
Council Meeting Date: September 14, 2009

Agenda Item: 7(d)

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Transfer of Cable Television Franchise from Verizon Northwest Inc. to Frontier Communications Corporation
DEPARTMENT:	CMO
PRESENTED BY:	John Norris, Management Analyst

PROBLEM/ISSUE STATEMENT:

On June 1, 2009, Verizon Northwest Inc., which currently provides local wireline telephone service and digital cable, telephone and data services to the area of Shoreline west of Meridian Avenue N and north of N 160th Street, wrote to the City requesting that their franchise to provide cable television service in the City be transferred to Frontier Communications. This request was the result of Verizon recently announcing that they would be transferring all of their wireline businesses in fourteen Western States, including Washington, to Frontier. In order for Frontier Communications to operate the cable television system in the City of Shoreline that was established by Verizon, the City Council must approve their request for transfer. City Council Resolution No. 289, which consents to this franchise transfer, is attached for Council review and adoption.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 289, which would grant a transfer of control of the cable television franchise granted to Verizon Northwest Inc. to Frontier Communications Corporation.

Approved by:

City Manager



City Attorney



INTRODUCTION:

Verizon Northwest Inc., which currently provides local wireline telephone service and digital cable, telephone and data services to the area of Shoreline west of Meridian Avenue N and north of N 160th Street, was granted a cable franchise to utilize the City's streets and rights-of-way to operate and maintain their cable television system on November 6, 2008. Currently, Verizon is providing cable television service in this service area to those customers who have access to their network. The installation of the Verizon's Fiber to the Premises Network, which enables them to provide cable television service, began in the summer of 2008 and is still ongoing. According to Verizon, they are about 75% complete with their network installation to single family homes in the service area (they are also working on the installation to multi-family housing and businesses), and expect to be finished with the entire installation by the summer of 2010. In the first and second quarter of 2009, the City has collected \$3,692 in cable franchise fees from Verizon. Although Verizon has been unwilling to provide the number of Shoreline cable subscriber to City staff for proprietary reasons, using the collected franchise fee amount in the first two quarters of 2009, staff estimates that Verizon has between 325 and 375 cable subscribers in Shoreline.

BACKGROUND:

In May 2009, Frontier Communications Corporation announced that it had signed an agreement to acquire all of Verizon Communications' wireline assets and business operations in fourteen Western states, including Washington. The all stock transaction is valued at \$8.6 billion, and will affect approximately 4.6 million Verizon access lines. The transaction has been approved by the Boards of Directors of both Frontier and Verizon and is expected to be completed in the first or second quarter of 2010. In Shoreline, this will mean that all residents who are provided traditional "landline telephone" by Verizon and residents who are provided the newer Verizon FiOS service (digital cable television, telephone and internet) will now be serviced by Frontier.

As noted above, the City currently has a cable television franchise with Verizon which must be transferred to Frontier in order for Frontier to operate their newly acquired cable television system in the City of Shoreline (the City is not allowed by the Federal Communications Commission (FCC) to regulate telephone or internet usage in the right-of-way). On June 1, 2009, Verizon Northwest Inc. wrote to the City requesting that their franchise to provide cable television service be transferred to Frontier Communications. As per the FCC, the Local Franchising Authority (LFA; which is the City of Shoreline) must receive an Application of Cable Television Transfer, also known as FCC Form 394.

Once the LFA receives a complete Form 394, it has 120 days to approve or deny the transfer application. These are the only two options available to the LFA. If no action is taken by the LFA within this 120 day timeframe, automatic transfer of the franchise will be granted. In determining whether or not to approve or deny a transfer application, the LFA must determine if the transferee (Frontier) has the financial, technical and legal qualifications to carry out the obligations identified in the cable television franchise.

FRANCHISE TRANSFER ANALYSIS:

To provide a recommendation to Council on whether to approve or deny Verizon and Frontier's transfer application, staff reviewed Frontier's FCC Form 394 to determine if they had the financial, technical and legal qualifications to carry out the obligations identified in the cable television franchise (Frontier and Verizon's FCC Form 394 is attached as *Attachment B*). Upon review of this application, staff also crafted follow-up questions for Verizon and Frontier to better understand their qualifications, financial stability, and intentions with the FTTP network that is still under construction by Verizon.

Here are the major findings that resulted from staff's analysis of Verizon and Frontier's transfer request:

- Frontier's financial qualifications are strong:
 - 2008 10-K Report, which is their annual report to the Securities and Exchange Commission (SEC), received an "unqualified opinion". This means that Frontier complied with Generally Accepted Accounting Principles in all material aspects when doing their financial statements.
 - All staff questions related to Frontier's balance sheet, equity and business acquisitions were answered competently and transparently.
 - In 2009, Frontier was listed on the Fortune 500 list as the 19th largest telecommunications company in the country (pre-Verizon acquisition) with revenues of roughly \$2.2 billion and profits of \$182 million in 2008.
- Frontier meets all legal qualifications to assume control of the franchise:
 - The current Verizon Cable Franchise will remain intact and no portions of the document will be amended. Frontier will be held to and will comply with all the legal obligations currently mandated of Verizon.
 - Frontier will be the owner of the franchise; however Verizon Northwest Inc. (under a new name) will remain the provider of the cable television service. As a wholly owned subsidiary of Verizon Communications, Verizon Northwest Inc., will be transferred to Frontier Communications and become a wholly owned subsidiary under their corporate umbrella.
- Frontier meets the technical qualifications to assume control of the franchise:
 - Frontier will continue to build out the FTTP Network initiated by Verizon and complete the installation in the specified timeframe of 36 months as identified in the current franchise.
 - Verizon Northwest Inc., under a new name, will continue to provide the cable service in Shoreline; all local Verizon staff, business operations and billing and ordering systems will remain in place.
 - Frontier has operated other wireline cable televisions systems before, albeit much smaller systems than they will be operating in Shoreline and the other jurisdictions in Western Washington.
 - Frontier has partnered with Dish Network to offer satellite cable television as part of their bundled telecommunication, data and video service in other communities.
 - Frontier will be licensing the programming content that will be showed on their cable system from the content owners and will be paying for the transport of

that content from Verizon Communications, which is headquartered in the Eastern United States.

- Frontier and Verizon will establish a transition team to ensure customer continuity and effective customer communication. Frontier will abide by the customer service standards outlined in the current Verizon Franchise.

FINANCIAL IMPACT:

There is no financial impact to the City of Shoreline to consent to this franchise transfer. As all the cable franchise provisions are remaining intact and all the local Verizon business operations will not change, there should be little to no change in the franchise fee revenue collected by the City. The City is not eligible to receive a "franchise transfer fee" or other revenue to cover the cost of the staff time needed to analyze this transfer request.

ALTERNATIVES:

As noted earlier, there are only two options available to the City of Shoreline regarding this cable franchise transfer request – to approve or deny the transfer application. These limited alternatives are prescribed by the FCC as part of their regulatory purview over cable franchising. Based on the transfer analysis above, staff feels that Frontier Communications does have the financial, technical and legal qualifications to carry out the obligations identified in the cable television franchise. Additional alternatives analysis is provided below:

Franchise Transfer Approval

If the transfer is approved, the current Verizon Cable Franchise will remain intact; no portion of the franchise will be amended. Furthermore, all local staff, business operations and billing and ordering systems will remain the same under Frontier as they are under Verizon. According to the Verizon/Frontier transfer application:

The system serving your community will be managed by the same experienced and qualified personnel at the local level after the close as it is today. The large majority of the local technical and supervisory employees now providing voice, data and video services will remain with the franchisee and they will continue to provide these services under the Frontier name. Local field engineers and technicians will continue to participate in the planning, construction, operation and maintenance of the local system. The office and technical staff responsible for the management and operation of the franchise will continue to be employees of Verizon Northwest Inc. upon completion of the transfer of control. Frontier will therefore retain the existing workforce's technical qualifications, experience and expertise regarding cable television systems, and Frontier's executive management team is fully qualified to oversee these operations.

As approval of the transfer requires City Council approval, Resolution No. 289 is attached as *Attachment A* for Council consideration and adoption.

Franchise Transfer Denial

If the transfer is denied, the franchise will remain under the control of Verizon Northwest Inc., even though they will no longer own the wireline assets used to transmit the cable

signal. Because of this, staff has determined that it is likely the City would be sued by Verizon and Frontier for denial without good cause in violation of FCC regulations. Through consultation with former Cable Franchise consultants, the Washington Association of Telecommunication Officers and Administrators (WATOA), and colleagues in other municipalities, it has been stated that this is a likely scenario if the transfer were to be denied given that they meet the qualifications to carry out the obligations identified in the cable television franchise. Although staff cannot provide any risk analysis regarding a law suit being brought against the City, this is a possibility that should be taken into consideration.

RECOMMENDATION:

Staff recommends that Council adopt Resolution No. 289, which would grant a transfer of control of the cable television franchise granted to Verizon Northwest Inc. to Frontier Communications Corporation.

Attachments:

- Attachment A: Proposed Resolution No. 289
- Attachment B: Verizon Communication Inc. Application For Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise (FCC Form 394)

Attachment A:

RESOLUTION NO. 289

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, TO CONSENT TO TRANSFER CONTROL OF THE CABLE TELEVISION FRANCHISE GRANTED TO VERIZON NORTHWEST INC. TO FRONTIER COMMUNICATIONS CORPORATION.

WHEREAS, The City of Shoreline ("City") has granted a cable television franchise ("Franchise") to Verizon Northwest Inc. ("Franchisee") which is a wholly owned subsidiary of Verizon Communications Inc. ("Verizon"), and

WHEREAS, Verizon has entered into an agreement with Frontier Communications Corporation ("Frontier") to effect a complete separation of the Franchisee from Verizon and a transfer of control of the Franchisee from Verizon to Frontier ("Transfer"), and

WHEREAS, upon completion of the Transfer, the Franchisee will become a wholly owned subsidiary of Frontier and, as a result, control of the Franchise will be transferred from Verizon to Frontier, and

WHEREAS, following the Transfer, the Franchisee will continue to hold and be responsible for performance of the Franchise, and

WHEREAS, the Franchisee has requested that the City consent to the Transfer and, in accordance with the requirements of the Franchise, has filed an FCC Form 394 ("Application") with the City, and

WHEREAS, the City is willing to consent to the Transfer.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Consent Approved. The City of Shoreline consents to the Transfer as described above.

Section 2. Effective Date. This Resolution shall be deemed effective upon adoption.

ADOPTED BY THE CITY COUNCIL ON SEPTEMBER 14, 2009.

Mayor Cindy Ryu

ATTEST:

Scott Passey
City Clerk

Attachment B:

Timothy J. McCallion
President-West Region



112 Lakeview Canyon Road, CA501GA
Thousand Oaks, CA 91362

Phone 805 372-7160
Fax 805 373-1471
tim.mccallion@verizon.com

June 1, 2009

City of Shoreline
Attn: City Manager Robert Olander
17544 Midvale Ave. N
Shoreline, WA 98133

Re: Request for Consent to Transfer Control of Franchisee

Dear Mr. Olander:

As you know, Verizon recently announced plans to transfer its local wireline business serving Washington to Frontier Communications. This transaction includes Verizon Communications Inc. transferring control of Verizon Northwest Inc. to Frontier Communications Corporation. Pursuant to the cable franchise agreement between Shoreline and Verizon Northwest Inc. and 47 C.F.R. §76.502, Verizon requests the city's consent to transfer control of Verizon Northwest Inc. to Frontier. Enclosed please find an Application For Franchise Authority Consent To Assignment or Transfer of Control of Cable Television Franchise.

The enclosed Application provides information demonstrating Frontier's qualifications to assume control of Verizon Northwest Inc. and the cable operations serving Shoreline. Should you desire any additional information regarding Frontier's legal, technical, and financial qualifications to operate the cable system, please submit a written request for such information to:

Stoel Rives LLP
Attn: Ramona Monroe
600 University Street, Suite 3600
Seattle, WA 98101

We at Verizon look forward to continuing our strong relationship with the city and facilitating a smooth transition to Frontier.

Sincerely,

A handwritten signature in black ink, appearing to read "TJ McCallion".

Timothy J. McCallion
President-West Region

Enclosure

FCC 394

APPLICATION FOR FRANCHISE AUTHORITY
CONSENT TO ASSIGNMENT OR TRANSFER OF CONTROL
OF CABLE TELEVISION FRANCHISE

SECTION I. GENERAL INFORMATION

FOR FRANCHISE AUTHORITY USE ONLY

DATE	1-Jun-09	1. Community Unit Identification Number:	WA0871
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2. Application for: ☐ Assignment of Franchise ☒ Transfer of Control

3. Franchising Authority: Shoreline, Washington	
4. Identify community where the system/franchise that is the subject of the assignment or transfer of control is located: Shoreline, Washington	
5. Date system was acquired or (for system's constructed by the transferor/assignor) the date on which service was provided to the first subscriber in the franchise area:	6-Nov-08
6. Proposed effective date of closing of the transaction assigning or transferring ownership of the system to transferee/assignee:	2nd Quarter 2010

7. Attach as an Exhibit a schedule of any and all additional information or material filed with this application that is identified in the franchise as required to be provided to the franchising authority when requesting its approval of the type of transaction that is the subject of this application.

Exhibit No.
N/A

PART I - TRANSFEROR/ASSIGNOR

1. Indicate the name, mailing address, and telephone number of the transferor/assignor.

Legal name of Transferor/Assignor (if individual, list last name first) Verizon Communications Inc.			
Assumed name used for doing business (if any) N/A			
Mailing street address or P.O. Box 140 West St.			
City New York	State NY	ZIP Code 10007	Telephone No. (include area code) (703)-351-1190

2.(a) Attach as an Exhibit a copy of the contract or agreement that provides for the assignment or transfer of control (including any exhibits or schedules thereto necessary in order to understand the terms thereof). If there is only an oral agreement, reduce the terms to writing and attach. (Confidential trade, business, pricing or marketing information, or other information not otherwise publicly available, may be redacted).

Exhibit No.
1

(b) Does the contract submitted in response to (a) above embody the full and complete agreement between the transferor/assignor and the transferee/assignee?

☐ Yes ☒ No

If No, explain in an Exhibit.

Exhibit No.
1

PART II - TRANSFEREE/ASSIGNEE

1.(a) Indicate the name, mailing address, and telephone number of the transferee/assignee.

Legal name of Transferee/Assignee (if individual, list last name first)			
Frontier Communications Corporation			
Assumed name used for doing business (if any)			
N/A			
Mailing street address or P.O. Box			
3 High Ridge Park			
City	State	ZIP Code	Telephone No. (include area code)
Stamford	CT	06905	(203) 614-5600

(b) Indicate the name, mailing address, and telephone number of person to contact, if other than transferee/assignee.

Name of contact person (list last name first)			
Burr, Ann			
Firm or company name (if any)			
Frontier Communications Corporation			
Mailing street address or P.O. Box			
180 South Clinton Avenue			
City	State	ZIP Code	Telephone No. (include area code)
Rochester	NY	14646	(585) 777-6071

(c) Attach as an Exhibit the name, mailing address, and telephone number of each additional person who should be contacted, if any.

Exhibit No. N/A

(d) Indicate the address where the system's records will be maintained.

Street address		
3 High Ride Park		
City	State	ZIP Code
Stamford	CT	06905

Or a regional or local office as appropriate

2. Indicate on an attached exhibit any plans to change the current terms and conditions of service and operations of the system as a consequence of the transaction for which approval is sought.

Exhibit No. 2

SECTION II. TRANSFEREE'S/ASSIGNEE'S LEGAL QUALIFICATIONS

1. Transferee/Assignee is:

☒

Corporation

a. Jurisdiction of incorporation: Delaware	d. Name and address of registered agent in jurisdiction:
b. Date of incorporation: 12-Nov-35	CT Corporation System
c. For profit or not-for-profit: For Profit	1801 West Bay Drive NW, Suite 206
	Olympia, WA 98502

☐

Limited Partnership

a. Jurisdiction in which formed:	c. Name and address of registered agent in jurisdiction:
b. Date of formation:	

☐

General Partnership

a. Jurisdiction whose laws govern formation:	b. Date of formation:
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☐

Individual

☐

Other. Describe in an Exhibit.

Exhibit No.
N/A

2. List the transferee/assignee, and, if the transferee/assignee is not a natural person, each of its officers, directors, stockholders beneficially holding more than 5% of the outstanding voting shares, general partners, and limited partners holding an equity interest of more than 5%. Use only one column for each individual or entity. Attach additional pages if necessary. (Read carefully - the lettered items below refer to corresponding lines in the following table.)

(a) Name, residence, occupation or principal business, and principal place of business. (If other than an individual, also show name, address and citizenship of natural person authorized to vote the voting securities of the applicant that it holds.) List the applicant first, officers, next, then directors and, thereafter, remaining stockholders and/or partners.

(b) Citizenship.

(c) Relationship to the transferee/assignee (e.g., officer, director, etc.).

(d) Number of shares or nature of partnership interest.

(e) Number of votes.

(f) Percentage of votes.

(a)	See Exhibit 3	
(b)		
(c)		
(d)		
(e)		
(f)		

3. If the applicant is a corporation or a limited partnership, is the transferee/assignee formed under the laws of, or duly qualified to transact business in, the State or other jurisdiction in which the system operates?

☐ Yes ☒ No

If the answer is No, explain in an Exhibit.

Exhibit No.

4

4. Has the transferee/assignee had any interest in or in connection with an applicant which has been dismissed or denied by any franchise authority?

☐ Yes ☒ No

If the answer is Yes, describe circumstances in an Exhibit.

Exhibit No.

N/A

5. Has an adverse finding been made or an adverse final action been taken by any court or administrative body with respect to the transferee/assignee in a civil, criminal or administrative proceeding, brought under the provisions of any law or regulation related to the following: any felony; revocation, suspension or involuntary transfer of any authorization (including cable franchises) to provide video programming services; mass media related antitrust or unfair competition; fraudulent statements to another government unit; or employment discrimination?

☐ Yes ☒ No

If the answer is Yes, attach as an Exhibit a full description of the persons and matter(s) involved, including an identification of any court or administrative body and any proceeding (by dates and file numbers, if applicable), and the disposition of such proceeding.

Exhibit No.

5

6. Are there any documents, instruments, contracts or understandings relating to ownership or future ownership rights with respect to any attributable interest as described in Question 2 (including, but not limited to, non-voting stock interests, beneficial stock ownership interests, options, warrants, debentures)?

☐ Yes ☒ No

If Yes, provide particulars in an Exhibit.

7. Do documents, instruments, agreements or understandings for the pledge of stock of the transferee/assignee, as security for loans or contractual performance, provide that: (a) voting rights will remain with the applicant, even in the event of default on the obligation; (b) in the event of default, there will be either a private or public sale of the stock; and (c) prior to the exercise of any ownership rights by a purchaser at a sale described in (b), any prior consent of the FCC and/or of the franchising authority, if required pursuant to federal, state or local law or pursuant to the terms of the franchise agreement will be obtained?

☐ Yes ☒ No

If No, attach as an Exhibit a full explanation.

Exhibit No.

6

SECTION III. TRANSFEREE'S/ASSIGNEE'S FINANCIAL QUALIFICATIONS

1. The transferee/assignee certifies that it has sufficient net liquid assets on hand or available from committed resources to consummate the transaction and operate the facilities for three months.
2. Attach as an Exhibit the most recent financial statements, prepared in accordance with generally accepted accounting principals, including a balance sheet and income statement for at least one full year, for the transferee/assignee or parent entity that has been prepared in the ordinary course of business, if any such financial statements are routinely prepared. Such statements, if not otherwise publicly available, may be marked CONFIDENTIAL and will be maintained as confidential by the franchise authority and its agents to the extent permissible under local law.

☒ Yes ☐ No

Exhibit No.

7

SECTION IV. TRANSFEREE'S/ASSIGNEE'S TECHNICAL QUALIFICATIONS

Set forth in an Exhibit a narrative account of the transferee's/assignee's technical qualifications, experience and expertise regarding cable television systems, including, but not limited to, summary information about appropriate management personnel that will be involved in the system's management and operations. The transferee/assignee may, but need not, list a representative sample of cable systems currently or formerly owned or operated.

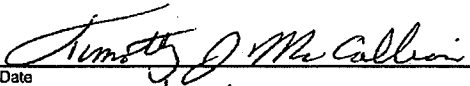
Exhibit No.

8

SECTION V - CERTIFICATIONS

Part I - Transferor/Assignor

All the statements made in the application and attached exhibits are considered material representations, and all the Exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.	Signature 
	Date 5/29/2009
WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	Print full name Timothy J. McCallion
	Check appropriate classification: <input type="checkbox"/> Individual <input type="checkbox"/> General Partner <input checked="" type="checkbox"/> Corporate Officer (Indicate Title) <input type="checkbox"/> Other. Explain: President, Verizon Northwest Inc.

Part II - Transferee/Assignee

All the statements made in the application and attached Exhibits are considered material representations, and all the Exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

The transferee/assignee certifies that he/she:

- (a) Has a current copy of the FCC's Rules governing cable television systems.
- (b) Has a current copy of the franchise that is the subject of this application, and of any applicable state laws or local ordinances and related regulations.
- (c) Will use its best efforts to comply with the terms of the franchise and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation system, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing.

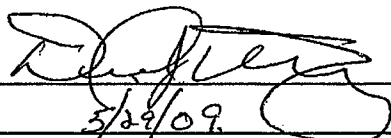
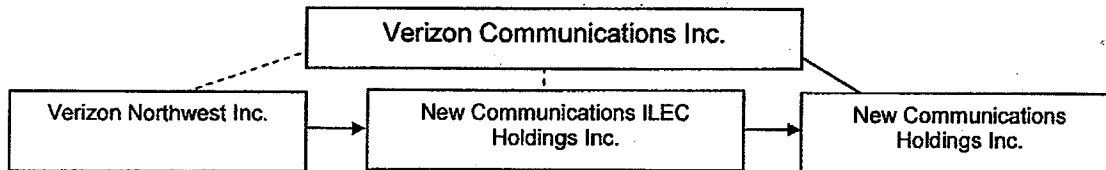
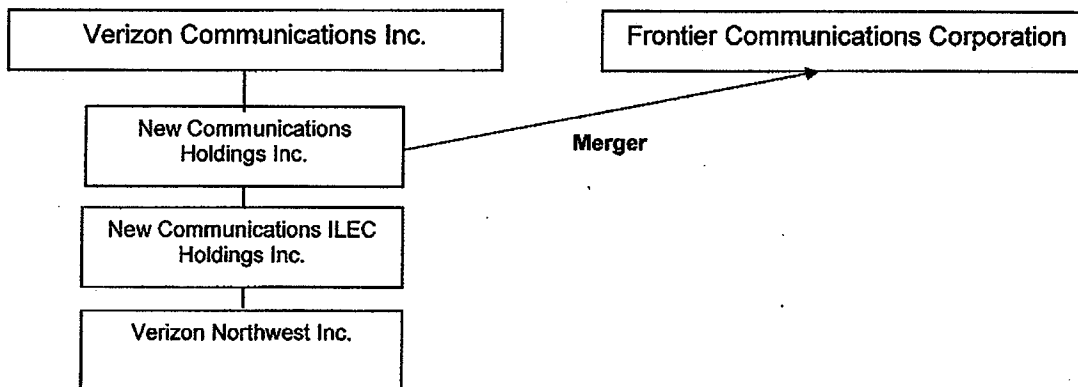
I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.	Signature 
	Date 5/29/09
WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	Print full name Daniel J. McCarthy
	Check appropriate classification: <input type="checkbox"/> Individual <input type="checkbox"/> General Partner <input checked="" type="checkbox"/> Corporate Officer (Indicate Title) <input type="checkbox"/> Other. Explain: Executive Vice President and Chief Operating Officer, Frontier Communi

Exhibit 1

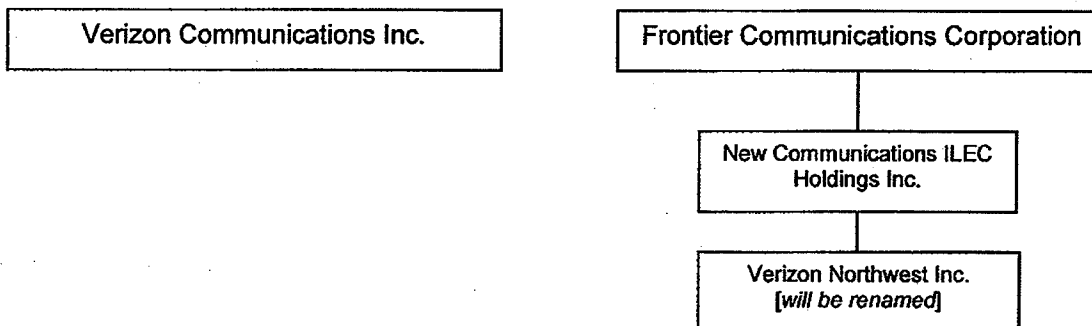
Documentation of the relevant agreements, with no redactions, for the transaction is included on the enclosed CD-ROM. The transaction is also depicted in the chart in this Exhibit.



Verizon contributes the stock of Verizon Northwest Inc. to New Communications ILEC Holdings Inc., an indirect wholly owned subsidiary of Verizon, and then contributes the stock of ILEC Holdings to New Communications Holdings Inc., a wholly owned subsidiary of Verizon.



After Verizon distributes the stock of New Communications Holdings Inc. to Verizon's shareholders, New Communications Holdings Inc. merges into Frontier Communications Corporation. Verizon's shareholders receive stock of Frontier in the merger, in exchange for their shares of New Communications Holdings Inc.



Following the merger, New Communications ILEC Holdings Inc. is a wholly owned subsidiary of Frontier Communications Corp. and Verizon Northwest Inc. is an indirect wholly owned subsidiary of Frontier Communications Corporation.

Exhibits, Schedules, and Annexes to the agreement included on the enclosed CD-ROM have been omitted, as provided in Question 2(a), as this information consists of non-public exhibits or schedules not necessary in order to understand the terms of the Agreements or contains confidential trade, business, pricing or marketing information.

Exhibit 2

The cable system will be operated pursuant to the terms of the current franchise agreement and applicable law after the consummation of the transaction described in this application. Transferee has no plans to change the current terms and conditions of service or operations of the system to customer locations. Transferee will honor Verizon's existing service availability requirements in Washington. However, Transferee reserves the right to make service and operational changes in accordance with the terms of the current franchise agreement and applicable law.

Exhibit 3

Control of the Franchisee, Verizon Northwest Inc., will be transferred to Frontier Communications Corporation ("Frontier"), a publicly traded Delaware corporation. Verizon Northwest Inc. will be a second-tier subsidiary of Frontier. The directors and officers of Frontier are listed below, as well as the directors and officers of all Frontier subsidiaries. No directors or officers hold an equity interest of more than 5% in Frontier. All are United States citizens.

As of March 18, 2009, the following persons held a 5% or greater ownership interest in any voting class of Frontier Communications Corporation's Common Stock:

Name and Address of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
Group consisting of: V. Prem Watsa, 1109519 Ontario Limited, The Sixty Two Investment Company Limited, 810679 Ontario Limited and Fairfax Financial Holdings Limited (a)	15,593,600	5.0%

(a) Name and Address of Beneficial Owner:	Group consisting of: V. Prem Watsa, 1109519 Ontario Limited, The Sixty Two Investment Company Limited, 810679 Ontario Limited and Fairfax Financial Holdings Limited (a). The business address of these beneficial owners is 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada M5J 2N7, except for 1109519 Ontario Limited, whose business address is 1600 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L3. Based on a statement on Schedule 13G filed on February 17, 2009 by V. Prem Watsa, 1109519 Ontario Limited, The Sixty Two Investment Company Limited, 810679 Ontario Limited and Fairfax Financial Holdings Limited ("Fairfax"). Such Schedule 13G discloses that certain of the shares beneficially owned by the reporting persons are held by subsidiaries of Fairfax and by the pension plans of certain subsidiaries of Fairfax.
(b) Citizenship:	Canada
(c) Relationship to transferee:	None
(d) Number of shares:	15,593,600
(e) Number of votes:	15,593,600
(f) Percentage of votes:	5%

Name	Title Role	Title	Address	PPB
FRONTIER				
Abemathy, Kathleen Q.	Director	Director	Bethesda, MD	Washington, DC
Barnes Jr., Leroy T.	Director	Director	Piedmont, CA	Piedmont, CA
Bynoe, Peter C.B.	Director	Director	Chicago, IL	Chicago, IL
Dugan, Michael T.	Director	Director	Parker, CO	Englewood, CO
Finard, Jeri B.	Director	Director	Larchmont, NY	New York, NY
Fitt, Lawton Wehle	Director	Director	New York, NY	New York, NY
Kraus, William M.	Director	Director	Madison, WI	Madison, WI
Schrott, Howard L.	Director	Director	San Francisco, CA	San Francisco, CA
Segil, Lorraine D.	Director	Director	Encino, CA	Los Angeles, CA
Ward, David H.	Director	Director	Southport, CT	Waterbury, CT
Wick, III, Myron A.	Director	Director	San Francisco, CA	San Francisco, CA
Wilderotter, Mary Agnes	Director	Chairman of the Board of Directors	Oakland, CA	Stamford, CT
Glassman, Hilary E.	Officer	Senior Vice President, General Counsel and Secretary Executive Vice President, Sales, Marketing and Business Development	New York, NY	Stamford, CT
Hayes, Peter B.	Officer		New Canaan, CT	Stamford, CT
Larson, Robert J.	Officer	Senior Vice President and Chief Accounting Officer	Ridgefield, CT	Stamford, CT
McCarthy, Daniel J.	Officer	Executive Vice President and Chief Operating Officer	Sandy Hook, CT	Stamford, CT
McKenney, Cecilia K	Officer	Executive Vice President Human Resources	Bedford, NY	Stamford, CT
Schwartz, David G.	Officer	Vice President, Deputy General Counsel & Assistant Secretary	Stamford, CT	Stamford, CT
Shassian, Donald R.	Officer	Executive Vice President and Chief Financial Officer	Rye Brook, NY	Stamford, CT
White, Melinda	Officer	Senior Vice President General Manager, New Business Operations	Venice, CA	Stamford, CT
Whitehouse, David R.	Officer	Senior Vice President and Treasurer	Ridgefield, CT	Stamford, CT
Wilderotter, Mary Agnes	Officer	Chief Executive Officer and President	Oakland, CA	Stamford, CT
SUBSIDIARIES				
Wilderotter, Mary Agnes	Director	Director	Oakland, CA	Stamford, CT
Shassian, Donald R.	Director	Director	Rye Brook, NY	Stamford, CT
McCarthy, Daniel J.	Director	Director	Sandy Hook, CT	Stamford, CT
Wilderotter, Mary Agnes	Officer	Chairman	Oakland, CA	Stamford, CT
Shassian, Donald R.	Officer	Vice President and Chief Financial Officer	Rye Brook, NY	Stamford, CT
McCarthy, Daniel J.	Officer	President and Chief Operating Officer	Sandy Hook, CT	Stamford, CT

Exhibit 4

The franchise itself will not be transferred as a result of the transaction described in Exhibit 1. As a result of the transaction, Verizon Northwest Inc. ("Franchisee") will become an indirect wholly owned subsidiary of Frontier Communications Corporation ("Transferee"). After the transaction, Franchisee will continue to administer the franchise according to the terms of the franchise agreement and applicable law. The transaction will have no effect on Franchisee's qualifications to transact business in the state.

Exhibit 5

There have been no adverse findings made, or adverse final actions taken, against Frontier Communications Corporation in a civil, criminal or administrative proceeding with respect to the matters listed in Section II, Question 5. As a courtesy, we provide the following information regarding a final action taken against one of Frontier's subsidiaries:

James Corcoran v. Citizens Telecommunications Company of New York, Inc.

On October 11, 2005, James Corcoran filed a complaint with the NY State Division of Human Rights ("NYSDHR") alleging that the Company discriminated against him on the basis of his disability by not providing him reasonable accommodations in violation of the NY State Human Rights Law. A hearing was eventually held before an ALJ for the NYSDHR on July 30, 2007. The ALJ ruled that the Company had discriminated against Mr. Corcoran on the basis of his disability in violation of the NY State Human Rights Law. The NYSDHR adopted the ALJ's decision and order in early January, 2008. Under the decision and order issued by the NYSDHR the Company was ordered to pay Mr. Corcoran damages in the amount of \$6,025.00. The Company decided not to appeal the matter further and paid Mr. Corcoran the \$6,025.00. The case number was NYSDHR Case No. 10108268.

Exhibit 6

There are no documents, instruments, agreements or understandings for the pledge of stock of Verizon Northwest Inc. or Frontier Communications Corporation.

Exhibit 7

Frontier is a financially strong company. As a result of the transaction, Frontier will have an even stronger balance sheet and greater cash flow generation capabilities than it has today. Most notably, this transaction will "delever" Frontier, *i.e.*, it will reduce significantly the Company's debt to EBITDA ratio.¹ The increased financial strength is expected to improve Frontier's access to capital and lower its cost of capital, which will inure to the benefit of the franchisee and its customers.

Frontier has a highly successful track record of acquiring, operating and investing in telecommunications properties nationally, including over 750,000 access lines it purchased from Verizon between 1993 and 2000. And in more recent years, Frontier Communications has successfully integrated other telecommunications companies, including Rochester Telephone, Commonwealth Telephone and Global Valley Networks.

The Annual Report of Frontier Communications Corporation for the year ending December 31, 2008 on Form 10-K is included on the enclosed CD-ROM.

Exhibit 8

TRANSFEREE'S TECHNICAL QUALIFICATIONS

Frontier Communications Corporation ("Frontier"), formerly named Citizens Communications Company, is one of the nation's largest rural and suburban local exchange carriers, offering local and long-distance telephone services, Internet access, wireless Internet access, DISH Network satellite television, computer maintenance and other services in 24 states. Frontier provides a full range of telecommunications services in a number of rural communities, smaller cities, and suburban areas including communities like Rochester, New York and its surrounding suburbs; Elk Grove, California, one of Sacramento's fastest-growing suburbs; and Burnsville, Minnesota and nearby towns in the Minneapolis suburbs. Frontier has more than 5,000 employees, 2.2 million telephone access lines and 500,000 High-Speed Internet subscribers, with revenue exceeding \$2.2 Billion in 2008. Frontier telephone companies have provided service for more than 100 years. Frontier is publicly traded and listed on the New York Stock Exchange (ticker symbol FTR).

Frontier will continue to provide and deploy video services through the FiOS network under the terms of the franchise. Frontier has a great deal of experience and expertise in the competitive provision of video programming services. Frontier competes head-to-head with cable companies for voice, data and video services in two-thirds of its footprint. Frontier is an experienced provider of video programming through its affiliation with DISH Network. As a reseller, Frontier integrates DISH Network offerings into its triple play (voice, data and video) bundles, as well as offering wireless data services to its customers throughout its existing service territory. Frontier also has previously owned and operated cable television systems in communities in Indiana (Thorntown, Clarks Hill and Boone County), Wisconsin (New Richmond and Star Prairie), Mississippi (Houlka and Rienzi), and California (Needles).

Frontier's executives are well positioned to supervise the newly acquired operations. As examples, Frontier's CEO Maggie Wilderotter was previously President and CEO of Wink Communications, Inc., a company providing interactive content creation and customer response systems to cable networks. Melinda White, Frontier's Senior Vice President and General Manager of Marketing and New Business Operations has experience with Wink and with Cox Communications. Reed Spiegel, Frontier's Vice President – Video Solutions has experience with Thomson, Wink and Comcast. Ann Burr, Chairman of Frontier Communications of Rochester has many years of experience with Time Warner Cable in managing large cable operations in Hawaii, San Diego and Rochester, New York. Attached are brief biographies of some of Frontier's key executives.

Frontier will be the owner of the franchisee, however Verizon Northwest Inc. will remain the provider of the services. Verizon Northwest Inc. provides services to residents, businesses, and governments within the state of Washington and will continue to provide service to over 500,000 telephone access lines. The provision of these services has been and will continue to be the province of local operations.

The system serving your community will be managed by the same experienced and qualified personnel at the local level after the close as it is today. The large majority of the local technical and supervisory employees now providing voice, data and video services will stay with the franchisee and they will continue to provide these services under the Frontier name. Local field engineers and technicians will continue to participate in the planning, construction, operation and maintenance of the local system. The office and technical staff responsible for the management and operation of the franchise will continue to be employees of Verizon Northwest Inc. upon completion of the transfer of control. Frontier will therefore retain the existing workforce's technical qualifications, experience and expertise regarding cable television systems, and Frontier's executive management team is fully qualified to oversee these operations.

The current network architecture of Verizon's FiOS system with respect to the provision of cable television services in the Pacific Northwest consists of Super Head Ends (SHEs) in Florida and Indiana, a long-haul transport network to Verizon Business Points of Presence (PoPs), grooming functionality at the PoPs that hands off selected content, Video Hub Offices (VHOs) in Beaverton and Everett, distribution facilities to Video Serving Offices (VSOs) mostly located in Verizon Northwest Inc. central office buildings, outside plant facilities to splitter hubs, dedicated fiber facilities to individual residences and businesses ("drops"), and Optical Network Terminals ("ONTs") located at or in the residences and businesses. After the transaction, Verizon will continue to own the SHEs, the long haul transport network, the PoPs and the grooming functionality. The franchisee will continue to own the VHOs, distribution facilities, VSOs, outside plant, splitter hubs, fiber drops and ONTs. Frontier will be responsible for licensing the programming content from the content owners, a process that is currently under way and that will be completed by the time the transaction closes, and for paying for the transport of the content to the VHOs.

Frontier will use the same operational systems – ordering, billing, etc. – that Verizon uses today to provide service; indeed, Verizon will transfer these customer support systems to Frontier. A transition team comprised of Verizon and Frontier representatives will work to ensure customer continuity including billing, customer account systems, plant record systems, and call center operations. Frontier is committed to a local focus in its management structure. Frontier assigns local managers in each of its local areas with day-to-day responsibility for working with local customers and responding to local needs.

Summary Biographical Information for Key Frontier Personnel:

Maggie Wilderotter **Chairman and Chief Executive Officer**

Maggie Wilderotter is President, Chairman and CEO of Frontier Communications. She joined the company on November 1, 2004, as President and Chief Executive Officer and a member of the Board of Directors. Before this, Ms. Wilderotter was Senior Vice President of Worldwide Public Sector at Microsoft, responsible for strengthening customer and partner outreach in the government and education markets, as well as working across Microsoft's business divisions to develop and coordinate forward-looking strategies.

Previously, Ms. Wilderotter was President and Chief Executive Officer of Wink Communications Inc., where she led efforts to develop low-cost, end-to-end e-commerce systems to enable advertisers, merchants, and broadcast and cable networks to create interactive enhancements for traditional television advertisements and programs. Before joining Wink Communications, Ms. Wilderotter was the Executive Vice President of National Operations for AT&T Wireless Services Inc. and Chief Executive Officer of AT&T's Aviation Communications Division. She also served as Senior Vice President of McCaw Cellular Communications Inc. and was a Regional President managing the company's California, Nevada, and Hawaii Region.

Ms. Wilderotter serves on the boards of Yahoo! Inc., Xerox Corporation and Tribune Company and on the boards of a number of non-profit organizations.

Ms. Wilderotter holds a bachelor's degree in economics and business administration from Holy Cross College.

Donald R. Shassian
Executive Vice President and Chief Financial Officer

Donald R. Shassian is Executive Vice President and Chief Financial Officer. He joined Frontier Communications Corporation on April 17, 2006 as Chief Financial Officer.

Beginning in 2001, Mr. Shassian provided M&A consulting to several communications companies including AT&T Inc. (formerly SBC Communications) and Consolidated Communications Inc. He most recently served as the CFO for the Northeast region of Health Net, Inc., a managed healthcare company.

In 1999 and 2000, Mr. Shassian was with RSL Communications, Ltd., a \$1.6 billion international voice and data communications provider in 22 countries. He joined RSL in 1999 as the Executive Vice President and Chief Financial Officer and was later promoted to Chief Operating Officer.

Prior to 1999, Mr. Shassian was the Senior Vice President and Chief Financial Officer for Southern New England Telecommunications Corp. (SNET), which was a provider of communications, information and entertainment services in southern New England, with more than \$2 billion in revenues and 10,000 employees. He was responsible for the successful negotiation, sale and integration of SNET into SBC Communications in 1998.

Prior to joining SNET in December 1993, Mr. Shassian was with Arthur Andersen for more than 16 years. His last position there was as the Partner-in-Charge of the Telecommunications Industry Practice in North America.

A graduate of Bucknell University with a B.S. in business administration, Mr. Shassian is also a C.P.A.

Mr. Shassian also serves on the board of directors for UIL Holdings Corporation (NYSE:UIL).

Daniel McCarthy
Executive Vice President and Chief Operating Officer

Daniel McCarthy became Executive Vice President and Chief Operating Officer on January 1, 2006. He is also responsible for Regulatory Affairs. Before this, he was Senior Vice President, Field Operations. Prior to this, Mr. McCarthy was Senior Vice President, Broadband Operations and was President and Chief Operating Officer of Electric Lightwave from January 2002 to December 2004.

Mr. McCarthy has been with Frontier Communications Corporation since 1990, when he joined the company's Kauai, Hawaii, electric division. In 1995 he moved to Flagstaff, Arizona, and assumed responsibility for Citizens' energy operations. In 2001 he was promoted to President and Chief Operating Officer of Citizens Public Services sector, responsible for the company's energy and water operations.

He earned a bachelor's degree in marine engineering from the New York Maritime College in Fort Schuyler, New York, and holds an M.B.A. from the University of Phoenix.

Peter B. Hayes
Executive Vice President, Sales, Marketing and Business Development

Peter B. (Pete) Hayes became Executive Vice President, Sales, Marketing and Business Development effective January 1, 2006. Previously, he was Senior Vice President, Sales, Marketing and Business Development.

Before this, Mr. Hayes was Microsoft's Vice President, Public Sector, Europe, Middle East and Africa, leading sales, services, marketing, programs, government relations and technical teams. Prior to that, he was General Manager, Microsoft US Government, Washington, D.C., responsible for Microsoft's federal, state and local customers in the United States. Prior to this, he was Director, WorldWide Enterprise Field Strategy, Director, Field and Customer Relations, and District Manager, Southeast District, of Microsoft North America.

Prior to joining Microsoft in 1991, Mr. Hayes worked for IBM for 12 years, holding various sales, technical and management positions. He earned a bachelor of science degree with a major in finance from the University of South Alabama.

Cecilia K. McKenney
Executive Vice President of Human Resources and Call Center Sales & Service

Cecilia K. McKenney is Executive Vice President of Human Resources and Call Center Sales & Service. Ms. McKenney joined the company as Senior Vice President, Human Resources, in February 2006. She oversees all aspects of Human Resources, Labor Relations, and Call Center Sales and Service.

Prior to joining Frontier, Ms. McKenney was Group Vice President of Headquarters Human

Resources for the Pepsi Bottling Group, Inc. (PBG) in Somers, New York. In this role, she was responsible for all of PBG's Human Resources functions supporting its worldwide operations. Her organization provided human resources generalist support for PBG's headquarters and call center, in addition to long-term strategic direction and day-to-day business support for Staffing, Compensation and Benefits, Diversity, Training, Talent Development, and Human Resources Systems.

Ms. McKenney joined the Pepsi-Cola Company in 1989 in the company's headquarters-based employee benefits group. Following several assignments of increasing responsibility in Human Resources, she was named Human Resources Manager in Pepsi-Cola's Northeast Business Unit in 1993. In less than two years, Ms. McKenney was transferred to Northern California, where she managed human resource issues for the company's San Francisco market. In 1995, she was appointed Director of Human Resources for PBG's Pacific Northwest Business Unit. When PBG became an independent company near the end of 1998, Ms. McKenney was appointed Vice President, Staffing and Diversity at the Company's headquarters.

Prior to Pepsi, Ms. McKenney worked for Mutual of New York and L.F. Rothschild in Human Resource and Management roles. She earned a bachelor's degree in business administration from Franklin & Marshall College, and is a Certified Employee Benefits Specialist.

Hilary E. Glassman
Senior Vice President, General Counsel and Secretary

Hilary E. Glassman has been Senior Vice President, General Counsel and Secretary of Frontier Communications Corporation since July 2005. Prior to joining Frontier, she was Deputy General Counsel and Managing Director of Sandler O'Neill & Partners, L.P., an investment bank with a specialized financial institutions practice. From February 2000 to February 2003, Ms. Glassman was Vice President, General Counsel and Corporate Secretary for NewView Technologies Inc. As Chief Legal Officer and a member of the executive management team, she was responsible for all legal and corporate governance matters related to the company. Prior to this, she was Vice President and Corporate Counsel for Reliance Group Holdings, Inc. From October 1987 to December 1993, Ms. Glassman was an Associate at Weil, Gotshal & Manges.

Ms. Glassman received a bachelor of science degree with a major in Accounting from New York University College of Business & Public Administration, graduating with honors. She earned her Juris Doctorate degree from New York University School of Law and is a member of the New York Bar.

Melinda White
Senior Vice President and General Manager, New Business Operations

Melinda M. White is Senior Vice President and General Manager of New Business Operations, responsible for all wireless Internet data access projects and initiatives, all advertising and Internet services related to our multi-state web-based and paper phone directories; new commercial ventures, small businesses and home offices; marketing communications; and the development of alternate sales channels. Ms. White leads the team tasked with launching

municipal wireless Internet data access networks within the company's markets, including the execution of agreements with cities, anchor tenants and market "hot spots." Before this, she was Senior Vice President, Commercial Sales and Marketing, responsible for wholesale and retail revenue, product marketing, and wireless operations. Ms. White joined the company in 2005 as Vice President and General Manager of Electric Lightwave, Inc.

Before joining Frontier Communications Corporation, Ms. White was Executive Vice President, National Accounts/Business Development for Wink Communications, developing low-cost, end-to-end e-commerce systems to enable advertisers, merchants, and broadcast and cable networks to create interactive enhancements for traditional television advertisements and programs. She also held senior leadership positions at Cox Communications and Cellular One (McCaw and the AT&T/AirTouch joint venture).

Ms. White earned a Bachelor of Business Administration from Howard Payne University in Texas and a Master of Business Administration degree from Tulane University in New Orleans, Louisiana.

Michael Golob
Vice President of Engineering and Technology

Michael Golob has been Vice President of Engineering and Technology for Frontier since February 15, 2005.

Mr. Golob is responsible for Frontier's network planning; new technology development, selection and implementation of all network equipment; 24x7 operations centers; ISP operations; IP TV network architecture, deployments and quality of service; project management; SS7 network; E-911 network; switch translations; and engineering records. Before this he was Vice President of Operations and Engineering for Electric Lightwave, Inc. (ELI), a publicly-traded company formerly owned by Frontier Communications.

Mr. Golob's background includes 21 years of experience in military communications and special operations in the U.S. Army. He is a veteran of the Gulf War and Operation Uphold Democracy in Haiti. Prior to joining ELI he was Director of Academic Affairs for the University of Phoenix – Oregon Campus.

Mr. Golob earned a Doctorate Degree in Organization and Management from Capella University, a Master's Degree in Business Administration from Central Michigan University, and a Bachelor's Degree in Education from Iowa State University. He is a graduate of the U.S. Army's Command and General Staff College and the National Security Agency's Cryptologic Career Program.

Ann Burr
Chairman, Frontier Communications of Rochester

Ann Burr has held a wide range of general management and executive positions in the cable television and telecommunications industry. She currently serves as Chairman of Frontier

Communications in Rochester, New York. She is past Senior Vice President and General Manager for Frontier in Rochester and former Vice President of Government and Regulatory Affairs overseeing Frontier's national advocacy and government affairs programs in 24 states. She previously served as Senior Advisor to Citizens Communications (Frontier) from April 2005 to February 2006.

Prior to her roles with Frontier, she served as Executive Vice President for Time Warner Cable in Stamford, Connecticut. Reporting to the Chairman, Ms. Burr had national responsibility for Time Warner's Residential Telephony initiatives, including Time Warner's joint venture with AT&T, and for Information Technology and Human Resources.

Ms. Burr was President of Time Warner Communications in Rochester, New York from 1995-1999. In addition to the successful cable television business, under Ms. Burr's leadership, Rochester was the first Time Warner Division in the nation to offer residential telephone service over its sophisticated hybrid fiber cable network. She oversaw the cable television, residential telephone, cellular, paging, broadcasting and broadband Internet services for the greater Rochester area.

From 1986 to 1995, Ms. Burr served as President of Time Warner Cable in San Diego, California as the company's first female Division President where, in addition to the cable television business, Ms. Burr launched Time Warner's first competitive local exchange business. Prior to assuming the position of President, she served as Time Warner's Vice President of Operations for Oceanic Cablevision located in Honolulu, Hawaii. Earlier in her career, she worked in various operations positions for both Mountain Bell Telephone Company and Hawaiian Telephone (GTE).

Ms. Burr has received numerous local and national awards. In 2002, she received the Service in Technology Award from Communications Technology Magazine for her work with Time Warner Cable in the development of voice over Internet protocol services. In 1993, she was honored with the cable industry's highest accolade, the National Cable Television Association's Distinguished Vanguard Award for Leadership. In 1996, she was inducted into the National Cable Television Pioneer Hall of Fame.

She is the former Chairman of the California Cable Television Association and Greater San Diego Chamber of Commerce. She currently serves as Trustee for Rochester Institute of Technology, WXXI, George Eastman House, Rochester Business Alliance and the County of Monroe Industrial Development Agency.

Ms. Burr received a Bachelor of Arts degree from Utah State University and an M.B.A. from Chaminade University in Honolulu.

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