

SETTLEMENT AGREEMENT

This Settlement Agreement is made as of the 7th day of December 2009 ("Effective Date") by and among Comcast Phone, LLC, on behalf of its subsidiaries which are identified on Schedule A ("Comcast"), Frontier Communications Corporation and the operating incumbent local exchange companies that will become Frontier subsidiaries after the closing of the Proposed Transaction and which are identified on Schedule B ("Frontier"), and the Verizon operating incumbent local exchange companies which are identified on Schedule C ("Verizon") (individually a "Party" and collectively, "the Parties");

WHEREAS, Verizon has agreed to a transaction in which control of certain of its operating affiliates in various states will be transferred to Frontier (the "Proposed Transaction"); and

WHEREAS, the Proposed Transaction will require, among other things, the approval of various state regulatory commissions ("State Commissions") before it can be consummated; and

WHEREAS Comcast has intervened and participated as a party in proceedings before State Commissions in Illinois, Ohio, Oregon and Washington related to Verizon's and Frontier's joint application for approval of the Proposed Transaction wherein Comcast has expressed certain concerns with the Proposed Transaction (the "State Proceedings"); and

WHEREAS, the Parties hereto have reached a mutually agreeable settlement of Comcast's concerns.

In consideration of the mutual representations and covenants contained herein, the

Parties hereby agree as follows:

TERMS

I. OSS Testing

1. Functional Testing of Replicated Systems

The Proposed Transaction contemplates that Verizon will replicate the operations support systems ("OSS") used for provisioning retail and wholesale services in the systems serving certain states in which assets are being transferred to Frontier. These systems will be installed in the Fort Wayne, Indiana data center and will be operated post-closing by Frontier on a going-forward basis ("Replicated Systems"), subject to the provisions of Section I.2 (below). This section governs Comcast's order testing of the Replicated Systems after Verizon has done its own initial testing. Comcast will have the opportunity to utilize the following procedures:

a. Comcast may use the CLEC Testing Environment ("CTE") (defined in I.1.b, below) on the Replicated Systems to test certain wholesale orders from February 15, 2010 to March 12, 2010, which shall occur before the associated replicated systems are placed into full production mode (or another equivalent period before production mode).

b. Comcast will submit test orders for Local Service Request ("LSR") orders for directory listings ("DL") and local number portability ("LNP"), collectively "Comcast Orders".¹ Verizon will work with Comcast to identify specific test scenarios for the Comcast Orders. The CTE will contain the data associated with a wide range of accounts within Comcast Orders, and Verizon will consult with Comcast prior to the date specified in subsection (c) below to identify the accounts that will be included in the test environment. Specific accounts of Comcast Orders will be generated for Comcast, along with a group of retail accounts generated by Verizon. Addresses and telephone numbers from representative NPAs for each of the states covered by this Agreement (Illinois, Ohio, Washington, and Oregon) will be selected by Verizon (with input from Comcast) and loaded into the CTE, and these can be used for pre-ordering and ordering activity (not all addresses and telephone numbers from production will be loaded into the CTE). Comcast will test, at a minimum, LSR (LNP and DL) orders up to and including the service order processor, with full cycle scenarios covering pre-order, order submission, reject, jeopardy notices, order flow through and order completion notices (billing

¹ Comcast also submits Access Service Request ("ASR") orders for interconnection trunking facilities, and the CTE does not support those types of orders. Verizon will work to develop a plan to allow Comcast, or its third party vendor, to submit test ASR orders in a pre-production environment, subject to the provisions of I.1.e and I.1.f.

completion and provisioning completion). For billing, files will be validated jointly by the Parties for format, content and completeness with the replicated data.²

c. Verizon will notify Comcast of the specific regular business hours of availability for such functional testing, which shall generally be based on standard business hours. The CTE will allow Comcast to test application-to-application interfaces for pre-ordering and ordering activity for the Comcast Orders. Specifically, the CTE will contain the appropriate applications for the Comcast Orders. Comcast will be responsible for establishing and maintaining connectivity into the CTE, but Verizon will work with Comcast to coordinate and facilitate those connections. Such connections will consist of the same connectivity options that Comcast will use post-close with Frontier. Testing will include the e-bonded interfaces.³ Production data may be sanitized for testing to protect customer and account identities.

d. Comcast must provide a set of accounts to Verizon by February 1, 2010, to allow the standard two weeks for account "set up" in the CTE, and Verizon and Comcast will work cooperatively prior to February 1, 2010 to ensure test environment readiness.

e. Based on the test orders described above, Verizon shall issue a report documenting the replicated systems' functionality during this test period, based on Verizon's typical measurement of successful order processing. Verizon will not put the relevant replicated systems into full production mode until it is able to report (either as a result of initial tests or subsequent tests) that the Replicated Systems' performance is at least equal to the average performance of the current systems. Comcast shall provide Verizon with its test results as soon as practicable after they receive the results. Verizon must receive all test results no later than 5 PM Eastern Time on March 5, 2010, and receive test results for time periods after that by March 12, 2010. Verizon shall issue its report (or, if necessary, notice of additional testing) by March 15, 2010.

f. Prior to testing, the Parties will establish a cooperative process through which Comcast may escalate concerns arising from the identification of system errors resulting from the replication, or other test failures to Verizon/Frontier. The Parties will work on a business-to-business basis to facilitate timely resolution of any such errors prior to the Replicated Systems being put into production.

g. Neither Party waives any right it may have independent of this Agreement to seek resolution of any disputes relating to the replication with a State Commission.

² The CTE does not support billing validation, but Verizon will work with Comcast to ensure that billing issued on the replicated systems is consistent with billing on existing systems.

³ Comcast also uses GUI interfaces on a limited basis. The CTE does not support such GUI interfaces, but Verizon will work with Comcast to test, during the test period set forth in I.1.a, to ensure that orders flow through those interfaces before putting the relevant replicated systems into full production mode.

h. After the existing Verizon operations support systems are replicated and put into production, those Replicated Systems will be used by Verizon to support the wholesale service it provides to Comcast for at least 60 days prior to the closing. During this period, Verizon will receive Comcast orders and provide services in the normal course of business. Frontier will validate the performance of the Replicated Systems to ensure the systems are fully operational. In the event that issues or problems arise as a result of the replication that affect Comcast, including problems identified by Comcast and communicated to Verizon or Frontier, Verizon and Frontier will investigate and identify the source of the issues or problems, and Verizon/Frontier will work on a business-to-business basis with Comcast to facilitate timely resolution and Verizon/Frontier will make the necessary system modifications, if any, to remedy those service issues to ensure that those systems are fully operational.

i. Prior to closing, Verizon and Frontier will notify Comcast in writing that the "replication" of the OSS has been successfully completed. Within five (5) business days of receiving such notice, Comcast may notify Verizon and Frontier of any concerns it may have regarding the success of the replication, and Verizon/Frontier will investigate, and Verizon/Frontier will work with Comcast on a business-to-business basis to address any issues resulting from the replication that affect Comcast and will make the necessary system modifications, if any, to remedy those service issues to ensure that those systems are fully operational prior to closing.

2. Replacement of Replicated Systems

a. Frontier will utilize the Replicated Systems after the transaction closes for a minimum of one year, whereafter it may replace the Verizon Replicated Systems with different OSS ("Replacement Systems").

b. At least 180 days before any transition from the Replicated Systems to a Replacement System, Frontier will prepare and provide to Comcast a proposed transition plan. Before implementation of the transition or cutover, Frontier will work with Comcast to develop and implement a test plan to allow Comcast to complete coordinated testing on test/non-live orders before the transition/cutover occurs.

c. For Comcast Orders, the Replacement Systems will maintain functionality that is comparable to the current systems – e.g., e-bonding, order flow through, etc.

3. 911. The Parties will work cooperatively in accordance with standard industry practices to coordinate any transition of E-911 functionality or databases systems.

II. Other Frontier Obligations Post-Closing

Frontier will comply with the following after the Proposed Transaction is consummated:

- a. Frontier will not discontinue the Verizon wholesale service offered to competitive carriers at the time of closing for one year after closing of the transaction except as approved by the Commission.
- b. Frontier will not seek to recover through wholesale service rates one-time transfer, branding or transaction costs.
- c. Frontier will hold wholesale customers harmless for increases in overall management costs incurred by Frontier that result from the transaction.
- d. Frontier shall continue to provide the monthly reports of wholesale performance metrics that Verizon currently provides. Frontier will comply with the FCC Order 09-41 that implements a porting interval for simple wireline-to-wireline and intermodal port requests within one business day applicable to carriers with more than 2 percent of the nation's lines installed in aggregate nationwide.
- e. Frontier will honor, assume or take assignment, in whole or in part, of all obligations under Verizon's current interconnection agreements, interstate special access tariffs and intrastate tariffs, commercial agreements, line sharing agreements, and other existing arrangements with wholesale customers ("Assumed Agreements"). Frontier shall not terminate or change the rates, terms or conditions of any effective Assumed Agreements during the unexpired term of any Assumed Agreement or for a period of twenty-four months from the Closing Date, whichever occurs later unless requested by the interconnecting party, or required by a change of law.
- f. Frontier will allow requesting carriers to extend existing interconnection agreements, whether or not the initial or current term has expired, until at least 30 months from the Closing Date, or the date of expiration, whichever is later.
- g. Frontier shall allow a requesting competitive carrier to use its pre-existing interconnection agreement, including agreements entered into with Verizon, as the basis for negotiating a new replacement interconnection agreement.
- h. Rates for tandem transit service, any interstate special access tariffed offerings or any intrastate wholesale tariffed offering, reciprocal compensation and TELRIC 252(c)(2), and (d), rates for 251(c) facilities or arrangements shall not be increased by Frontier for at least twenty-four months from the Closing Date; nor will Frontier create any new rate elements or charges for distinct facilities or functionalities that are currently already provided under existing rates or at no charge. Frontier shall continue to offer any currently offered Term and Volume Discount plans until at least twenty-four months from the Closing Date. Frontier will honor any existing contracts for services on an individualized term pricing plan arrangement for the duration of the contracted term. Frontier will reduce pro rata the volume commitments provided for in agreements to be assigned to or entered into by Frontier or tariffs to be concurred in and then adopted by Frontier,

without any change in rates and charges or other terms and conditions, so that such volume pricing terms will in effect exclude volume requirements from states outside of the affected states.

- i. Frontier will not seek to avoid any of its obligations under the Assumed Agreements on the grounds that Frontier is not an incumbent local exchange carrier ("ILEC") under the Federal Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.* (the "Communications Act"), nor on the grounds that it is exempt from any of the obligations hereunder pursuant to Section 251(f)(1)-(2) of the Communications Act.
- j. For one year following the Closing Date, Frontier will not seek to reclassify as "non-impaired" any wire centers in Oregon, Washington, Illinois and Ohio for purposes of Section 251 of the Communications Act, nor will Frontier file any new petition under Section 10 of the Communications Act seeking forbearance from any Section 251 or dominant carrier regulation in any wire center in the identified states.
- k. Frontier shall provide and maintain on a going-forward basis updated escalation procedures, contact lists and account manager information that is in place at least 30 days prior to the transaction close date. The updated contact list shall identify and assign a single point of contact for Comcast with the authority to address ordering, provisioning, billing and OSS systems maintenance issues of Comcast. Frontier will work with Comcast to identify the appropriate point of contact to address technical and network escalation issues.
- l. Frontier will continue to make available to each wholesale carrier the types of information that Verizon currently makes available concerning wholesale operations support systems and wholesale business practices via the CLEC Manual, industry letters, and the change management process. In addition, Frontier will continue the CLEC User Forum process, in a substantially similar manner, following the transition or cutover date. Frontier will provide the wholesale carriers training and education on any wholesale operations support systems implemented by Frontier after closing without charge to the wholesale carrier.
- m. Frontier will maintain a Change Management Process ("CMP") similar to Verizon's current process, including CMP meetings, the frequency of which for the first twelve months from Closing Date shall be monthly, and thereafter, as agreed upon by the Parties and a commitment to at least two OSS releases per year. Pending CLEC Change Requests will be completed in a commercially reasonable time frame.
- n. Frontier shall ensure that the legacy Verizon Wholesale and CLEC support centers are sufficiently staffed by adequately trained personnel dedicated exclusively to wholesale operations so as to provide a level of service that is comparable to that which was provided by Verizon prior to the transaction and to

ensure the protection of CLEC information from being used for Frontier's retail operations.

- o. In the event a dispute arises between Frontier and Comcast with respect to any of the post-closing conditions herein, either party may seek resolution of the dispute by filing a petition with the applicable state Commission pursuant to the procedures for enforcement of interconnection agreements set forth in the applicable state Commission's rules. If a State Commission has no such procedures, then either party may use the State Commission's general dispute resolution or complaint procedures.
- p. Except as otherwise expressly stated herein, the provisions of this Agreement only apply to Illinois, Ohio, Washington and Oregon. The Parties agree to work cooperatively to try to resolve their outstanding issues with respect to West Virginia.
- q. Because the Parties were unable to finalize this Settlement Agreement prior to the commencement of the Oregon proceedings, the Parties will each submit their pre-filed testimony into the record in the Oregon proceeding but will waive any cross examination of each others witnesses. Upon execution of the Settlement Agreement, Comcast will not move its testimony into evidence in the Oregon proceeding, will petition to withdraw or not move its testimony into evidence in the other State Proceedings (as agreed to by the Parties based on state-specific procedures), and will not intervene or participate in any other regulatory or legislative proceedings involving the approval of the proposed transaction. However, the foregoing limitations shall not apply to Comcast's continuing intervention and participation in the West Virginia Public Service Commission proceeding docketed as Case No. 09-0871-T-PC, and nothing in this Agreement shall preclude Comcast from protecting its rights and pursuing its positions in that proceeding, or any other, in West Virginia. The signatories to this settlement will file a settlement agreement, stipulation, or other appropriate filing, with the Oregon, Washington and Ohio and Illinois Commissions (to the extent required), respectively, and jointly ask each Commission, to the extent required, to approve the settlement, stipulation, or other appropriate filing, and state that they are not opposed to the Commission approval of the transaction if conditioned as set forth herein. Comcast and its agents, employees and attorneys will not engage in any advocacy contrary to this agreement.

III. Legal Terms

- 1. Nothing in this Agreement shall affect (a) any Party's obligation to respond truthfully as to its position of record on inquiries from governmental entities or judicial and administrative proceedings; (b) prohibit a Party from defending itself or

taking positions or advocating before any legislative or regulatory bodies on specific issues as long as such actions are not inconsistent with this Agreement; or (c) preclude a Party from membership in any associations that may take positions on specific issues so long as the Party does not use its membership as a device to avoid its obligations under this Agreement.

2. If the transaction is not approved by the FCC or otherwise does not close, the Parties shall not be bound by this Settlement Agreement.

3. Nothing in this Agreement shall preclude the application to Comcast of any state or FCC conditions (whether imposed, adopted, approved or voluntarily agreed to) as a result of the transaction when such conditions are to be made available to CLECs generally. Any such state conditions will be applicable only within that specific state. Any such FCC conditions will be applicable in all states, except as otherwise may be provided by the terms of the FCC's merger conditions.

4. The Parties shall prepare and execute such other documents as are reasonably necessary to effectuate the terms of this Settlement Agreement.

5. This Settlement Agreement is made without admission against or prejudice to any factual or legal positions that any of the Parties have asserted or may have asserted in the referenced proceedings absent this Settlement Agreement.

6. This Settlement Agreement is to be construed and enforced in accordance with the laws of the state of Delaware. The Parties may only disclose the contents of this Settlement Agreement as is necessary for enforcement of its terms or as otherwise may be required by the State Commissions.

7. This Settlement Agreement constitutes the entire and final agreement between the Parties in connection with the Applications and the other matters addressed in this Settlement Agreement and supersedes all prior written and oral agreements, representations and understandings, and may only be changed by an agreement made in writing and signed by all the Parties hereto.

8. This Settlement Agreement is binding upon and inures to the benefit of the Parties hereto and their heirs, successors and assigns.

9. The Parties agree that this Settlement Agreement may be signed in any number of separate counterparts and that, once signed by all Parties, all counterparts shall be considered as if contained in a single document.

10. If any term or other provisions of this Settlement Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect.

WHEREFORE, intending to be bound by the terms of this Settlement Agreement set forth herein, the Parties have set forth their signatures on the date indicated below,

Comcast Phone LLC on behalf
of itself and the entities identified
on Schedule A

By:

Name: *Susan Jim Davis*

Title: *VP of Strategic Partnerships
Communications and Data*

Date:

12/7/09
*Services
Comcast*

Verizon Communications Inc.
on behalf of itself and the entities
identified on Schedule C

By:


Name: *Gregory M. Roman*

Title: *General Counsel - NW Region*

Date:

12-7-09

Frontier Communications Corporation
and the post-closing Frontier ILECs identified in
Schedule B

By: 

Name: Daniel M. Bentley

Title: EVP & COO

Date: 12/7/09.

**SCHEDULE A
COMCAST ENTITIES**

Comcast Phone of Illinois, LLC d/b/a Comcast Digital Phone

Comcast Phone of Ohio, LLC

Comcast Phone of Oregon, LLC

Comcast Phone of Washington, LLC

SCHEDULE B

Verizon Northwest Inc. to be renamed after closing Frontier Northwest Inc. (Oregon and Washington)

Verizon North Inc. to be renamed after closing Frontier North Inc. (Ohio and Illinois)

SCHEDULE C

Verizon Northwest Inc. (Oregon and Washington)

Verizon North Inc. (Ohio and Illinois)