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PRESS RELEASE

Sept. 30, 2009, 2:11 p.m. EDT · Recommend · Post:

Fitch Issues Additional Comment on Frontier Communications' 'BB' Rating on Watch Positive



CHICAGO, Sep 30, 2009 (BUSINESS WIRE) -- Fitch Ratings has additional commentary on Frontier Communications Corporation (Frontier) (FTR 8.46, +0.09, +1.08%) to clarify information presented in a special report, 'Covenant Analysis of Largest Speculative Grade Issuers: How Close to the Breach?' issued on Sept. 29, 2009.

On Sept. 17, 2009, Fitch assigned a 'BB' rating to Frontier's offering of \$600 million, increased from a proposed offering of \$450 million of senior unsecured debt due 2018. Its ratings remain on Rating Watch Positive owing to its proposed transaction with Verizon Communications Inc. (Verizon) (VZ 32.70, +0.01, +0.03%) on May 13, 2009.

Fitch continues to view Frontier's Issuer Default Rating as 'BB'. In addition the rating remains on Positive Watch as described in Fitch's Sept. 17, 2009 press release. Although the special report stated a 12.6% decline in Frontier's EBITDA would lead to a covenant breach a decline of that degree is highly unlikely in the near term given the stability of its local exchange operations, and that, moreover, the successful completion of the Verizon transaction will materially delever the company (on a 2008 pro forma basis, the post-merger company would have had leverage of 2.6 times [x]). Finally, cash remaining from Frontier's April \$600 million issuance (a portion of the proceeds were used for open market debt purchases) and recent \$600 million debt issuance and tender offer are expected to materially reduce the company's 2011 refinancing risk (2011 maturities, as of June 30, 2009, were approximately \$870 million).

Additional information is available at www.fitchratings.com.

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SOURCE: Fitch Ratings

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Frontier Communications Corp (FTR)

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