at a designated medical facility. In addition, Ms. Hickton maintains business-related club memberships which are used by the Company as a whole. Unless a dollar amount is included in this footnote, none of these benefits exceeded the greater of \$25,000 or 10% of the total amount of these benefits for the listed individuals, and as such are not separately quantified.

(2) Represents the Company's 401(k) matching contribution for the named executive officer. Messrs. McCarley and Strome are the only named executive officers participating in the Company's defined contribution 401(k) plan who received matching contributions.

Grants of Plan-Based Awards Table

Name	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (\$)	Non-Equity Rights (#)	Estimated Future Payouts Under Equity Incentive Plan Awards (#)(1)	All Other Stock Awards: Number of Shares of Stock	All Other Option Awards: Number of Securities Underlying Awards (#)(3)	Exercise or Base Price of Option Awards (\$/sh)(4)	Grant Date Fair Value of Stock and Option Awards (5)
Dawne S. Hickton	1/28/2011	1/28/2011			4,520	9,041	18,082		\$ 394,911
	1/28/2011	1/28/2011					13,562	28.47	199,361
	1/28/2011	1/28/2011							386,110
Stephen R. Giangiordano	1/28/2011	1/28/2011			1,751	3,503	7,006		153,011
	1/28/2011	1/28/2011					6,568	28.47	96,550
	1/28/2011	1/28/2011					4,598		130,905
James L. McCarley	1/28/2011	1/28/2011			2,009	4,018	8,036		175,506
	1/28/2011	1/28/2011					6,027	28.47	88,597
	1/28/2011	1/28/2011					6,027		171,589
William T. Hull	1/28/2011	1/28/2011			1,257	2,514	5,028		109,812
	1/28/2011	1/28/2011					4,714	28.47	69,296

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	1/28/2011	1/28/2011				3,300		93,951
William F. Strome	1/28/2011	1/28/2011	1,360	2,720	5,440			118,810
	1/28/2011	1/28/2011					5,100	28.47
	1/28/2011	1/28/2011				3,570		101,638

- (1) Represents the number of shares underlying performance share awards granted in 2011 to the named executive officers. Performance share awards earn shares of the Company's Common Stock in amounts ranging from 0% to 200% of the target number of shares based upon the total shareholder return of the Company compared to a designated peer group over a pre-determined performance period.
- (2) Represents the number of shares of restricted stock granted in 2011 to the named executive officers. These awards vest ratably in five equal annual installments beginning one year after the grant date.
- (3) Represents the number of shares underlying stock option awards granted in 2011 to the named executive officers. These awards vest ratably in three equal annual installments beginning one year after the grant date.
- (4) Represents the exercise price for the stock options granted, which is determined based on the average of the high and low market prices of the stock on the date of grant.
- (5) Represents the grant date fair value of the award determined in accordance with the FASB's authoritative guidance. The grant date fair value for restricted stock awards is based on the average of the high and low market prices on the date of

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grant. The grant date fair value for stock option awards is based on the Black-Scholes option pricing model. The actual value, if any, that a named executive officer may realize upon exercise of stock options will depend on the excess of the stock price over the base value on the date of exercise. As such, there is no assurance that the value realized by a named executive officer will be at or near the value estimated by the Black-Scholes model. The grant date fair value of the performance share awards granted was calculated using a Monte Carlo Model, which incorporates the market-based performance conditions within the grant. The assumptions used in determining the grant date fair value of these awards are set forth in Note 14 to the Company's Consolidated Financial Statements, which are included in its Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC on February 28, 2012.

The tables above summarize the total compensation paid to or earned by each of our named executive officers for the fiscal year ended December 31, 2011. The narrative below describes current employment agreements and material employment terms with each of our named executive officers, as applicable, and provides additional description with respect to the compensation components set forth in the above tables.

Employment Agreements

The Company entered into amended and restated letter agreements with each named executive officer on December 31, 2008, with the exception of Mr. McCarley who joined the Company in 2010 and whose letter agreement is dated May 17, 2010. These letter agreements, as amended and restated, supersede any previous agreements in place between the executives and the Company with respect to their employment.

Except as described below, each of the five letter agreements is identical. In each case the named executive will be employed by the Company for an initial three-year term. Each executive's employment will be automatically extended for additional one year periods thereafter until the executive attains age 65 unless either the Company or the executive gives prior notice that the agreement will not be renewed. The Company may terminate an agreement at any time for any reason, including cause as defined in the agreement (see page 46 for definition). If an executive's employment is terminated for cause he or she will be entitled to no further compensation except for any base salary accrued and unpaid on the date of termination. If the Company terminates the executive's employment other than for cause and not in connection with a change in control of the Company as defined, the provisions of the Company's Executive Non-Change in Control Severance Policy, as described on page 48 of this proxy statement, will be effective. If the Company terminates the executive's employment other than for cause and in connection with a change in control of the Company as defined, the provisions of the Company's Executive Change in Control Severance Policy, as described on page 47 of this proxy statement, will be effective. Due to the Company's proactive revision to the Executive Change in Control Severance Policy, described on page 47, Mr. McCarley will not be entitled to receive any gross-up payments under the Executive Change in Control Severance Policy for any excise tax imposed by Section 4999 of the Internal Revenue Code.

Each executive who is party to a letter agreement has agreed not to do any of the following during the period equal to the longer of 12 months (24 months in the case of Ms. Hickton) after termination of employment or the period during which the executive is receiving any severance benefits: compete with the Company or be involved with any business that has as its principal business the production of titanium; solicit the business of any Company customer, supplier or licensee; or induce or attempt to influence any employee of the Company or its affiliates to terminate his or her employment with the Company or its affiliates.

Under the terms of the letter agreements, each executive officer will be paid the annual salary set forth therein, subject to increases from time to time at the discretion of the Board. In addition to base salaries, each executive is eligible to receive annual cash incentive compensation as the Board may determine under the Company's Pay Philosophy and Guiding Principles Governing Officer Compensation, which is discussed under *Compensation Discussion and Analysis* on page 20, and will be eligible to participate in the Company's stock incentive plan. Each executive is also entitled to paid vacation and other benefits in accordance with the Company's existing policies, and existing and future applicable employee benefit programs including RTI's Supplemental Pension and Excess Benefit plans, as may be amended from time to time. For further information regarding RTI's Supplemental Pension and Excess Benefit plans, see page 41 of the proxy statement.

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Awards under the 2004 Stock Plan

The Company's 2004 Stock Plan permits the granting of awards, which may be made in a combination of stock (which, under the Plan, may be awards of restricted shares, performance shares, phantom stock or non-restricted shares) and stock options. The Company utilizes a mix of incentive stock options, restricted share awards, and performance share awards, with each vesting over time.

- i Stock Options: Incentive stock options were granted to the Company's named executive officers in 2011 as set forth in the Grant of Plan Based Awards Table above. The term of the option may not exceed ten years from the date of the grant, and vests ratably over a three-year period on each anniversary of the date of grant. See Potential Payments Upon Termination or Change in Control beginning on page 42 of this proxy statement for a description of the effects of employment termination or a change in control on stock option awards.

- i Restricted Shares: Shares of restricted stock were granted to the Company's named executive officers on January 28, 2011 as set forth in the Grant of Plan Based Awards Table above, and to the Company's non-employee directors as set forth in the Director Compensation table on page 49 of this proxy statement. Restricted shares vest ratably over a five year period from the date of grant. See Potential Payments Upon Termination or Change in Control beginning on page 42 of this proxy statement for a description of the effects of employment termination or a change in control on restricted share awards.

- i Performance Shares: Performance award grants were made on January 27, 2011 to all named executive officers as set forth in the Grant of Plan Based Awards Table above. Vesting is performance-based and occurs, if at all, following the end of the three-year performance period (the performance period) on the date the Committee determines the Company's actual performance for the performance period. See Potential Payments Upon Termination or Change in Control beginning on page 42 of this proxy statement for a discussion of the effects of termination or a change in control on performance share awards. Performance award payouts are based on the Company's total shareholder return (TSR) for the performance period compared to the TSR for each company in a peer group of companies described further below. For purposes of the Performance Share Awards, TSR is defined as the share price appreciation of the Company's Common Stock plus dividends accrued, as measured during the performance period. The starting and ending points for calculating TSR are the average closing stock price of the Company's Common Stock for the five trading days prior to the start or end date, as applicable.

Award payouts are determined based on the rank of our TSR compared to the TSRs of the companies in our designated peer group. The following table sets forth the correlation of performance shares earned as a percentage of target award, based on our TSR results compared to our peer group:

If Company TSR is:	Performance Shares earned as a percentage of Target Award will be:
less than the 30 th percentile of the peer group TSR	0%
greater than or equal to the 30 th percentile and less than the 50 th percentile of the peer group TSR	50.00% to 99.99% (1)
equal to the 50 th percentile of the peer group TSR	100.00% (Target Award)
greater than 50 th percentile, less than the 75 th percentile of peer group TSR	100.00% to 199.99% (2)
greater than or equal to the 75 th percentile of the Peer Group TSR	200.00% (Maximum Award)

(1) The Performance Shares earned as a percentage of the Target Award will be computed by adding 50% to a percentage determined as follows: (A)(i) the TSR as a percentile of the Peer Group TSR index less 30% divided by (ii) 20%; multiplied by (B) 50%.

(2) The Performance Shares earned as a percentage of the Target Award will be computed by adding 100% to a percentage determined as follows: (A)(i) the TSR as a percentile of the Peer Group TSR index less 50% divided by (ii) 25%; multiplied by (B) 100%.

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Interpolation is used to determine actual awards earned as a percentage of Target Award.

The Compensation Committee establishes the peer group utilized for comparative purposes under the Performance Share Awards at the grant date, and has the ability to adjust the members of the peer group in response to a change in circumstances that results in a member of the peer group no longer satisfying the criteria for which it was originally selected, for example, where a member of the peer group is acquired by another company, sells a portion of its business, is delisted, or files for bankruptcy.

As described on page 22, the current peer group is consistent with the Company's compensation peer group, with the addition of several peers and competitors. The current companies included in the peer group for the outstanding 2010 and 2011 performance share award programs are as follows:

Performance Share Program Peer Group

Allegheny Technologies Inc.

AMCOL International Corp.

Carpenter Technology Corp.

Castle (AM) & Co.

CPI Aerostructures

Dril-Quip, Inc.

Ducommun Inc.

Eagle Materials

Esterline Technologies Corp.

Haynes International Inc.

Kaydon Corporation

LMI Aerospace Inc.

Myers Industries Inc.

NN Inc.

Northwest Pipe Company

Materion Corporation (formerly Brush Engineered Materials, Inc.)

Olympic Steel Inc.

Reliance Steel & Aluminum Co.

Texas Industries Inc.

Titanium Metals Corp.

Triumph Group Inc.

The named executive officers agree that if the Company's Board of Directors determines that any fraud, negligence or intentional misconduct by an officer was a significant contributing factor to the Company having to restate all or a portion of its financial statements, the Compensation Committee has the right to cause the immediate forfeiture of the award or, during the two year period following any payout, to require reimbursement of any payout in the event the payout would have been reduced due to such restatement.

Cash Incentive Compensation Awards

Consistent with the Company's Pay Philosophy, annual cash incentive compensation for target performance against short-term objectives and/or other strategic milestones or operational goals are established near the median of that for similar positions at appropriate comparator companies. The Compensation Committee has discretion to pay or not pay cash incentive compensation to a particular officer, based on his or her individual performance, regardless of the level of corporate performance. See page 20 of this proxy statement under *Compensation Discussion and Analysis* for additional information regarding the Company's payment of cash incentive compensation awards.

Perquisites and Other Compensation

Certain perquisites are provided to our named executive officers that the Company believes are competitive with other similar companies and consistent with the Company's compensation philosophy, as discussed under *Compensation Discussion and Analysis*. Effective November 1, 2008, the principal perquisite programs that may be utilized by the named executive officers include tax preparation and annual executive medical exams. With the exception of Ms. Hickton, each of the named executive officers had their base salary adjusted to include an automobile allowance and a business-related club membership allowance. Ms. Hickton's base salary was adjusted to include an automobile allowance, and she maintained her business-related club memberships, which are used by the Company as a whole.

The Company currently also has in place a 401(k) defined contribution plan in which the Company contributes 50% of the first 8% of an executive's base salary and cash incentive compensation contributed by the executive, subject to applicable Internal Revenue Code limits, for those named executive officers not eligible to participate in the defined benefit pension plan, which was closed to new participants in 2006 and is discussed below. Messrs. McCarley and Strome are the only named

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executive officers for whom the Company is making matching contributions. Other named executive officers may participate in the 401(k) plan up to applicable Internal Revenue Code limits but the Company does not match their contributions.

Post-Employment Compensatory Arrangements

The Company currently has in place a Pension Plan for Eligible Salaried Employees, a Supplemental Pension Program, and an Excess Pension Plan that may be utilized by some or all of the named executive officers. The Company's pension plan is a qualified defined benefit plan that covers each of the Company's current named executive officers except for Messrs. McCarley and Strome, who joined the Company after the Pension Plan was closed to new participants in 2006. The benefits are based on a formula whereby a percentage of the participant's average monthly base salary is multiplied by the number of continuous years of service. The named executive officers also participate in the supplemental pension program, a non-qualified defined benefit plan, which entitles the executive to specified annual benefits based upon average annual cash incentive compensation and years of service if they retire after age 60, or prior to age 60 with 30 years of service with RTI's consent. The Company also maintains the RTI International Metals, Inc. Excess Benefits

Plan for certain highly-compensated employees, which is an unfunded excess benefit plan, and provides additional retirement income in an amount equal to the difference between benefits that would have been received under the Pension Plan but for certain tax limitations imposed by the Internal Revenue Code and amounts actually payable under the Pension Plan. See *Retirement Benefits* on page 40 of the proxy statement for additional detail regarding the Company's pension plans.

Table of Contents**Outstanding Equity Awards at Fiscal Year End Table**

The following table provides information on the current holdings of stock option, restricted stock, and performance share awards by the named executive officers. This table includes vested and unvested option awards as well as unvested restricted stock and performance share awards. Each equity grant is shown separately for each named executive officer.

Name	Grant Date of Award	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units, or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (\$)
Dawne S. Hickton	1/28/2011		13,562	\$ 28.47	1/27/2021	13,562	\$ 314,774	9,041	\$ 209,842
	1/29/2010	6,000	12,000	25.18	1/29/2020	13,216	306,743	5,370	124,638
	1/30/2009	16,666	13,334	13.88	1/30/2019	17,682	410,399	20,490	475,573
	1/25/2008	9,000		51.17	1/25/2018	4,480	103,981		
	1/26/2007	5,000		76.85	1/26/2017	1,456	33,794		
	1/27/2006	7,000		45.09	1/27/2016				
	1/28/2005	8,000		21.50	1/28/2015				
Stephen R. Giangiardano	1/28/2011		6,568	28.47	1/27/2021	4,598	106,720	3,503	81,305
	1/29/2010	2,210	4,420	25.18	1/29/2020	3,400	78,914	1,580	36,672
	1/30/2009	9,526	4,764	13.88	1/30/2019	4,422	102,635	5,850	135,779
	1/25/2008	3,300		51.17	1/25/2018	1,200	27,852		
	1/26/2007	3,500		76.85	1/26/2017	770	17,872		
	1/27/2006	4,000		45.09	1/27/2016				
	1/28/2005	4,000		21.50	1/28/2015				
	1/30/2004	4,000		14.96	1/30/2014				
	1/31/2003	8,000		10.22	1/31/2013				
James L. McCarley	1/28/2011		6,027	28.47	1/27/2021	6,027	139,887	4,018	93,258
	5/17/2010	3,333	6,667	25.87	5/17/2020				
William T. Hull	1/28/2011		4,714	28.47	1/27/2021	3,300	76,593	2,514	58,350
	1/29/2010	1,603	3,207	25.18	1/29/2020	2,480	57,561	1,150	26,692
	1/30/2009	3,493	3,494	13.88	1/30/2019	3,240	75,200	4,300	99,803
	1/25/2008	2,600		51.17	1/25/2018	960	22,282		
	1/26/2007	3,500		76.85	1/26/2017	772	17,918		
	1/27/2006	4,000		45.09	1/27/2016				
	8/1/2005	10,000		34.90	8/1/2015				
William F. Strome	1/28/2011		5,100	28.47	1/27/2021	3,570	82,860	2,720	63,131
	1/29/2010	1,713	3,427	25.18	1/29/2020	2,640	61,274	1,225	28,432
	1/30/2009	6,600	3,300	13.88	1/30/2019	3,066	71,162	4,060	94,233
	11/19/2007	10,000		68.10	11/19/2017				

(1) These stock option awards vest ratably in three equal annual installments beginning one year after the grant date.

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- (2) Represents time-based restricted stock awards that vest in five equal annual installments beginning one year after the grant date, except for Mr. Strome's 2007 award, which vests in three equal annual installments beginning one year after the grant date.
- (3) The market value of restricted stock awards is based on the closing market price of RTI stock as of December 31, 2011, which was \$23.21 per share.
- (4) Represents the number of shares of Common Stock payable under performance share awards based on achieving threshold performance goals for the 1/29/2010 grant and target performance goals for the 1/28/2011 and 1/30/2009 grants.
- (5) The performance period for the 1/30/2009 performance share awards closed on December 31, 2011. On January 27, 2012 the Compensation Committee certified the following Common Stock payments under the 1/30/2009 performance share awards: Ms. Hickton: 16,853 shares with an issuance date market value of \$414,921; Mr. Giangiordano: 4,811 shares with an issuance date market value of \$118,447; Mr. Hull: 3,536 shares with an issuance date market value of \$87,056; and Mr. Strome: 3,339 shares with an issuance date market value of \$82,206.

Table of Contents**Option Exercises and Stock Vested During 2011**

The following table provides information for the named executive officers on (1) stock option exercises during 2011, including the number of shares acquired upon exercise and the value realized and (2) the number of shares acquired upon the vesting of restricted stock awards and the value realized, before payment of any applicable withholding tax and broker commissions.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Dawne S. Hickton		\$	13,794	\$ 391,287
Stephen R. Giangiordano			3,940	111,502
James L. McCarley				
William T. Hull			3,392	95,928
William F. Strome			1,682	47,836

Retirement Benefits*Pension Benefits Table*

The following table sets forth information with respect to each plan that provides for payments or other benefits at, following, or in connection with retirement of the named executive officer.

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefits \$(1)	Payments During Last Fiscal Year (\$)
Dawne S. Hickton	Pension Plan	14	\$ 390,756	\$
	Supplemental Pension Program	14	867,390	
	Excess Benefits Plan	14	470,290	
Stephen R. Giangiordano	Pension Plan	28	1,075,896	
	Supplemental Pension Program	28	925,110	
	Excess Benefits Plan	28	298,376	
James L. McCarley	Pension Plan	N/A	N/A	N/A
	Supplemental Pension Program	1	15,720	
	Excess Benefits Plan	N/A	N/A	N/A
William T. Hull	Pension Plan	6	159,715	
	Supplemental Pension Program	6	132,455	
	Excess Benefits Plan	6	29,432	
William F. Strome	Pension Plan	N/A	N/A	N/A
	Supplemental Pension Program	4	56,776	
	Excess Benefits Plan	N/A	N/A	N/A

(1) The present value has been calculated assuming the earliest time at which the named executive officer may retire without any benefit reduction. The remaining assumptions used are consistent with the assumptions as described in the Company's Consolidated Financial Statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC on February 28, 2012. As described in the Consolidated Financial Statements, the discount rate assumption is 4.90%.

The following narrative describes each plan set forth in the above table.

Pension Plan

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RTI's Pension Plan for Eligible Salaried Employees (the Pension Plan) is a tax-qualified defined benefit plan which first became effective at Reactive Metals, Inc. (a predecessor of RTI International Metals, Inc.) in 1964, and was closed to new participants as of January 1, 2006. The Pension Plan

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recognizes, for pension benefits, services, and compensation with RTI, RMI Titanium Company, RMI Company, Reactive Metals, Inc., United States Steel Corporation, USX Corporation, Quantum Chemical Corporation, or subsidiaries of each. The amounts payable under the Pension Plan will be paid monthly after a participant retires. The benefits are based on a formula which provides, under normal retirement, amounts equal to 1.25% of the average monthly earnings multiplied by continuous years of service up to and including 30 years; plus 1.35% of the average monthly earnings multiplied by continuous years of service in excess of 30 years average. Average monthly earnings are determined based upon annual eligible earnings in the five consecutive years in the ten years prior to retirement in which such earnings are highest. Eligible earnings include only base salary. Incentive awards and similar benefits are excluded. Benefits payable under the Pension Plan, and amounts reflected in the tables below, are subject to offsets for certain pensions payable under the U.S. Steel and the Quantum pension plans. In order to comply with the limitations of the Internal Revenue Code, when pension payments exceed the amounts permitted to be paid from federal income tax qualified plan, the excess pension benefits will be paid directly by RTI under the Excess Benefits Plan.

Excess Benefits Plan

The Internal Revenue Code imposes limits on the amount of annual eligible compensation under tax-qualified pension plans. For 2011, annual compensation in excess of \$245,000 cannot be taken into account in determining qualified plan benefits. The Company maintains the RTI International Metals, Inc. Excess Benefits Plan (the Excess Benefits Plan) for certain highly-compensated employees who participate in RTI's tax-qualified pension plans and would otherwise be subject to such tax limits. The Excess Benefits Plan is an unfunded excess benefit plan within the meaning of Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended. It provides additional retirement income in an amount equal to the difference between benefits that would have been received under the Pension Plan but for the limitations imposed by the Internal Revenue Code and amounts actually payable under the Pension Plan. Participants must be designated by the Board of Directors; at this time only Ms. Hickton, Mr. Giangiordano, and Mr. Hull have been so designated.

Supplemental Pension Program

Officers participating in the Company's annual incentive compensation programs (i.e., annual bonuses) also participate in the RTI Supplemental Pension Program. If they retire or otherwise terminate employment after age 60, or prior to age 60 with a minimum of 30 years service and with RTI consent, they will be entitled to receive the benefits shown in the table above based on annual cash incentive compensation under the Pay Philosophy and Guiding Principles.

As of December 31, 2011, Ms. Hickton had 14 years of credited service, Mr. Giangiordano had 28 years of credited service, Mr. McCarley had 1 year of credited service, Mr. Hull had 6 years of credited service, and Mr. Strome had 4 years of credited service. Average annual cash incentive compensation as of December 31, 2011, for purposes of the pension benefits under the RTI Supplemental Pension Program for each of the following named executive officers were as follows: Ms. Hickton, \$433,800; Mr. Giangiordano, \$171,200; Mr. McCarley, \$101,120; Mr. Hull, \$167,220; and Mr. Strome, \$115,624.

Benefits under the RTI Supplemental Pension Program are based on a formula whereby the average annual cash incentive compensation for the highest five years in the preceding ten year period are multiplied by a factor of 1.5% for each year of continuous service. The Supplemental Pension is paid as a lump sum distribution based on the present value of the actuarially determined amounts payable. The Supplemental Program provides for surviving spouse benefits at a reduced rate under certain conditions described in the Supplemental Pension Program.

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Potential Payments Upon Termination or Change in Control

The tables below reflect the estimated amount of compensation to be paid, and/or benefits to be provided, to each of the named executive officers in the event of termination of such executive's employment as of December 31, 2011 under the different scenarios captioned in the tables. Actual amounts are tied to the day of termination and can only be finally determined following such date. The following tables should be read in conjunction with the narrative following the tables, as well as the table and narrative related to retirement benefits on page 40 of this proxy statement.

The following tables include payments under the Company's 401(k) Savings Plan. The 401(k) Savings Plan payments estimated for Ms. Hickton, Mr. Giangiordano, and Mr. Hull consist solely of employee contributions, as these executives have not received any matching contributions by the Company. Messrs. McCarley and Strome, as a result of being ineligible to participate in the Pension Plan, receive a match of 50% of their first 8% contribution to the 401(k) Savings Plan. Finally, as estimates for any potential excise tax imposed by Section 4999 of the Internal Revenue Code are tied to an executive's recent historical compensation, which can vary for events beyond the control of the Company (such as exercises of stock options or other transactions in Company securities), the estimates for 2011 may not be indicative of actual payments in future periods.

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Dawne S. Hickton

Component	For Cause Termination	Voluntary Termination	Death	Disability (3)	Retirement	Involuntary Not For Cause Termination	Involuntary Not For Cause or Employee for Good Reason Termination (Change-In-Control)
<i>Severance & Short-Term Compensation</i>							
Bonus Earned In Year of Termination	\$	\$ 675,000	\$ 675,000	\$ 675,000	\$ 675,000	\$	\$ 675,000
Cash Severance & Short-Term Incentive			150,000	150,000		1,200,000	2,269,413
<i>Long-Term Incentive</i>							
Stock Options (Unexercisable)							124,406
Time-Based Restricted Stock							1,169,691
Performance-Based Restricted Stock			50,691				459,117
<i>Other Benefits</i>							
Savings Plan	218,189	218,189	218,189	218,189	218,189	218,189	218,189
Pension Plan (1)	40,513	40,513	7,556	40,513	40,513	40,513	40,513
Supplemental Pension Program (2)							
Excess Benefits Plan (2)		371,696	162,886	51,439	371,696	371,696	371,696
Change-In-Control Retirement Benefit Enhancement							117,477
Health & Welfare Benefits						27,460	34,325
Life, LTD, Supplemental LTD and Insurance						20,798	25,997
Excise Tax and Related Gross-Up							
Total	\$ 258,702	\$ 1,305,398	\$ 1,264,322	\$ 1,135,141	\$ 1,305,398	\$ 1,878,656	\$ 5,505,824

- (1) All benefits shown are annual benefits based on a 50% joint and survivor form of payment. The death benefit is an annual benefit that would be payable immediately to the spouse as a life annuity.
- (2) For payments other than disability, amounts are based upon a lump sum form of payment payable immediately. For disability, the benefit shown is the annual accrued benefit that would not be payable until age 65 based on years of service at termination date.
- (3) Participants retiring on Disability Retirement (with at least 15 years of continuous service) under Section 5.03(e) of the Pension Plan for Eligible Salaried Employees would continue to accrue service until age 65 while receiving benefits under the Company's long-term disability insurance. The benefit shown is the annual accrued benefit that would be payable as a lump sum at age 65.

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(Potential Payments Upon Termination of Change in Control – Continued)

Stephen R. Giangiordano

Component	For Cause Termination	Voluntary Termination	Death	Disability (3)	Retirement	Involuntary Not For Cause Termination	Involuntary Not For Cause or Employee for Good Reason Termination (Change-In-Control)
<i>Severance & Short-Term Compensation</i>							
Bonus Earned In Year of Termination	\$	\$ 259,000	\$ 259,000	\$ 259,000	\$ 259,000	\$	\$ 259,000
Cash Severance & Short-Term Incentive			87,500	87,500		350,000	1,050,000
<i>Long-Term Incentive</i>							
Stock Options (Unexercisable)							44,448
Time-Based Restricted Stock							333,992
Performance-Based Restricted Stock			19,636				154,649
<i>Other Benefits</i>							
Savings Plan	409,030	409,030	409,030	409,030	409,030	409,030	409,030
Pension Plan (1)	77,935	77,935	41,499	77,935	77,935	77,935	77,935
Supplemental Pension Program (2)			673,752	71,699			
Excess Benefits Plan (2)		175,056	217,305	23,125	175,056	175,056	175,056
Change-In-Control Retirement Benefit Enhancement							57,546
Health & Welfare Benefits						10,938	21,876
Life, LTD, Supplemental LTD and Insurance						2,549	5,098
Excise Tax and Related Gross-Up							
Total	\$ 486,965	\$ 921,021	\$ 1,707,722	\$ 928,289	\$ 921,021	\$ 1,025,508	\$ 2,588,630

- (1) All benefits shown are annual benefits based on a 50% joint and survivor form of payment. The death benefit is an annual benefit that would be payable immediately to the spouse as a life annuity.
- (2) For payments other than disability, amounts are based upon a lump sum form of payment payable immediately. For disability, the benefit shown is the annual accrued benefit that would not be payable until age 65 based on years of service at termination date.
- (3) Participants retiring on Disability Retirement (with at least 15 years of continuous service) under Section 5.03(e) of the Pension Plan for Eligible Salaried Employees would continue to accrue service until age 65 while receiving benefits under the Company's long-term disability insurance. The benefit shown is the annual accrued benefit that would be payable as a lump sum at age 65.

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(Potential Payments Upon Termination of Change in Control – Continued)

James L. McCarley

Component	For Cause Termination	Voluntary Termination	Death	Disability (3)	Retirement	Involuntary Not For Cause Termination	Involuntary Not For Cause or Employee for Good Reason Termination (Change-In-Control)
<i>Severance & Short-Term Compensation</i>							
Bonus Earned In Year of Termination	\$	\$ 345,600	\$ 345,600	\$ 345,600	\$ 345,600	\$	\$ 345,600
Cash Severance & Short-Term Incentive			100,000	100,000		400,000	1,280,000
<i>Long-Term Incentive</i>							
Stock Options (Unexercisable)							
Time-Based Restricted Stock							139,887
Performance-Based Restricted Stock			22,537				93,258
<i>Other Benefits</i>							
Savings Plan	37,602	37,602	37,602	37,602	37,602	37,602	37,602
Pension Plan (1)							
Supplemental Pension Program (2)							
Excess Benefits Plan (2)							
Change-In-Control Retirement Benefit Enhancement							
Health & Welfare Benefits						13,730	27,460
Life, LTD, Supplemental LTD and Insurance						2,651	5,302
Excise Tax and Related Gross-Up	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ 37,602	\$ 383,202	\$ 505,739	\$ 483,202	\$ 383,202	\$ 453,983	\$ 1,929,109

- (1) All benefits shown are annual benefits based on a 50% joint and survivor form of payment. The death benefit is an annual benefit that would be payable immediately to the spouse as a life annuity.
- (2) For payments other than disability, amounts are based upon a lump sum form of payment payable immediately. For disability, the benefit shown is the annual accrued benefit that would not be payable until age 65 based on years of service at termination date.
- (3) Participants retiring on Disability Retirement (with at least 15 years of continuous service) under Section 5.03(e) of the Pension Plan for Eligible Salaried Employees would continue to accrue service until age 65 while receiving benefits under the Company's long-term disability insurance. The benefit shown is the annual accrued benefit that would be payable as a lump sum at age 65.

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(Potential Payments Upon Termination of Change in Control – Continued)

William T. Hull

Component	For Cause Termination	Voluntary Termination	Death	Disability (3)	Retirement	Involuntary Not For Cause Termination	Involuntary Not For Cause or Employee for Good Reason Termination (Change-In-Control)
<i>Severance & Short-Term Compensation</i>							
Bonus Earned In Year of Termination	\$	\$ 233,100	\$ 233,100	\$ 233,100	\$ 233,100	\$	\$ 233,100
Cash Severance & Short-Term Incentive			78,750	78,750		315,000	945,000
<i>Long-Term Incentive</i>							
Stock Options (Unexercisable)							32,599
Time-Based Restricted Stock							249,554
Performance-Based Restricted Stock			14,088				111,733
<i>Other Benefits</i>							
Savings Plan	130,094	130,094	130,094	130,094	130,094	130,094	130,094
Pension Plan (1)	17,094	17,094	3,257	17,094	17,094	17,094	17,094
Supplemental Pension Program (2)							
Excess Benefits Plan (2)		25,857	13,743	3,578	25,857	25,857	25,857
Change-In-Control Retirement Benefit Enhancement							51,050
Health & Welfare Benefits						13,730	27,460
Life, LTD, Supplemental LTD and Insurance						2,442	4,883
Excise Tax and Related Gross-Up							
Total	\$ 147,188	\$ 406,145	\$ 473,032	\$ 462,616	\$ 406,145	\$ 504,217	\$ 1,828,424

- (1) All benefits shown are annual benefits based on a 50% joint and survivor form of payment. The death benefit is an annual benefit that would be payable immediately to the spouse as a life annuity.
- (2) For payments other than disability, amounts are based upon a lump sum form of payment payable immediately. For disability, the benefit shown is the annual accrued benefit that would not be payable until age 65 based on years of service at termination date.
- (3) Participants retiring on Disability Retirement (with at least 15 years of continuous service) under Section 5.03(e) of the Pension Plan for Eligible Salaried Employees would continue to accrue service until age 65 while receiving benefits under the Company's long-term disability insurance. The benefit shown is the annual accrued benefit that would be payable as a lump sum at age 65.

Table of Contents*(Potential Payments Upon Termination of Change in Control - Continued)*

William F. Strome

Component	For Cause Termination	Voluntary Termination	Death	Disability (3)	Retirement	Involuntary Not For Cause Termination	Involuntary Not For Cause or Employee for Good Reason Termination (Change-In-Control)
<i>Severance & Short-Term Compensation</i>							
Bonus Earned In Year of Termination	\$	\$ 244,120	\$ 244,120	\$ 244,120	\$ 244,120	\$	\$ 244,120
Cash Severance & Short-Term Incentive			85,000	85,000		340,000	1,020,000
<i>Long-Term Incentive</i>							
Stock Options (Unexercisable)							30,789
Time-Based Restricted Stock							215,296
Performance-Based Restricted Stock			15,249				119,996
<i>Other Benefits</i>							
Savings Plan	130,778	130,778	130,778	130,778	130,778	130,778	130,778
<i>Pension Plan (1)</i>							
<i>Supplemental Pension Program (2)</i>							
<i>Excess Benefits Plan (2)</i>							
<i>Change-In-Control Retirement Benefit Enhancement</i>							
Health & Welfare Benefits						13,730	27,460
Life, LTD, Supplemental LTD and Insurance						2,515	5,030
Excise Tax and Related Gross-Up							441,130
Total	\$ 130,778	\$ 374,898	\$ 475,147	\$ 459,898	\$ 374,898	\$ 487,023	\$ 2,234,599

- (1) All benefits shown are annual benefits based on a 50% joint and survivor form of payment. The death benefit is an annual benefit that would be payable immediately to the spouse as a life annuity.
- (2) For payments other than disability, amounts are based upon a lump sum form of payment payable immediately. For disability, the benefit shown is the annual accrued benefit that would not be payable until age 65 based on years of service at termination date.
- (3) Participants retiring on Disability Retirement (with at least 15 years of continuous service) under Section 5.03(e) of the Pension Plan for Eligible Salaried Employees would continue to accrue service until age 65 while receiving benefits under the Company's long-term disability insurance. The benefit shown is the annual accrued benefit that would be payable as a lump sum at age 65.

Letter Agreements

Each of the letter agreements currently in place for Ms. Hickton and Messrs. Giangiordano, McCarley, Hull, and Strome provide that if the executive is terminated for cause, regardless of whether there is a change in control, he or she will be entitled to no further compensation except for any base salary accrued and unpaid on the date of termination. If the Company terminates the executive's employment other than for cause, the provisions of the Executive Severance Policies described below will be effective. Cause is defined in the letter agreements as (i) any material breach by the Executive of their Letter Agreement, (ii) the Executive's gross misconduct, (iii) the Executive's gross neglect of his or her duties with the Company, insubordination or failure to follow the lawful directives of the Board of Directors of the Company, in each case after a demand for substantial performance is delivered to the Executive that identifies the manner in which the Company believes that Executive has not acted in accordance with requirements and the Executive's failure to resume substantial performance of their duties within fourteen (14) days of receiving such demand, (iv) the Executive's commission, indictment, conviction, guilty plea, or plea of *nolo contendere* to or of any felony, a

misdeemeanor which substantially impairs the Executive's ability to perform his or her duties with the

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Company, act of moral turpitude, or intentional or willful securities law violation, including Sarbanes-Oxley law violations, (v) the Executive's act of theft or dishonesty which is injurious to the Company, or (vi) the Executive's violation of any Company policy, including any substance abuse policy.

Executive Change in Control Severance Policy

The Executive Change in Control Severance Policy (the "Change in Control Policy") that the Board of Directors adopted is applicable to each of our named executive officers, except as noted below. It will also be applicable to any successor to these individuals should any of them leave the position they each hold pursuant to their letter agreement and to any other executive officer who is informed in writing by the Company of participation.

The Change in Control Policy provides that if the employment of an executive to whom the policy is applicable is terminated by the Company other than for "cause" (which mirrors the definition set forth above), death or disability, or if the executive's employment is terminated by the executive for "good reason" (as defined below) in each case within 24 months following a change in control of the Company, the executive will receive the following severance benefits:

Provided the executive does not violate his or her duty to maintain strict confidence and does not disclose any confidential information or disseminate any false and/or defamatory information pertaining to the Company or its stockholders, a lump sum payment payable on the first day following the six month anniversary of the executive's termination of employment equal to a multiple of the sum of the executive's base salary in effect immediately prior to the circumstances giving rise to the termination and the executive's annual cash incentive compensation as calculated under the terms of the Change in Control Policy. The multiple is 2.5 for the CEO and 2.0 for all other executives;

The immediate and irrevocable vesting of any previously granted but unvested stock options and restricted stock grants;

The immediate vesting of any outstanding performance shares or other performance-based awards representing a right to receive shares of Common Stock or their equivalent;

Except for Mr. McCarley, and subject to limitations and caps specified in the Change in Control Policy, a payment payable on the first day following the six month anniversary of the executive's termination of employment equal to an amount, if any, necessary to gross-up the total benefits payable to the executive under the Change in Control Policy for any excise tax imposed by Section 4999 of the Internal Revenue Code and for any income or other taxes due on the payment of the gross-up payment;

Continuation for up to 24 months (30 months in the case of the CEO) (the "Payment Period") of life, disability, accident and health insurance benefits similar to those the executive was receiving immediately prior to the termination of employment but subject to reduction to the extent that the executive receives comparable benefits from other employment during such period; and

An amount equal to the difference in the amount of pension benefits that the executive would have received assuming he or she had continued to be employed through the Payment Period and assuming the methods of calculations set forth in the Change of Control Policy, and the pension benefits actually payable as of the executive's termination of employment, in each case under RTI's Pension Plan and the RTI Supplemental Pension Plan.

The definition of a change in control provides, in summary, that a change in control will have occurred if:

Any person not affiliated with RTI acquires 30 percent or more of the voting power of our outstanding securities;

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The board of directors no longer has a majority made up of (1) individuals who were directors on February 22, 2007 and (2) new directors (other than directors who join the Board in

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connection with an election contest) approved by two-thirds of the directors then in office who (a) were directors on February 22, 2007 or (b) were themselves previously approved by the Board in this manner;

RTI merges with another company and RTI's shareholders ultimately own less than 60 percent of the voting power of the new entity;

RTI shareholders approve a plan of complete liquidation of RTI; or

RTI sells all or substantially all of RTI's assets.

Good reason is defined under the policy as, without the Executive's express written consent, the occurrence after a Change in Control of the Company of any one or more of the following: (A) The assignment of duties inconsistent with the Executive's position immediately prior to the Change in Control; (B) A material reduction or alteration in the nature of Executive's position, duties, status or responsibilities from those in effect immediately prior to the Change in Control; (C) failure by the Company to continue any of the Company's employee benefit programs or practices in which Executive participates (or substantially equivalent successors to such programs or practices) or failure to continue Executive's participation on substantially the same basis as existed immediately prior to the Change in Control; (D) The failure of the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform Executive's letter agreement; (E) Any purported termination of Executive's employment not effected pursuant to the Executive's letter agreement; or (F) requiring Executive to be based at a location in excess of fifty (50) miles from the location where Executive is based immediately prior to the Change in Control.

Executive Non-Change in Control Severance Policy

The Executive Non-Change in Control Severance Policy (the "Non-Change in Control Policy") that the board of directors adopted is applicable to the same executives and on the same dates as the Change in Control Policy. It provides that if the employment of an executive to whom the policy is applicable is terminated prior to the expiration of the employment period specified in the executive's letter agreement by the Company other than for cause (using the definition set forth on page 46 of this proxy statement), death or disability, by the executive within ninety (90) days of a material breach by the Company of the executive's letter agreement, or by the executive due to the reduction in the executive's base salary without the consent of the executive, the executive will receive the following severance benefits:

Monthly payments in the amount of a multiple of the executive's monthly base salary in effect immediately prior to the termination of employment for up to 24 months in the case of the CEO, 18 months in the case of the Chief Operating Officer, and 12 months for the other applicable executives. In each case, such payments are subject to reduction to the extent that the executive receives comparable compensation from other employment during such period. The multiple is 2.0 for the CEO, 1.5 for the Chief Operating Officer and 1.0 for the other applicable executives. No monthly payments will be made until the first day following the six month anniversary of the executive's separation from service on which date the first seven monthly installments shall be paid with successive monthly installments paid on the monthly anniversaries thereafter; and

Continuation for up to 24 months for the CEO, 18 months for the Chief Operating Officer and 12 months for the other applicable executives, of life, disability, accident and health insurance benefits similar to those the executive was receiving immediately prior to the termination of employment but subject to reduction to the extent that the executive receives comparable benefits from other employment during such period.

If an executive is entitled to payments or benefits under the Change in Control Policy then the executive shall not be entitled to payments or benefits under the Non-Change in Control Policy. If the Company elects not to extend the employment period of an executive's letter agreement such that

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the employment period terminates, the non-extension shall not be treated for purposes of the Non-Change in Control Policy as an involuntary termination by the Company that would entitle the executive to benefits under such policy.

2004 Stock Plan

Under the terms of the Company's 2004 Stock Plan, any unvested restricted stock awards or stock options automatically terminate in the event that the executive is terminated for cause, is terminated without cause, voluntarily terminates employment, or becomes permanently disabled, and any vested but unexercised stock options are immediately forfeited. In the event that an executive retires (which is deemed to occur only under conditions which entitle the executive to an immediately receivable pension and not a deferred vested pension) or dies, stock options may continue to be exercised for a period equal to the lesser of (a) three years following retirement or death or (b) expiration of the term of the award; provided, however, that the Compensation Committee may cause the immediate forfeiture of unvested shares where an executive retires before the age of 65 or after the executive retires at any age if the Compensation Committee deems such forfeiture to be in the best interests of the Company.

Director Compensation Table

Name (1)	Fees Earned or Paid in Cash (\$)	Stock Awards \$(2)(3)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Daniel I. Booker	\$ 78,960	\$ 59,973	\$	\$	\$	\$	\$ 138,933
Donald P. Fusilli, Jr. (4)	15,000						15,000
Ronald L. Gallatin	66,250	59,973					126,223
Charles C. Gedeon	66,250	59,973					126,223
Robert M. Hernandez	102,500	89,975					192,475
Edith E. Holiday	74,790	59,973					134,763
Rokus L. van Iperen (5)	18,750	43,744					62,494
Bryan T. Moss	66,250	59,973					126,223
James A. Williams	86,250	59,973					146,223

- (1) Dawne S. Hickton serves as both a director and an employee of the Company. RTI employees receive no extra pay for serving as a director.
- (2) Represents the aggregate grant date fair value, computed in accordance with the FASB's authoritative guidance, of awards granted to each non-employee director on April 30, 2011, except for Mr. van Iperen, who received his award on October 1, 2011. The grant date fair values of stock awards were \$31.52 on April 30, 2011 and \$23.41 on October 1, 2011. The assumptions used in determining the grant date fair value of these awards are set forth in Note 14 to the Company's Consolidated Financial Statements, which is included in its Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC on February 28, 2012.
- (3) As of December 31, 2011, each non-employee director had the following aggregate number of common share ownership: Daniel I. Booker: 30,061; Ronald L. Gallatin: 50,000; Charles C. Gedeon: 22,858; Robert M. Hernandez: 70,753; Edith E. Holiday: 20,638; Rokus L. van Iperen: 1,869; Bryan T. Moss: 11,315; James A. Williams: 16,500.
- (4) Mr. Fusilli did not stand for reelection in 2011 due to health related reasons.

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(5) Mr. van Iperen joined the Board on October 1, 2011.

RTI employees receive no extra pay for serving as a director. Since October 27, 2006, the non-employee director compensation has not been increased, and in fact, Board compensation was reduced 10% from July 2009 to June 2010 in light of the effect of the recession on the Company, the industry and the global economy. Except for the previously described reduction, until July 29, 2011, non-employee directors (except for the Chairman) received an annual retainer of \$120,000 and the Chairman received an annual retainer of \$180,000 as non-employee Chairman of the Board, with one-half of these retainers paid in cash and one-half through awards of restricted stock under the 2004 Stock Plan. In addition, the Audit Committee Chairperson received an annual cash retainer of

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\$20,000 and the Nominating/Corporate Governance Committee Chairperson and Compensation Committee Chairperson each received an annual cash retainer of \$7,500.

Effective August 1, 2011, non-employee directors (except for the Chairman) received an annual retainer for their service on the Board of \$150,000 and the Chairman received an annual retainer of \$240,000. The Company will continue to pay one-half of these retainers in cash and one-half through awards of restricted stock under the 2004 Stock Plan. The additional annual retainer for the Chairperson of the Nominating/Corporate Governance Committee was increased to \$10,000 and the additional annual retainer for the Chairperson of the Compensation Committee was increased to \$20,000, bringing it in line with the compensation paid to the Chairperson of the Audit Committee.

No fees are paid for Board or committee meetings attended except that if, in the opinion of the Chairman of the Board, circumstances require that an extraordinary number of Board meetings be held, non-employee directors will receive a meeting fee of \$1,000 for attending such meetings. No such additional meeting fees were paid during 2011.

Director Stock Ownership. The Board of Directors has adopted a policy that each non-employee director is expected to own, at a minimum, shares of Common Stock equal to three times their annual retainer.

TRANSACTIONS WITH RELATED PARTIES

We are aware of no transactions with the Company involving over \$120,000 since the beginning of 2011 in which any of our directors, executive officers, five percent shareholders, or certain of their relatives (related parties) had or will have a direct or indirect material interest. We recognize that transactions between the Company and its related parties can present potential or actual conflicts of interest and may create the appearance that decisions may not be based on considerations in the best interests of the Company.

Although as a general matter, and in accordance with our Code of Ethical Business Conduct and our Conflict of Interest Policy (both of which are available on our website at www.rtiintl.com), the Company's preference is to avoid transactions with the Company in which any of our related parties had or will have a direct or indirect material interest, we recognize that, from time to time, such related party transactions may be contemplated. On an annual basis, we ask all non-union employees to review our Code of Ethical Business Conduct and Conflict of Interest Policy and to certify their compliance in writing. In the event that we become aware, through this process or otherwise during the year, that a potential transaction with a related party is being contemplated, the matter would be reviewed and considered by executive management or by the Board of Directors. Based on this review, a determination is made as to whether the Company would have a material interest in the transaction and whether such transaction could present potential or actual conflicts of interest or create the appearance that our decisions are based on considerations other than the best interests of the Company and our shareholders. Only related party transactions that, in the business judgment of our executive management or the Board of Directors, as the case may be, are in the best interests of the Company should be approved or ratified, and all others should be rejected.

We also circulate a questionnaire to each of our non-employee directors, each nominee for election as a director of the Company, and each executive officer of the Company annually in connection with the preparation of our annual proxy statement. Completion of this questionnaire allows us to review and address any actions that the Company should take with respect to any current or contemplated relationships each respondent may have with our significant customers, service providers, suppliers, or other vendors, which we identify by name in the questionnaire.

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OTHER INFORMATION

Other business at the Annual Meeting

We do not expect any business to come up for shareholder vote at the meeting other than the items described in the Notice of Annual Meeting. If other business is properly raised, your proxy card authorizes the people named as proxies to vote as they think best.

Outstanding shares

There were 30,282,112 shares outstanding as of March 15, 2012. Restricted stock awards, whether vested or unvested, are included in shares outstanding.

How we solicit proxies

In addition to this mailing, RTI employees may solicit proxies personally, electronically, or by telephone. RTI pays the costs of soliciting this proxy. We also reimburse brokers and other nominees for sending these materials to you and getting your voting instructions.

Shareholder proposals

The deadline for the submission of shareholder proposals that are intended to be considered for inclusion in the Company's proxy statement for next year's meeting is December 3, 2012. Additionally, the Board-appointed proxies will have discretionary authority to vote on any proposals presented by shareholders at the annual meeting from the floor unless notice of the intent to make such proposal is received on or before February 16, 2013.

Shareholders wishing to recommend candidates in writing to serve as directors for the consideration of the Nominating/Corporate Governance Committee should send such recommendations in writing to the Company's Secretary, RTI International Metals, Inc., Westpointe Corporate Center One, 1550 Coraopolis Heights Road, Pittsburgh, PA 15108-2973.

Shareholder and other interested party communications

Shareholders and any other interested parties who wish to communicate with the Chairman, one or more of the other non-management directors, or the non-management directors as a group should mark the communication Personal and Confidential and address it to the Chairman, RTI International Metals Inc., Westpointe Corporate Center One, 1550 Coraopolis Heights Road, Pittsburgh, PA 15108-2973.

Board Attendance at Annual Meeting

RTI Board members are expected to attend RTI's Annual Meetings of Shareholders. All of the candidates for election at the 2011 Annual Meeting attended such meeting.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Messrs. Booker, Gedeon, and Moss and Ms. Holiday. None of the current members of the Committee has ever been an officer or employee of the Company or any of its subsidiaries. None of our executive officers serve or have served as a member of the board of directors, compensation committee, or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of the Company's directors or on the Company's Compensation Committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Officers and Directors of the Company are required by Section 16(a) of the Securities Exchange Act of 1934 to report certain transactions in the Company's securities, typically within two business days of the transaction. Based upon a review of filings with the SEC, written representations that no other

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reports were required, and on the Company's records, the Company believes that all such reports were timely filed for transactions that occurred in 2011.

Available Information

Copies of RTI's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and this proxy statement, as filed with the SEC, are available to shareholders. A shareholder may obtain a copy of the Form 10-K or this proxy statement free of charge on the Company's website (www.rtiintl.com), on the SEC website (www.sec.gov), or by sending a written request to the Company's Secretary, RTI International Metals, Inc., Westpointe Corporate Center One, 1550 Coraopolis Heights Road, Pittsburgh, PA 15108-2973. Such requests may also be made by sending an email to request@rtiintl.com or by calling 1-800-869-6304. For written requests, a copy of the Annual Report on Form 10-K and proxy statement will be furnished free of charge. Copies of any requested exhibits thereto will be furnished upon payment of a reasonable charge limited to the Company's costs of providing such copies.

By Order of the Board of Directors

Secretary

Dated: April 2, 2012

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