FRONTIER COMMUNICATIONS CORP
Form 424B5
September 17, 2009
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
File No. 333-158391

SUBJECT TO COMPLETION, DATED SEPTEMBER 17, 2009

PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED APRIL 3, 2009

$450,000,000

Frontier Communications Corporation

% Senior Notes due 2018

The notes will mature on , 2018. Interest will accrue from , 2009, and the first interest payment date will be , 2010.

We may, at our option, redeem some or all of the notes at any time, by paying a make-whole premium, plus accrued and unpaid interest, if any, to the date of the redemption. See Description of the Notes Optional Redemption.

The notes will be our senior obligations. The notes will rank equally with all of our other unsecured senior indebtedness from time to time outstanding.

The notes will not be listed on any exchange or quoted on any automated dealer quotation system. Currently, there is no public market for the notes.

This offering is not conditioned on the closing of the announced transaction between Frontier and Verizon Communications Inc. (Verizon) providing for the spin-off of Verizon s local exchange business in certain territories and the subsequent merger of the spun-off entity with and into Frontier, nor is this offering subject to an escrow arrangement or a mandatory redemption feature in the event such transaction is not consummated.

Investing in the notes involves risks. See Supplemental Risk Factors beginning on page S-15 for a discussion of factors that you should consider carefully before investing in the notes.

	Price to Public(1)	Underwriting Discounts and Commissions	Proceeds to Frontier

Per Note	%	%	%
Total	$	$	$

(1) Plus accrued interest, if any, from , 2009, if settlement occurs after that date.
Delivery of the notes in book-entry form will be made on or about , 2009.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Credit Suisse **Citi** **J.P. Morgan**

Co-Managers

Barclays Capital **Deutsche Bank Securities** **Morgan Stanley**

RBS **UBS Investment Bank**

The date of this prospectus supplement is , 2009.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering.

If the description of this offering or the notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement. You should also read and consider the additional information under the captions Where You Can Find More Information and Incorporation by Reference in this prospectus supplement and the accompanying prospectus.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus and in any free writing prospectus with respect to the offering filed by us with the Securities and Exchange Commission. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to the offering filed by us with the Securities and Exchange Commission and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates and the business, financial condition, results of operations and prospects of the business to be acquired in the Verizon Transaction (as defined herein) may have changed since these dates.

The underwriters are offering to sell, and are seeking offers to buy, the notes only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the notes and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

As used in this prospectus supplement and the accompanying prospectus, unless the context otherwise requires, references to we, us, our, Frontier and the Company refer to Frontier Communications Corporation and its subsidiaries, and references to the combined company refer to the Company following its completion of the Verizon Transaction, assuming that the Verizon Transaction is completed.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements. Statements that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as believe, anticipate, expect and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) are only predictions or statements of current plans, which we review continuously. Forward-looking statements may differ from actual future results due to, but not limited to, and our future results may be materially affected by, among others, risks and uncertainties relating to:

- our ability to complete the Verizon Transaction;
- the failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals for the Verizon Transaction;
- the failure to receive the IRS ruling approving the tax-free status of the Verizon Transaction;
- the failure of our stockholders to adopt the merger agreement related to the Verizon Transaction, amend our restated certificate of incorporation to increase the number of authorized shares of our common stock and approve the issuance of shares of our common stock pursuant to the merger agreement;
- the ability to successfully integrate the operations of the Spinco business (as defined under Summary Recent Developments Verizon Transaction) into our existing operations;

the effects of increased expenses due to activities related to the Verizon Transaction;

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the ability to migrate the West Virginia operations of the Spinco business from Verizon owned and operated systems and processes to our own owned and operated systems and processes successfully;

the risk that the growth opportunities and cost synergies from the Verizon Transaction may not be fully realized or may take longer to realize than expected;

the sufficiency of the assets contributed by Verizon to enable the combined company to operate the Spinco business;

disruption from the Verizon Transaction making it more difficult to maintain relationships with customers, employees or suppliers;

the effects of greater than anticipated competition requiring new pricing, marketing strategies or new product or service offerings and the risk that Frontier or, if the Verizon Transaction is completed, the combined company will not respond on a timely or profitable basis;

reductions in the number of our access lines and high-speed Internet (HSI) subscribers or, if the Verizon Transaction is completed, the combined company s access lines and HSI subscribers;

the ability to sell enhanced and data services in order to offset ongoing declines in revenues from local services, switched access services and subsidies;

the effects of ongoing changes in the regulation of the communications industry as a result of federal and state legislation and regulation;

the effects of competition from cable, wireless and other wireline carriers (through VoIP or otherwise);

the ability to adjust successfully to changes in the communications industry and to implement strategies for improving growth;

adverse changes in the credit markets or in the ratings given to our debt securities or, if the Verizon Transaction is completed, the combined company s debt securities, by nationally accredited ratings organizations, which could limit or restrict the availability, or increase the cost, of financing;

reductions in switched access revenues as a result of regulation, competition or technology substitutions;

the effects of changes in both general and local economic conditions on the markets that we serve or that, if the Verizon Transaction is completed, the combined company will serve, which can affect demand for our or its products and services, customer purchasing decisions, collectability of revenues and required levels of capital expenditures related to new construction of residences and businesses;

changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles or regulations;

the ability to effectively manage our or, if the Verizon Transaction is completed, the combined company s operations, operating expenses and capital expenditures, to pay dividends and to repay, reduce or refinance our or the combined company s debt;

the effects of bankruptcies and home foreclosures, which could result in increased bad debts;

the effects of technological changes and competition on our capital expenditures and product and service offerings or, if the Verizon Transaction is completed, the capital expenditures and product and service offerings of the combined company, including the lack of assurance that our or its network improvements will be sufficient to meet or exceed the capabilities and quality of competing networks;

the effects of increased medical, retiree and pension expenses and related funding requirements;

changes in income tax rates, tax laws, regulations or rulings, or federal or state tax assessments;

the effects of state regulatory cash management policies on our ability or, if the Verizon Transaction is completed, the combined company s ability to transfer cash among our or the combined company s subsidiaries and to the parent company;

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- the ability to successfully renegotiate union contracts expiring in 2009 and thereafter;

- declines in the value of our pension plan assets or, if the Verizon Transaction is completed, the combined company s pension plan assets, which could require us or the combined company to make contributions to the pension plan beginning no earlier than 2010;

- the effects of any unfavorable outcome with respect to any current or future legal, governmental or regulatory proceedings, audits or disputes with respect to us or, if the Verizon Transaction is completed, the combined company;

- the possible impact of adverse changes in political or other external factors over which we or, if the Verizon Transaction is completed, the combined company, would have no control; and

- the effects of hurricanes, ice storms or other severe weather.

Any of the foregoing events, or other events, could cause financial information to vary from management s forward-looking statements included in this prospectus supplement and the accompanying prospectus. You should consider these important factors, as well as the risk factors set forth in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which is incorporated by reference in this prospectus supplement and in the accompanying prospectus, in evaluating any statement made in or incorporated by reference in this prospectus or the accompanying prospectus supplement. For the foregoing reasons, we caution you against unduly relying on any forward-looking statements. We undertake no obligation to update or revise these forward-looking statements, except as required by law.

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SUMMARY

This summary highlights information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. As used in this prospectus supplement and the accompanying prospectus, unless otherwise indicated or the context otherwise requires, references to we, us, our, Frontier and the Company refer to Frontier Communications Corporation and its subsidiaries, and references to the combined company refer to the Company following its completion of the Verizon Transaction (as defined under Recent Developments), assuming that the Verizon Transaction is completed.

Our Company

We are a communications company providing services to rural areas and small and medium-sized towns and cities. We generated revenues of approximately $2.2 billion for the fiscal year ended December 31, 2008 and approximately $1.1 billion for the six months ended June 30, 2009. We operated in 24 states with approximately 2,189,000 access lines, 614,000 HSI subscribers and 157,000 video subscribers as of June 30, 2009.

Incorporated in November 1935, we are the sixth largest incumbent local exchange carrier in the United States based on number of access lines. We are typically the leading incumbent carrier in the markets we serve and provide the last mile of communications services to residential and business customers in these markets.

The services that we provide include access services, local and long distance services, data and internet services, directory services, television services and, more recently, wireless services. Through our access services, we allow other carriers the use of our facilities to originate and terminate their long distance voice and data traffic. We also allow certain carriers and high-volume commercial customers access to dedicated high-capacity circuits. Through our local services, we provide basic and enhanced telephone wireline access services to residential and business customers. Through our long distance services, we offer local services customers the opportunity to obtain both local and long distance calling service from us. Our data and internet services offer customers a range of internet access and data transfer options. Our directory services involve the provision of white and yellow pages directories for residential and business listings. We provide television services in partnership with a satellite television provider.

Our mission is to be the leader in providing communications services to residential and business customers in our markets. We are committed to delivering innovative and reliable products and solutions with an emphasis on convenience, service and customer satisfaction. We offer a variety of voice, data and internet, and television services that are available as bundled or packaged solutions and for some products, a la carte. We believe that superior customer service and innovative product positioning will continue to differentiate us from our competitors in the markets in which we compete.

Recent Developments

Verizon Transaction

As previously announced, on May 13, 2009, we entered into a merger agreement providing for a merger (the merger) that will combine Frontier with New Communications Holdings Inc. (Spinco), a newly formed subsidiary of Verizon Communications Inc. (Verizon). We expect the merger to close during the second quarter of 2010. Pursuant to the Agreement and Plan of Merger, dated as of May 13, 2009, as amended, by and among Verizon, Spinco and Frontier (the merger agreement), Spinco will merge with and into Frontier, and Frontier will survive as the combined company conducting the combined business operations of Frontier and Spinco. Spinco will hold defined assets and liabilities of the local exchange business and related landline activities of Verizon in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South

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Carolina, Washington, West Virginia and Wisconsin, and in portions of California bordering Arizona, Nevada and Oregon (collectively, the Spinco territory), including Internet access and long distance services and broadband video provided to designated customers in the Spinco territory (collectively, the Spinco business). Immediately prior to the merger, Spinco will be spun off to Verizon stockholders. The merger will result in Frontier acquiring approximately 4,800,000 access lines, based on access lines of the Spinco business as of December 31, 2008, and certain related business assets from Verizon. Following the merger, the separate existence of Spinco will cease and the combined company will continue to operate under the Frontier name. The forgoing transactions are collectively referred to as the Verizon Transaction.

The completion of the Verizon Transaction is subject to a number of conditions, including the availability of financing on terms that satisfy certain requirements (including with respect to pricing and maturity) and the receipt of the proceeds thereof that, taken together with any Spinco debt securities issued and the aggregate amount of the distribution date indebtedness (as defined below), equal $3.333 billion. Other conditions to the Verizon Transaction include (i) the absence of a governmental order that would constitute a materially adverse regulatory condition, (ii) the receipt of applicable regulatory consents, (iii) the receipt of certain rulings from the Internal Revenue Service and certain tax opinions, (iv) the approval of our stockholders, (v) the absence of a material adverse effect on Frontier or on Spinco or the Spinco business and (vi) other customary closing conditions.

This offering is not conditioned on the closing of the Verizon Transaction, nor is this offering subject to an escrow arrangement or a mandatory redemption feature in the event that the Verizon Transaction is not consummated.

See Verizon Transaction Summary, The Verizon Transaction, Management s Discussion and Analysis of Financial Condition and Results of Operations and Unaudited Pro Forma Condensed Financial Information in this prospectus supplement for more information regarding the Verizon Transaction.

Concurrent Debt Tender Offer

On September 17, 2009, we commenced a $700 million tender offer for certain of our outstanding debt securities (the Tender Offer). Pursuant to the Tender Offer and not this prospectus supplement or the accompanying prospectus, we are offering to purchase for cash any and all of our 9.250% Senior Notes due 2011 (the 2011 Notes) and as many of our 6.250% Senior Notes due 2013 (the 2013 Notes) as we can purchase with aggregate cash consideration (excluding accrued interest) equal to the lesser of (i) $250 million and (ii) the difference between $700 million and the aggregate amount of consideration (excluding accrued interest) used to purchase the 2011 Notes tendered pursuant to the Tender Offer.

The price per $1,000 aggregate principal amount of 2011 Notes accepted for purchase will be $1,062.50, plus an early tender premium of $30 for 2011 Notes tendered on or before the close of business on September 30, 2009. The price per $1,000 aggregate principal amount of 2013 Notes accepted for purchase will be $970, plus an early tender premium of $30 for 2013 Notes tendered on or before the close of business on September 30, 2009. The Tender Offer will expire on October 16, 2009.

We will use the net proceeds of this offering, together with cash on hand, if necessary, to purchase our outstanding debt securities pursuant to the Tender Offer. See Use of Proceeds. The successful completion of this offering is an express condition to our obligation to purchase securities tendered pursuant to the Tender Offer, but the completion of the Tender Offer is not a condition to the sale of the notes offered pursuant to this prospectus supplement. If the Tender Offer is terminated for any reason (other than the termination of this offering), we intend to use the proceeds of this offering for general corporate purposes and for the selective purchase of our outstanding debt. Such purchases may be made in open market or privately negotiated transactions, one or more additional tender or exchange offers or otherwise.

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Verizon Transaction Summary

Spinco

The Spinco business had approximately 4,800,000 access lines as of December 31, 2008, and approximately 4,500,000 access lines as of June 30, 2009. The Spinco business generated revenues of approximately $4.4 billion for the year ended December 31, 2008, and approximately $2.1 billion for the six months ended June 30, 2009.

Pursuant to a distribution agreement (the distribution agreement), Verizon will contribute to Spinco defined assets and liabilities of its local exchange business and related landline activities in the Spinco territory, including Internet access and long distance services and broadband video provided to designated customers in the Spinco territory. This prospectus supplement describes Spinco as if it had the assets, liabilities and customers that will be transferred to it prior to completion of the Verizon Transaction for all periods and dates presented. The Spinco business consists of local exchange service, designated intrastate and interstate long distance service, network access service, Internet access service, enhanced voice and data services, digital subscriber line services (DSL), fiber-to-the-premises voice, broadband and video services, wholesale services, operator services, directory assistance services, customer service to end users, and, in connection with the foregoing, repairs, billing and collections, as well as other specified activities of Verizon in the Spinco territory. The conveyed assets will specifically include designated fiber-to-the-premises network elements and customer premises equipment at fiber-to-the-premises subscriber locations in the states of Indiana, Oregon and Washington and specified related transmission facilities.

The Combined Company

The combined company is expected to be the nation s largest communications services provider focused on rural areas and small and medium-sized towns and cities, and the nation s fifth largest incumbent local exchange carrier, with more than 7,000,000 access lines, 8,600,000 voice and broadband connections and 16,000 employees in 27 states on a pro forma basis as of December 31, 2008. The combined company will offer voice, data and video services to customers in its expanded geographic footprint. Assuming the merger had occurred on January 1, 2008, the combined company s revenues on a pro forma basis would have been approximately $6.5 billion for the year ended December 31, 2008, and approximately $3.1 billion for the six months ended June 30, 2009.

The Transactions

The Spin-Off

As part of the spin-off, Verizon will engage in a series of preliminary restructuring transactions to effect the transfer to entities that will become Spinco subsidiaries of defined assets and liabilities of the local exchange business and related landline activities of Verizon in the Spinco territory, including Internet access and long distance services and broadband video provided to designated customers in the Spinco territory. In connection with these and related preliminary restructuring transactions, Verizon will contribute all of the equity interests of the Spinco subsidiaries to Spinco. Also in connection with these contributions, Spinco will issue additional shares of Spinco common stock to Verizon, which will be distributed in the spin-off to Verizon stockholders.

After the contributions and immediately prior to the merger, Verizon will spin off Spinco by distributing all of the shares of Spinco common stock to a third-party distribution agent to be held collectively for the benefit of Verizon stockholders. Spinco will then merge with and into Frontier, and the shares of Spinco common stock will be immediately converted into the number of shares of Frontier common stock that Verizon stockholders will be entitled to receive in the merger.

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In connection with these contributions, Verizon will receive from Spinco $3.333 billion in aggregate value in the form of:

- a special cash payment;

- a reduction in the consolidated indebtedness of Verizon as a result of pre-existing long-term indebtedness to third parties (which may include current maturities) of Verizon subsidiaries that conduct the Spinco business (distribution date indebtedness) becoming the consolidated indebtedness of Spinco as a result of the spin-off (and becoming part of the consolidated indebtedness of the combined company as a result of the merger); and

- if required, senior unsecured debt securities of Spinco (the Spinco debt securities). Frontier and Verizon do not expect that any Spinco debt securities will be issued.

Special Cash Payment. The amount of the special cash payment from Spinco will not exceed the lesser of (i)(x) $3.333 billion minus (y) the aggregate amount of distribution date indebtedness and (ii) Verizon s estimate of the tax basis in the assets transferred to Spinco. Verizon currently anticipates that Verizon s tax basis in the assets to be transferred to Spinco will be greater than or equal to $3.333 billion. We and Verizon will jointly solicit proposals from reputable financing sources to provide Spinco with debt financing in the form of one or more term loan bank borrowings or capital markets issuances by Spinco prior to or substantially contemporaneous with the spin-off (the special cash payment financing) in order to finance the special cash payment to Verizon.

Distribution Date Indebtedness

Prior to the distribution date, all intercompany loans from Verizon to the Spinco business will be settled. It is anticipated that $200 million in principal amount of 6.375% Debentures Series F, due February 15, 2010, issued by a Verizon subsidiary that will become a subsidiary of Spinco, that were outstanding as of June 30, 2009 will mature prior to the closing date of the merger. As a result, Frontier and Verizon anticipate that distribution date indebtedness will consist of $50 million in principal amount of 8.40% Debentures due 2029, $200 million in principal amount of 6.73% Debentures, Series G, due 2028 and $175 million in principal amount of 6.30% Debentures, Series C, due 2010, in each case issued by Verizon subsidiaries that will become subsidiaries of Spinco. However, if the $175 million in principal amount of 6.30% Debentures, Series C, due June 1, 2010 matures prior to the closing date of the Verizon Transaction, the obligations under such debentures will not be included in the distribution date indebtedness.

The Merger

In the merger, Spinco will merge with and into Frontier in accordance with the terms of the merger agreement and, following completion of the merger, the separate existence of Spinco will cease. Frontier will survive the merger as the combined company and will hold and conduct the combined business operations of Frontier and Spinco.

Verizon stockholders will be entitled to receive a number of shares of common stock of Frontier, as the combined company, to be determined based on the calculation set forth in the merger agreement.

Additional Information

For more detailed information regarding the Verizon Transaction and the related agreements, see our Current Report on Form 8-K, filed with the SEC on September 17, 2009, as well as Management s Discussion and Analysis of Financial Condition and Results of Operation, Description of the Business of the Combined Company, and Unaudited Pro Forma Condensed Combined Financial Information in this prospectus supplement and the financial statements included elsewhere in this prospectus supplement.

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The Special Meeting

A special meeting of stockholders of Frontier will be held at Frontier s offices in Stamford, Connecticut, on Tuesday, October 27, 2009, at 9:00 a.m., local time. At the special meeting, our stockholders will be asked to consider and vote on proposals:

- to adopt the merger agreement;
- to amend Frontier s restated certificate of incorporation to increase the number of authorized shares of Frontier common stock from 600,000,000 to 1,750,000,000; and
- to approve the issuance of Frontier common stock pursuant to the merger agreement.

No vote by Verizon stockholders is required or is being sought in connection with the spin-off or the merger. Verizon, as the sole stockholder of Spinco, has already approved the merger.

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The Offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The sections entitled Description of the notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus contain more detailed descriptions of the terms and conditions of the notes and the indenture governing the Notes. In this subsection, we, us and our refer only to Frontier Communications Corporation and not to any of our subsidiaries.

Issuer	Frontier Communications Corporation
Notes Offered	$450,000,000 aggregate principal amount of % Senior Notes due 2018.
Maturity Date	, 2018.
Interest	We will make interest payments on the notes semi-annually in arrears on and of each year, beginning on , 2010. Interest will accrue from , 2009.
Ranking	The notes will be our senior unsecured obligations and will rank:

- equal in right of payment to all of our existing and future senior unsecured indebtedness;
- effectively junior to all of our existing and future senior secured indebtedness (all of which is currently at our subsidiaries) to the extent of the assets securing such indebtedness;
- effectively junior to all existing and future indebtedness and other liabilities and commitments of our subsidiaries (including trade payables and capital lease obligations); and
- senior in right of payment to all of our existing and future subordinated indebtedness, if any.

As of June 30, 2009, we and our subsidiaries had approximately $4.9 billion of indebtedness. At such date, the notes would have ranked effectively junior to (i) approximately $16.1 million of senior secured indebtedness to the extent of the assets securing such indebtedness (all of which would have been at our subsidiaries) and (ii) approximately $323.5 million of liabilities of our subsidiaries, including approximately $52.1 million of indebtedness (including the secured indebtedness) and excluding deferred income tax liabilities and intercompany liabilities. In addition, if the Verizon Transaction is completed, Frontier will have additional indebtedness in the amount of approximately $3.4 billion, which includes additional indebtedness in an amount currently expected to be up to approximately $425 million that will be held by Frontier s subsidiaries at the closing of the Verizon Transaction, assuming that the Verizon Transaction closes before June 2010. The notes will also be effectively subordinated to such subsidiary indebtedness if the Verizon Transaction is completed.

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The indenture governing the notes will not restrict the amount of debt we may incur including senior debt which will be pari passu with the notes except that the indenture will limit, subject to important qualifications, the amount of debt our subsidiaries may incur. The notes will rank effectively junior to any such additional subsidiary debt.

Optional Redemption	At any time, we may redeem some or all of the notes by paying a specified make-whole premium set forth under Description of the Notes Optional Redemption.
Covenants	We will issue the notes under an indenture between us and The Bank of New York Mellon, as trustee. The indenture will include covenants that limit our ability and each of our subsidiaries ability to:

- incur indebtedness at our subsidiaries;
- create liens; and
- merge or consolidate with other companies.

These covenants are subject to important exceptions and qualifications, including exceptions which permit the consummation of the Verizon Transaction. In addition, we and each of our subsidiaries will not be subject to the covenant described under Description of the Notes Covenants Limitation on Subsidiary Indebtedness, including any limitation on indebtedness of subsidiaries, at any time after the notes achieve investment grade ratings by S&P and Moody s. See Description of the Notes Termination of Certain Covenants.

Change of Control	Following a change of control and ratings decline (as defined herein), we will be required to offer to purchase all of the notes at a purchase price equal to 101% of their respective principal amounts, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the Notes Repurchase of Notes upon a Change of Control Triggering Event.
Absence of Established Market for the Notes	The notes are a new issue of securities, and currently there is no market for them. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for any quotation system to quote them. The underwriters have advised us that they intend to make a market for the notes, but they are not obligated to do so. The underwriters may discontinue any market-making in the notes at any time in their sole discretion. Accordingly, we cannot assure you that a liquid market will develop for the notes.
Use of Proceeds	The net proceeds from the offering will be approximately $ million. We will use the net proceeds from the sale of the notes, together with cash on hand, if necessary, to purchase our 2011 Notes and 2013 Notes in the Tender Offer. If the Tender Offer is

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	terminated for any reason (other than the termination of this offering), or if any net proceeds remain after application of the net proceeds as described above, we intend to use such proceeds of this offering for general corporate purposes and for the selective purchase of our outstanding debt. See Use of Proceeds.
Verizon Transaction	This offering is not conditioned on the closing of the Verizon Transaction, nor is this offering subject to an escrow arrangement or a mandatory redemption feature in the event that the Verizon Transaction is not consummated.
Risk Factors	Your investment in the notes will involve risks. You should consider carefully all of the information set forth in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to this offering filed by us with the Securities and Exchange Commission and the documents incorporated by reference herein and, in particular, you should evaluate the risks in this prospectus supplement under Supplemental Risk Factors, in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding whether to purchase any notes in this offering.
Governing Law	The notes will be governed by the laws of the State of New York.
Trustee	The Bank of New York Mellon.

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Summary Historical Consolidated Financial Information of Frontier

The following tables present our summary historical consolidated financial and operating information for the periods indicated. The summary statements of operations information for the six months ended June 30, 2009 and 2008 and the selected balance sheet data as of June 30, 2009 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus supplement. In the opinion of our management, all adjustments considered necessary for a fair presentation of the interim June 30, 2009 and 2008 financial information have been included. The summary historical consolidated financial information as of December 31, 2008 and 2007 and for each of the three fiscal years in the three-year period ended December 31, 2008 is derived from our audited historical consolidated financial statements included elsewhere in this prospectus supplement. The summary historical consolidated financial information as of December 31, 2006, 2005 and 2004 and for each of the two fiscal years in the two-year period ended December 31, 2005 is derived from our audited historical consolidated financial statements not included or incorporated by reference into this prospectus supplement or the accompanying prospectus. The operating data below is unaudited for all periods. Our operating results for the six months ended June 30, 2009 are not necessarily indicative of the results to be expected for any future periods.

This information is only a summary and should be read in conjunction with our management s discussion and analysis of financial condition and results of operations and the historical consolidated financial statements and notes thereto referred to above.

($ in thousands, except per share amounts)	Six Months Ended June 30, 2009	2008	Year Ended December 31, 2008	2007	2006	2005	2004
	(unaudited)						
Statements of Operations Information:							
Revenue(1)	$ 1,070,098	$ 1,131,755	$ 2,237,018	$ 2,288,015	$ 2,025,367	$ 2,017,041	$ 2,022,378
Operating income	$ 276,126	$ 326,281	$ 642,456	$ 705,416	$ 644,490	$ 588,968	$ 460,301
Income from continuing operations	$ 65,265	$ 102,143	$ 184,274	$ 216,514	$ 258,321	$ 189,923	$ 57,609
Net income attributable to common shareholders of Frontier	$ 64,221	$ 101,367	$ 182,660	$ 214,654	$ 344,555	$ 202,375	$ 72,150
Other Financial Data:							
Capital expenditures	$ 110,364	$ 123,723	$ 288,264	$ 315,793	$ 268,806	$ 259,448	$ 263,949
Adjusted EBITDA(1)(2).	$ 546,502	$ 611,611	$ 1,204,257	$ 1,251,272	$ 1,120,977	$ 1,109,172	$ 1,009,682

($ in thousands)	As of June 30, 2009	As of December 31, 2008	2007	2006	2005	2004
	(unaudited)					
Balance Sheet Data:						
Total assets	$ 7,018,184	$ 6,888,676	$ 7,256,069	$ 6,797,536	$ 6,427,567	$ 6,679,899
Long-term debt	$ 4,944,989	$ 4,721,685	$ 4,736,897	$ 4,467,086	$ 3,995,130	$ 4,262,658
Total shareholders equity of Frontier	$ 438,056	$ 519,045	$ 997,899	$ 1,058,032	$ 1,041,809	$ 1,362,240
Operating Data:						
Access lines	2,189,127	2,254,333	2,429,142	2,126,574	2,237,539	2,336,423
High-speed Internet subscribers	613,810	579,943	522,845	393,184	318,096	220,313
Video subscribers	157,353	119,919	93,596	62,851	32,326	0

(1) Operating results include activities from Frontier s Vermont Electric segment for three months of 2004, and for Commonwealth Telephone Enterprises, Inc. (Commonwealth or CTE), from the date of its acquisition on March 8, 2007 and for Global Valley Networks, Inc. and GVN Services (collectively, GVN), from the date of their acquisition on October 31, 2007.

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(2) Adjusted EBITDA is a non-GAAP financial measure which we define as operating income plus depreciation and amortization. A reconciliation of the differences between Adjusted EBITDA and the most comparable financial measure calculated and presented in accordance with GAAP is included in the table that follows. Adjusted EBITDA is, by definition, not a measure of financial performance under GAAP and is not an alternative to operating income or net income reflected in the statement of operations or to cash flow, as reflected in the statement of cash flows, and it is not necessarily indicative of cash available to fund all cash needs. Adjusted EBITDA as used by us may not be comparable to similarly titled measures of other companies.

We believe that presentation of Adjusted EBITDA provides useful information to investors regarding our financial condition and results of operations because Adjusted EBITDA, when used in conjunction with related GAAP financial measures, (i) provides a more comprehensive view of our core operations and ability to generate cash flow, (ii) provides investors with the financial analytical framework upon which management bases financial, operational, compensation and planning decisions and (iii) presents measurements that investors and rating agencies have indicated to management are useful to them in assessing us and our results of operations.

Management uses Adjusted EBITDA to (i) assist in analyzing our underlying financial performance from period to period, (ii) evaluate the financial performance of our business units, (iii) analyze and evaluate strategic and operational decisions, (iv) establish criteria for compensation decisions, and (v) assist management in understanding our ability to generate cash flow and, as a result, to plan for future capital and operational decisions. Management uses Adjusted EBITDA in conjunction with related GAAP financial measures. We believe that Adjusted EBITDA is meaningful and useful for the reasons outlined above.

While we utilize Adjusted EBITDA in managing and analyzing our business and financial condition and believe it is useful to management and to investors for the reasons described above, Adjusted EBITDA has certain shortcomings. Management compensates for the shortcomings of Adjusted EBITDA by utilizing it in conjunction with comparable GAAP financial measures. The information presented in this section should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this prospectus supplement.

The following are the components of Adjusted EBITDA for each of the years in the five-year period ended December 31, 2008 and for the six months ended June 30, 2009.

	Six Months Ended June 30,		**Year Ended December 31,**				
(In thousands)	**2009**	**2008**	**2008**	**2007**	**2006**	**2005**	**2004**
	(unaudited)						
Operating income	$ 276,126	$ 326,281	$ 642,456	$ 705,416	$ 644,490	$ 588,968	$ 460,301
Depreciation and amortization	270,376	285,330	561,801	545,856	476,487	520,204	549,381
Adjusted EBITDA(a)	$ 546,502	$ 611,611	$ 1,204,257	$ 1,251,272(b)	$ 1,120,977	$ 1,109,172	$ 1,009,682

(a) Adjusted EBITDA includes charges for acquisition related costs, severance and early retirement costs, non-cash pension costs and legal settlement costs. Such amounts were $10,751, $2,567, $16,454 and $0, respectively, for the six months ended June 30, 2009, and $0, $3,371, $(1,060) and $859, respectively, for the six months ended June 30, 2008.

(b) Includes $38,700 in access revenue as a result of a significant carrier dispute settlement and $14,379 in pension curtailment gain, without which Adjusted EBITDA would have been $1,198,193.

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Summary Historical Combined Financial Data of Verizon s

Separate Telephone Operations

Verizon s Separate Telephone Operations are comprised of the local exchange business and related landline activities of Verizon in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, West Virginia and Wisconsin, including Internet access and long distance services and broadband video provided to designated customers in those states. Verizon s Separate Telephone Operations comprise portions of Verizon California Inc. and Verizon South Inc., and the stock of Contel of the South, Inc., Verizon Northwest Inc., (Verizon Northwest), Verizon North Inc., (Verizon North) (after the transfer of specific operations, assets and liabilities of Verizon North and Verizon Northwest), and Verizon West Virginia Inc., (Verizon West Virginia); also included in Verizon s Separate Telephone Operations are customer relationships for related long distance services offered by portions of Verizon Long Distance LLC and Verizon Enterprise Solutions LLC (VLD), and Verizon Online LLC (VOL), in the Spinco territory. Verizon s Separate Telephone Operations exclude all activities of Verizon Business Global LLC and Cellco Partnership (d/b/a Verizon Wireless) (Cellco). The following selected historical combined financial data of Verizon s Separate Telephone Operations for the six months ended June 30, 2009 and 2008 and as of June 30, 2009 have been derived from the unaudited interim condensed combined special-purpose financial statements of Verizon s Separate Telephone Operations included elsewhere in this prospectus supplement. The following selected historical combined special-purpose financial data of Verizon s Separate Telephone Operations for each of the fiscal years ended December 31, 2008, 2007 and 2006 and as of December 31, 2008 and 2007 have been derived from the audited combined special-purpose financial statements of Verizon s Separate Telephone Operations included elsewhere in this prospectus supplement. The selected historical combined special-purpose financial data for the years ended December 31, 2005 and 2004 and as of December 31, 2006, 2005 and 2004 have been derived from the unaudited combined special-purpose financial statements of Verizon s Separate Telephone Operations that have not been included in or incorporated by reference into this prospectus supplement. The results of operations for the interim periods are not necessarily indicative of the results of operations which might be expected for the entire year, but in the opinion of Verizon s management, include all adjustments for the fair presentation of interim financial information.

See Unaudited Pro Forma Condensed Combined Financial Information for a detailed description of assets and liabilities of Verizon s Separate Telephone Operations that will be contributed to Spinco, other assets and liabilities of Verizon s Separate Telephone Operations that will not be contributed to Spinco, and expenses that will not be expenses of the combined company as well as other similar adjustments, in each case assuming consummation of the Verizon Transaction.

The summary historical combined financial data of Verizon s Separate Telephone Operations should be read in conjunction with the unaudited interim condensed combined special-purpose financial statements of Verizon s Separate Telephone Operations for the six months ended June 30, 2009 and 2008 and the notes thereto and the audited combined special-purpose financial statements of Verizon s Separate Telephone Operations for the years ended December 31, 2008, 2007 and 2006 and the notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations Verizon s Separate Telephone Operations included elsewhere in this prospectus supplement.

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($ in millions)	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	Year Ended December 31, 2008	2007	2006	2005	2004
	(unaudited)					(unaudited)	
Statements of Income:							
Operating revenues	$ 2,074	$ 2,201	$ 4,352	$ 4,527	$ 4,674	$ 4,831	$ 4,855
Operating income(1)	411	603	1,044	1,159	1,162	1,046	1,072
Net income	237	335	552	603	638	538	612
Other Financial Data:							
Capital expenditures	$ 279	$ 364	$ 730	$ 703	$ 702	$ 733	$ 653

($ in millions)	As of June 30, 2009	As of December 31, 2008	2007	2006	2005	2004
	(unaudited)				(unaudited)	
Statements of Selected Assets, Selected Liabilities and Parent Funding:						
Total selected assets	$ 8,750	$ 8,926	$ 9,059	$ 9,119	$ 9,375	$ 9,608
Long-term debt, including current portion	624	622	1,319	1,315	1,732	1,882
Employee benefit obligations	1,197	1,160	1,068	991	930	815
Parent funding	4,803	4,952	4,548	4,443	4,270	4,144

(1) Operating expenses in the six months ended June 30, 2009 and the years ended December 31, 2008, 2007, 2006 and 2004 included special charges related to pension settlement losses and severance plans of $139 million, $107 million, $53 million, $42 million and $121 million, respectively.

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Summary Unaudited Pro Forma Condensed Combined Financial Information

The following table shows summary unaudited pro forma condensed combined financial data about the financial condition and results of operations of Frontier, as the combined company, assuming consummation of and after giving effect to the Verizon Transaction, and is based upon the historical consolidated financial data of Frontier and the historical combined special-purpose financial data of Verizon s Separate Telephone Operations included elsewhere in this prospectus supplement. The unaudited pro forma condensed combined financial data has been prepared to reflect the merger based on the acquisition method of accounting, with Frontier treated as the accounting acquirer. Under the acquisition method, the assets and liabilities of Verizon s Separate Telephone Operations will be recorded by Frontier at their respective fair values as of the date the merger is completed. The unaudited pro forma condensed combined statements of operations information, which have been prepared for the six months ended June 30, 2009 and the year ended December 31, 2008, give effect to the transactions as if the Verizon Transaction had occurred on January 1, 2008. The unaudited pro forma condensed combined balance sheet data has been prepared as of June 30, 2009, and gives effect to the Verizon Transaction as if it had occurred on that date. The unaudited pro forma condensed combined financial data has been derived from and should be read in conjunction with the consolidated financial statements and the related notes of Frontier, the combined special-purpose financial statements and the related notes of Verizon s Separate Telephone Operations, and the unaudited pro forma condensed combined financial information, including the notes thereto, included elsewhere in this prospectus supplement.

The unaudited pro forma condensed combined financial data is presented for informational purposes only and is not necessarily indicative of the financial position or results of operations that would have been achieved had the Verizon Transaction been completed at the dates indicated above. In addition, the unaudited pro forma condensed combined financial data does not purport to project the future financial position or results of operation of Frontier, as the combined company, assuming completion of the Verizon Transaction. As explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial information included elsewhere in this prospectus supplement, the preliminary allocation of the transaction consideration reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary significantly from the actual transaction consideration allocation that will be recorded as of completion of the merger.

	Pro Forma	
($ in millions, except per share amounts)	**Six Months Ended June 30, 2009**	**Year Ended December 31, 2008**
	(unaudited)	
Statements of Operations Information:		
Revenue	$ 3,103	$ 6,494
Operating income	697	1,507
Net income	251	565
	As of June 30, 2009 (unaudited)	
Balance Sheet Data:		
Property, plant and equipment, net	$ 8,618	
Goodwill, net	6,033	
Total assets	17,826	
Long-term debt	7,958	
Shareholders equity	5,651	

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Ratio of Earnings to Fixed Charges

The following table contains our consolidated ratio of earnings to fixed charges for the periods indicated. For purposes of this ratio, earnings consist of pre-tax income from continuing operations before income (loss) from equity investees, and after deductions for income attributable to the noncontrolling interest in a partnership, plus fixed charges (except for interest capitalized and preferred dividend requirements of consolidated subsidiaries) and distributed income of equity investees. Fixed charges consist of interest expensed and capitalized, plus the portion of rent expense under operating leases deemed to be representative of interest.

	Six Months Ended		Fiscal Year Ended				
	June 30, 2009	June 30, 2008	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004
Consolidated Ratios of Earnings to Fixed Charges	1.52	1.78	1.76	1.87	2.13	1.75	1.13

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SUPPLEMENTAL RISK FACTORS

You should carefully consider the supplemental risks described below in addition to the risks described in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, as well as the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, before investing in the notes. See Where You Can Find More Information and Incorporation by Reference. You could lose part or all of your investment.

Risks Related to the Verizon Transaction

The Verizon Transaction may not be consummated on the terms or timeline currently contemplated or at all and this offering is not conditioned upon the consummation of the Verizon Transaction.

The consummation of the Verizon Transaction is subject to certain conditions, including (i) the availability of financing on terms that satisfy certain requirements (including with respect to pricing and maturity) and the receipt of the proceeds thereof that, taken together with any Spinco debt securities and the aggregate amount of the distribution date indebtedness, equal $3.333 billion, (ii) the absence of a governmental order that would constitute a materially adverse regulatory condition, (iii) the receipt of applicable regulatory consents, (iv) the receipt of certain rulings from the Internal Revenue Service and certain tax opinions, (v) the approval of our stockholders, (vi) the absence of a material adverse effect on Frontier or on Spinco or the Spinco business and (vii) other customary closing conditions. We can make no assurances that the Verizon Transaction will be consummated on the terms or timeline currently contemplated, or at all. We have and will continue to expend a significant amount of capital and management s time and resources on the Verizon Transaction, and a failure to consummate the transaction as currently contemplated, or at all, could have a material adverse effect on our business and results of operations. In addition, the trading price of our securities, including the notes, could be adversely affected if the Verizon Transaction is not consummated as currently contemplated, or at all.

This offering is not conditioned on the closing of the Verizon Transaction and is not subject to an escrow arrangement or a mandatory redemption feature in the event that the acquisition is not consummated. The notes offered hereby will remain outstanding whether or not the Verizon Transaction is consummated. Accordingly, you should only invest in the notes if you are prepared to hold an investment in the notes as an obligation of Frontier on a stand-alone basis without regard to its acquisition of the Spinco business.

Frontier s effort to combine Frontier s business and the Spinco business may not be successful.

The acquisition of the Spinco business is the largest and most significant acquisition Frontier has undertaken. Frontier management will be required to devote a significant amount of time and attention to the process of integrating the operations of Frontier s business and the Spinco business, which may decrease the time they will have to serve existing customers, attract new customers and develop new services or strategies. Frontier expects that the Spinco business will be operating on an independent basis, separate from Verizon s other businesses and operations, immediately prior to the closing of the merger (other than with respect to the portion operated in West Virginia, which is expected to be ready for integration into Frontier s existing business at the closing of the merger) and will not require significant post-closing integration for Frontier to continue the operations of the Spinco business immediately after the merger. However, the size and complexity of the Spinco business and the process of using Frontier s existing common support functions and systems to manage the Spinco business after the merger, if not managed successfully by Frontier management, may result in interruptions of the business activities of the combined company that could have a material adverse effect on the combined company s business, financial condition and results of operations. In addition, Frontier management will be required to devote a significant amount of time and attention before completion of the merger to the process of migrating the systems and processes supporting the operations of the Spinco business in West Virginia from systems owned and operated by Verizon to those owned and operated by Frontier. The size, complexity and timing of this migration, if not managed successfully by Frontier management, may result in interruptions of Frontier s business activities.

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The combined company may not realize the growth opportunities and cost synergies that are anticipated from the merger.

The success of the merger will depend, in part, on the ability of the combined company to realize anticipated growth opportunities and cost synergies. The combined company s success in realizing these growth opportunities and cost synergies, and the timing of this realization, depends on the successful integration of Frontier s business and operations and the Spinco business and operations. Even if the combined company is able to integrate the Frontier and Spinco businesses and operations successfully, this integration may not result in the realization of the full benefits of the growth opportunities and cost synergies that Frontier currently expects from this integration within the anticipated time frame or at all. For example, the combined company may be unable to eliminate duplicative costs, or the benefits from the merger may be offset by costs incurred or delays in integrating the companies.

If the assets contributed to Spinco by Verizon are insufficient to operate the Spinco business, it could adversely affect the combined company s business, financial condition and results of operations.

Pursuant to the distribution agreement, Verizon will contribute to Spinco defined assets and liabilities of its local exchange business and related landline activities in the Spinco territory, including Internet access and long distance services and broadband video provided to designated customers in the Spinco territory. The merger agreement provides that all the contributions will be made so that the Spinco business (other than the portion conducted in West Virginia) is segregated from Verizon s other businesses at least 60 days prior to the closing of the spin-off and merger. However, the contributed assets may not be sufficient to operate all aspects of the Spinco business and the combined company may have to use assets or resources from Frontier s existing business or acquire additional assets in order to operate the Spinco business, which could adversely affect the combined company s business, financial condition and results of operations.

Pursuant to the distribution agreement, the combined company has certain rights to cause Verizon to transfer to it any assets required to be contributed to Spinco under that agreement that were not contributed as required. If Verizon were unable or unwilling to transfer those assets to the combined company, or if Verizon and the combined company were to disagree about whether those assets were required to be contributed to Spinco under the distribution agreement, the combined company might not be able to obtain those assets or similar assets from others without significant costs or at all.

The combined company s business, financial condition and results of operations may be adversely affected following the merger if it is not able to obtain consents to assign certain Verizon contracts to Spinco.

Certain wholesale, large business, Internet service provider and other customer contracts that are required to be assigned to Spinco by Verizon require the consent of the customer party to the contract to effect this assignment. Verizon and the combined company may be unable to obtain these consents on terms favorable to the combined company or at all, which could have a material adverse impact on the combined company s business, financial condition and results of operations following the merger.

Regulatory agencies may delay approval of the spin-off and the merger, fail to approve them, or approve them in a manner that may diminish the anticipated benefits of the merger.

Completion of the spin-off and the merger is conditioned upon the receipt of certain government consents, approvals, orders and authorizations. While Frontier and Verizon intend to pursue vigorously all required governmental approvals and do not know of any reason why they would not be able to obtain the necessary approvals in a timely manner, the requirement to receive these approvals before the spin-off and merger could delay the completion of the spin-off and merger, possibly for a significant period of time after Frontier stockholders have approved the merger proposals. Any delay in the completion of the spin-off and the merger could diminish the anticipated benefits of the spin-off and the merger or result in additional transaction costs, loss of revenues or other effects associated with uncertainty about the transaction. Any uncertainty over the ability of the companies to complete the spin-off and the merger could make it more difficult for Frontier to maintain or to

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pursue particular business strategies. In addition, until the spin-off and the merger are completed, the attention of Frontier management may be diverted from ongoing business concerns and regular business responsibilities to the extent management is focused on obtaining regulatory approvals.

Further, governmental agencies may decline to grant required approvals, or they may impose conditions on their approval of the spin-off and the merger that could have an adverse effect on the combined company s business, financial condition and results of operations. Any amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain governmental approvals in the Spinco territory that are required to complete the merger or the spin-off will increase the aggregate number of shares of Frontier common stock to be issued pursuant to the merger agreement, and any such increase could be significant.

The merger agreement contains provisions that may discourage other companies from trying to acquire Frontier.

The merger agreement contains provisions that may discourage a third party from submitting a business combination proposal to Frontier prior to the closing of the merger that might result in greater value to Frontier stockholders than the merger. The merger agreement generally prohibits Frontier from soliciting any acquisition proposal, and Frontier may not terminate the merger agreement in order to accept an alternative business combination proposal that might result in greater value to Frontier stockholders than the merger. Further, even if the Frontier board withdraws or modifies its recommendation of the merger, it will still be required to submit the merger to a vote of its stockholders. In addition, before the Frontier board may withdraw or modify its recommendation, Verizon has the opportunity to offer to modify the terms of the merger in response to any competing acquisition proposals that may be made. If the merger agreement is terminated by Frontier or Verizon in certain circumstances, Frontier may be obligated to pay a termination fee of $80 million to Verizon, which would represent an additional cost for a potential third party seeking a business combination with Frontier.

Failure to complete the merger could adversely affect the trading price of Frontier s securities as well as Frontier s business, financial condition and results of operations.

If the merger is not completed for any reason, the trading price of Frontier s securities, including the notes, may decline to the extent that the market price of such securities reflects positive market assumptions that the merger will be completed and the related benefits will be realized. Frontier may also be subject to additional risks if the merger is not completed, including:

- the requirement in the merger agreement that, under certain circumstances, Frontier pay Verizon a termination fee of $80 million;

- substantial costs related to the merger, such as legal, accounting, filing, financial advisory and financial printing fees, which must be paid regardless of whether the merger is completed; and

- potential disruption to the business of Frontier and distraction of its workforce and management team.

If the spin-off does not qualify as a tax-free spin-off under Section 355 of the Internal Revenue Code (the Code), including as a result of subsequent acquisitions of stock of Verizon or Frontier, then Verizon or Verizon stockholders may be required to pay substantial U.S. federal income taxes, and Frontier may be obligated to indemnify Verizon for such taxes imposed on Verizon.

The spin-off and merger are conditioned upon Verizon s receipt of a private letter ruling from the IRS to the effect that the spin-off and certain related transactions will qualify as tax-free to Verizon, Spinco and the Verizon stockholders for U.S. federal income tax purposes (the IRS ruling). A private letter ruling from the IRS generally is binding on the IRS. However, the IRS ruling will not rule that the spin-off satisfies every requirement for a tax-free spin-off, and the parties will rely solely on the opinion of counsel described below for comfort that such additional requirements are satisfied.

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The IRS ruling will be based on, among other things, certain representations and assumptions as to factual matters made by Verizon, Spinco and Frontier. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the IRS ruling. In addition, the IRS ruling will be based on current law, and cannot be relied upon if current law changes with retroactive effect.

The spin-off will be taxable to Verizon pursuant to Section 355(e) of the Code if there is a 50% or more change in ownership of either Verizon or Spinco, directly or indirectly, as part of a plan or series of related transactions that include the spin-off. Because Verizon stockholders will collectively own more than 50% of the Frontier common stock following the merger, the merger alone will not cause the spin-off to be taxable to Verizon under Section 355(e). However, Section 355(e) might apply if other acquisitions of stock of Verizon before or after the merger, or of Frontier after the merger, are considered to be part of a plan or series of related transactions that include the spin-off. If Section 355(e) applied, Verizon might recognize a very substantial amount of taxable gain.

Under a tax sharing agreement, in certain circumstances, and subject to certain limitations, Frontier is required to indemnify Verizon against taxes on the spin-off that arise as a result of actions or failures to act by Frontier, or as a result of changes in ownership of the stock of Frontier after the merger. In some cases, however, Verizon might recognize gain on the spin-off without being entitled to an indemnification payment under the tax sharing agreement.

If the merger does not qualify as a tax-free reorganization under Section 368 of the Code, Frontier may be required to pay substantial U.S. federal income taxes.

Frontier currently expects that the merger will qualify as a tax-free reorganization under Section 368(a) of the Code, and the obligation of Frontier to consummate the merger is conditioned upon receiving an opinion of counsel to that effect. Such opinion will be based upon, among other things, certain representations and assumptions as to factual matters made by Verizon, Spinco and Frontier. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the opinion. An opinion of counsel represents counsel s best legal judgment, is not binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion. In addition, the opinion will be based on current law, and cannot be relied upon if current law changes with retroactive effect. If the merger were taxable, Spinco stockholders would recognize taxable gain or loss on their receipt of Frontier stock in the merger, and Spinco would be considered to have made a taxable sale of its assets to Frontier.

Frontier will be unable to take certain actions after the merger because such actions could jeopardize the tax-free status of the spin-off or the merger, and such restrictions could be significant.

Frontier is prohibited pursuant to a tax sharing agreement from taking actions that could reasonably be expected to cause the spin-off to be taxable or to jeopardize the conclusions of the IRS ruling or opinions of counsel received by Verizon or Frontier. In particular, for two years after the spin-off, Frontier may not:

- enter into any agreement, understanding or arrangement or engage in any substantial negotiations with respect to any transaction involving the acquisition, issuance, repurchase or change of ownership of Frontier capital stock, or options or other rights in respect of Frontier capital stock, subject to certain exceptions relating to employee compensation arrangements, stock splits, open market stock repurchases and stockholder rights plans;

- permit certain wholly owned subsidiaries owned by Spinco at the time of the spin-off to cease the active conduct of the Spinco business to the extent it was conducted immediately prior to the spin-off; or

- voluntarily dissolve, liquidate, merge or consolidate with any other person, unless Frontier survives and the transaction otherwise complies with the restrictions in the tax sharing agreement.

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The tax sharing agreement further restricts Frontier from prepaying, or modifying the terms of, the Spinco debt securities, if any.

Nevertheless, Frontier is permitted to take any of the actions described above if it obtains Verizon s consent, or if it obtains a supplemental IRS private letter ruling (or an opinion of counsel that is reasonably acceptable to Verizon) to the effect that the action will not affect the tax-free status of the spin-off or the merger. However, the receipt by Frontier of any such consent, opinion or ruling does not relieve Frontier of any obligation it has to indemnify Verizon for an action it takes that causes the spin-off to be taxable to Verizon.

Because of these restrictions, for two years after the merger, Frontier may be limited in the amount of capital stock that it can issue to make acquisitions or to raise additional capital. Also, Frontier s indemnity obligation to Verizon may discourage, delay or prevent a third party from acquiring control of Frontier during this two-year period in a transaction that stockholders of Frontier might consider favorable.

The pendency of the merger could adversely affect the business and operations of Frontier and the Spinco business.

In connection with the pending merger, some customers of each of Frontier and the Spinco business may delay or defer decisions or may end their relationships with the relevant company, which could negatively affect the revenues, earnings and cash flows of Frontier and the Spinco business, regardless of whether the merger is completed. Similarly, current and prospective employees of Frontier and the Spinco business may experience uncertainty about their future roles with the combined company following the merger, which may materially adversely affect the ability of each of Frontier and the Spinco business to attract and retain key personnel during the pendency of the merger.

Risks Related to the Combined Company s Business Following the Merger

The risks discussed below in this section will apply to the combined company following the completion of the Verizon Transaction but will also apply to Frontier before the Verizon Transaction is completed and will continue to apply to Frontier if the Verizon Transaction is not completed for any reason.

The combined company will likely face further reductions in access lines, switched access minutes of use, long distance revenues and federal and state subsidy revenues, which could adversely affect it.

The businesses that will make up the combined company have experienced declining access lines, switched access minutes of use, long distance revenues, federal and state subsidies and related revenues because of economic conditions, increasing competition, changing consumer behavior (such as wireless displacement of wireline use, e-mail use, instant messaging and increasing use of Voice over Internet Protocol (VoIP), technology changes and regulatory constraints. For example, Frontier s access lines declined 7% in 2008, and 6% in 2007 (excluding the access lines added through Frontier s acquisitions of Commonwealth and GVN). In addition, Frontier s switched access minutes of use declined 9% in 2008 and 8% in 2007 (excluding the switched access minutes added through Frontier s acquisitions of Commonwealth and GVN). The Spinco business s access lines declined 10% in 2008, and 8% in 2007. In addition, the Spinco business s switched access minutes of use declined 11% in 2008 and 11% in 2007. These factors, among others, are likely to cause the combined company s local network service, switched network access, long distance and subsidy revenues to continue to decline, and these factors may cause the combined company s cash generated by operations to decrease.

The combined company will face intense competition, which could adversely affect it.

The communications industry is extremely competitive and competition is increasing. The traditional dividing lines between local, long distance, wireless, cable and Internet service providers are becoming increasingly blurred. Through mergers and various service expansion strategies, service providers are striving to provide integrated solutions both within and across geographic markets. The combined company s competitors will include competitive local exchange carriers and other providers (or potential providers) of services, such as

Internet service providers, wireless companies, VoIP providers and cable companies that may provide services competitive with the services that the combined company will offer or will intend to introduce. Competition will continue to be intense following the merger, and Frontier cannot assure you that the combined company will be able to compete effectively. Frontier also believes that wireless and cable telephony providers have increased their penetration of various services in Frontier s and Spinco s markets. Frontier expects the combined company to continue to lose access lines at least in the near term and that competition with respect to all the products and services of the combined company will increase.

Frontier expects competition to intensify as a result of the entrance of new competitors, penetration of existing competitors into new markets, changing consumer behavior and the development of new technologies, products and services that can be used in substitution for the combined company s products and services. Frontier cannot predict which of the many possible future technologies, products or services will be important in order to maintain the combined company s competitive position or what expenditures will be required to develop and provide these technologies, products or services. The combined company s ability to compete successfully will depend on the success and cost of capital expenditure investments in the Spinco territory as well as the cost of marketing efforts and on the combined company s ability to anticipate and respond to various competitive factors affecting the industry, including a changing regulatory environment that may affect the combined company and its competitors differently, new services that may be introduced (including wireless broadband offerings), changes in consumer preferences, demographic trends, economic conditions and pricing strategies by competitors. Increasing competition may reduce the combined company s revenues and increase the combined company s marketing and other costs as well as require the combined company to increase its capital expenditures and thereby decrease its cash flow.

Some of the combined company s future competitors will have superior resources, which may place the combined company at a cost and price disadvantage.

Some of the companies that will be competitors of the combined company will have market presence, engineering, technical and marketing capabilities and financial, personnel and other resources substantially greater than those of the combined company. In addition, some of these future competitors will be able to raise capital at a lower cost than the combined company. Consequently, some of these competitors may be able to develop and expand their communications and network infrastructures more quickly, adapt more swiftly to new or emerging technologies and changes in customer requirements, take advantage of acquisition and other opportunities more readily and devote greater resources to the marketing and sale of their products and services than the combined company. Additionally, the greater brand name recognition of some future competitors may require the combined company to price its services at lower levels in order to retain or obtain customers. Finally, the cost advantages of some of these competitors may give them the ability to reduce their prices for an extended period of time if they so choose.

The combined company may be unable to grow its revenues and cash flows despite the initiatives Frontier has implemented and intends to continue after the merger.

The combined company must produce adequate revenues and cash flows that, when combined with funds available under Frontier s revolving credit facility, which will continue to be the combined company s revolving credit facility (subject to any permitted refinancing or replacement thereof by Frontier), will be sufficient to service the combined company s debt, fund its capital expenditures, pay its taxes, fund its pension and other employee benefit obligations and pay dividends pursuant to its dividend policy. Frontier has implemented and will continue to implement several growth initiatives that will affect the combined company, including increasing marketing promotions and related expenditures and launching new products and services with a focus on areas that are growing or demonstrate meaningful demand such as wireline and wireless high-speed Internet (HSI), satellite video products and the Frontier Peace of Mind suite of products, including computer technical support. Frontier cannot assure you that these initiatives will improve the combined company s financial position or its results of operations.

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Weak economic conditions may decrease demand for the combined company s services.

The combined company could be sensitive to the ongoing recession if current economic conditions or their effects continue following the merger. Downturns in the economy and competition in the combined company s markets could cause some of the combined company s customers to reduce or eliminate their purchases of the combined company s basic and enhanced services, HSI and video services and make it difficult for the combined company to obtain new customers. In addition, if current economic conditions continue, they could cause the combined company s customers to delay or discontinue payment for its services.

Disruption in the combined company s networks and infrastructure may cause the combined company to lose customers and incur additional expenses.

To attract and retain customers, the combined company will need to provide customers with reliable service over its networks. Some of the risks to the combined company s networks and infrastructure include physical damage to access lines, security breaches, capacity limitations, power surges or outages, software defects and disruptions beyond its control, such as natural disasters and acts of terrorism. From time to time in the ordinary course of business, the combined company could experience short disruptions in its service due to factors such as cable damage, inclement weather and service failures of the combined company s third-party service providers. The combined company could experience more significant disruptions in the future. The combined company could also face disruptions due to capacity limitations if changes in the combined company s customers usage patterns for its HSI services result in a significant increase in capacity utilization, such as through increased usage of video or peer-to-peer file sharing applications. Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause the combined company to lose customers and incur additional expenses, and thereby adversely affect its business, revenues and cash flows.

The combined company s business will be sensitive to the creditworthiness of its wholesale customers.

The combined company will have substantial business relationships with other telecommunications carriers for whom it will provide service. While bankruptcies of these carriers have not had a material adverse effect on Frontier or the Spinco business in recent years, future bankruptcies in their industry could result in the loss of significant customers by the combined company, as well as more price competition and uncollectible accounts receivable. Such bankruptcies may be more likely in the future if current economic conditions continue into 2010 or beyond. As a result, the combined company s revenues and results of operations could be materially and adversely affected.

A significant portion of the combined company s workforce will be represented by labor unions and will therefore be subject to collective bargaining agreements, and if the combined company is unable to enter into new agreements or renew existing agreements before they expire, the combined company workers subject to collective bargaining agreements could engage in strikes or other labor actions that could materially disrupt the combined company s ability to provide services to its customers.

As of June 30, 2009, Frontier had approximately 5,400 active employees. Approximately 2,800, or 52%, of these employees were represented by unions and were therefore subject to collective bargaining agreements. Of the union-represented employees, approximately 1,000, or 36%, were subject to collective bargaining agreements that expire in 2009 and approximately 300, or 11%, were subject to collective bargaining agreements that expire in 2010.

As of July 31, 2009, assuming the contribution had taken place as of that date, Spinco would have had approximately 10,700 active employees. Approximately 8,000, or 75%, of these employees were represented by unions and were therefore subject to collective bargaining agreements. Of the union-represented employees, approximately 300, or less than 4%, were subject to collective bargaining agreements that expire in 2009 and approximately 3,300, or 44%, were subject to collective bargaining agreements that expire in 2010.

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Frontier cannot predict the outcome of negotiations for the collective bargaining agreements of the combined company. If the combined company is unable to reach new agreements or renew existing agreements, employees subject to collective bargaining agreements may engage in strikes, work slowdowns or other labor actions, which could materially disrupt the combined company s ability to provide services. New labor agreements or the renewal of existing agreements may impose significant new costs on the combined company, which could adversely affect its financial condition and results of operations in the future.

The combined company may complete a significant strategic transaction that may not achieve intended results or could increase the number of its outstanding shares or amount of outstanding debt or result in a change of control.

The combined company will evaluate and may in the future enter into additional strategic transactions. Any such transaction could happen at any time following the closing of the merger, could be material to the combined company s business and could take any number of forms, including, for example, an acquisition, merger or a sale of all or substantially all of the combined company s assets.

Evaluating potential transactions and integrating completed ones may divert the attention of the combined company s management from ordinary operating matters. The success of these potential transactions will depend, in part, on the combined company s ability to realize the anticipated growth opportunities and cost synergies through the successful integration of the businesses the combined company acquires with its existing business. Even if the combined company is successful in integrating the acquired businesses, Frontier cannot assure you that these integrations will result in the realization of the full benefit of any anticipated growth opportunities or cost synergies or that these benefits will be realized within the expected time frames. In addition, acquired businesses may have unanticipated liabilities or contingencies.

If the combined company completes an acquisition, investment or other strategic transaction, the combined company may require additional financing that could result in an increase in the number of its outstanding shares or the aggregate amount of its debt, although there are restrictions on the ability of the combined company to issue additional shares of stock for these purposes for two years after the merger. See Supplemental Risk Factors Risks Relating to the Spin-Off and the Merger Frontier will be unable to take certain actions after the merger because such actions could jeopardize the tax-free status of the spin-off or the merger, and such restrictions could be significant. The number of shares of the combined company s common stock or the aggregate principal amount of its debt that it may issue may be significant. A strategic transaction may result in a change in control of the combined company or otherwise materially and adversely affect its business.

Risks Related to Liquidity, Financial Resources and Capitalization

The risks discussed below in this section will apply to the combined company following the completion of the Verizon Transaction but will also apply to Frontier before the Verizon Transaction is completed and will continue to apply to Frontier if the Verizon Transaction is not completed for any reason.

If the recent severe contraction in the global financial markets and current economic conditions continue into 2010, this economic scenario may have an impact on the combined company s business and financial condition.

If the diminished availability of credit and liquidity due to the recent severe contraction in the global financial markets and current economic conditions continues into 2010, this economic scenario may affect the financial health of the combined company s customers, vendors and partners, which in turn may negatively affect the combined company s revenues, operating expenses and cash flows. In addition, although Frontier believes, based on information available to Frontier, that the financial institutions that have outstanding commitments under Frontier s revolving credit facility (which will continue to be the revolving credit facility of the combined company, subject to any permitted refinancing or replacement thereof by Frontier) will be able to fulfill their commitments to the combined company, if the current economic environment and the recent severe contraction in the global financial markets continue until 2010, this could change in the future.

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The combined company will have significant debt maturities in 2011, when approximately $870 million of the combined company s debt, representing a portion of Frontier s debt outstanding prior to the merger (including the 2011 Notes, which are subject to the Tender Offer), will mature. Historically, Frontier has refinanced its debt obligations well in advance of scheduled maturities. Given the current credit environment, the combined company s ability to access the capital markets may be restricted and its cost of borrowing may be materially higher than Frontier s financing costs have been historically.

As a result of negative investment returns arising from a contraction in the global financial markets and ongoing payment of benefits, Frontier s pension plan assets have declined from $822.2 million at December 31, 2007, to $578.1 million at June 30, 2009, a decrease of $244.1 million, or 30%. This decrease consisted of a decline in asset value of $148.0 million, or 18%, and benefits paid of $96.1 million, or 12%. As a result of the continued accrual of pension benefits under the applicable pension plan and the continued negative investment returns arising from the continued contraction of the global financial markets, Frontier expects that Frontier s pension expenses will increase in 2009. Frontier will be required to make a cash contribution to its pension plan beginning in 2011, although pension asset volatility could require Frontier to make a cash contribution no earlier than 2010. Once the merger is consummated, the combined company will maintain Frontier s pension plan and will be responsible for contributions to fund the plan s liabilities, and may be required to continue making these cash contributions in respect of liabilities under Frontier s pension plan. The combined company will also, upon consummation of the merger, maintain pension plans that assume the Spinco business s pension plan liabilities for active employees. The applicable Verizon pension plans will transfer assets to the pension plans of the combined company pursuant to applicable law and the terms of the employee matters agreement entered into among Verizon, Spinco and Frontier. Following the merger, the combined company will be responsible for making any required contributions to the new pension plans to fund liabilities of the plans, and the ongoing pension expenses of the Spinco business may require the combined company to make cash contributions in respect of the Spinco business s pension plan liabilities.

The combined company will require substantial capital to upgrade and enhance its operations.

Verizon s historical capital expenditures in connection with the Spinco business have been significantly lower than Frontier s level of capital expenditures. Replacing or upgrading the combined company s infrastructure will require significant capital expenditures, including any expected or unexpected expenditures necessary to make replacements or upgrades to the existing infrastructure of the Spinco business. If this capital is not available when needed, the combined company s business will be adversely affected. Responding to increases in competition, offering new services, and improving the capabilities of, or reducing the maintenance costs associated with, the combined company s plant may cause the combined company s capital expenditures to increase in the future. In addition, the combined company s anticipated annual dividend of $0.75 per share will utilize a significant portion of the combined company s cash generated by operations and therefore could limit the combined company s ability to increase capital expenditures significantly. While Frontier believes that the combined company s anticipated cash flows will be adequate to maintain this dividend policy while allowing for capital spending and other purposes, any material reduction in cash generated by operations and any increases in capital expenditures, interest expense or cash taxes would reduce the amount of cash available for further capital expenditures and payment of dividends. Accelerated losses of access lines, the effects of increased competition, lower subsidy and access revenues and the other factors described above may reduce the combined company s cash generated by operations and may require the combined company to increase capital expenditures.

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Risks Related to Regulation

The risks discussed below in this section will apply to the combined company following the completion of the Verizon Transaction but will also apply to Frontier before the Verizon Transaction is completed and will continue to apply to Frontier if the Verizon Transaction is not completed for any reason.

Changes in federal or state regulations may reduce the access charge revenues the combined company will receive.

A significant portion of Frontier s revenues (approximately $285 million, or 13%, in 2008) and a significant portion of Verizon s Separate Telephone Operations revenues (approximately $212 million, or 5%, in 2008) are derived from access charges paid by other carriers for services Frontier and the Spinco business provide in originating and terminating intrastate and interstate long distance traffic. As a result, Frontier expects a significant portion of the combined company s revenues to continue to be derived from access charges paid by these carriers for services that the combined company will provide in originating and terminating this traffic. The amount of access charge revenues that Frontier and the Spinco business receive (and, after the closing, the combined company will receive) for these services is regulated by the Federal Communications Commission (FCC) and state regulatory agencies.

The FCC is considering proposals that may significantly change interstate, intrastate and local intercarrier compensation. When and how these proposed changes will be addressed are unknown and, accordingly, Frontier cannot predict the impact of future changes on the combined company s results of operations. However, future reductions in the combined company s access revenues will directly affect the combined company s profitability and cash flows as those regulatory revenues do not have substantial associated variable expenses.

Certain states also have open proceedings to address reform to access charges and other intercarrier compensation. Frontier cannot predict when or how these matters will be decided or the effect on the combined company s subsidy or access revenues. In addition, Frontier has been approached by, and is currently involved in formal state proceedings with, various carriers seeking reductions in intrastate access rates in certain states. Certain of those claims have led to formal complaints to the applicable state regulatory agencies. A material reduction in the access revenues the combined company will receive would adversely affect its financial results.

The combined company will be reliant on support funds provided under federal and state laws.

A portion of Frontier s revenues (approximately $120 million in the aggregate, or 5.4%, in 2008) and a portion of Verizon s Separate Telephone Operations revenues (approximately $235 million in the aggregate, or 5.4%, in 2008) are derived from federal and state subsidies for rural and high cost support, commonly referred to as universal service fund subsidies, including the Federal High Cost Loop Fund, federal interstate access support, federal interstate common line support, federal local switching support fund, various state funds and surcharges billed to customers. The FCC and state regulatory agencies are currently considering a number of proposals for changing the manner in which eligibility for federal and state subsidies is determined as well as the amounts of such subsidies. Although the FCC issued an order on May 1, 2008 to cap the amounts that competitive eligible telecommunications carriers (CETCs) may receive from the high cost Federal Universal Service Fund (USF), this CETC cap may only remain in place until the FCC takes additional steps. In November 2008, the FCC issued a Further Notice of Proposed Rulemaking seeking comment on several different alternatives, some of which could significantly reduce the amount of federal high cost universal service support that the combined company would receive. Frontier cannot predict if or when the FCC will take additional actions or the effect of any such actions on the combined company s subsidy revenues.

Federal subsidies representing interstate access support, rural high cost loop support and local switching support represented approximately $74 million, or 3%, of Frontier s revenues in 2008 and approximately $125 million, or 3%, of Verizon s Separate Telephone Operations revenues in 2008. Frontier currently expects that as a result of both an increase in the national average cost per loop and a decrease in Frontier s and the Spinco

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business s cost structure, there will be a decrease in the subsidy revenues Frontier and the Spinco business will earn in 2009 through the Federal High Cost Loop Fund. The amount of federal interstate access support funds received may also decline as that fund is also subject to a national cap and the amounts allocated among carriers within that cap can vary from year to year. State subsidies represented approximately $9 million, or less than 1%, of Frontier s revenues in 2008 and approximately $25 million, or less than 1%, of Verizon s Separate Telephone Operations revenues in 2008. Approximately $37 million, or 2%, of Frontier s 2008 revenues, and approximately $85 million, or 2%, of Verizon s Separate Telephone Operations 2008 revenues, represents a surcharge to customers (local, long distance and interconnection) to recover universal service fund contribution fees which are remitted to the FCC and recorded as an expense in other operating expenses.

The combined company and its industry will likely remain highly regulated, and the combined company will likely incur substantial compliance costs that could constrain its ability to compete in its target markets.

As an incumbent local exchange carrier, the combined company will be subject to significant regulation from federal, state and local authorities. This regulation will restrict the combined company s ability to change its rates, especially on its basic services and its access rates, and will impose substantial compliance costs on the combined company. Regulation will constrain the combined company s ability to compete and, in some jurisdictions, it may restrict how the combined company is able to expand its service offerings. In addition, changes to the regulations that govern the combined company may have an adverse effect upon its business by reducing the allowable fees that it may charge, imposing additional compliance costs or otherwise changing the nature of its operations and the competition in its industry.

Pending FCC rulemakings and state regulatory proceedings, including those relating to intercarrier compensation and universal service, could have a substantial adverse impact on the combined company s operations.

Risks Related to Technology

The risks discussed below in this section will apply to the combined company following the completion of the Verizon Transaction but will also apply to Frontier before the Verizon Transaction is completed and will continue to apply to Frontier if the Verizon Transaction is not completed for any reason.

In the future, as competition intensifies within the combined company s markets, the combined company may be unable to meet the technological needs or expectations of its customers, and may lose customers as a result.

The communications industry is subject to significant changes in technology. If the combined company does not replace or upgrade technology and equipment, it will be unable to compete effectively because it will not be able to meet the needs or expectations of its customers. Replacing or upgrading the combined infrastructure could result in significant capital expenditures.

In addition, rapidly changing technology in the communications industry may influence the combined company s customers to consider other service providers. For example, the combined company may be unable to retain customers who decide to replace their wireline telephone service with wireless telephone service. In addition, VoIP technology, which operates on broadband technology, now provides the combined company s competitors with a low-cost alternative to provide voice services to the combined company s customers, and wireless broadband technologies may permit the combined company s competitors to offer broadband data services to the combined company s customers throughout most or all of its service areas.

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Risks Related to the Notes

The risks discussed below in this section will apply to the combined company following the completion of the Verizon Transaction but will also apply to Frontier before the Verizon Transaction is completed and will continue to apply to Frontier if the Verizon Transaction is not completed for any reason.

Substantial debt and debt service obligations may adversely affect us.

We have a significant amount of indebtedness, which amounted to approximately $4.9 billion at June 30, 2009. We may also obtain additional long-term debt and working capital lines of credit to meet future financing needs, subject to certain restrictions under the terms of our existing indebtedness, which would increase our total debt. Although our existing debt is substantial, the indenture under which the notes will be issued will still permit us to incur additional debt. In addition, if the Verizon Transaction is completed the combined company will have additional indebtedness in the amount of approximately $3.4 billion, at the closing of the Verizon Transaction. Despite the substantial additional indebtedness that the combined company would have if the Verizon Transaction were completed, the combined company would not be prohibited from incurring even more indebtedness under the indenture under which the notes will be issued. If we or, if the Verizon Transaction is completed, the combined company, were to incur additional indebtedness, the risks that you face as a result of our substantial indebtedness could be magnified.

The potential significant negative consequences on our financial condition and results of operations that could result from our substantial debt include:

- limitations on our ability to obtain additional debt or equity financing, particularly in light of the current credit environment;
- instances in which we are unable to meet the financial covenants contained in our debt agreements or to generate cash sufficient to make required debt payments, which circumstances have the potential of accelerating the maturity of some or all of our outstanding indebtedness;
- the allocation of a substantial portion of our cash flow from operations to service our debt, thus reducing the amount of our cash flow available for other purposes, including operating costs, capital expenditures and dividends that could improve our competitive position, results of operations or stock price;
- requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations;
- compromising our flexibility to plan for, or react to, competitive challenges in our business and the communications industry; and
- the possibility of our being put at a competitive disadvantage with competitors who do not have as much debt as us, and competitors who may be in a more favorable position to access additional capital resources.

Frontier is a holding company and, as a result, we rely on the receipt of funds from our subsidiaries in order to meet our cash needs and service our indebtedness, including the notes. The notes will be effectively subordinated to liabilities of our subsidiaries.

Frontier is a holding company and our principal assets consist of the shares of capital stock or other equity instruments of our subsidiaries. As a holding company without independent means of generating operating revenues, we depend on dividends, distributions and other payments from our subsidiaries to fund our obligations, including those arising under the notes, and meet our cash needs. We cannot assure you that the operating results of our subsidiaries at any given time will be sufficient to make dividends, distributions or other payments to us in order to allow us to make payments on the notes. In addition, the payment of these dividends, distributions and other payments, as well as other transfers of assets, between our subsidiaries and from our subsidiaries to us may be subject to legal, regulatory or contractual restrictions. Some state regulators have

imposed and others are considering imposing on regulated companies, including us, cash management practices that could limit the ability of such regulated companies to transfer cash between subsidiaries or to the parent company. While none of the existing state regulations materially affect our cash management, any changes to the existing regulations or imposition of new regulations or restrictions may materially adversely affect our ability to transfer cash within our consolidated companies.

You will not have any claim as a creditor against our subsidiaries. Accordingly, all obligations of our subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise. As of June 30, 2009, our subsidiaries had outstanding approximately $323.5 million of total liabilities, including approximately $52.1 million of indebtedness (including secured indebtedness) and excluding deferred income tax liabilities and intercompany liabilities. If the Verizon Transaction is completed, our subsidiaries will have additional liabilities, including indebtedness in an amount currently expected to be up to approximately $425 million, assuming that the Verizon Transaction closes before June 2010. Although the indenture governing the notes will limit the indebtedness our subsidiaries may incur, our subsidiaries will be able to incur a substantial amount of additional debt, including without limitation Acquired Indebtedness (as defined in the indenture). See Description of the Notes Covenants Limitations on Subsidiary Indebtedness. Moreover, the indenture governing the notes will provide that this covenant will no longer be applicable to us from and after the first date on which the notes are rated investment grade. Termination of this covenant would allow us to engage in certain transactions that would not be permitted while this covenant was in effect even if the notes are subsequently downgraded below investment grade. See Description of the Notes Termination of Certain Covenants.

There will be no cross-default or cross-acceleration provisions in the indenture governing the notes, which could affect our ability to satisfy our obligations under the notes.

The indenture governing the notes will not contain a cross-default or cross-acceleration provision so holders of the notes will not have the right to accelerate indebtedness represented by the notes in the event of (1) a default by us or any of our subsidiaries under any other indebtedness of our company or our subsidiaries, including under our credit facilities, or (2) a bankruptcy or similar event affecting any of our subsidiaries. If such events occur, our obligations and our subsidiaries obligations, as applicable, will have to be satisfied first, and the holders of the notes will have no rights to participate in any distributions or payments. Consequently, we might not have sufficient funds or resources following such events to satisfy our obligations, including our obligations under the notes.

The notes are unsecured and will effectively be subordinated to any secured indebtedness.

The notes are unsecured and therefore will be effectively subordinated to any of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. In the event of a bankruptcy or similar proceeding, the assets that serve as collateral for any secured indebtedness will be available to satisfy the obligations under the secured indebtedness before any payments are made on the notes. As of June 30, 2009, we had approximately $16.1 million of secured indebtedness. The indenture governing the notes will permit us, subject to specified limitations, to incur a substantial amount of additional secured debt, including without limitation Acquired Indebtedness (as defined in the indenture).

The agreements governing our debt, including the notes and our credit facilities, contain various covenants that impose restrictions on us that may affect our ability to operate our business and to make payments on the notes.

The indenture governing the notes will contain covenants that, among other things, limit our ability and the ability of our subsidiaries to:

- incur indebtedness at our subsidiaries;
- create liens; and
- merge or consolidate with other companies.

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In addition, our credit facilities require us to comply with specified covenants, including financial ratios. Any future indebtedness may also require us to comply with similar covenants. These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions and other corporate opportunities.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations, including our obligations under the notes. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

If an active trading market does not develop for the notes, you may be unable to sell the notes or to sell them at a price you deem sufficient.

The notes are new issues of securities for which there is currently no public trading market. We do not intend to list the notes on any national securities exchange or automated quotation system. In addition, the liquidity of any trading market for the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for those securities and by changes in our financial performance or prospects or in the prospects of telecommunications companies generally. We cannot give you any assurance as to:

- the liquidity of any trading market that may develop;
- the ability of holders to sell their notes; or
- the price at which holders would be able to sell their notes.

Even if a trading market develops, the notes may trade at higher or lower prices than the principal amount or purchase price depending on many factors, including:

- prevailing interest rates;
- the number of holders of the notes;
- the interest of securities dealers in making a market for such notes;
- the market for similar notes; and
- our financial performance.

In addition, we understand that the underwriters presently intend to make a market in the notes. However, they are not obligated to do so and may discontinue making a market in the notes at any time without notice. As a result, we cannot assure you that an active trading market will develop for the notes. If no active trading market develops, the price at which you may be able to sell notes, if at all, may be less than the price you pay for them.

We may not have sufficient funds to repurchase the notes upon a change of control, and certain strategic transactions may not constitute a change of control.

The terms of the notes will require us to make an offer to repurchase the notes upon the occurrence of a change of control and ratings decline (as defined herein) at a purchase price equal to 101% of the respective principal amount of the notes plus accrued interest to the date of the purchase. It is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of notes and will be required to obtain third party financing to do so. We may not be able to obtain this financing on commercially reasonable terms, or on terms acceptable to us, or at all. In addition, the occurrence of certain change of control events may constitute an event of default under the terms of our credit facilities. Such an event of default would entitle the lenders under our credit facilities to, among other things, cause all outstanding debt thereunder to become due and payable.

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We continuously evaluate and may in the future enter into strategic transactions. Any such transaction could happen at any time, could be material to our business and could take any number of forms, including, for example, an acquisition, merger or a sale of all or substantially all of our assets.

Other than the Verizon Transaction, we currently have no agreement or understanding regarding, and are not in active negotiations with respect to, any material strategic transaction, although as part of our strategy and if and to the extent permitted under the merger agreement, we expect to continue to evaluate and may enter into material strategic transactions in the future. Further, subject to limitations in the indenture governing the notes and the tax sharing agreement we expect to enter into in connection with the Verizon Transaction, we could, in the future, enter into certain transactions, including acquisitions, refinancings, other recapitalizations and material strategic transactions, that would not result in a change of control or a change of control triggering event within the meaning of the indenture and would not otherwise be prohibited by the covenants and provisions of the indenture. Such transactions could significantly increase the amount of our indebtedness outstanding at such time (including secured debt or subsidiary debt that would be effectively senior to the notes) or otherwise affect our capital structure or credit ratings.

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USE OF PROCEEDS

The net proceeds from the offering, after deducting underwriting discounts and estimated expenses, will be approximately $ million. We expect to use the net proceeds from the sale of the notes to repurchase our 2011 Notes and possibly our 2013 Notes pursuant to the Tender Offer. Pursuant to the Tender Offer, we are offering to purchase for cash any and all of our outstanding 2011 Notes and as many of our outstanding 2013 Notes as we can purchase with aggregate consideration (excluding accrued interest) equal to the lesser of (i) $250 million and (ii) the difference between $700 million and the aggregate amount of consideration (excluding accrued interest) used to purchase any and all of our 2011 Notes validly tendered and not withdrawn pursuant to the Tender Offer. If the Tender Offer is terminated for any reason (other than the termination of this offering), or if any net proceeds remain after application of the net proceeds as described above, we intend to use such proceeds of this offering for general corporate purposes and for the selective purchase of our outstanding debt.

The price per $1,000 aggregate principal amount of 2011 Notes accepted for purchase will be $1,062.50, plus an early tender premium of $30 for 2011 Notes tendered on or before the close of business on September 30, 2009. The price per $1,000 aggregate principal amount of 2013 Notes accepted for purchase will be $970, plus an early tender premium of $30 for 2013 Notes tendered on or before the close of business on September 30, 2009. The Tender Offer will expire on October 15, 2009.

The 2011 Notes and 2013 Notes were issued on May 23, 2001 and November 12, 2004, respectively, under the Senior Indenture dated as of May 23, 2001, as amended and supplemented, by and between the Company and The Bank of New York Mellon (formerly JPMorgan Chase Bank, N.A. (as successor to the Chase Manhattan Bank)), as trustee (the Trustee). As of September 17, 2009, we had approximately $640.5 million aggregate principal amount of 2011 Notes outstanding and $700 million aggregate principal amount of 2013 Notes outstanding. Interest on the 2011 Notes and 2013 Notes is payable semiannually at the rates of 9.250% and 6.250%, respectively. The 2011 Notes mature on May 15, 2011, and the 2013 Notes mature on January 15, 2013.

The successful completion of this offering is an express condition to our obligation to purchase securities tendered into the Tender Offer. If the Tender Offer is terminated for any reason (other than the termination of this offering), we intend to use the proceeds of this offering for general corporate purposes and for the selective purchase of our outstanding debt. Such purchases may be made in open market or privately negotiated transactions, one or more additional tender or exchange offers or otherwise.

Pending the application of the net proceeds, we may invest such net proceeds in short-term investment grade obligations.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2009 on a historical basis and as adjusted to give effect to the sale of the $450 million principal amount of notes offered hereby and the assumed application of the net proceeds thereof, together with cash on hand to fund the Tender Offer, as further described below.

You should read this information in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus supplement and our quarterly reports for the fiscal quarters ended March 31, 2009 and June 30, 2009, each of which are incorporated by reference in this prospectus supplement and the accompanying prospectus. In addition, you should consider the information below in conjunction with the pro forma financial information for the combined company as of and for the year ended December 31, 2008 and as of and for the six months ended June 30, 2009, included elsewhere in this prospectus supplement.

The information below regarding our cash and cash equivalents and capitalization on a historical basis and as adjusted does not give effect to the Verizon Transaction, pursuant to which we will assume (if the Verizon Transaction is completed) approximately $3.4 billion of indebtedness of Spinco. However, the information below regarding our cash and cash equivalents and capitalization as adjusted does give effect to the Tender Offer. The as-adjusted information below assumes that we use $ million in net proceeds from this offering, together with cash on hand, to purchase all $640.5 million aggregate principal amount of our 2011 Notes outstanding as of September 17, 2009 for assumed total tender offer consideration of $700 million and none of our 2013 Notes. If we were to complete this offering of notes without also completing the Tender Offer, the as-adjusted column below would reflect cash and cash equivalents and senior notes, debentures and other debt of approximately $ million and $ million, respectively.

	June 30, 2009	
(In Millions)	**Historical**	**As Adjusted**
Cash and cash equivalents	$ 454	$
Long-term debt, net of current portion and debt discount:		
Senior notes offered hereby		450
Senior notes, debentures and other debt	4,945	
Total long-term borrowings	4,945	
Total shareholders equity	448	
Total capitalization	$ 5,393	$

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements of Frontier and Verizon s Separate Telephone Operations and the notes thereto included elsewhere in this prospectus supplement. Verizon s Separate Telephone Operations financial information, which is included elsewhere in this prospectus supplement, is presented before taking into account any of the pro forma adjustments detailed in Unaudited Pro Forma Condensed Combined Financial Information. This financial information, together with the pro forma adjustments detailed in Unaudited Pro Forma Condensed Combined Financial Information, reflects the operations that will comprise the Spinco business in connection with the spin-off. The following discussion includes forward-looking statements. For a discussion of important factors, including the integration of the Spinco business into Frontier s existing business, the continuing development of the combined company s business following the merger, actions of regulatory authorities and competitors and other factors that could cause actual results of Frontier, Verizon s Separate Telephone Operations or the combined company to differ materially from the results referred to in the forward-looking statements, see Supplemental Risk Factors and Cautionary Note Regarding Forward-Looking Statements.

Frontier

Overview

Frontier is a full-service communications provider and one of the largest exchange telephone carriers in the country. On July 31, 2006, Frontier sold its competitive local exchange carrier, referred to as a CLEC, Electric Lightwave, LLC, referred to as ELI. Frontier accounted for ELI as a discontinued operation in its consolidated statements of operations. On March 8, 2007, Frontier completed the acquisition of Commonwealth, which included a small CLEC component. This acquisition expanded Frontier s presence in Pennsylvania and strengthened Frontier s position as a leading full-service communications provider to rural areas and small and medium sized towns and cities. On October 31, 2007, Frontier completed the acquisition of GVN, which expanded its presence in California and also strengthened its rural position. As of June 30, 2009, Frontier operated in 24 states with approximately 5,400 employees.

Competition in the communications industry is intense and increasing. Frontier experiences competition from many communications service providers. These providers include cable operators offering video and VoIP products, wireless carriers, long distance providers, competitive local exchange carriers, Internet providers and other wireline carriers. Frontier believes that as of June 30, 2009, approximately 68% of the households in its territories had VoIP as an available service option from cable operators. Frontier also believes that competition will continue to intensify in 2009 and may result in reduced revenues. Frontier s business experienced a decline in access lines and switched access minutes in 2007 and 2008 and in the first six months of 2009 primarily as a result of competition and business downsizing. Frontier also experienced a reduction in revenues for the first six months of 2009 as compared to the same period in 2008, and a reduction in revenues in 2008 compared to 2007.

The recent severe contraction in the global financial markets and ongoing recession is impacting customer behavior to reduce expenditures by not purchasing Frontier s services or by discontinuing some or all of its services. The ongoing recession and downturn in the economy has also affected Frontier s business customers, resulting in a decline in revenues for the first six months of 2009 as compared to the same period in 2008. These trends are likely to continue and may result in a challenging revenue environment. These factors could also result in increased delinquencies and bankruptcies and, therefore, affect Frontier s ability to collect money owed to it by residential and business customers.

Frontier employs a number of strategies to combat the competitive pressures and changes to consumer behavior noted above. Frontier s strategies are focused on customer retention, upgrading and up-selling services to its existing customer base, new customer growth, win backs of former customers, new product deployment, and operating expense and capital expenditure reductions.

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Frontier seeks to achieve its customer retention goals by bundling services around the local access line and providing exemplary customer service. Bundled services include high-speed Internet, referred to as HSI, unlimited long distance calling, enhanced telephone features and video offerings. Frontier tailors these services to the needs of its residential and business customers in the markets it serves and continually evaluates the introduction of new and complementary products and services, which can also be purchased separately. Customer retention is also enhanced by offering one-, two- and three-year price protection plans where customers commit to a term in exchange for predictable pricing or promotional offers. Additionally, Frontier is focused on enhancing the customer experience as it believes exceptional customer service will differentiate it from its competition. Its commitment to providing exemplary customer service is demonstrated by the expansion of its customer service hours, shorter scheduling windows for in-home appointments and the implementation of call reminders and follow-up calls for service appointments. In addition, Frontier s 70 local area markets are operated by local managers with responsibility for the customer experience, as well as the financial results, in those markets.

Frontier utilizes targeted and innovative promotions to attract new customers, including those moving into Frontier s territory, win back former customers, upgrade and up-sell existing customers a variety of service offerings including HSI, video, and enhanced long distance and feature packages in order to maximize the average revenue per access line (wallet share) paid to Frontier. Depending upon market and economic conditions, Frontier may offer such promotions to drive sales in the future.

Frontier has restructured and augmented its sales distribution channels to improve coverage of all segments of its commercial customer base. This included adding new sales teams dedicated to small business customers and enhancing the skills in its customer sales and service centers. In addition, Frontier is introducing new products utilizing wireless and Internet technologies. Frontier believes the combination of new products and distribution channel improvements will help Frontier improve commercial customer acquisition and retention efforts.

Frontier is also focused on introducing a number of new products, including unlimited long distance minutes, bundles of long distance minutes, wireless data, Internet portal advertising and the Frontier Peace of Mind product suite. This last category is a suite of products aimed at managing the total communications and personal computing experience for Frontier s customers. The Frontier Peace of Mind products and services are designed to provide value and simplicity to meet customers ever-changing needs. The Frontier Peace of Mind products and services suite includes services such as an in-home, full installation of Frontier s HSI product, two hour appointment windows for the installation, hard drive back-up services, 24-7 help desk PC support and inside wire maintenance. Although Frontier is optimistic about the opportunities provided by each of these initiatives, it can provide no assurance about their long term profitability or impact on revenue.

Frontier believes that the combination of offering multiple products and services to its customers pursuant to price protection programs, billing them on a single bill, providing superior customer service, and being active in Frontier s local communities will make its customers more loyal, and will help it generate new, and retain existing, customer revenue.

Revenues from data and Internet services such as HSI continue to increase as a percentage of Frontier s total revenues and revenues from services such as local line and access charges (including federal and state subsidies) are decreasing as a percentage of its total revenues. Federal and state subsidy revenue, including surcharges billed to customers which are remitted to the FCC, was $51.7 million for the six months ended June 30, 2009, or 5% of Frontier s revenues, down from $58.2 million for the six months ended June 30, 2008, or 5% of its revenues. Federal and state subsidy revenue, including surcharges billed to customers which are remitted to the FCC, was $119.8 million in 2008, or 5% of Frontier s revenues, down from $130.0 million in 2007, or 6% of its revenues. Frontier expects this trend to continue during the remainder of 2009. The decreasing revenue from traditional sources, along with the potential for increasing operating costs, could cause Frontier s profitability and its cash generated by operations to decrease.

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Results of Operations

Three and Six Months Ended June 30, 2009

Revenue

Revenue is generated primarily through the provision of local, network access, long distance, and data and Internet services. Such revenues are generated through either a monthly recurring fee or a fee based on usage at a tariffed rate and revenue recognition is not dependent upon significant judgments by management, with the exception of a determination of a provision for uncollectible amounts.

Revenue for the three months ended June 30, 2009 decreased $30.4 million, or 5%, as compared with the prior year period. Revenue for the six months ended June 30, 2009 decreased $61.7 million, or 5%, as compared with the prior year period. This decline during the first half of 2009 is a result of lower local services revenue, switched access revenue, long distance services revenue and subsidy revenue, partially offset by a $19.3 million, or 6%, increase in data and Internet services revenue, each as described in more detail below.

Change in the number of Frontier s access lines is one factor that is important to Frontier s revenue and profitability. Frontier has lost access lines primarily because of changing consumer behavior (including wireless substitution), economic conditions, changing technology, competition, and by some customers disconnecting second lines when they add HSI or cable modem service. Frontier lost approximately 65,200 access lines (net), including 5,900 second lines, during the six months ended June 30, 2009, but added approximately 33,900 HSI subscribers during this same period. Frontier expects to continue to lose access lines but to increase HSI subscribers and wireless Internet customers during the remainder of 2009 (although not enough to offset access line losses).

While the number of access lines is an important metric to gauge certain revenue trends, it is not necessarily the best or only measure to evaluate Frontier s business. Frontier management believes that understanding different components of revenue is most important. For this reason, presented in the table titled Other Financial and Operating Data below is a breakdown that categorizes revenue into customer revenue and regulatory revenue (switched access and subsidy revenue). Despite the decline in access lines, Frontier s customer revenue, which is all revenue except switched access and subsidy revenue, has declined in the second quarter and first six months of 2009 by less than 3 percent as compared to the prior year periods. The average monthly customer revenue per access line has improved and resulted in an increased wallet share, primarily from residential customers. A substantial further loss of access lines, combined with increased competition and the other factors discussed herein, may cause Frontier s revenue, profitability and cash flows to decrease in 2009.

The financial tables below include a comparative analysis of Frontier s results of operations on a historical basis for the three and six months ended June 30, 2009 and 2008.

REVENUE

	For the three months ended June 30,				For the six months ended June 30,			
($ in thousands)	**2009**	**2008**	**$ Change**	**% Change**	**2009**	**2008**	**$ Change**	**% Change**
Local services	$ 198,296	$ 214,703	$ (16,407)	-8%	$ 399,192	$ 431,861	$ (32,669)	-8%
Data and Internet services	160,551	151,655	8,896	6%	316,944	297,637	19,307	6%
Access services	87,427	101,003	(13,576)	-13%	177,492	208,821	(31,329)	-15%
Long distance services	40,560	46,912	(6,352)	-14%	81,972	93,365	(11,393)	-12%
Directory services	27,211	29,070	(1,859)	-6%	54,916	57,698	(2,782)	-5%
Other	18,097	19,207	(1,110)	-6%	39,582	42,373	(2,791)	-7%
	$ 532,142	$ 562,550	$ (30,408)	-5%	$ 1,070,098	$ 1,131,755	$ (61,657)	-5%

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Local Services

Local services revenue for the three months ended June 30, 2009 decreased $16.4 million, or 8%, to $198.3 million, as compared with the three months ended June 30, 2008. The loss of access lines accounted for $12.2 million of the decline in local services revenue.

Local services revenue for the six months ended June 30, 2009 decreased $32.7 million, or 8%, to $399.2 million, as compared with the six months ended June 30, 2008, primarily due to the continued loss of access lines which accounted for $23.8 million of the decline and a reduction in all other related services of $8.9 million. Enhanced services revenue in the first six months of 2009 decreased $7.0 million, as compared with the first six months of 2008, primarily due to a decline in access lines and a shift in customers purchasing Frontier s unlimited voice communications packages with features included in the bundle instead of purchasing individual features.

Economic conditions and/or increasing competition could make it more difficult for Frontier to sell its packages and bundles, and cause Frontier to increase its promotions and/or lower its prices for those products and services, which would adversely affect its revenue, profitability and cash flow.

Data and Internet Services

Data and Internet services revenue for the three months ended June 30, 2009 increased $8.9 million, or 6%, to $160.6 million, as compared with the three months ended June 30, 2008, primarily due to growth in data and HSI services.

Data and Internet services revenue for the six months ended June 30, 2009 increased $19.3 million, or 6%, to $316.9 million, as compared with the six months ended June 30, 2008, primarily due to the overall growth in the number of data and HSI customers. As of June 30, 2009, the number of Frontier s HSI subscribers had increased by approximately 54,500, or 10%, since June 30, 2008. Data and Internet services also include revenue from data transmission services to other carriers and high-volume commercial customers with dedicated high-capacity Internet and ethernet circuits. Revenue from these dedicated high-capacity circuits increased $6.1 million in 2009, as compared with 2008, primarily due to growth in the number of those circuits.

In February 2009, President Obama signed into law an economic stimulus package that includes $7.2 billion in funding, through grants and loans, for new broadband investment and adoption in unserved and underserved communities. The federal agencies responsible for administering the programs released rules and evaluation criteria for the first round of funding on July 9, 2009. Frontier has submitted applications for $55 million of such funding for use in the state of West Virginia to expand broadband availability. If granted, Frontier would be required to spend $14 million in matching funds.

Access Services

Access services revenue for the three months ended June 30, 2009 decreased $13.6 million, or 13%, to $87.4 million, as compared with the three months ended June 30, 2008. Switched access revenue in the three months ended June 30, 2009 of $63.1 million decreased $9.6 million, or 13%, as compared with the three months ended June 30, 2008, primarily due to the impact of a decline in minutes of use related to access line losses and the displacement of minutes of use by wireless, e-mail and other communications services. Access services revenue includes subsidy payments Frontier receives from federal and state agencies, including surcharges billed to customers which are remitted to the FCC. Subsidy revenue, including surcharges billed to customers, for the three months ended June 30, 2009 of $24.3 million decreased $4.0 million, or 14%, as compared with the three months ended June 30, 2008, primarily due to lower receipts under the Federal High Cost Fund program resulting from Frontier s reduced cost structure and an increase in the program s National Average Cost per Local Loop, referred to as the NACPL, used by the FCC to allocate funds among all recipients.

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Access services revenue for the six months ended June 30, 2009 decreased $31.3 million, or 15%, to $177.5 million, as compared with the six months ended June 30, 2008. Switched access revenue in the six months ended June 30, 2009 of $125.8 million decreased $24.9 million, or 17%, as compared with the six months ended June 30, 2008, primarily due to the impact of a decline in minutes of use related to access line losses and the displacement of minutes of use by wireless, e-mail and other communications services. Reserves established for disputed access charges also impacted access revenues in 2009 compared to 2008. Subsidy revenue, including surcharges billed to customers, for the six months ended June 30, 2009 of $51.7 million decreased $6.4 million, or 11%, as compared with the six months ended June 30, 2008, primarily due to lower receipts under the Federal High Cost Fund program resulting from Frontier s reduced cost structure and an increase in the program s NACPL.

Many factors may lead to further increases in the NACPL, thereby resulting in decreases in Frontier s federal subsidy revenue in the future. The FCC and state regulatory agencies are currently considering a number of proposals for changing the manner in which eligibility for federal subsidies is determined as well as the amounts of such subsidies. On May 1, 2008, the FCC issued an order to cap CETC receipts from the high cost USF.

The FCC is considering proposals that may significantly change interstate, intrastate and local intercarrier compensation and would revise the USF funding and disbursement mechanisms. When and how these proposed changes will be addressed are unknown and, accordingly, Frontier is unable to predict the impact of future changes on its results of operations. However, future reductions in Frontier s subsidy and access revenues will directly affect Frontier s profitability and cash flows as those regulatory revenues do not have associated variable expenses.

Certain states have open proceedings to address reform to intrastate access charges and other intercarrier compensation. Frontier cannot predict when or how these matters will be decided or the effect on Frontier s subsidy or access revenues. In addition, Frontier has been approached by, and/or is involved in formal state proceedings with, various carriers seeking reductions in intrastate access rates in certain states.

Long Distance Services

Long distance services revenue for the three months ended June 30, 2009 decreased $6.4 million, or 14%, to $40.6 million, as compared with the three months ended June 30, 2008.

Long distance services revenue for the six months ended June 30, 2009 decreased $11.4 million, or 12%, to $82.0 million, as compared with the six months ended June 30, 2008. Frontier s long distance services revenue is trending downward due to a reduction in the overall average revenue per minute of use. Frontier has actively marketed a package of unlimited long distance minutes with its digital phone and state unlimited bundled service offerings. While these package offerings have grown Frontier s long distance customer base, those customers who still pay on a per minute of use basis have significantly reduced their calling volumes, resulting in a decrease in Frontier s overall average revenue per minute of use.

Frontier s long distance minutes of use decreased by 5% during the six months ended June 30, 2009, as compared to the six months ended June 30, 2008. Average revenue per minute of use has also declined. Frontier s long distance services revenue may decrease in the future due to further declines in rates and/or minutes of use. Competing services such as wireless, VoIP and cable telephony are resulting in a loss of customers, minutes of use and further declines in the rates Frontier charges its customers. Frontier expects these factors will continue to adversely affect its long distance revenue in the future.

Directory Services

Directory services revenue for the three months ended June 30, 2009 decreased $1.9 million, or 6%, to $27.2 million, as compared with the three months ended June 30, 2008. Directory services revenue for the six

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months ended June 30, 2009 decreased $2.8 million, or 5%, to $54.9 million, as compared with the six months ended June 30, 2008, primarily due to lower revenues from yellow pages advertising.

Other

Other revenue for the three months ended June 30, 2009 decreased $1.1 million, or 6%, to $18.1 million, as compared with the three months ended June 30, 2008, primarily due to DISH video promotional discounts that are charged against revenue. Reduced service activation fee revenue also contributed to the decline.

Other revenue for the six months ended June 30, 2009 decreased $2.8 million, or 7%, to $39.6 million, as compared with the six months ended June 30, 2008, primarily due to a decrease in service activation fee revenue, lower collocation and rental revenue and decreased bill and collect fee revenue, partially offset by higher wireless revenues and lower bad debt expenses.

OTHER FINANCIAL AND OPERATING DATA

	As of June 30, 2009	As of June 30, 2008	% Change
Access lines:			
Residential	1,405,258	1,516,402	-7%
Business	783,869	824,310	-5%
Total access lines	2,189,127	2,340,712	-6%
HSI subscribers	613,810	559,345	10%
Video subscribers	157,353	107,596	46%

	For the three months ended June 30,				For the six months ended June 30,			
($ in thousands)	**2009**	**2008**	**$ Change**	**% Change**	**2009**	**2008**	**$ Change**	**% Change**
Revenue:								
Residential	$ 227,580	$ 239,633	$ (12,053)	-5%	$ 458,046	$ 480,995	$ (22,949)	-5%
Business	217,135	221,914	(4,779)	-2%	434,560	441,939	(7,379)	-2%
Total customer revenue	444,715	461,547	(16,832)	-4%	892,606	922,934	(30,328)	-3%
Regulatory (Access Services)	87,427	101,003	(13,576)	-13%	177,492	208,821	(31,329)	-15%
Total revenue	$ 532,142	$ 562,550	$ (30,408)	-5%	$ 1,070,098	$ 1,131,755	$ (61,657)	-5%
Switched access minutes of use (in millions)	2,213	2,538		-13%	4,589	5,141		-11%
Average monthly total revenue per access line	$ 80.52	$ 79.34		2%	$ 80.33	$ 79.08		2%
Average monthly customer revenue per access line	$ 67.29	$ 65.10		3%	$ 67.01	$ 64.49		4%

Expenses

OPERATING EXPENSES

NETWORK ACCESS EXPENSES

	For the three months ended June 30,				For the six months ended June 30,			
($ in thousands)	**2009**	**2008**	**$ Change**	**% Change**	**2009**	**2008**	**$ Change**	**% Change**
Network access	$ 59,203	$ 53,998	$ 5,205	10%	$ 119,887	$ 114,547	$ 5,340	5%

Network access expenses for the three months ended June 30, 2009 increased $5.2 million, or 10%, to $59.2 million, as compared with the three months ended June 30, 2008, primarily due to higher long distance carriage costs and costs for new personal computers, as described in more detail below.

Network access expenses for the six months ended June 30, 2009 increased $5.3 million, or 5%, to $119.9 million, as compared with the six months ended June 30, 2008. In the first half of 2009, Frontier expensed $9.9

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million for the cost of new personal computers provided to customers in connection with its Rolling Thunder promotion which resulted in additional DISH video and HSI subscribers. The first half of 2008 included costs of $3.0 million associated with HSI promotions that subsidized the cost of a flat screen television provided to customers.

As Frontier continues to increase its sales of data products such as HSI and expand the availability of its unlimited long distance calling plans, Frontier s network access expense may increase in the future. A decline in expenses associated with access line losses has offset some of the increase.

OTHER OPERATING EXPENSES

	For the three months ended June 30,				For the six months ended June 30,			
($ in thousands)	**2009**	**2008**	**$ Change**	**% Change**	**2009**	**2008**	**$ Change**	**% Change**
Wage and benefit expenses	$ 86,206	$ 95,847	$ (9,641)	-10%	$ 179,073	$ 196,523	$ (17,450)	-9%
Pension costs	8,208	(530)	8,738	NM	16,454	(1,060)	17,514	NM
Severance and early retirement costs	11	480	(469)	-98%	2,567	3,371	(804)	-24%
Stock based compensation	2,439	3,145	(706)	-22%	4,561	6,164	(1,603)	-26%
All other operating expenses	95,890	103,391	(7,501)	-7%	190,303	200,599	(10,296)	-5%
	$ 192,754	$ 202,333	$ (9,579)	-5%	$ 392,958	$ 405,597	$ (12,639)	-3%

Wage and benefit expenses

Wage and benefit expenses for the three months ended June 30, 2009 decreased $9.6 million, or 10%, to $86.2 million, as compared to the three months ended June 30, 2008. Wage and benefit expenses for the six months ended June 30, 2009 decreased $17.5 million, or 9%, to $179.1 million, as compared to the six months ended June 30, 2008, primarily due to headcount reductions and associated decreases in compensation and benefit expenses.

Pension costs

The decline in the value of Frontier s pension plan assets during 2008 has resulted in an increase in its pension expense in 2009. Pension costs for the three months ended June 30, 2009 and 2008 were approximately $8.2 million and $(0.5) million, respectively. The second quarter of 2009 pension costs represent an increase of $8.7 million over the prior year period. Pension costs include pension expense of $10.2 million and $(0.7) million, less amounts capitalized into the cost of capital expenditures of $2.0 million and $(0.2) million for the three months ended June 30, 2009 and 2008, respectively.

Pension costs for the six months ended June 30, 2009 and 2008 were approximately $16.5 million and $(1.1) million, respectively. The first six months of 2009 pension costs represent an increase of $17.5 million over the prior year period. Pension costs include pension expense of $20.4 million and $(1.3) million, less amounts capitalized into the cost of capital expenditures of $3.9 million and $(0.2) million for the six months ended June 30, 2009 and 2008, respectively.

Frontier s pension plan assets have declined from $589.8 million at December 31, 2008 to $578.1 million at June 30, 2009, a decrease of $11.7 million, or 2%. This decrease is a result of ongoing benefit payments of $26.6 million, partially offset by positive investment returns of $14.9 million during the first six months of 2009.

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Based on current assumptions and plan asset values, Frontier estimates that its 2009 pension and other postretirement benefit expenses (which were $11.2 million in 2008) will be approximately $50.0 million to $55.0 million. No contributions are expected to be made by Frontier to its pension plan until 2011, although pension asset volatility could require Frontier to make a contribution in 2010, at the earliest.

Severance and early retirement costs

Severance and early retirement costs for the three months ended June 30, 2009 decreased $0.5 million as compared with the prior year period.

Severance and early retirement costs for the six months ended June 30, 2009 decreased $0.8 million to $2.6 million as compared with the prior year period, primarily due to charges recorded in the first half of 2008 related to employee early retirements and terminations.

Stock based compensation

Stock based compensation for the three months ended June 30, 2009 decreased $0.7 million, or 22%, to $2.4 million as compared with the prior year period, primarily due to costs recorded in 2008 for a long-term incentive program that is no longer in effect.

Stock based compensation for the six months ended June 30, 2009 decreased $1.6 million, or 26%, to $4.6 million as compared with the prior year period, due to costs recorded in 2008 for a long-term incentive program that is no longer in effect and reduced costs associated with stock units, partially offset by increased costs for unvested restricted stock awards.

All other operating expenses

All other operating expenses for the three months ended June 30, 2009 decreased $7.5 million, or 7%, to $95.9 million, as compared with the three months ended June 30, 2008. All other operating expenses for the six months ended June 30, 2009 decreased $10.3 million, or 5%, to $190.3 million, as compared to the six months ended June 30, 2008, due to reduced costs for consulting fees and other outside services, partially offset by higher marketing expenses.

DEPRECIATION AND AMORTIZATION EXPENSE

	For the three months ended June 30,				**For the six months ended June 30,**			
($ in thousands)	**2009**	**2008**	**$ Change**	**% Change**	**2009**	**2008**	**$ Change**	**% Change**
Depreciation expense	$ 91,430	$ 98,367	$ (6,937)	-7%	$ 184,318	$ 193,512	$ (9,194)	-5%
Amortization expense	41,388	45,883	(4,495)	-10%	86,058	91,818	(5,760)	-6%
	$ 132,818	$ 144,250	$ (11,432)	-8%	$ 270,376	$ 285,330	$ (14,954)	-5%

Depreciation and amortization expense for the three months ended June 30, 2009 decreased $11.4 million, or 8%, to $132.8 million, as compared to the three months ended June 30, 2008. Depreciation and amortization expense for the six months ended June 30, 2009 decreased $15.0 million, or 5%, to $270.4 million, as compared to the six months ended June 30, 2008, primarily due to reduced amortization expense, as discussed below, and a declining net asset base, partially offset by changes in the remaining useful lives of certain assets. An independent study updating the estimated remaining useful lives of Frontier s plant assets is performed annually. Frontier adopted the remaining useful lives proposed in the last study effective October 1, 2008. Frontier s composite depreciation rate increased from 5.5% to 5.6% as a result of the study. Frontier anticipates depreciation expense of approximately $350.0 million to $370.0 million and amortization expense of approximately $115.0 million for 2009. Amortization expense for the six months ended June 30, 2009 is

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comprised of $57.9 million for amortization associated with Frontier s legacy properties, which were fully amortized in June 2009, and $28.2 million for intangible assets (customer base and trade name) that were acquired in the Commonwealth and GVN acquisitions.

ACQUISITION RELATED COSTS

	For the three months ended June 30,				For the six months ended June 30,			
($ in thousands)	**2009**	**2008**	**$ Change**	**% Change**	**2009**	**2008**	**$ Change**	**% Change**
Acquisition related costs	$ 10,751	$	$ 10,751	100%	$ 10,751	$	$ 10,751	100%

Acquisition related costs primarily represent fees paid to Frontier s advisers for services rendered in connection with the pending transactions. Frontier expects to incur acquisition costs of approximately $35.0 million in 2009 related to the pending transactions.

INVESTMENT AND OTHER INCOME, NET / INTEREST EXPENSE /

INCOME TAX EXPENSE

	For the three months ended June 30,				For the six months ended June 30,			
($ in thousands)	**2009**	**2008**	**$ Change**	**% Change**	**2009**	**2008**	**$ Change**	**% Change**
Investment and other income, net	$ 4,618	$ 6,841	$ (2,223)	-32%	$ 12,865	$ 5,934	$ 6,931	117%
Interest expense	98,670	90,710	7,960	9%	187,419	181,570	5,849	3%
Income tax expense	14,254	21,874	(7,620)	-35%	36,307	48,502	(12,195)	-25%
Income attributable to the noncontrolling interest in a partnership	392	448	(56)	-13%	1,044	776	268	35%

Investment and other income, net

Investment and other income, net for the three months ended June 30, 2009 decreased $2.2 million, or 32%, to $4.6 million, as compared with the three months ended June 30, 2008, primarily due to a decline of $2.9 million in income recognized on the termination of construction advances, reduced equity earnings of $2.5 million and $0.5 million in lower income from short-term investments of cash, partially offset by an increase of $3.6 million in gain on debt repurchases.

Investment and other income, net for the six months ended June 30, 2009 improved $6.9 million, or 117%, as compared with the six months ended June 30, 2008, primarily due to the loss on retirement of debt of $6.3 million recognized during the first quarter of 2008, combined with litigation settlement proceeds of $2.2 million and gain on debt repurchases of $3.7 million in 2009. These improvements were partially offset by reduced equity earnings of $2.3 million and a decrease of $2.3 million in income from short-term investments of cash and cash equivalents due to lower interest rates in 2009.

Frontier s average cash balance was $265.1 million and $211.0 million for the six months ended June 30, 2009 and 2008, respectively.

Interest expense

Interest expense for the three months ended June 30, 2009 increased $8.0 million, or 9%, to $98.7 million, as compared with the three months ended June 30, 2008, primarily due to higher average debt levels and interest rates in 2009. Frontier s average debt outstanding was $4,875.2 million and $4,757.9 million for the three months

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ended June 30, 2009 and 2008, respectively. Frontier s debt levels have risen due to its $600 million debt offering on April 9, 2009. Frontier intends to use the net proceeds from the offering to reduce, repurchase, or refinance its indebtedness or for general corporate purposes. During the second quarter of 2009, Frontier used $308.0 million of the proceeds to retire $311.7 million principal amount of debt, including $255.7 million of debt maturing in 2011. Excess proceeds from this offering are invested in cash equivalents.

Interest expense for the six months ended June 30, 2009 increased $5.8 million, or 3%, to $187.4 million, as compared with the six months ended June 30, 2008, primarily due to higher average debt levels and interest rates in 2009, as discussed above. Frontier s average debt outstanding was $4,827.6 million and $4,758.8 million for the six months ended June 30, 2009 and 2008, respectively. Frontier s composite average borrowing rate as of June 30, 2009 as compared with the prior year was 24 basis points higher, increasing from 7.63% to 7.87%.

Income tax expense

Income tax expense for the three and six months ended June 30, 2009 decreased $7.6 million, or 35%, to $14.3 million, and $12.2 million, or 25%, to $36.3 million, respectively, as compared with the three and six months ended June 30, 2008, primarily due to lower taxable income. The second quarter of 2008 includes a reduction in income tax expense of $7.5 million that resulted from the expiration of certain statute of limitations on April 15, 2008. The effective tax rate for the first six months of 2009 and 2008 was 35.7% and 32.2%, respectively. Frontier s cash taxes paid for the six months ended June 30, 2009 were $40.5 million, a decrease of $9.1 million from the first six months of 2008. Frontier expects to pay approximately $90.0 million to $100.0 million for the full year of 2009. Frontier s 2009 cash tax estimate reflects the anticipated favorable impact of bonus depreciation that is part of the economic stimulus package signed into law by President Obama.

There were no material changes to the liabilities on Frontier s books as of December 31, 2008 related to uncertain tax positions recorded under FASB Interpretation No. (FIN) 48 (ASC Topic 740) for the six months ended June 30, 2009.

Fiscal Year Ended December 31, 2008

Frontier s historical results include the results of operations of CTE from the date of its acquisition on March 8, 2007 and of GVN from the date of its acquisition on October 31, 2007. Accordingly, results of operations for 2008, 2007 and 2006 are not directly comparable as 2008 results reflect the inclusion of a full year of operations of CTE and GVN, whereas 2007 results reflect the inclusion of approximately ten months of operations of CTE and of two months of operations of GVN and 2006 results do not reflect the results of operations of CTE or GVN.

Revenue

Consolidated revenue for 2008 decreased $51.0 million, or 2%, to $2,237.0 million as compared to 2007. Excluding additional revenue attributable to the CTE and GVN acquisitions for a full year in 2008 and for a partial period in 2007, Frontier s revenue decreased $107.3 million during 2008, or 5%, as compared to 2007. During the first quarter of 2007, Frontier had a significant favorable settlement of a carrier dispute that resulted in a favorable one-time impact to its revenue of $38.7 million. Excluding the additional revenue due to the one-time favorable settlement in the first quarter of 2007 and the additional revenue attributable to the CTE and GVN acquisitions in 2008 and 2007, Frontier s revenue for the year ended December 31, 2008 declined $68.6 million, or 3%, as compared to the prior year. This decline is a result of lower local services revenue, subsidy revenue and switched access revenue, partially offset by a $37.3 million, or 8%, increase in data and Internet services revenue.

Consolidated revenue for 2007 increased $262.6 million, or 13%, to $2,288.0 million as compared to 2006. Excluding the additional revenue attributable to the CTE and GVN acquisitions in 2007, and the one-time

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favorable settlement as referenced above in 2007, Frontier s revenue for 2007 was $1,982.7 million, a decrease of $42.7 million, or 2%, as compared to 2006, primarily resulting from a reduction of $39.9 million in subsidies received from federal and state funds.

Frontier lost approximately 174,800 access lines (net), including 22,200 second lines, during 2008, but added approximately 57,100 HSI subscribers (net) during this same period. Despite the decline in access lines, Frontier s customer revenue also improved by more than 1.3 percent in 2008 versus 2007. Presented in the table titled Other Financial and Operating Data below is a breakdown that categorizes revenue into customer service revenue and regulatory revenue (switched and subsidy revenue).

Frontier s historical results include the results of operations of CTE from the date of its acquisition on March 8, 2007 and of GVN from the date of its acquisition on October 31, 2007. The financial tables below include a comparative analysis of Frontier s results of operations on a historical basis for 2008, 2007 and 2006. Frontier has also presented an analysis of each category for 2007 for the results of Frontier (excluding CTE and GVN) and the results of its acquisitions: CTE from March 8, 2007 through December 31, 2007, and the results of GVN for the last two months of 2007, as included in the consolidated results of operations. The figures in each of the charts in this section for 2007 relate to Frontier legacy properties (excluding CTE and GVN).

REVENUE

	2008			2007					2006
($ in thousands)	**Amount**	**$ Change**	**% Change**	**Amount**	**Acquisitions**	**Frontier (excluding CTE and GVN)**	**$ Change**	**% Change**	**Amount**
Local services	$ 848,393	$ (27,369)	-3%	$ 875,762	$ 95,197	$ 780,565	$ (29,019)	-4%	$ 809,584
Data and Internet services	605,615	61,851	11%	543,764	58,934	484,830	60,621	14%	424,209
Access services	404,713	(74,749)	-16%	479,462	70,235	409,227	(18,732)	-4%	427,959
Long distance services	182,559	2,034	1%	180,525	27,070	153,455	183	0%	153,272
Directory services	113,347	(1,239)	-1%	114,586	1,264	113,322	(816)	-1%	114,138
Other	82,391	(11,525)	-12%	93,916	13,908	80,008	(16,197)	-17%	96,205
	$ 2,237,018	$ (50,997)	-2%	$ 2,288,015	$ 266,608	$ 2,021,407	$ (3,960)	0%	$ 2,025,367

Local Services

Local services revenue for 2008 decreased $27.4 million, or 3%, to $848.4 million as compared to 2007. Excluding the additional local services revenue attributable to the CTE and GVN acquisitions for 2008 and 2007, local services revenue for 2008 decreased $47.8 million, or 6%, as compared to 2007, primarily due to the continued loss of access lines which accounted for $40.4 million of the decline and a reduction in all other related services of $7.4 million. Enhanced services revenue for 2008, excluding the impact of the CTE and GVN acquisitions for 2008 and 2007, decreased $5.6 million, or 3%, as compared to 2007, primarily due to a decline in access lines and a shift in customers purchasing Frontier s unlimited voice communications packages instead of individual features. Rate increases that were effective August 2007 resulted in a favorable 2008 impact of $3.0 million.

Local services revenue for 2007 increased $66.2 million, or 8%, to $875.8 million as compared to 2006. Excluding the additional local services revenue attributable to the CTE and GVN acquisitions of $95.2 million in 2007, local services revenue for 2007 decreased $29.0 million, or 4%, to $780.6 million as compared to 2006. The loss of access lines accounted for $28.7 million of this decline in local services revenue, partially offset by rate increases in Rochester, New York on residential lines that became effective August 2006 and 2007.

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Data and Internet Services

Data and Internet services revenue for 2008 increased $61.9 million, or 11%, to $605.6 million as compared to 2007. Data and Internet services revenue for 2008, excluding the additional data and Internet services revenue attributable to the CTE and GVN acquisitions for 2008 and 2007 increased $37.3 million, or 8%, as compared to 2007, primarily due to the overall growth in the number of data and HSI customers. As of December 31, 2008, the number of Frontier s HSI subscribers increased by approximately 57,100, or 11%, since December 31, 2007. Revenue from dedicated high-capacity circuits, including the impact of $10.5 million attributable to the CTE and GVN acquisitions, increased $26.9 million in 2008, as compared to 2007, primarily due to growth in the number of those circuits.

Data and Internet services revenue for 2007 increased $119.6 million, or 28%, to $543.8 million as compared to 2006. Excluding the additional data and Internet services revenue attributable to the CTE and GVN acquisitions for 2007, data and Internet services revenue for 2007 increased $60.6 million, or 14%, as compared to 2006, primarily due to growth in the number of data and HSI customers. As of December 31, 2007, the number of Frontier s HSI subscribers increased by approximately 66,700, or 17%, since December 31, 2006. Revenue from dedicated high-capacity circuits increased $19.8 million in 2007, primarily due to growth in the number of those circuits.

Access Services

Access services revenue for 2008 decreased $74.7 million, or 16%, to $404.7 million as compared to 2007. Excluding the additional access services revenue attributable to the CTE and GVN acquisitions for 2008 and 2007, access services revenue for 2008 decreased $77.3 million, or 19%, as compared to 2007, for Frontier s legacy operations. Switched access revenue for 2008, excluding the unfavorable impact of the CTE and GVN acquisitions, decreased $56.8 million, or 20%, as compared to 2007, primarily due to the settlement of a carrier dispute resulting in a favorable impact on Frontier s 2007 revenue of $38.7 million (a one-time event), and the impact of a decline in minutes of use related to access line losses and the displacement of minutes of use by wireless, e-mail and other communications services. Excluding the impact of that one-time favorable settlement in 2007, Frontier s switched access revenue for 2008 declined by $18.1 million, or 7% from 2007. Subsidy revenue for 2008, excluding the additional subsidy revenue attributable to the CTE and GVN acquisitions in 2008 and 2007, decreased $20.6 million, or 16%, in 2008 to $104.1 million, as compared to 2007, primarily due to lower receipts under the Federal High Cost Loop Fund program resulting from Frontier s reduced cost structure and an increase in the program s NACPL used by the FCC to allocate funds among all recipients. Subsidy revenue in 2008 was also negatively impacted by $2.5 million in unfavorable adjustments resulting from audits of the Federal High Cost Fund program.

Access services revenue for 2007 increased $51.5 million, or 12%, to $479.5 million as compared to 2006. Excluding the additional access services revenue attributable to the CTE and GVN acquisitions of $70.2 million in 2007, access services revenue for 2007 decreased $18.7 million, or 4%, as compared to 2006. Switched access revenue of $284.6 million increased $21.2 million, or 8%, as compared to 2006, primarily due to the settlement in the first quarter of 2007 of a dispute with a carrier resulting in a favorable impact on Frontier s revenue in 2007 of $38.7 million (a one-time event), partially offset by the impact of a decline in minutes of use related to access line losses. Subsidy revenue for 2007 of $124.7 million decreased $39.9 million, or 24%, as compared to 2006, primarily due to lower receipts under the Federal High Cost Loop Fund program resulting from Frontier s reduced cost structure and an increase in the program s NACPL. In addition, in 2007, revenue from USF surcharges was reduced due to the elimination of HSI units from the USF calculation. Frontier s expenses in 2007 related to USF contributions also was reduced due to the same factors that led to the surcharge reduction.

Long Distance Services

Long distance services revenue for 2008 increased $2.0 million, or 1%, to $182.6 million as compared to 2007. Excluding the additional long distance services revenue attributable to CTE and GVN acquisitions, long distance services revenue in 2008 decreased $3.8 million, or 2%, as compared to 2007.

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Long distance services revenue for 2007 increased $27.3 million, or 18%, to $180.5 million as compared to 2006. Excluding the additional long distance services revenue attributable to the CTE and GVN acquisitions of $27.1 million in 2007, long distance services revenue for 2007 was relatively unchanged as compared to 2006, despite an increase of 13% in Frontier s long distance minutes of use due to more customers selecting Frontier s unlimited minutes of use package.

Frontier s long distance minutes of use increased during 2008 and 2007, as compared with the prior years and, as noted below in network access expenses, has increased Frontier s cost of services provided. At the same time, average revenue per minute of use has declined.

Directory Services

Directory services revenue for 2008 decreased $1.2 million, or 1%, to $113.3 million as compared to 2007. Excluding the additional directory services revenue attributable to the CTE and GVN acquisitions in 2008 and 2007, directory services revenue for 2008 decreased $4.0 million, or 4%, as compared to 2007. Directory services revenue in 2008 reflected lower revenues from yellow pages advertising, mainly in Rochester, New York.

Directory services revenue for 2007 increased $0.4 million to $114.6 million as compared to 2006. Excluding the additional directory services revenue attributable to the CTE and GVN acquisitions of $1.3 million in 2007, directory services revenue for 2007 decreased $0.8 million, or 1%, as compared to 2006, reflecting slightly lower revenues from yellow pages advertising, mainly in Rochester, New York.

Other

Other revenue for 2008 decreased $11.5 million, or 12%, to $82.4 million as compared to 2007. Other revenue was impacted by a decrease in equipment sales of $7.0 million, a decrease in service activation fee revenue of $3.3 million and decreased bill and collect fee revenue of $3.2 million, partially offset by higher DISH video revenue of $3.3 million.

Other revenue for 2007 decreased $2.3 million, or 2%, to $93.9 million as compared to 2006. Excluding the additional other revenue attributable to the CTE and GVN acquisitions of $13.9 million in 2007, other revenue for 2007 decreased $16.2 million, or 17%, as compared to 2006, primarily due to a $9.9 million increase in bad debt expense, the impact of a $3.4 million reduction in revenue for Frontier s free video promotions with a multi-year customer commitment in some of Frontier s markets, a decrease in service activation billing of $2.5 million and a decrease of $1.8 million in wireless revenue from the Mohave Cellular Limited Partnership.

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OTHER FINANCIAL AND OPERATING DATA

	As of December 31, 2008	% Change	As of December 31, 2007	% Change	As of December 31, 2006
Access lines:					
Residential	1,454,268	-8%	1,587,930	8%	1,476,802
Business	800,065	-5%	841,212	29%	649,772
Total access lines	2,254,333	-7%	2,429,142	14%	2,126,574
HSI subscribers	579,943	11%	522,845	33%	393,184
Video subscribers	119,919	28%	93,596	49%	62,851

	For the year ended December 31,					
($ in thousands)	2008	$ Change	% Change	2007	% Change	2006
Revenue:						
Residential	$ 944,786	$ (13,667)	-1%	$ 958,453		
Business	887,519	37,419	4%	850,100		
Total customer revenue	1,832,305	23,752	1%	1,808,553		
Regulatory (Access Services)	404,713	(74,749)	-16%	479,462		
Total revenue	$ 2,237,018	$ (50,997)	-2%	$ 2,288,015		
Switched access minutes of use (in millions)	10,027		-5%	10,592	4%	10,227
Average monthly total revenue per access line	$ 83.05(1)		4%	$ 79.94(2)	3%	$ 77.25
Average monthly customer revenue per access line	$ 68.65(1)		6%			