Exhibit No._____DM-3

FORM 10-K

FRONTIER COMMUNICATIONS CORP - FTR

Filed: February 27, 2009 (period: December 31, 2008)

Annual report which provides a comprehensive overview of the company for the past year

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FRONTIER COMMUNICATIONS CORPORATION

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE YEAR ENDED DECEMBER 31, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark one)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

OR

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

For the transition period from _____ to _____

Commission file number 001-11001

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

Delaware	06-0619596
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3 High Ridge Park Stamford, Connecticut	06905
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.25 per share	New York Stock Exchange
Series A Participating Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No ____

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ____ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

Large Accelerated Filer [X] Accelerated Filer [ ] Non-Accelerated Filer [ ] Smaller Reporting Company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ____ No X

The aggregate market value of common stock held by non-affiliates of the registrant on June 30, 2008 was approximately $3,610,891,000 based on the closing price of $11.34 per share on such date.

The number of shares outstanding of the registrant's Common Stock as of January 30, 2009 was 311,311,000.

DOCUMENT INCORPORATED BY REFERENCE
Portions of the Proxy Statement for the Company's 2009 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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PART I

Item 1. Business

Frontier Communications Corporation (Frontier) (formerly known as Citizens Communications Company through July 30, 2008) and its subsidiaries are referred to as the "Company," "we," "us" or "our" throughout this report. Frontier was incorporated in the State of Delaware in 1935 as Citizens Utilities Company.

We are a communications company providing services to rural areas and small and medium-sized towns and cities. Revenue was $2.2 billion in 2008. Among the highlights for 2008:

* Cash Generation
  We continued to generate significant free cash flow through further growth of broadband and value added services, productivity improvements and a disciplined capital expenditure program that emphasizes return on investment.

* Stockholder Value
  During 2008, we repurchased $200.0 million of our common stock and we continued to pay an annual dividend of $1.00 per common share.

* Growth
  During 2008, we added approximately 57,100 new High-Speed Internet customers (net) and 116,000 customers began buying a bundle or package of our services. At December 31, 2008, we had approximately 579,900 high-speed data customers and 749,800 customers buying a bundle or package of services. We also offer a television product in partnership with DISH Network (DISH), and at the end of 2008 we had approximately 119,900 DISH customers.

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.

Telecommunications Services

As of December 31, 2008, we operated as an incumbent local exchange carrier (ILEC) in 24 states.

The telecommunications industry is undergoing significant changes and difficulties and our financial results reflect the impact of this challenging environment. As discussed in more detail in Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), we operate in an increasingly challenging environment and, accordingly, our revenues have decreased slightly in 2008.

Our business is primarily with residential customers and, to a lesser extent, business customers. Our services include:

* access services;
* local services;
* long distance services;
* data and internet services;
* directory services;
* television services; and
* wireless services.

Frontier is typically the leading incumbent carrier in the markets we serve and provides the "last mile" of telecommunications services to residential and business customers in these markets.

Access services. Switched access services allow other carriers to use our facilities to originate and terminate their long distance voice and data traffic. These services are generally offered on a month-to-month basis and the service is billed on a minutes-of-use basis. Access charges are based on access rates filed with the Federal Communications Commission (FCC) for interstate services and with the respective state regulatory agency for intrastate services. In addition, subsidies received from state and federal universal service funds based on the high cost of providing telephone service to certain rural areas are a part of our access services revenue.

Revenue is recognized when services are provided to customers or when products are delivered to customers. Monthly recurring access service fees are billed in advance. The unearned portion of this revenue is initially deferred as a component of other liabilities on our balance sheet and recognized as revenue over the period that the services are provided.

Local services. We provide basic telephone wireline services to residential and business customers in our service areas. Our service areas are largely residential and are generally less densely populated than the primary service areas of the largest incumbent local exchange carriers. We also provide enhanced services to our customers by offering a number of calling features, including call forwarding, conference calling, caller identification, voicemail and call waiting. All of these local services are billed monthly in advance. The unearned portion of this revenue is initially deferred as a component of other liabilities on our balance sheet and recognized as revenue over the period that the services are provided. We also offer packages of communications services. These packages permit customers to bundle their basic telephone line service with their choice of enhanced, long distance, television and internet services for a monthly fee and/or usage fee depending on the plan.

We intend to continue our efforts to increase the penetration of our enhanced services. We believe that increased sales of such services will produce revenue with higher operating margins due to the relatively low marginal operating costs necessary to offer such services. We believe that our ability to integrate these services with other services will provide us with the opportunity to capture an increased percentage of our customers' communications expenditures (wallet share).

Long distance services. We offer long distance services in our territories to our customers. We believe that many customers prefer the convenience of obtaining their long distance service through their local telephone company and receiving a single bill. Long distance network service to and from points outside of our operating territories is provided by interconnection with the facilities of interexchange carriers (IXCs). Our long distance services are billed either as unlimited/fixed number of minutes in advance or on a per minute-of-use basis, in which case it is billed in arrears. The earned but unbilled portion of these fees are recognized as revenue and accrued in accounts receivable in the period that the services are provided.

Data and internet services. We offer data services including internet access (via high-speed or dial up internet access), frame relay, Metro ethernet and asynchronous transfer mode (ATM) switching services. We offer other data transmission services to other carriers and high-volume commercial customers with dedicated high-capacity circuits ranging from DS-1's to Gig E. Such services are generally offered on a contract basis and the service is billed on a fixed monthly recurring charge basis. Data and internet services are typically billed monthly in advance. The unearned portion of these fees are initially deferred as a component of other liabilities on our balance sheet and recognized as revenue over the period that the services are provided.

Directory services. Directory services involves the provision of white and yellow page directories for residential and business listings. We provide this service through two third-party contractors. In a majority of our markets, the contractor is paid a percentage of revenues from the sale of advertising in these directories and in the remaining markets, we receive a flat fee. Our directory service also includes "Frontier Pages," an internet-based directory service which generates advertising revenue. We recognize the revenue from these services over the life of the related white or yellow pages book, which is typically one calendar year.

Television services. We offer a television product in partnership with DISH Network. We provide access to all-digital television channels featuring movies, sports, news, music and high-definition TV programming. We offer packages of 100, 200 or 250 channels and include high-definition channels, premium channels, family channels and ethnic channels. We also provide access to local channels. We are in an "agency" relationship with DISH. We bill the customer for the monthly services and remit those billings to DISH without recognizing any revenue. We in turn receive from DISH and recognize as revenue activation fees, other residual fees and nominal management, billing and collection fees.

Wireless services. During 2006, we began offering wireless data services in certain markets. Our wireless data services utilize technologies that are relatively new, and we depend to some degree on the representations of equipment vendors, lab testing and the experiences of others who have been successful at deploying these new technologies. As of December 31, 2008, we provided wireless data WIFI networks in 18 municipalities, four colleges and universities and over 120 business establishments. Revenue is recognized when services are provided to customers. Long-term contracts are billed in advance on an annual or semi-annual basis. End-user subscribers are billed in advance on a monthly recurring basis and colleges, universities and businesses are billed on a monthly recurring basis for a fixed number of users. The unearned portion of this revenue is initially deferred as a component of other liabilities on our balance sheet and recognized as revenue over the period that the services are provided. Hourly, daily and weekly casual end-users are billed by credit card at the time of use.

The following table sets forth the number of our access lines and High-Speed Internet subscribers as of December 31, 2008 and 2007.

	Access Lines and High-Speed Internet Subscribers at December 31,	
State	2008	2007
New York	825,700	897,300
Pennsylvania	506,100	522,500
Minnesota	280,500	287,400
California	193,200	202,900
Arizona	192,800	199,600
West Virginia	188,200	183,700
Illinois	127,900	129,000
Tennessee	105,300	108,600
Wisconsin	79,100	78,800
Iowa	56,900	57,100
Nebraska	51,400	53,300
All other states (13)	227,200	231,800
Total	2,834,300	2,952,000

Change in the number of our access lines is one factor that is important to our revenue and profitability. We have lost access lines primarily because of competition, changing consumer behavior (including wireless substitution), economic conditions, changing technology and by some customers disconnecting second lines when they add High-Speed Internet or cable modem service. We lost approximately 174,800 access lines (net) during the year ended December 31, 2008, but added approximately 57,100 High-Speed Internet subscribers (net) during this same period. With respect to the access lines we lost in 2008, 133,700 were residential customer lines and 41,100 were business customer lines. The business line losses were principally in our eastern region and Rochester, New York, while the residential losses were throughout our markets. We expect to continue to lose access lines but to increase High-Speed Internet subscribers during 2009 (although not enough to offset access line losses). A substantial further loss of access lines, combined with increased competition and the other factors discussed in MD&A, may cause our revenues, profitability and cash flows to decrease during 2009.

Regulatory Environment

General

The majority of our operations are regulated by the FCC and various state regulatory agencies, often called public service or utility commissions.

Certain of our revenue is subject to regulation by the FCC and various state regulatory agencies. We expect federal and state lawmakers to continue to review the statutes governing the level and type of regulation for telecommunications services.

The Telecommunications Act of 1996, or the 1996 Act, dramatically changed the telecommunications industry. The main purpose of the 1996 Act was to open local telecommunications marketplaces to competition. The 1996 Act preempts state and local laws to the extent that they prevent competition with respect to communications services. Under the 1996 Act, however, states retain authority to impose requirements on carriers necessary to preserve universal service, protect public safety and welfare, ensure quality of service and protect consumers. States are also responsible for mediating and arbitrating interconnection agreements between competitive local exchange carriers (CLECs) and ILECs if voluntary negotiations fail. In order to create an environment in which local competition is a practical possibility, the 1996 Act imposes a number of requirements for access to network facilities and interconnection on all local communications providers. Incumbent local carriers must interconnect with other carriers, unbundle some of their services at wholesale rates, permit resale of some of their services, enable collocation of equipment, provide local telephone number portability and dialing parity, provide access to poles, ducts, conduits and rights-of-way, and complete calls originated by competing carriers under termination arrangements.

At the federal level and in a number of the states in which we operate, we are subject to price cap or incentive regulation plans under which prices for regulated services are capped in return for the elimination or relaxation of earnings oversight. The goal of these plans is to provide incentives to improve efficiencies and increased pricing flexibility for competitive services while ensuring that customers receive reasonable rates for basic services. Some of these plans have limited terms and, as they expire, we may need to renegotiate with various states. These negotiations could impact rates, service quality and/or infrastructure requirements which could impact our earnings and capital expenditures. In other states in which we operate, we are subject to rate of return regulation that limits levels of earnings and returns on investments. We continue to advocate our position for less regulation with various regulatory agencies. In some of our states, we have been successful in reducing or eliminating price regulation on end-user services under state commission jurisdiction.

For interstate services regulated by the FCC, we have elected a form of incentive regulation known as "price caps" for most of our operations. In May 2000, the FCC adopted a methodology for regulating the interstate access rates of price cap companies through May 2005. The program, known as the Coalition for Affordable Local and Long Distance Services, or CALLS plan, reduced prices for interstate-switched access services and phased out many of the implicit subsidies in interstate access rates. The CALLS program expired in 2005 but continues in effect until the FCC takes further action. The FCC may address future changes in access charges during 2009 and such changes may adversely affect our revenues and profitability.

Another goal of the 1996 Act was to remove implicit subsidies from the rates charged by local telecommunications companies. The CALLS plan addressed this requirement for interstate services. Some state legislatures and regulatory agencies are looking to reduce the implicit subsidies in intrastate rates. The most common subsidies are in access rates that historically have been priced above their costs to allow basic local rates to be priced below cost. Legislation has been considered in several states to require regulators to eliminate these subsidies and implement state universal service programs where necessary to maintain reasonable basic local rates. However, not all the reductions in access charges would be fully offset. We anticipate additional state legislative and regulatory pressure to lower intrastate access rates.

Some state legislatures and regulators are also examining the provision of telecommunications services to previously unserved areas. Since many unserved areas are located in rural markets, we could be required to expend the necessary capital to expand our service territory into some of these areas.

Recent and Potential Regulatory Developments

Wireline and wireless carriers are required to provide local number portability (LNP). LNP is the ability of customers to switch from a wireline or wireless carrier to another wireline or wireless carrier without changing telephone numbers. We are 100% LNP capable in our largest markets and over 99% of our exchanges are LNP capable. We will upgrade the remaining exchanges in response to bona fide requests as required by FCC regulations.

The FCC and state regulators 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. In May 2008, the FCC issued an order to cap Competitive Eligible Telecommunications Companies (CETC) receipts from the high cost Federal Universal Service Fund. While this order will have no impact on our current receipt levels, we believe this is a positive first step to limit the rapid growth of the fund. The CETC cap will remain in place until the FCC takes additional steps towards needed reform.

The FCC is considering proposals that may significantly change interstate, intrastate and local intercarrier compensation and would revise the Federal Universal Service funding and disbursement mechanisms. When and how these proposed changes will be addressed are unknown and, accordingly, we are unable to predict the impact of future changes on our results of operations. However, future reductions in our subsidy and access revenues will directly affect our profitability and cash flows as those regulatory revenues do not have associated variable expenses. As discussed in MD&A, our access and subsidy revenues declined in 2008 compared to 2007. Our access and subsidy revenues are both likely to decline further in 2009.

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

Regulators at both the federal and state levels continue to address whether VOIP services are subject to the same or different regulatory and financial models as traditional telephony. The FCC has concluded that certain VOIP services are jurisdictionally interstate in nature and are thereby exempt from state telecommunications regulations. The FCC has not addressed other related issues, such as: whether or under what terms VOIP originated traffic may be subject to intercarrier compensation; and whether VOIP services are subject to general state requirements relating to taxation and general commercial business requirements. The FCC has stated its intent to address these open questions in subsequent orders in its ongoing "IP-Enabled Services Proceeding," which opened in February 2004. Internet telephony may have an advantage over our traditional services if it remains less regulated.

In January 2008, the FCC released public notices requesting comments on two petitions that have been filed regarding net neutrality and the application of the FCC's Internet Policy Statement. It is uncertain whether these petitions will result in any formal FCC action.

Some state regulators (including New York and Illinois) have in the past considered imposing on regulated companies (including us) cash management practices that could limit the ability of a company to transfer cash between its subsidiaries or to its parent company. None of the existing state requirements materially affect our cash management but future changes by state regulators could affect our ability to freely transfer cash within our consolidated companies. Frontier reached an agreement with the New York Public Service Commission removing many legacy Open Market Plan restrictions, including many cash management restrictions, and reduced the triggers that would force the Company to carry out specific remaining restrictions.

President Obama has signed into law an economic stimulus package that includes funding, through grants, for new broadband investment to unserved and underserved communities. Depending on the final amount made available and the conditions included in the package with respect to acceptance and use of the money, the Company may be eligible to receive funds from this package. These funds, if received, would be used by us to expand broadband to customers in our markets to whom it is not available due to the high cost of providing the service to those areas.

Competition

Competition in the telecommunications industry is intense and increasing. We experience competition from many telecommunications service providers, including cable operators offering VOIP products, wireless carriers, long distance providers, competitive local exchange carriers, internet providers and other wireline carriers. We believe that as of December 31, 2008, approximately 65% of the households in our territories had VOIP as an available service option from cable operators. We also believe that competition will continue to intensify in 2009 and may result in reduced revenues. Our business experienced erosion in access lines and switched access minutes in 2008 primarily as a result of competition and business downsizing. We also experienced a reduction in revenue in 2008 as compared to 2007.

The recent severe contraction in the global financial markets and ongoing recession may be impacting consumer behavior to reduce household expenditures by not purchasing our services and/or by discontinuing our services. 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 our ability to collect money owed to us by residential and business customers.

We employ a number of strategies to combat the competitive pressures and changes to consumer behavior noted above. Our strategies are focused in the following areas: customer retention, upgrading and up-selling services to our existing customer base, new customer growth, win backs, new product deployment, and operating expense and capital expenditure reductions.

We hope to achieve our customer retention goals by bundling services around the local access line and providing exemplary customer service. Bundled services include High-Speed Internet, unlimited long distance calling, enhanced telephone features and video offerings. We tailor these services to the needs of our residential and business customers in the markets we serve and continually evaluate 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 and/or promotional offers. Additionally, we are focused on enhancing the customer experience as we believe exceptional customer service will differentiate us from our competition. Our commitment to providing exemplary customer service is demonstrated by the expansion of our customer services hours, shorter scheduling windows for in-home appointments and the implementation of call reminders and follow-up calls for service appointments. In addition, due to a recent realignment and restructuring of approximately 70 local area markets, those markets are now operated by local managers with responsibility for the customer experience, as well as the financial results, in those markets.

We utilize targeted and innovative promotions to sell new customers, including those moving into our territory, win back previously lost customers, upgrade and up-sell existing customers on a variety of service offerings including High-Speed Internet, 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, we may continue to offer such promotions to drive sales and may offer additional promotions in the future.

Lastly, we are focused on introducing a number of new products that our customers desire, 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 our customers. The Peace of Mind product and services are designed to provide value and simplicity to meet our customers' ever-changing needs. The Peace of Mind product and services suite includes services such as an in-home, full installation of our high-speed product, two hour appointment windows for the installation, hard drive back-up services, enhanced help desk PC support and inside wire maintenance. We offer a portion of our Peace of Mind services, including hard drive back-up services and enhanced help desk PC support, both to our customers and to other users inside and outside of our service territories. Although we are optimistic about the opportunities provided by each of these initiatives, we can provide no assurance about their long term profitability or impact on revenue.

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

Divestiture of Electric Lightwave, LLC

In 2006, we sold our CLEC business, Electric Lightwave, LLC (ELI) for $255.3 million (including the sale of associated real estate) in cash plus the assumption of approximately $4.0 million in capital lease obligations. We recognized a pre-tax gain on the sale of ELI of approximately $116.7 million. Our after-tax gain on the sale was $71.6 million. Our cash liability for taxes as a result of the sale was approximately $5.0 million due to the utilization of existing tax net operating losses on both the federal and state level.

Segment Information

With the 2006 sale of our CLEC (ELI), we currently operate in only one reportable segment.

Financial Information about Foreign and Domestic Operations and Export Sales

We have no foreign operations.

General

Order backlog is not a significant consideration in our business. We have no material contracts or subcontracts that may be subject to renegotiation of profits or termination at the election of the Federal government. We hold no patents, licenses or concessions that are material.

Employees

As of December 31, 2008, we had 5,671 employees. Approximately 2,900 of our employees are affiliated with a union. The number of union employees covered by agreements set to expire during 2009 is 1,400. We consider our relations with our employees to be good.

Available Information

We are subject to the informational requirements of the Securities Exchange Act of 1934. Accordingly, we file periodic reports, proxy statements and other information with the Securities and Exchange Commission (SEC). Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements and other information regarding the Company and other issuers that file electronically. Material filed by us can also be inspected at the offices of the New York Stock Exchange, Inc. (NYSE), 20 Broad Street, New York, NY 10005, on which our common stock is listed. On June 9, 2008, our Chief Executive Officer submitted the annual certification required by Section 303A.12(a) of the NYSE Listed Company Manual. In addition, the certifications of our Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002 are included as exhibits to this Form 10-K.

We make available, free of charge on our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as practicable after we electronically file these documents with, or furnish them to, the SEC. These documents may be accessed through our website at www.frontier.com under "Investor Relations." The information posted or linked on our website is not part of this report.

We also make available on our website, or in printed form upon request, free of charge, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters for the Audit, Compensation, and Nominating and Corporate Governance committees of the Board of Directors. Stockholders may request printed copies of these materials by writing to: 3 High Ridge Park, Stamford, Connecticut 06905 Attention: Corporate Secretary. Our website address is www.frontier.com.

Item 1A. Risk Factors

Before you make an investment decision with respect to our securities, you should carefully consider all the information we have included or incorporated by reference in this Form 10-K and our subsequent periodic filings with the SEC. In particular, you should carefully consider the risk factors described below and read the risks and uncertainties related to "forward-looking statements" as set forth in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this Form 10-K. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial or that are not specific to us, such as general economic conditions, may also adversely affect our business and operations. The following risk factors should be read in conjunction with MD&A and the consolidated financial statements and related notes included in this report.

Risks Related to Competition and Our Industry

We face intense competition, which could adversely affect us.

The telecommunications industry is extremely competitive and competition is increasing. The traditional dividing lines between long distance, local, wireless, cable and internet service providers are becoming increasingly blurred. Through mergers and various service expansion strategies, services providers are striving to provide integrated solutions both within and across geographic markets. Our competitors include CLECs and other providers (or potential providers) of services, such as internet service providers, or ISPs, wireless companies, neighboring incumbents, VOIP providers and cable companies that may provide services competitive with the services that we offer or intend to introduce. Competition is intense and increasing and we cannot assure you that we will be able to compete effectively. For example, at December 31, 2008, we had 174,800 fewer access lines than we had at December 31, 2007, and we believe wireless and cable telephony providers have increased their market share in our markets. We expect to continue to lose access lines and that competition with respect to all our products and services will increase.

We expect 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 ours. We cannot predict which of the many possible future technologies, products or services will be important to maintain our competitive position or what expenditures will be required to develop and provide these technologies, products or services. Our ability to compete successfully will depend on the success and cost of marketing efforts and on our ability to anticipate and respond to various competitive factors affecting the industry, including a changing regulatory environment that may affect our competitors and us differently, new services that may be introduced, changes in consumer preferences, demographic trends, economic conditions and pricing strategies by competitors. Increasing competition may reduce our revenues and increase our marketing and other costs as well as require us to increase our capital expenditures and thereby decrease our cash flow.

Some of our competitors have superior resources, which may place us at a cost and price disadvantage.

Some of our current and potential competitors have market presence, engineering, technical and marketing capabilities, and financial, personnel and other resources substantially greater than ours. In addition, some of our competitors can raise capital at a lower cost than we can. Consequently, some 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 we can. Additionally, the greater brand name recognition of some competitors may require us to price our services at lower levels in order to retain or obtain customers. Finally, the cost advantages of some competitors may give them the ability to reduce their prices for an extended period of time if they so choose.

Risks Related to Our Business

Decreases in certain types of our revenues will impact our profitability.

Our business has experienced declining access lines, switched access minutes of use, long distance prices, Federal and state subsidies and related revenues because of economic conditions, increasing competition, changing consumer behavior (such as wireless displacement of wireline use, email use, instant messaging and increasing use of VOIP), technology changes and regulatory constraints. Our access lines declined 7% in 2008, and 6% in 2007 (excluding the access lines added through our acquisitions of Commonwealth Telephone Enterprises, Inc. (Commonwealth or CTE) and Global Valley Networks, Inc. and GVN Services (together GVN)). These factors are likely to cause our local network service, switched network access, long distance and subsidy revenues to continue to decline, and these factors, together with increased cash taxes may cause our cash generated by operations to decrease.

A significant portion of our revenues ($285.0 million, or 13% in 2008) is derived from access charges paid by IXCs for services we provide in originating and terminating intrastate and interstate traffic. The amount of access charge revenues we receive for these services is regulated by the FCC and state regulatory agencies.

We may be unable to grow our revenue and cash flow despite the initiatives we have implemented.

We must produce adequate cash flow that, when combined with funds available under our revolving credit facility, will be sufficient to service our debt, fund our capital expenditures, pay our taxes and maintain our current dividend policy. We expect that our cash taxes, which increased significantly in 2008, will continue to increase in 2009 due to our expectations of continued profitability and the effects of fully utilizing our federal net operating loss carryforwards and Alternative Minimum Tax (AMT) tax credit carryforwards that were generated in prior years. We have implemented several growth initiatives, including increasing our marketing promotion/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, the DISH satellite television product and our Peace of Mind computer technical support. We cannot assure you that these initiatives will improve our financial position or our results of operations.

We may complete a significant strategic transaction that may not achieve intended results and/or increase our outstanding shares and/or debt or result in a change of control.

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.

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

If we complete an acquisition, investment or other strategic transaction we may require additional financing that could result in an increase in the number of our outstanding shares and/or the aggregate amount of our debt. The number of shares of our common stock and/or the aggregate principal amount of our debt that we may issue may be significant. A strategic transaction may result in a change in control of our company or otherwise materially and adversely impact our business.

Weak economic conditions may decrease demand for our services.

We could be sensitive to the ongoing recession. Downturns in the economy and competition in our markets could cause some of our existing customers to reduce or eliminate their purchases of our basic and enhanced services, High-Speed Internet and video services and make it difficult for us to obtain new customers. In addition, current economic conditions could cause our customers to delay or discontinue payment for our services.

Disruption in our networks and infrastructure may cause us to lose customers and incur additional expenses.

To attract and retain customers, we will need to continue to provide them with reliable service over our networks. Some of the risks to our networks and infrastructure include physical damage to access lines, security breaches, capacity limitations, power surges or outages, software defects and disruptions beyond our control, such as natural disasters and acts of terrorism. From time to time in the ordinary course of business, we experience short disruptions in our service due to factors such as cable damage, inclement weather and service failures of our third party service providers. We could experience more significant disruptions in the future. We could also face disruptions due to capacity limitations if changes in our customers' usage patterns for our High-Speed Internet 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 us to lose customers and incur additional expenses, and thereby adversely affect our business, revenue and cash flows.

Our business is sensitive to the creditworthiness of our wholesale customers.

We have substantial business relationships with other telecommunications carriers for whom we provide service. While bankruptcies of these carriers have not had a material adverse effect on our business in recent years, future bankruptcies in our industry could result in our loss of significant customers, more price competition and uncollectible accounts receivable. Such bankruptcies may be more likely in the future, given the ongoing recession. As a result, our revenues and results of operations could be materially and adversely affected.

A significant portion of our workforce is unionized, and if we are unable to reach new agreements before our current labor contracts expire, our unionized workers could engage in strikes or other labor actions that could materially disrupt our ability to provide services to our customers.

As of December 31, 2008, we had approximately 5,700 active employees. Approximately 2,900, or 51%, of these employees were represented by unions subject to collective bargaining agreements. Of the union-represented employees, approximately 1,400, or 49%, have collective bargaining agreements that expire in 2009. We cannot predict the outcome of negotiations for these agreements. If we are unable to reach new agreements, union employees may engage in strikes, work slowdowns or other labor actions, which could materially disrupt our ability to provide services. New labor agreements may impose significant new costs on us, which could adversely affect our financial condition and results of operations in the future.

Risks Related to Liquidity, Financial Resources and Capitalization

The recent severe contraction in the global financial markets and ongoing recession may have an impact on our business and financial condition.

Diminished availability of credit and liquidity due to the recent severe contraction in the global financial markets and ongoing recession may impact the financial health of the Company's customers, vendors and partners, which in turn may negatively impact the Company's revenues, operating expenses and cash flows. In addition, although we believe, based on information available to us, that the financial institutions syndicated under our revolving credit facility would be able to fulfill their commitments to us, given the current economic environment and the recent severe contraction in the global financial markets, this could change in the future.

As a result of negative investment returns and ongoing benefit payments, the Company's pension plan assets have declined from $822.2 million at December 31, 2007 to $589.8 million at December 31, 2008, a decrease of $232.4 million, or 28%. This decrease represents a decline in asset value of $162.9 million, or 20%, and benefits paid of $69.5 million, or 8%. The decline in pension plan assets did not impact our results of operations, liquidity or cash flows in 2008. However, we expect that our pension expense will increase in 2009 and that we may be required to make a cash contribution to our pension plan beginning in 2010.

The Company has significant debt maturities in 2011 when approximately $1.1 billion of our debt matures. Historically, the Company has refinanced its debt obligations well in advance of scheduled maturities. Given the current credit environment, our ability to access the capital markets may be restricted, our cost of borrowing may be materially higher than previous debt issuances and/or we may not be able to borrow on terms as favorable as those in our current debt instruments.

Substantial debt and debt service obligations may adversely affect us.

We have a significant amount of indebtedness, which amounted to $4.7 billion at December 31, 2008. 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.

The 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.

We will require substantial capital to upgrade and enhance our operations.

Replacing or upgrading our infrastructure will result in significant capital expenditures. If this capital is not available when needed, our business will be adversely affected. Increasing competition, offering new services, improving the capabilities or reducing the maintenance costs of our plant may cause our capital expenditures to increase in the future. In addition, our ongoing annual dividend of $1.00 per share under our current policy utilizes a significant portion of our cash generated by operations and therefore limits our operating and financial flexibility and our ability to significantly increase capital expenditures. While we believe that the amount of our dividend will allow for adequate amounts of cash flow 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 generated by operations and available for payment of dividends. Losses of access lines, the effects of increased competition, lower subsidy and access revenues and the other factors described above may reduce our cash generated by operations and may require us to increase capital expenditures. In addition, we expect our cash paid for taxes, which increased significantly in 2008, will continue to increase in 2009.

Risks Related to Regulation

The access charge revenues we receive may be reduced at any time.

A significant portion of our revenues ($285.0 million, or 13% in 2008) is derived from access charges paid by IXCs for services we provide in originating and terminating intrastate and interstate traffic. The amount of access charge revenues we receive for these services is regulated by the 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, we are unable to predict the impact of future changes on our results of operations. However, future reductions in our access revenues will directly affect our profitability and cash flows as those regulatory revenues do not have associated variable expenses.

Certain states have open proceedings to address reform to access charges and other intercarrier compensation. We cannot predict when or how these matters will be decided or the effect on our subsidy or access revenues. In addition, we have been approached by, and/or are 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 state PUCs. A material reduction in the access revenues we receive would adversely affect our financial results.

We are reliant on support funds provided under federal and state laws.

We receive a portion of our revenue ($119.8 million, or 5%, in 2008 and $130.0 million, or 6%, in 2007) from federal and state subsidies, including the federal high cost fund, federal local switching support fund, federal universal service fund surcharge and various state funds. The FCC and state regulators 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 CETC receipts from the high cost Federal Universal Service Fund, which we believe is a positive first step to limit the rapid growth of the fund, the CETC Cap will only remain in place until the FCC takes additional steps. We cannot predict when the FCC will take additional actions or the effect of any such actions on our subsidy revenue.

The federal high cost fund is our largest source of subsidy revenue (approximately $20.8 million in 2008). We currently expect that as a result of both an increase in the national average cost per loop and a decrease in our cost structure, there will be a decrease in the subsidy revenue we earn in 2009 through the federal high cost support fund.

In addition, approximately $37.1 million, or 2% of our revenue represents a surcharge to customers (local, long distance and IXC) which is remitted to the FCC and recorded as an expense in "other operating expenses."

Our company and industry are highly regulated, imposing substantial compliance costs and constraining our ability to compete in our target markets.

As an incumbent, we are subject to significant regulation from Federal, state and local authorities. This regulation restricts our ability to change our rates, especially on our basic services, and imposes substantial compliance costs on us. Regulation constrains our ability to compete and, in some jurisdictions, it may restrict how we are able to expand our service offerings. In addition, changes to the regulations that govern us may have an adverse effect upon our business by reducing the allowable fees that we may charge, imposing additional compliance costs, or otherwise changing the nature of our operations and the competition in our industry.

Customers are permitted to retain their wireline number when switching to another service provider. This is likely to increase the number of our customers who decide to disconnect their service from us. Other pending rulemakings, including those relating to intercarrier compensation, universal service and VOIP regulations, could have a substantial adverse impact on our operations.

Risks Related to Technology

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

The telecommunications industry is subject to significant changes in technology. If we do not replace or upgrade technology and equipment, we will be unable to compete effectively because we will not be able to meet the needs or expectations of our customers. Replacing or upgrading our infrastructure could result in significant capital expenditures.

In addition, rapidly changing technology in the telecommunications industry may influence our customers to consider other service providers. For example, we 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 our competitors with a low-cost alternative to provide voice services to our customers.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal corporate offices are located in leased premises at 3 High Ridge Park, Stamford, Connecticut 06905.

Operations support offices are currently located in leased premises at 180 South Clinton Avenue, Rochester, New York 14646 and at 100 CTE Drive, Dallas, Pennsylvania 18612. Call center support offices are currently located in leased premises at 14450 Burnhaven Drive, Burnsville, Minnesota 55306 and 1398 South Woodland Blvd., DeLand, Florida 32720. In addition, we lease and own space in our operating markets throughout the United States.

Our telephone properties include: connecting lines between customers' premises and the central offices; central office switching equipment; fiber-optic and microwave radio facilities; buildings and land; and customer premise equipment. The connecting lines, including aerial and underground cable, conduit, poles, wires and microwave equipment, are located on public streets and highways or on privately owned land. We have permission to use these lands pursuant to local governmental consent or lease, permit, franchise, easement or other agreement.

Item 3. Legal Proceedings

Ronald A. Katz Technology Licensing LP, filed suit against us for patent infringement on June 8, 2007 in the U.S. District Court for the District of Delaware. Katz Technology alleged that, by operating automated telephone systems, including customer service systems, that allow our customers to utilize telephone calling cards, order internet, DSL and dial-up services, and perform a variety of account related tasks such as billing and payments, we had infringed 13 of Katz Technology's patents and continued to infringe three of Katz Technology's patents. Katz Technology sought unspecified damages resulting from our alleged infringement, as well as a permanent injunction enjoining us from continuing the alleged infringement. Katz Technology subsequently filed a tag-along notice with the Judicial Panel on Multi-District Litigation, notifying them of this action and its relatedness to In re Katz Interactive Dial Processing Patent Litigation (MDL No. 1816), pending in the Central District of California before Judge R. Gary Klausner. The Judicial Panel on Multi-District Litigation transferred the case to the Central District of California. This case was settled on November 20, 2008 for an amount that was not material to the Company. As part of the settlement, the Company agreed to pay for a nonexclusive license under a comprehensive portfolio of patents that Katz Technology owns relating to interactive voice applications. The case was dismissed, with prejudice, in December 2008.

We are party to various legal proceedings arising in the normal course of our business. The outcome of individual matters is not predictable. However, we believe that the ultimate resolution of all such matters, after considering insurance coverage, will not have a material adverse effect on our financial position, results of operations, or our cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

None in fourth quarter of 2008.

Executive Officers of the Registrant

Our Executive Officers as of February 1, 2009 were:

Name	Age	Current Position and Officer
Mary Agnes Wilderotter	54	Chairman of the Board, President and Chief Executive Officer
Donald R. Shassian	53	Executive Vice President and Chief Financial Officer
Hilary E. Glassman	46	Senior Vice President, General Counsel and Secretary
Peter B. Hayes	51	Executive Vice President Sales, Marketing and Business Development
Robert J. Larson	49	Senior Vice President and Chief Accounting Officer
Daniel J. McCarthy	44	Executive Vice President and Chief Operating Officer
Cecilia K. McKenney	46	Executive Vice President, Human Resources and Call Center Sales & Servi
Melinda White	49	Senior Vice President and General Manager, New Business Operations

There is no family relationship between directors or executive officers. The term of office of each of the foregoing officers of Frontier will continue until the next annual meeting of the Board of Directors and until a successor has been elected and qualified.

MARY AGNES WILDEROTTER has been with Frontier since November 2004. She was elected President and Chief Executive Officer in November 2004 and Chairman of the Board in December 2005. Prior to joining Frontier, she was Senior Vice President - Worldwide Public Sector of Microsoft Corp. from February 2004 to November 2004 and Senior Vice President - Worldwide Business Strategy of Microsoft Corp. from 2002 to 2004. Before that she was President and Chief Executive Officer of Wink Communications from 1997 to 2002.

DONALD R. SHASSIAN has been with Frontier since April 2006. He is currently Executive Vice President and Chief Financial Officer. Previously, he was Chief Financial Officer from April 2006 to February 2008. Prior to joining Frontier, Mr. Shassian had been an independent consultant since 2001 primarily providing M&A advisory services to several organizations in the communications industry. In his role as independent consultant, Mr. Shassian also served as Interim Chief Financial Officer of the Northeast region of Health Net, Inc. for a short period of time, and assisted in the evaluation of acquisition, disposition and capital raising opportunities for several companies in the communications industry, including AT&T, Consolidated Communications and smaller companies in the rural local exchange business. Mr. Shassian is a certified public accountant, and served for 5 years as the Senior Vice President and Chief Financial Officer of Southern New England Telecommunications Corporation and for more than 16 years at Arthur Andersen.

HILARY E. GLASSMAN has been with Frontier since July 2005. Prior to joining Frontier, from February 2003, she was associated with Sandler O'Neill & Partners, L.P., an investment bank with a specialized financial institutions practice, first as Managing Director, Associate General Counsel and then as Managing Director, Deputy General Counsel. From February 2000 through February 2003, Ms. Glassman was Vice President and General Counsel of Newview Technologies, Inc. (formerly e-Steel Corporation), a privately-held software company.

PETER B. HAYES has been with Frontier since February 2005. He is currently Executive Vice President, Sales, Marketing and Business Development. Previously, he was Senior Vice President, Sales, Marketing and Business Development from February 2005 to December 2005. Prior to joining Frontier, he was associated with Microsoft Corp. and served as Vice President, Public Sector, Europe, Middle East, Africa from 2003 to 2005 and Vice President and General Manager, Microsoft U.S. Government from 1997 to 2003.

ROBERT J. LARSON has been with Frontier since July 2000. He was elected Senior Vice President and Chief Accounting Officer of Frontier in December 2002. Previously, he was Vice President and Chief Accounting Officer from July 2000 to December 2002. Prior to joining Frontier, he was Vice President and Controller of Century Communications Corp.

DANIEL J. McCARTHY has been with Frontier since December 1990. He is currently Executive Vice President and Chief Operating Officer. Previously, he was Senior Vice President, Field Operations from December 2004 to December 2005. He was Senior Vice President Broadband Operations from January 2004 to December 2004, President and Chief Operating Officer of Electric Lightwave from January 2002 to December 2004, President and Chief Operating Officer, Public Services Sector from November 2001 to January 2002, Vice President and Chief Operating Officer, Public Services Sector from March 2001 to November 2001 and Vice President, Citizens Arizona Energy from April 1998 to March 2001.

CECILIA K. McKENNEY has been with Frontier since February 2006. She is currently Executive Vice President, Human Resources and Call Center Sales & Service. Previously, she was Senior Vice President, Human Resources from February 2006 to February 2008. Prior to joining Frontier, she was the Group Vice President of Headquarters of Human Resources of The Pepsi Bottling Group (PBG) from 2004 to 2005. Previously at PBG Ms. McKenney was the Vice President, Headquarters Human Resources from 2000 to 2004.

MELINDA WHITE has been with Frontier since January 2005. She is currently Senior Vice President and General Manager of New Business Operations. Previously, she was Senior Vice President, Commercial Sales and Marketing from January 2006 to October 2007. Ms. White was Vice President and General Manager of Electric Lightwave from January 2005 to July 2006. Prior to joining Frontier, she was Executive Vice President, National Accounts/Business Development for Wink Communications from 1996 to 2002. From 2002 to 2005, Ms. White pursued a career in music.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

PRICE RANGE OF COMMON STOCK

Our common stock is traded on the New York Stock Exchange under the symbol FTR. The following table indicates the high and low prices per share during the periods indicated.

	2008		2007	
	High	Low	High	Low
First Quarter	$ 12.84	$ 9.75	$ 15.58	$ 13.92
Second Quarter	$ 11.96	$ 10.01	$ 16.05	$ 14.80
Third Quarter	$ 12.94	$ 11.14	$ 15.62	$ 12.50
Fourth Quarter	$ 11.80	$ 6.35	$ 14.54	$ 12.03

As of January 30, 2009, the approximate number of security holders of record of our common stock was 24,517. This information was obtained from our transfer agent, Illinois Stock Transfer Company.

DIVIDENDS

The amount and timing of dividends payable on our common stock are within the sole discretion of our Board of Directors. Commencing with the third quarter of 2004, we instituted a regular annual cash dividend of $1.00 per share of common stock to be paid quarterly. Cash dividends paid to shareholders were approximately $318.4 million, $336.0 million and $323.7 million in 2008, 2007 and 2006, respectively. There are no material restrictions on our ability to pay dividends. The table below sets forth dividends paid per share during the periods indicated.

	2008	2007	2006
First Quarter	$ 0.25	$ 0.25	$ 0.25
Second Quarter	$ 0.25	$ 0.25	$ 0.25
Third Quarter	$ 0.25	$ 0.25	$ 0.25
Fourth Quarter	$ 0.25	$ 0.25	$ 0.25

STOCKHOLDER RETURN PERFORMANCE GRAPH

The following performance graph compares the cumulative total return of our common stock to the S&P 500 Stock Index and to the S&P Telecommunications Services Index for the five-year period commencing December 31, 2003.

The graph assumes that $100 was invested on December 31, 2003 in each of our common stock, the S&P 500 Stock Index and the S&P Telecommunications Services Index and that all dividends were reinvested.

		INDEXED RETURNS Years Ending				
Company / Index	Base Period 12/03	12/04	12/05	12/06	12/07	12/08
Frontier Communications Corporation	100	133.18	127.45	161.02	152.92	115.46
S&P 500 Index	100	110.88	116.33	134.70	142.10	89.53
S&P Telecommunications Services	100	119.85	113.11	154.73	173.21	120.40

The foregoing performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent we specifically incorporate it by reference into such filing.

RECENT SALES OF UNREGISTERED SECURITIES, USE OF PROCEEDS FROM REGISTERED SECURITIES

None in fourth quarter of 2008.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2008 to October 31, 2008				
Share Repurchase Program (1)	327,700	$ 11.60	327,700	$ -
Employee Transactions (2)	-	$ -	N/A	N/A
November 1, 2008 to November 30, 2008				
Share Repurchase Program (1)	-	$ -	-	$ -
Employee Transactions (2)	-	$ -	N/A	N/A
December 1, 2008 to December 31, 2008				
Share Repurchase Program (1)	-	$ -	-	$ -
Employee Transactions (2)	223	$ 8.63	N/A	N/A
Totals October 1, 2008 to December 31, 2008				
Share Repurchase Program (1)	327,700	$ 11.60	327,700	$ -
Employee Transactions (2)	223	$ 8.63	N/A	N/A

(1) In February 2008, our Board of Directors authorized us to repurchase up to $200.0 million of our common stock in public or private transactions over the following twelve month period. This share repurchase program commenced on March 4, 2008, and was completed on October 3, 2008.

(2) Includes restricted shares withheld (under the terms of grants under employee stock compensation plans) to offset minimum tax withholding obligations that occur upon the vesting of restricted shares. The Company's stock compensation plans provide that the value of shares withheld shall be the average of the high and low price of the Company's common stock on the date the relevant transaction occurs.

Item 6. Selected Financial Data

The following tables present selected historical consolidated financial information of Frontier for the periods indicated. The selected historical consolidated financial information of Frontier as of and for each of the five fiscal years in the period ended December 31, 2008 has been derived from Frontier's historical consolidated financial statements. The selected historical consolidated financial information as of December 31, 2008 and 2007 and for the three years ended December 31, 2008 is derived from the audited historical consolidated financial statements of Frontier included elsewhere in this Form 10-K. The selected historical consolidated financial information as of December 31, 2006, 2005 and 2004 and for the years ended December 31, 2005 and 2004 is derived from the audited historical consolidated financial statements of Frontier not included in this Form 10-K.

($ in thousands, except per share amounts)	Year Ended December 31,				
	2008	2007	2006	2005	2004
Revenue (1)	$ 2,237,018	$ 2,288,015	$ 2,025,367	$ 2,017,041	$ 2,022,378
Income from continuing operations	$ 182,660	$ 214,654	$ 254,008	$ 187,942	$ 57,064
Net income	$ 182,660	$ 214,654	$ 344,555	$ 202,375	$ 72,150
Basic income per share of common stock from continuing operations	$ 0.58	$ 0.65	$ 0.79	$ 0.56	$ 0.19
Earnings available for common shareholders per basic share	$ 0.58	$ 0.65	$ 1.07	$ 0.60	$ 0.24
Earnings available for common shareholders per diluted share	$ 0.57	$ 0.65	$ 1.06	$ 0.60	$ 0.23
Cash dividends declared (and paid) per common share	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 2.50

	As of December 31,				
	2008	2007	2006	2005	2004
Total assets	$ 6,888,676	$ 7,256,069	$ 6,797,536	$ 6,427,567	$ 6,679,899
Long-term debt	$ 4,721,685	$ 4,736,897	$ 4,467,086	$ 3,995,130	$ 4,262,658
Shareholders' equity	$ 519,045	$ 997,899	$ 1,058,032	$ 1,041,809	$ 1,362,240

(1) Operating results include activities from our Vermont Electric segment for three months of 2004, and for Commonwealth from the date of its acquisition on March 8, 2007 and for GVN from the date of its acquisition on October 31, 2007.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This annual report on Form 10-K contains 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, any of the following possibilities:

* Reductions in the number of our access lines and High-Speed Internet subscribers;

* The effects of competition from cable, wireless and other wireline carriers (through voice over internet protocol (VOIP) or otherwise);

* Reductions in switched access revenues as a result of regulation, competition and/or technology substitutions;

* The effects of greater than anticipated competition requiring new pricing, marketing strategies or new product offerings and the risk that we will not respond on a timely or profitable basis;

* The effects of changes in both general and local economic conditions on the markets we serve, which can impact demand for our products and services, customer purchasing decisions, collectability of revenue and required levels of capital expenditures related to new construction of residences and businesses;

* Our ability to effectively manage service quality;

* Our ability to successfully introduce new product offerings, including our ability to offer bundled service packages on terms that are both profitable to us and attractive to our customers;

* Our ability to sell enhanced and data services in order to offset ongoing declines in revenue from local services, switched access services and subsidies;

* Changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles or regulators;

* The effects of ongoing changes in the regulation of the communications industry as a result of federal and state legislation and regulation, including potential changes in state rate of return limitations on our earnings, access charges and subsidy payments, and regulatory network upgrade and reliability requirements;

* Our ability to effectively manage our operations, operating expenses and capital expenditures, to pay dividends and to reduce or refinance our debt;

* Adverse changes in the credit markets and/or in the ratings given to our debt securities by nationally accredited ratings organizations, which could limit or restrict the availability of, and/or increase the cost of financing;

* 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, including the lack of assurance that our ongoing 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, and/or federal or state tax assessments;

* Further declines in the value of our pension plan assets, which could require us to make contributions to the pension plan beginning in 2010;

* The effects of state regulatory cash management policies on our ability to transfer cash among our subsidiaries and to the parent company;

* Our ability to successfully renegotiate union contracts expiring in 2009 and thereafter;

* Our ability to pay a $1.00 per common share dividend annually, which may be affected by our cash flow from operations, amount of capital expenditures, debt service requirements, cash paid for income taxes (which will increase in 2009) and our liquidity;

* The effects of significantly increased cash taxes in 2009 and thereafter;

* The effects of any unfavorable outcome with respect to any of our current or future legal, governmental or regulatory proceedings, audits or disputes;

* The possible impact of adverse changes in political or other external factors over which we have no control; and

* The effects of hurricanes, ice storms and 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 report. You should consider these important factors, as well as the risks set forth under Item 1A. "Risk Factors" above, in evaluating any statement in this report on Form 10-K or otherwise made by us or on our behalf. The following information is unaudited and should be read in conjunction with the consolidated financial statements and related notes included in this report. We have no obligation to update or revise these forward-looking statements.

Overview

We are a full-service communications provider and one of the largest exchange telephone carriers in the country. On July 31, 2006, we sold our competitive local exchange carrier (CLEC), Electric Lightwave, LLC (ELI). We accounted for ELI as a discontinued operation in our consolidated statements of operations. On March 8, 2007, we completed the acquisition of Commonwealth Telephone Enterprises, Inc. (Commonwealth or CTE), which included a small CLEC component. This acquisition expanded our presence in Pennsylvania and strengthened our position as a leading full-service communications provider to rural markets. On October 31, 2007, we completed the acquisition of Global Valley Networks, Inc. and GVN Services (together GVN), which expanded our presence in California and also strengthened our rural position. As of December 31, 2008, we operated in 24 states with approximately 5,700 employees.

Competition in the telecommunications industry is intense and increasing. We experience competition from many telecommunications service providers, including cable operators offering VOIP products, wireless carriers, long distance providers, competitive local exchange carriers, internet providers and other wireline carriers. We believe that as of December 31, 2008, approximately 65% of the households in our territories had VOIP as an available service option from cable operators. We also believe that competition will continue to intensify in 2009 and may result in reduced revenues. Our business experienced a decline in access lines and switched access minutes in 2007 and 2008, primarily as a result of competition and business downsizing. We also experienced a reduction in revenue in 2008 as compared to 2007.

The recent severe contraction in the global financial markets and ongoing recession may be impacting consumer behavior to reduce household expenditures by not purchasing our services and/or by discontinuing some or all of our services. 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 our ability to collect money owed to us by residential and business customers.

We employ a number of strategies to combat the competitive pressures and changes to consumer behavior noted above. Our strategies are focused in the following areas: customer retention, upgrading and up-selling services to our existing customer base, new customer growth, win backs, new product deployment, and operating expense and capital expenditure reductions.

We hope to achieve our customer retention goals by bundling services around the local access line and providing exemplary customer service. Bundled services include High-Speed Internet, unlimited long distance calling, enhanced telephone features and video offerings. We tailor these services to the needs of our residential and business customers in the markets we serve and continually evaluate 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 and/or promotional offers. Additionally, we are focused on enhancing the customer experience as we believe exceptional customer service will differentiate us from our competition. Our commitment to providing exemplary customer service is demonstrated by the expansion of our customer services hours, shorter scheduling windows for in-home appointments and the implementation of call reminders and follow-up calls for service appointments. In addition, due to a recent realignment and restructuring of approximately 70 local area markets, those markets are now operated by local managers with responsibility for the customer experience, as well as the financial results, in those markets.

We utilize targeted and innovative promotions to sell new customers, including those moving into our territory, win back previously lost customers, upgrade and up-sell existing customers a variety of service offerings including High-Speed Internet, 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, we may offer such promotions to drive sales in the future.

Lastly, we are focused on introducing a number of new products that our customers desire, 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 our customers. The Peace of Mind product and services are designed to provide value and simplicity to meet our customers' ever-changing needs. The Peace of Mind product and services suite includes services such as an in-home, full installation of our high-speed product, two hour appointment windows for the installation, hard drive back-up services, enhanced help desk PC support and inside wire maintenance. We offer a portion of our Peace of Mind services, including hard drive back-up services and enhanced help desk PC support, both to our customers and to other users inside and outside of our service territories. Although we are optimistic about the opportunities provided by each of these initiatives, we can provide no assurance about their long-term profitability or impact on revenue.

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

Revenues from data and internet services such as High-Speed Internet continue to increase as a percentage of our total revenues and revenues from services such as local line and access charges (including federal and state subsidies) are decreasing as a percentage of our total revenues. Federal and state subsidy revenue was $119.8 million in 2008, or 5% of our revenues, down from $130.0 million in 2007, or 6% of our revenues. We expect this trend to continue in 2009. The decreasing revenue from traditional sources, along with the potential for increasing operating costs, could cause our profitability and our cash generated by operations to decrease.

(a) Liquidity and Capital Resources

As of December 31, 2008, we had cash and cash equivalents aggregating $163.6 million. Our primary source of funds continued to be cash generated from operations. For the year ended December 31, 2008, we used cash flow from operations, incremental borrowings and cash on hand to fund all of our investing and financing activities, including debt repayments and stock repurchases.

We believe our operating cash flows, existing cash balances, and revolving credit facility will be adequate to finance our working capital requirements, fund capital expenditures, make required debt payments through 2009, pay taxes, pay dividends to our stockholders in accordance with our dividend policy and support our short-term and long-term operating strategies. However, a number of factors, including but not limited to, increased cash taxes, losses of access lines, increases in competition, lower subsidy and access revenues and the impact of the current economic environment are expected to reduce our cash generated by operations. In addition, although we believe, based on information available to us, that the financial institutions syndicated under our revolving credit facility would be able to fulfill their commitments to us, given the current economic environment and the recent severe contraction in the global financial markets, this could change in the future. Further, the current credit market turmoil and our below investment grade credit ratings may make it more difficult and expensive to refinance our maturing debt, although we do not have any significant maturities until 2011. We have approximately $3.9 million and $7.2 million of debt maturing in 2009 and 2010, respectively.

Cash Flow provided by and used in Operating Activities

Cash provided by operating activities declined $82.4 million, or 10%, for 2008 as compared to 2007. The decline resulted from a drop in operating income, as adjusted for non-cash items, lower investment income, a decrease in accounts payable and an increase in current income tax expenditures. These declines were partially offset by a decrease in accounts receivable that positively impacted our cash position as compared to the prior year.

We have in recent years paid relatively low amounts of cash taxes. We expect that in 2009 and beyond our cash taxes will increase substantially, as our federal net operating loss carryforwards and AMT tax credit carryforwards are expected to be fully utilized. We paid $78.9 million in cash taxes during 2008, and expect to pay approximately $90.0 million to $110.0 million in 2009. Our 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.

Cash Flow used by and provided from Investing Activities

Acquisitions

On March 8, 2007, we acquired Commonwealth in a cash-and-stock taxable transaction, for a total consideration of approximately $1.1 billion. We paid $804.1 million in cash ($663.7 million net, after cash acquired) and issued common stock with a value of approximately $249.8 million.

In connection with the acquisition of Commonwealth, we assumed $35.0 million of debt under a revolving credit facility and $191.8 million face amount of Commonwealth convertible notes (fair value of $209.6 million). During March 2007, we paid down the $35.0 million credit facility. We retired all of the Commonwealth notes as of December 31, 2008.

On October 31, 2007, we acquired GVN for a total cash consideration of $62.0 million.

Rural Telephone Bank

We received approximately $64.6 million in cash from the dissolution of the Rural Telephone Bank (RTB) in April 2006, which resulted in the recognition of a pre-tax gain of approximately $61.4 million during the second quarter of 2006, as reflected in investment income in the consolidated statements of operations for the year ended December 31, 2006. Our tax net operating losses were used to absorb the cash liability for taxes.

Sale of ELI

During 2006, we sold ELI, our CLEC business (including its associated real estate), for $255.3 million in cash plus the assumption of approximately $4.0 million in capital lease obligations.

Capital Expenditures

In 2008, our capital expenditures were $288.3 million. We continue to closely scrutinize all of our capital projects, emphasize return on investment and focus our capital expenditures on areas and services that have the greatest opportunities with respect to revenue growth and cost reduction. We anticipate capital expenditures of approximately $250.0 million to $270.0 million for 2009.

Cash Flow used by and provided from Financing Activities

Debt Reduction and Debt Exchanges

In 2008, we retired an aggregate principal amount of $144.7 million of debt, consisting of $128.7 million principal amount of our 9.25% Senior Notes due 2011, $12.0 million of other senior unsecured debt and rural utilities service loan contracts, and $4.0 million of 5% Company Obligated Mandatorily Redeemable Convertible Preferred Securities (EPPICS).

In 2007, we retired an aggregate principal amount of $967.2 million of debt, including $3.3 million of EPPICS, and $17.8 million of 3.25% Commonwealth convertible notes that were converted into our common stock. On April 26, 2007, we redeemed $495.2 million principal amount of our 7.625% Senior Notes due 2008 at a price of 103.041% plus accrued and unpaid interest. During the first quarter of 2007, we borrowed and repaid $200.0 million utilized to temporarily fund the acquisition of Commonwealth, and we paid down the $35.0 million Commonwealth credit facility. Through December 31, 2007, we retired $183.3 million face amount of Commonwealth convertible notes for which we paid $165.4 million in cash and $36.7 million in common stock. We also paid down $44.6 million of industrial development revenue bonds and $4.3 million of rural utilities service loan contracts.

In 2006, we retired an aggregate principal amount of $251.0 million of debt, including $15.9 million of EPPICS that were converted into our common stock. During the first quarter of 2006, we entered into two debt-for-debt exchanges of our debt securities. As a result, $47.5 million of our 7.625% notes due 2008 were exchanged for approximately $47.4 million of our 9.00% notes due 2031. During the fourth quarter of 2006, we entered into four debt-for-debt exchanges and exchanged $157.3 million of our 7.625% notes due 2008 for $149.9 million of our 9.00% notes due 2031. The 9.00% notes are callable on the same general terms and conditions as the 7.625% notes exchanged. No cash was exchanged in these transactions. However, with respect to the first quarter debt exchanges, a non-cash pre-tax loss of approximately $2.4 million was recognized in accordance with EITF No. 96-19, "Debtor's Accounting for a Modification or Exchange of Debt Instruments," which is included in other income (loss), net.

On June 1, 2006, we retired at par our entire $175.0 million principal amount of 7.60% Debentures due June 1, 2006. On June 14, 2006, we repurchased $22.7 million of our 6.75% Senior Notes due August 17, 2006 at a price of 100.181% of par. On August 17, 2006, we retired at par the $29.1 million remaining balance of the 6.75% Senior Notes.

We may from time to time repurchase our debt in the open market, through tender offers, exchanges of debt securities, by exercising rights to call or in privately negotiated transactions. We may also refinance existing debt or exchange existing debt for newly issued debt obligations.

Issuance of Debt Securities

On March 28, 2008, we borrowed $135.0 million under a senior unsecured term loan facility that was established on March 10, 2008. The loan matures in 2013 and bears interest based on the prime rate or London Interbank Offered Rate (LIBOR), at our election, plus a margin which varies depending on our debt leverage ratio. We used the proceeds to repurchase, during the first quarter of 2008, $128.7 million principal amount of our 9.25% Senior Notes due 2011 and to pay for the $6.3 million of premium on early retirement of those notes.

On March 23, 2007, we issued in a private placement an aggregate $300.0 million principal amount of 6.625% Senior Notes due 2015 and $450.0 million principal amount of 7.125% Senior Notes due 2019. Proceeds from the sale were used to pay down $200.0 million principal amount of indebtedness incurred on March 8, 2007 under a bridge loan facility in connection with the acquisition of Commonwealth and redeem, on April 26, 2007, $495.2 million principal amount of our 7.625% Senior Notes due 2008. In the second quarter of 2007, we completed an exchange offer (to publicly register the debt) for the $750.0 million in total of private placement notes described above, in addition to the $400.0 million principal amount of 7.875% Senior Notes due 2027 issued in a private placement on December 22, 2006, for registered notes.

On December 22, 2006, we issued in a private placement, $400.0 million principal amount of 7.875% Senior Notes due January 15, 2027. Proceeds from the sale were used to partially finance our acquisition of Commonwealth. These notes were exchanged for registered securities, as described above.

In December 2006, we borrowed $150.0 million under a senior unsecured term loan agreement. The loan matures in 2012 and bears interest based on an average prime rate or LIBOR, at our election, plus a margin which varies depending on our debt leverage ratio. We used the proceeds to partially finance our acquisition of Commonwealth.

EPPICS

As of December 31, 2008, there was no EPPICS related debt outstanding to third parties. The following disclosure provides the history regarding this issuance.

In 1996, our consolidated wholly owned subsidiary, Citizens Utilities Trust (the Trust), issued, in an underwritten public offering, 4,025,000 shares of 5% Company Obligated Mandatorily Redeemable Convertible Preferred Securities due 2036 (Trust Convertible Preferred Securities or EPPICS), representing preferred undivided interests in the assets of the Trust, with a liquidation preference of $50 per security (for a total liquidation amount of $201.3 million). These securities had an adjusted conversion price of $11.46 per share of our common stock. The conversion price was reduced from $13.30 to $11.46 during the third quarter of 2004 as a result of the $2.00 per share of common stock special, non-recurring dividend. The proceeds from the issuance of the Trust Convertible Preferred Securities and a Company capital contribution were used to purchase $207.5 million aggregate liquidation amount of 5% Partnership Convertible Preferred Securities due 2036 from another wholly owned consolidated subsidiary, Citizens Utilities Capital L.P. (the Partnership). The proceeds from the issuance of the Partnership Convertible Preferred Securities and a Company capital contribution were used to purchase from us $211.8 million aggregate principal amount of 5% Convertible Subordinated Debentures due 2036. The sole assets of the Trust were the Partnership Convertible Preferred Securities, and our Convertible Subordinated Debentures were substantially all the assets of the Partnership. Our obligations under the agreements relating to the issuances of such securities, taken together, constituted a full and unconditional guarantee by us of the Trust's obligations relating to the Trust Convertible Preferred Securities and the Partnership's obligations relating to the Partnership Convertible Preferred Securities.

In accordance with the terms of the issuances, we paid the annual 5% interest in quarterly installments on the Convertible Subordinated Debentures in 2008, 2007 and 2006. Cash was paid (net of investment returns) to the Partnership in payment of the interest on the Convertible Subordinated Debentures. The cash was then distributed by the Partnership to the Trust and then by the Trust to the holders of the EPPICS.

As of December 31, 2008, EPPICS representing a total principal amount of $197.8 million have been converted into 15,969,645 shares of our common stock. There were no outstanding EPPICS as of December 31, 2008. As a result of the redemption of all outstanding EPPICS as of December 31, 2008, the $10.5 million in debt with related parties was reclassified by the Company against an offsetting investment.

Interest Rate Management

On January 15, 2008, we terminated all of our interest rate swap agreements representing $400.0 million notional amount of indebtedness associated with our Senior Notes due in 2011 and 2013. Cash proceeds on the swap terminations of approximately $15.5 million were received in January 2008. The related gain has been deferred on the consolidated balance sheet, and is being amortized into interest expense over the term of the associated debt. For 2008, we recognized $5.0 million of deferred gain and anticipate recognizing an additional $3.4 million of deferred gain during 2009.

The notional amounts of fixed-rate indebtedness hedged as of December 31, 2007 were $400.0 million. Such contracts required us to pay variable rates of interest (estimated average pay rates of approximately 8.54% as of December 31, 2007) and receive fixed rates of interest (average receive rate of 8.50% as of December 31, 2007). All swaps were accounted for under SFAS No. 133 (as amended) as fair value hedges. For 2007 and 2006, the interest expense resulting from these interest rate swaps totaled approximately $2.4 million and $4.2 million, respectively.

Credit Facility

As of December 31, 2008, we had available lines of credit with seven financial institutions in the aggregate amount of $250.0 million and there were no outstanding standby letters of credit issued under the facility. Associated facility fees vary, depending on our debt leverage ratio, and were 0.225% per annum as of December 31, 2008. The expiration date for this $250.0 million five year revolving credit agreement is May 18, 2012. During the term of the credit facility we may borrow, repay and reborrow funds subject to customary conditions. The credit facility is available for general corporate purposes but

may not be used to fund dividend payments. Although we believe, based on information available to us, that the financial institutions syndicated under our credit facility would be able to fulfill their commitments, given the current economic environment and the recent severe contraction in the global financial markets, this could change in the future.

Covenants

The terms and conditions contained in our indentures and credit facility agreements include the timely payment of principal and interest when due, the maintenance of our corporate existence, keeping proper books and records in accordance with U.S. GAAP, restrictions on the allowance of liens on our assets, and restrictions on asset sales and transfers, mergers and other changes in corporate control. We currently have no restrictions on the payment of dividends either by contract, rule or regulation, other than those imposed by the Delaware General Corporation Law. However, we would be restricted under our credit facilities from declaring dividends if an event of default has occurred and is continuing at the time or will result from the dividend declaration.

Our $200.0 million term loan facility with the Rural Telephone Finance Cooperative (RTFC), which matures in 2011, contains a maximum leverage ratio covenant. Under the leverage ratio covenant, we are required to maintain a ratio of (i) total indebtedness minus cash and cash equivalents in excess of $50.0 million to (ii) consolidated adjusted EBITDA (as defined in the agreement) over the last four quarters no greater than 4.00 to 1.

Our $250.0 million credit facility, and our $150.0 million and $135.0 million senior unsecured term loans, each contain a maximum leverage ratio covenant. Under the leverage ratio covenant, we are required to maintain a ratio of (i) total indebtedness minus cash and cash equivalents in excess of $50.0 million to (ii) consolidated adjusted EBITDA (as defined in the agreements) over the last four quarters no greater than 4.50 to 1. Although all of these facilities are unsecured, they will be equally and ratably secured by certain liens and equally and ratably guaranteed by certain of our subsidiaries if we issue debt that is secured or guaranteed.

Our credit facilities and certain indentures for our senior unsecured debt obligations limit our ability to create liens or merge or consolidate with other companies and our subsidiaries' ability to borrow funds, subject to important exceptions and qualifications.

As of December 31, 2008, we were in compliance with all of our debt and credit facility covenants.

Proceeds from the Sale of Equity Securities

We receive proceeds from the issuance of common stock upon the exercise of options pursuant to our stock-based compensation plans. For the years ended December 31, 2008, 2007 and 2006, we received approximately $1.4 million, $13.8 million and $27.2 million, respectively, upon the exercise of outstanding stock options.

Share Repurchase Programs

In February 2008, our Board of Directors authorized us to repurchase up to $200.0 million of our common stock in public or private transactions over the following twelve month period. This share repurchase program commenced on March 4, 2008 and was completed on October 3, 2008. During 2008, we repurchased 17,778,300 shares of our common stock at an aggregate cost of $200.0 million.

In February 2007, our Board of Directors authorized us to repurchase up to $250.0 million of our common stock in public or private transactions over the following twelve month period. This share repurchase program commenced on March 19, 2007 and was completed on October 15, 2007. During 2007, we repurchased 17,279,600 shares of our common stock at an aggregate cost of $250.0 million.

In February 2006, our Board of Directors authorized us to repurchase up to $300.0 million of our common stock in public or private transactions over the following twelve-month period. This share repurchase program commenced on March 6, 2006. During 2006, we repurchased 10,199,900 shares of our common stock at an aggregate cost of approximately $135.2 million. No further purchases were made prior to expiration of this authorization.

Dividends

We expect to pay regular quarterly dividends. Our ability to fund a regular quarterly dividend will be impacted by our ability to generate cash from operations. The declarations and payment of future dividends will be at the discretion of our Board of Directors, and will depend upon many factors, including our financial condition, results of operations, growth prospects, funding requirements, applicable law, restrictions in our credit facilities and other factors our Board of Directors deems relevant.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial statements.

Future Commitments

A summary of our future contractual obligations and commercial commitments as of December 31, 2008 is as follows:

Contractual Obligations:

($ in thousands)	Payment due by period				
	Total	2009	2010-2011	2012-2013	Thereafter
Long-term debt obligations, excluding interest	$ 4,732,488	$ 3,857	$ 1,132,379	$ 1,009,497	$ 2,586,755
Interest on long-term debt	4,507,391	357,600	676,162	494,675	2,978,954
Operating lease obligations	66,500	22,654	21,499	12,781	9,566
Purchase obligations	34,142	23,286	10,196	330	330
FIN No. 48 liability	48,711	1,493	34,433	12,780	5
Total	$ 9,389,232	$ 408,890	$ 1,874,669	$ 1,530,063	$ 5,575,610

At December 31, 2008, we have outstanding performance letters of credit totaling $21.9 million.

Divestitures

On August 24, 1999, our Board of Directors approved a plan to divest our public utilities services businesses, which included gas, electric and water and wastewater businesses. We have sold all of these properties. All of the agreements relating to the sales provide that we will indemnify the buyer against certain liabilities (typically liabilities relating to events that occurred prior to sale), including environmental liabilities, for claims made by specified dates and that exceed threshold amounts specified in each agreement (see Note 24).

Discontinued Operations

On July 31, 2006, we sold our CLEC business, Electric Lightwave, LLC (ELI) for $255.3 million (including a later sale of associated real estate) in cash plus the assumption of approximately $4.0 million in capital lease obligations. We recognized a pre-tax gain on the sale of ELI of approximately $116.7 million. Our after-tax gain on the sale was $71.6 million. Our cash liability for taxes as a result of the sale was approximately $5.0 million due to the utilization of existing tax net operating losses on both the Federal and state level.

Critical Accounting Policies and Estimates

We review all significant estimates affecting our consolidated financial statements on a recurring basis and record the effect of any necessary adjustment prior to their publication. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements; accordingly, it is possible that actual results could differ from those estimates and changes to estimates could occur in the near term. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are used when accounting for allowance for doubtful accounts, impairment of long-lived assets, intangible assets, depreciation and amortization, pension and other postretirement benefits, income taxes, contingencies and purchase price allocations among others.

Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors and our Audit Committee has reviewed our disclosures relating to such estimates.

Allowance for Doubtful Accounts
We maintain an allowance for estimated bad debts based on our estimate of collectability of our accounts receivable through a review of aging categories and specific customer accounts. In 2008 and 2007, we had no "critical estimates" related to telecommunications bankruptcies.

Asset Impairment
In 2008 and 2007, we had no "critical estimates" related to asset impairments.

Intangibles
Our indefinite lived intangibles consist of goodwill and trade name, which resulted from the purchase of ILEC properties. We test for impairment of these assets annually, or more frequently, as circumstances warrant. All of our ILEC properties share similar economic characteristics and as a result, we aggregate our four operating segments into one reportable segment. In determining fair value of goodwill during 2008 we compared the net book value of the reporting units to current trading multiples of ILEC properties as well as trading values of our publicly traded common stock. Additionally, we utilized a range of prices to gauge sensitivity. Our test determined that fair value exceeded book value of goodwill for each of our reporting units.

Depreciation and Amortization
The calculation of depreciation and amortization expense is based on the estimated economic useful lives of the underlying property, plant and equipment and identifiable intangible assets. An independent study updating the estimated remaining useful lives of our plant assets is performed annually. We adopted the lives proposed in the study effective October 1, 2008. Our "composite depreciation rate" increased from 5.5% to 5.6% as a result of the study. We anticipate depreciation expense of approximately $350.0 million to $370.0 million for 2009. We periodically reassess the useful life of our intangible assets to determine whether any changes to those lives are required.

Pension and Other Postretirement Benefits
Our estimates of pension expense, other postretirement benefits including retiree medical benefits and related liabilities are "critical accounting estimates." We sponsor noncontributory defined benefit pension plans covering a significant number of current and former employees and other postretirement benefit plans that provide medical, dental, life insurance and other benefits for covered retired employees and their beneficiaries and covered dependents. The pension plans for the majority of our current employees are frozen. The accounting results for pension and post retirement benefit costs and obligations are dependent upon various actuarial assumptions applied in the determination of such amounts. These actuarial assumptions include the following: discount rates, expected long-term rate of return on plan assets, future compensation increases, employee turnover, healthcare cost trend rates, expected retirement age, optional form of benefit and mortality. We review these assumptions for changes annually with our independent actuaries. We consider our discount rate and expected long-term rate of return on plan assets to be our most critical assumptions.

The discount rate is used to value, on a present basis, our pension and postretirement benefit obligation as of the balance sheet date. The same rate is also used in the interest cost component of the pension and postretirement benefit cost determination for the following year. The measurement date used in the selection of our discount rate is the balance sheet date. Our discount rate assumption is determined annually with assistance from our actuaries based on the pattern of expected future benefit payments and the prevailing rates available on long-term, high quality corporate bonds that approximate the benefit obligation. In making this determination we consider, among other things, the yields on the Citigroup Pension Discount Curve, the Citigroup Above-Median Pension Curve, the general movement of interest rates and the changes in those rates from one period to the next. This rate can change from year-to-year based on market conditions that impact corporate bond yields. Our discount rate was 6.50% at year-end 2008 and 2007.

The expected long-term rate of return on plan assets is applied in determining the periodic pension and postretirement benefit cost as a reduction in the computation of the expense. In developing the expected long-term rate of return assumption, we considered published surveys of expected market returns, 10 and 20 year actual returns of various major indices, and our own historical 5 year, 10 year and 20 year investment returns. The expected long-term rate of return on plan assets is based on an asset allocation assumption of 35% to 55% in fixed income securities, 35% to 55% in equity securities and 5% to 15% in alternative investments. We review our asset allocation at least annually and make changes when considered appropriate. Our asset return assumption is made at the beginning of our fiscal year. In 2008, we did not change our expected long-term rate of return from the 8.25% used in 2007. Our pension plan assets are valued at actual market value as of the measurement date.

We expect that our pension and other postretirement benefit expenses for 2009 will be $50.0 million to $55.0 million (they were $11.2 million in 2008), and that we may be required to make a cash contribution to our pension plan beginning in 2010. No contribution was made to our pension plan during 2008.

Income Taxes
Our effective tax rates in 2006, 2007 and 2008 were approximately at the statutory rates.

Contingencies
At December 31, 2006, we had a reserve of $8.0 million in connection with a potential environmental claim in Bangor, Maine. This claim was settled with a payment of $7.625 million plus additional expenses during the third quarter of 2007.

We currently do not have any contingencies in excess of $5.0 million recorded on our books.

Purchase Price Allocation - Commonwealth and GVN
The allocation of the approximate $1.1 billion paid to the "fair market value" of the assets and liabilities of Commonwealth is a critical estimate. We finalized our estimate of the fair values assigned to plant, customer list and goodwill, as more fully described in Notes 3 and 7 to the consolidated financial statements. Additionally, the estimated expected life of a customer (used to amortize the customer list) is a critical estimate.

New Accounting Pronouncements

The following new accounting standards were adopted by the Company in 2008 without any material financial statement impact. All of these standards are more fully described in Note 2 to the consolidated financial statements.

* Accounting for Endorsement Split-Dollar Life Insurance Arrangements (EITF No. 06-4)
* Fair Value Measurements (SFAS No. 157)
* The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115 (SFAS No. 159)
* Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements (EITF No. 06-10)
* Accounting for the Income Tax Benefits of Dividends on Share-Based Payment Awards (EITF No. 06-11)
* The Hierarchy of Generally Accepted Accounting Principles (SFAS No. 162)

The following new accounting standards that will be adopted by the Company in 2009 are currently being evaluated by the Company, but we do not expect their adoption to have a material impact on our financial position, results of operations or cash flows.

* Fair Value Measurements (SFAS No. 157), as amended
* Business Combinations (SFAS No. 141R)
* Noncontrolling Interests in Consolidated Financial Statements (SFAS No. 160)
* Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities (FSP EITF 03-6-1)
* Employers' Disclosures about Postretirement Benefit Plan Assets (FSP SFAS 132 (R)-1)

(b) Results of Operations

Our 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

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.

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, our revenue decreased $107.3 million during 2008, or 5%, as compared to 2007. During the first quarter of 2007, we had a significant favorable settlement of a carrier dispute that resulted in a favorable one-time impact to our 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, our 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, each as described in more detail below.

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 favorable settlement as referenced above in 2007, our 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.

Change in the number of our access lines is one factor that is important to our revenue and profitability. We have lost access lines primarily because of competition, changing consumer behavior (including wireless substitution), economic conditions, changing technology and by some customers disconnecting second lines when they add High-Speed Internet or cable modem service. We lost approximately 174,800 access lines (net), including 22,200 second lines, during 2008, but added approximately 57,100 High-Speed Internet subscribers (net) during this same period. We expect to continue to lose access lines but to increase High-Speed Internet subscribers during 2009 (although not enough to offset access line losses).

While the number of access lines are an important metric to gauge certain revenue trends, it is not necessarily the best or only measure to evaluate the business. Management believes that understanding different components of revenue is most important. For this reason, presented on page 33 is a breakdown that categorizes revenue into customer revenue and regulatory revenue (switched and subsidy revenue). Despite the decline in access lines, our customer revenue, which is all revenue except switched access and subsidy revenue, also improved by more than 1.3 percent in 2008 versus 2007. 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 our revenue, profitability and cash flows to decrease in 2009.

Our historical results include the results of operations of Commonwealth 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 our results of operations on a historical basis for 2008, 2007 and 2006. We have also presented an analysis of each category for 2007 for the results of Frontier (excluding CTE and GVN) and the results of our 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

($ in thousands)	2008			2007				2006
	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 our 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.

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

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 High-Speed Internet customers. As of December 31, 2008, the number of the Company's High-Speed Internet subscribers increased by approximately 57,100, or 11%, since December 31, 2007. Data and internet services also includes 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, 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 High-Speed Internet customers. As of December 31, 2007, the number of the Company's High-Speed Internet 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 our legacy Frontier 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 our 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, email and other communications services. Excluding the impact of that one-time favorable settlement in 2007, our switched access revenue for 2008 declined by $18.1 million, or 7% from 2007. Access services revenue includes subsidy payments we receive from federal and state agencies. 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 Fund program resulting from our reduced cost structure and an increase in the program's National Average Cost Per Local Loop (NACPL) used by the Federal Communications Commission (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 our 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 Fund program resulting from our reduced cost structure and an increase in the program's NACPL, along with reductions in Universal Service Fund (USF) surcharges due to the elimination of high-speed internet units from the USF calculation.

Many factors may lead to further increases in the NACPL, thereby resulting in decreases in our federal subsidy revenue in the future. The FCC and state regulators 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 Competitive Eligible Telecommunications Companies (CETC) receipts from the high cost Federal Universal Service Fund. While this order will have no impact on our current receipt levels, we believe this is a positive first step to limit the rapid growth of the fund. The CETC cap will remain in place until the FCC takes additional steps towards needed reform.

The FCC is considering proposals that may significantly change interstate, intrastate and local intercarrier compensation and would revise the Federal Universal Service funding and disbursement mechanisms. When and how these proposed changes will be addressed are unknown and, accordingly, we are unable to predict the impact of future changes on our results of operations. However, future reductions in our subsidy and access revenues will directly affect our 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. We cannot predict when or how these matters will be decided or the effect on our subsidy or access revenues. In addition, we have been approached by, and/or are 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 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. Generally, our long distance services revenue is trending slightly downward due to a reduction in the overall average revenue per minute of use. During 2008, we actively marketed a package of unlimited long distance minutes with our digital phone and state unlimited bundled service offerings. The sale of our digital phone and state unlimited products, and their associated unlimited minutes, has resulted in an increase in long distance customers, and an increase of 10% in the minutes used by these customers. This has lowered our overall average rate per minute billed.

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 our long distance minutes of use due to more customers selecting our unlimited minutes of use package.

Our 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 our cost of services provided. At the same time, average revenue per

minute of use has declined.

Our long distance services revenue has remained relatively unchanged, but may decrease in the future due to lower 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 we charge our customers. We expect these factors will continue to adversely affect our long distance revenue in the future.

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 our free video promotions with a multi-year customer commitment in some of our 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.

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
High-Speed Internet (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,					
	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%	$ 65.00 (1)		

(1) For the years ended December 31, 2008 and 2007, the calculations exclude CTE and GVN data.

(2) For the year ended December 31, 2007, the calculation excludes CTE and GVN data and excludes the $38.7 million favorable one-time impact from the first quarter 2007 settlement of a switched access dispute. The amount is $81.50 with the $38.7 million favorable one-time impact from the settlement.

OPERATING EXPENSES

NETWORK ACCESS EXPENSES

($ in thousands)	2008			2007					2006
	Amount	$ Change	% Change	Amount	Acquisitions	Frontier (excluding CTE and GVN)	$ Change	% Change	Amount
Network access	$ 222,013	$ (6,229)	-3%	$ 228,242	$ 35,781	$ 192,461	$ 21,214	12%	$ 171,247

Network access
Consolidated network access expenses for 2008 decreased $6.2 million, or 3%, to $222.0 million as compared to 2007 primarily due to decreasing rates resulting from more efficient circuit routing for our long distance and data products. Excluding the additional network access expenses attributable to the CTE and GVN acquisitions for 2008 and 2007, network access expenses decreased $15.1 million, or 8%, in 2008 as compared to 2007. Excluding the additional network access expenses attributable to the CTE and GVN acquisitions of $35.8 million in 2007, network access expenses for 2007 increased $21.2 million, or 12%, as compared to 2006, primarily due to increasing rates and usage related to our long distance product and our data backbone.

In the fourth quarter of 2008, we expensed $4.2 million of promotional costs for Master Card gift cards issued to new High-Speed Internet customers entering into a two-year price protection plan and to existing customers who purchased additional services under a two-year price protection plan. In the first quarter of 2008, we expensed $2.6 million for a flat screen television promotion. Additionally, in the fourth quarters of 2007 and 2006, we expensed $11.4 million and $9.7 million, respectively, of promotional costs associated with fourth quarter High-Speed Internet promotions that subsidized the cost of a new personal computer or a new digital camera in 2007, and a new personal computer in 2006, provided to customers entering into a multi-year commitment for certain bundled services.

As we continue to increase our sales of data products such as High-Speed Internet and expand the availability of our unlimited long distance calling plans, our 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

($ in thousands)	2008			2007					2006
	Amount	$ Change	% Change	Amount	Acquisitions	Frontier (excluding CTE and GVN)	$ Change	% Change	Amount
Wage and benefit expenses	$ 383,887	$ 2,561	1%	$ 381,326	$ 28,907	$ 352,419	$ (6,408)	-2%	$ 358,827
Severance and early retirement cost	7,598	(6,276)	-45%	13,874	-	13,874	6,681	93%	7,193
Stock based compensation	7,788	(1,234)	-14%	9,022	-	9,022	(1,318)	-13%	10,340
All other operating expenses	411,475	7,196	2%	404,279	72,086 (1)	332,193	(24,590)	-7%	356,783
	$ 810,748	$ 2,247	0%	$ 808,501	$ 100,993	$ 707,508	$ (25,635)	-3%	$ 733,143

(1) Includes $33.0 million of common corporate costs allocated to CTE operations during 2007.

Consolidated other operating expenses for 2008 increased $2.2 million, to $810.7 million as compared to 2007, primarily the result of our CTE and GVN acquisitions which was largely offset by synergies and cost reductions relating to the legacy Frontier operations.

Wage and benefit expenses
Wage and benefit expenses for 2008 increased $2.6 million, or 1%, to $383.9 million as compared to 2007. Wage and benefit expenses attributable to the CTE and GVN acquisitions increased $10.2 million, or 35%, in 2008 versus 2007, primarily due to the pension curtailment gain of $14.4 million recognized in 2007, as discussed below. These additional costs were offset by a decrease of $7.6 million primarily due to headcount reductions and associated decreases in compensation and benefit costs attributable to the integration of the back office, customer service and administrative support functions of the CTE and GVN operations acquired in 2007.

Wage and benefit expenses for 2007 increased $22.5 million, or 6%, to $381.3 million as compared to 2006. Excluding the additional wage and benefit expenses attributable to the CTE and GVN acquisitions of $28.9 million in 2007, wage and benefit expenses for 2007 decreased $6.4 million, or 2%, as compared to 2006, primarily due to headcount reductions and associated decreases in compensation and benefit costs.

Included in our wage and benefit expenses are pension and other postretirement benefit expenses. The amounts for 2007 include the costs for our CTE plans acquired in 2007 and reflect the positive impact of a pension curtailment gain of $14.4 million, resulting from the freeze placed on certain pension benefits of the former CTE non-union employees. Based on current assumptions and plan asset values, we estimate that our pension and other postretirement benefit expenses (which were $11.2 million in 2008), will be approximately $50.0 million to $55.0 million in 2009. No contribution was made to our pension plan during 2008 and none is expected to be made in 2009. Also, effective December 31, 2007, the CTE Employees' Pension Plan was merged into the Frontier Pension Plan.

As a result of negative investment returns and ongoing benefit payments, the Company's pension plan assets have declined from $822.2 million at December 31, 2007 to $589.8 million at December 31, 2008, a decrease of $232.4 million, or 28%. This decrease represents a decline in asset value of $162.9 million, or 20%, and benefits paid of $69.5 million, or 8%. The decline in pension plan assets did not impact our results of operations, liquidity or cash flows in 2008. However, we expect that our pension expense will increase in 2009 and that we will be required to make a cash contribution to our pension plan beginning in 2010.

Severance and early retirement costs
Severance and early retirement costs for 2008 decreased $6.3 million, or 45%, as compared to 2007. Severance and early retirement costs of $7.6 million in 2008 include charges recorded in the first half of 2008 of $3.4 million related to employee early retirements and terminations for 42 Rochester, New York employees. Additional severance costs of $4.0 million were recorded in the fourth quarter of 2008, including $1.7 million of enhanced early retirement pension benefits related to 55 employees.

Severance and early retirement costs of $13.9 million in 2007 include a third quarter charge of approximately $12.1 million related to initiatives to enhance customer service, streamline operations and reduce costs. Approximately 120 positions were eliminated as part of this 2007 initiative, most of which were filled by new employees at our remaining call centers. In addition, approximately 50 field operations employees agreed to participate in an early retirement program and another 30 employees from a variety of functions left the Company in 2007.

Severance and early retirement costs for 2007 increased $6.7 million, or 93%, as compared to 2006, primarily due to the 2007 charge of approximately $12.1 million related to initiatives to enhance customer service, streamline operations and reduce costs, as discussed above.

Stock based compensation
Stock based compensation for 2008 decreased $1.2 million, or 14%, as compared to 2007 due to reduced costs associated with stock units and stock options.

Stock based compensation for 2007 decreased $1.3 million, or 13%, as compared to 2006 due to reduced costs associated with stock options, since fewer stock option grants remained unvested as compared to 2006.

All other operating expenses
All other operating expenses for 2008 increased $7.2 million, or 2%, to $411.5 million as compared to 2007, primarily due to the additional expenses attributable to the CTE and GVN acquisitions of $10.0 million in 2008 versus 2007, as 2008 includes a full year of expenses for CTE and GVN while 2007 included approximately ten months of costs for CTE and two months of costs for GVN. Our purchase of CTE has enabled us to realize cost savings by leveraging our centralized back office, customer service and administrative support functions over a larger customer base.

All other operating expenses for 2007 increased $47.5 million, or 13%, to $404.3 million as compared to 2006. Excluding the additional expenses attributable to the CTE and GVN acquisitions of $72.1 million in 2007, all other operating expenses for 2007 decreased $24.6 million, or 7%, as compared to 2006, primarily due to the allocation of common corporate costs over a larger base of operations, which now includes CTE. Additionally, our USF contribution rate and PUC fees decreased from 2006, resulting in a reduction in costs of $13.1 million in 2007. An increase in consulting and other outside services of $11.7 million for 2007 offset some of the decrease in expenses noted above.

DEPRECIATION AND AMORTIZATION EXPENSE

($ in thousands)	2008			2007					2006
	Amount	$ Change	% Change	Amount	Acquisitions	Frontier (excluding CTE and GVN)	$ Change	% Change	Amount
Depreciation expense	$ 379,490	$ 5,055	1%	$ 374,435	$ 45,289	$ 329,146	$(20,961)	-6%	$ 350,107
Amortization expense	182,311	10,890	6%	171,421	45,042 (1)	126,379	(1)	0%	126,380
	$ 561,801	$ 15,945	3%	$ 545,856	$ 90,331	$ 455,525	$(20,962)	-4%	$ 476,487

(1) Represents amortization expense related to the customer base acquired in the CTE and GVN acquisitions, and the Commonwealth trade name. Our assessment of the value of the customer base and trade name, and associated expected useful life, are based upon management estimate and independent appraisal.

Depreciation and amortization expense for 2008 increased $15.9 million, or 3%, to $561.8 million as compared to 2007. Excluding the depreciation and amortization expense for 2008 and 2007 attributable to the CTE and GVN acquisitions, depreciation and amortization expense for 2008 decreased $10.7 million, or 2%, as compared to 2007, primarily due to a declining net asset base for our legacy Frontier properties, partially offset by changes in the remaining useful lives of certain assets. An independent study updating the estimated remaining useful lives of our plant assets is performed annually. We adopted the remaining useful lives proposed in the study effective October 1, 2008. Our "composite depreciation rate" increased from 5.5% to 5.6% as a result of the study. We anticipate depreciation expense of approximately $350.0 million to $370.0 million and amortization expense of $113.9 million for 2009.

Consolidated depreciation and amortization expense for 2007 increased $69.4 million, or 15%, to $545.9 million as compared to 2006 as a result of our 2007 acquisitions of CTE and GVN. Excluding the impact of the CTE and GVN acquisitions, depreciation expense for 2007 decreased $21.0 million, or 6%, as compared to 2006 due to a declining net asset base partially offset by changes in the remaining useful lives of certain assets.

INVESTMENT INCOME/OTHER INCOME (LOSS), NET / INTEREST EXPENSE / INCOME TAX EXPENSE

($ in thousands)	2008			2007					2006
	Amount	$ Change	% Change	Amount	Acquisitions	Frontier (excluding CTE and GVN)	$ Change	% Change	Amount
Investment income	$ 14,504	$ (21,277)	-59%	$ 35,781	$ 402	$ 35,379	$ (44,057)	-55%	$ 79,436
Other income (loss), net	$ (5,170)	$ 12,663	71%	$ (17,833)	$ 4,978	$ (22,811)	$ (25,818)	-859%	$ 3,007
Interest expense	$ 362,634	$ (18,062)	-5%	$ 380,696	$ (260)	$ 380,956	$ 44,510	13%	$ 336,446
Income tax expense	$ 106,496	$ (21,518)	-17%	$ 128,014	$ 27,013	$ 101,001	$ (35,478)	-26%	$ 136,479

Investment Income

Investment income for 2008 decreased $21.3 million, or 59%, to $14.5 million as compared to 2007, primarily due to a decrease of $22.1 million in income from short-term investments of cash and cash equivalents due to a lower investable cash balance.

Investment income for 2007 decreased $43.7 million, or 55%, to $35.8 million as compared to 2006. Excluding the investment income attributable to the CTE and GVN acquisitions of $0.4 million, investment income for 2007 decreased $44.1 million, or 55%, as compared to 2006, primarily due to the $64.6 million in proceeds received in 2006 from the RTB liquidation and dissolution, partially offset by an increase of $10.8 million in income from short-term investments of cash and lower minority interest in joint ventures of $2.3 million.

We borrowed $550.0 million in December 2006 in anticipation of the Commonwealth acquisition in 2007. Our average cash balances were $177.5 million, $594.2 million and $429.5 million for 2008, 2007 and 2006, respectively.

Other Income (Loss), net

Other income (loss), net for 2008 improved $12.7 million, or 71%, to $(5.2) million as compared to 2007. Other income (loss), net improved in 2008 primarily due to a reduction in the loss on retirement of debt of $11.9 million and the $4.1 million expense of a bridge loan fee recorded during the first quarter of 2007.

Other income (loss), net for 2007 decreased $20.8 million to ($17.8) million as compared to 2006. Excluding the other income attributable to the CTE and GVN acquisitions of $5.0 million, other income (loss), net for 2007 decreased $25.8 million to ($22.8) million as compared to 2006, primarily due to the premium paid of $18.2 million on the early retirement of debt during 2007 and a bridge loan fee of $4.1 million.

Interest Expense

Interest expense for 2008 decreased $18.1 million, or 5%, to $362.6 million as compared to 2007, primarily due to the amortization of the deferred gain associated with the termination of our interest-rate swap agreements and retirement of related debt during the first quarter of 2008, along with slightly lower average debt levels and average interest rates. Our composite average borrowing rate as of December 31, 2008, as compared to 2007 was 40 basis points lower, decreasing from 7.94% to 7.54%.

Interest expense for 2007 increased $44.5 million, or 13%, to $381.0 million as compared to 2006, primarily due to $637.6 million of higher average debt in 2007 resulting from financing the CTE acquisition. Our composite average borrowing rate as of December 31, 2007, as compared with our composite average borrowing rate as of December 31, 2006 was 18 basis points lower, decreasing from 8.12% to 7.94%.

Our average debt outstanding was $4,753.0 million, $4,834.5 million and $4,196.9 million for 2008, 2007 and 2006, respectively.

Income Tax Expense

Income tax expense for 2008 decreased $21.5 million, or 17%, as compared to 2007, primarily due to lower taxable income and the reduction in income tax expense of $7.5 million recorded in the second quarter of 2008 that resulted from the expiration of certain statute of limitations on April 15, 2008, as discussed below.

The effective tax rate for 2008 was 36.8% as compared with 37.4% for 2007. The Company's effective tax rate decreased in 2008 mainly due to the impact of the favorable tax reserve adjustment recorded in the second quarter of 2008.

We paid $78.9 million in cash taxes during 2008, an increase of $24.5 million over 2007, reflecting the utilization of our tax loss carryforwards in prior years. We expect to pay approximately $90.0 million to $110.0 million in 2009. Our 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.

As a result of the expiration of certain statute of limitations on April 15, 2008, the liabilities on our books as of December 31, 2007 related to uncertain tax positions recorded under FASB Interpretation No. (FIN) 48 were reduced by $16.2 million in the second quarter of 2008. This reduction lowered income tax expense by $7.5 million, goodwill by $3.0 million and deferred income tax assets by $5.7 million during the second quarter of 2008.

Excluding the income tax expense attributable to the CTE and GVN acquisitions of $27.0 million, income tax expense for 2007 decreased $35.5 million, or 26%, as compared to 2006, primarily due to changes in taxable income. Our effective tax rate for 2007 was 37.4% as compared with an effective tax rate of 34.9% for 2006. The Company's effective tax rate increased in 2007 mainly due to changes in permanent difference items and tax contingencies.

DISCONTINUED OPERATIONS

($ in thousands)	2006
	Amount
Revenue	$ 100,612
Operating income	$ 27,882
Income taxes	$ 11,583
Net income	$ 18,912
Gain on disposal of ELI, net of tax	$ 71,635

On July 31, 2006, we sold our CLEC business, Electric Lightwave, LLC (ELI) for $255.3 million (including a later sale of associated real estate) in cash plus the assumption of approximately $4.0 million in capital lease obligations. We recognized a pre-tax gain on the sale of ELI of approximately $116.7 million. Our after-tax gain on the sale was $71.6 million. Our cash liability for taxes as a result of the sale was approximately $5.0 million due to the utilization of existing tax net operating losses on both the Federal and state level.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Disclosure of primary market risks and how they are managed

We are exposed to market risk in the normal course of our business operations due to ongoing investing and funding activities, including those associated with our pension assets. Market risk refers to the potential change in fair value of a financial instrument as a result of fluctuations in interest rates and equity prices. We do not hold or issue derivative instruments, derivative commodity instruments or other financial instruments for trading purposes. As a result, we do not undertake any specific actions to cover our exposure to market risks, and we are not party to any market risk management agreements other than in the normal course of business. Our primary market risk exposures are interest rate risk and equity price risk as follows:

Interest Rate Exposure

Our exposure to market risk for changes in interest rates relates primarily to the interest-bearing portion of our investment portfolio. Our long-term debt as of December 31, 2008 was approximately 94% fixed rate debt with minimal exposure to interest rate changes after the termination of our remaining interest rate swap agreements on January 15, 2008.

Our objectives in managing our interest rate risk are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, all but $281.0 million of our borrowings at December 31, 2008 have fixed interest rates. Consequently, we have limited material future earnings or cash flow exposures from changes in interest rates on our long-term debt. An adverse change in interest rates would increase the amount that we pay on our variable obligations and could result in fluctuations in the fair value of our fixed rate obligations. Based upon our overall interest rate exposure at December 31, 2008, a near-term change in interest rates would not materially affect our consolidated financial position, results of operations or cash flows.

On January 15, 2008, we terminated all of our interest rate swap agreements representing $400.0 million notional amount of indebtedness associated with our Senior Notes due in 2011 and 2013. Cash proceeds on the swap terminations of approximately $15.5 million were received in January 2008. The related gain has been deferred on the consolidated balance sheet, and is being amortized into interest expense over the term of the associated debt.

Sensitivity analysis of interest rate exposure

At December 31, 2008, the fair value of our long-term debt was estimated to be approximately $3.7 billion, based on our overall weighted average borrowing rate of 7.54% and our overall weighted average maturity of approximately 12 years. There has been no material change in the weighted average maturity applicable to our obligations since December 31, 2007.

Equity Price Exposure

Our exposure to market risks for changes in security prices as of December 31, 2008 is limited to our pension assets. We have no other security investments of any material amount.

During 2008, the diminished availability of credit and liquidity in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had an adverse impact on investment portfolios.

As a result of negative investment returns and ongoing benefit payments, the Company's pension plan assets have declined from $822.2 million at December 31, 2007 to $589.8 million at December 31, 2008, a decrease of $232.4 million, or 28%. This decrease represents a decline in asset value of $162.9 million, or 20%, and benefits paid of $69.5 million, or 8%. The decline in pension plan assets did not impact our results of operations, liquidity or cash flows in 2008. However, we expect that our pension expense will increase in 2009 and that we may be required to make a cash contribution to our pension plan beginning in 2010.

Item 8. Financial Statements and Supplementary Data

The following documents are filed as part of this Report:

1. Financial Statements, See Index on page F-1.

2. Supplementary Data, Quarterly Financial Data is included in the Financial Statements (see 1. above).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(i) Evaluation of Disclosure Controls and Procedures
We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, regarding the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) . Based upon this evaluation, our principal executive officer and principal financial officer concluded, as of the end of the period covered by this report, December 31, 2008, that our disclosure controls and procedures were effective.

(ii) Internal Control Over Financial Reporting
(a) Management's annual report on internal control over financial reporting
Our management report on internal control over financial reporting appears on page F-2.
(b) Report of registered public accounting firm
The report of KPMG LLP, our independent registered public accounting firm, on internal control over financial reporting appears on page F-4.
(c) Changes in internal control over financial reporting
We reviewed our internal control over financial reporting at December 31, 2008. There has been no change in our internal control over financial reporting identified in an evaluation thereof that occurred during the last fiscal quarter of 2008 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2009 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2008. See "Executive Officers of the Registrant" in Part I of this Report following Item 4 for information relating to executive officers.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2009 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2008.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2009 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2008.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2009 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2008.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference from our definitive proxy statement for the 2009 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after December 31, 2008.

PART IV

Item 15. Exhibits and Financial Statement Schedules

List of Documents Filed as a Part of This Report:

(1) Index to Consolidated Financial Statements:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2008 and 2007

Consolidated Statements of Operations for the years ended December 31, 2008, 2007 and 2006

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2008, 2007 and 2006

Consolidated Statements of Comprehensive Income for the years ended December 31, 2008, 2007 and 2006

Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006

Notes to Consolidated Financial Statements

All other schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or is not applicable or not required.

(2) Index to Exhibits:

All documents referenced below were filed pursuant to the Securities Exchange Act of 1934 by the Company, file number 001-11001, unless otherwise indicated.

Exhibit No.	Description
3.1	Restated Certificate of Incorporation (filed as Exhibit 3.200.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2000).*
3.2	Certificate of Amendment of Restated Certificate of Incorporation, effective July 31, 2008 (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008). *
3.3	By-laws, as amended February 6, 2009 (filed as Exhibit 99.1 to the Company's current Report on Form 8-K filed on February 6, 2009). *
4.1	Rights Agreement, dated as of March 6, 2002, between the Company and Mellon Investor Services, LLC, as Rights Agent (filed as Exhibit 1 to the Company's Registration Statement on Form 8-A filed on March 22, 2002).*
4.2	Amendment No. 1 to Rights Agreement, dated as of January 16, 2003, between the Company and Mellon Investor Services LLC, as Rights Agent (filed as Exhibit 1.1 to the Company's Registration Statement on Form 8-A/A, dated January 16, 2003).*
4.3	Indenture of Securities, dated as of August 15, 1991, between the Company and JPMorgan Chase Bank, N.A.(as successor to Chemical Bank), as Trustee (the "August 1991 Indenture") (filed as Exhibit 4.100.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1991).*
4.4	Fourth Supplemental Indenture to the August 1991 Indenture, dated October 1, 1994, between the Company and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee (filed as Exhibit 4.100.7 to the Company's Current Report on Form 8-K filed on January 3, 1995).*
4.5	Fifth Supplemental Indenture to the August 1991 Indenture, dated as of June 15, 1995, between the Company and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee (filed as Exhibit 4.100.8 to the Company's Current Report on Form 8-K filed on March 29, 1996 (the "March 29, 1996 8-K")).*
4.6	Sixth Supplemental Indenture to the August 1991 Indenture, dated as of October 15, 1995, between the Company and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee (filed as Exhibit 4.100.9 to the March 29, 1996 8-K).*
4.7	Seventh Supplemental Indenture to the August 1991 Indenture, dated as of June 1, 1996, between the Company and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee (filed as Exhibit 4.100.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996 (the "1996 10-K")).*
4.8	Eighth Supplemental Indenture to the August 1991 Indenture, dated as of December 1, 1996, between the Company and JPMorgan Chase Bank, N.A. (as successor to Chemical Bank), as Trustee (filed as Exhibit 4.100.12 to the 1996 10-K).*
4.9	Senior Indenture, dated as of May 23, 2001, between the Company and JPMorgan Chase Bank, N.A. (as successor to The Chase Manhattan Bank), as trustee (the "May 2001 Indenture") (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 24, 2001 8-K (the "May 24, 2001 8-K")).*
4.10	First Supplemental Indenture to the May 2001 Indenture, dated as of May 23, 2001, between the Company and JPMorgan Chase Bank, N.A. (filed as Exhibit 4.2 to the May 24, 2001 8-K).*
4.11	Form of Senior Note due 2011 (filed as Exhibit 4.4 to the May 24, 2001 8-K).*
4.12	Third Supplemental Indenture to the May 2001 Indenture, dated as of November 12, 2004, between the Company and JPMorgan Chase Bank, N.A. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 12, 2004 (the "November 12, 2004 8-K")).*
4.13	Form of Senior Note due 2013 (filed as Exhibit A to Exhibit 4.1 to the November 12, 2004 8-K).*
4.14	Indenture, dated as of August 16, 2001, between the Company and JPMorgan Chase Bank, N.A. (as successor to The Chase Manhattan Bank), as Trustee (including the form of note attached thereto) (filed as Exhibit 4.1 of the Company's Current Report on Form 8-K filed on August 22, 2001).*
4.15	Indenture, dated as of December 22, 2006, between the Company and The Bank of New York, as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 29, 2006).*

4.16	Indenture dated as of March 23, 2007 by and between the Company and The Bank of New York with respect to the 6.625% Senior Notes due 2015 (including the form of such note attached thereto) (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 27, 2007 (the "March 27, 2007 8-K")).*
4.17	Indenture dated as of March 23, 2007 by and between the Company and The Bank of New York with respect to the 7.125% Senior Notes due 2019 (including the form of such note attached thereto) (filed as Exhibit 4.2 to the March 27, 2007 8-K).*
10.1	Loan Agreement between the Company and Rural Telephone Finance Cooperative for $200,000,000 dated October 24, 2001 (filed as Exhibit 10.39 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2001).*
10.2	Amendment No. 1, dated as of March 31, 2003, to Loan Agreement between the Company and Rural Telephone Finance Cooperative (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2003).*
10.3	Credit Agreement, dated as of December 6, 2006, among the Company, as the Borrower, and CoBank, ACB, as the Administrative Agent, the Lead Arranger and a Lender, and the other Lenders referred to therein (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 7, 2006).*
10.4	Loan Agreement, dated as of March 8, 2007, among the Company, as borrower, the Lenders listed therein, Citicorp North America, Inc., as Administrative Agent, and Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and J.P. Morgan Securities Inc. as Joint-Lead Arrangers and Joint Book-Running Managers (filed as Exhibit 10.3 to the March 9, 2007 8-K).*
10.5	Credit Agreement, dated as of May 18, 2007, among the Company, the lenders party thereto and Deutsche Bank AG New York Branch, as Administrative Agent, and Deutsche Bank Securities Inc., as Sole Lead Arranger and Bookrunner (filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007 (the "2007 10-K")). *
10.6	Credit Agreement, dated as of March 10, 2008, among the Company, as the Borrower, and CoBank, ACB, as the Administrative Agent, the Lead Arranger and a Lender, and the other Lenders referred to therein (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 10, 2008).*
10.7	Non-Employee Directors' Deferred Fee Equity Plan, as amended and restated December 29, 2008.
10.8	Non-Employee Directors' Equity Incentive Plan, as amended and restated December 29, 2008.
10.9	Separation Agreement between the Company and Leonard Tow effective July 10, 2004 (filed as Exhibit 10.2.4 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2004).*
10.10	Citizens Executive Deferred Savings Plan dated January 1, 1996 (filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (the "1999 10-K")).*
10.11	1996 Equity Incentive Plan, as amended and restated December 29, 2008.
10.12	2008 Citizens Incentive Plan (filed as Appendix A to the Company's Proxy Statement dated April 10, 2007).*
10.13	Amended and Restated 2000 Equity Incentive Plan, as amended and restated December 29, 2008.
10.14	Amended Employment Agreement, dated as of December 29, 2008, between the Company and Mary Agnes Wilderotter.
10.15	Amended Employment Agreement, dated as of December 24, 2008, between the Company and Robert Larson.
10.16	Offer of Employment Letter, dated December 31, 2004, between the Company and Peter B. Hayes ("Hayes Offer Letter") (filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).*
10.17	Amendment to Hayes Offer Letter, dated December 24, 2008.
10.18	Offer of Employment Letter, dated March 7, 2006, between the Company and Donald R. Shassian ("Shassian Offer Letter") (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2006).*
10.19	Amendment to Shassian Offer Letter, dated December 30, 2008.
10.20	Separation Agreement, dated November 15, 2007, between the Company and John H. Casey III (filed as Exhibit 10.21 to the 2007 10-K).*
10.21	Form of Arrangement with Daniel J. McCarthy and Melinda M. White with respect to vesting of restricted stock upon a change-in-control (filed as Exhibit 10.22 to the 2007 10-K). *
10.22	Offer of Employment Letter, dated January 13, 2006, between the Company and Cecilia K. McKenney ("McKenney Offer Letter") (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008). *
10.23	Amendment to McKenney Offer Letter, dated December 24, 2008.
10.24	Offer of Employment Letter, dated July 8, 2005, between the Company and Hilary E. Glassman (the "Glassman Offer Letter").

10.25	Amendment to Glassman Offer Letter, dated December 29, 2008.
10.26	Form of Restricted Stock Agreement for CEO.
10.27	Form of Restricted Stock Agreement for named executive officers other than CEO.
10.28	Summary of Non-Employee Directors' Compensation Arrangements Outside of Formal Plans.
10.29	Membership Interest Purchase Agreement between the Company and Integra Telecom Holdings, Inc. dated February 6, 2006 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 9, 2006).*
10.30	Stock Purchase Agreement, dated as of July 3, 2007, between the Company and Country Road Communications LLC (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 9, 2007).*
12.1	Computation of ratio of earnings to fixed charges (this item is included herein for the sole purpose of incorporation by reference).
21.1	Subsidiaries of the Registrant.
23.1	Auditors' Consent.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 (the "1934 Act").
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the 1934 Act.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("SOXA").
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of SOXA .

Exhibits 10.7 through 10.28 are management contracts or compensatory plans or arrangements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRONTIER COMMUNICATIONS CORPORATION

(Registrant)

By: /s/ Mary Agnes Wilderotter

Mary Agnes Wilderotter
Chairman of the Board, President and Chief Executive Officer

February 26, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 26th day of February 2009.

Signature	Title
/s/ Kathleen Q. Abernathy (Kathleen Q. Abernathy)	Director
/s/ Leroy T. Barnes, Jr. (Leroy T. Barnes, Jr.)	Director
/s/ Peter C. B. Bynoe (Peter C. B. Bynoe)	Director
/s/ Michael T. Dugan (Michael T. Dugan)	Director
/s/ Jeri B. Finard (Jeri B. Finard)	Director
/s/ Lawton W. Fitt (Lawton W. Fitt)	Director
/s/ William M. Kraus (William M. Kraus)	Director
/s/ Robert J. Larson (Robert J. Larson)	Senior Vice President and Chief Accounting Officer
/s/ Howard L. Schrott (Howard L. Schrott)	Director
/s/ Larraine D. Segil (Larraine D. Segil)	Director
/s/ Donald R. Shassian (Donald R. Shassian)	Executive Vice President and Chief Financial Officer
/s/ David H. Ward (David H. Ward)	Director
/s/ Myron A. Wick III (Myron A. Wick III)	Director
/s/ Mary Agnes Wilderotter (Mary Agnes Wilderotter)	Chairman of the Board, President and Chief Executive Officer

* Incorporated by reference.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
Index to Consolidated Financial Statements

Management's Report on Internal Control Over Financial Reporting

The Board of Directors and Shareholders
Frontier Communications Corporation:

The management of Frontier Communications Corporation and subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation our management concluded that our internal control over financial reporting was effective as of December 31, 2008 and for the period then ended.

Our independent registered public accounting firm, KPMG LLP, has audited the consolidated financial statements included in this report and, as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting.

Stamford, Connecticut
February 26, 2009

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Frontier Communications Corporation:

We have audited the accompanying consolidated balance sheets of Frontier Communications Corporation and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, shareholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Frontier Communications Corporation and subsidiaries as of December 31, 2008 and 2007 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 18 to the accompanying consolidated financial statements, the Company adopted the recognition and disclosure provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" as of January 1, 2007. As discussed in Note 5, effective January 1, 2006, the Company adopted Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." Also, as discussed in Note 23, the Company adopted the recognition and disclosure provisions of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" as of December 31, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Frontier Communications Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2009 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Stamford, Connecticut
February 26, 2009

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Frontier Communications Corporation:

We have audited Frontier Communications Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Frontier Communications Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Frontier Communications Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Frontier Communications Corporation and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, shareholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2008, and our report dated February 26, 2009 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Stamford, Connecticut
February 26, 2009

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007
($ in thousands)

	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 163,627	$ 226,466
Accounts receivable, less allowances of $40,125 and $32,748, respectively	222,247	234,762
Prepaid expenses	33,265	29,437
Other current assets	48,820	33,489
Total current assets	467,959	524,154
Property, plant and equipment, net	3,239,973	3,335,244
Goodwill, net	2,642,323	2,634,559
Other intangibles, net	359,674	547,735
Investments	8,044	21,191
Other assets	170,703	193,186
Total assets	$ 6,888,676	$ 7,256,069
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt due within one year	$ 3,857	$ 2,448
Accounts payable	141,940	179,402
Advanced billings	51,225	44,722
Other taxes accrued	25,585	21,400
Interest accrued	102,370	116,923
Other current liabilities	57,798	80,996
Total current liabilities	382,775	445,891
Deferred income taxes	670,489	711,645
Other liabilities	594,682	363,737
Long-term debt	4,721,685	4,736,897
Shareholders' equity:		
Common stock, $0.25 par value (600,000,000 authorized shares; 311,314,000 and 327,749,000 outstanding, respectively, and 349,456,000 issued at December 31, 2008 and 2007)	87,364	87,364
Additional paid-in capital	1,117,936	1,280,508
Retained earnings	38,163	14,001
Accumulated other comprehensive loss, net of tax	(237,152)	(77,995)
Treasury stock	(487,266)	(305,979)
Total shareholders' equity	519,045	997,899
Total liabilities and shareholders' equity	$ 6,888,676	$ 7,256,069

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

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 and 2006
($ in thousands, except for per-share amounts)

	2008	2007	2006
Revenue	$ 2,237,018	$ 2,288,015	$ 2,025,367
Operating expenses:			
Network access expenses	222,013	228,242	171,247
Other operating expenses	810,748	808,501	733,143
Depreciation and amortization	561,801	545,856	476,487
Total operating expenses	1,594,562	1,582,599	1,380,877
Operating income	642,456	705,416	644,490
Investment income	14,504	35,781	79,436
Other income (loss), net	(5,170)	(17,833)	3,007
Interest expense	362,634	380,696	336,446
Income from continuing operations before income taxes	289,156	342,668	390,487
Income tax expense	106,496	128,014	136,479
Income from continuing operations	182,660	214,654	254,008
Discontinued operations (see Note 8):			
Income from discontinued operations before income taxes	-	-	147,136
Income tax expense	-	-	56,589
Income from discontinued operations	-	-	90,547
Net income available for common shareholders	$ 182,660	$ 214,654	$ 344,555
Basic income per common share:			
Income from continuing operations	$ 0.58	$ 0.65	$ 0.79
Income from discontinued operations	-	-	0.28
Net income per common share	$ 0.58	$ 0.65	$ 1.07
Diluted income per common share:			
Income from continuing operations	$ 0.57	$ 0.65	$ 0.78
Income from discontinued operations	-	-	0.28
Net income per common share	$ 0.57	$ 0.65	$ 1.06

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

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 and 2006
($ and shares in thousands, except for per-share amounts)

	Common Stock		Additional Paid-In	Retained	Accumulated Other	Treasury Stock		Total Shareholders'
	Shares	Amount	Capital	Earnings (Deficit)	Comprehensive Loss	Shares	Amount	Equity
Balance December 31, 2005	343,956	$ 85,989	$1,374,610	$ (85,344)	$ (123,242)	(15,788)	$ (210,204)	$ 1,041,809
Cumulative effect adjustment (see Note 5)	-	-	-	36,392	-	-	-	36,392
Stock plans	-	-	(1,875)	-	-	2,908	38,793	36,918
Conversion of EPPICS	-	-	(2,563)	-	-	1,389	18,488	15,925
Dividends on common stock of $1.00 per share	-	-	(162,773)	(160,898)	-	-	-	(323,671)
Shares repurchased	-	-	-	-	-	(10,200)	(135,239)	(135,239)
Net income	-	-	-	344,555	-	-	-	344,555
Pension liability adjustment, after adoption of SFAS No. 158, net of taxes	-	-	-	-	(83,634)	-	-	(83,634)
Other comprehensive income, net of tax, and reclassification adjustments	-	-	-	-	124,977	-	-	124,977
Balance December 31, 2006	343,956	85,989	1,207,399	134,705	(81,899)	(21,691)	(288,162)	1,058,032
Stock plans	-	-	(6,237)	667	-	1,824	25,399	19,829
Acquisition of Commonwealth	5,500	1,375	77,939	-	-	12,640	168,121	247,435
Conversion of EPPICS	-	-	(549)	-	-	291	3,888	3,339
Conversion of Commonwealth notes	-	-	1,956	-	-	2,508	34,775	36,731
Dividends on common stock of $1.00 per share	-	-	-	(336,025)	-	-	-	(336,025)
Shares repurchased	-	-	-	-	-	(17,279)	(250,000)	(250,000)
Net income	-	-	-	214,654	-	-	-	214,654
Other comprehensive income, net of tax and reclassification adjustments	-	-	-	-	3,904	-	-	3,904
Balance December 31, 2007	349,456	87,364	1,280,508	14,001	(77,995)	(21,707)	(305,979)	997,899
Stock plans	-	-	(1,759)	-	-	1,096	15,544	13,785
Acquisition of Commonwealth	-	-	1	-	-	3	38	39
Conversion of EPPICS	-	-	(74)	-	-	51	664	590
Conversion of Commonwealth notes	-	-	(801)	-	-	193	2,467	1,666
Dividends on common stock of $1.00 per share	-	-	(159,939)	(158,498)	-	-	-	(318,437)
Shares repurchased	-	-	-	-	-	(17,778)	(200,000)	(200,000)
Net income	-	-	-	182,660	-	-	-	182,660
Other comprehensive loss, net of tax and reclassification adjustments	-	-	-	-	(159,157)	-	-	(159,157)
Balance December 31, 2008	349,456	$ 87,364	$1,117,936	$ 38,163	$ (237,152)	(38,142)	$ (487,266)	$ 519,045

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 and 2006
($ in thousands)

	2008	2007	2006
Net income	$ 182,660	$ 214,654	$ 344,555
Other comprehensive (loss) income, net of tax and reclassification adjustments*	(159,157)	3,904	124,977
Total comprehensive income	$ 23,503	$ 218,558	$ 469,532

* Consists primarily of amortization of pension and postretirement costs and SFAS No. 158 pension/OPEB liability (see Note 20).

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

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 and 2006
($ in thousands)

	2008	2007	2006
Cash flows provided by (used in) operating activities:			
Net income	$ 182,660	$ 214,654	$ 344,555
Deduct: Gain on sale of discontinued operations, net of tax	-	-	(71,635)
Income from discontinued operations, net of tax	-	-	(18,912)
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation and amortization expense	561,801	545,856	476,487
Stock based compensation expense	7,788	9,022	10,340
Loss on debt exchange	-	-	2,433
Loss on extinguishment of debt	6,290	20,186	-
Investment gain	-	-	(61,428)
Other non-cash adjustments	(7,044)	(7,598)	5,191
Deferred income taxes	33,967	81,011	132,031
Legal settlement	-	(7,905)	-
Change in accounts receivable	9,746	(4,714)	15,333
Change in accounts payable and other liabilities	(52,047)	(36,257)	(3,064)
Change in other current assets	(3,895)	7,428	(2,148)
Net cash provided by continuing operating activities	739,266	821,683	829,183
Cash flows provided from (used by) investing activities:			
Capital expenditures	(288,264)	(315,793)	(268,806)
Cash paid for acquisitions (net of cash acquired)	-	(725,548)	-
Proceeds from sale of discontinued operations	-	-	255,305
Other assets (purchased) distributions received, net	5,489	6,629	67,050
Net cash (used by) provided from investing activities	(282,775)	(1,034,712)	53,549
Cash flows provided from (used by) financing activities:			
Long-term debt borrowings	135,000	950,000	550,000
Debt issuance costs	(857)	(12,196)	(6,948)
Long-term debt payments	(142,480)	(946,070)	(227,693)
Premium paid to retire debt	(6,290)	(20,186)	-
Settlement of interest rate swaps	15,521	-	-
Issuance of common stock	1,398	13,808	27,200
Common stock repurchased	(200,000)	(250,000)	(135,239)
Dividends paid	(318,437)	(336,025)	(323,671)
Repayment of customer advances for construction	(3,185)	(942)	(264)
Net cash used by financing activities	(519,330)	(601,611)	(116,615)
Cash flows of discontinued operations:			
Operating cash flows	-	-	17,833
Investing cash flows	-	-	(6,593)
Financing cash flows	-	-	-
Net cash provided by discontinued operations	-	-	11,240
(Decrease) increase in cash and cash equivalents	(62,839)	(814,640)	777,357
Cash and cash equivalents at January 1,	226,466	1,041,106	263,749
Cash and cash equivalents at December 31,	$ 163,627	$ 226,466	$ 1,041,106
Cash paid during the period for:			
Interest	$ 365,858	$ 364,381	$ 332,204
Income taxes	$ 78,878	$ 54,407	$ 5,365
Non-cash investing and financing activities:			
Change in fair value of interest rate swaps	$ 7,909	$ 18,198	$ (1,562)
Conversion of EPPICS	$ 590	$ 3,339	$ 15,925
Conversion of Commonwealth notes	$ 1,666	$ 36,731	$ -
Debt-for-debt exchange	$ -	$ -	$ 2,433
Shares issued for Commonwealth acquisition	$ 39	$ 247,435	$ -
Acquired debt	$ -	$ 244,570	$ -
Other acquired liabilities	$ -	$ 112,194	$ -

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

(1) Description of Business and Summary of Significant Accounting Policies:

(a) Description of Business:

Frontier Communications Corporation (formerly known as Citizens Communications Company through July 30, 2008) and its subsidiaries are referred to as "we," "us," "our," or the "Company" in this report. We are a communications company providing services to rural areas and small and medium-sized towns and cities as an incumbent local exchange carrier, or ILEC.

(b) Basis of Presentation and Use of Estimates:

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Certain reclassifications of balances previously reported have been made to conform to the current presentation. All significant intercompany balances and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates and judgments are used when accounting for allowance for doubtful accounts, impairment of long-lived assets, intangible assets, depreciation and amortization, income taxes, purchase price allocations, contingencies, and pension and other postretirement benefits, among others.

(c) Cash Equivalents:

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(d) Revenue Recognition:

Revenue is recognized when services are provided or when products are delivered to customers. Revenue that is billed in advance includes: monthly recurring access services, special access services and monthly recurring local line charges. The unearned portion of this revenue is initially deferred as a component of other liabilities on our consolidated balance sheet and recognized in revenue over the period that the services are provided. Revenue that is billed in arrears includes: non-recurring network access services, switched access services, non-recurring local services and long-distance services. The earned but unbilled portion of this revenue is recognized in revenue in our consolidated statements of operations and accrued in accounts receivable in the period that the services are provided. Excise taxes are recognized as a liability when billed. Installation fees and their related direct and incremental costs are initially deferred and recognized as revenue and expense over the average term of a customer relationship. We recognize as current period expense the portion of installation costs that exceeds installation fee revenue.

The Company collects various taxes from its customers and subsequently remits such funds to governmental authorities. Substantially all of these taxes are recorded through the consolidated balance sheet and presented on a net basis in our consolidated statements of operations. We also collect Universal Service Fund (USF) surcharges from customers (primarily federal USF) which we have recorded on a gross basis in our consolidated statements of operations and included in revenue and other operating expenses at $37.1 million, $35.9 million and $37.1 million for the years ended December 31, 2008, 2007 and 2006, respectively.

(e) Property, Plant and Equipment:

Property, plant and equipment are stated at original cost or fair market value for our acquired properties, including capitalized interest. Maintenance and repairs are charged to operating expenses as incurred. The gross book value of routine property, plant and equipment retired is charged against accumulated depreciation.

(f) Goodwill and Other Intangibles:

Intangibles represent the excess of purchase price over the fair value of identifiable tangible net assets acquired. We undertake studies to determine the fair values of assets and liabilities acquired and

allocate purchase prices to assets and liabilities, including property, plant and equipment, goodwill and other identifiable intangibles. We annually (during the fourth quarter) examine the carrying value of our goodwill and trade name to determine whether there are any impairment losses and have determined for the year ended December 31, 2008 that there was no impairment. We test for impairment at the "operating segment" level, as that term is defined in Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets." The Company currently has four "operating segments" which are aggregated into one reportable segment.

SFAS No. 142 requires that intangible assets with estimated useful lives be amortized over those lives and be reviewed for impairment in accordance with SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" to determine whether any changes to these lives are required. We periodically reassess the useful life of our intangible assets to determine whether any changes to those lives are required.

(g) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of:

We review long-lived assets to be held and used and long-lived assets to be disposed of, including intangible assets with estimated useful lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair market value. If any assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value.

(h) Derivative Instruments and Hedging Activities:

We account for derivative instruments and hedging activities in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. SFAS No. 133, as amended, requires that all derivative instruments, such as interest rate swaps, be recognized in the financial statements and measured at fair value regardless of the purpose or intent of holding them.

On the date we enter into a derivative contract that qualifies for hedge accounting, we designate the derivative as either a fair value or cash flow hedge. A hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment is a fair value hedge. A hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability is a cash flow hedge. We formally document all relationships between hedging instruments and hedged items, as well as our risk-management objective and strategy for undertaking the hedge transaction. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions.

We also formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. If it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, we would discontinue hedge accounting prospectively.

All derivatives are recognized on the balance sheet at their fair value. Changes in the fair value of derivative financial instruments are either recognized in income or shareholders' equity (as a component of other comprehensive income), depending on whether the derivative is being used to hedge changes in fair value or cash flows.

As of December 31, 2007, we had interest rate swap arrangements related to a portion of our fixed rate debt. These arrangements were all terminated on January 15, 2008. These hedge strategies satisfied the fair value hedging requirements of SFAS No. 133, as amended. As a result, the appreciation in value of the swaps through the time of termination is included in the consolidated balance sheet and is recognized as lower interest expense over the duration of the remaining life of the underlying debt.

(i) Investments:

Marketable Securities

We classify our cost method investments at purchase as available-for-sale. We do not maintain a trading portfolio or held-to-maturity securities. Our marketable securities are

insignificant.

Investments in Other Entities

Investments in entities that we do not control, but where we have the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method of accounting (see Note 9).

(j) Income Taxes and Deferred Income Taxes:

We file a consolidated federal income tax return. We utilize the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recorded for the tax effect of temporary differences between the financial statement basis and the tax basis of assets and liabilities using tax rates expected to be in effect when the temporary differences are expected to reverse.

(k) Stock Plans:

We have various stock-based compensation plans. Awards under these plans are granted to eligible officers, management employees, non-management employees and non-employee directors. Awards may be made in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units or other stock-based awards. We have no awards with market or performance conditions. Our general policy is to issue shares upon the grant of restricted shares and exercise of options from treasury.

On January 1, 2006, we adopted the provisions of SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123R) and elected to use the modified prospective transition method. The modified prospective transition method requires that compensation cost be recognized in the financial statements for all awards granted after the date of adoption as well as for existing awards for which the requisite service had not been rendered as of the date of adoption. Compensation cost for awards that were outstanding at the effective date are recognized over the remaining service period using the compensation cost previously calculated for pro forma disclosure purposes.

On November 10, 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position SFAS No. 123R-3, "Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards." We elected to adopt the alternative transition method provided for calculating the tax effects of share-based compensation pursuant to SFAS No. 123R. The alternative transition method includes a simplified method to establish the beginning balance of the additional paid-in capital pool (APIC pool) related to the tax effects of employee share-based compensation, which is available to absorb tax deficiencies recognized subsequent to the adoption of SFAS No. 123R.

The compensation cost recognized is based on awards ultimately expected to vest. SFAS No. 123R requires forfeitures to be estimated and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

(l) Net Income Per Common Share Available for Common Shareholders:

Basic net income per common share is computed using the weighted average number of common shares outstanding during the period being reported on. Except when the effect would be antidilutive, diluted net income per common share reflects the dilutive effect of the assumed exercise of stock options using the treasury stock method at the beginning of the period being reported on as well as common shares that would result from the conversion of convertible preferred stock (EPPICS) and convertible notes. In addition, the related interest on debt (net of tax) is added back to income since it would not be paid if the debt was converted to common stock.

(2) Recent Accounting Literature and Changes in Accounting Principles:

Accounting for Endorsement Split-Dollar Life Insurance Arrangements

In September 2006, the FASB reached consensus on the guidance provided by Emerging Issues Task Force (EITF) No. 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements." The guidance is applicable to endorsement split-dollar life insurance arrangements, whereby the employer owns and controls the insurance policies, that are associated with a postretirement benefit. EITF No. 06-4 requires that for a split-dollar life insurance arrangement within the scope of the issue, an employer should recognize a liability for future benefits in accordance with SFAS No. 106 (if, in substance, a postretirement benefit plan exists) or Accounting Principles Board Opinion (APB) No. 12 (if the arrangement is, in substance, an individual deferred compensation contract) based on the substantive agreement with the employee. EITF No. 06-4 was effective for fiscal years beginning after December 15, 2007. Our adoption of the accounting requirements of EITF No. 06-4 in the first quarter of 2008 had no impact on our financial position, results of operations or cash

flows.

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In February 2008, the FASB amended SFAS No. 157 to defer the application of this standard to nonfinancial assets and liabilities until 2009. The provisions of SFAS No. 157 related to financial assets and liabilities were effective as of the beginning of our 2008 fiscal year. Our adoption of SFAS No. 157 in the first quarter of 2008 had no impact on our financial position, results of operations or cash flows. We do not expect the adoption of SFAS No. 157, as amended, in the first quarter of 2009 with respect to its effect on nonfinancial assets and liabilities to have a material impact on our financial position, results of operations or cash flows. Nonfinancial assets and liabilities for which we have not applied the provisions of SFAS No. 157 include those measured at fair value in impairment testing and those initially measured at fair value in a business combination.

The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115," which permits entities to choose to measure many financial instruments and certain other items at fair value. The provisions of SFAS No. 159 were effective as of the beginning of our 2008 fiscal year. Our adoption of SFAS No. 159 in the first quarter of 2008 had no impact on our financial position, results of operations or cash flows.

Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements

In March 2007, the FASB ratified the consensus reached by the EITF on Issue No. 06-10, "Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements." EITF No. 06-10 provides guidance on an employers' recognition of a liability and related compensation costs for collateral assignment split-dollar life insurance arrangements that provide a benefit to an employee that extends into postretirement periods, and the asset in collateral assignment split-dollar life insurance arrangements. EITF No. 06-10 was effective for fiscal years beginning after December 15, 2007. Our adoption of the accounting requirements of EITF No. 06-10 in the first quarter of 2008 had no impact on our financial position, results of operations or cash flows.

Accounting for the Income Tax Benefits of Dividends on Share-Based Payment Awards

In June 2007, the FASB ratified EITF No. 06-11, "Accounting for the Income Tax Benefits of Dividends on Share-Based Payment Awards." EITF No. 06-11 provides that tax benefits associated with dividends on share-based payment awards be recorded as a component of additional paid-in capital. EITF No. 06-11 was effective, on a prospective basis, for fiscal years beginning after December 15, 2007. The implementation of this standard in the first quarter of 2008 had no material impact on our financial position, results of operations or cash flows.

Business Combinations

In December 2007, the FASB revised SFAS No. 141, "Business Combinations." The revised statement, SFAS No. 141R, requires an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition date at fair value, to remeasure liabilities related to contingent consideration at fair value in each subsequent reporting period and to expense all acquisition related costs. The effective date of SFAS No. 141R is for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. This standard does not impact our currently reported results and we do not expect the adoption of SFAS No. 141R in the first quarter of 2009 to have a material impact on our financial position, results of operations or cash flows.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements." SFAS No. 160 establishes requirements for ownership interest in subsidiaries held by parties other than the Company (sometimes called "minority interest") be clearly identified, presented and disclosed in the consolidated statement of financial position within shareholder equity, but separate from the parent's equity. All changes in the parent's ownership interest are required to be accounted for consistently as equity transactions and any noncontrolling equity

investments in unconsolidated subsidiaries must be measured initially at fair value. SFAS No. 160 is effective, on a prospective basis, for fiscal years beginning after December 15, 2008. However, presentation and disclosure requirements must be retrospectively applied to comparative financial statements. We do not expect the adoption of SFAS No. 160 in the first quarter of 2009 to have a material impact on our financial position, results of operations or cash flows.

The Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." This standard identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. The effective date of SFAS No. 162 was November 15, 2008. Our adoption of SFAS No. 162 during the fourth quarter of 2008 did not result in any changes to our current accounting practices or policies and thereby has not impacted the preparation of the consolidated financial statements.

Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities

In June 2008, the FASB ratified FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities." FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, should be included in the earnings allocation in computing earnings per share under the two-class method. FSP EITF 03-6-1 is effective, on a retrospective basis, for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. The Company has concluded that our outstanding non-vested restricted stock is a participating security in accordance with FSP EITF 03-6-1 and that we will be required to adjust our previously reported basic and diluted income per common share. The Company expects that our adoption of FSP EITF 03-6-1 in the first quarter of 2009 will increase our weighted average shares outstanding and will reduce our basic and diluted income per common share from that previously reported.

Employers' Disclosures about Postretirement Benefit Plan Assets

In December 2008, the FASB issued FSP SFAS 132 (R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets." FSP SFAS 132 (R)-1 amends SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," to provide guidance on an employers' disclosures about plan assets of a defined benefit pension or other postretirement plan. FSP SFAS 132 (R)-1 requires additional disclosures about investment policies and strategies, categories of plan assets, fair value measurements of plan assets and significant concentrations of risk. The disclosures about plan assets required by FSP SFAS 132 (R)-1 are effective for fiscal years ending after December 15, 2009. We do not expect the adoption of FSP SFAS 132 (R)-1 to have a material impact on our financial position, results of operations or cash flows. We will adopt the disclosure requirements of FSP SFAS 132 (R)-1 in the annual report for our fiscal year ending December 31, 2009.

(3) Acquisition of Commonwealth Telephone and Global Valley Networks:

On March 8, 2007, we acquired Commonwealth Telephone Enterprises, Inc. ("Commonwealth" or "CTE") in a cash-and-stock taxable transaction, for a total consideration of approximately $1.1 billion. We paid $804.1 million in cash ($663.7 million net, after cash acquired) and issued common stock with a value of $249.8 million.

On October 31, 2007, we acquired Global Valley Networks, Inc. and GVN Services (together GVN) through the purchase from Country Road Communications, LLC of 100% of the outstanding common stock of Evans Telephone Holdings, Inc., the parent Company of GVN. The purchase price of $62.0 million was paid with cash on hand.

We have accounted for the acquisitions of Commonwealth and GVN as purchases under U.S. GAAP. Under the purchase method of accounting, the assets and liabilities of Commonwealth and GVN are recorded as of their respective acquisition dates, at their respective fair values, and consolidated with those of Frontier. The reported consolidated financial condition of Frontier as of December 31, 2008, reflects the final allocation of these fair values for Commonwealth and GVN.

The following schedule provides a summary of the final purchase price paid by Frontier in the acquisitions of Commonwealth and GVN:

($ in thousands)	Commonwealth	GVN
Cash paid	$ 804,085	$ 62,001
Value of Frontier common stock issued	249,804	-
Accrued closing costs	469	-
Total Purchase Price	$ 1,054,358	$ 62,001

With respect to our acquisitions of Commonwealth and GVN, the purchase price has been allocated based on fair values to the net tangible and intangible assets acquired and liabilities assumed. The final allocations are as follows:

($ in thousands)	Commonwealth	GVN
Allocation of purchase price:		
Current assets (1)	$ 187,986	$ 1,581
Property, plant and equipment	387,343	23,578
Goodwill	690,262	34,311
Other intangibles	273,800	7,250
Other assets	11,285	812
Current portion of debt	(35,000)	(17)
Accounts payable and other current liabilities	(80,375)	(626)
Deferred income taxes	(143,539)	(3,740)
Convertible notes	(209,553)	-
Other liabilities	(27,851)	(1,148)
Total Purchase Price	$ 1,054,358	$ 62,001

(1) Includes $140.6 million of total acquired cash.

The following unaudited pro forma financial information presents the combined results of operations of Frontier, Commonwealth and GVN as if the acquisitions had occurred at the beginning of each period presented. The historical results of the Company include the results of Commonwealth from the date of its acquisition on March 8, 2007, and GVN from the date of its acquisition on October 31, 2007. The pro forma information is not necessarily indicative of what the financial position or results of operations actually would have been had the acquisitions been completed at the beginning of each period presented. In addition, the unaudited pro forma financial information does not purport to project the future financial position or operating results of Frontier after completion of the acquisitions.

($ in thousands, except per share amounts)	2007	2006
Revenue	$ 2,362,695	$ 2,371,143
Operating income	$ 720,476	$ 717,312
Income from continuing operations	$ 218,428	$ 285,434
Income from discontinued operations	$ -	$ 90,547
Net income available for common shareholders	$ 218,428	$ 375,981
Basic income per common share:		
Income from continuing operations	$ 0.66	$ 0.83
Income from discontinued operations	-	0.26
Net income per common share	$ 0.66	$ 1.09
Diluted income per common share:		
Income from continuing operations	$ 0.66	$ 0.83
Income from discontinued operations	-	0.26
Net income per common share	$ 0.66	$ 1.09

(4) Property, Plant and Equipment:

The components of property, plant and equipment at December 31, 2008 and 2007 are as follows:

($ in thousands)	Estimated Useful Lives	2008	2007
Land	N/A	$ 22,631	$ 23,347
Buildings and leasehold improvements	41 years	344,839	343,826
General support	5 to 17 years	508,825	492,771
Central office/electronic circuit equipment	5 to 11 years	2,959,440	2,855,645
Cable and wire	15 to 60 years	3,623,193	3,484,838
Other	20 to 30 years	24,703	46,620
Construction work in progress		97,429	128,250
		7,581,060	7,375,297
Less: Accumulated depreciation		(4,341,087)	(4,040,053)
Property, plant and equipment, net		$ 3,239,973	$ 3,335,244

Depreciation expense is principally based on the composite group method. Depreciation expense was $379.5 million, $374.4 million and $350.1 million for the years ended December 31, 2008, 2007 and 2006, respectively. Effective with the completion of an independent study of the estimated useful lives of our plant assets we adopted new lives beginning October 1, 2008.

(5) Retained Earnings - Cumulative Effect Adjustment:

In September 2006, the SEC staff issued Staff Accounting Bulletin (SAB) Topic 1N (SAB No. 108), "Financial Statements - Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". SAB No. 108 provides guidance on how prior year misstatements should be taken into consideration when quantifying misstatements in current year financial statements for purposes of determining whether the financial statements are materially misstated. Under this guidance, companies should take into account both the effect of a misstatement on the current year balance sheet as well as the impact upon the current year income statement in assessing the materiality of a current year misstatement. Once a current year misstatement has been quantified, the guidance in SAB Topic 1M, "Financial Statements Materiality," (SAB No. 99) will be applied to determine whether the misstatement is material.

SAB No. 108 allowed for a one-time transitional cumulative effect adjustment to retained earnings as of January 1, 2006 for errors that were not previously deemed material as they were being evaluated under a single method but were material when evaluated under the dual approach prescribed by SAB No. 108. The Company adopted SAB No. 108 in connection with the preparation of its financial statements for the year ended December 31, 2006. The adoption did not have any impact on the Company's cash flow or prior year financial statements. As a result of adopting SAB No. 108 in the fourth quarter of 2006 and electing to use the one-time transitional cumulative effect adjustment, the Company made adjustments to the beginning balance of retained earnings as of January 1, 2006 in the fourth quarter of 2006 for the following errors (all of which were determined to be immaterial under the Company's previous methodology):

Summary of SAB No. 108 entry recorded January 1, 2006:

($ in thousands)	Increase/ (Decrease)
Property, Plant & Equipment	$ 1,990
Goodwill	(3,716)
Other Assets	(20,081)
	$ (21,807)
Current Liabilities	$ (2,922)
Deferred Taxes	(17,339)
Other Long-Term Liabilities	(13,037)
Long-Term Debt	(24,901)
Retained Earnings	36,392
	$ (21,807)

Deferred Tax Accounting. As a result of adopting SAB No. 108 in the fourth quarter of 2006 we recorded a decrease in deferred income tax liabilities in the amount of approximately $23.5 million and an increase in retained earnings of approximately $23.5 million as of January 1, 2006. The change in deferred tax and retained earnings is a result of excess deferred tax liabilities that built up in periods prior to 2004 (approximately $4 million in 2003, $5.4 million in 2002 and $14.1 million in 2001 and prior), resulting primarily from differences between actual state income tax rates and the effective composite state rate utilized for estimating the Company's book state tax provisions.

Goodwill. During 2002, we estimated and booked impairment charges (pre-tax) of $1.07 billion. We subsequently discovered that the impairment charge recorded was overstated as it exceeded the underlying book value by approximately $8.1 million. The result was an understatement of goodwill. We corrected this error by reversing the negative goodwill balance of $8.1 million with an offset to increase retained earnings.

Unrecorded Liabilities. The Company changed its accounting policies associated with the accrual of utilities and vacation expense. Historically, the Company's practice was to expense utility and vacation costs in the period these items were paid, which generally resulted in a full year of utilities and vacation expense in the consolidated statements of operations. The utility costs are now accrued in the period used and vacation costs are accrued in the period earned. The cumulative amount of these changes as of the beginning of fiscal 2006 was approximately $3.0 million and, as provided in SAB No. 108, the impact was recorded as a reduction of retained earnings as of the beginning of fiscal 2006.

We established an accrual of $4.5 million for advance billings associated with certain revenue at two telephone properties that the Company operated since the 1930's. For these two properties, the Company's records have not reflected the liability. This had no impact on the revenue reported for any of the five years reported in this Form 10-K.

We recorded a long-term liability of $2.5 million to recognize a postretirement annuity payment obligation for two former executives of the Company. The liability should have been established in 1999 at the time the two employees elected to exchange their death benefit rights for an annuity payout in accordance with the terms of their respective split-dollar life insurance agreements. We established the liability effective January 1, 2006 in accordance with SAB No. 108 by reducing retained earnings by a like amount.

Long-Term Debt. We recorded a reclassification of $20.1 million from other assets to long-term debt. The amount represents debt discounts which the Company historically accounted for as a deferred asset. For certain debt issuances the Company amortized the debt discount using the straight line method instead of the effective interest method. We corrected this error by increasing the debt discount by $4.8 million and increasing retained earnings by a like amount.

Customer Advances for Construction. Amounts associated with "construction advances" remaining on the Company's balance sheet ($92.4 million at December 31, 2005) included approximately $7.3 million of such contract advances that were transferred to the purchaser of our water and wastewater operations on January 15, 2002 and accordingly should have been included in the gain recognized upon sale during that period. Upon the adoption of SAB No. 108 in the fourth quarter of 2006, this error was corrected as of January 1, 2006 through a decrease in other long-term liabilities and an increase in retained earnings.

Purchase Accounting. During the period 1991 to 2001, Frontier acquired a number of telecommunications businesses, growing its asset base from approximately $400.0 million in 1991 to approximately $6.0 billion by the end of 2001. As a result of these acquisitions, we recorded in accordance with purchase accounting standards, all of the assets and liabilities associated with these properties. We have determined that approximately $18.8 million (net) of liabilities were established in error. Approximately $18.0 million of the liabilities should have been recorded as a decrease to goodwill and $4.2 million should have been an increase to property, plant and equipment ($1.99 million after amortization of $2.21 million). In addition, $4.964 million of liabilities should have been reversed in 2001. We corrected this error by reversing the liability to retained earnings.

As permitted by the adoption of SAB No. 108, we have adjusted our previously recorded acquisition entries as follows:

($ in thousands)	Increase/ (Decrease)
Property, Plant & Equipment	$ 1,990
Goodwill	(18,049)
	$ (16,059)
Current Liabilities	$ (10,468)
Other Long-Term Liabilities	(8,345)
Retained Earnings	2,754
	$ (16,059)

Tax Effect. The net effect on taxes (excluding the $23.5 million entry described above) resulting from the adoption of SAB No. 108 was an increase to deferred tax liabilities of $6.2 million and an increase to goodwill of $6.2 million.

(6) Accounts Receivable:

The components of accounts receivable, net at December 31, 2008 and 2007 are as follows:

($ in thousands)	2008	2007
End user	$ 244,395	$ 244,592
Other	17,977	22,918
Less: Allowance for doubtful accounts	(40,125)	(32,748)
Accounts receivable, net	$ 222,247	$ 234,762

An analysis of the activity in the allowance for doubtful accounts for the years ended December 31, 2008, 2007 and 2006 is as follows:

		Additions				
Allowance for doubtful accounts	Balance at beginning of Period	Balance of acquired properties	Charged to bad debt expense*	Charged to other accounts - Revenue	Deductions	Balance at end of Period
2006	$ 31,385	$ -	$ 20,257	$ 80,003	$ 23,108	$ 108,537
2007	108,537	1,499	31,131	(77,898)	30,521	32,748
2008	32,748	1,150	31,700	2,352	27,825	40,125

* Such amounts are included in bad debt expense and for financial reporting purposes are classified as contra-revenue.

We maintain an allowance for estimated bad debts based on our estimate of collectability of our accounts receivable. Bad debt expense is recorded as a reduction to revenue.

Our allowance for doubtful accounts increased by approximately $78.3 million in 2006 as a result of carrier activity that was in dispute. Our allowance for doubtful accounts (and "end user" receivables) declined from December 31, 2006, primarily as a result of the resolution of our principal carrier dispute. On March 12, 2007, we entered into a settlement agreement with a carrier pursuant to which we were paid $37.5 million, resulting in a favorable impact on our revenue in the first quarter of 2007 of $38.7 million.

(7) Other Intangibles:

The components of other intangibles at December 31, 2008 and 2007 are as follows:

($ in thousands)	2008	2007
Customer base	$ 1,265,052	$ 1,271,085
Trade name	132,664	132,381
Other intangibles	1,397,716	1,403,466
Less: Accumulated amortization	(1,038,042)	(855,731)
Total other intangibles, net	$ 359,674	$ 547,735

Amortization expense was $182.3 million, $171.4 million and $126.4 million for the years ended December 31, 2008, 2007 and 2006, respectively. Amortization expense for 2008 is comprised of $126.3 million for amortization associated with our "legacy" Frontier properties and $56.0 million for intangible assets (customer base and trade name) that were acquired in the Commonwealth and Global Valley acquisitions. As of December 31, 2008, $263.5 million has been allocated to the customer base (five year life) and $10.3 million to the trade name (five year life) acquired in the Commonwealth acquisition, and $7.3 million to the customer base (five year life) acquired in the Global Valley acquisition. Amortization expense, based on our estimate of useful lives, is estimated to be $113.9 million in 2009, $56.2 million in 2010 and 2011 and $11.3 million in 2012.

(8) Discontinued Operations:

Electric Lightwave

On July 31, 2006, we sold our CLEC business, Electric Lightwave, LLC (ELI), for $255.3 million (including a later sale of associated real estate) in cash plus the assumption of approximately $4.0 million in capital lease obligations. We recognized a pre-tax gain on the sale of ELI of approximately $116.7 million. Our after-tax gain on the sale was $71.6 million. Our cash liability for taxes as a result of the sale was approximately $5.0 million due to the utilization of existing tax net operating losses on both the Federal and state level.

In accordance with SFAS No. 144, any component of our business that we dispose of, or classify as held for sale, that has operations and cash flows clearly distinguishable from continuing operations for financial reporting purposes, and that will be eliminated from the ongoing operations, should be classified as discontinued operations. Accordingly, we have classified the results of operations of ELI as discontinued operations in our consolidated statements of operations.

We ceased to record depreciation expense for ELI effective February 2006.

Summarized financial information for ELI for the year ended December 31, 2006 is set forth below:

($ in thousands)	2006
Revenue	$ 100,612
Operating income	$ 27,882
Income taxes	$ 11,583
Net income	$ 18,912
Gain on disposal of ELI, net of tax	$ 71,635

(9) Investments:

Investments at December 31, 2008 and 2007 include equity method investments of $8,044 and $21,191, respectively. Our investments in entities that are accounted for under the equity method of accounting consist of the following: (1) a 50% interest in the C-Don Partnership, acquired in the purchase of Commonwealth, which publishes, manufactures and distributes classified telephone directories in the Commonwealth service territory; (2) a 16.8% interest in the Fairmount Cellular Limited Partnership which is engaged in cellular mobile telephone service in the Rural Service Area (RSA) designated by the FCC as Georgia RSA No. 3; and (3) our investments in CU Capital and CU Trust with relation to our convertible preferred securities that were fully redeemed in the fourth quarter of 2008.

(10) Fair Value of Financial Instruments:

The following table summarizes the carrying amounts and estimated fair values for certain of our financial instruments at December 31, 2008 and 2007. For the other financial instruments, representing cash, accounts receivables, long-term debt due within one year, accounts payable and other accrued liabilities, the carrying amounts approximate fair value due to the relatively short maturities of those instruments. Other equity method investments for which market values are not readily available are carried at cost, which approximates fair value.

The fair value of our long-term debt is estimated based on quoted market prices at the reporting date for those financial instruments.

($ in thousands)	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt (1)	$ 4,721,685	$ 3,651,924	$ 4,736,897	$ 4,708,217

(1) 2007 includes interest rate swaps of $7.9 million and EPPICS of $14.5 million.

(11) Long-Term Debt:

The activity in our long-term debt from December 31, 2007 to December 31, 2008 is summarized as follows:

	Year Ended December 31, 2008							
($ in thousands)	December 31, 2007	Payments	New Borrowings	Interest Rate Swap	Conversion to Common Stock	Reclassification of Related Party Debt	December 31, 2008	Interest Rate* at December 31, 2008
Rural Utilities Service								
Loan Contracts	$ 17,555	$ (948)	$ -	$ -	$ -	$ -	$ 16,607	6.07%
Senior Unsecured Debt	4,715,013	(138,107)	135,000	(7,909)	(1,666)	-	4,702,331	7.54%
EPPICS (see Note 15)	14,521	(3,425)	-	-	(590)	(10,506)	-	
Industrial Development Revenue Bonds	13,550	-	-	-	-	-	13,550	6.31%
TOTAL LONG-TERM DEBT	$ 4,760,639	$(142,480)	$135,000	$(7,909)	$(2,256)	$(10,506)	$4,732,488	7.54%
Less: Debt Discount	(21,294)						(6,946)	
Less: Current Portion	(2,448)						(3,857)	
	$ 4,736,897						$4,721,685	

* Interest rate includes amortization of debt issuance costs, debt premiums or discounts, and deferred gain on interest rate swap terminations. The interest rates for Rural Utilities Service Loan Contracts, Senior Unsecured Debt, and Industrial Development Revenue Bonds represent a weighted average of multiple issuances.

Additional information regarding our Senior Unsecured Debt at December 31:

($ in thousands)	2008 Principal Outstanding	2008 Interest Rate	2007 Principal Outstanding	2007 Interest Rate
Senior Notes:				
Due 5/15/2011	$ 921,276	9.250%	$ 1,050,000	9.250%
Due 10/24/2011	200,000	6.270%	200,000	6.270%
Due 12/31/2012	147,000	2.448% (Variable)	148,500	6.750% (Variable)
Due 1/15/2013	700,000	6.250%	700,000	6.250%
Due 12/31/2013	133,988	2.250% (Variable)	-	
Due 3/15/2015	300,000	6.625%	300,000	6.625%
Due 3/15/2019	450,000	7.125%	450,000	7.125%
Due 1/15/2027	400,000	7.875%	400,000	7.875%
Due 8/15/2031	945,325	9.000%	945,325	9.000%
	4,197,589		4,193,825	
Debentures due 2025 - 2046	468,742	7.137%	468,742	7.137%
Subsidiary Senior Notes due 12/1/2012	36,000	8.050%	36,000	8.050%
CTE Convertible Notes due 7/23/2023	-		8,537	3.250%
Fair value of interest rate swaps	-		7,909	
Total	$ 4,702,331		$ 4,715,013	

During 2008, we retired an aggregate principal amount of $144.7 million of debt, consisting of $128.7 million of 9.25% Senior Notes due 2011, $12.0 million of other senior unsecured debt and rural utilities service loan contracts, and $4.0 million of 5% Company Obligated Mandatorily Redeemable Convertible Preferred Securities due 2036 (EPPICS).

On March 28, 2008, we borrowed $135.0 million under a senior unsecured term loan facility that was established on March 10, 2008. The loan matures in 2013 and bears interest of 2.250% as of December 31, 2008 based on the prime rate or LIBOR, at our election, plus a margin which varies depending on our debt leverage ratio. We used the proceeds to repurchase, during the first quarter of 2008, $128.7 million principal amount of our 9.25% Senior Notes due 2011 and to pay for the $6.3 million of premium on early retirement of these notes.

As of December 31, 2008, EPPICS representing a total principal amount of $197.8 million have been converted into 15,969,645 shares of our common stock. There were no outstanding EPPICS as of December 31, 2008. As a result of the redemption of all outstanding EPPICS as of December 31, 2008, the $10.5 million in debt with related parties was reclassified by the Company against an offsetting investment.

As of December 31, 2008, we had an available line of credit with seven financial institutions in the aggregate amount of $250.0 million. Associated facility fees vary, depending on our debt leverage ratio, and were 0.225% per annum as of December 31, 2008. The expiration date for this $250.0 million five year revolving credit agreement is May 18, 2012. During the term of the credit facility we may borrow, repay and reborrow funds, subject to customary borrowing conditions. The credit facility is available for general corporate purposes but may not be used to fund dividend payments.

On January 15, 2008, we terminated all of our interest rate swap agreements representing $400.0 million notional amount of indebtedness associated with our Senior Notes due in 2011 and 2013. Cash proceeds on the swap terminations of approximately $15.5 million were received in January 2008. The related gain has been deferred on the consolidated balance sheet, and is being amortized into interest expense over the term of the associated debt.

During 2007, we retired an aggregate principal amount of $967.2 million of debt, including $3.3 million of EPPICS and $17.8 million of 3.25% Commonwealth convertible notes that were converted into our common stock. As further described below, we temporarily borrowed and repaid $200.0 million during the month of March 2007, utilized to temporarily fund our acquisition of Commonwealth.

In connection with the acquisition of Commonwealth, we assumed $35.0 million of debt under a revolving credit facility and approximately $191.8 million face amount of Commonwealth convertible notes (fair value of approximately $209.6 million). During March 2007, we paid down the $35.0 million credit facility, and through December 31, 2007, we retired approximately $183.3 million face amount (for which we paid $165.4 million in cash and $36.7 million in common stock) of the convertible notes (premium paid of $18.9 million was recorded as $17.8 million to goodwill and $1.1 million to other income (loss), net). The remaining outstanding balance of $8.5 million was fully redeemed in the fourth quarter of 2008.

On March 23, 2007, we issued in a private placement an aggregate $300.0 million principal amount of 6.625% Senior Notes due 2015 and $450.0 million principal amount of 7.125% Senior Notes due 2019. Proceeds from the sale were used to pay down $200.0 million principal amount of indebtedness borrowed on March 8, 2007 under a bridge loan facility in connection with the acquisition of Commonwealth, and redeem, on April 26, 2007, $495.2 million principal amount of our 7.625% Senior Notes due 2008.

During the first quarter of 2007, we incurred and expensed approximately $4.1 million of fees associated with the bridge loan facility established to temporarily fund our acquisition of Commonwealth. In the second quarter of 2007, we completed an exchange offer (to publicly register the debt) on the $750.0 million in total of private placement notes described above, in addition to the $400.0 million principal amount of 7.875% Senior Notes issued in a private placement on December 22, 2006, for registered Senior Notes due 2027. On April 26, 2007, we redeemed $495.2 million principal amount of our 7.625% Senior Notes due 2008 at a price of 103.041% plus accrued and unpaid interest. The debt retirement generated a pre-tax loss on the early extinguishment of debt at a premium of approximately $16.3 million in the second quarter of 2007 and is included in other income (loss), net. As a result of this debt redemption, we also terminated three interest rate swap agreements hedging an aggregate $150.0 million notional amount of indebtedness. Payments on the swap terminations of approximately $1.0 million were made in the second quarter of 2007.

For the year ended December 31, 2006, we retired an aggregate principal amount of $251.0 million of debt, including $15.9 million of EPPICS that were converted into our common stock.

During the first quarter of 2006, we entered into two debt-for-debt exchanges of our debt securities. As a result, $47.5 million of our 7.625% notes due 2008 were exchanged for approximately $47.4 million of our 9.00% notes due 2031. During the fourth quarter of 2006, we entered into four debt-for-debt exchanges and exchanged $157.3 million of our 7.625% notes due 2008 for $149.9 million of our 9.00% notes due 2031. The 9.00% notes are callable on the same general terms and conditions as the 7.625% notes exchanged. No cash was exchanged in these transactions. However, with respect to the first quarter debt exchanges, a non-cash pre-tax loss of approximately $2.4 million was recognized in accordance with EITF No. 96-19, "Debtor's Accounting for a Modification or Exchange of Debt Instruments," which is included in other income (loss), net, for the year ended December 31, 2006.

On June 1, 2006, we retired at par our entire $175.0 million principal amount of 7.60% Debentures due June 1, 2006.

On June 14, 2006, we repurchased $22.7 million of our 6.75% Senior Notes due August 17, 2006 at a price of 100.181% of par.

On August 17, 2006, we retired at par the $29.1 million remaining balance of the 6.75% Senior Notes.

On December 22, 2006, we issued in a private placement, an aggregate $400.0 million principal amount of 7.875% Senior Notes due January 15, 2027. Proceeds from the sale were used to partially finance the Commonwealth acquisition.

In December 2006, we borrowed $150.0 million under a senior unsecured term loan agreement. The loan matures in 2012 and bears interest based on an average prime rate or London Interbank Offered Rate or LIBOR plus 1 3/8%, at our election. Proceeds were used to partially finance the Commonwealth acquisition.

As of December 31, 2008 we were in compliance with all of our debt and credit facility covenants.

Our principal payments for the next five years are as follows:

($ in thousands)	Principal Payments
2009	$ 3,857
2010	$ 7,236
2011	$ 1,125,143
2012	$ 180,366
2013	$ 829,131

(12) Derivative Instruments and Hedging Activities:

Interest rate swap agreements were used to hedge a portion of our debt that is subject to fixed interest rates. Under our interest rate swap agreements, we agreed to pay an amount equal to a specified variable rate of interest times a notional principal amount, and to receive in return an amount equal to a specified fixed rate of interest times the same notional principal amount. The notional amounts of the contracts were not exchanged. No other cash payments are made unless the agreement is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination and represents the market value, at the then current rate of interest, of the remaining obligations to exchange payments under the terms of the contracts.

On January 15, 2008, we terminated all of our interest rate swap agreements representing $400.0 million notional amount of indebtedness associated with our Senior Notes due in 2011 and 2013. Cash proceeds on the swap terminations of approximately $15.5 million were received in January 2008. The related gain has been deferred on the consolidated balance sheet, and is being amortized into interest expense over the term of the associated debt. For the year ended December 31, 2008, we recognized $5.0 million of deferred gain and anticipate recognizing $3.4 million during 2009.

As of January 16, 2008, we no longer have any derivative instruments. The following disclosure is necessary to understand our historical financial statements.

The interest rate swap contracts are reflected at fair value in our consolidated balance sheets and the related portion of fixed-rate debt being hedged is reflected at an amount equal to the sum of its book value and an amount representing the change in fair value of the debt obligations attributable to the interest rate risk being hedged. Changes in the fair value of interest rate swap contracts, and the offsetting changes in the adjusted carrying value of the related portion of the fixed-rate debt being hedged, are recognized in the consolidated statements of operations in interest expense. The notional amounts of interest rate swap contracts hedging fixed-rate indebtedness as of December 31, 2007 was $400.0 million. Such contracts required us to pay variable rates of interest (average pay rates of approximately 8.54% as of December 31, 2007) and receive fixed rates of interest (average receive rates of 8.50% as of December 31, 2007). The fair value of these derivatives is reflected in other assets as of December 31, 2007 in the amount of $7.9 million. The related underlying debt was increased in 2007 by a like amount. For the years ended December 31, 2007 and 2006, the interest expense resulting from these interest rate swaps totaled approximately $2.4 million and $4.2 million, respectively.

(13) Investment Income:

The components of investment income for the years ended December 31, 2008, 2007 and 2006 are as follows:

($ in thousands)	2008	2007	2006
Interest and dividend income	$ 10,928	$ 32,986	$ 22,172
Gain from Rural Telephone Bank dissolution	-	-	61,428
Equity earnings/minority interest in joint ventures, net	3,576	2,795	(4,164)
Total investment income	$ 14,504	$ 35,781	$ 79,436

(14) Other Income (Loss), net:

The components of other income (loss), net for the years ended December 31, 2008, 2007 and 2006 are as follows:

($ in thousands)	2008	2007	2006
Bridge loan fee	$ -	$ (4,069)	$ -
Premium on debt repurchases	(6,290)	(18,217)	-
Legal fees and settlement costs	(1,037)	-	(1,000)
Gain on expiration/settlement of customer advances, net	4,520	2,031	3,539
Loss on exchange of debt	-	-	(2,433)
Gain on forward rate agreements	-	-	430
Other, net	(2,363)	2,422	2,471
Total other income (loss), net	$ (5,170)	$ (17,833)	$ 3,007

During the first quarter of 2008, we retired certain debt and recognized a pre-tax loss of $6.3 million on the early extinguishment of debt at a premium, mainly for the 9.25% Senior Notes due 2011. During the first quarter of 2007, we incurred $4.1 million of fees associated with a bridge loan facility. In 2007, we retired certain debt and recognized a pre-tax loss of $18.2 million on the early extinguishment of debt at a premium, mainly for the 7.625% Senior Notes due 2008. During 2008, 2007 and 2006, we recognized income of $4.5 million, $2.0 million and $3.5 million, respectively, in connection with certain retained liabilities, that have terminated, associated with customer advances for construction from our disposed water properties. During 2008 and 2006, we recorded legal fees and settlement costs in connection with the Bangor, Maine legal matter of $1.0 million in each year. In connection with our exchange of debt during the first quarter of 2006, we recognized a non-cash, pre-tax loss of $2.4 million. 2006 also includes a gain for the changes in fair value of our forward rate agreements of $0.4 million.

(15) Company Obligated Mandatorily Redeemable Convertible Preferred Securities:

As of December 31, 2008, we fully redeemed the EPPICS related debt outstanding to third parties. The following disclosure provides the history regarding this issue.

In 1996, our consolidated wholly-owned subsidiary, Citizens Utilities Trust (the Trust), issued, in an underwritten public offering, 4,025,000 shares of EPPICS, representing preferred undivided interests in the assets of the Trust, with a liquidation preference of $50 per security (for a total liquidation amount of $201.3 million). These securities had an adjusted conversion price of $11.46 per share of our common stock. The conversion price was reduced from $13.30 to $11.46 during the third quarter of 2004 as a result of the $2.00 per share of common stock special, non-recurring dividend. The proceeds from the issuance of the Trust Convertible Preferred Securities and a Company capital contribution were used to purchase $207.5 million aggregate liquidation amount of 5% Partnership Convertible Preferred Securities due 2036 from another wholly-owned subsidiary, Citizens Utilities Capital L.P. (the Partnership). The proceeds from the issuance of the Partnership Convertible Preferred Securities and a Company capital contribution were used to purchase from us $211.8 million aggregate principal amount of 5% Convertible Subordinated Debentures due 2036. The sole assets of the Trust were the Partnership Convertible Preferred Securities, and our Convertible Subordinated Debentures were substantially all the assets of the Partnership. Our obligations under the agreements related to the issuances of such securities, taken together, constituted a full and unconditional guarantee by us of the Trust's obligations relating to the Trust Convertible Preferred Securities and the Partnership's obligations relating to the Partnership Convertible Preferred Securities.

In accordance with the terms of the issuances, we paid the annual 5% interest in quarterly installments on the Convertible Subordinated Debentures in 2008, 2007 and 2006. Cash was paid (net of investment returns) to the Partnership in payment of the interest on the Convertible Subordinated Debentures. The cash was then distributed by the Partnership to the Trust and then by the Trust to the holders of the EPPICS.

As of December 31, 2008, EPPICS representing a total principal amount of $197.8 million have been converted into 15,969,645 shares of our common stock. There were no outstanding EPPICS as of December 31, 2008. As a result of the redemption of all outstanding EPPICS as of December 31, 2008, the $10.5 million in debt with related parties was reclassified by the Company against an offsetting investment.

We adopted the provisions of FIN No. 46R (revised December 2003) (FIN No. 46R), "Consolidation of Variable Interest Entities," effective January 1, 2004. Accordingly, the Trust holding the EPPICS and the related Citizens Utilities Capital L.P. were deconsolidated.

(16) Capital Stock:

We are authorized to issue up to 600,000,000 shares of common stock. The amount and timing of dividends payable on common stock are, subject to applicable law, within the sole discretion of our Board of Directors.

(17) Stock Plans:

At December 31, 2008, we had five stock-based compensation plans under which grants have been made and awards remained outstanding. These plans, which are described below, are the Management Equity Incentive Plan (MEIP), the 1996 Equity Incentive Plan (1996 EIP), the Amended and Restated 2000 Equity Incentive Plan (2000 EIP), the Non-Employee Directors' Deferred Fee Plan (Deferred Fee Plan) and the Non-Employee Directors' Equity Incentive Plan (Directors' Equity Plan, and together with the Deferred Fee Plan, the Director Plans).

In accordance with the adoption of SFAS No. 123R as of January 1, 2006, we recorded stock-based compensation expense for the cost of our stock options. Compensation expense, recognized in other operating expenses, of $0.0 million, $0.8 million and $2.2 million in 2008, 2007 and 2006, respectively, has been recorded for the cost of our stock options. Our general policy is to issue shares upon the grant of restricted shares and exercise of options from treasury. At December 31, 2008, there were 16,058,182 shares authorized for grant under these plans and 4,170,361 shares available for grant. No further awards may be granted under the MEIP, the 1996 EIP or the Deferred Fee Plan.

In connection with the Director Plans, compensation costs associated with the issuance of stock units was $0.8 million, $1.6 million and $2.0 million in 2008, 2007 and 2006, respectively. Cash compensation associated with the Director Plans was $0.5 million in each of 2008, 2007 and 2006. These costs are recognized in other operating expenses.

We have granted restricted stock awards to key employees in the form of our common stock. The number of shares issued as restricted stock awards during 2008, 2007 and 2006 were 887,000, 722,000 and 732,000, respectively. None of the restricted stock awards may be sold, assigned, pledged or otherwise transferred, voluntarily or involuntarily, by the employees until the restrictions lapse, subject to limited exceptions. The restrictions are time based. At December 31, 2008, 1,702,000 shares of restricted stock were outstanding. Compensation expense, recognized in other operating expenses, of $6.9 million, $6.6 million and $6.0 million, for the years ended December 31, 2008, 2007 and 2006, respectively, has been recorded in connection with these grants.

Management Equity Incentive Plan

Prior to its expiration on June 21, 2000, awards of our common stock could have been granted under the MEIP to eligible officers, management employees and non-management employees in the form of incentive stock options, non-qualified stock options, stock appreciation rights (SARs), restricted stock or other stock-based awards.

Since the expiration of the MEIP, no awards have been or may be granted under the MEIP. The exercise price of stock options issued was equal to or greater than the fair market value of the underlying common stock on the date of grant. Stock options were not ordinarily exercisable on the date of grant but vested over a period of time (generally four years). All stock options granted under the MEIP are vested. Under the terms of the MEIP, subsequent stock dividends and stock splits have the effect of increasing the option shares outstanding, which correspondingly decreases the average exercise price of outstanding options.

1996 and 2000 Equity Incentive Plans

Since the expiration date of the 1996 EIP on May 22, 2006, no awards have been or may be granted under the 1996 EIP. Under the 2000 EIP, awards of our common stock may be granted to eligible officers, management employees and non-management employees in the form of incentive stock options, non-qualified stock options, SARs, restricted stock or other stock-based awards. As discussed under the Non-Employee Directors' Compensation Plans below, prior to May 25, 2006 non-employee directors received an award of stock options under the 2000 EIP upon commencement of service.

At December 31, 2008, there were 13,517,421 shares authorized for grant under the 2000 EIP and 1,940,083 shares available for grant, as adjusted to reflect stock dividends. No awards will be granted more than 10 years after the effective date (May 18, 2000) of the 2000 EIP plan. The exercise price of stock options and SARs under the 2000 and 1996 EIP generally shall be equal to or greater than the fair market value of the underlying common stock on the date of grant. Stock options are not ordinarily exercisable on the date of grant but vest over a period of time (generally four years). Under the terms of the EIPs, subsequent stock dividends and stock splits have the effect of increasing the option shares outstanding, which correspondingly decrease the average exercise price of outstanding options.

On March 17, 2008, the Company adopted the Long-Term Incentive Program (LTIP). The LTIP covers the named executive officers and certain other officers. The LTIP is designed to incent and reward the Company's senior executives if they achieve aggressive growth goals over three-year performance periods (the Measurement Periods). LTIP awards will be granted in shares of the Company's common stock following the applicable Measurement Period if pre-established goals are achieved over the Measurement Period. At the time that the LTIP was adopted, the Compensation Committee approved LTIP target award opportunities for senior executives, as well as the target level for each performance metric, for the 2008-2010 Measurement Period. Minimum financial performance "gates" were set that had to be achieved with respect to revenue and free cash flow growth over the 2008-2010 Measurement Period for any LTIP award to be granted. In February 2009, the Compensation Committee determined that the minimum performance gates were no longer achievable and cancelled the award opportunities for the 2008-2010 Measurement Period. Accordingly, there will be no payouts under the LTIP for the 2008-2010 Measurement Period.

The following summary presents information regarding outstanding stock options and changes with regard to options under the MEIP and the EIPs:

	Shares Subject to Option	Weighted Average Option Price Per Share	Weighted Average Remaining Life in Years	Aggregate Intrinsic Value
Balance at January 1, 2006	7,985,000	$ 11.52	5.3	$ 13,980,000
Options granted	22,000	$ 12.55		
Options exercised	(2,695,000)	$ 9.85		$ 9,606,000
Options canceled, forfeited or lapsed	(70,000)	$ 10.13		
Balance at December 31, 2006	5,242,000	$ 12.41	4.4	$ 14,490,000
Options granted	-	$ -		
Options exercised	(1,254,000)	$ 10.19		$ 6,033,000
Options canceled, forfeited or lapsed	(33,000)	$ 10.79		
Balance at December 31, 2007	3,955,000	$ 13.13	3.4	$ 5,727,000
Options granted	-	$ -		
Options exercised	(187,000)	$ 7.38		$ 743,000
Options canceled, forfeited or lapsed	(55,000)	$ 10.40		
Balance at December 31, 2008	3,713,000	$ 13.46	2.5	$ 495,000

The following table summarizes information about shares subject to options under the MEIP and the EIPs at December 31, 2008:

Options Outstanding				Options Exercisable	
Number Outstanding	Range of Exercise Prices	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Number Exercisable	Weighted Average Exercise Price
525,000	$ 6.45 - 8.19	$ 7.80	2.66	525,000	$ 7.80
541,000	10.44 - 10.44	10.44	4.40	541,000	10.44
200,000	11.15 - 11.15	11.15	1.80	200,000	11.15
476,000	11.79 - 11.79	11.79	2.38	476,000	11.79
167,000	11.90 - 14.27	13.44	4.77	160,000	13.45
582,000	15.02 - 15.02	15.02	1.75	582,000	15.02
640,000	15.94 - 16.74	16.67	1.73	640,000	16.67
582,000	18.46 - 18.46	18.46	1.75	582,000	18.46
3,713,000	$ 6.45 - 18.46	$ 13.46	2.50	3,706,000	$ 13.46

The number of options exercisable at December 31, 2007 and 2006 were 3,938,000 and 4,791,000, with a weighted average exercise price of $13.13 and $12.58, respectively.

Cash received upon the exercise of options during 2008, 2007 and 2006 was $1.4 million, $13.8 million and $27.2 million, respectively. There is no remaining unrecognized compensation cost associated with unvested stock options at December 31, 2008.

For purposes of determining compensation expense, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model which requires the use of various assumptions including expected life of the option, expected dividend rate, expected volatility, and risk-free interest rate. The expected life (estimated period of time outstanding) of stock options granted was estimated using the historical exercise behavior of employees. The risk free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. Expected volatility is based on historical volatility for a period equal to the stock option's expected life, calculated on a monthly basis.

The following table presents the weighted average assumptions used for stock option grants in 2006. No stock option grants were issued in 2007 and 2008 under the MEIP or the EIPs.

	2006
Dividend yield	7.55%
Expected volatility	44%
Risk-free interest rate	4.89%
Expected life	5 years

The following summary presents information regarding unvested restricted stock and changes with regard to restricted stock under the MEIP and the EIPs:

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Fair Value
Balance at January 1, 2006	1,456,000	$ 12.47	$ 17,808,000
Restricted stock granted	732,000	$ 12.87	$ 10,494,000
Restricted stock vested	(642,000)	$ 12.08	$ 9,226,000
Restricted stock forfeited	(372,000)	$ 12.60	
Balance at December 31, 2006	1,174,000	$ 12.89	$ 16,864,000
Restricted stock granted	722,000	$ 15.04	$ 9,187,000
Restricted stock vested	(587,000)	$ 12.94	$ 7,465,000
Restricted stock forfeited	(100,000)	$ 13.95	
Balance at December 31, 2007	1,209,000	$ 14.06	$ 15,390,000
Restricted stock granted	887,000	$ 11.02	$ 7,757,000
Restricted stock vested	(367,000)	$ 13.90	$ 3,209,000
Restricted stock forfeited	(27,000)	$ 13.39	
Balance at December 31, 2008	1,702,000	$ 12.52	$ 14,876,000

For purposes of determining compensation expense, the fair value of each restricted stock grant is estimated based on the average of the high and low market price of a share of our common stock on the date of grant. Total remaining unrecognized compensation cost associated with unvested restricted stock awards at December 31, 2008 was $15.2 million and the weighted average period over which this cost is expected to be recognized is approximately two to three years.

Non-Employee Directors' Compensation Plans

Upon commencement of his or her service on the Board of Directors, each non-employee director receives a grant of 10,000 stock options. These options are currently awarded under the Directors' Equity Plan. Prior to effectiveness of the Directors' Equity Plan on May 25, 2006, these options were awarded under the 2000 EIP. The exercise price of these options, which become exercisable six months after the grant date, is the fair market value (as defined in the relevant plan) of our common stock on the date of grant. Options granted under the Directors' Equity Plan expire on the earlier of the tenth anniversary of the grant date or the first anniversary of termination of service as a director. Options granted to non-employee directors under the 2000 EIP expire on the tenth anniversary of the grant date.

Each non-employee director also receives an annual grant of 3,500 stock units. These units are currently awarded under the Directors' Equity Plan and prior to effectiveness of that plan, were awarded under the Deferred Fee Plan. Since the effectiveness of the Directors' Equity Plan, no further grants have been made under the Deferred Fee Plan. Prior to April 20, 2004, each non-employee director received an award of 5,000 stock options. The exercise price of such options was set at 100% of the fair market value on the date the options were granted. The options were exercisable six months after the grant date and remain exercisable for ten years after the grant date.

In addition, each year, each non-employee director is also entitled to receive a retainer, meeting fees, and, when applicable, fees for serving as a committee chair or as Lead Director. For 2008, each non-employee director had to elect, by December 31 of the preceding year, to receive $40,000 cash or 5,760 stock units as an annual retainer and to receive meeting fees and Lead Director and committee chair stipends in the form of cash or stock units. Stock units are awarded under the Directors' Equity Plan. Directors making a stock unit election must also elect to convert the units to either common stock (convertible on a one-to-one basis) or cash upon retirement or death.

The number of shares of common stock authorized for issuance under the Directors' Equity Plan is 2,540,761, which includes 540,761 shares that were available for grant under the Deferred Fee Plan on the effective date of the Directors' Equity Plan. In addition, if and to the extent that any "plan units" outstanding on May 25, 2006 under the Deferred Fee Plan are forfeited or if any option granted under the Deferred Fee Plan terminates, expires, or is cancelled or forfeited, without having been fully exercised, shares of common stock subject to such "plan units" or options cancelled shall become available under the Directors' Equity Plan. At December 31, 2008, there were 2,230,278 shares available for grant. There were 12 directors participating in the Directors' Plans during all or part of 2008. In 2008, the total options, plan units, and stock earned were 0, 102,673, and 0, respectively. In 2007, the total options, plan units, and stock earned were 10,000, 98,070 and 0, respectively. In 2006, the total options, plan units, and stock earned were 20,000, 81,000 and 0, respectively. Options granted prior to the adoption of the Directors' Equity Plan were granted under the 2000 EIP. At December 31, 2008, 182,951 options were outstanding and exercisable under the Director Plans at a weighted average exercise price of $12.68.

For 2008, each non-employee director received fees of $2,000 for each in-person Board of Directors and committee meeting attended and $1,000 for each telephone Board and committee meeting attended. The chairs of the Audit, Compensation, Nominating and Corporate Governance and Retirement Plan Committees were paid an additional annual fee of $25,000, $15,000, $7,500 and $5,000, respectively. In addition, the Lead Director, who heads the ad hoc committee of non-employee directors, received an additional annual fee of $15,000. A director must elect, by December 31 of the preceding year, to receive meeting and other fees in cash, stock units, or a combination of both. All fees paid to the non-employee directors in 2008 were paid quarterly. If the director elects stock units, the number of units credited to the director's account is determined as follows: the total cash value of the fees payable to the director are divided by 85% of the closing prices of our common stock on the last business day of the calendar quarter in which the fees or stipends were earned. Units are credited to the director's account quarterly. Effective January 1, 2009, the annual fee for the chairs of the Compensation and Retirement Plan Committees were increased to $20,000 and $7,500, respectively. All other fees and retainers remain the same.

We account for the Deferred Fee Plan and Directors' Equity Plan in accordance with SFAS No. 123R. To the extent directors elect to receive the distribution of their stock unit account in cash, they are considered liability-based awards. To the extent directors elect to receive the distribution of their stock unit accounts in common stock, they are considered equity-based awards. Compensation expense for stock units that are considered equity-based awards is based on the market value of our common stock at the date of grant. Compensation expense for stock units that are considered liability-based awards is based on the market value of our common stock at the end of each period.

We had also maintained a Non-Employee Directors' Retirement Plan providing for the payment of specified sums annually to our non-employee directors, or their designated beneficiaries, starting at the director's retirement, death or termination of directorship. In 1999, we terminated this Plan. As of December 31, 2008, the liability for such payments was reduced to $0 as the obligation was fully settled during the second quarter of 2007.

(18) Income Taxes:

The following is a reconciliation of the provision for income taxes for continuing operations computed at Federal statutory rates to the effective rates for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
Consolidated tax provision at federal statutory rate	35.0%	35.0%	35.0%
State income tax provisions, net of federal income tax benefit	2.8%	1.8%	2.1%
Tax reserve adjustment	(1.4)%	1.0%	0.2%
All other, net	0.4%	(0.4)%	(2.4)%
	36.8%	37.4%	34.9%

The components of the net deferred income tax liability (asset) at December 31 are as follows:

($ in thousands)	2008	2007
Deferred income tax liabilities:		
Property, plant and equipment basis differences	$ 642,598	$ 624,426
Intangibles	248,520	275,102
Other, net	15,946	10,431
	907,064	909,959
Deferred income tax assets:		
SFAS No. 158 pension/OPEB liability	146,997	58,587
Tax operating loss carryforward	72,434	83,203
Alternative minimum tax credit carryforward	-	26,658
Employee benefits	62,482	68,791
State tax liability	7,483	10,361
Accrued expenses	19,726	14,818
Bad debts	12,026	4,971
Other, net	14,550	12,700
	335,698	280,089
Less: Valuation allowance	(67,331)	(59,566)
Net deferred income tax asset	268,367	220,523
Net deferred income tax liability	$ 638,697	$ 689,436
Deferred tax assets and liabilities are reflected in the following captions on the consolidated balance sheet:		
Deferred income taxes	$ 670,489	$ 711,645
Other current assets	(31,792)	(22,209)
Net deferred income tax liability	$ 638,697	$ 689,436

Our state tax operating loss carryforward as of December 31, 2008 is estimated at $952.3 million. A portion of our state loss carryforward begins to expire in 2009.

The provision (benefit) for Federal and state income taxes, as well as the taxes charged or credited to shareholders' equity, includes amounts both payable currently and deferred for payment in future periods as indicated below:

($ in thousands)	2008	2007	2006
Income taxes charged to the consolidated statement of operations for continuing operations:			
Current:			
Federal	$ 68,114	$ 37,815	$ 772
State	4,415	9,188	3,676
Total current	72,529	47,003	4,448
Deferred:			
Federal	32,984	75,495	128,534
State	983	5,516	3,497
Total deferred	33,967	81,011	132,031
Subtotal income taxes for continuing operations	106,496	128,014	136,479
Income taxes charged to the consolidated statement of operations for discontinued operations:			
Current:			
Federal	-	-	3,018
State	-	-	2,004
Total current	-	-	5,022
Deferred:			
Federal	-	-	47,732
State	-	-	3,835
Total deferred	-	-	51,567
Subtotal income taxes for discontinued operations	-	-	56,589
Total income taxes charged to the consolidated statement of operations (a)	106,496	128,014	193,068
Income taxes charged (credited) to shareholders' equity:			
Deferred income tax benefits on unrealized/realized gains or losses on securities classified as available-for-sale	-	(11)	(35)
Current benefit arising from stock options exercised and restricted stock	(4,877)	(552)	(3,777)
Deferred income taxes (benefits) arising from the recognition of additional pension/OPEB liability	(88,410)	(6,880)	24,707
Deferred tax benefit from recording adjustments from the adoption of SAB No. 108	-	-	(17,339)
Income taxes charged (credited) to shareholders' equity (b)	(93,287)	(7,443)	3,556
Total income taxes: (a) plus (b)	$ 13,209	$ 120,571	$ 196,624

In July 2006, the FASB issued FASB Interpretation No. (FIN) 48, "Accounting for Uncertainty in Income Taxes." Among other things, FIN No. 48 requires applying a "more likely than not" threshold to the recognition and derecognition of uncertain tax positions either taken or expected to be taken in the Company's income tax returns. We adopted the provisions of FIN No. 48 in the first quarter of 2007. The total amount of our gross FIN No. 48 tax liability for tax positions that may not be sustained under a "more likely than not" threshold amounts to $52.9 million as of December 31, 2008. A decrease of $16.2 million in the balance, including $4.9 million of accrued interest, since December 31, 2007 resulted from the expiration of certain statute of limitations on April 15, 2008. The amount of our total FIN No. 48 tax liabilities reflected above that would positively impact the calculation of our effective income tax rate, if our tax positions are sustained, is $33.4 million as of December 31, 2008.

The Company's policy regarding the classification of interest and penalties is to include these amounts as a component of income tax expense. This treatment of interest and penalties is consistent with prior periods. We have recognized in our consolidated statement of operations for the year ended December 31, 2008, additional interest in the amount of $2.9 million. We are subject to income tax examinations generally for the years 2005 forward for both our Federal and state filing jurisdictions. We also

maintain uncertain tax positions in various state jurisdictions. Amounts related to uncertain tax positions that may change within the next twelve months are not material.

The following table sets forth the changes in the Company's balance of unrecognized tax benefits for the years ended December 31, 2008 and 2007 in accordance with FIN No. 48:

($ in thousands)	2008	2007
Unrecognized tax benefits - beginning of year	$ 59,717	$ 30,332
Gross increases - unrecognized tax benefits acquired via acquisitions	-	8,977
Gross decreases - prior year tax positions	(2,070)	-
Gross increases - current year tax positions	2,379	20,408
Gross decreases - expired statute of limitations	(11,315)	-
Unrecognized tax benefits - end of year	$ 48,711	$ 59,717

The amounts above exclude $4.2 million of accrued interest that we have recorded and would be payable should the Company's tax positions not be sustained.

(19) Net Income Per Common Share:

The reconciliation of the net income per common share calculation for the years ended December 31, 2008, 2007 and 2006 is as follows:

($ in thousands, except per-share amounts)	2008	2007	2006
Net income used for basic and diluted earnings per common share:			
Income from continuing operations	$ 182,660	$ 214,654	$ 254,008
Income from discontinued operations	-	-	90,547
Total basic net income available for common shareholders	$ 182,660	$ 214,654	$ 344,555
Effect of conversion of preferred securities - EPPICS	130	152	401
Total diluted net income available for common shareholders	$ 182,790	$ 214,806	$ 344,956
Basic earnings per common share:			
Weighted-average shares outstanding - basic	317,501	331,037	322,641
Income from continuing operations	$ 0.58	$ 0.65	$ 0.79
Income from discontinued operations	-	-	0.28
Net income per share available for common shareholders	$ 0.58	$ 0.65	$ 1.07
Diluted earnings per common share:			
Weighted-average shares outstanding - basic	317,501	331,037	322,641
Effect of dilutive shares	435	940	931
Effect of conversion of preferred securities - EPPICS	306	401	973
Weighted-average shares outstanding - diluted	318,242	332,378	324,545
Income from continuing operations	$ 0.57	$ 0.65	$ 0.78
Income from discontinued operations	-	-	0.28
Net income per share available for common shareholders	$ 0.57	$ 0.65	$ 1.06

Stock Options

For the years ended December 31, 2008, 2007 and 2006, options to purchase shares of 2,647,000 (at exercise prices ranging from $11.15 to $18.46), 1,804,000 (at exercise prices ranging from $15.02 to $18.46), and 1,917,000 (at exercise prices ranging from $13.45 to $18.46), respectively, issuable under employee compensation plans were excluded from the computation of diluted earnings per share (EPS) for those periods because the exercise prices were greater than the average market price of our common stock and, therefore, the effect would be antidilutive. In calculating diluted EPS we apply the treasury stock method and include future unearned compensation as part of the assumed proceeds.

In addition, for the years ended December 31, 2008, 2007 and 2006, restricted stock awards of 1,702,000, 1,209,000 and 1,174,000 shares, respectively, are excluded from our basic weighted average shares outstanding and included in our dilutive shares until the shares are no longer subject to restriction after the satisfaction of all specified conditions.

EPPICS

There were no outstanding EPPICS at December 31, 2008. At December 31, 2007, we had 80,307 shares of potentially dilutive EPPICS, which were convertible into our common stock at a 4.3615 to 1 ratio at an exercise price of $11.46 per share. If all EPPICS that remained outstanding as of December 31, 2007 were converted, we would have issued approximately 350,259 shares of our common stock. As a result of the September 2004 special, non-recurring dividend, the EPPICS exercise price for conversion into common stock was reduced from $13.30 to $11.46. These securities have been included in the diluted income per common share calculation for the periods ended December 31, 2007 and 2006.

Stock Units

At December 31, 2008, 2007 and 2006, we had 324,806, 225,427 and 319,423 stock units, respectively, issued under the Director Plans and the Non-Employee Directors' Retirement Plan. These securities have not been included in the diluted income per share of common stock calculation because their inclusion would have had an antidilutive effect.

Share Repurchase Programs

In February 2008, our Board of Directors authorized us to repurchase up to $200.0 million of our common stock in public or private transactions over the following twelve-month period. This share repurchase program commenced on March 4, 2008 and was completed on October 3, 2008. During 2008, we repurchased approximately 17.8 million shares of our common stock at an aggregate cost of $200.0 million.

In February 2007, our Board of Directors authorized us to repurchase up to $250.0 million of our common stock in public or private transactions over the following twelve-month period. This share repurchase program commenced on March 19, 2007 and was completed on October 15, 2007. During 2007, we repurchased approximately 17.3 million shares of our common stock at an aggregate cost of $250.0 million.

In February 2006, our Board of Directors authorized us to repurchase up to $300.0 million of our common stock in public or private transactions over the following twelve-month period. This share repurchase program commenced on March 6, 2006. During 2006, we repurchased approximately 10.2 million shares of our common stock at an aggregate cost of $135.2 million. No further purchases were made prior to expiration of this authorization.

(20) Comprehensive Income:

Comprehensive income consists of net income and other gains and losses affecting shareholders' investment and SFAS No. 158 pension/OPEB liabilities that, under GAAP, are excluded from net income.

The components of accumulated other comprehensive loss, net of tax at December 31, 2008 and 2007 are as follows:

($ in thousands)	2008	2007
Pension Costs	$ 376,086	$ 134,276
Postretirement Costs	8,045	2,292
Deferred taxes on pension and OPEB costs	(146,997)	(58,587)
All other	18	14
	$ 237,152	$ 77,995

Our other comprehensive income (loss) for the years ended December 31, 2008, 2007 and 2006 is as follows:

	2008		
($ in thousands)	Before-Tax Amount	Tax Expense/ (Benefit)	Net-of-Tax Amount
Net actuarial loss	$ (252,358)	$ (90,122)	$(162,236)
Amortization of pension and postretirement costs	4,795	1,712	3,083
All other	(4)	-	(4)
Other comprehensive (loss)	$ (247,567)	$ (88,410)	$(159,157)

	2007		
($ in thousands)	Before-Tax Amount	Tax Expense/ (Benefit)	Net-of-Tax Amount
Amortization of pension and postretirement costs	$ (3,023)	$ (6,880)	$ 3,857
All other	35	(12)	47
Other comprehensive income	$ (2,988)	$ (6,892)	$ 3,904

	2006		
($ in thousands)	Before-Tax Amount	Tax Expense/ (Benefit)	Net-of-Tax Amount
Net unrealized holding losses on securities arising during period	$ (92)	$ (35)	$ (57)
SFAS No. 158 pension/postretirement liability	199,653	74,619	125,034
Other comprehensive income	$ 199,561	$ 74,584	$ 124,977

(21) Segment Information:

We operate in one reportable segment, Frontier. Frontier provides both regulated and unregulated voice, data and video services to residential, business and wholesale customers and is typically the incumbent provider in its service areas.

As permitted by SFAS No. 131, we have utilized the aggregation criteria in combining our operating segments because all of our Frontier properties share similar economic characteristics, in that they provide the same products and services to similar customers using comparable technologies in all of the states in which we operate. The regulatory structure is generally similar. Differences in the regulatory regime of a particular state do not materially impact the economic characteristics or operating results of a particular property.

(22) Quarterly Financial Data (Unaudited):

($ in thousands, except per share amounts)

2008	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenue	$ 569,205	$ 562,550	$ 557,871	$ 547,392	$ 2,237,018
Operating income	164,312	161,969	164,241	151,934	642,456
Net income	45,589	55,778	46,995	34,298	182,660
Net income available for common shareholders per basic share	$ 0.14	$ 0.17	$ 0.15	$ 0.11	$ 0.58
Net income available for common shareholders per diluted share	$ 0.14	$ 0.17	$ 0.15	$ 0.11	$ 0.57
2007					
Revenue	$ 556,147	$ 578,826	$ 575,814	$ 577,228	$ 2,288,015
Operating income	193,302	171,298	165,925	174,891	705,416
Net income	67,667	40,559	47,415	59,013	214,654
Net income available for common shareholders per basic share	$ 0.21	$ 0.12	$ 0.14	$ 0.18	$ 0.65
Net income available for common shareholders per diluted share	$ 0.21	$ 0.12	$ 0.14	$ 0.18	$ 0.65

The quarterly net income per common share amounts are rounded to the nearest cent. Annual net income per common share may vary depending on the effect of such rounding. Our quarterly results include the results of operations of Commonwealth from the date of its acquisition on March 8, 2007 and of GVN from the date of its acquisition on October 31, 2007. See Notes 13 and 14 for a description of miscellaneous transactions impacting our quarterly results.

(23) Retirement Plans:

We sponsor a noncontributory defined benefit pension plan covering a significant number of our former and current employees and other postretirement benefit plans that provide medical, dental, life insurance and other benefits for covered retired employees and their beneficiaries and covered dependents. The benefits are based on years of service and final average pay or career average pay. Contributions are made in amounts sufficient to meet ERISA funding requirements while considering tax deductibility. Plan assets are invested in a diversified portfolio of equity and fixed-income securities and alternative investments.

The accounting results for pension and other postretirement benefit costs and obligations are dependent upon various actuarial assumptions applied in the determination of such amounts. These actuarial assumptions include the following: discount rates, expected long-term rate of return on plan assets, future compensation increases, employee turnover, healthcare cost trend rates, expected retirement age, optional form of benefit and mortality. We review these assumptions for changes annually with our independent actuaries. We consider our discount rate and expected long-term rate of return on plan assets to be our most critical assumptions.

The discount rate is used to value, on a present value basis, our pension and other postretirement benefit obligations as of the balance sheet date. The same rate is also used in the interest cost component of the pension and postretirement benefit cost determination for the following year. The measurement date used in the selection of our discount rate is the balance sheet date. Our discount rate assumption is determined annually with assistance from our actuaries based on the pattern of expected future benefit payments and the prevailing rates available on long-term, high quality corporate bonds that approximate the benefit obligation. In making this determination we consider, among other things, the yields on the Citigroup Pension Discount Curve, the Citigroup Above-Median Pension Curve, the general movement of interest rates and the changes in those rates from one period to the next. This rate can change from year-to-year based on market conditions that impact corporate bond yields. Our discount rate was 6.50% at year-end 2008 and 2007.

The expected long-term rate of return on plan assets is applied in the determination of periodic pension and postretirement benefit cost as a reduction in the computation of the expense. In developing the expected long-term rate of return assumption, we considered published surveys of expected market returns, 10 and 20 year actual returns of various major indices, and our own historical 5-year, 10-year and 20-year investment returns. The expected long-term rate of return on plan assets is based on an asset allocation assumption of 35% to 55% in fixed income securities, 35% to 55% in equity securities and 5% to 15% in alternative investments. We review our asset allocation at least annually and make changes when considered appropriate. Our asset return assumption is made at the beginning of our fiscal year. In 2008, we did not change our expected long-term rate of return from the 8.25% used in 2007. Our pension plan assets are valued at actual market value as of the measurement date. The measurement date used to determine pension and other postretirement benefit measures for the pension plan and the postretirement benefit plan is December 31.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS No. 158). We adopted SFAS No. 158 prospectively on December 31, 2006. SFAS No. 158 requires that we recognize all obligations related to defined benefit pensions and other postretirement benefits. SFAS No. 158 also requires that we quantify the plans' funded status as an asset or a liability on our consolidated balance sheets.

SFAS No. 158 requires that we measure the plan's assets and obligations that determine our funded status as of the end of the fiscal year. We are also required to recognize as a component of Other Comprehensive Income "OCI" the changes in funded status that occurred during the year that are not recognized as part of net periodic benefit cost as explained in SFAS No. 87, "Employers' Accounting for Pensions," or SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

Based on the funded status of our defined benefit pension and postretirement benefit plans as of December 31, 2006, we reported a gain (net of tax) to our AOCI of $41.4 million, a decrease of $66.1 million to accrued pension obligations and an increase of $24.7 million to accumulated deferred income taxes. Our adoption of SFAS No. 158 on December 31, 2006, had no impact on our earnings. The following tables present details about our pension plans.

Pension Benefits

The following tables set forth the plan's projected benefit obligations and fair values of plan assets as of December 31, 2008 and 2007 and net periodic benefit cost for the years ended December 31, 2008, 2007 and 2006:

($ in thousands)	2008	2007
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	$ 820,404	$ 780,719
Commonwealth plan as of acquisition date	-	107,047
Service cost	6,005	9,175
Interest cost	52,851	50,948
Actuarial loss/(gain)	20,230	(26,524)
Benefits paid	(69,465)	(87,049)
Curtailment	-	(14,379)
Special termination benefits	1,662	467
Projected benefit obligation at end of year	$ 831,687	$ 820,404
Change in plan assets		
Fair value of plan assets at beginning of year	$ 822,165	$ 770,182
Commonwealth plan as of acquisition date	-	92,175
Actual return on plan assets	(162,924)	46,857
Benefits paid	(69,465)	(87,049)
Fair value of plan assets at end of year	$ 589,776	$ 822,165
(Accrued)/Prepaid benefit cost		
Funded status	$(241,911)	$ 1,761
Amounts recognized in the consolidated balance sheet		
Other assets/(other long-term liabilities)	$(241,911)	$ 1,761
Accumulated other comprehensive income	$ 376,086	$ 134,276

($ in thousands)	Expected 2009	2008	2007	2006
Components of net periodic benefit cost				
Service cost		$ 6,005	$ 9,175	$ 6,811
Interest cost on projected benefit obligation		52,851	50,948	45,215
Expected return on plan assets		(65,256)	(67,467)	(60,759)
Amortization of prior service cost/(credit)	(255)	(255)	(255)	(255)
Amortization of unrecognized loss	26,824	6,855	7,313	11,871
Net periodic benefit cost/(income)		200	(286)	2,883
Plan curtailment gain		-	(14,379)	-
Special termination charge		1,662	467	1,809
Total periodic benefit cost/(income)		$ 1,862	$ (14,198)	$ 4,692

Effective December 30, 2007, the CTE Employees' Pension Plan was frozen for all non-union Commonwealth employees. No additional benefit accruals for service rendered subsequent to December 30, 2007 will occur for those participants. As a result of this plan change and in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," a gain on pension curtailment of $14.4 million was recorded in 2007 and included in other operating expenses in the consolidated statement of operations. Also, effective December 31, 2007, the CTE Employees' Pension Plan was merged into the Frontier Pension Plan.

The plan's weighted average asset allocations at December 31, 2008 and 2007 by asset category are as follows:

Asset category:	2008	2007
Equity securities	42%	51%
Debt securities	48%	38%
Alternative investments	9%	9%
Cash and other	1%	2%
Total	100%	100%

The plan's expected benefit payments over the next 10 years are as follows:

($ in thousands)

Year	Amount
2009	$ 60,601
2010	61,944
2011	63,272
2012	66,642
2013	67,678
2014 - 2018	343,791
Total	$ 663,928

We expect that no contribution will be made by us to the pension plan in 2009.

The accumulated benefit obligation for the plan was $818.9 million and $805.0 million at December 31, 2008 and 2007, respectively.

Assumptions used in the computation of annual pension costs and valuation of the year-end obligations were as follows:

	2008	2007	2006
Discount rate - used at year end to value obligation	6.50%	6.50%	6.00%
Discount rate - used to compute annual cost	6.50%	6.00%	5.625%
Expected long-term rate of return on plan assets	8.25%	8.25%	8.25%
Rate of increase in compensation levels	3.00%	3.50%	4.00%

Postretirement Benefits Other Than Pensions - "OPEB"

The following table sets forth the plans' benefit obligations, fair values of plan assets and the postretirement benefit liability recognized on our consolidated balance sheets at December 31, 2008 and 2007 and net periodic postretirement benefit costs for the years ended December 31, 2008, 2007 and 2006.

($ in thousands)	2008	2007
Change in benefit obligation		
Benefit obligation at beginning of year	$ 174,602	$ 159,931
Commonwealth plan as of date of acquisition	-	996
Service cost	444	533
Interest cost	11,255	10,241
Plan participants' contributions	3,753	3,370
Actuarial loss	3,917	15,620
Benefits paid	(15,261)	(15,064)
Plan change	(95)	(1,025)
Benefit obligation at end of year	$ 178,615	$ 174,602
Change in plan assets		
Fair value of plan assets at beginning of year	$ 9,369	$ 11,869
Actual return on plan assets	388	814
Plan participants' contributions	3,753	3,370
Employer contribution	9,888	8,380
Benefits paid	(15,261)	(15,064)
Fair value of plan assets at end of year	$ 8,137	$ 9,369
Accrued benefit cost		
Funded status	$(170,478)	$(165,233)
Amounts recognized in the consolidated balance sheet		
Current liabilities	$ (8,916)	$ (8,498)
Other long-term liabilities	$(161,562)	$(156,735)
Accumulated other comprehensive income	$ 8,045	$ 2,292

($ in thousands)	Expected 2009	2008	2007	2006
Components of net periodic postretirement benefit cost				
Service cost		$ 444	$ 533	$ 664
Interest cost on projected benefit obligation		11,255	10,241	8,974
Expected return on plan assets		(514)	(578)	(889)
Amortization of prior service cost	(7,750)	(7,751)	(7,735)	(7,589)
Amortization of unrecognized loss	5,514	5,946	6,099	4,678
Net periodic postretirement benefit cost		$ 9,380	$ 8,560	$ 5,838

Assumptions used in the computation of annual OPEB costs and valuation of the year-end OPEB obligations were as follows:

	2008	2007	2006
Discount rate - used at year end to value obligation	6.50%	6.50%	6.00%
Discount rate - used to compute annual cost	6.50%	6.00%	5.625%
Expected long-term rate of return on plan assets	6.00%	6.00%	8.25%

The plans' weighted average asset allocations at December 31, 2008 and 2007 by asset category are as follows:

	2008	2007
Asset category:		
Equity securities	0%	0%
Debt securities	100%	100%
Cash and other	0%	0%
Total	100%	100%

The plans' expected benefit payments over the next 10 years are as follows:

($ in thousands)

Year	Gross Benefits	Medicare Part D Subsidy	Total
2009	$ 13,137	$ 397	$ 12,740
2010	13,578	464	13,114
2011	14,146	533	13,613
2012	14,314	647	13,667
2013	14,657	748	13,909
2014 - 2018	75,959	5,330	70,629
Total	$ 145,791	$ 8,119	$ 137,672

Our expected contribution to the plans in 2009 is $12.7 million.

For purposes of measuring year-end benefit obligations, we used, depending on medical plan coverage for different retiree groups, a 9% annual rate of increase in the per-capita cost of covered medical benefits, gradually decreasing to 5% in the year 2017 and remaining at that level thereafter. The effect of a 1% increase in the assumed medical cost trend rates for each future year on the aggregate of the service and interest cost components of the total postretirement benefit cost would be $0.7 million and the effect on the accumulated postretirement benefit obligation for health benefits would be $10.0 million. The effect of a 1% decrease in the assumed medical cost trend rates for each future year on the aggregate of the service and interest cost components of the total postretirement benefit cost would be $(0.6) million and the effect on the accumulated postretirement benefit obligation for health benefits would be $(8.7) million.

In December 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act) became law. The Act introduces a prescription drug benefit under Medicare. It includes a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare Part D benefit. The amount of the federal subsidy is based on 28% of an individual beneficiary's annual eligible prescription drug costs ranging between $250 and $5,000. We have determined that the Company-sponsored postretirement healthcare plans that provide prescription drug benefits are actuarially equivalent to the Medicare Prescription Drug benefit. The impact of the federal subsidy has been incorporated into the calculation.

The amounts in accumulated other comprehensive income that have not yet been recognized as components of net periodic benefit cost at December 31, 2008 and 2007 are as follows:

($ in thousands)	Pension Plan		OPEB	
	2008	2007	2008	2007
Net actuarial loss	$ 377,183	$ 135,627	$ 47,252	$ 49,154
Prior service cost/(credit)	(1,097)	(1,351)	(39,207)	(46,862)
Total	$ 376,086	$ 134,276	$ 8,045	$ 2,292

The amounts recognized as a component of accumulated comprehensive income for the years ended December 31, 2008 and 2007 are as follows:

($ in thousands)	Pension Plan 2008	Pension Plan 2007	OPEB 2008	OPEB 2007
Accumulated other comprehensive income at beginning of year	$ 134,276	$ 147,248	$ 2,292	$ (13,703)
Net actuarial gain (loss) recognized during year	(6,655)	(7,313)	(5,946)	(6,099)
Prior service (cost)/credit recognized during year	255	255	7,751	7,735
Net actuarial loss (gain) occurring during year	248,410	(5,914)	4,043	15,384
Prior service cost (credit) occurring during year	-	-	(95)	(1,025)
Net amount recognized in comprehensive income for the year	241,810	(12,972)	5,753	15,995
Accumulated other comprehensive income at end of year	$ 376,086	$ 134,276	$ 8,045	$ 2,292

401(k) Savings Plans

We sponsor employee retirement savings plans under section 401(k) of the Internal Revenue Code. The plans cover substantially all full-time employees. Under the plans, we provide matching contributions and also provide certain profit-sharing contributions to certain employees upon the attainment of pre-established financial criteria. Employer contributions were $5.0 million, $4.9 million and $4.7 million for 2008, 2007 and 2006, respectively. The amount for 2007 includes employer contributions of $0.4 million for CTE employees under a separate Commonwealth plan. Also, effective December 31, 2007, the Commonwealth Builder 401(k) Plan was merged into the Frontier 401(k) Savings Plan.

(24) Commitments and Contingencies:

On June 24, 2004, one of our subsidiaries, Frontier Subsidiary Telco, Inc., received a "Notice of Indemnity Claim" from Citibank, N.A., that is related to a complaint pending against Citibank and others in the U.S. Bankruptcy Court for the Southern District of New York as part of the Global Crossing bankruptcy proceeding. Citibank bases its claim for indemnity on the provisions of a credit agreement that was entered into in October 2000 between Citibank and our subsidiary. We purchased Frontier Subsidiary Telco, Inc., in June 2001 as part of our acquisition of the Frontier telephone companies. The complaint against Citibank, for which it seeks indemnification, alleges that the seller improperly used a portion of the proceeds from the Frontier transaction to pay off the Citibank credit agreement, thereby defrauding certain debt holders of Global Crossing North America Inc. Although the credit agreement was paid off at the closing of the Frontier transaction, Citibank claims the indemnification obligation survives. Damages sought against Citibank and its co-defendants could exceed $1.0 billion. In August 2004, we notified Citibank by letter that we believe its claims for indemnification are invalid and are not supported by applicable law. In 2005, Citibank moved to dismiss the underlying complaint against it. That motion is currently pending. We have received no further communications from Citibank since our August 2004 letter.

We are party to various other legal proceedings arising in the normal course of our business. The outcome of individual matters is not predictable. However, we believe that the ultimate resolution of all such matters, after considering insurance coverage, will not have a material adverse effect on our financial position, results of operations, or our cash flows.

We anticipate capital expenditures of approximately $250.0 million to $270.0 million for 2009. Although we from time to time make short-term purchasing commitments to vendors with respect to these expenditures, we generally do not enter into firm, written contracts for such activities.

We conduct certain of our operations in leased premises and also lease certain equipment and other assets pursuant to operating leases. The lease arrangements have terms ranging from 1 to 99 years and several contain rent escalation clauses providing for increases in monthly rent at specific intervals. When rent escalation clauses exist, we record total expected rent payments on a straight-line basis over the lease term. Certain leases also have renewal options. Renewal options that are reasonably assured are included in determining the lease term. Future minimum rental commitments for all long-term noncancelable operating leases as of December 31, 2008 are as follows:

($ in thousands)	Operating Leases
Year ending December 31:	
2009	$ 22,654
2010	11,288
2011	10,211
2012	6,835
2013	5,946
Thereafter	9,566
Total minimum lease payments	$ 66,500

Total rental expense included in our consolidated statements of operations for the years ended December 31, 2008, 2007 and 2006 was $24.3 million, $23.6 million and $16.3 million, respectively.

We are a party to contracts with several unrelated long distance carriers. The contracts provide fees based on traffic they carry for us subject to minimum monthly fees.

At December 31, 2008, the estimated future payments for obligations under our noncancelable long distance contracts and service agreements are as follows:

($ in thousands)

Year	Amount
2009	$ 23,286
2010	9,937
2011	259
2012	165
2013	165
Thereafter	330
Total	$ 34,142

We sold all of our utility businesses as of April 1, 2004. However, we have retained a potential payment obligation associated with our previous electric utility activities in the State of Vermont. The Vermont Joint Owners (VJO), a consortium of 14 Vermont utilities, including us, entered into a purchase power agreement with Hydro-Quebec in 1987. The agreement contains "step-up" provisions that state that if any VJO member defaults on its purchase obligation under the contract to purchase power from Hydro-Quebec, then the other VJO participants will assume responsibility for the defaulting party's share on a pro-rata basis. Our pro-rata share of the purchase power obligation is 10%. If any member of the VJO defaults on its obligations under the Hydro-Quebec agreement, then the remaining members of the VJO, including us, may be required to pay for a substantially larger share of the VJO's total power purchase obligation for the remainder of the agreement (which runs through 2015). Paragraph 13 of FIN No. 45 requires that we disclose "the maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee." Paragraph 13 also states that we must make such disclosure "... even if the likelihood of the guarantor's having to make any payments under the guarantee is remote..." As noted above, our obligation only arises as a result of default by another VJO member, such as upon bankruptcy. Therefore, to satisfy the "maximum potential amount" disclosure requirement we must assume that all members of the VJO simultaneously default, a highly unlikely scenario given that the two members of the VJO that have the largest potential payment obligations are publicly traded with credit ratings equal to or superior to ours, and that all VJO members are regulated utility providers with regulated cost recovery. Despite the remote chance that such an event could occur, or that the State of Vermont could or would allow such an event, assuming that all the members of the VJO defaulted on January 1, 2009 and remained in default for the duration of the contract (another 7 years), we estimate that our undiscounted purchase obligation for 2009 through 2015 would be

approximately $0.8 billion. In such a scenario the Company would then own the power and could seek to recover its costs. We would do this by seeking to recover our costs from the defaulting members and/or reselling the power to other utility providers or the northeast power grid. There is an active market for the sale of power. We could potentially lose money if we were unable to sell the power at cost. We caution that we cannot predict with any degree of certainty any potential outcome.

At December 31, 2008, we have outstanding performance letters of credit as follows:

($ in thousands)	
CNA	$ 20,844
State of New York	1,042
Total	$ 21,886

CNA serves as our agent with respect to general liability claims (auto, workers compensation and other insured perils of the Company). As our agent, they administer all claims and make payments for claims on our behalf. We reimburse CNA for such services upon presentation of their invoice. To serve as our agent and make payments on our behalf, CNA requires that we establish a letter of credit in their favor. CNA could potentially draw against this letter of credit if we failed to reimburse CNA in accordance with the terms of our agreement. The value of the letter of credit is reviewed annually and adjusted based on claims history.

None of the above letters of credit restrict our cash balances.

FRONTIER COMMUNICATIONS CORPORATION

NON-EMPLOYEE DIRECTORS' DEFERRED FEE EQUITY PLAN

(Pre-2007 Plan, with Amendments for Section 409A)

ARTICLE 1
PURPOSES OF THE PLAN

1.1 Purposes.

The Frontier Communications Corporation Non-Employee Directors' Deferred Fee Equity Plan (the "Plan") was effective for the period beginning June 28, 1994 and ending May 25, 2006. During this period, its purpose was to provide each Director with an opportunity to defer some or all of the Director's Fees and receive compensation for services in the form of options to purchase Frontier's Common Stock or in Plan Units which are equivalent to Frontier's Common Stock. The Plan implemented corporate policy that all employees, officers and directors are to be encouraged to share in the Company's long-term prospects by taking part of their compensation in Common Stock and options.

1.2 Introduction.

The Plan, as amended, is comprised of three separate plans that were combined into the Plan for administrative convenience.

The Plan consists of an option plan (referred to as the "Option Plan") through which a Director could elect to receive his or her Fees in an equivalent amount of options to purchase Common Stock. The provisions of Articles 3 and 4 of the Plan apply exclusively to the Option Plan.

The Plan also includes a separate stock plan through which a Director could elect (a "Stock Plan Election") to receive his or her Fees for the next calendar year (or a shorter period in the case of 1994 or a newly elected Director) in an equivalent amount of Plan Units paid out upon termination of directorship (the "Stock Plan"). The provisions of Articles 5, 6 and 7 apply exclusively to the Stock Plan.

The Plan also includes a formula stock option plan under which each Director was automatically granted an option to purchase shares of Common Stock on January 1 of each year, starting with 1997 (the "Formula Plan"). The provisions of Article 12 apply exclusively to the Formula Plan.

In December 2008, the Plan was amended to allow certain deferrals under the Plan that were earned or vested after 2004 to comply with the requirements of Code Section 409A, effective as of January 1, 2005. All grants made under the Option Plan and the Formula Stock Plan were earned and vested prior to 2005 and, therefore, are grandfathered under Code Section 409A, except to the extent materially modified.

ARTICLE 2
DEFINITIONS

As used herein, the following words shall have following meanings unless otherwise specifically provided:

2.1 "Accounting Date" means, for purposes of the Stock Plan, each January 1, April 1, July 1 and October 1, except that the first Accounting Date in 1995 shall be February 1.

2.2 "Administrator" means the person or persons appointed by the Board of Directors to represent the Company in the administration of the Plan pursuant to the provisions of Article 10.1.

2.3 "Act" means the Securities Act of 1933.

2.4 "Applicable Rate of Interest" means, as of any date, 120% of the then-applicable Federal rate of interest pursuant to the Code. The Federal short-term rate of interest shall be the interest component applicable to deferred Fees from the date of deferral until the date of investment in Plan Units under the Stock Plan. The Federal medium term rate of interest shall apply to distributions in annual installments deferred after Separation from Service pursuant to the Stock Plan.

2.5 "Beneficiary" means the person or persons designated in writing by the Participant as entitled to receive a Stock Plan Participant's Account upon his death, or to exercise an Option Plan Participant's Option upon his death, or failing such designation, the person or persons who, upon the death of a Participant, shall have acquired by will, or the laws of descent and distribution, the right to receive the benefits specified under this Plan. Beneficiary designations shall be made in writing and delivered to the Administrator and shall comply with any applicable state law relating to testamentary dispositions and other requirements. A Participant may designate a new Beneficiary or Beneficiaries at any time by notifying the Administrator. The last such designation received by the Administrator shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Administrator prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. "Beneficiary" shall include the person or persons who, upon the disability or incompetence of a Participant, shall have acquired on behalf of the Participant, by legal proceeding or otherwise, the right to receive the benefits specified in this Plan on behalf of the Participant.

2.6 "Board of Directors" means the Board of Directors of the Company.

2.7 "Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. (All citations to Sections of the Code are to such Sections as they are currently designated and reference to such Sections shall include the provisions thereof as they may from time to time be amended or renumbered as well as any successor provisions and any applicable regulations.)

2.8 "Company" means Frontier Communications Corporation and its successors and assigns.

2.9 "Common Stock" means Common Stock Series B, par value $.25 per share, of the Company or any successor Common Stock.

2.10 "Director" means any director of the Company who is not a full-time employee of the Company. For the purposes of the Plan, an individual who is both a full-time employee of the Company and a director of the Company and therefore ineligible to participate in the Plan and who ceases to be a full-time employee but remains in office as a director shall become eligible to participate in the Plan as a Director as of the termination of his or her service as a full-time employee.

2.11 "Effective Date" means, for Option Plan Elections before July 20, 1994, August 1, 1994; and for other Option Plan Elections, the next January 1.

2.12 "Exchange Act" means the Securities Exchange Act of 1934. "Rule 16b-3" shall mean such rule promulgated by the Securities and Exchange Commission under the Exchange Act and, unless the circumstances require otherwise, shall include any other rule or regulation adopted under Sections 16(a) or 16(b) of the Exchange Act relating to compliance with, or an exemption from, Section 16(b). Reference to any section of the Exchange Act or any rule promulgated thereunder shall include any successor section or rule.

2.13 "Fair Market Value" means, unless another reasonable method for determining fair market value is specified by the Committee, the average of the high and low sales prices of a share of the Common Stock as reported by the New York Stock Exchange (or if such shares are listed on another national stock exchange or national quotation system, as reported or quoted by such exchange or system) on the date in question or, if no such sales were reported for such date, for the most recent date on which sales prices were quoted.

2.14 "Family Entity," "Family Member Transfer," "Family Transferee" and "Family Trust" mean such terms as defined in Section 4.8.

2.15 "Option Plan Committee" means the Committee described in Section 10.1 hereof to administer the Option Plan.

2.16 "Option Plan Election" is an election to receive Options equivalent in value to Option Plan Fees to be earned during the period August 1 - December 31, 1994 or during one or more subsequent Plan Years.

2.17 "Option Plan Fees" are those Directors' Fees which may be the subject of an Option Plan Election. These are limited to future retainer fees at the rate in effect in the year in which the Option Plan Election is made and board and committee meeting fees, up to a maximum of $30,000 per year. Option Plan Fees for 1994 shall be limited to $12,500.

2.18 "Option Plan Participant" means a Director who has elected to receive Directors' Fees in the form of Options.

2.19 "Option Value" - For each Option Plan Election, the options granted hereunder shall be in an amount equivalent to the value of the Directors' Fees subject to such Option Plan Election. In order to implement this standard, the Board of Directors has determined at the time of adoption of the Plan that the "Option Value" of an Option with the terms and conditions of the Option described herein to purchase one share of Common Stock of the Company is 20% of the Fair Market Value of such share on the Effective Date of the Option in question.

2.20 "Plan" means this Frontier Communications Corporation Pre-2007 Non-Employee Directors Deferred Fee Equity Plan With Amendments for Code Section 409A.

2.21 "Plan Unit" shall mean a credit established in a Participant's Stock Plan Account reflecting the number of shares of Common Stock which could be purchased at Fair Market Value as of each Accounting Date as provided in Section 6.1. A Plan Unit shall be deemed to be the equivalent of a share of Common Stock and shall be subject to adjustment in the event of change in Common Stock as provided in Section 11.5.

2.22 "Plan Year" means the fiscal year of the Company, currently the twelve-month period ended December 31.

2.23 "Separation from Service" means a Stock Plan Participant's separation from service with the Company, within the meaning of Code Section 409A(a)(2)(A)(i) and taking into account the special rules for directors in Treasury Regulation ss. 1.409A-1(h)(5). The term may also be used as a verb (i.e., "Separates from Service") with no change in meaning.

2.24 "Stock Plan Account" shall mean the account established for each Participant to reflect the amount of Fees which such Participant has elected to defer under the Stock Plan, any interest component, all Plan Units which have been acquired with such Fees and interest component and any Plan Units provided under Section 6.4 of Article 6.

2.25 "Stock Plan Committee" means the Committee described in Section 10.1 hereof to administer the Stock Plan.

2.26 "Stock Plan Election" means a Stock Plan Participant's delivery of a written notice of election to the Administrator (a) electing to defer payment of his or her Fees, and (b) further electing to receive payment of his or her Stock Plan Account either (i) at Time of Distribution in either (A) Common Stock or (B) cash, or (ii) in installments in cash annually over a five-year period. All such elections shall be irrevocable except as otherwise provided in this Plan.

2.27 "Stock Plan Fees", "Director Fees" and "Fees" each mean the retainer fees and Board of Directors and committee meeting attendance fees unless the context otherwise requires.

2.28 "Stock Plan Participant" means (i) a Director who has elected to defer payment of all or a portion of his or her Stock Plan Fees or (ii) a Director who has been awarded Plan Units under Section 6.4 of Article 6.

2.29 "Termination" means retirement from the Board of Directors or termination of service as a Director for death, disability or any other reason.

2.30 "Time of Distribution" means a date ten calendar days after Termination (or Separation from Service, with respect to the portion of a Stock Plan Account that is subject to Code Section 409A), except as may be otherwise specified in Article 7; provided that, if payment is to be made in cash and the Time of Distribution is within six months after the date of acquisition or crediting of Plan Units within the contemplation of Rule 16b-3(c)(1) or any successor rule under the Exchange Act, the Time of Distribution shall be delayed, solely for such Plan Units, until more than six months shall have elapsed from the date of acquisition or crediting of such Plan Units.

2.31 "Trust Agreement" means any Trust Agreement entered into between the Company and any Trustee in connection with the Plan.

2.32 "Trustee" means any entity named as Trustee in the Trust Agreement, or any successor corporate Trustee thereunder.

ARTICLE 3
ELECTIONS BY OPTION PLAN PARTICIPANTS

3.1 Directors may elect to receive Fees in the form of Options.

Option Plan Fees to be earned by Directors for the Plan Years 1995 through 1999 may, at the election of a Director, be received as Options as herein provided. Option Plan Fees to be earned by Directors for the period August 1, 1994 through December 31, 1994 may also, at the election of a Director, be received as Options.

3.2 Annual Option Plan Elections.

On or before December 15 of each year (except for 1994 when the Option Plan Election must be made on or before July 20, 1994) a Director may deliver to the Administrator his or her Option Plan Election to receive a stated percentage of his or her Option Plan Fees for one or more of the Plan Years 1995 through 1999 or the period August 1 - December 31, 1994, in Options to purchase the number of shares of Common Stock specified in Section 4.1.

For example: the annual Option Plan Election may cover the Plan Year or Years set forth below (to the extent not theretofore the subject of an Option Plan Election).

Date of Option Plan Election	Plan Years or Periods for Which Option Plan Fees May Be Elected
On or Before July 20, 1994	August 1 - December 31, 1994
On or Before July 20, 1994	1995 - 1999
On or Before December 15, 1995	1996 - 1999
On or Before December 15, 1996	1997 - 1999
On or Before December 15, 1997	1998 - 1999
On or Before December 15, 1998	1999

Elections must include the earliest Plan Year for which unelected Fees exist and (if additional years are included in the Election) consecutive successive years. An Option Plan Election covering Option Plan Fees for this period shall preclude a Stock Plan Election purporting to cover the same Fees.

3.3 Effective Date.

Option Plan Elections made on or before July 20, 1994 shall become effective on August 1, 1994. Later years' Option Plan Elections shall become effective as of the next Option Plan Effective Date.

3.4 Adjustment for Actual Fees Earned.

If by the end of any Plan Year a Director shall not have earned the amount of Option Plan Fees elected by him or her to be received in Options, the number of shares of Common Stock covered by Options granted for such Plan Year shall be diminished pro rata. Any Option Plan Fees earned which have not been the subject of an Option Plan Election shall be paid in cash in accordance with the normal payment practices of the Company for Directors' Fees. If a Participant's directorship shall terminate during a Plan Year which has been the subject of an Option Plan Election, the portion of the Option which related to Option Plan Fees earned by the Participant prior to termination of directorship shall remain in effect and the portion of the Option which relates to Option Plan Fees which are unearned shall terminate.

3.5 Cancellation of Election.

At any time an Option Plan Participant may cancel one or more Options or installments of Options held by him or her which relate to future Plan Years and consequently have not been earned as of the date of such cancellation. Cancellation shall be effected by delivering a written notice of cancellation to the Administrator. Such cancellation shall not affect any options held by the Participant relating to the year in which cancellation occurs or to any prior year. Option Plan Fees to be earned by a Director covered by a canceled Election shall thenceforth be paid in cash in accordance with the Company's practices, and may not thereafter become the subject of an Option Plan Election.

ARTICLE 4
TERMS OF OPTIONS

4.1 Number of Shares covered by an Option.

The number of shares of Common Stock covered by an Option resulting from an Option Plan Election shall be equal to the Option Plan Fees covered by the Election divided by the Option Value.

4.2 Maximum Duration.

The maximum exercise period for each Option granted under the Option Plan shall be ten years from the Effective Date of the Option.

4.3 Initial Exercisability in Installments.

Options representing Option Plan Fees to be earned in one Plan Year shall become exercisable on January 1 of the following Plan Year.

Options which relate to Fees to be earned in more than one Plan Year shall become exercisable in installments on the January 1 of the year following the year in which Fees represented by the installment are earned. For example: An Election covering the years 1996, 1997 and 1998 would become exercisable: as to shares representing 1996 Fees, on January 1, 1997; as to shares representing 1997 Fees, on January 1, 1998; as to the remainder of the shares, on January 1, 1999. An Election covering Fees to be earned in 1999 will first become exercisable on January 1, 2000.

Options relating to the period August 1, 1994 - December 31, 1994 shall first become exercisable on February 1, 1995.

4.4 Exercise Price.

The Exercise Price for all shares of Common Stock purchasable upon exercise of an Option shall be 90% of the Fair Market Value as of the Effective Date applicable to the Option exercised.

4.5 Notice of Exercise.

An Option Plan Participant wishing to exercise an Option may do so by giving written notice of exercise in the form adopted for the Option Plan.

4.6 Payment of Purchase Price.

At the choice of the holder of the Option, the Purchase Price may be paid either in cash, or in shares of Common Stock valued at Fair Market Value on the trading day immediately preceding the date of exercise specified in the notice of exercise.

4.7 Exercisability Continuing after Termination.

If the directorship of a Participant who has not either reached age 60 or rendered three years of service terminates for any reason, the portion of the Option which relates to Option Plan Fees earned by a Participant prior to termination of directorship shall continue to be exercisable by the Participant or his or her Family Trustee or Beneficiary for a period of twelve months after termination of directorship. If the directorship of a Participant who has either reached age 60 or rendered three years or more of service terminates for any reason, the portion of the Option which relates to Option Plan Fees earned by a Participant prior to termination of directorship shall continue to be exercisable by the Participant or his or her Family Trustee or Beneficiary for the remainder of the stated term of the Option. In no event shall the exercise date be later than the date specified in Section 4.2.

4.8 Options not transferable; Exceptions.

No Option granted under the Option Plan shall be transferable other than by will or the laws of descent or distribution except pursuant to a domestic relations order as defined by the Internal Revenue Code or Title I of the Employee Retirement Income Security Act ("ERISA") or the rules thereunder and except that, with the consent of the Committee acting in its sole discretion, an Option Plan or Formula Plan Participant may transfer (a "Family Member Transfer") an Option to (i) a member of the Participant's immediate family (which for the purposes of the Plan shall have the same meaning as defined in Rule 16a-1 promulgated under the Exchange Act); (ii) a trust (the "Family Trust") the beneficiaries of which consist exclusively of members of the Participant's immediate family; and (iii) a partnership, limited partnership or other limited liability entity ("Family Entity") the members of which consist exclusively of members of the Participant's immediate family, Family Trusts and Family Entities; provided that no consideration is paid for the transfer and that each Family Member Transferee execute an instrument agreeing to be bound by the provisions of the Plan and the restrictions as to its transferability of the Option. During the lifetime of a Participant, an Option shall be exercisable only by the Participant or his or her Family Transferee or beneficiary. A ("Family Transferee") is transferee that is a member of the immediate family of a Participant or a Family Trust or Family Entity.

ARTICLE 5
ELECTIONS BY STOCK PLAN PARTICIPANTS

5.1 Directors may elect to receive Fees in the form of Plan Units.

Directors may elect to receive Directors' Fees (to the extent such Directors' Fees are not the subject of an Option Plan Election) in the form of Plan Units.

5.2 Stock Plan Election to Defer.

A Director of the Company may become a Stock Plan Participant by electing, on an annual basis and prior to December 31 of a Plan Year, to defer receipt of all or a portion of the Stock Plan Fees payable to such Director for the next ensuing Plan Year; provided, that no Fees may be allocated to any Director's Stock Plan Account after May 22, 2007. An Election shall be effective upon the delivery by a Stock Plan Participant to the Administrator of a written Stock Plan Election to evidence his or her decision. Such Stock Plan Election shall indicate the portion of Directors' Fees to be deferred and credited to his or her Stock Plan Account.

The following special provisions shall apply to Directors' Fees for 1994 and 1995: On or before July 20, 1994, a Director may deliver a Stock Plan Election to the Administrator in which he or she elects to defer receipt of all or a portion of the Directors' Fees payable to such Director for services during the period August 1, 1994 through December 31, 1994. In such a case, all deferred Fees will be held by the Company in the Participant's Stock Plan Account and will not be invested in Plan Units until February 1, 1995. An election to defer Fees to be accrued during the period January 1, 1995 through December 31, 1995 shall be made on or before July 20, 1994 as provided herein except that the first Accounting Date for investment of such Fees shall be April 1, 1995.

If a person becomes a Director after the beginning of any Plan Year, he or she may elect to defer receipt of Fees for future services in such Plan Year. Such Stock Plan Election must be made in writing and delivered to the Administrator within twenty days after the individual becomes a Director and will take effect as of the first calendar quarter to start after the date of such Stock Plan Election. In such a case, deferred Fees will be held by the Company in the Participant's Stock Plan Account and will not be invested in Common Stock or Plan Units until the first Accounting Date which is at least six months after the date that such Stock Plan Election is first delivered to the Administrator.

5.3 Effectiveness of Elections.

Elections for each Plan Year shall be effective and irrevocable upon the delivery of a Stock Plan Election to the Administrator, except as specifically provided in this Plan. Fees deferred pursuant to such Stock Plan Election shall be credited to the Participant's Stock Plan Account and distributed at the times and in the manner set forth in such Election.

In the absence of an effective Stock Plan Election to take effect on the Time of Distribution as to the time and/or manner of distribution, the payout of a Stock Plan Account shall be in one lump sum cash payment at the Time of Distribution.

ARTICLE 6
STOCK PLAN ACCOUNTS AND PLAN UNITS

6.1 Crediting Stock Plan Accounts.

The Stock Plan Account of each Stock Plan Participant shall be credited as of each Accounting Date with Plan Units equal to the total cash value of fees earned in a quarter divided by 85% of the average of the high and low prices of the stock on the first trading day of the year the election is in effect ("Initial Market Value"). Plan Units will be credited to the director's account as of the first business day of the fiscal quarter following the fiscal quarter in which such Stock Plan Fees were earned. The quarterly crediting of the Plan Units has been established for administrative convenience. As of the date of any payment of a stock dividend or stock split by the Company, a participant's Stock Plan Account will be credited with Plan Units equal to the number of shares of Common Stock (including fractional share entitlements) which are payable by the Company with respect to the number of shares (including fractional share entitlements) equal to the number of Plan Units credited to the Participant's Stock Plan Account on the record date for such stock dividend or stock split. As of the date of any dividend in cash or property or other distribution payable to holders of Common Stock, the Participant's Stock Plan Account shall be credited with additional Plan units equal to the number of shares of Common Stock (including fractional share entitlements) that could have been purchased at the Fair Market Value as of such payment date with the amount which would have been received as a dividend or distribution on the number of shares (including fractional share entitlements) equal to the Plan Units credited to the Participant's Stock Plan Account as of the record date.

6.2 Establishment of Stock Plan Accounts.

The Company, Administrator or the Trustee, as appropriate, shall establish a separate "Stock Plan Account" for each Stock Plan Participant who defers Stock Plan Fees pursuant to the Plan, and credit each Participant's Stock Plan Account with his or her entitlement to deferred Fees, an interest component at the Applicable Rate of Interest and Plan Units.

6.3 Adjustment of Stock Plan Accounts.

As of each Accounting Date of each Plan Year and on such other dates as the Administrator directs, the value of each Stock Plan Account shall be determined by the Company, the Administrator, or the Trustee, as appropriate.

6.4 Automatic Director Stock Plan Unit Awards.

On the first business day of each Plan Year, starting with the calendar year 2005, and continuing through 2007, 3,500 Plan Units shall be awarded to each Director in office on such date, without the need for further corporate action. Individuals who are not Directors on the first day of a Plan Year but who become Directors of the Company shall be awarded, without need for further corporate action, 3,500 Plan Units; the grant date for such Plan Units shall be the date upon which such individual first becomes a Director.

ARTICLE 7
PAYMENT OF STOCK PLAN ACCOUNTS

7.1 Time and Method of Distribution.

Distribution of a Participant's Stock Plan Account shall commence at Time of Distribution. Distribution shall be made in a lump sum or in equal annual cash installments over a period of five years, as specified in a Stock Plan Election.

If a distribution is to be made in a lump sum it may be made either in shares of Common Stock or in cash. If a distribution is to be made in cash, it shall be in an amount equal to the Fair Market Value as of the Time of Distribution (or such later date as may be required to continue an exemption under Rule 16b-3) of all Plan Units credited to a Participant's Stock Plan Account plus any uninvested deferred Stock Plan Fees and related interest component. The distribution shall be paid to the Stock Plan Participant or his or her Beneficiary.

If a distribution is to be made in shares of Common Stock, the distribution shall be such number of shares of Common Stock as shall equal the Plan Units credited to such Participant's Stock Plan Account plus shares of Common Stock equivalent in Fair Market Value to the amount of any accumulated uninvested deferred Fees and interest component in such Participant's Stock Plan Account as of the Time of Distribution. Any remaining fractional interest shall be paid in cash.

If a distribution is made in annual installments, each annual installment shall be in cash and equal to one-fifth of the amount of the lump sum payable as of the Time of Distribution or later date as aforesaid, with interest on each unpaid installment at the Applicable Rate of Interest in effect on the date of Separation from Service by a Director of his directorship.

7.2 Election of Method of Distribution.

At the time that a Director first makes a Stock Plan Election to defer Fees for a Plan Year, such Director may elect whether the payments to be made at the Time of Distribution for that Plan Year shall be distributed in a lump sum or in five equal annual cash installments.

At the same time, any Stock Plan Participant electing lump sum payment may also elect for the payment of such lump sum to be in shares of Common Stock credited to the Stock Plan Account or in cash. A Stock Plan Participant may, in connection with his or her retirement, death or disability, change his or her Stock Plan Election as to the method of payment (shares or cash) of any lump sum distribution from time to time.

With respect to that portion of a Stock Plan Participant's Stock Plan Account that is not subject to Code Section 409A, and subject to the provisions of Articles 9 and 10, the Committee, in its sole discretion, may direct the distribution of the Director's entitlement in a lump sum or in annual installments, and the Committee may take into account, but need not take into account, any request by a Director concerning the period over which his entitlement will be distributed. The portion of a Stock Plan Participant's Stock Plan Account that is subject to Code Section 409A shall be distributed as elected by the Director under the first paragraph of this Section 7.2.

7.3 Merger, consolidation, sale of assets or tender for shares.

In the event of a proposed merger or consolidation in which the Company will not be the surviving corporation, or a sale of a majority of the assets of the Company, or in the case of a tender offer or the Company's Common Stock or a similar corporate transaction which is expected in the view of the Committee to result in another company, firm, or group acquiring 20% or more of the voting power of the Company's outstanding securities, the Plan shall take steps to convert Plan Units held by participants into shares of Common Stock. The Plan shall obtain such shares with a view to making the same available for participation by Stock Plan Participants in the transaction (subject to the fourth from last sentence of this Section). Such shares may be obtained by the Plan from the "Deferred Fee Stock Plan for Non-Employee Directors Account," any trust account for the benefit of Plan Participants, the Company, or any other source, including authorized and unissued, or issued and reacquired, shares of Common Stock. In the event that shares of Common Stock are convertible into or otherwise exchangeable for securities of another corporation, or cash or other property without the need for action or tender by an individual shareholder, the Company shall take all necessary steps to carry out such conversion or exchange and shall deliver to each Stock Plan Participant the securities, cash or other property into which his or her shares have been exchanged or converted. In the event of a tender offer or similar event in which an individual shareholder of the Company may elect to tender shares or otherwise take steps to receive securities, cash or other property, the Company shall so advise the Participants and take such action, including tender, or shall refrain from action, as directed in writing by each Stock Plan Participant. Prior to the completion of such tender offer or similar event, no Participant shall have any entitlement to any shares, and if such event is not completed each participant shall be entitled to Plan Units and not shares of Common Stock. Upon the completion of such tender offer or similar event, the Company shall distribute to each Stock Plan Participant any shares of Common Stock, securities, cash or other property held by the Plan for his or her Stock Plan Account. The Administrator may delay such distribution to any Stock Plan Participant in order to comply with, or continue the availability of an exemption under, the Act or Exchange Act. Upon the completion of such distribution, the Stock Plan shall terminate with respect to that portion of all Stock Plan Accounts that are not subject to Code Section 409A. Notwithstanding anything in this Plan to the contrary, to the extent any provision of this Plan would cause a payment of deferred compensation that is subject to Code Section 409A to be made upon a transaction as specified above, then such payment shall not be made unless such transaction also constitutes a "change in ownership", "change in effective control" or "change in ownership of a substantial portion of the Company's assets" within the meaning of Section 409A. Any payment that would have been made except for the application of the preceding sentence shall be made in accordance with the payment schedule that would have applied in the absence of this Section 7.3.

7.4 Change in Tax Law.

The Stock Plan is intended to be treated as an unfunded deferred compensation plan under the Code. It is the intention of the Company that the amounts deferred pursuant to this Plan shall not be included in the gross income of the Participants or their Beneficiaries until such time as the deferred amounts are distributed from the Plan. If, at any time, it is determined or claimed by the Internal Revenue Service ("Service") that amounts deferred in earlier plan Years have become currently taxable to the Participants or their Beneficiaries, the Committee may, in its discretion, terminate the Plan and distribute amounts credited to Stock Plan Participants' Accounts that are not subject to Code Section 409A to the Stock Plan Participants or their Beneficiaries. Such determination shall be based on a ruling or publicly available Pronouncement from the Service, or on the position taken by the Service in audit, or a written opinion from tax counsel.

ARTICLE 8
CREDITORS AND INSOLVENCY

8.1 Unfunded Status.

Any and all payments made to a Stock Plan Participant pursuant to the Plan shall be made from the general assets of the Company or assets available to its general creditors. Any payments made in good faith under the terms of the Plan to a Stock Plan Participant or his Beneficiary shall fully discharge the Plan, the Company, the Trustee, if any, the Administrator and the Committee from all further obligations with respect to such payments. The Company intends that the Plan shall be considered unfunded for all purposes, including tax purposes and purposes of Title I of ERISA.

8.2 Claims of the Company's Creditors.

All assets held pursuant to the provisions of this Plan shall be subject to the claims of general creditors of the Company, including judgment creditors and bankruptcy creditors. The rights of a Stock Plan Participant or Beneficiary to any assets of the Plan or Trust shall be no greater than the rights of an unsecured creditor of the Company.

No Stock Plan Participant shall have any claim or entitlement to any shares of Common Stock which have been purchased, acquired or held by the Company or any Trustee. Any and all such shares shall be the property of the Company and shall only represent funds or assets available to the Company which it shall have designated to match its obligations and accruals with respect to the Plan.

8.3 Notification of Trustee, if any.

If the Company has appointed a Trustee for the Plan, the following provisions shall apply : in the event the Company becomes insolvent, the Board of Directors and the Chief Executive Officer of the Company shall immediately notify the Trustee of that fact. The Trustee shall not make any payments from the Trust to any Stock Plan Participant or any Beneficiary under the Plan after such notification is received or at any time after the Trustee has knowledge of such insolvency. Under any such circumstances, the Trustee shall make available any property held in the Trust to satisfy the claims of the Company's general creditors or, upon satisfaction of such claims and to the extent otherwise due under the terms of this Plan, to the Participants, as a court of competent jurisdiction may direct. For purposes of this Plan, the Company shall be deemed to be insolvent if the Company is subject to a pending voluntary or involuntary proceeding as a debtor under the United States Bankruptcy Code, or is unable to pay its debts as they mature. All trust assets shall be subject to the claims of general creditors of the Company to the fullest extent contemplated by Revenue Procedure 92-64.

ARTICLE 9
PAYMENT OF SHARES

9.1 Delivery of Certificates for Stock.

At the Time of Distribution, subject to the fourth paragraph of this Section, the Company shall deliver to a Stock Plan Participant who has elected to receive shares of Common Stock or to his Beneficiary a certificate for the shares of Common Stock to which he or she is entitled. At the time of exercise of an Option, subject to the fourth paragraph of this Section, the Company shall deliver to the Option Plan Participant or his or her Beneficiary a certificate for shares of Common Stock to which he or she is entitled. Such certificates shall be registered in the name of the Participant or Beneficiary, as applicable.

The Company shall not be required to issue or deliver any certificates for, or make book-entry reflecting, shares of Common Stock prior to (a) the listing of such shares on any stock exchange or quotation system on which the Common Stock may then be listed or quoted and (b) the completion of any registration, qualification, approval or authorization of such shares under any federal or state law, or any ruling or regulation or approval or authorization of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

All certificates for shares of Common Stock delivered under the Plan, and book entries reflecting such shares, shall be subject to such restrictions as the Administrator may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed and any applicable federal or state securities laws.

If the registration of ownership of Common Stock is then being maintained by the Company or its transfer agent in book-entry form, then the delivery of shares of Common Stock to the Participant or his Beneficiary shall be evidenced by book entry. If the Participant or Beneficiary requests issuance of a certificate of shares in writing, the actual certificate will be delivered to him as soon as practicable after such request.

9.2 Taxes.

The Company or the Trustee, as appropriate, shall deduct the amount of any taxes, if so required by law, from any payments made pursuant to the Plan and shall transmit the withheld amounts to the appropriate taxing authority, and provide the Stock Plan Participant or any Beneficiary of appropriate evidence of withholding. In the case of exercise of an Option under the Option Plan or payment in shares of Common Stock under the Stock Plan, the Participant may request the Company to accept payment of any related withholding taxes in the form of shares of Common Stock valued at Fair Market Value on the trading day immediately prior to the related exercise of the Option or payment in shares of Common Stock, as the case may be.

9.3 Payment to Beneficiary, Exercise of Option by Beneficiary.

Upon the death of a Stock Plan Participant, the Stock Plan Account of the deceased Stock Plan Participant shall be paid to the Beneficiary in a lump sum; provided, however, that in their sole discretion, the Committee or the Administrator may elect to have payment of the Stock Plan Account that is not subject to Code Section 409A occur in the same manner as it would have been paid to the Stock Plan Participant. Upon the death of an Option Plan Participant, the Beneficiary may exercise any Option to the extent exercisable on the date of death.

9.4 Redesignation of Beneficiary.

Amendments which serve only to change the Beneficiary designation shall be permitted at any time and as often as necessary.

ARTICLE 10
ADMINISTRATION

10.1 Appointment of Committee and Administrator

The Board of Directors shall appoint a Stock Plan Committee and an Option Plan Committee (which may be the same Committee), each consisting of not less than two persons, to administer and interpret the Plan. Members of a Committee shall hold office at the pleasure of the Board of Directors and may be dismissed at any time with or without cause.

The Board of Directors shall also designate one or more officers or employees of the Company to be the Administrator to have the primary administrative responsibility with respect to the Stock Plan and the Option Plan, in coordination with and under the direction of the Committee.

10.2 Powers of the Administrator and the Committee.

The Stock Plan and Option Plan Committees and the Administrator shall together administer the Plan. The Committees shall not, under any circumstances, have authority to select those Directors who will be eligible to participate in the Plan or to make decisions concerning the timing, pricing or amount of any benefit, Plan Unit, share of Common Stock or Option under the Plan. All such matters are determined solely by the provisions of the Plan. The Committees shall interpret or supplement the provisions of the Plan where desirable or necessary and may resolve ambiguities or omissions or adopt procedures for the administration of the Plan consistent with the purpose and provisions of the Plan and any rules adopted by the Committee. Whenever directions, designations, applications, requests or other notices are to be given by a Participant under the Plan, they shall be filed with the Administrator.

Except as provided in the next paragraph, all decisions, determinations or actions of a Committee made or taken pursuant to grants of authority under the Plan shall be made or taken in the sole discretion of a Committee and shall be final, conclusive and binding on all persons for all purposes.

If the taking of any action or the making of any determination by a Committee or Administrator shall jeopardize the effectiveness of the deferral of Fees or of credits in Participants' Stock Plan Accounts or Options for federal income tax purposes or any exemption of any plan of the Company from Section 16(a) and (b) of the Exchange Act, the Committee or Administrator, as the case may be, shall be deemed to be without the power to take such action or make such determination.

10.3 Rendering of Quarterly Plan Accounts.

After the close of each quarter, the Administrator will deliver to each Participant a statement showing the Plan Units which have been credited to his or her account as of the end of such quarter and any accumulated deferred Fees. The accounting shall also indicate the price per unit for all Plan Units credited since the end of the previous account. The statement will also show the Options held and/or elected by a Participant and the terms of such Options.

10.4 Both Elections may apply to a Plan Year.

Subject to the limitations contained in each Plan, a Director may elect to include all or any portion of his Fees to be earned in any future Plan Year in one or both of the Stock Plan and the Option Plan, but without duplication. If a Director has delivered an Option Plan Election and a Stock Plan Election for the same Plan Year or period, the Fees covered by such Elections shall be allocated as specified in such Elections or in other instructions from the Director. In the event of a conflict in instructions from a Director, the Administrator shall advise the Director.

10.5 Advance Notification by Administrator.

On or before May 31 of each year, the Administrator shall notify each Director that he or she must deliver a written Stock Plan Election to the Administrator prior to June 30 (or any later cut-off date permitted by the Administrator) in order to defer Fees during the next calendar year. On or before November 30 of each year, the Administrator shall notify each Director that he or she must deliver a written Option Plan Election to the Administrator prior to December 15 (or any later cut-off date permitted by the Administrator) in order to elect to receive Options in payment for future services as a Director in upcoming Plan Years.

ARTICLE 11
MISCELLANEOUS

11.1 Term of Plan.

The Plan shall become effective as provided in Section 11.9 and the Stock Plan shall continue unless earlier terminated. However, no Plan Units may be awarded under the Plan (whether on account of Fee deferrals or otherwise) on or after May 26, 2006.

11.2 Shares Subject to the Plan.

As of any date the maximum number of shares of Common Stock which the Plan may be obligated to deliver pursuant to the Stock Plan and the maximum number of shares of Common Stock which shall have been purchased by Participants pursuant to Options and which may be issued pursuant to outstanding Options under the Option Plan shall not be more than one percent of the total outstanding shares of Common Stock of the Company as of June 30, 2003, subject to adjustment in the event of changes in the corporate structure of the Company affecting capital stock. Any Common Stock transferred by the Company to a Stock Plan Account or to the Trustee or delivered by the Company upon exercise of an Option hereunder may consist, in whole or in part, of authorized and unissued shares or treasury shares as the Company shall determine. Cash transferred to the Trustee may be used to purchase Common Stock in the open market or from the Company.

In the event that the total number of shares of Common Stock subject to, or issued pursuant to, the Plan at any one time is in excess of the above-stated limit, the number need not be reduced if such excess has resulted from a reduction in the amount of issued and outstanding shares of Common Stock subsequent to the time that such Options were granted or such shares were issued. If any shares of Common Stock subject to purchase by a Participant under an Option under the Plan are not purchased, such shares of Stock shall be deemed not to have been purchased pursuant to the Plan for purposes of this Section. Shares of Common Stock received or retained by the Company in payment of the exercise price of Options or in payment, or in lieu of payment, of withholding taxes shall not reduce the number of shares deemed to have been purchased pursuant to the Plan.

11.3 Non-alienation of Benefits.

The rights of a Stock Plan Participant to the payment of deferred compensation, to funds or shares as provided in this Plan and with respect to amounts credited to his or her Stock Plan Account and the rights of an Option Plan Participant with respect to an Option or to purchase shares of Common Stock upon exercise of an Option are not transferable by a Participant other than by will or the laws of descent and distribution and shall not be assigned, transferred, pledged or encumbered or be subject in any manner to alienation or anticipation, except that an Option Plan Participant and Formula Plan Participant may make a Family Member Transfer. No Participant may borrow against his or her Stock Plan Account or Options. No Stock Plan Account or Option shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, whether voluntary or involuntary, including, but not limited to, any liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of a Participant, except that an Option Plan Participant and Formula Plan Participant may make a Family Member Transfer. Neither a Participant's Stock Plan Account or Option hereunder nor a Participant's rights to benefits hereunder may be assigned to any other party by means of a judgment, decree or order (including approval of a property settlement agreement) relating to the provision of child support, alimony payments, or marital property rights of a spouse, former spouse, child or other dependent of the Participant. As contemplated by Revenue Procedure 92-65 under the Code, a Stock Plan Participant's rights to benefit payments under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or the Participant's Beneficiary.

This Plan shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any persons entitled to benefits hereunder.

In the event that, notwithstanding the foregoing, any Participant's benefits are garnisheed or attached by order of any court, the Administrator may elect to bring an action for a declaratory judgment in a court of competent jurisdiction to determine the proper recipient of the benefits to be paid by the Plan. During the pendency of said action, any benefits that become payable may be paid into the court as they become payable, to be distributed by a court to the recipient as it deems proper at the close of said action.

In addition, a Participant or Beneficiary shall have no rights against or security interest in the assets of the Company or Trust, if any, and shall have only the Company's unsecured promise to pay benefits. All assets of the Trust, if any, shall remain subject to the claims of the Company's general creditors.

11.4 Participants' Rights.

Nothing contained in this Plan shall be construed as giving any Participant the right to be retained as a Director of the Company. Nothing contained in this Plan shall be construed as limiting, in any way, any right that any party or parties may have to remove a Participant as a Director of the Company or to appoint or to elect another individual to replace a Participant as a Director of the Company. Nothing contained in this Plan shall be construed as giving any Participant the right to receive any benefit not specifically provided by the Plan. Any other provision of the Plan notwithstanding, a Stock Plan Participant shall not have any interest in the amounts credited to his Stock Plan Account until such Stock Plan Account is distributed in accordance with the provisions of Article 7, and all deferred Fees, and all earnings, gains and losses with respect thereto shall remain subject to the claims of the Company's general creditors in accordance with the provisions of the Stock Plan. With respect to amounts credited to a Participant's Stock Plan Account, the rights of the Stock Plan Participant, the Beneficiary of the Participant or any other person claiming through the Participant under this Stock Plan shall be solely those of unsecured general creditors of the Company, and the obligations of the Company hereunder shall be purely contractual. Such benefits shall be paid from the general assets of the Company. As contemplated by Revenue Procedure 92-65 under the Code, Participants shall have the status of general unsecured creditors of the Company and each Plan, and all rights thereunder, shall constitute a mere promise of the Company to make benefit payments in the future.

11.5 Adjustments in Event of Change in Common Stock.

Subject to the provisions of Sections 6.1 and 7.3, in the event of any stock dividend, stock split, recapitalization, or reclassification of shares of Common Stock, merger or consolidation of the Company or sale by the Company of all or a portion of its assets, or tender offer for its securities, or other event which could distort the implementation of the Plan or the realization of its objectives, the Administrator shall make such appropriate adjustments in the number and kind of securities which a Plan Unit will represent or which may be paid out under the Plan, and in the number of shares of Common Stock or other securities or number and kind of securities, and the purchase price therefor, for which an Option may be exercisable or in terms, conditions or restrictions on securities as the Administrator deems equitable.

In the event of a stock split or stock dividend, the number of shares purchasable upon exercise of an Option shall be increased to the new number of shares which result from the shares covered by the Option immediately before the split or dividend. The purchase price per share shall be reduced proportionately and the total purchase price will remain the same. In the case of a distribution in property other than cash the number of shares covered shall be increased to reflect, in shares valued at the then-current Fair Market Value, the fair value of the distribution.

All events occurring between the Effective Date of the Option and its exercise shall result in an adjustment to the Option terms.

11.6 Amendments; Other.

The Board or the Committee may amend the Plan to the extent necessary or appropriate to effect compliance with Rule 16b-3 in order to continue or provide an exemption from Section 16(a) and (b) of the Exchange Act for either Plan or any other equity plan of the Company, and the Administrator may change the cut-off dates for Elections or the dates of effectiveness of transactions or other events under the Plan to the same end; provided that no such amendments or change shall materially increase the benefits to or adversely affect the rights of the Participants.

In addition, the Board may amend the Plan in any other manner, provided, however, that no amendment shall adversely and materially affect the rights of a Participant, taken as a whole, to amounts previously credited to his or her Stock Plan Account or to Options which have been granted unless such amendment is required by Rule 16b-3 in order to continue or provide an exemption from Section 16(b) of the Exchange Act for either the Plan or any other equity plan of the Company, or for the deferral of Directors' Fees until the year of payout or exercise of Options under the Plan for Federal income tax purposes.

Amendments may not be made more frequently than permitted by Rule 16b-3. No amendment shall require shareholder approval unless required under Rule 16b-3. If shareholders' approval is necessary or desirable for the continued validity of the Plan or if the failure to obtain such approval would adversely affect the compliance of the Plan with Rule 16b-3, no such amendment shall become effective unless approved by affirmative vote of the Company's shareholders.

Transactions under each Plan are intended to comply with applicable conditions of Rule 16b-3, except that a purchase under the Option Plan may be deemed to occur on an Effective Date. To the extent any provision of each Plan intended to comply with applicable law, or action by the Administrator, fails to so comply, it shall be deemed null and void, to the extent permitted by law and declared advisable by the Administrator.

11.7 Notices.

All elections, designations, requests, notices, instructions and other communications from a Director, Participant, Beneficiary or other person to the Administrator, required or permitted under the Plan, shall be in such form as is prescribed from time to time by the Administrator and shall be mailed by first class mail, delivered by facsimile or otherwise delivered to such location as shall be specified by the Administrator.

11.8 Binding Effect.

The terms of the Plan shall be binding upon the Company and its successors and assigns.

11.9 Effective Date of Plan.

The Plan shall be effective as of June 28, 1994, subject to approval by the shareholders of the Company. All deferrals or credits to a Stock Plan Account, and all Options, made prior to such shareholder approval shall be contingent on such approval. The existing Citizens Utilities Company Deferred Compensation Plan for Directors shall continue to be available for compensation deferrals and shall not be affected by the adoption of this Plan.

ARTICLE 12
FORMULA PLAN

12.1 Eligibility.

All Directors of the Company shall automatically participate in the Formula Plan.

12.2 Grant.

Effective with the calendar year 2005, options to purchase common stock of the Company shall no longer be granted pursuant to the Formula Plan.

ARTICLE 13
COMPLIANCE WITH CODE SECTION 409A

13.1 Specified Employees.

With respect to Stock Plan Participants who are "specified employees" (with such status determined by the Company in accordance with rules established by the Company in writing in advance of the "specified employee identification date" that relates to the date of Participant's Separation from Service or, if later, by December 31, 2008, or in the absence of such rules established by the Company, under the default rules for identifying specified employees under Code Section 409A), a distribution due to Separation from Service may not be made before the date that is six months after the date of Separation from Service (or, if earlier, the date of death of the Stock Plan Participant), except as may be otherwise permitted pursuant to Code Section 409A. To the extent that a Stock Plan Participant is subject to this section, the Stock Plan Participant shall be paid, during the seventh month following Separation from Service, the aggregate amount of payment he would have received but for the application of this section.

13.2 In General.

The Plan is intended to be treated as an unfunded deferred compensation plan under the Code and is intended to comply in form and operation with the requirements of Code Section 409A. It is the intention of the Company that the amounts deferred pursuant to this Plan shall not be included in the gross income of the Participants or their Beneficiaries until such time as the deferred amounts are distributed from the Plan. At all times, this Plan shall be interpreted and operated (i) in accordance with the requirements of Section 409A, unless an exemption from Section 409A is available and applicable, and (ii) to preserve the grandfathered status of any deferrals under the Plan to the fullest possible extent. To the extent there is a conflict between the provisions of the Plan relating to compliance with Section 409A and the provisions of any award agreement issued under the Plan, the provisions of the Plan control. Moreover, any discretionary authority with respect to awards, which may exist under the terms of the award or the other terms of this Plan, shall not be applicable to an award that is subject to Section 409A to the extent such discretionary authority would conflict with Section 409A. In the event that any award shall be deemed not to comply with Section 409A, then neither the Company, the Board of Directors, the Committee, the Administrator nor its or their designees or agents, nor any of their affiliates, assigns or successors (each a "protected party") shall be liable to any award recipient or other person for actions, inactions, decisions, indecisions or any other role in relation to the Plan by a protected party if made or undertaken in good faith or in reliance on the advice of counsel (who may be counsel for the Company), or made or undertaken by someone other than a protected party.

Exhibit 10.8

FRONTIER COMMUNICATIONS CORPORATION
NON-EMPLOYEE DIRECTORS' EQUITY INCENTIVE PLAN

(Adopted May 25, 2006, As Amended December 29, 2008)

1. PURPOSE

1.1 The purpose of this Citizens Communications Company Non-Employee Directors' Equity Incentive Plan (the "Plan") is to attract and retain qualified persons to serve as non-employee directors by providing such directors with greater flexibility in the form and timing of receipt of compensation for their service on the Board of Directors of the Company and an opportunity to obtain a greater interest in the Company's long-term success and progress through the receipt of equity-based awards, thereby aligning such directors' interests more closely with the interests of the Company's stockholders. The Plan was originally adopted on May 25, 2006. It was amended in December 2008 to comply with the requirements of Code Section 409A.

2. DEFINITIONS

As used herein, the following words shall have following meanings unless otherwise specifically provided:

2.1 "Act" means the Securities Act of 1933, as amended.

2.2 "Administrator" shall mean the employee(s) and/or officer(s) selected by the Committee in accordance with Section 9.1(b) hereof to administer the Plan.

2.3 "Award" means an Option or a Stock Unit granted under the Plan or any Fees deferred as Stock Units under the Plan.

2.4 "Beneficiary" with respect to a Participant means the person or persons designated in writing by the Participant as entitled to receive a Participant's Stock Unit Account upon his or her death, or to exercise the Participant's outstanding Options upon his or her death, or failing such designation, the person or persons who, upon the death of a Participant, shall have acquired by will, or the laws of descent and distribution, the right to receive the benefits specified under this Plan. "Beneficiary" shall also include the person or persons who, upon the disability or incompetence of a Participant, shall have acquired on behalf of the Participant, by legal proceeding or otherwise, the right to receive the benefits specified in this Plan on behalf of the Participant.

2.5 "Board" means the Board of Directors of the Company.

2.6 "Broker Exercise Notice" means a written notice pursuant to which a Participant, upon exercise of an Option, irrevocably instructs a broker or dealer to sell a sufficient number of shares or loan a sufficient amount of money to pay all or a portion of the exercise price of the Option and/or any related withholding tax obligations and remit such sums to the Company and directs the Company to deliver stock certificates to be issued upon such exercise directly to such broker or dealer or their nominee.

2.7 "Change in Control" has the meaning set forth in Section 5.1 hereof.

2.8 "Code" means the Internal Revenue Code of 1986, as amended. All references herein to particular Code Sections shall also refer to any successor provisions and shall include all related regulations, interpretations and other guidance.

2.9 "Company" means Frontier Communications Corporation and its successors and assigns.

2.10 "Committee" means the committee designated by the Board as set forth in Section 9.1(a) of the Plan.

2.11 "Common Stock" means the common stock, par value $.25 per share, of the Company.

2.12 "Director" means any director of the Company who is not a full-time employee of the Company. For the purposes of the Plan, an individual who is both a full-time employee of the Company and a director of the Company and therefore ineligible to participate in the Plan and who ceases to be a full-time employee but remains in office as a director shall become eligible to participate in the Plan as a director as of the termination of his or her service as a full-time employee.

2.13 "Elective Fees" has the meaning set forth in Section 4.1(b) hereof.

2.14 "Effective Date" means the date of the Company's 2006 annual stockholders' meeting.

2.15 "ERISA" has the meaning set forth in Section 6 hereof.

2.16 "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

2.17 "Fair Market Value" means, unless another reasonable method for determining fair market value is specified by the Committee, which method shall be one that is deemed to constitute fair market value for purposes of Code Section 409A to the extent it is used with respect to an Option, the closing price of a share of the Common Stock as reported by the New York Stock Exchange (or if such shares are listed on another national stock exchange or national quotation system, as reported or quoted by such exchange or system) on the date in question or, if no such sales were reported for such date, for the most recent date on which sales prices were quoted.

2.18 "Family Entity," "Family Member Transfer," "Family Transferee" and "Family Trust" have the meanings set forth in Section 6 hereof.

2.19 "Fees" mean the sign-on fees, retainer fees, annual stipends and Board and committee meeting attendance fees, unless the context otherwise requires.

2.20 "Grant Date" means, with respect to a grant of Options or Stock Units, the date on which such Award is granted and, with respect to Stock Units that represent Fees deferred by a Director pursuant to Section 4.1(c) below, the last business day of the calendar quarter in which the underlying Fees were earned.

2.21 "Option" means an option to purchase shares of Common Stock granted to a Director pursuant to Section 3 of the Plan.

2.22 "Participant" means a current or former Director.

2.23 "Plan Year" means the fiscal year of the Company, currently the twelve-month period ended December 31.

2.24 "Predecessor Plan" has the meaning set forth in Section 10.1 hereof.

2.25 "Previously Acquired Shares" means shares of Common Stock that are already owned by the Participant and that have been held for the period of time necessary to avoid a charge to the Company's earnings for financial reporting purposes and that are otherwise acceptable to the Committee.

2.26 "Rule 16b-3" shall mean such rule promulgated by the Securities and Exchange Commission under the Exchange Act and, unless the circumstances require otherwise, shall include any other rule or regulation adopted under Sections 16(a) or 16(b) of the Exchange Act relating to compliance with, or an exemption from, Section 16(b).

2.27 "Separation from Service" means a Participant's separation from service with the Company, within the meaning of Code Section 409A(a)(2)(A)(i) and taking into account the special rules for directors in Treasury Regulation ss. 1.409A-1(h)(5). The term may also be used as a verb (i.e., "Separates from Service") with no change in meaning.

2.28 "Stock Unit" shall mean a credit established in a Participant's Stock Unit Account pursuant to Section 4 of the Plan that represents the economic equivalent of one share of Common Stock.

2.29 "Stock Unit Account" shall mean the account established for each Participant to reflect the amount of Fees which such Participant has elected to defer pursuant to Section 4.2 of the Plan and/or Stock Units granted to such Participant pursuant to Section 4.1 of the Plan.

2.30 "Stock Unit Election" means a Participant's delivery of a written notice of election to the Committee (a) electing to defer payment of his or her Fees in accordance with Section 4, and (b) further electing to receive payment of his or her Stock Unit Account at the Time of Distribution in either (1) Common Stock or (2) cash. All such elections shall be irrevocable except as otherwise provided in the Plan.

2.31 "Termination" means termination of service as a Director as a result of retirement, death, disability or any other reason.

2.32 "Time of Distribution" means the date ten (10) calendar days after a Participant's Separation from Service (other than for death) and the date thirty (30) calendar days after a Participant's death.

2.33 "Transaction" has the meaning set forth in Section 5.1(b) hereof.

2.34 "Trust Agreement" means any Trust Agreement entered into between the Company and any Trustee in connection with the Plan.

2.35 "Trustee" means any entity named as Trustee in the Trust Agreement.

3. TERMS OF OPTIONS

3.1 Options. Options may be granted to Directors from time to time as determined by the Board, subject to the terms of the Plan.

3.2 Option Exercise Price. The exercise price per share of Common Stock purchasable under an Option granted under the Plan shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Grant Date.

3.3 Exercisability of Options. Unless otherwise specified by the Company on or prior to the Grant Date, an Option granted under the Plan shall become vested and exercisable on the date that is six months following the Grant Date.

3.4 Duration of Options. Except as provided in Section 5.2, each Option granted under the Plan will terminate ten years after its Grant Date or, if earlier, on the first anniversary of a Director's Termination.

3.5 Notice of Exercise. An Option granted under the Plan may be exercised by a Participant in whole or in part from time to time, subject to the conditions contained in the Plan, by delivering in person, by facsimile or electronic transmission or through the mail notice of exercise to the Administrator, and by paying in full the total exercise price for the shares or Common Stock to be purchased in accordance with this Section 3. Such notice will specify the particular Option that is being exercised (by the date of grant and total number of shares subject to the Option) and the number of shares with respect to which the Option is being exercised.

3.6 Payment of Purchase Price. Unless otherwise determined by the Committee, the total purchase price of the shares to be purchased upon exercise of an Option shall be paid (a) entirely in cash (including check, bank draft or money order), (b) tender of a Broker Exercise Notice, (c) tender (either constructively or by attestation) of Previously Acquired Shares, (d) any combination of the above, or (e) any other method permitted by the Committee and upon terms and conditions established by the Committee. For purposes of such payment, Previously Acquired Shares tendered will be valued at the Fair Market Value on the exercise date.

4. STOCK UNITS

4.1 Stock Units.

(a) Formula Grant. Unless otherwise determined by the Board, each Director shall receive a grant of 3,500 Stock Units on the first business day of each Plan Year.

(b) Discretionary Grants. The Board may provide that all or a portion of Fees will be paid in the form of Stock Units. In addition, the Board may determine that Directors will have the ability to elect (in accordance with Sections 4.2 and 4.3) to receive certain Fees as a specified number of Stock Units or as a specified amount of cash ("Elective Fees"). The number of Stock Units allocated with respect to Fees deferred pursuant to this subsection (b) shall be determined in accordance with Section 4.5 below.

(c) Deferred Fees. Directors may elect (in accordance with Sections 4.2 and 4.3) to receive Stock Units in lieu of Fees that are not granted as (1) Elective Fees pursuant to subsection (b) above, or (2) a formula grant pursuant to subsection (a) above. The number of Stock Units allocated with respect to Fees deferred pursuant to this subsection (c) shall be determined in accordance with Section 4.5 below.

4.2 Election to Defer.

(a) A Director may elect, on an annual basis and prior to December 31 of a Plan Year, to defer receipt until the Time of Distribution of all or a portion of the cash Fees payable to such Director for services rendered in the next ensuing Plan Year. A Stock Unit Election shall be effective upon the timely delivery by a Director to the Administrator of a written and properly completed Stock Unit Election to evidence his or her decision. Such Stock Unit Election shall indicate the portion of the Directors' Fees to be deferred and credited to his or her Stock Unit Account. A Director may also elect, pursuant to such Stock Unit Election, to receive cash or Common Stock at the Time of Distribution with respect to the Stock Units underlying such election. A Participant (or his or her Beneficiary) may, in connection with the Director's Termination, change such Stock Unit Election as to whether such distribution will be made in Common Stock or cash at the Time of Distribution.

(b) If a person becomes a Director after the beginning of any Plan Year, he or she may elect to defer receipt of Fees for such Plan Year. Such Stock Unit Election must be made in writing and delivered to the Administrator within thirty days after the individual becomes a Director, and such Stock Unit Election shall be effective only with respect to Fees that are earned for services performed by the Director after the date the Stock Unit Election is delivered to the Administrator (and thereby becomes effective).

4.3 Effectiveness of Elections. Stock Unit Elections for each Plan Year shall be effective and irrevocable upon the delivery of a Stock Unit Election to the Administrator, except as specifically provided in this Plan.

4.4 Establishment of Stock Unit Accounts. The Company, Administrator or the Trustee, as appropriate, shall establish a separate "Stock Unit Account" for each Participant.

4.5 Crediting Stock Unit Accounts.

(a) The Stock Unit Account of each Director shall be credited as of each Grant Date with (1) the Fees that are denominated by the Board as a specified number of Stock Units and (2) the Fees that the Director elects to defer as Stock Units. With respect to Fees that are deferred pursuant to Section 4.1(c) above, the Participant shall be credited with a number of Stock Units determined by dividing the total cash value of such deferred Fees earned and deferred in a quarter by 85% of the Fair Market Value of the Common Stock on the Grant Date. As of the date of any payment of a stock dividend or stock split by the Company, a Participant's Stock Unit Account will be credited with Stock Units equal to the number of shares of Common Stock (including fractional share entitlements) which are payable by the Company with respect to the number of shares (including fractional share entitlements) equal to the number of Stock Units credited to the Participant's Stock Unit Account on the record date for such stock dividend or stock split. As of the date of any dividend in cash or property or other distribution payable to holders of Common Stock, the Participant's Stock Unit Account shall be credited with additional Stock Units equal to the number of shares of Common Stock (including fractional share entitlements) that could have been purchased at the Fair Market Value as of such payment date with the amount which would have been received as a dividend or distribution on the number of shares (including fractional share entitlements) equal to the Stock Units credited to the Participant's Stock Unit Account as of the record date.

(b) On a quarterly basis, or as otherwise appropriate to match increases in Stock Units held in the Plan, the Company may, but shall not be required by the terms of the Plan to, purchase Common Stock on the open market and hold the same in the "Non-Employee Directors' Equity Incentive Plan Account." Also, the Company may enter into a Trust Agreement with a Trustee and may, but shall not be required by the terms of the Plan to, transfer to the Trustee either (1) the number of shares of Common Stock equal to the whole number of Stock Units in the Participants' Stock Unit Accounts for Fees deferred by the Directors on such Grant Date, or (2) cash with instructions to purchase such number of shares of Common Stock either from the Company or in the open market, as determined by the Company. Purchases in the open market by the Trustee shall not be subject to any direct or indirect control or influence over the times when, or the prices at which, or the broker or dealer through which, the Trustee shall buy such shares. As specified in Section 7.2, any shares of Common Stock purchased by the Company and any shares of Common Stock or cash held by the Trustee shall remain the property of the Company or Trust, respectively, and shall not be property or money to which any Participant has any right or claim.

4.6 Time and Method of Distribution.

(a) Distribution of a Participant's Stock Unit Account shall commence at Time of Distribution. Distribution shall be made in a lump sum either in shares of Common Stock or in cash. If a distribution is to be made in cash, it shall be in an amount equal to the Fair Market Value as of the date of Separation from Service of all Stock Units credited to a Participant's Stock Unit Account. The distribution shall be paid to the Participant, the Family Transferee or his or her Beneficiary, as applicable. Any Fees earned in the calendar quarter in which a Participant's Separation from Service occurs shall be distributed in cash, based on the cash amount of such Fees previously established by the Board. For example, if a Director elects to defer quarterly Fees in the amount of $2,000 and such Fees are not credited to his or her Stock Unit Account because the Termination occurs during such calendar quarter, such Director or his or her Beneficiary will receive a distribution of such Participant's Stock Unit Account plus a lump sum cash payment of $2,000.

(b) If a distribution is to be made in shares of Common Stock, the distribution shall be such number of shares of Common Stock as shall equal the whole number of Stock Units credited to such Participant's Stock Unit Account. Any remaining fractional interest shall be paid in cash based on the Fair Market Value of the shares of Common Stock represented by such Stock Units on the date of Separation from Service.

(c) In the absence of an effective Stock Unit Election to take effect at the Time of Distribution that sets forth whether such distribution shall be in cash or in Common Stock, the Stock Unit Account shall be paid out in Common Stock.

(d) This subsection (d) shall govern the distribution of a Stock Unit that if paid at the time the distribution would be made without regard to this subsection, could result in a violation of Section 16 of the Act because there is an opposite way transaction that would be matched with the liquidation of the Participant's interest in Stock Units (either as a "discretionary transaction," within the meaning of Rule 16b-3(b)(1), or as a regular transaction, as applicable) (a "Covered Distribution"). In the case of a Covered Distribution, if the liquidation of the Participant's interest in Stock Units in connection with the distribution has not received approval that is effective to exempt the transaction under Rule 16b-3 ("Exempting Approval") by the time the distribution would be made if it were not a Covered Distribution, or if it is a discretionary transaction, then the actual distribution to the Participant shall be delayed only until the earlier of:

(i) In the case of a transaction that is not a discretionary transaction, the date Exempting Approval is obtained of the liquidation of the Participant's Stock Units in connection with the distribution, and

(ii) The date the distribution would no longer violate Section 16 of the Act, e.g., when the Participant is no longer subject to Section 16 of the Act, or when the time between the liquidation and an opposite way transaction that would be matched with the liquidation is sufficient.

5. CHANGE IN CONTROL

5.1 A "Change in Control" shall mean and shall be deemed to have occurred as of the date of the first to occur of the following events:

(a) when any "person" as defined in Section 3(a)(9) of the Exchange Act, and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(b) upon the consummation of any merger or other business combination involving the Company, a sale of substantially all of the Company's assets, liquidation or dissolution of the Company or a combination of the foregoing transactions (the "Transactions") other than a Transaction immediately following which the stockholders of the Company immediately prior to the Transaction own, in the same proportion, at least 51% of the voting power, directly or indirectly, of (i) the surviving corporation in any such merger or other business combination; (ii) the purchaser of or successor to the Company's assets; (iii) both the surviving corporation and the purchaser in the event of any combination of Transactions; or (iv) the parent company owning 100% of such surviving corporation, purchaser or both the surviving corporation and the purchaser, as the case may be.

5.2 Acceleration of Vesting; Termination. If a Change in Control of the Company occurs, then all Options will become immediately exercisable in full and will remain exercisable in accordance with their terms; provided, however, that the Company may provide that the Options shall terminate upon the consummation of such Change in Control, provided that the Company provides a minimum of thirty (30) days' prior written notice to the Participants of such Option termination date.

6. AWARDS NOT TRANSFERABLE; EXCEPTIONS

(a) No Award shall be transferable or subject in any manner to alienation or anticipation other than by will or the laws of descent or distribution except pursuant to a lump-sum property settlement under a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act ("ERISA") and the rules and regulations promulgated thereunder and except that, with the consent of the Committee acting in its sole discretion, a Participant may effect a transfer (a "Family Member Transfer") of an Award that is not subject to Code Section 409A (or that is transferred in full compliance with Code Section 409A) to (i) a member of the Participant's immediate family (which for the purposes of the Plan shall have the same meaning as defined in Rule 16a-1 promulgated under the Exchange Act); (ii) a trust (the "Family Trust") the beneficiaries of which consist exclusively of members of the Participant's immediate family; and (iii) a partnership, limited partnership or other limited liability entity ("Family Entity") the members of which consist exclusively of members of the Participant's immediate family, Family Trusts and Family Entities; provided that no consideration is paid for the transfer and that each Family Member Transferee execute an instrument agreeing to be bound by the provisions of the Plan and the Plan's restrictions on transferability of the Award. During the lifetime of a Participant, an Option shall be exercisable only by the Participant or his or her Family Transferee or Beneficiary. A "Family Transferee" is a transferee that is a member of the immediate family of a Participant or a Family Trust or Family Entity.

(b) No Participant may borrow against his or her Stock Units or Options. No Stock Unit Account nor Option shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, whether voluntary or involuntary, including, but not limited to, any liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of a Participant, except with respect to a Family Member Transfer of Awards as described above. Neither a Participant's Stock Unit Account or Option hereunder nor a Participant's rights to benefits hereunder may be assigned to any other party by means of a judgment, decree or order (including approval of a property settlement agreement) relating to the provision of child support, alimony payments, or marital property rights of a spouse, former spouse, child or other dependent of the Participant.

(c) In the event that, notwithstanding the foregoing, any Participant's benefits are garnished or attached by order of any court, the Committee may elect to bring an action for a declaratory judgment in a court of competent jurisdiction to determine the proper recipient of the benefits to be paid by the Plan. During the pendency of said action, any benefits that become payable may be paid into the court as they become payable, to be distributed by a court to the recipient as it deems proper at the close of said action.

7. CREDITORS AND INSOLVENCY

7.1 Unfunded Status. Any and all payments made to a Participant pursuant to the Plan shall be made from the general assets of the Company or assets available to its general creditors. Any payments made in good faith under the terms of the Plan to a Participant or his or her Beneficiary shall fully discharge the Plan, the Company, the Trustee, if any, the Administrator and the Committee from all further obligations with respect to such payments. The Company intends that the Plan shall be considered unfunded for all purposes, including tax purposes and purposes of Title I of ERISA.

7.2 Claims of the Company's Creditors. All assets held pursuant to the provisions of this Plan shall be subject to the claims of general creditors of the Company, including judgment creditors and bankruptcy creditors. The rights of a Participant or Beneficiary to any benefits under the Plan or to any assets under the Trust shall be no greater than the rights of an unsecured creditor of the Company. No Participant shall have any claim or entitlement to any shares of Common Stock which have been purchased, acquired or held by the Company or any Trustee. Any and all such shares shall be the property of the Company and shall only represent funds or assets available to the Company which it shall have designated to match its obligations and accruals with respect to the Plan.

8. PAYMENT OF SHARES

8.1 Delivery of Certificates for Stock.

(a) At the Time of Distribution, subject to subsection (d) below, the Company shall deliver to a Participant who has elected to receive shares of Common Stock, or to his or her Family Transferee or Beneficiary, a certificate for the shares of Common Stock to which he or she is entitled. At the time of exercise of an Option, subject to subsection (d), the Company shall deliver to the Participant or to his or her Family Transferee or Beneficiary, a certificate for shares of Common Stock to which he or she is entitled. Such certificates shall be registered in the name of the Participant, Family Transferee or Beneficiary.

(b) The Company shall not be required to issue or deliver any certificates for, or make book-entry reflecting, shares of Common Stock prior to (i) the listing of such shares on any stock exchange or quotation system on which the Common Stock may then be listed or quoted and (ii) the completion of any registration, qualification, approval or authorization of such shares under any federal or state law, or any ruling or regulation or approval or authorization of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

(c) All certificates for shares of Common Stock delivered under the Plan, and book entries reflecting such shares, shall be subject to such restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed and any applicable federal or state securities laws.

(d) If the registration of ownership of Common Stock is then being maintained by the Company or its transfer agent in book-entry form, then the delivery of shares of Common Stock to the Participant, Family Transferee or Beneficiary may be evidenced by book entry.

8.2 Taxes. The Company or the Trustee, as appropriate, shall deduct the amount of any taxes, if so required by law, from any payments made pursuant to the Plan and shall transmit the withheld amounts to the appropriate taxing authority, and provide the Participant, Family Transferee or any Beneficiary of appropriate evidence of withholding. In the case of exercise of an Option or payment in shares of Common Stock, the Participant may request the Company to accept payment of any related withholding taxes in the form of shares of Common Stock valued at Fair Market Value on the exercise date of the Option or payment in shares of Common Stock, as the case may be.

8.3 Payment to Beneficiary, Exercise of Option by Beneficiary. Upon the death of a Participant, the Stock Unit Account of the deceased Participant shall be paid to the Beneficiary within 30 days following the date of death. In addition, upon the death of a Participant, the Beneficiary may exercise any Option to the extent exercisable on the date of death and as otherwise permissible pursuant to any Option agreement.

8.4 Beneficiary Designation. Beneficiary designations shall be made in writing and delivered to the Administrator and shall comply with any applicable state law relating to testamentary dispositions and other requirements. A Participant may designate a new Beneficiary or Beneficiaries at any time by notifying the Administrator. The last such designation received by the Administrator shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Administrator prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt.

9. ADMINISTRATION

9.1 Appointment of Committee.

(a) The Board of Directors shall appoint a Committee, consisting of not less than two persons, to administer and interpret the Plan; provided that, so long as the Company has a class of its equity securities registered under Section 12 of the Exchange Act, such committee will consist solely of two or more members of the Board who are "non-employee directors" within the meaning of Rule 16b-3. Members of a Committee shall hold office at the pleasure of the Board of Directors and may be dismissed at any time with or without cause.

(b) The Board of Directors shall also designate one or more officers or employees of the Company to administer the Plan and to have the primary administrative responsibility with respect to the Plan, in coordination with and under the direction of the Committee.

9.2 Powers of the Administrator and the Committee.

(a) The Committee shall not, under any circumstances, have authority to select those Directors who will be eligible to participate in the Plan or to make decisions concerning the timing, pricing or amount of any benefit, Stock Unit, share of Common Stock or Option under the Plan. All such matters are determined solely by the provisions of the Plan. The Committee shall interpret or supplement the provisions of the Plan where desirable or necessary and may resolve ambiguities or omissions or adopt procedures for the administration of the Plan consistent with the purpose and provisions of the Plan and any rules adopted by the Committee. Whenever directions, designations, applications, requests or other notices are to be given by a Participant under the Plan, they shall be filed with the Committee.

(b) Except as provided in the next paragraph, all decisions, determinations or actions of the Committee made or taken pursuant to grants of authority under the Plan shall be made or taken in the sole discretion of the Committee and shall be final, conclusive and binding on all persons for all purposes.

(c) If the taking of any action or the making of any determination by the Committee shall jeopardize the effectiveness of any exemption of any plan of the Company from Section 16(a) and (b) of the Exchange Act, the Committee shall be deemed to be without the power to take such action or make such determination.

10. SHARES OF COMMON STOCK SUBJECT TO THE PLAN

10.1 Number of Shares. Subject to the provisions of Section 10.2 (relating to adjustments upon changes in capital structure and other corporate transactions), a maximum of 2,000,000 shares of Common Stock may be issued and delivered to Participants, Family Transferees and their Beneficiaries under the Plan. If and to the extent that any Award is forfeited, or if any Option granted under the Plan terminates, expires or is cancelled or forfeited, without having been fully exercised, shares of Common Stock subject to such Awards shall again be available for distribution in connection with Awards under the Plan. If the option price of any Option granted under the Plan is satisfied by delivering Previously Acquired Shares to the Company, only the number of shares of Common Stock issued net of the shares of Previously Acquired Shares delivered shall be deemed delivered for purposes of determining the maximum number of shares of Common Stock available for delivery under the Plan. Any shares of Common Stock available for grant under the Amended and Restated Citizens Utilities Company Non-Employee Directors' Deferred Fee Equity Plan (the "Predecessor Plan") on the Effective Date not subject to outstanding awards shall become available for issuance under the Plan. (As of April 5, 2006, approximately 536,751 shares of Common Stock are expected to be available for issuance under the Predecessor Plan. Thus, the total number available for grant under the Plan is expected to be 2,536,751 million.) In addition, if and to the extent that any "plan units" outstanding on May 25, 2006 under the Predecessor Plan are forfeited, or if any option granted under the Predecessor Plan terminates, expires, or is cancelled or forfeited, without having been fully exercised, shares of Common Stock subject to such "plan units" or options cancelled shall become available for issuance under the Plan. Any share of Common Stock transferred by the Company to a Stock Unit Account or to the Trustee or delivered by the Company upon exercise of an Option hereunder may consist, in whole or in part, of authorized and unissued shares or treasury shares. No fractional shares shall be issued under the Plan. Cash may be paid in lieu of any fractional shares in settlements of Awards under the Plan.

10.2 Adjustments in Event of Change in Common Stock.

Subject to the provisions of Sections 5.1 (relating to a Change in Control), in the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting shares of Common Stock, such adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change shall be made with respect to (a) the aggregate number of shares of Common Stock that may be issued under the Plan; (b) the number of shares of Common Stock subject to Awards of a specified type or to any Participant; and/or (c) the price per share for any outstanding Options granted under the Plan.

11. MISCELLANEOUS

11.1 Term of Plan. The Plan shall be effective as of the Effective Date, subject to approval by the stockholders of the Company. The Plan shall terminate on the tenth anniversary of the Effective Date, unless earlier terminated by the Board in its sole discretion or by the Committee in accordance with Section 11.4 of the Plan. The termination of the Plan shall not impact any outstanding Options or Stock Unit Accounts. Notwithstanding the foregoing, the Board may terminate the Plan and the Committee shall have the authority to terminate all deferral elections (1) in the event of a corporate dissolution taxed under Section 331 of the Code, (2) with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A) or (3) as a result of such other liquidation or similar event that constitutes a permitted termination of the Plan under Section 409A of the Code and regulations and guidance thereunder.

11.2 Participants' Rights. Nothing contained in this Plan shall be construed as giving any Participant the right to be retained as a Director of the Company or as limiting, in any way, any right that any party or parties may have to remove a Participant as a Director of the Company or to appoint or to elect another individual to replace a Participant as a Director of the Company. Nothing contained in this Plan shall be construed as giving any Participant the right to receive any benefit not specifically provided by the Plan. Any other provision of the Plan notwithstanding, a Participant shall not have any interest in the amounts credited to his Stock Unit Account until such Stock Unit Account is distributed in accordance with the provisions of the Plan.

11.3 Amendments; Other. The Board may at any time modify and amend the Plan in any respect; provided, however, that stockholder approval shall be obtained prior to any such amendment becoming effective if such approval is required by law, the rules of the stock exchange on which the shares of Common Stock are then listed, or is necessary to comply with regulations promulgated by the Securities and Exchange Commission under Section 16(b) of the Exchange Act, provided further that, no amendment, modification, termination or suspension of the Plan shall in any manner materially adversely affect any Award theretofore granted under the Plan, without the consent of the Participant holding such Award, except that no such consent shall be required if the Board determines in its sole discretion that such amendment, modification or termination is required or advisable in order for the Company, the Plan or the Award to satisfy any applicable law or regulation, stock exchange rule, over-the-counter market rule, or to meet the requirements of any intended accounting treatment. Notwithstanding the foregoing, the Board may (but shall not be required to) amend the Plan without obtaining the consent of any Participant to the extent necessary (as determined by the Board in its sole discretion) to meet the requirements of Section 409A of the Code and the guidance issued thereunder such that the additional taxes and penalties set forth in Section 409A(a)(i)(B) of the Code will not apply to transactions contemplated by the Plan or any Participant's Award agreement with respect to an Option or Stock Unit. The Company shall have no liability whatsoever for or in respect of any decision to take action to attempt to so comply with Code Section 409A, any omission to take such action or for the failure of any such action taken by the Company to so comply.

11.4 Notices. All elections, designations, requests, notices, instructions and other communications from a Director, Participant, Beneficiary or other person to the Administrator, required or permitted under the Plan, shall be in such form as is prescribed from time to time by the Administrator and shall be mailed by registered or certified mail, postage prepaid first class mail, nationally recognized overnight courier, delivered by facsimile, personally delivered or otherwise delivered to such location as shall be specified by the Administrator.

11.5 Captions. The use of captions in the Plan is for convenience. The captions are not intended to provide substantive rights.

11.6 Governing Law. The validity and construction of the Plan and the instruments evidencing the Awards granted hereunder shall be governed by the substantive laws of the State of Delaware.

11.7 Binding Effect. The terms of the Plan shall be binding upon the Company and its successors and assigns.

12. COMPLIANCE WITH CODE SECTION 409A

12.1 Specified Employees. With respect to Participants who are "specified employees" (with such status determined by the Company in accordance with rules established by the Company in writing in advance of the "specified employee identification date" that relates to the date of Participant's Separation from Service or, if later, by December 31, 2008, or in the absence of such rules established by the Company, under the default rules for identifying specified employees under Code Section 409A), a distribution due to Separation from Service may not be made before the date that is six months after the date of Separation from Service (or, if earlier, the date of death of the Participant), except as may be otherwise permitted pursuant to Code Section 409A. To the extent that a Participant is subject to this section, the Participant shall be paid, during the seventh month following Separation from Service, the aggregate amount of payment he would have received but for the application of this section.

12.2 In General. The Plan is intended to be treated as an unfunded deferred compensation plan under the Code and is intended to comply in form and operation with the requirements of Code Section 409A. It is the intention of the Company that the amounts deferred pursuant to this Plan shall not be included in the gross income of the Participants or their Beneficiaries until such time as the deferred amounts are distributed from the Plan. At all times, this Plan shall be interpreted and operated (i) in accordance with the requirements of Section 409A, unless an exemption from Section 409A is available and applicable, and (ii) to maintain the exemption from Section 409A of Options. To the extent there is a conflict between the provisions of the Plan relating to compliance with Section 409A and the provisions of any Award agreement issued under the Plan, the provisions of the Plan control. Moreover, any discretionary authority with respect to Awards, which may exist under the terms of the Award or the other terms of this Plan, shall not be applicable to an Award that is subject to Section 409A to the extent such discretionary authority would conflict with Section 409A. In the event that any Award shall be deemed not to comply with Section 409A, then neither the Company, the Board of Directors, the Committee nor its or their designees or agents, nor any of their affiliates, assigns or successors (each a "protected party") shall be liable to any Award recipient or other person for actions, inactions, decisions, indecisions or any other role in relation to the Plan by a protected party if made or undertaken in good faith or in reliance on the advice of counsel (who may be counsel for the Company), or made or undertaken by someone other than a protected party.

FRONTIER COMMUNICATIONS CORPORATION
1996 EQUITY INCENTIVE PLAN

(As Amended and Restated December 29, 2008)

SECTION 1. PURPOSE

The Frontier Communications Corporation 1996 Equity Incentive Plan (the "Plan") has been superseded by the Frontier Communications Corporation Amended and Restated 2000 Equity Incentive Plan; the Plan is being amended and restated to comply with the requirements of Section 409A. The purpose of the Plan is to provide compensation incentives for high levels of performance and productivity by employees of the Company. The Plan is intended to strengthen the Company's existing operations and its ability to attract and retain outstanding employees upon whose judgment, initiative and efforts the continued success, growth and development of the Company is dependent, as well as encourage such employees to have a greater personal financial investment in the Company through ownership of its common stock.

SECTION 2. DEFINITIONS

When used herein, the following terms have the following meanings:

(a) "AFFILIATE" means any company controlled by the Company, controlling the Company or under common control with the Company.

(b) "AWARD" means an award granted to any Eligible Employee in accordance with the provisions of the Plan.

(c) "AWARD AGREEMENT" means the written agreement or certificate evidencing the terms of the Award granted to an Eligible Employee under the Plan.

(d) "BENEFICIARY" means the beneficiary or beneficiaries designated pursuant to Section 11 to receive the amount, if any, payable under the Plan upon the death of an Eligible Employee.

(e) "BOARD" means the Board of Directors of the Company.

(f) A "CHANGE IN CONTROL" shall mean the occurrence of any of the following events with respect to the Company:

(i) (A) a third "person" (other than an employee benefit plan of the Company), including a "group", as those terms are used in Section 13(d) of the Exchange Act, is or becomes the beneficial owner (as that term is used in said Section 13(d)) of stock having twenty percent (20%) or more of the total number of votes that may be cast for the election of members of the Board or twenty percent (20%) or more of the fair market value of the Company's issued and outstanding stock, or (B) the receipt by the Company of any report, schedule, application or other document filed with a state or federal governmental agency or commission disclosing such ownership or proposed ownership.

(ii) approval by the stockholders of the Company of any (1) consolidation or merger or sale of assets of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of stock the Company would be converted into cash, securities or other property, other than a consolidation or merger of the Company in which holders of its common stock immediately prior to the consolidation or merger have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the consolidation or merger as they held immediately before, or (2) sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets or businesses of the Company.

(iii) as a result of, or in connection with, any cash tender offer, exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions (a "Transaction"), the persons who are members of the Board before the Transaction shall cease to constitute a majority of the Board or any successor to the Company.

Notwithstanding anything in this Plan or any Award Agreement to the contrary, to the extent any provision of this Plan or an Award Agreement would cause a payment of deferred compensation that is subject to Section 409A to be made upon the occurrence of a Change in Control, then such payment shall not be made unless such Change in Control also constitutes a "change in ownership", "change in effective control" or "change in ownership of a substantial portion of the Company's assets" within the meaning of Section 409A. Any payment that would have been made except for the application of the preceding sentence shall be made in accordance with the payment schedule that would have applied in the absence of a Change in Control.

(g) "CODE" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. (All citations to Sections of the Code are to such Sections as they are currently designated and reference to such Sections shall include the provisions thereof as they may from time to time be amended or renumbered as well as any successor provisions and any applicable regulations.)

(h) "COMPANY" means Citizens Utilities Company, and its successors and assigns.

(i) "COMMITTEE" means the Compensation Committee of the Board of Directors of the Company.

(j) "EFFECTIVE DATE" means with respect to this amendment and restatement of the Plan, January 1, 2005, which is the Section 409A compliance date.

(k) "ELIGIBLE EMPLOYEE" means an employee of any Participating Company whose responsibilities and decisions in the judgment of the Committee foster the management, growth, performance or profitability of any Participating Company. Where required by the context, "Eligible Employee" includes an individual who has been granted an Award but is no longer an employee of any Participating Company.

(l) "FAIR MARKET VALUE" means, unless another reasonable method for determining fair market value is specified by the Committee, which method shall be one that is deemed to constitute fair market value for purposes of Section 409A to the extent it is used with respect to an Option or SAR, the average of the high and low sales prices of a share of the appropriate Series of Stock as reported by the New York Stock Exchange (or if such shares are listed on another national stock exchange or national quotation system, as reported or quoted by such exchange or system) on the date in question or, if no such sales were reported for such date, for the most recent date on which sales prices were quoted.

(m) "FAMILY MEMBER" AND "FAMILY TRUST" shall have the same meanings as are employed from time to time by the SEC for the purpose of the exception to the rules promulgated by the SEC which limit transferability of stock options and stock awards for purposes of Section 16 of the Exchange Act and/or the use of Form S-8 under the Securities Act. For the purposes of the Plan, the phrases "Family Member" and "Family Trust" shall be further limited, if necessary, so that neither the transfer to a Family Member or Family Trust nor the ability of a Participant to make such a transfer shall have adverse consequences to the Company or a Participant by reason of Section 162(m) of the Code.

(n) "FRONTIER PENSION PLANS" means any of the Company's non-contributory defined-benefit qualified retirement plans in effect and applicable on the date in question.

(o) "OPTION" means an option to purchase Stock, including Restricted Stock or Deferred Stock, if the Committee so determines, subject to the applicable provisions of Section 5 and awarded in accordance with the terms of the Plan and which may be an incentive stock option qualified under Section 422 of the Code or a nonqualified stock option.

(p) "PARTICIPATING COMPANY" means the Company or any subsidiary or other affiliate of the Company; provided, however, for incentive stock options only, "Participating Company" means the Company, any corporation or other entity which at the time such option is granted under the Plan qualifies as a subsidiary of the Company under the definition of "subsidiary corporation" contained in Section 425(f) of the Code; and further provided that, for Awards covered by Section 409A only, "Participating Company" means the Company and any corporation or other entity which at the time such option is granted under the Plan would, together with the Company, be considered a single person under section 414(b) or (c) of the Code.

(q) "PARTICIPANT" means an Eligible Employee who has been or is being granted an Award. When required by the context, the definition of Participant shall include an individual who has been granted an Award but is no longer an employee of any Participating Company.

(r) "PERFORMANCE SHARE" means a performance share subject to the requirements of Section 6 and awarded in accordance with the terms of the Plan.

(s) "PLAN" means the Frontier Communications Corporation 1996 Equity Incentive Plan, as the same may be amended, administered or interpreted from time to time.

(t) "RESTRICTED STOCK" means Stock delivered under the Plan subject to the requirements of Section 7 and such other terms and restrictions as the Committee deems appropriate or desirable.

(u) "SAR" means a stock appreciation right subject to the appropriate requirements under Section 5 and awarded in accordance with the terms of the Plan.

(v) "SEC" means the Securities and Exchange Commission. "Exchange Act" means the Securities Exchange Act of 1934. "Rule 16b-3" shall mean such rule promulgated by the SEC under the Exchange Act and, unless the circumstances require otherwise, shall include any other rule or regulation adopted under Sections 16(a) or 16(b) of the Exchange Act relating to compliance with, or an exemption from, Section 16(b). "Securities Act" means the Securities Act of 1933. Reference to any section of the Securities Act, Exchange Act or any rule promulgated thereunder shall include any successor section or rule.

(w) "SECTION 409A" means Section 409A of the Code.

(x) "STOCK" means the Series A or Series B Common Stock of the Company and any successor Common Stock.

(y) "TERMINATION WITHOUT CAUSE" means termination of employment with a Participating Company by the employer for any reason other than death, Total Disability or termination for deliberate, willful or gross misconduct, and also means voluntary termination of employment by employee.

(z) "TOTAL DISABILITY" means the complete and permanent inability of an Eligible Employee to perform all of his or her duties under the terms of his or her employment with any Participating Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Company deems appropriate or necessary; provided, however, that to the extent any provision of this Plan or any Award Agreement under this Plan would cause a payment of deferred compensation to be made upon the occurrence of a Participant's Total Disability, then such payment shall not be made unless such Total Disability also constitutes a "disability" within the meaning of Section 409A. Any payment that would have been made except for the application of the preceding sentence shall be made in accordance with the time of payment schedule that would have applied in the absence of a Total Disability.

SECTION 3. SHARES SUBJECT TO THE PLAN

(a) Subject to adjustment as provided in Section 14 hereof, 11,300,000 shares of Stock are hereby reserved for issuance pursuant to Awards under the Plan. Shares reserved for issuance under the Plan shall be made available either from authorized and unissued shares, shares held by the Company in its treasury or reacquired shares. The term "issued" shall include all deliveries to a Participant of shares of Stock pursuant to Awards under the Plan. The Committee may, in its discretion, decide to award other shares issued by the Company that are convertible into Stock or make such shares subject to purchase by an option, in which event the maximum number of shares of Stock into which such shares may be converted shall be used in applying the aggregate share limit under this Section 3 and all provisions of the Plan relating to Stock shall apply with full force and effect with respect to such convertible shares.

(b) If, for any reason, any shares of Stock awarded or subject to purchase or issuance under the Plan are not delivered or are reacquired by the Company for reasons including, but not limited to, a forfeiture of Restricted Stock or termination, expiration or a cancellation of an Option, SAR or a Performance Share, such shares of Stock shall be deemed not to have been issued pursuant to Awards under the Plan, or to have been subject to the Plan; provided, however, that the counting of shares of Stock subject to Awards granted under the Plan against the number of shares available for further Awards shall in all cases conform to the requirements of Rule 16b-3 under the Exchange Act. With respect to any Award constituting an Option or SAR granted to any Eligible Employee who is a "covered employee" as defined in Section 162(m) of the Code that is canceled, the number of shares of Stock originally subject to such Award shall continue to count in accordance with Section 162(m) of the Code. Unless the Committee otherwise determines, shares of Stock received by the Company in connection with the exercise of Options by delivery of shares or in connection with the payment of withholding taxes shall reduce the number of shares deemed to have been issued pursuant to Awards under the Plan for the limit set forth in Section 3(a) hereof.

SECTION 4. GRANT OF AWARDS AND AWARD AGREEMENTS

(a) Subject to and in furtherance of the provisions of the Plan, the Committee shall (i) determine and designate from time to time those Eligible Employees or groups of Eligible Employees to whom Awards are to be granted; (ii) grant Awards to Eligible Employee; (iii) determine the form or forms of Award to be granted to any Eligible Employee; (iv) determine the amount or number of shares of Stock, including Restricted Stock or Deferred Stock if the Committee so determines, subject to each Award; (v) determine the terms and conditions (which need not be identical) of each Award; (vi) determine the rights of each Participant after employment has terminated and the periods during which such rights may be exercised; (vii) establish and modify performance objectives; (viii) determine whether and to what extent Eligible Employees shall be allowed or required to defer receipt of any Awards or other amounts payable under the Plan to the occurrence of a specified date or event; (ix) determine the price at which shares of Stock may be offered under each Award which price may, except in the case of Options, be zero; (x) permit cashless exercise of Options and other Awards of a sale, loan or other nature covering exercise prices and/or income taxes; (xi) interpret, construe and administer the Plan and any related Award Agreement and define the terms employed therein; and (xii) make all of the determinations necessary or advisable with respect to the Plan or any Award granted thereunder. Awards granted to different Eligible Employees or Participants need not be identical and, in addition, may be modified in different respects by the Committee.

(b) Each Award granted under the Plan shall be evidenced by a written Award Agreement, in a form approved by the Committee. Such agreement shall be subject to and incorporate the express terms and conditions, if any, required under the Plan or as required by the Committee for the form of Award granted and such other terms and conditions as the Committee may specify.

(c) The Committee may modify or amend any Awards (by cancellation and regrant or substitution of Awards or otherwise and with terms and conditions more or less favorable to Eligible Employees) or waive any restrictions or conditions applicable to any Awards or the exercise or realization thereof (except that the Committee may not undertake any such modifications, amendments or waivers if the effect thereof, taken as a whole, adversely and materially affects the rights of any recipient of previously granted Awards without his or her consent, unless such modification, amendment or waiver is necessary or desirable for the continued validity of the Plan or its compliance with Rule 16b-3 or any other applicable law, rule or regulation or pronouncement or to avoid any adverse consequences under Section 162(m) of the Code or any requirement of a securities exchange or association or regulatory or self-regulatory body). Notwithstanding the foregoing, no such amendment, modification or waiver may alter the terms of any Option to reduce the Option price per share (or alter any SAR to reduce the exercise price of the SAR). Further, the Committee may not, without the approval of shareholders, cancel any outstanding Option and replace it with a new Option with a lower Option price (or cancel any SAR and replace it with a new SAR with a lower exercise price) where the economic effect would be the same as reducing the Option price of the cancelled Option (or reducing the exercise price of the cancelled SAR).

(d) The Committee may permit the voluntary surrender of all or a portion of any Award granted under the Plan to be conditioned upon the granting of a new Award or may require such voluntary surrender as a condition to a grant of a new Award. Any such new Award shall be subject to such terms and conditions as are specified by the Committee at the time the new Award is granted, determined in accordance with the provisions of the Plan without regard to the terms of the surrendered Award.

(e) In any calendar year, no Eligible Employee may receive Awards covering more than 500,000 shares of the Company's Stock. Such number of shares shall be adjusted in accordance with Section 14 hereof.

(f) Notwithstanding anything in this Section 4 to the contrary, Options or SARs awarded after December 31, 2004 may only be granted only to individuals who provide direct services on the date of grant of the Option or SAR to the Company or another entity in a chain of entities in which the Company or another such entity has a controlling interest within the meaning of Treasury Regulation ss. 1.409A-1(b)(5)(iii)(E) in each entity in the chain.

SECTION 5. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

(a) With respect to Options and SARs, the Committee shall (i) authorize the granting of incentive stock options, nonqualified stock options, SARs or a combination of incentive stock options, nonqualified stock options and SARs; (ii) determine the number of shares of Stock subject to each Option or the number of shares of Stock that shall be used to determine the value of a SAR; (iii) determine whether such Stock shall be Restricted Stock; (iv) determine the time or times when and the manner in which each Option shall be exercisable and the duration of the exercise period; and (v) determine whether or not all or part of each Option may be canceled by the exercise of a SAR; provided, however, that the aggregate Fair Market Value (determined as of the date of Option is granted) of the Stock (disregarding any restrictions in the case of Restricted Stock) for which incentive stock options granted to any Eligible Employee under this Plan may first become exercisable in any calendar year shall not exceed $100,000. Notwithstanding the foregoing, to the extent that Options intended to be incentive stock options granted to an Eligible Employee under this Plan for any reason exceed such limit on exercisability, such excess Options shall be treated as nonqualified stock options as provided under Section 422(d) of the Code, but shall in all other respects remain outstanding and exercisable in accordance with their terms.

(b) The exercise period for a nonqualified stock option or SAR shall be 10 years from the date of grant or such shorter period as may be specified by the Committee at the time of grant. The exercise period for an incentive stock option and any related SAR, including any extension which the Committee may from time to time decide to grant, shall not exceed 10 years from the date of grant; provided, however, that, in the case of an incentive stock option granted to an Eligible Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (a "10% Stockholder"), such period, including extensions, shall not exceed five years from the date of grant.

(c) The Option price per share or exercise price of a SAR shall be determined by the Committee at the time any Option or SAR is granted and shall be not less than the Fair Market Value, or, in the case of an incentive stock option granted to a 10% Stockholder and any related tandem SARs, 110 percent of the Fair Market Value, disregarding any restrictions in the case of Restricted Stock, on the date the Option is granted, as determined by the Committee; provided, however, that such price shall be at least equal to the par value of one share of Stock; provided further, however, that in the discretion of the Committee and if it does not cause the Option to be subject to Section 409A, in the case of a nonstatutory stock option or SAR, the Option price per share or the exercise price of a SAR may be less than the Fair Market Value in the case of an Option or SAR granted in order to induce an individual to become an employee of a Participating Company or in the case of an Option or SAR granted to a new or prospective employee in order to replace stock options, SARs or other long-term incentives under a program maintained by a prior employer which are forfeited or cease to be available to the new employee by reason of his termination of employment with his prior employer. In the case of an Option or SAR granted through the assumption of, or in substitution for, outstanding awards previously granted to individuals who became employees of the Company as a result of merger, consolidation, acquisition or other corporate transaction involving the Company, provided it does not cause the Option or SAR to be subject to Section 409A, an Option price (or SAR exercise price) per share may be used that reasonably preserves the value of the previously granted award

(d) No part of any Option or SAR may be exercised (i) until the Participant who has been granted the Award shall have remained in the employ of a Participating Company for such period after the date on which the Option or SAR is granted as the Committee may specify and (ii) until achievement of such performance or other criteria, if any, by the Participant, as the Committee may specify. A SAR and a related Option shall commence to be exercisable no earlier than six months following the date the Option and SAR are granted. The Committee may further require that an Option or SAR become exercisable in installments.

(e) Except as otherwise provided in the Plan, the purchase price of the shares as to which an Option shall be exercised shall be paid to the Company at the time of exercise either in cash or in such other consideration as the Committee deems appropriate, including, Stock, or with respect to nonqualified options or Restricted Stock, already owned by the optionee (subject to any minimum holding period specified by the Committee), having a total Fair Market Value, as determined by the Committee, equal to the purchase price, or a combination of cash and such other consideration having a total Fair Market Value, as so determined, equal to the purchase price; provided, however, that if payment of the exercise price is made in whole or in part in the form of Restricted Stock, the Stock received upon the exercise of the Option shall be Restricted Stock, at least with respect to the same number of shares and subject to the same restrictions or other limitations as the Restricted Stock paid on the exercise of the Option. The Committee may provide that a Participant who delivers shares of Stock to the Company, or sells shares of Stock and applies all of the proceeds, (a) to pay, or reimburse the payment of the exercise price of shares of Stock acquired under an employee stock option or SAR or to purchase shares of Stock under an employee award or grant, an employee purchase plan or program or any other stock-based employee benefit or incentive plan, (whether or not such award or grant is under this Plan) and/or (b) to pay federal or state income taxes resulting from the exercise of such Options or SARs or the purchase of shares of Stock pursuant to any such grant, award, plan or program, shall receive a replacement Option under this Plan to purchase a number of shares of Stock equal to the number of shares of Stock delivered to the Company, or sold, the proceeds of the sale of which are applied as aforesaid in this sentence. The replacement Option shall have an exercise price equal to Fair Market Value on the date of such payment and shall include such other terms and conditions as the Committee may specify.

(f) (i) Upon the Termination Without Cause of a Participant holding Options or SARs, his or her Options and SARs may be exercised to the extent exercisable on the date of Termination Without Cause, at any time and from time to time within 90 days of the date of such Termination. The Committee, however, in its discretion, may provide that any Option or SAR of such a Participant which is not exercisable by its terms on the date of Termination Without Cause will become exercisable in accordance with a schedule (which may extend the time limit referred to above, but not later than the final expiration date specified in the Option or SAR Award Agreement) to be determined by the Committee at any time during the period that any other Options or SARs held by the Participant are exercisable.

(ii) Upon the death, retirement or Total Disability (during a Participant's employment or within three months after termination of employment for any reason other than termination for cause) of a Participant holding an Option or SAR, his or her Options and SARs may be exercised only to the extent exercisable at the time of death, retirement or Total Disability (or such earlier termination of employment), at any time and from time to time 90 days after such death, retirement or Total Disability. The Committee, however, in its discretion, may provide that any Options or SARs outstanding but not exercisable at the date of the first to occur of death, retirement or Total Disability will become exercisable in accordance with a schedule (which may extend the limits referred to above, but not to a date later than the final expiration date specified in such Option or SAR Award Agreement) to be determined by the Committee at any time during the period while any other Option or SARs held by the Participant are exercisable.

(iii) Upon death, Total Disability, retirement or Termination Without Cause of a Participant holding an Option(s) or SAR(s) who is immediately eligible to receive benefits under the terms of the Frontier Pension Plans, his or her Options or SARs that were awarded prior to December 1, 2004 may be exercised in full as to all shares or SAR rights covered by Options and SAR Award Agreements (whether or not then exercisable) at any time, or from time to time, but no later than the expiration date specified in such Option or SAR Award Agreement as specified in Section 5(b) above or, in the case of incentive Options, within one year following such death, Total Disability or Termination Without Cause. This paragraph (iii) does not apply to any Option or SAR that was awarded on or after December 1, 2004.

(iv) If the employment of a Participant holding an Option or SAR is terminated for deliberate, willful or gross misconduct, as determined by the Company, all rights of such Participant and any Family Member or Family Trust or other transferee to which such Participant has transferred his or her Option or SAR shall expire upon receipt by the Participant of the notice of such termination.

(v) In the event of the death of a Participant, his or her Options and SARs may be exercised by the person or persons to whom the Participant's rights under the Option or SAR pass by will, or if no such person has such right, by his or her executors or administrators or Beneficiary. The death of a Participant after Total Disability or Termination Without Cause will not adversely effect the rights of a Participant or anyone entitled to the benefits of such Option or SAR.

(g) Except as otherwise determined by the Committee, no Option or SAR granted under the Plan shall be transferable other than by will or by the laws of descent and distribution, unless the Committee determines that an Option or SAR may be transferred by a Participant to a Family Member or Family Trust or other transferee. Such transfer shall be evidenced by a writing from a grantee to the Committee or Committee's designee on a form established by the Committee. Absent an authorized transfer during the lifetime of the Participant, an Option shall be exercisable only by him or her by his or her guardian or legal representative.

(h) With respect to an incentive stock option, the Committee shall specify such terms and provisions as the Committee may determine to be necessary or desirable in order to qualify such Option as an incentive stock option within the meaning of Section 422 of the Code.

(i) Upon exercise of a SAR, the Participant shall be entitled, subject to such terms and conditions as the Committee may specify at any time, to receive upon exercise thereof the excess of (i) the Fair Market Value of a specified number of shares of Stock at the time of exercise, as determined by the Committee, over (ii) a specified amount which shall not, subject to Section 5(j), be less than the Fair Market Value of such specified number of shares of Stock at the time the SAR is granted. Upon exercise of a SAR, payment of such excess shall be made as the Committee shall specify (A) in cash, (B) through the issuance or transfer to the Participant of whole shares of Stock, including Restricted Stock, with a Fair Market Value, disregarding any restrictions in the case of Restricted Stock, at such time equal to any such excess, or (C) a combination of cash and shares of Stock with a combined Fair Market Value at such time equal to such excess, all as determined by the Committee; provided, however, a fractional share of Stock shall be paid in cash equal to the Fair Market Value of the fractional share of Stock, disregarding any restrictions in the case of Restricted Stock, at such time.

(j) If the Award granted to a Participant allows the Participant to elect to cancel all or any portion of an unexercised Option by exercising a related SAR, then the Option price per share of Stock shall be used as the specified price in Section 5(i), to determine the value of the SAR upon such exercise; and, in the event of the exercise of such SAR, the Company's obligation in respect of such Option or such portion thereof will be discharged by payment of the SAR so exercised.

(k) If authorized by the Committee in its sole discretion, the Company may accept the surrender of the right to exercise any Option granted under the Plan (whether or not granted with a related SAR) as to all or any of the shares of Stock as to which the Option is then exercisable, in exchange for payment to the optionee (in cash or shares of Stock valued at the then Fair Market Value) of an amount equal to the difference between the option price and the then Fair Market Value of the shares as to which such right to exercise is surrendered.

SECTION 6. PERFORMANCE SHARES

(a) The Committee may award Performance Shares to Participant under the Plan, which may be denominated in Stock or in dollars. The Committee shall determine the performance periods (the "Performance Periods") and the performance objectives relating to each Performance Share Award. Performance objectives may vary from Participant to Participant and between groups of Participants and shall only be based upon any one or more of the following performance criteria, any combination and/or specifics of which shall be determined by the Committee as it may deem appropriate: (i) stock price; (ii) market share; (iii) sales; (iv) earnings per share; (v) operating cash flow; (vi) free cash flow; (vii) net income or loss; (viii) net income or loss adjusted to exclude specified items such as gain or losses from extraordinary or non-recurring items and non-cash expense and income, and before specified expense items such as interest, depreciation, amortization and income taxes; (ix) EBITDA; (x) revenue; (xi) return on equity or assets or (xii) cost control. Performance objectives may be in respect to the performance of the Company and its subsidiaries or a particular subsidiary or division and may be expressed in absolute terms or in relation to another company or companies or a division thereof. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Shares for which different performance periods are prescribed.

(b) At the beginning of a Performance Period (but in no event prior to the earlier of the elapsing of 90 days or 25% of such Performance Period) the Committee shall determine and set forth in writing for each Participant or group of Participants the number of Performance Shares or the dollar value of the Performance Share Awards made and the applicable performance objectives, each of which may be fixed or may be expressed in terms of a progression within a specified range. At the end of each Performance Period, the Committee shall certify in writing the extent to which the prescribed performance objectives have been satisfied. An Eligible Employee shall be eligible to be awarded, in any calendar year, Performance Share Awards up to the maximum number of shares contemplated in Section 4(e) and shall also be eligible to be awarded Performance Share Awards denominated in dollars subject to a maximum limitation of $500,000 for all such dollar-denominated Awards granted to any Eligible Employee in any calendar year.

(c) If during the course of a Performance Period there shall occur significant events as determined by the Committee, including, but not limited to, a reorganization of the Company, which the Committee expects to have a substantial effect on a performance objective during such period, the Committee may revise such objective.

(d) If a Participant terminates service with all Participating Companies during a Performance Period because of death, Total Disability, or a significant event, as determined by the Committee, that Participant shall be entitled to payment in settlement of each Performance Share for which the Performance Period was prescribed (i) based upon the performance objectives satisfied at the end of such period and (ii) prorated for the portion of the Performance Period during which the Participant was employed by any Participating Company; provided, however, the Committee may provide for an earlier payment in settlement of such Performance Share in such amount and under such terms and conditions as the Committee deems appropriate or desirable with the consent of the Participant. If a Participant terminates service with all Participating Companies during a Performance Period for any other reason, then such Participant shall not be entitled to any payment with respect to that Performance Period unless the Committee shall otherwise determine.

(e) Each Performance Share may be paid in whole shares of Stock, including Restricted Stock or Deferred Stock (together with any cash representing fractional shares of Stock), or cash, or a combination of Stock and cash either as a lump sum payment or in annual installments, all as the Committee shall determine, at the time of grant of the Performance Share or otherwise, commencing as soon as practicable after the end of the relevant Performance Period. Any dividends or distributions payable on Performance Shares (or the equivalent as specified in the grant), other than cash dividends representing the periodic distribution of profits which shall be retained by the Company, shall be paid over to the Participant when and if payment is made of the underlying Performance Shares, unless the grant provides otherwise. Except as otherwise provided in this Section 6, no Performance Shares awarded to Participants shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of during the Performance Period unless the Committee determines that an Award may be transferred to a Family Member or Family Trust or other transferee.

SECTION 7. RESTRICTED STOCK

(a) Restricted Stock may be received by a Participant either as an Award or as the result of an exercise of an Option or SAR or as payment for a Performance Share. Restricted Stock shall be subject to a restriction period (after which restrictions shall lapse) which shall mean a period commencing on the date the Award is granted and ending on such date or upon the achievement of such performance or other criteria as the Committee shall determine (the "Restriction Period"). The Committee may provide for the lapse of restrictions in installments where deemed appropriate.

(b) Except as otherwise provided in this Section 7, no shares of Restricted Stock received by a Participant shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of during the Restriction Period unless the Committee determines that an Award may be transferred by a Participant to a Family Member or Family Trust or other transferee; provided, however, that for Awards of Restricted Shares that were made prior to December 1, 2004, that Restriction Period for any Participant shall expire and all restrictions on shares of Restricted Stock shall lapse upon the Participant's (i) death, (ii) Total Disability or (iii) Termination Without Cause where the Participant is immediately eligible to receive benefits under the terms of Frontier Pension Plans, or with the consent of the Company, or upon some significant event, as determined by the Committee, including, but not limited to, a reorganization of the Company.

(c) Except for those circumstances specifically identified in the preceding subsection (b) that apply to Awards of Restricted Shares that were made prior to December 1, 2004, if a Participant's employment with all Participating Companies for any reason or in the event of the Participant's death, in each case before the expiration of the Restriction Period, all shares of Restricted Stock still subject to restriction shall, unless the Committee otherwise determines within 90 days after such termination, be forfeited by the Participant and shall be reacquired by the Company, and, in the case of Restricted Stock purchased through the exercise of an Option, the Company shall refund the purchase price paid on the exercise of the Option.

(d) The Committee may require under such terms and conditions as it deems appropriate or desirable that the certificates for Restricted Stock delivered under the Plan may be held in custody until the Restriction Period expires or until restrictions thereon otherwise lapse, and may require as a condition of any receipt of Restricted Stock that the Participant shall have delivered a stock power endorsed in blank relating to the Restricted Stock.

(e) Nothing in this Section 7 shall preclude a Participant from exchanging any shares of Restricted Stock subject to the restrictions contained herein for any other shares of Stock that are similarly restricted.

(f) Unless the Award Agreement provides otherwise, amounts equal to any cash dividends representing the periodic distributions of profits declared and payable during the Restriction Period with respect to the number of shares of Restricted Stock credited to a Participant shall be paid to the Participant within 30 days after each dividend becomes payable, unless, at the time of the Award, the Committee determines that the dividends should be reinvested in additional shares of Restricted Stock, in which case additional shares of Restricted Stock shall be credited to the Participant based on the Stock's Fair Market Value at the time of each such dividend, or unless the Committee specifies otherwise. All dividends or distributions payable on shares (other than cash dividends representing periodic distributions of profits) of Restricted Stock (or the equivalent as specified in the grant) shall be paid over to the Participant when and if as restrictions lapse on the underlying shares of Restricted Stock, unless the grant provides otherwise.

SECTION 8. DEFERRED STOCK

[RESERVED]

SECTION 9. OTHER STOCK-BASED AWARDS

The Committee may grant other Awards under the Plan which are denominated in stock units or pursuant to which shares of Stock may be acquired, including Awards valued using measures other than market value or Fair Market Value, if deemed by the Committee in its discretion to be consistent with the purposes of the Plan. Subject to the terms of the Plan, the Committee shall determine the form of such Awards, the number of shares of Stock to be granted or covered pursuant to such Awards and all other terms and conditions of such Awards. To the extent an Award described in this section is a 409A Award (as defined in Section 17) and is subject to a substantial risk of forfeiture within the meaning of Section 409A (or will be granted upon the satisfaction of a condition that constitutes such a substantial risk of forfeiture), any compensation due under the Award (or pursuant to a commitment to grant an Award) shall be provided in full not later than the 60th day following the date there is no longer such a substantial risk of forfeiture with respect to the Award, unless the Committee shall clearly and expressly provide otherwise with respect to the Award.

SECTION 10. CERTIFICATES FOR AWARDS OF STOCK

(a) Subject to Section 7(d), each Participant entitled to receive shares of Stock under the Plan shall be issued a certificate for such shares or have their shares registered for their account in book entry form by the Company's transfer agent. In the instance of a certificate, such certificate shall be registered in the name of the Participant, and shall bear an appropriate legend reciting the terms, conditions and restrictions, if any, applicable to such shares and shall be subject to appropriate stop-transfer orders.

(b) The Company shall not be required to issue or deliver any shares or certificates for shares of Stock prior to (i) the listing of such shares on any stock exchange or quotation system on which the Stock may then be listed or quoted, and (ii) the completion of any registration, qualification, approval or authorization of such shares under any federal or state law, or any ruling or regulation or approval or authorization of such shares under any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

(c) All shares and certificates for shares of Stock delivered under the Plan shall also be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the SEC, any stock exchange upon which the Stock is then listed and any applicable federal or state securities or regulatory laws, and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions. The foregoing provisions of this Section 10(c) shall not be effective if and to the extent that the shares of Stock delivered under the Plan are covered by an effective and current registration statement under the Securities Act, or if the Committee determines that application of such provisions is no longer required or desirable. In making such determination, the Committee may rely upon an opinion of counsel for the Company.

(d) Except for the restrictions on Restricted Stock under Section 7, each Participant who receives an award of Stock shall have all of the rights of a stockholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions. No Participant awarded an Option, a SAR, or Performance Share or Deferred Stock shall have any right as a stockholder with respect to any shares subject to such Award prior to the date of issuance to him or her of certificate or certificates for such shares.

SECTION 11. BENEFICIARY

(a) Each Eligible Employee shall file with the Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the Award, if any, payable under the Plan upon his or her death. An Eligible Employee may from time to time revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Eligible Employee's death, and in no event shall it be effective as of a date prior to such receipt.

(b) If no such Beneficiary designation is in effect at the time of an Employee's death, or if no designated Beneficiary survives the Eligible Employee or if such designation conflicts with law, the Eligible Employee's estate shall be entitled to receive the Award, if any, payable under the Plan upon his or her death. If the Committee is in doubt as to the right of any person to receive such Award, the Company may retain such Award, without liability for any interest thereon, until the Committee determines the right thereto, or the Company may pay such Award into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Company therefor.

SECTION 12. ADMINISTRATION OF THE PLAN

(a) The Plan shall be administered by the Committee, as appointed by the Board and serving at the Board's pleasure. Each member of the Committee shall be both a member of the Board and shall satisfy the "disinterested administration" or similar requirements, if any, of Rule 16b-3 under the Exchange Act and the "outside director" or similar successor requirements, if any, of Section 162(m) of the Code and the regulations promulgated thereunder.

(b) All decisions, determinations or actions of the Committee made or taken pursuant to grants of authority under the Plan shall be made or taken in the sole and absolute discretion of the Committee and shall be final, conclusive and binding on all persons for all purposes.

(c) The Committee shall have full power, discretion and authority to interpret, construe and administer the Plan and any part thereof and any related Award Agreement and define the terms employed in the Plan or any agreement, and its interpretations and constructions thereof and actions taken thereunder shall be final, conclusive and binding on all persons for all purposes.

(d) The Committee shall have full power, discretion and authority to prescribe and rescind rules, regulations and policies for the administration of the Plan.

(e) The Committee's decisions and determinations under the Plan and with respect to any Award granted thereunder need not be uniform and may be made selectively among Awards, Participants or Eligible Employees, whether or not such Awards are similar or such Participants or Eligible Employees are similarly situated.

(f) The Committee shall keep minutes of its actions under the Plan. The act of a majority of the members present at a meeting duly called and held shall be the act of the Committee. Any decision or determination reduced to writing and signed by all members of the Committee shall be fully as effective as if made by unanimous vote at a meeting duly called and held.

(g) The Committee may employ such legal counsel, including without limitation independent legal counsel and counsel regularly employed by the Company, consultants and agents as the Committee may deem appropriate for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computations received from any such consultant or agent. All expenses incurred by the Committee in interpreting and administering the Plan, including without limitation, meeting fees and expenses and professional fees, shall be paid by the Company.

(h) No member or former member of the Committee or the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it. Each member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against all cost or expense (including counsel fees and expenses) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Plan unless arising out of such member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights to indemnification or insurance the members or former member may have as directors or under the by-laws of the Company or otherwise.

(i) The Committee's determination that an Option, SAR, Performance Share, Restricted Stock, Deferred Stock or other Stock-based Awards may be transferred by a Participant to a Family Member or Family Trust or other transferee may be set forth in: determinations pursuant to Section 12(c), rules and regulations of general application adopted pursuant to Section 12(d), in the written Award Agreement, or by a writing delivered to the Participant made any time after the relevant Award or Awards have been granted, on a case-by-case basis, or otherwise. In any event, the transferee or Family Member or Family Trust shall agree in writing to be bound by all the provisions of the Plan and the Award Agreement, and in no event shall any such transferee have greater rights under such Award than the Participant effecting such transfer.

(j) With respect to credits, shares, cash or other property credited to a Participant by reason of dividends or distributions, if the Committee shall so determine, all such credits, shares, cash or other property to a Participant shall be paid to the Participant periodically at the end of the applicable period, whether or not the performance, employment or other standards (or lapse of time) upon which such Award is conditioned have been satisfied.

SECTION 13. AMENDMENT OR DISCONTINUANCE

The Board may, at any time, amend or terminate the Plan. The Plan may also be amended by the Committee, provided that all such amendments shall be reported to the Board. No amendments shall become effective unless approved by affirmative vote of the Company's stockholders if such approval is necessary or desirable for the continued validity of the Plan or if the failure to obtain such approval would adversely affect the compliance of the Plan with Rule 16b-3 or any successor rule under the Exchange Act or Section 162(m) of the Code or any other rule or regulation. No amendment or termination shall, when taken as a whole, adversely and materially affect the rights of any Participant who has received a previously granted Award without his or her consent unless the amendment or termination is necessary or desirable (i) for the continued validity of the Plan or its compliance with Rule 16b-3 or any other applicable law, rule or regulation or pronouncement or (ii) to avoid any adverse consequences under Section 162(m) of the Code, Section 409A or any requirement of a securities exchange or association or regulatory or self-regulatory body.

SECTION 14. ADJUSTMENTS IN EVENT OF CHANGE IN COMMON STOCK

In the event of a change in corporate capitalization, stock split or stock dividend, the number of shares purchasable upon exercise of an Option or SAR shall be increased to the new number of shares which result from the shares covered by the Option or SAR immediately before the change, split or dividend. The purchase price per share shall be reduced proportionately and the total purchase price will remain the same.

In the event of any other change in corporate capitalization, or a corporate transaction, such as any merger of a corporation into another corporation, any consolidation of two or more corporations into another corporation, any separation of a corporation (including a spinoff or other distribution of stock or property by a corporation), any reorganization of a corporation (whether or not such reorganization comes within the definition of such term in Section 368 of the Code), or any partial or complete liquidation by a corporation or other similar event which could distort the implementation of the Plan or the realization of its objectives, the Committee shall make an appropriate adjustment in the number of shares of Stock (i) which are covered by the Plan, (ii) which may be granted to any one Eligible Employee and which are subject to any Award, and the purchase price therefor, and in terms, conditions or restrictions on securities as the Committee deems equitable, with the objective that the securities covered under the Plan or an Award shall be those securities which a Participant would have received if he or she had exercised his or her Option or SAR prior to the event or been entitled to his or her Restricted or Deferred Stock or Performance Shares.

All such events occurring between the effective date of the Option and its exercise shall result in an adjustment to the Option terms.

SECTION 15. CHANGE IN CONTROL

Awards may include, or may incorporate from any relevant guidelines adopted by the Committee, terms which provide that any or all of the following actions or consequences, with any modifications adopted by the Committee, may occur as a result of, or in anticipation of, any Change in Control to assure fair and equitable treatment of Participants:

(a) Any Options outstanding at least six months as of the date of Change in Control shall, if held by a current employee of the Company, become immediately exercisable in full. In addition, all Participants may, regardless of whether still an employee of the Company, elect to cancel all or any portion of any Option or Award no later than 90 days after the Change in Control, in which event the Company shall pay to such electing Participant, an amount in cash equal to the excess, if any, of the Current Market Value (as defined below) of the shares of Stock, including Performance Shares or Restricted Stock, subject to the Option or of the portion thereof so canceled over the option price for such shares; provided, however, that no Participant shall have the right to elect cancellation unless and until at least 6 months have elapsed after the date of grant of the Option.

(b) Any Performance Periods shall end and the Company shall pay each Participant an amount in cash equal to the value of such Participant's performance shares, if any, based upon the Stock's Current Market Value in full settlement of such performance shares.

(c) Any Restriction Periods shall end and the Company shall pay each Participant an amount in cash equal to the Current Market Value of the Restricted Stock held by, or on behalf of, each Participant in exchange for such Restricted Stock.

(d) The Company shall pay to each Participant all amounts due, if any, deferred by or payable under Awards granted to such Participant under the Plan which are not Performance Shares or Restricted Stock, in accordance with the terms provided by the Committee at the time of deferral or grant.

(e) For purpose of this Section 15, "Current Market Value" means the highest Fair Market Value during the period commencing 30 days prior to the Change in Control and ending 30 days after the Change in Control (the "reference period"); provided that, if the Change in Control occurs as a result of a tender offer or exchange offer, or a merger, purchase of assets or stock, or another transaction approved by shareholders of the Company, Current Market Value means the higher of (i) the highest Fair Market Value during the reference period, or (ii) the highest price paid per share of Stock pursuant to such tender offer, exchange offer or transaction. Notwithstanding the preceding provisions of this subsection, in the case of any Option that is granted or becomes exercisable after December 31, 2004 (or that is "materially modified" within the meaning of Section 409A after October 3, 2004) Current Market Value shall not be greater than the largest amount that will not cause the Option to become subject to Section 409A.

SECTION 16. MISCELLANEOUS

(a) Nothing in this Plan or any Award granted hereunder shall confer upon any employee any right to continue in the employ of any Participating Company or interfere in any way with the right of any Participating Company to terminate his or her employment at any time.

(b) No Award payable under the Plan shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of any Participating Company for the benefit of its employees unless the Company shall determine otherwise.

(c) No Eligible Employee or Participant shall have any claim to an Award until it is actually granted under the Plan. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments of Awards provided for under the Plan shall be paid by the Company either by issuing shares of Stock or by delivering cash from the general funds of the Company or other property of the Company; provided, however, that such payments shall be reduced by the amount of any payments made to the Participant or his or her dependents, beneficiaries or estate from any trust or special or separate fund established in connection with this Plan. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments, and, if the Company shall make any investments to aid it in meeting its obligations hereunder, the Participant shall have no right, title, or interest whatever in or to any such investments except as may otherwise be expressly provided in a separate written instrument relating to such investments.

(d) Absence on leave approved by a duly constituted officer of the Company (a "Company approved leave") shall not be considered interruption or termination of employment for any purposes of the Plan; provided, however, that no Award may be granted to an employee while he or she is absent on leave. Notwithstanding the preceding sentence, if an Award that is covered by Section 409A is to be distributed upon "separation from service" within the meaning of Section 409A, a Company approved leave shall be considered to result in a separation from service to the extent necessary for compliance with Section 409A.

(e) If the Committee shall find that any person to whom any Award, or portion thereof, is payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, then any payment due him or her (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his or her spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Company therefor.

(f) The right of any Participant or other person to any Award payable under the Plan may not be assigned, transferred, pledged or encumbered, either voluntarily or by operation of law, except as provided in Section 11 with respect to the designation of a Beneficiary or as may otherwise be required by law or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder or unless the Committee determines that an Award may be transferred to a Family Member or Family Trust or other transferee. If, by reason of any attempted assignment, transfer, pledge, or encumbrance or any bankruptcy or other event happening at any time, any amount payable under the Plan would be made subject to the debts or liabilities of the Participant or his or her Beneficiary or would otherwise devolve upon anyone else and not be enjoyed by the Participant or his or her Beneficiary or transferee, Family Trust or Family Member, then the Committee may terminate such person's interest in any such payment and direct that the same be held and applied to or for the benefit of the Participant, his or her Beneficiary, taking into account the expressed wishes of the Participant (or, in the event of his or her death, those of his or her Beneficiary) in such manner as the Committee may deem proper.

(g) Copies of the Plan and all amendments, administrative rules and procedures and interpretations shall be made available for review to all Eligible Employees at all reasonable times at the Company's administrative offices.

(h) The Committee may cause to be made, as a condition precedent to the payment of any Award, or otherwise, appropriate arrangements with the Participant or his or her Beneficiary, for the withholding of any federal, state, local or foreign taxes. The Committee may in its discretion permit the payment of such withholding taxes by authorizing the Company to withhold shares of Stock to be issued, or the Participant to deliver to the Company shares of Stock owned by the Participant or Beneficiary, in either case having a Fair Market Value equal to the amount of such taxes, or otherwise permit a cashless exercise.

(i) All elections, designations, requests, notices, instructions and other communications from an Eligible Employee, Participant, Beneficiary or other person to the Committee, required or permitted under the Plan, shall be in such form as is prescribed from time to time by the Committee and shall be mailed by first class mail or transmitted by facsimile copy or delivered to such location as shall be specified by the Committee.

(j) The terms of the Plan shall be binding upon the Company and its successors and assigns.

(k) Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.

(l) The Plan and the grant, exercise and carrying out of Awards shall be subject to all applicable federal and state laws, rules, and regulations and to all required or otherwise appropriate approvals and authorizations by any governmental or regulatory agency or commission. The Company shall have no obligation of any nature hereunder to any Eligible Employee, Participant or any other person in the absence of all necessary or desirable approvals or authorizations and shall have no obligation to seek or obtain the same.

(m) Whenever possible, each provision of this Plan and any Award Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any such provision is held to be ineffective, invalid, illegal or unenforceable in any respect under the applicable laws or regulations of the United States or any state, such ineffectiveness, invalidity, illegality or unenforceability will not affect any other provision but this Plan and any such agreement will be reformed, construed and enforced so as to carry out the intent hereof or thereof and as if any invalid or illegal provision had never been contained herein.

(n) At all times, this Plan shall be interpreted and operated (i) with respect to 409A Awards (as defined in Section 17 below), in accordance with the requirements of Section 409A, unless an exemption from Section 409A is available and applicable, (ii) to maintain the exemptions from Section 409A of Options, SARs and Restricted Stock and any Awards designed to meet the short-deferral exception under Section 409A, and (iii) to preserve the status of deferrals of compensation that were earned and vested prior to January 1, 2005 as exempt from Section 409A, i.e., to preserve the grandfathered status of such deferrals. To the extent there is a conflict between the provisions of the Plan relating to compliance with Section 409A and the provisions of any award agreement issued under the Plan, the provisions of the Plan control. Moreover, any discretionary authority that the Committee may have pursuant to the Plan shall not be applicable to an Award that is subject to Section 409A to the extent such discretionary authority would conflict with Section 409A. In addition, to the extent required to avoid a violation of the applicable rules under Section 409A by reason of Section 409A(a)(2)(B)(i), any payment under an Award shall be delayed until the earliest date of payment that will result in compliance with the rules of Section 409A(a)(2)(B)(i) (regarding the required six-month delay for distributions to specified employees that are related to a separation from service). In the event that any Award shall be deemed not to comply with Section 409A, then neither the Company, the Board of Directors, the Committee nor its or their designees or agents, nor any of their affiliates, assigns or successors (each a "protected party") shall be liable to any Award recipient or other person for actions, inactions, decisions, indecisions or any other role in relation to the Plan by a protected party if made or undertaken in good faith or in reliance on the advice of counsel (who may be counsel for the Company), or made or undertaken by someone other than a protected party.

(o) The Committee, in its discretion, may defer the payment of an Award, if such payment would cause the annual remuneration of a Participant, who is a covered employee under Section 162(m) of the Code, to be nondeductible because it exceeds $1,000,000. Any such deferral shall be clearly and expressly provided for by the Committee and, in the case of 409A Awards (as defined in Section 17 below) shall be subject to the limitations set forth in the next sentence. Any such deferral (i) shall be until the earlier of (A) the Participant's separation from service (within the meaning of Section 409A and subject to the last sentence of subsection (o) above in the case of a specified employee), or (B) the next succeeding year (or years) in which the deduction of the payment will not be barred by application of Section 162(m) of the Code, (ii) is conditioned on all payments to similarly situated Award recipients being treated in a reasonably consistent manner, (iii) is conditioned on all payments to the Award recipient that could also be deferred on the basis of nondeductibility under Section 162(m) of the Code being similarly delayed, and (iv) shall not be applied to payments under Options or SARs.

(p) The Plan shall be construed and governed under the laws of the State of Delaware.

SECTION 17. EFFECTIVE DATE AND STOCKHOLDER APPROVAL

The Plan was originally adopted effective May 23, 1996, subject to approval by the holders of a majority of the Company's common stock at the 1996 Annual Meeting. Any Awards granted prior to May 23, 1996 will be subject to the receipt of such approval. No Awards will be granted under the Plan after the expiration of ten years from the original effective date. Sections 5(i)-(iii) and 7(b) and (c) were amended in 2005 to add certain provisions related to exercise and disposition of awards. Section 6(a) and (b) were amended in 1997 to clarify certain provisions related to Performance Shares. This amendment and restatement of the Plan was adopted in December 2008 to be generally effective as of January 1, 2005, in order to ensure compliance with Section 409A in the case of "409A Awards," i.e., all Plan Awards that were not both earned and vested as of December 31, 2004, and all other Plan Awards that were materially modified after October 3, 2004, determined in each case within the meaning of Section 409A.

Exhibit 10.13

FRONTIER COMMUNICATIONS CORPORATION

AMENDED AND RESTATED 2000 EQUITY INCENTIVE PLAN

(As Amended and Restated December 29, 2008)

SECTION 1

PURPOSE

The purpose of the Frontier Communications Corporation Amended and Restated 2000 Equity Incentive Plan (the "Plan") is to provide compensation incentives for high levels of performance and productivity by individuals who provide services to the Company. The Plan is intended to strengthen the Company's existing operations and its ability to attract and retain outstanding individuals upon whose judgment, initiative and efforts the continued success, growth and development of the Company is dependent, as well as encourage such individuals to have a greater personal financial investment in the Company through ownership of its common stock.

SECTION 2

DEFINITIONS

When used herein, the following terms have the following meanings:

(a) "AFFILIATE" means any company controlled by the Company, controlling the Company or under common control with the Company.

(b) "AWARD" means an award granted to any Eligible Individual in accordance with the provisions of the Plan.

(c) "AWARD AGREEMENT" means the written agreement or certificate evidencing the terms of the Award granted to an Eligible Individual under the Plan.

(d) "BENEFICIARY" means the beneficiary or beneficiaries designated pursuant to Section 11 to receive the amount, if any, payable under the Plan upon the death of an Eligible Individual.

(e) "BOARD" means the Board of Directors of the Company.

(f) A "CHANGE IN CONTROL" shall mean the occurrence of any of the following events with respect to the Company:

(i) (A) a third "person" (other than an employee benefit plan of the Company), including a "group", as those terms are used in Section 13(d) of the Exchange Act, is or becomes the beneficial owner (as that term is used in said Section 13(d)) of stock having twenty percent (20%) or more of the total number of votes that may be cast for the election of members of the Board or twenty percent (20%) or more of the fair market value of the Company's issued and outstanding stock, or (B) the receipt by the Company of any report, schedule, application or other document filed with a state or federal governmental agency or commission disclosing such ownership or proposed ownership.

(ii) approval by the stockholders of the Company of any (1) consolidation or merger or sale of assets of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of stock the Company would be converted into cash, securities or other property, other than a consolidation or merger of the Company in which holders of its common stock immediately prior to the consolidation or merger have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the consolidation or merger as they held immediately before, or (2) sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets or businesses of the Company;

(iii) as a result of, or in connection with, any cash tender offer, exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions (a "Transaction"), the persons who are members of the Board before the Transaction shall cease to constitute a majority of the Board or any successor to the Company.

Notwithstanding anything in this Plan or any Award Agreement to the contrary, to the extent any provision of this Plan or an Award Agreement would cause a payment of deferred compensation that is subject to Section 409A to be made upon the occurrence of a Change in Control, then such payment shall not be made unless such Change in Control also constitutes a "change in ownership", "change in effective control" or "change in ownership of a substantial portion of the Company's assets" within the meaning of Section 409A. Any payment that would have been made except for the application of the preceding sentence shall be made in accordance with the payment schedule that would have applied in the absence of a Change in Control.

(g) "CODE" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. (All citations to Sections of the Code are to such Sections as they are currently designated and reference to such Sections shall include the provisions thereof as they may from time to time be amended or renumbered as well as any successor provisions and any applicable regulations.)

(h) "COMPANY" means Frontier Communications Corporation and its successors and assigns.

(i) "COMMITTEE" means the Compensation Committee of the Board of Directors of the Company.

(j) "COVERED EMPLOYEE" means any Participating Company employee with respect to whom the Company could be subject to the deductibility limitation imposed by Section 162(m) of the Code.

(k) "EFFECTIVE DATE" means, with respect to this second amendment and restatement of the Plan, January 1, 2005, which is the Section 409A compliance date, and as set forth in Section 17 with respect to each prior version of the Plan.

(l) "ELIGIBLE INDIVIDUAL" means a director, officer, or employee of any Participating Company or an individual who performs services for the Company directly or indirectly as a director, consultant or otherwise whose judgment, initiative and efforts, in the judgment of the Committee, foster the continued efficiency, productivity, growth and development of any Participating Company. Where required by the context, "Eligible Individual" includes an individual who has been granted an Award but is no longer performing services for any Participating Company.

(m) "FAIR MARKET VALUE" means, unless another reasonable method for determining fair market value is specified by the Committee, which method shall be one that is deemed to constitute fair market value for purposes of Section 409A to the extent it is used with respect to an Option or SAR, the average of the high and low sales prices of a share of the appropriate Series of Stock as reported by the New York Stock Exchange (or if such shares are listed on another national stock exchange or national quotation system, as reported or quoted by such exchange or system) on the date in question or, if no such sales were reported for such date, for the most recent date on which sales prices were quoted.

(n) "FAMILY MEMBER" AND "FAMILY TRUST" shall have the same meanings as are employed from time to time by the SEC for the purpose of the exception to the rules promulgated by the SEC which limit transferability of stock options and stock awards for purposes of Section 16 of the Exchange Act and/or the use of Form S-8 under the Securities Act. For the purposes of the Plan, the phrases "Family Member" and "Family Trust" shall be further limited, if necessary, so that neither the transfer to a Family Member or Family Trust nor the ability of a Participant to make such a transfer shall have adverse consequences to the Company or a Participant by reason of Section 162(m) of the Code.

(o) "FRONTIER PENSION PLANS" means any of the Company's non-contributory defined-benefit qualified retirement plans in effect and applicable on the date in question.

(p) "OPTION" means an option to purchase Stock, including Restricted Stock, if the Committee so determines, subject to the applicable provisions of Section 5 and awarded in accordance with the terms of the Plan and which may be an incentive stock option qualified under Section 422 of the Code or a nonqualified stock option.

(q) "PARTICIPATING COMPANY" means the Company or any subsidiary or other affiliate of the Company; provided, however, for incentive stock options only, "Participating Company" means the Company, any corporation or other entity which at the time such option is granted under the Plan qualifies as a subsidiary of the Company under the definition of "subsidiary corporation" contained in Section 425(f) of the Code; and further provided that, for Awards covered by Section 409A only, "Participating Company" means the Company and any corporation or other entity which at the time such option is granted under the Plan would, together with the Company, be considered a single person under Section 414(b) or (c) of the Code.

(r) "PARTICIPANT" means an Eligible Individual who has been or is being granted an Award. When required by the context, the definition of Participant shall include an individual who has been granted an Award but is no longer an employee of any Participating Company.

(s) "PERFORMANCE-BASED EXCEPTION" means the performance-based exception to the deductibility limitation of Section 162(m) of the Code.

(t) "PERFORMANCE PERIOD" means a period of one or more years over which performance is measured in connection with an Award that is intended to meet the requirements of the Performance-Based Exception.

(u) "PERFORMANCE SHARE" means a performance share subject to the requirements of Section 6 and awarded in accordance with the terms of the Plan.

(v) "PHANTOM STOCK" means a unit whose value is determined solely by reference to the value of one or more shares of Stock. Awards of Phantom Stock may be made pursuant to Section 9.

(w) "PLAN" means the Frontier Communications Corporation Amended and Restated 2000 Equity Incentive Plan, as the same may be amended, administered or interpreted from time to time.

(x) "RESTRICTED STOCK" means Stock delivered under the Plan subject to the requirements of Section 7 and such other terms and restrictions as the Committee deems appropriate or desirable.

(y) "SEC" means the Securities and Exchange Commission. "Exchange Act" means the Securities Exchange Act of 1934. "Rule 16b-3" shall mean such rule promulgated by the SEC under the Exchange Act and, unless the circumstances require otherwise, shall include any other rule or regulation adopted under Sections 16(a) or 16(b) of the Exchange Act relating to compliance with, or an exemption from, Section 16(b). "Securities Act" means the Securities Act of 1933. Reference to any section of the Securities Act, Exchange Act or any rule promulgated thereunder shall include any successor section or rule.

(z) "SECTION 409A" means Section 409A of the Code and the regulations and any other guidance promulgated thereunder.

(aa) "STOCK" means the Common Stock of the Company and any successor Common Stock.

(bb) "TERMINATION WITHOUT CAUSE" means termination of employment with a Participating Company by the employer for any reason other than death, Total Disability or termination for deliberate, willful or gross misconduct, and also means voluntary termination of employment by employee.

(cc) "TOTAL DISABILITY" means the complete and permanent inability of an Eligible Individual to perform all of his or her duties under the terms of his or her employment with any Participating Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Company deems appropriate or necessary; provided, however, that to the extent any provision of this Plan or any Award Agreement under this Plan would cause a payment of deferred compensation to be made upon the occurrence of a Participant's Total Disability, then such payment shall not be made unless such Total Disability also constitutes a "disability" within the meaning of Section 409A. Any payment that would have been made except for the application of the preceding sentence shall be made in accordance with the time of payment schedule that would have applied in the absence of a Total Disability.

SECTION 3

SHARES SUBJECT TO THE PLAN

(a) Subject to adjustment as provided in Section 14 hereof, 13,517,241 shares of Stock (representing the 12,500,000 shares of Stock previously approved by the Company's stockholders, as adjusted pursuant to Section 14 of the Plan) are hereby reserved for issuance pursuant to Awards under the Plan. Awards of Phantom Stock or share units that, by the terms of such Awards, are payable solely in cash shall not be subject to such limit; provided, however, that such Awards shall be subject to a separate limit such that the value of all such Awards granted under the Plan, measured as of the date of grant, shall be determined by reference to no more than 1,000,000 shares of Stock. Shares of Stock reserved for issuance under the Plan shall be made available either from authorized and unissued shares, shares held by the Company in its treasury or reacquired shares. The term "issued" shall include all deliveries to a Participant of shares of Stock pursuant to Awards under the Plan. The Committee may, in its discretion, decide to award other shares issued by the Company that are convertible into Stock or make such shares subject to purchase by an option, in which event the maximum number of shares of Stock into which such shares may be converted shall be used in applying the aggregate share limit under this Section 3 and all provisions of the Plan relating to Stock shall apply with full force and effect with respect to such convertible shares.

(b) If, for any reason, any shares of Stock awarded or subject to purchase or issuance under the Plan are not delivered or are reacquired by the Company for reasons including, but not limited to, a forfeiture of Restricted Stock or termination, expiration or a cancellation of an Option or a Performance Share, such shares of Stock shall be deemed not to have been issued pursuant to Awards under the Plan, or to have been subject to the Plan; provided, however, that the counting of shares of Stock subject to Awards granted under the Plan against the number of shares available for further Awards shall in all cases conform to the requirements of Rule 16b-3 under the Exchange Act.

(c) With respect to any Award constituting an Option granted to any Eligible Individual who is a Covered Employee that is canceled, the number of shares of Stock originally subject to such Award shall continue to count in accordance with Section 162(m) of the Code.

(d) Unless the Committee otherwise determines, shares of Stock received by the Company in connection with the exercise of Options by delivery of shares or in connection with the payment of withholding taxes shall reduce the number of shares deemed to have been issued pursuant to Awards under the Plan for the limit set forth in Section 3(a) hereof.

SECTION 4

GRANT OF AWARDS AND AWARD AGREEMENTS

(a) Subject to and in furtherance of the provisions of the Plan, the Committee shall (i) determine and designate from time to time those Eligible Individuals or groups of Eligible Individuals to whom Awards are to be granted; (ii) grant Awards to Eligible Individuals; (iii) determine the form or forms of Award to be granted to any Eligible Individual; (iv) determine the amount or number of shares of Stock, including Restricted Stock if the Committee so determines, subject to each Award; (v) determine the terms and conditions (which need not be identical) of each Award; (vi) determine the rights of each Participant after employment has terminated and the periods during which such rights may be exercised; (vii) establish and modify performance objectives; (viii) determine whether and to what extent Eligible Individuals shall be allowed or required to defer receipt of any Awards or other amounts payable under the Plan to the occurrence of a specified date or event; (ix) determine the price at which shares of Stock may be offered under each Award which price may, except in the case of Options, be zero; (x) permit cashless exercise of Options and other Awards of a sale, loan or other nature covering exercise prices and/or income taxes; (xi) interpret, construe and administer the Plan and any related Award Agreement and define the terms employed therein; and (xii) make all of the determinations necessary or advisable with respect to the Plan or any Award granted thereunder. Awards granted to different Eligible Individuals or Participants need not be identical and, in addition, may be modified in different respects by the Committee.

(b) Each Award granted under the Plan shall be evidenced by a written Award Agreement, in a form approved by the Committee. Such agreement shall be subject to and incorporate the express terms and conditions, if any, required under the Plan or as required by the Committee for the form of Award granted and such other terms and conditions as the Committee may specify.

(c) The Committee may, prospectively or retroactively, modify or amend the terms of any Award granted under the Plan or waive any restrictions or conditions applicable to any Award or the exercise or realization thereof (except that the Committee may not undertake any such modifications, amendments or waivers if the effect thereof, taken as a whole, adversely and materially affects the rights of any recipient of previously granted Awards without his or her consent, unless such modification, amendment or waiver is necessary or desirable for the continued validity of the Plan or its compliance with Rule 16b-3 or any other applicable law, rule or regulation or pronouncement or to avoid any adverse consequences under Section 409A or Section 162(m) of the Code or any requirement of a securities exchange or association or regulatory or self-regulatory body). Notwithstanding the foregoing, no such amendment, modification or waiver may alter the terms of any Option to reduce the Option price per share (or alter any SAR to reduce the exercise price of the SAR). Further, the Committee may not, without the approval of shareholders, cancel any outstanding Option and replace it with a new Option with a lower Option price (or cancel any SAR and replace it with a new SAR with a lower exercise price) where the economic effect would be the same as reducing the Option price of the cancelled Option (or reducing the exercise price of the cancelled SAR).

(d) In any calendar year, no Eligible Individual may receive Awards covering more than 2,000,000 shares of the Company's Stock if the Award is denominated in or valued by reference to a number of shares. Such number of shares shall be adjusted in accordance with Section 14 hereof. In addition, with respect to Phantom Stock and/or Performance Shares that are denominated in dollars and payable in cash, no Eligible Individual may receive Awards in excess of $750,000 in any calendar year.

(e) Notwithstanding anything in this Section 4 to the contrary, Options or SARs awarded after December 31, 2004 may only be granted only to individuals who provide direct services on the date of grant of the Option or SAR to the Company or another entity in a chain of entities in which the Company or another such entity has a controlling interest within the meaning of Treasury Regulation ss. 1.409A-1(b)(5)(iii)(E) in each entity in the chain.

SECTION 5

STOCK OPTIONS

(a) With respect to Options and SARs, the Committee shall (i) authorize the granting of incentive stock options, nonqualified stock options, SARs or a combination of incentive stock options, nonqualified stock options and SARs; (ii) determine the number of shares of Stock subject to each Option or the number of shares of Stock that shall be used to determine the value of a SAR; (iii) determine whether such Stock shall be Restricted Stock; (iv) determine the time or times when and the manner in which each Option shall be exercisable and the duration of the exercise period; and (v) determine whether or not all or part of each Option may be canceled by the exercise of a SAR; provided, however, that the aggregate Fair Market Value (determined as of the date of Option is granted) of the Stock (disregarding any restrictions in the case of Restricted Stock) for which incentive stock options granted to any Eligible Individual under this Plan may first become exercisable in any calendar year shall not exceed $100,000, and provided, further, that, effective June 30, 2003, no non-employee director shall be permitted to receive his annual retainer fees in the form of Options.

(b) The exercise period for a nonqualified stock option shall be 10 years from the date of grant or such shorter period as may be specified by the Committee at the time of grant. The exercise period for an incentive stock option, including any extension which the Committee may from time to time decide to grant, shall not exceed 10 years from the date of grant; provided, however, that, in the case of an incentive stock option granted to an Eligible Individual who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (a "10% Stockholder"), such period, including extensions, shall not exceed five years from the date of grant.

(c) The Option price per share or exercise price of an SAR shall be determined by the Committee at the time any Option or SAR is granted and shall be not less than the Fair Market Value, or, in the case of an incentive stock option granted to a 10% Stockholder, 110% of the Fair Market Value, disregarding any restrictions in the case of Restricted Stock, on the date the Option is granted, as determined by the Committee; provided, however, that such price shall be at least equal to the par value of one share of Stock; provided further, however, that in the discretion of the Committee, and if it does not cause the Option to be subject to Section 409A, in the case of a nonstatutory stock option or SAR, the Option price per share or the exercise price of a SAR may be less than the Fair Market Value in the case of an Option or SAR granted in order to induce an individual to become an employee of a Participating Company or in the case of an Option or SAR granted to a new or prospective employee in order to replace stock options, SARs or other long-term incentives under a program maintained by a prior employer which are forfeited or cease to be available to the new employee by reason of his termination of employment with his prior employer. In the case of an Option or SAR granted through the assumption of, or in substitution for, outstanding awards previously granted to individuals who became employees of the Company as a result of merger, consolidation, acquisition or other corporate transaction involving the Company, provided it does not cause the Option or SAR to be subject to Section 409A, an Option price (or SAR exercise price) per share may be used that reasonably preserves the value of the previously granted award.

(d) No part of any Option may be exercised (i) until the Participant who has been granted the Award shall have remained in the employ of a Participating Company for such period after the date on which the Option is granted as the Committee may specify and (ii) until achievement of such performance of other criteria, if any, by the Participant, as the Committee may specify. An Option shall commence to be exercisable no earlier than six months following the date the Option is granted. The Committee may further require that an Option become exercisable in installments.

(e) Except as otherwise provided in the Plan, the purchase price of the shares as to which an Option shall be exercised shall be paid to the Company at the time of exercise either in cash or in such other consideration as the Committee deems appropriate, including, Stock, or with respect to nonqualified options, Restricted Stock already owned by the optionee (subject to any minimum holding period specified by the Committee), having a total Fair Market Value, as determined by the Committee, equal to the purchase price, or a combination of cash and such other consideration having a total Fair Market Value, as so determined, equal to the purchase price; provided, however, that if payment of the exercise price is made in whole or in part in the form of Restricted Stock, the Stock received upon the exercise of the Option shall be Restricted Stock at least with respect to the same number of shares and subject to the same restrictions or other limitations as the Restricted Stock paid on the exercise of the Option. The Committee may provide that a Participant who delivers shares of Stock to the Company, or sells shares of Stock and applies all of the proceeds, (a) to pay, or reimburse the payment of the exercise price of shares of Stock acquired under an employee stock option or to purchase shares of Stock under an employee award or grant, an employee purchase plan or program or any other stock-based employee benefit or incentive plan (whether or not such award or grant is under this Plan) and/or (b) to pay federal or state income taxes resulting from the exercise of such Options or the purchase of shares of Stock pursuant to any such grant, award, plan or program, shall receive a replacement Option under this Plan to purchase a number of shares of Stock equal to the number of shares of Stock delivered to the Company, or sold, the proceeds of the sale of which are applied as aforesaid in this sentence. The replacement Option shall have an exercise price equal to Fair Market Value on the date of such payment and shall include such other terms and conditions as the Committee may specify.

(f) (i) Upon the Termination Without Cause of a Participant holding Options, his or her Options may be exercised to the extent exercisable on the date of Termination Without Cause, at any time and from time to time within 90 days of the date of such termination. The Committee, however, in its discretion, may provide that any Option of such a Participant which is not exercisable by its terms on the date of Termination Without Cause will become exercisable in accordance with a schedule (which may extend the time limit referred to above, but not later than the final expiration date specified in the Option Award Agreement) to be determined by the Committee at any time during the period that any other Options held by the Participant are exercisable.

(ii) Upon the death, retirement, or Total Disability (during a Participant's employment or within three months after the termination of employment for any reason other than termination for cause) of a Participant holding an Option or SAR, his or her Options and SARs may be exercised only to the extent exercisable at the time of death, retirement or Total Disability (or such earlier termination of employment), at any time and from time to time 90 days after such death, retirement or Total Disability. Notwithstanding the foregoing, for all Options or SARs that were awarded prior to December 1, 2004, such Options and SARs may be exercised only to the extent exercisable at the time of death, or Total Disability (or such earlier termination of employment) from time to time (A) in the event of death or Total Disability, within the 12 months following death or Total Disability or (B) in the event of such termination of employment followed by death or Total Disability within the 3 months after such termination, within the 12 months following such termination. The Committee, however, in its discretion, may provide that any Options outstanding but not exercisable at the date of the first to occur of death, retirement or Total Disability will become exercisable in accordance with a schedule (which may extend the limits referred to above, but not to a date later than the final expiration date specified in such Option Award Agreement) to be determined by the Committee at any time during the period while any other Option held by the Participant is exercisable.

(iii) Upon death, Total Disability, retirement, or Termination Without Cause of a Participant holding an Option(s) who is immediately eligible to receive benefits under the terms of the Frontier Pension Plans, his or her Options or SARs that were awarded prior to December 1, 2004, may be exercised in full as to all shares covered by Option Award Agreements (whether or not then exercisable) at any time, or from time to time, but no later than the expiration date specified in such Option Award Agreement as specified in Section 5(b) above or, in the case of incentive Options, within one year following such death, Total Disability or Termination Without Cause. This paragraph (iii) does not apply to any Option or SAR that was awarded on or after December 1, 2004.

(iv) If the employment of a Participant holding an Option is terminated for deliberate, willful or gross misconduct, as determined by the Company, all rights of such Participant and any Family Member or Family Trust or other transferee to which such Participant has transferred his or her Option shall expire upon receipt by the Participant of the notice of such termination.

(v) In the event of the death of a Participant, his or her Options may be exercised by the person or persons to whom the Participant's rights under the Option pass by will, or if no such person has such right, by his or her executors or administrators or Beneficiary. The death of a Participant after Total Disability or Termination Without Cause will not adversely effect the rights of a Participant or anyone entitled to the benefits of such Option.

(g) Except as otherwise determined by the Committee, no Option granted under the Plan shall be transferable other than by will or by the laws of descent and distribution, unless the Committee determines that an Option may be transferred by a Participant to a Family Member or Family Trust or other transferee. Such transfer shall be evidenced by a writing from a grantee to the Committee or Committee's designee on a form established by the Committee. Absent an authorized transfer during the lifetime of the Participant, an Option shall be exercisable only by him or her by his or her guardian or legal representative.

(h) With respect to an incentive stock option, the Committee shall specify such terms and provisions as the Committee may determine to be necessary or desirable in order to qualify such Option as an incentive stock option within the meaning of Section 422 of the Code.

(i) If authorized by the Committee in its sole discretion, the Company may accept the surrender of the right to exercise any Option granted under the Plan as to all or any of the shares of Stock as to which the Option is then exercisable, in exchange for payment to the optionee (in cash or shares of Stock valued at the then Fair Market Value) of an amount not to exceed the difference between the option price and the then Fair Market Value of the shares as to which such right to exercise is surrendered.

SECTION 6

PERFORMANCE SHARES

(a) The Committee shall determine a Performance Period and shall determine the performance targets for Performance Shares. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Shares for which different Performance Periods are prescribed.

(b) Performance targets may vary from Participant to Participant and between groups of Participants and shall be based upon such performance criteria or combination of factors as the Committee may deem appropriate. For Performance Shares that are intended to qualify under the Performance-Based Exception, the Committee will establish in writing, during the first 90 days of the specified Performance Period, one or more specified performance targets and the maximum available upon achievement of such performance targets. The Committee may also establish lower reward levels for lower levels of achievement of the specified performance targets. No payment will be made under such Performance Shares if the minimum performance target for the Performance Shares is not met. The performance targets to be used for this purpose may be based on any of the following business performance measures: earnings before income taxes, depreciation and amortization, or EBITDA; operating cash flow; free cash flow; free cash flow per share; earnings per share; economic value added; revenue; net income; operating profit; operating margin; total return to stockholders; debt/capital ratio; return on total capital; return on equity or assets; cost control; common stock price; capital expenditures; price/earnings growth ratio; and book value per share. The Committee may establish other performance measures for Performance Shares that are not intended to qualify under the Performance-Based Exception. The performance targets may be measured individually, alternatively or in any combination, and they may be established based on Company-wide objectives or objectives related to a specific division, subsidiary, affiliate, department, region or function in which the Participant is employed. If more than one performance target is specified by the Committee, the Committee shall also specify, in writing, whether one, all or some other number of such performance targets must be attained in order for such Award to qualify for the Performance-Based Exception. The Committee may provide in writing, as part of establishing the performance targets, for how performance will be measured against a target to reflect the impact of special charges or income, accounting or tax law changes and any other extraordinary or nonrecurring items.

(c) If during the course of a Performance Period there shall occur a significant event as determined by the Committee, including, but not limited to, a reorganization of the Company, which the Committee expects to have a substantial effect on a performance target applicable to a Performance Share for such period, the Committee may (following the occurrence of the event) adjust the targets applicable to the Performance Share, or provide for the manner in which performance will be measured against the targets with respect to the Performance Share, to reflect the impact of the event, provided that such action will not adversely affect the availability of the Performance-Based Exception with respect to the Performance Share.

(d) If a Participant terminates service with all Participating Companies during a Performance Period because of death, Total Disability, or a significant event, as determined by the Committee, that Participant shall be entitled to payment in settlement of each Performance Share for which the Performance Period was prescribed (i) based upon the performance targets satisfied at the end of such period and (ii) prorated for the portion of the Performance Period during which the Participant was employed by any Participating Company; provided, however, the Committee may provide for an earlier payment in settlement of such Performance Share in such amount and under such terms and conditions as the Committee deems appropriate or desirable with the consent of the Participant. If a Participant terminates service with all Participating Companies during a Performance Period for any other reason, then such Participant shall not be entitled to any payment with respect to that Performance Period unless the Committee shall otherwise determine.

(e) Each Performance Share may be paid in whole shares of Stock, including Restricted Stock (together with any cash representing fractional shares of Stock), or cash, or a combination of Stock and cash either as a lump sum payment or in annual installments, all as the Committee shall determine at the time of grant of the Performance Share or otherwise, commencing as soon as practicable after the end of the relevant Performance Period. Any dividends or distributions payable on Performance Shares (or the equivalent as specified in the grant), other than cash dividends representing the periodic distribution of profits which shall be retained by the Company, shall be paid over to the Participant when and if payment is made of the underlying Performance Shares, unless the grant provides otherwise. Except as otherwise provided in this Section 6, no Performance Shares awarded to Participants shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of during the Performance Period unless the Committee determines that an Award may be transferred to a Family Member or Family Trust or other transferee.

SECTION 7

RESTRICTED STOCK

(a) Restricted Stock may be received by a Participant either as an Award or as the result of an exercise of an Option or as payment for a Performance Share. Restricted Stock shall be subject to a restriction period (after which restrictions shall lapse) which shall mean a period commencing on the date the Award is granted and ending on such date or upon the achievement of such performance or other criteria as the Committee shall determine (the "Restriction Period"). The Committee may provide for the lapse of restrictions in installments where deemed appropriate. To the extent that Restricted Stock is intended to qualify under the Performance-Based Exception, the grant of the Restricted Stock shall be conditioned on (or the applicable restrictions on the Restricted Stock shall include) the achievement during a Performance Period of one or more performance targets based on one or more of the performance measures specified in Section 6. In this case, the rules in Section 6 for specifying and applying performance targets, for establishing the maximum available and any lesser reward levels, and for otherwise complying with the Performance-Based Exception shall apply.

(b) Except as otherwise provided in this Section 7, no shares of Restricted Stock received by a Participant shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of during the Restriction Period unless the Committee determines that an Award may be transferred by a Participant to a Family Member or Family Trust or other transferee; provided, however, that for Awards of Restricted Shares that were made prior to December 1, 2004, the Restriction Period for any Participant shall expire and all restrictions on shares of Restricted Stock shall lapse upon the Participant's (i) death, (ii) Total Disability or (iii) Termination Without Cause where the Participant is immediately eligible to receive benefits under the terms of Frontier Pension Plans, or with the consent of the Company, or upon some significant event, as determined by the Committee, including, but not limited to, a reorganization of the Company.

(c) Except for those circumstances specifically identified in the preceding subsection (b) that apply to Awards of Restricted Shares that were made prior to December 1, 2004, if a Participant's employment with all Participating Companies terminates for any reason or in the event of the Participant's death, in each case, before the expiration of the Restriction Period, all shares of Restricted Stock still subject to restriction shall, unless the Committee otherwise determines within 90 days after such termination, be forfeited by the Participant and shall be reacquired by the Company, and, in the case of Restricted Stock purchased through the exercise of an Option, the Company shall refund the purchase price paid on the exercise of the Option.

(d) The Committee may require under such terms and conditions as it deems appropriate or desirable that the certificates for Restricted Stock delivered under the Plan may be held in custody until the Restriction Period expires or until restrictions thereon otherwise lapse, and may require as a condition of any receipt of Restricted Stock that the Participant shall have delivered a stock power endorsed in blank relating to the Restricted Stock.

(e) Nothing in this Section 7 shall preclude a Participant from exchanging any shares of Restricted Stock subject to the restrictions contained herein for any other shares of Stock that are similarly restricted.

(f) Unless the Award Agreement provides otherwise, amounts equal to any cash dividends representing the periodic distributions of profits declared and payable during the Restriction Period with respect to the number of shares of Restricted Stock credited to a Participant shall be paid to the Participant within 30 days after each dividend becomes payable, unless, at the time of the Award, the Committee determines that the dividends should be reinvested in additional shares of Restricted Stock, in which case additional shares of Restricted Stock shall be credited to the Participant based on the Stock's Fair Market Value at the time of each such dividend, or unless the Committee specifies otherwise. All dividends or distributions payable on shares (other than cash dividends representing periodic distributions of profits) of Restricted Stock (or the equivalent as specified in the grant) shall be paid over to the Participant when and if as restrictions lapse on the underlying shares of Restricted Stock, unless the grant provides otherwise.

SECTION 8

(RESERVED)

SECTION 9

OTHER STOCK-BASED AWARDS

Phantom Stock may be credited to an Eligible Individual either as an Award or as the result of an exercise of an Option or as payment for a Performance Share. Each share of Phantom Stock may be paid in whole shares of Stock, including Restricted Stock (together with any cash representing fractional shares of Stock), or cash, or a combination of Stock and cash either as a lump sum payment or in annual installments, all as the Committee shall determine, at the time of grant of the Phantom Stock or otherwise, commencing as soon as practicable after the payment date designated by the Committee. Any dividends or distributions payable on Phantom Stock (or the equivalent as specified in the grant), other than cash dividends representing the periodic distribution of profits which shall be retained by the Company, shall be paid over to the Participant when and if payment is made of the underlying Phantom Stock, unless the grant provides otherwise. To the extent that Phantom Stock is intended to qualify under the Performance-Based Exception, either the initial grant or the ultimate payment of the Phantom Stock shall be made subject to the achievement during a Performance Period of one or more performance targets based on one or more of the performance measures specified in Section 6. In this case, the rules in Section 6 for specifying and applying performance targets, for establishing the maximum available and any lesser reward levels, and for otherwise complying with the Performance-Based Exception shall apply.

Except as otherwise provided in this Section 9, no Phantom Stock awarded to Participants shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of unless the Committee determines that an Award may be transferred to a Family Member or Family Trust or other transferee.

The Committee may grant other Awards under the Plan which are denominated in stock units or pursuant to which shares of Stock may be acquired, including Awards valued using measures other than market value or Fair Market Value, if deemed by the Committee in its discretion to be consistent with the purposes of the Plan. Subject to the terms of the Plan, the Committee shall determine the form of such Awards, the number of shares of Stock to be granted or covered pursuant to such Awards and all other terms and conditions of such Awards. To the extent that any such Award is intended to qualify under the Performance-Based Exception, either the initial grant or the ultimate payout of the Award shall be made subject to the achievement during a Performance Period of one or more performance targets based on one or more of the performance measures specified in Section 6. In this case, the rules in Section 6 for specifying and applying performance targets, for establishing the maximum available and any lesser reward levels, and for otherwise complying with the Performance-Based Exception shall apply. To the extent an Award described in this paragraph is a 409A Award (as defined in Section 17) and is subject to a substantial risk of forfeiture within the meaning of Section 409A (or will be granted upon the satisfaction of a condition that constitutes such a substantial risk of forfeiture), any compensation due under the Award (or pursuant to a commitment to grant an Award) shall be provided in full not later than the 60th day following the date there is no longer such a substantial risk of forfeiture with respect to the Award, unless the Committee shall clearly and expressly provide otherwise with respect to the Award.

SECTION 10

CERTIFICATES FOR AWARDS OF STOCK

(a) Subject to Section 7(d), each Participant entitled to receive shares of Stock under the Plan shall be issued a certificate for such shares or have their shares registered for their account in book entry form by the Company's transfer agent. In the instance of a certificate, such certificate shall be registered in the name of the Participant, and shall bear an appropriate legend reciting the terms, conditions and restrictions, if any, applicable to such shares and shall be subject to appropriate stop-transfer orders.

(b) The Company shall not be required to issue or deliver any shares or certificates for shares of Stock prior to (i) the listing of such shares on any stock exchange or quotation system on which the Stock may then be listed or quoted, and (ii) the completion of any registration, qualification, approval or authorization of such shares under any federal or state law, or any ruling or regulation or approval or authorization of such shares under any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

(c) All shares and certificates for shares of Stock delivered under the Plan shall also be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the SEC, any stock exchange upon which the Stock is then listed and any applicable federal or state securities or regulatory laws, and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions. The foregoing provisions of this Section 10(c) shall not be effective if and to the extent that the shares of Stock delivered under the Plan are covered by an effective and current registration statement under the Securities Act, or if the Committee determines that application of such provisions is no longer required or desirable. In making such determination, the Committee may rely upon an opinion of counsel for the Company.

(d) Except for the restrictions on Restricted Stock under Section 7, each Participant who receives an award of Stock shall have all of the rights of a stockholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions. No Participant awarded an Option or a Performance Share shall have any right as a stockholder with respect to any shares subject to such Award prior to the date of issuance to him or her of certificate or certificates for such shares.

No Participant awarded Phantom Stock or other share units shall have any right as a stockholder with respect to any shares whose value is used to determine the value of such Phantom Stock or share units; provided, however, that this sentence shall not preclude any Award of Phantom Stock or share units from providing dividend equivalent rights or payouts to the Participant in the form of shares of the Company's Stock (and the Participant shall have full stockholder rights with respect to any such paid out shares).

SECTION 11

BENEFICIARY

(a) Each Eligible Individual shall file with the Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the Award, if any, payable under the Plan upon his or her death. An Eligible Individual may from time to time revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Eligible Individual's death, and in no event shall it be effective as of a date prior to such receipt.

(b) If no such Beneficiary designation is in effect at the time of an Employee's death, or if no designated Beneficiary survives the Eligible Individual or if such designation conflicts with law, the Eligible Individual's estate shall be entitled to receive the Award, if any, payable under the Plan upon his or her death. If the Committee is in doubt as to the right of any person to receive such Award, the Company may retain such Award, without liability for any interest thereon, until the Committee determines the right thereto, or the Company may pay such Award into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Company therefor.

SECTION 12

ADMINISTRATION OF THE PLAN

(a) The Plan shall be administered by the Committee, as appointed by the Board and serving at the Board's pleasure. Each member of the Committee shall be both a member of the Board and shall satisfy the "non-employee director" or similar successor requirements, if any, of Rule 16b-3 under the Exchange Act and the "outside director" or similar successor requirements, if any, of Section 162(m) of the Code and the regulations promulgated thereunder.

(b) All decisions, determinations or actions of the Committee made or taken pursuant to grants of authority under the Plan shall be made or taken in the sole and absolute discretion of the Committee and shall be final, conclusive and binding on all persons for all purposes.

(c) The Committee shall have full power, discretion and authority to interpret, construe and administer the Plan and any part thereof and any related Award Agreement and define the terms employed in the Plan or any agreement, and its interpretations and constructions thereof and actions taken thereunder shall be final, conclusive and binding on all persons for all purposes.

(d) The Committee shall have full power, discretion and authority to prescribe and rescind rules, regulations and policies for the administration of the Plan.

(e) The Committee's decisions and determinations under the Plan and with respect to any Award granted thereunder need not be uniform and may be made selectively among Awards, Participants or Eligible Individuals, whether or not such Awards are similar or such Participants or Eligible Individuals are similarly situated.

(f) The Committee shall keep minutes of its actions under the Plan. The act of a majority of the members present at a meeting duly called and held shall be the act of the Committee. Any decision or determination reduced to writing and signed by all members of the Committee shall be fully as effective as if made by unanimous vote at a meeting duly called and held.

(g) The Committee may employ such legal counsel, including without limitation independent legal counsel and counsel regularly employed by the Company, consultants and agents as the Committee may deem appropriate for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computations received from any such consultant or agent. All expenses incurred by the Committee in interpreting and administering the Plan, including without limitation, meeting fees and expenses and professional fees, shall be paid by the Company.

(h) No member or former member of the Committee or the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it. Each member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against all cost or expense (including counsel fees and expenses) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Plan unless arising out of such member's or former member's own fraud or bad faith. Such indemnification shall be in addition (without duplication) to any rights to indemnification or insurance the members or former member may have as directors or under the by- laws of the Company or otherwise.

(i) The Committee's determination that an Option, Performance Share, Restricted Stock or other Stock-based Awards may be transferred by a Participant to a Family Member or Family Trust or other transferee may be set forth in determinations pursuant to Section 12(c), rules and regulations of general application adopted pursuant to Section 12(d), in the written Award Agreement, or by a writing delivered to the Participant made any time after the relevant Award or Awards have been granted, on a case-by-case basis, or otherwise. In any event, the transferee or Family Member or Family Trust shall agree in writing to be bound by all the provisions of the Plan and the Award Agreement, and in no event shall any such transferee have greater rights under such Award than the Participant effecting such transfer.

(j) With respect to credits, shares, cash or other property credited to a Participant by reason of dividends or distributions, if the Committee shall so determine, all such credits, shares, cash or other property to a Participant shall be paid to the Participant periodically at the end of the applicable period, whether or not the performance, employment or other standards (or lapse of time) upon which such Award is conditioned have been satisfied.

SECTION 13

AMENDMENT OR DISCONTINUANCE

The Board may, at any time, amend or terminate the Plan. The Plan may also be amended by the Committee, provided that all such amendments shall be reported to the Board. No amendments shall become effective unless approved by affirmative vote of the Company's stockholders if such approval is necessary or desirable for the continued validity of the Plan or if the failure to obtain such approval would adversely affect the compliance of the Plan with Rule 16b-3 or any successor rule under the Exchange Act or Section 162(m) of the Code or any other rule or regulation. No amendment or termination shall, when taken as a whole, adversely and materially affect the rights of any Participant who has received a previously granted Award without his or her consent unless the amendment or termination is necessary or desirable (i) for the continued validity of the Plan or its compliance with Rule 16b-3 or any other applicable law, rule or regulation or pronouncement, or (ii) to avoid any adverse consequences under Section 162(m) of the Code, Section 409A or any requirement of a securities exchange or association or regulatory or self-regulatory body.

SECTION 14

ADJUSTMENTS IN EVENT OF CHANGE IN COMMON STOCK

In the event of a change in corporate capitalization, stock split or stock dividend, the number of shares purchasable upon exercise of an Option shall be increased to the new number of shares which result from the shares covered by the Option immediately before the change, split or dividend. The purchase price per share shall be reduced proportionately and the total purchase price will remain the same.

In the event of any other change in corporate capitalization, or a corporate transaction, such as any merger of a corporation into another corporation, any consolidation of two or more corporations into another corporation, any separation of a corporation (including a spinoff or other distribution of stock or property by a corporation), any reorganization of a corporation (whether or not such reorganization comes within the definition of such term in Section 368 of the Code), or any partial or complete liquidation by a corporation or other similar event which could distort the implementation of the Plan or the realization of its objectives, the Committee shall make an appropriate adjustment in the number of shares of Stock (i) which are covered by the Plan, (ii) which may be granted to any one Eligible Individual and which are subject to any Award, and the purchase price therefor, and in terms, conditions or restrictions on securities as the Committee deems equitable, with the objective that the securities covered under the Plan or an Award shall be those securities which a Participant would have received if he or she had exercised his or her Option prior to the event or been entitled at that time to his or her Restricted Stock or Performance Shares.

All such events occurring between the effective date of the Option and its exercise shall result in an adjustment to the Option terms.

SECTION 15

CHANGE IN CONTROL

Awards may include, or may incorporate from any relevant guidelines adopted by the Committee, terms which provide that any or all of the following actions or consequences, with any modifications adopted by the Committee, may occur as a result of, or in anticipation of, any Change in Control to assure fair and equitable treatment of Participants:

(a) Any Options outstanding at least six months as of the date of Change in Control shall, if held by a current employee of the Company, become immediately exercisable in full. In addition, all Participants may, regardless of whether still an employee of the Company, elect to cancel all or any portion of any Option or Award no later than 90 days after the Change in Control, in which event the Company shall pay to such electing Participant, an amount in cash equal to the excess, if any, of the Current Market Value (as defined below) of the shares of Stock, including Performance Shares or Restricted Stock, subject to the Option or of the portion thereof so canceled over the option price for such shares; provided, however, that no Participant shall have the right to elect cancellation unless and until at least 6 months have elapsed after the date of grant of the Option.

(b) Any Performance Periods shall end and the Company shall pay each Participant an amount in cash equal to the value of such Participant's Performance Shares, if any, based upon the Stock's Current Market Value in full settlement of such Performance Shares.

(c) Any Restriction Periods shall end and the Company shall pay each Participant an amount in cash equal to the Current Market Value of the Restricted Stock held by, or on behalf of, each Participant in exchange for such Restricted Stock.

(d) The Company shall pay to each Participant all amounts due, if any, deferred by or payable under Awards granted to such Participant under the Plan, which are not Performance Shares or Restricted Stock, in accordance with the terms provided by the Committee at the time of deferral or grant.

(e) For purpose of this Section 15, "Current Market Value" means the highest Fair Market Value during the period commencing 30 days prior to the Change in Control and ending 30 days after the Change in Control (the "reference period"); provided that, if the Change in Control occurs as a result of a tender offer or exchange offer, or a merger, purchase of assets or stock, or another transaction approved by shareholders of the Company, Current Market Value means the higher of (i) the highest Fair Market Value during the reference period, or (ii) the highest price paid per share of Stock pursuant to such tender offer, exchange offer or transaction. Notwithstanding the preceding provisions of this subsection, in the case of any Option that is granted or becomes exercisable after December 31, 2004 (or that is "materially modified" within the meaning of Section 409A after October 3, 2004) Current Market Value shall not be greater than the largest amount that will not cause the Option to become subject to Section 409A.

SECTION 16

MISCELLANEOUS

(a) Nothing in this Plan or any Award granted hereunder shall confer upon any employee any right to continue in the employ of any Participating Company or interfere in any way with the right of any Participating Company to terminate his or her employment at any time.

(b) No Award payable under the Plan shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of any Participating Company for the benefit of its employees unless the Company shall determine otherwise.

(c) No Eligible Individual or Participant shall have any claim to an Award until it is actually granted under the Plan. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments of Awards provided for under the Plan shall be paid by the Company either by issuing shares of Stock or by delivering cash from the general funds of the Company or other property of the Company; provided, however, that such payments shall be reduced by the amount of any payments made to the Participant or his or her dependents, beneficiaries or estate from any trust or special or separate fund established in connection with this Plan. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments, and, if the Company shall make any investments to aid it in meeting its obligations hereunder, the Participant shall have no right, title, or interest whatever in or to any such investments except as may otherwise be expressly provided in a separate written instrument relating to such investments.

(d) Absence on leave approved by a duly constituted officer of the Company (a "Company approved leave") shall not be considered termination of employment for any purposes of the Plan; provided, however, that no Award may be granted to an employee while he or she is absent on leave. Notwithstanding the preceding sentence, if an Award that is covered by Section 409A is to be distributed upon "separation from service" within the meaning of Section 409A, a Company approved leave shall be considered to result in a separation from service to the extent necessary for compliance with Section 409A.

(e) If the Committee shall find that any person to whom any Award, or portion thereof, is payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, then any payment due him or her (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his or her spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Company therefor.

(f) The right of any Participant or other person to any Award payable under the Plan may not be assigned, transferred, pledged or encumbered, either voluntarily or by operation of law, except as provided in Section 11 with respect to the designation of a Beneficiary or as may otherwise be required by law or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder or unless the Committee determines that an Award may be transferred to a Family Member or Family Trust or other transferee. If, by reason of any attempted assignment, transfer, pledge, or encumbrance or any bankruptcy or other event happening at any time, any amount payable under the Plan would be made subject to the debts or liabilities of the Participant or his or her Beneficiary or would otherwise devolve upon anyone else and not be enjoyed by the Participant or his or her Beneficiary or transferee, Family Trust or Family Member, then the Committee may terminate such person's interest in any such payment and direct that the same be held and applied to or for the benefit of the Participant, his or her Beneficiary, taking into account the expressed wishes of the Participant (or, in the event of his or her death, those of his or her Beneficiary) in such manner as the Committee may deem proper.

(g) Copies of the Plan and all amendments, administrative rules and procedures and interpretations shall be made available for review upon request to all Eligible Individuals at all reasonable times at the Company's administrative offices.

(h) The Committee may cause to be made, as a condition precedent to the payment of any Award, or otherwise, appropriate arrangements with the Participant or his or her Beneficiary, for the withholding of any federal, state, local or foreign taxes. The Committee may in its discretion permit the payment of such withholding taxes by authorizing the Company to withhold shares of Stock to be issued, or the Participant to deliver to the Company shares of Stock owned by the Participant or Beneficiary, in either case having a Fair Market Value equal to the amount of such taxes, or otherwise permit a cashless exercise.

(i) All elections, designations, requests, notices, instructions and other communications from an Eligible Individual, Participant, Beneficiary or other person to the Committee, required or permitted under the Plan, shall be in such form as is prescribed from time to time by the Committee and shall be mailed by first class mail or transmitted by facsimile copy or delivered to such location as shall be specified by the Committee.

(j) The terms of the Plan shall be binding upon the Company and its successors and assigns.

(k) Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.

(l) The Plan and the grant, exercise and carrying out of Awards shall be subject to all applicable federal and state laws, rules, and regulations and to all required or otherwise appropriate approvals and authorizations by any governmental or regulatory agency or commission. The Company shall have no obligation of any nature hereunder to any Eligible Individual, Participant or any other person in the absence of all necessary or desirable approvals or authorizations and shall have no obligation to seek or obtain the same.

(m) Whenever possible, each provision of this Plan and any Award Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any such provision is held to be ineffective, invalid, illegal or unenforceable in any respect under the applicable laws or regulations of the United States or any state, such ineffectiveness, invalidity, illegality or unenforceability will not affect any other provision but this Plan and any such agreement will be reformed, construed and enforced so as to carry out the intent hereof or thereof and as if any invalid or illegal provision had never been contained herein.

(n) For any Award that is intended to qualify for the Performance-Based Exception, (i) the Committee shall interpret the Plan in light of Section 162(m) of the Code and the guidance thereunder; (ii) the Committee shall have no discretion to amend the conditions on the grant or payout of the Award or to amend the terms of the Award in any way that would adversely affect the availability of the Performance-Based Exception with respect to such Award, (iii) such Award shall not be granted, settled or paid out, whithever applies under the performance conditions for such Award, until the Committee shall determine and certify in writing that the applicable performance targets with respect to such Award were satisfied, which determination and certification shall be made within 60 days following the end of the applicable Performance Period, (iv) where the grant of the Award is performance conditioned, such grant shall be subject to the Committee's discretion to reduce (but not increase) the grant the Participant will receive as a result of the certification of the performance targets, and (v) where the settlement or payout of the Award is performance conditioned, to the extent provided in the Award Agreement the settlement or payout of such Award shall be subject to the Committee's discretion to reduce (but not increase) what the Participant will receive as a result of the certification of the performance targets. In exercising such discretion to decrease what the Participant will receive, the Committee may consider performance with respect to one or more targets, without regard to whether these targets are based on performance measures listed in Section 6(b).

(o) At all times, this Plan shall be interpreted and operated (i) with respect to 409A Awards (as defined in Section 17 below), in accordance with the requirements of Section 409A, unless an exemption from Section 409A is available and applicable, (ii) to maintain the exemptions from Section 409A of Options, SARs and Restricted Stock and any Awards designed to meet the short-deferral exception under Section 409A, and (iii) to preserve the status of deferrals of compensation that were earned and vested prior to January 1, 2005 as exempt from Section 409A, i.e., to preserve the grandfathered status of such deferrals. To the extent there is a conflict between the provisions of the Plan relating to compliance with Section 409A and the provisions of any award agreement issued under the Plan, the provisions of the Plan control. Moreover, any discretionary authority that the Committee may have pursuant to the Plan shall not be applicable to an Award that is subject to Section 409A to the extent such discretionary authority would conflict with Section 409A. In addition, to the extent required to avoid a violation of the applicable rules under Section 409A by reason of Section 409A(a)(2)(B)(i), any payment under an Award shall be delayed until the earliest date of payment that will result in compliance with the rules of Section 409A(a)(2)(B)(i) (regarding the required six-month delay for distributions to specified employees that are related to a separation from service). In the event that any Award shall be deemed not to comply with Section 409A, then neither the Company, the Board of Directors, the Committee nor its or their designees or agents, nor any of their affiliates, assigns or successors (each a "protected party") shall be liable to any Award recipient or other person for actions, inactions, decisions, indecisions or any other role in relation to the Plan by a protected party if made or undertaken in good faith or in reliance on the advice of counsel (who may be counsel for the Company), or made or undertaken by someone other than a protected party.

(p) The Committee, in its discretion, may defer the payment of an Award, if such payment would cause the annual remuneration of a Participant, who is a Covered Employee to be nondeductible because it exceeds $1,000,000. Any such deferral shall be clearly and expressly provided for by the Committee and, in the case of 409A Awards (as defined in Section 17 below) shall be subject to the limitations set forth in the next sentence. Any such deferral (i) shall be until the earlier of (A) the Participant's separation from service (within the meaning of Section 409A and subject to the last sentence of subsection (o) above in the case of a specified employee), or (B) the next succeeding year (or years) in which the deduction of the payment will not be barred by application of Section 162(m) of the Code, (ii) is conditioned on all payments to similarly situated Award recipients being treated in a reasonably consistent manner, (iii) is conditioned on all payments to the Award recipient that could also be deferred on the basis of nondeductibility under Section 162(m) of the Code being similarly delayed, and (iv) shall not be applied to payments under Options or SARs.

(q) The Plan shall be construed and governed under the laws of the State of Delaware.

SECTION 17

EFFECTIVE DATE AND STOCKHOLDER APPROVAL

The Plan was originally adopted effective May 18, 2000, subject to stockholder approval at the 2001 Annual Meeting. Any Awards granted prior to the 2001 Annual Meeting were made subject to the receipt of such approval. No Awards will be granted under the Plan after the expiration of ten years from this original Effective Date. The first amendment and restatement of the Plan was effective May 18, 2007, upon stockholder approval at the 2007 Annual Meeting. The first amendment and restatement was intended to allow Plan Awards to comply with the Performance-Based Exception. This second amendment and restatement of the Plan was adopted in October 2008 to be generally effective as of January 1, 2005, in order to ensure compliance with Section 409A in the case of "409A Awards," i.e., all Plan Awards that were not both earned and vested as of December 31, 2004, and all other Plan Awards that were materially modified after October 3, 2004, determined in each case within the meaning of Section 409A.

AMENDED EMPLOYMENT AGREEMENT

Mary A. Wilderotter

This AMENDED EMPLOYMENT AGREEMENT (the "Agreement") is dated as of December 29, 2008 (the "Effective Date") by and between Frontier Communications Corporation (the "Company") and Mary A. Wilderotter ("Executive").

WHEREAS, Executive and the Company entered into an employment agreement (the "Original Agreement") as of November 1, 2004 (the "Original Effective Date"), embodying the terms of Executive's employment and pursuant to which Executive has been serving as President and Chief Executive Officer of the Company;

WHEREAS, this Agreement amends and restates the Original Agreement as of the Effective Date in order, inter alia, to evidence formal compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the guidance thereunder (such Section, referenced herein as "Section 409A"; and such code, referenced herein as the "Code");

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment. Subject to the provisions of Section 8 of this Agreement, Executive shall be employed by the Company, and any of its subsidiaries that the Board of Directors of the Company (the "Board") shall designate for a period commencing on the Original Effective Date and ending on the fifth anniversary thereof (the "Initial Term"), on the terms and subject to the conditions set forth in this Agreement. Following the Initial Term, the term of employment under this Agreement shall automatically be renewed for additional terms of one year on the last day of the Initial Term and each anniversary of the last day of the Initial Term (the Initial Term and any annual extensions of the term of this Agreement, referenced together herein as the "Employment Term"), subject to Section 8 of this Agreement, unless the Company or the Executive gives the other party written notice of non-renewal at least 90 days prior to such last day or anniversary. A written notice of non-renewal given by the Company to the Executive shall be considered a Notice of Termination (pursuant to Section 8(e) of this Agreement) of a termination without Cause by the Company and shall constitute a termination without Cause under Section 8(c) of this Agreement at the expiration of such Employment Term for all purposes hereunder.

2. Position.

a. During the Employment Term, Executive shall serve as President and Chief Executive Officer of the Company and shall report directly to the Board. In such position, Executive shall have such duties and authority commensurate with the position of chief executive officer of a company of similar size and nature. As soon as practicable after the Original Effective Date, Executive shall become a member of the Board.

b. During the Employment Term, Executive will devote Executive's full business time and best efforts (excluding any periods of vacation or sick leave) to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the rendition of such services either directly or indirectly, without the prior written consent of the Board; provided that nothing herein shall preclude Executive (i) subject to the prior approval of the Board, from accepting appointment to or continue to serve on any board of directors or trustees of any business corporation or any charitable organization, or (ii) from making personal or family investments; provided, however, in each case under this Section 2(b)(i) or (ii) that such activities, in the aggregate, do not conflict or interfere with the performance of Executive's duties hereunder or conflict with Section 10 of this Agreement.

3. Base Salary. During the Employment Term, the Company shall pay Executive a base salary at the annual rate of $700,000, payable by payroll check in substantially equal periodic payments in accordance with the Company's practices for other executive employees, as such practices may be determined from time to time. Executive shall be entitled to such increases in Executive's base salary, if any, as may be determined from time to time in the sole discretion of the Board. Executive's annual base salary, as in effect from time to time, is hereinafter referred to as the "Base Salary".

4. Annual Bonus. During the Employment Term, Executive shall be eligible to earn an annual cash bonus award (an "Annual Bonus"), payable by payroll check, with a target bonus amount equal to 100% of the Base Salary (the "Target Bonus"), with adjustments based on the schedules set forth in the Citizens Incentive Plan or any successor plan, as each may be amended from time to time (the "Incentive Plan") but the adjustments shall in no event be less favorable to Executive than those set forth in such Plan for the 2004 calendar year; provided, however, that in no event shall the Annual Bonus in respect of the 2004 calendar year be less than $700,000. The Annual Bonus for a calendar year shall be paid no later than permitted under the Incentive Plan and no later than the date that other senior executive officers of the Company are paid their annual bonuses for such calendar year.

5. Long-Term Incentive. As soon as practicable after the Original Effective Date, Executive shall upon commencement of her employment hereunder, receive a grant of 150,000 restricted shares of Common Stock (with the other grants hereunder, the "Restricted Shares"). With respect to each fiscal year during the Employment Term after 2004, the Company shall grant no later than each March of the following year (commencing with March, 2006) to Executive a number of Restricted Shares with an aggregate value on the date of each grant equal to between $1,000,000 and $2,000,000, as determined by the Compensation Committee of the Board (the "Compensation Committee"). Subject to Section 8(b)(ii)(D) and Section 8(c)(iii)(E), below, each annual grant of Restricted Shares shall vest and become non-forfeitable as to 20% (25%, commencing with the grant in February, 2007) of the shares initially granted, on each anniversary of the date of grant and shall be fully vested and 100% non-forfeitable upon the fifth anniversary (fourth anniversary, commencing with the grant in February, 2007) of the date of grant; provided, however, that Executive shall be entitled to participate in any program the Company maintains to allow employees to use vested shares for the payment of applicable taxes at the time of such vesting.

6. Employee Benefits; Business Expenses.

a. Employee Benefits. During the Employment Term, Executive (and her eligible dependents) shall be entitled to participate in the Company's pension, profit sharing, medical, dental, life insurance and other employee benefit plans (other than severance plans) (the "Company Plans"), as in effect from time to time (collectively the "Employee Benefits") on the same basis as those benefits are generally made available to other senior executives of the Company, at a level of participation commensurate with her position.

b. Business Expenses and Perquisites.

(i) Expenses. During the Employment Term, reasonable business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with the Company's policies.

(ii) Perquisites. During the Employment Term, Executive shall be entitled to receive such perquisites as are generally made available to other senior executives of the Company at a level that is commensurate with her position.

7. Relocation Period. During the period commencing on the Original Effective Date and ending no later than the first anniversary thereof (the "Relocation Period"), Executive is expected to arrange relocation from California to Connecticut on a permanent basis for her, her spouse and her dependents. The Company shall, during the Relocation Period, pay or reimburse Executive for all reasonable expenses incurred for temporary housing, local ground transportation, travel to and from California for her, her spouse and her dependents, closing costs and moving expenses in connection with the purchase and sale of permanent housing and other costs and expenses during the Relocation Period related to her maintaining a residence separate from her family and relocating to Connecticut; provided, however, that no later than November 1, 2005, Executive shall have relocated to Connecticut and no further payments for expenses under this Section 7 that are incurred after the end of the Relocation Period shall be borne by the Company. The Company shall pay or reimburse Executive under this Section 7 for all costs and expenses incurred during the Relocation Period in an aggregate amount up to $500,000.

8. Termination. Executive's employment hereunder may be terminated by either party at any time and for any reason; provided that Executive will be required to give the Company at least 60 days advance written notice of any resignation of Executive's employment (30 days if such resignation is for "Good Reason" (as hereinafter defined)). Notwithstanding any other provision of this Agreement other than Section 13(l) through (p), the provisions of this Section 8 shall exclusively govern Executive's rights upon termination of employment with the Company.

a. By the Company for Cause or by Executive Resignation Without Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause (as defined below) and shall terminate automatically upon Executive's resignation without Good Reason; provided that Executive will be required to give the Company at least 60 days advance written notice of such resignation. For purposes of this Agreement, a failure by Executive to have effected a relocation to Connecticut, reasonably acceptable to the Board before November 1, 2005, shall be deemed to be a resignation without Good Reason by Executive for all purposes hereunder, effective as of November 1, 2005; provided, however, if the Board does not accept that such relocation has occurred before November 1, 2005, Executive shall be given written notice of that fact by the Board as soon as reasonably practicable upon such determination and the resolution of such issue shall be dealt with using the same procedures as would be used in the last two sentences of Section 8(a)(ii).

(ii) For purposes of this Agreement, "Cause" shall mean Executive's (A) willful and continued failure (other than as a result of physical or mental illness or injury) to perform her material duties (provided such duties are as described in Section 2) to the Company or its subsidiaries which continues beyond 10 days after a written demand for substantial performance is delivered to Executive by the Company (the "Cure Period"), which demand shall identify and describe such failure with sufficient specificity to allow Executive to respond; (B) willful or intentional conduct that causes material and demonstrable injury, monetarily or otherwise, to the Company; (C) conviction of, or a plea of nolo contendere to, a crime constituting (x) a felony under the laws of the United States or any state thereof, or (y) a misdemeanor involving moral turpitude; or (D) material breach of a material provision of this Agreement, including, without limitation, engaging in any action in breach of Section 9 or Section 10 of this Agreement, which continues beyond the Cure Period (to the extent that, in the Board's reasonable judgment, such breach can be cured). For purposes of this Section 8(a)(ii), no act, or failure to act, on the part of Executive shall be considered "willful" or "intentional" unless it is done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's action or inaction was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. Any determination that Executive has engaged in conduct for which the Board wishes to terminate Executive's employment shall be made after a meeting of the nonemployee directors of the Board at which Executive shall be invited to appear, with counsel, to respond to the allegations set forth in the written notice to the Executive of such meeting (which notice shall provide sufficient specificity to allow Executive to respond to such allegations). The Board may terminate the Executive for "Cause" hereunder following such meeting only upon the affirmative vote of at least 60 percent of the nonemployee directors.

(iii) If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, Executive shall be entitled to receive:

(A) the Base Salary through the date of termination, paid in substantially equal periodic installments on the schedule specified in Section 3 (but not less frequently than monthly);

(B) any Annual Bonus earned but unpaid as of the date of termination for any previously completed fiscal year, paid no later than permitted under the Incentive Plan and no later than the date that other senior executive officers of the Company are paid their annual bonuses for any such year;

(C) reimbursement for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to the date of Executive's termination, paid at the time specified in Section 13(m);

(D) any accrued but unpaid vacation, paid in accordance with the terms of the Company's vacation policy; and

(E) such Employee Benefits, if any, to which Executive may be entitled under the applicable Company Plans or hereunder (including, without limitation, if applicable, any Restricted Shares) upon termination of employment hereunder (the payments and benefits described in clauses (A) through (E) hereof being referred to, collectively, as the "Accrued Rights").

As necessary for compliance with the requirements of the Code and notwithstanding any contrary provision of this subsection, payments under this subsection are subject to Section 13(l) through (p). Following such termination of Executive's employment by the Company for Cause or resignation by Executive, except as set forth in this Section 8(a)(iii) and Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

b. Disability or Death.

(i) Executive's employment hereunder shall terminate upon Executive's death and may be terminated by the Company if Executive becomes physically or mentally incapacitated and is therefore unable for a period of six consecutive months or for an aggregate of nine months in any 12 consecutive month period to perform Executive's duties (such incapacity is hereinafter referred to as "Disability"). Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate (as the case may be) shall be entitled to receive:

(A) the Accrued Rights;

(B) continued payment of Executive's Base Salary during the period commencing on the date of Executive's termination of employment and ending on the date that is six months after the date of Executive's termination of employment (applying the definition of such term in Section 13(n)), paid in substantially equal periodic installments on the schedule specified in Section 3, but not less frequently than monthly (such continued Base Salary shall only be subject to the six-month delay to the extent applicable under Section 13(o) and (p));

(C) a pro rata portion of the Annual Bonus, equal to the product of (I) the Annual Bonus that Executive would have received pursuant to the Incentive Plan for the calendar year of Executive's termination of employment if her employment had continued indefinitely, and (II) a fraction whose numerator equals the number of days the Executive was employed during such year and whose denominator is 365, payable as a cash lump sum no later than permitted under the Incentive Plan and no later than the date that other senior executive officers of the Company are paid their annual bonuses for such year; and

(D) all Restricted Shares that have been granted as of the date of Executive's termination shall be fully vested and non-forfeitable as of such date, and all options granted to Executive that are not vested as of such date shall become vested and fully exercisable, and Executive shall not be entitled to any further annual grants of Restricted Shares under Section 5 of this Agreement.

(iii) Upon termination of Executive's employment hereunder due to Executive's death or Disability, in addition to the benefits described in Section 8(b)(ii) above, the Company shall provide Executive (in the event of her Disability) and Executive's spouse with medical, dental, life insurance and other health benefits (pursuant to the same Company Plans that are medical, dental, life insurance and other health benefit plans and that are in effect for active employees of the Company), until the second anniversary of the date of Executive's death or Disability.

(A) To the extent that such medical, dental or other health benefit plan coverage is provided under a self-insured plan maintained by the Company (within the meaning of Section 105(h) of the Code):

(I) the charge to Executive for each month of coverage will equal the monthly COBRA charge established by the Company for such coverage in which the Executive or the Executive's spouse (as applicable) is enrolled from time to time, based on the coverage generally provided to salaried employees (less the amount of any administrative charge typically assessed by the Company as part of its COBRA charge), and Executive will be required to pay such monthly charge in accordance with the Company's standard COBRA premium payment requirements; and

(II) on the date of Executive's termination of employment within the meaning of Section 13(n), the Company will pay Executive a lump sum in cash equal, in the aggregate, to the monthly COBRA charge established by the Company on the payment date for family coverage with respect to the highest value health coverage provided to salaried employees under such self-insured plan for each month of coverage in the two year period. For this purpose, the Company's monthly COBRA charge for family coverage will be increased by 10% on each January in the projected payment period and such increased amount shall apply to each successive month in the calendar year in which the increase became applicable.

(B) To the extent that such medical, dental or other health benefit plan coverage is provided under a fully-insured medical reimbursement plan (within the meaning of Section 105(h) of the Code), there will be no charge to Executive for such coverage.

As necessary for compliance with the requirements of the Code and notwithstanding any contrary provision of this subsection, payments under this subsection are subject to Section 13(l) through (p). Following Executive's termination of employment due to death or Disability, except as set forth in this Section 8(b) and Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

c. By the Company Without Cause or by Executive Resignation with Good Reason.

(i) Executive's employment hereunder may be terminated (A) by the Company without Cause (which shall not include Executive's termination of employment due to her death or Disability) or (B) by Executive with Good Reason (as defined below).

(ii) For purposes of this Agreement, "Good Reason" shall mean:

(A) the material failure of the Company to pay or cause to be paid Executive's Base Salary or Annual Bonus, or grant the Restricted Shares when due hereunder,

(B) any substantial and continuing diminution in Executive's position, authority or responsibilities from those described in Section 2 hereof,

(C) a material relocation of Executive's principal office location, for this purpose, a relocation more than 50 miles from the Company's Stamford, Connecticut headquarters area will be automatically deemed material, or

(D) any other material breach of a material provision of this Agreement;

provided that any of the events described in subparagraphs (A), (B), (C) or (D) of this Section 8(c)(ii) shall constitute Good Reason only if (I) the Company fails to cure such event within 30 days after receipt from Executive of written notice of the existence of the event or circumstances constituting Good Reason specified in any of the preceding clauses, which notice must be provided to the Board within 90 days after Executive learns of the initial existence of such event or circumstances with sufficient specificity from Executive for the Company to respond to such claim, and (II) Executive terminates employment with the Company within two years after the initial existence of such event or circumstances.

(iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or by Executive with Good Reason, subject to Executive's satisfaction of the release requirements set forth in Section 8(f)(ii), the Company (1) shall then pay or provide to the Executive the compensation and benefits described in subparagraphs (A) and (D) below, (2) shall begin paying to the Executive the compensation described in subparagraphs (B) and (C), and (3) the vesting provided for by subparagraph (E) below shall apply, in each case on the Expiration Date (as defined in Section 8(f)(ii)):

(A) the Accrued Rights;

(B) subject to Executive's continued compliance with the provisions of Section 9 and Section 10 of this Agreement, the amount that is equal to 1/36th of the sum of -

(I) three times Executive's annual Base Salary in effect on the date of Executive's termination of employment (the "Termination Date"), and

(II) two times Executive's annual Target Bonus in effect on the Termination Date,

shall be paid each month for the 36-month period commencing on the Termination Date (it being understood that Executive shall receive no payment until the Expiration Date at which time Executive shall receive a catch-up payment on the Expiration Date that includes all monthly installments due for the period from the Termination Date through the Expiration Date) (with such 36-month period constituting the "Severance Period") (such catch-up payment and continued installments shall be subject to a six-month delay only to the extent applicable under Section 13(o) and (p)); provided, however, that payments described in this subparagraph (B) that are exempt from Section 409A shall be reduced or offset entirely, at the time such payments are otherwise required to be made under this subparagraph (B), by any amounts due and owing by Executive to the Company for funds borrowed from or advanced by the Company (to the extent permitted under applicable law);

(C) continuation of medical, dental, life insurance and other health benefits (pursuant to the same Company Plans that are medical, dental, life insurance and other health benefit plans and that are in effect for active employees of the Company) with health benefit coverage retroactive to the Termination Date (once the Expiration Date is reached and the release is in effect), and then continuing until the earlier to occur of the end of the Severance Period and the date on which Executive becomes eligible to receive comparable benefits from any subsequent employer.

(I) To the extent that such medical, dental or other health benefit plan coverage is provided under a self-insured plan maintained by the Company (within the meaning of Section 105(h) of the Code):

(1) the charge to Executive for each month of coverage will equal the monthly COBRA charge established by the Company for such coverage in which the Executive or the Executive's spouse (as applicable) is enrolled from time to time, based on the coverage generally provided to salaried employees (less the amount of any administrative charge typically assessed by the Company as part of its COBRA charge), and Executive will be required to pay such monthly charge in accordance with the Company's standard COBRA premium payment requirements; and

(2) upon termination of employment, the Company will pay Executive a lump sum in cash equal, in the aggregate, to the monthly COBRA charge established by the Company on the payment date for family coverage with respect to the highest value health coverage provided to salaried employees under such self-insured plan for each month of coverage in the 36-month period. For this purpose, the Company's monthly COBRA charge for family coverage will be increased by 10% on each January in the projected payment period, and such increased amount shall apply to each successive month in the calendar year in which the increase became applicable.

(II) To the extent that such medical, dental or other health benefit plan coverage is provided under a fully-insured medical reimbursement plan (within the meaning of Section 105(h) of the Code), there will be no charge to Executive for such coverage; and

(D) a lump sum equal to the full-year annual Target Bonus in effect on the Termination Date.

(E) All Restricted Shares shall be vested and non-forfeitable as of the Expiration Date, and all options granted to Executive that are not vested as of the Termination Date shall become vested, non-forfeitable and fully exercisable on the Expiration Date, and Executive shall not be entitled to any further annual grants of Restricted Shares under Section 5 of this Agreement.

As necessary for compliance with the requirements of the Code and notwithstanding any contrary provision of this subsection, payments under this subsection are subject to Section 13(l) through (p). Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability) or Executive with Good Reason, except as set forth in Section 8(c)(iii) above and Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

d. Change in Control.

(i) Subject to Executive's satisfaction of the release requirements set forth in Section 8(f)(ii), Executive shall also be entitled to the benefits set forth in Section 8(c)(iii) above if, within one year following a Change in Control (defined below), Executive terminates her employment as a result of: (A) any material decrease by the Company of the Base Salary or Target Bonus; (B) any material decrease in Executive's pension benefit opportunities or any material diminution in the aggregate employee benefits; or (C) any material diminution in Executive's reporting relationships, duties or responsibilities - including, without limitation, ceasing to be a chief executive officer who reports directly to the board of directors of a public company (each, a "Constructive Termination Event"); provided that any of the events described above shall constitute a Constructive Termination Event only if (X) the Company fails to cure such event within 30 days after receipt from Executive of written notice of the existence of the event or circumstances constituting the Constructive Termination Event, which notice must be provided to the Board within 90 days after Executive learns of the initial existence of such event or circumstances with sufficient specificity from Executive for the Company to respond to such claim, and (Y) Executive terminates employment with the Company within two years after the initial existence of such event or circumstances. As necessary for compliance with the requirements of the Code and notwithstanding any contrary provision of this subsection, payments under this subsection are subject to Section 13(l) through (p).

(ii) For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred:

(A) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(B) Upon the consummation of any merger or other business combination involving the Company, a sale of substantially all of the Company's assets, liquidation or dissolution of the Company or a combination of the foregoing transactions (the "Transactions") other than a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction own, in the same proportion, at least 51% of the voting power, directly or indirectly, of (i) the surviving corporation in any such merger or other business combination; (ii) the purchaser of or successor to the Company's assets; (iii) both the surviving corporation and the purchaser in the event of any combination of Transactions; or (iv) the parent company owning 100% of such surviving corporation, purchaser or both the surviving corporation and the purchaser, as the case may be.

(iii) Excess Parachute Payments.

(A) If it is determined (as hereafter provided) that any payment, benefit or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Severance Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Executive shall receive the greater of (x) the aggregate amount of the Severance Payments, after payment by Executive of the Excise Tax imposed on the aggregate Severance Payments, and (y) the aggregate amount of the Severance Payments which could be paid to Executive under Section 280G of the Code without causing any loss of deduction to the Company under such Section (the "Capped Payments"); provided, however, that if the aggregate amount in clause (x) of this subparagraph (A) is at least 125% of the aggregate amount determined under clause (y) of this subparagraph (A), the Company shall make additional payments (each, a "Gross-Up Payment") to Executive such that, after payment of all Excise Taxes and any other taxes payable in respect of such Gross-Up Payment, Executive shall retain the same amount as if no Excise Tax had been imposed. Notwithstanding the preceding sentence, the Company's obligation to make a Gross-Up Payment shall be subject to Executive's satisfaction of the release requirements set forth in Section 8(f)(ii) to the extent the Gross-Up Payment is related to a Severance Payment that is payable upon termination of Executive's employment. If the Executive will be paid the Capped Payments pursuant to clause (y) of this subparagraph (A), then the Executive's aggregate Severance Payments shall be reduced in the following order (i) cash severance pay that is exempt from Section 409A, (ii) any lump sum described in Section 8(c)(iii)(C)(I)(2), (iii) any other cash severance pay, (iv) any other cash payable that is a Severance Payment other than stock appreciation rights, (v) any stock appreciation rights, (vi) any restricted stock, and (vii) stock options.

(B) Subject to the provisions of Section 8(d)(iii)(A) hereof, all determinations required to be made under this Section 8(d), including whether an Excise Tax is payable by Executive and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the relevant "change in ownership or control" (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by Executive). The Accounting Firm shall be directed by the Company or Executive to submit its preliminary determination and detailed supporting calculations to both the Company and Executive within 15 calendar days after the date of Executive's termination of employment, if applicable, and any other such time or times as may be requested by the Company or Executive. If the Accounting Firm determines that any Excise Tax is payable by Executive, the Company shall either (x) make payment of the Severance Payments, less all amounts withheld in respect of the Excise Tax, as required by applicable law, (or, if applicable, the Gross-Up Payment) or (y) reduce the Severance Payments (as described in the last sentence of subparagraph (A) above) by the amounts which, based on the Accounting Firm's determination and calculations, would provide Executive with the Capped Payments, and pay to Executive such reduced amounts. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall, at the same time as it makes such determination, furnish Executive with an opinion that she has substantial authority not to report any Excise Tax on her federal, state, local income or other tax return. All fees and expenses of the Accounting Firm shall be paid by the Company in connection with the calculations required by this Section.

(C) If the Company is obligated to make a Gross-Up Payment, it will be paid to Executive, or remitted by the Company to the appropriate tax authorities to the extent subject to withholding, in a lump sum (I) in the case of Gross-Up Payment that is subject to the release requirements set forth in Section 8(f)(ii), on the later of (x) the date that the Excise Tax is due (through withholding or otherwise) or (y) the first day following the Expiration Date, or (II) in the case of any other Gross-Up Payment, on the date that the Excise Tax is due (through withholding or otherwise), but subject in each case to any six-month delay that is applicable in accordance with Section 13(p).

(D) The federal, state and local income or other tax returns filed by Executive (or any filing made by a consolidated tax group which includes the Company) shall be prepared and filed on a consistent basis with the determination of the Accounting Firm with respect to the Excise Tax payable by Executive. Executive shall make proper payment of the amount of any Excise Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of her federal income tax return as filed with the Internal Revenue Service and corresponding state and local tax returns, if relevant, as filed with the applicable taxing authority, and such other documents reasonably requested by the Company, evidencing such payment.

(E) It is possible that, after the determinations made pursuant to this Section 8(d)(iii), Executive will receive Severance Payments and Gross-Up Payments that are, in the aggregate, either more or less than the amounts provided in subparagraph (A) of this Section 8(d)(iii) (hereafter referred to as an "Excess Payment" or "Underpayment", respectively). If it is established, pursuant to a final determination of a court or an Internal Revenue Service proceeding, that an Excess Payment has been made, then Executive shall refund the Excess Payment to the Company promptly on demand, together with an additional payment in an amount equal to the product obtained by multiplying the Excess Payment times the applicable annual federal rate (as determined in and under Section 1274(d) of the Code) times a fraction whose numerator is the number of days elapsed from the date of Executive's receipt of such Excess Payment through the date of such refund and whose denominator is 365. In the event that it is determined (x) by arbitration under Section 12 below, (y) by a court of competent jurisdiction, or (z) by the Accounting Firm upon request by Executive or the Company, that an Underpayment has occurred, the Company shall pay an amount equal to the Underpayment to Executive within 10 days of such determination together with an additional payment in an amount equal to the product obtained by multiplying the Underpayment times the applicable annual federal rate (as determined in and under Section 1274(d) of the Code) times a fraction whose numerator is the number of days elapsed from the date of the Underpayment through the date of such payment and whose denominator is 365.

e. Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 13(h) hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated.

f. Board/Committee Resignation; Execution of Release of all Claims.

(i) Upon termination of Executive's employment for any reason, Executive agrees to resign, as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and the board of directors (and any committees thereof) of any of the Company's subsidiaries or affiliates.

(ii) Upon termination of Executive's employment for any reason other than death or Disability, Executive agrees to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of her employment or the business of the Company; provided, however, that any such release shall not bar or prevent Executive from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim she has in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar Executive from claiming her rights that arise under, or that are preserved by, this Agreement. Notwithstanding anything set forth in this Agreement to the contrary, upon termination of Executive's employment for any reason other than death or Disability, Executive shall not receive any payments or benefits to which she may be entitled hereunder (other than those which by law cannot be subject to the execution of a release, which shall be paid without regard to any release either (A) at the time when due, or (B) as of Executive's Termination Date, if the specific payment or benefit is subject to Section 409A and a payment date sufficient to satisfy Section 409A is not otherwise stated for such payment or benefit) unless Executive satisfies the release requirements of this Section 8(f)(ii). The release required by this Section 8(f)(ii) shall be provided to the Executive not later than the Termination Date and shall be substantially identical to the release attached to this Agreement as Exhibit A. To comply with this Section 8(f)(ii), Executive must sign and return the release within 45 days of the Termination Date, and Executive must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the Executive's termination of employment.

g. Indemnification. While employed hereunder and thereafter, with respect to the period during which she was employed hereunder, Executive shall be indemnified by the Company to the fullest extent permitted by its charter, by-laws or the terms of any insurance or other indemnity policy applicable to officers or directors of the Company (including any rights to advances or reimbursement of legal fees thereunder). The Company shall provide that Executive's right to indemnification hereunder by the Company or any insurance or indemnity policy shall at no time be less than the right of any officer or director of the Company, in the same or similar circumstances. The Company's obligation under this Section 8(g) shall survive any termination of Executive's employment hereunder or the expiration or termination of this Agreement.

9. Non-Competition/Non-Solicitation/Non-Disparagement.

a. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Employer and its affiliates and accordingly agrees that, during the Employment Term and, for a period of one year following any termination of Executive's employment with the Company (the "Restricted Period"), Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly engage in any business that directly or indirectly competes in any material way with the primary business of the Company:

(i) During the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(A) solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates; or

(B) hire any such employee who was employed by the Company or its affiliates as of the date of Executive's termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to or after, the termination of Executive's employment with the Company.

b. Executive shall not at any time issue any press release or make any public statement about the Company or any director, officer, employee, successor, parent, subsidiary or agent or representative of, or attorney to the Company (any of the foregoing, a "Company Affiliate") regarding (i) any of the foregoing's financial status, business, services, business methods, compliance with laws, or ethics or otherwise, or (ii) regarding Company personnel, directors, officers, employees, attorneys, agents, that, in either case, is intended or reasonably likely to disparage the Company or any Company Affiliate, or otherwise degrade any Company Affiliate's reputation in the business, industry or legal community in which any such Company Affiliate operates and, the Company shall not at any time issue any press release or make any public statement about Executive or her spouse that is intended or reasonably likely to disparage Executive's reputation in the business, industry or legal community or otherwise degrade her or his reputation or standing in their community; provided, that, Executive and the Company shall be permitted to (a) make any statement that is required by applicable securities or other laws to be included in a filing or disclosure document, subject to prior notice to the other thereof, and (b) defend herself or itself against any statement made by the other party (including those made by any Company Affiliate or by any person affiliated with the Executive or her spouse) that is intended or reasonably likely to disparage or otherwise degrade that party's reputation, only if there is a reasonable belief that the statements made in such defense are not false statements, (c) while employed as an officer of the Company, make any statement that Executive determines in good faith is necessary or appropriate to the discharge of her duties as an officer of the Company, and (d) provide truthful testimony in any legal proceeding.

c. It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 9 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

10. Confidentiality.

a. Executive will not at any time (whether during or after Executive's employment with the Company) (i) retain or use for the benefit, purposes or account of Executive or any other Person; or (ii) other than in the course of performing services for the Company and in accordance with the Company's policies from time to time, disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information -- including without limitation rates, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals -- concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates and/or any third party that has disclosed or provided any of same to the Company on a confidential basis ("Confidential Information") without the prior written authorization of the Board.

b. "Confidential Information" shall not include any information that is (i) generally known to the industry or the public other than as a result of Executive's breach of this covenant or any breach of other confidentiality obligations by third parties; (ii) after Executive's employment with the Company, made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (iii) required by law to be disclosed; provided that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.

c. Upon termination of Executive's employment with the Company for any reason, Executive shall immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to any material aspects of the business (that are not otherwise available to the public) of the Company, its affiliates and subsidiaries, except that Executive may retain only those portions of any documents, personal notes, notebooks and diaries that do not contain any Confidential Information.

d. The provisions of this Section 10 shall survive the termination of Executive's employment for any reason.

11. Specific Performance. Executive acknowledges and agrees that the Employer's remedies at law for a breach or threatened breach of any of the provisions of Section 9 or Section 10 of this Agreement would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. In the event of an alleged breach of Section 9(b) by the Company, Executive shall not be required to post a bond in order to seek equitable relief or any other equitable remedy.

12. Arbitration. Except as provided in Section 11, any other dispute arising out of or asserting breach of this Agreement, or any statutory or common law claim by Executive relating to her employment under this Agreement or the termination thereof (including any tort or discrimination claim), shall be exclusively resolved by binding statutory arbitration in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association. Such arbitration process shall take place in New York, New York. A court of competent jurisdiction may enter judgment upon the arbitrator's award. All costs and expenses of arbitration (including fees and disbursements of counsel) shall be borne by the respective party incurring such costs and expenses, unless the arbitrator shall award costs and expenses to the prevailing party in such arbitration.

13. Miscellaneous.

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut, without regard to conflicts of laws principles thereof.

b. Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified or amended except by written instrument signed by the parties hereto.

c. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

d. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

e. Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void ab initio and of no force and effect. This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

f. Set Off; Mitigation. The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall not be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its affiliates, other than any amounts due and owing as provided for under Section 8(c)(iii)(C) hereof. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

g. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon the Company and its subsidiaries and Executive and any personal or legal representatives, executors, administrators, successors, assigns, heirs, distributees, devisees and legatees. Further, the Company will require any successor (whether, direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets which is required by this Section 13(g) to assume and agree to perform this Agreement or which otherwise assumes and agrees to perform this Agreement; provided, however, in the event that any successor, as described above, agrees to assume this Agreement in accordance with the preceding sentence, as of the date such successor so assumes this Agreement, the Company shall cease to be liable for any of the obligations contained in this Agreement.

h. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Frontier Communications Corporation
Three High Ridge Park
Building 3
Stamford, Connecticut 06905
Attention: Hilary E. Glassman, Esq.

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

With a copy to:

Morrison Cohen LLP
909 Third Avenue
27th Floor
New York, New York 10022
Attn: Robert M. Sedgwick, Esq.

i. Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound, whether with the Prior Employer or otherwise.

j. Prior Agreements. This Agreement supercedes all prior agreements and understandings (including verbal agreements) between Executive and the Company and/or its affiliates regarding the terms and conditions of Executive's employment with the Company and/or its affiliates.

k. Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment hereunder. This provision shall survive any termination of this Agreement.

l. Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

m. Expense Reimbursements. To the extent that any expense reimbursement provided for by this Agreement does not qualify for exclusion from Federal income taxation, the Company will make the reimbursement only if Executive incurs the corresponding expense during the term of this Agreement and submits the request for reimbursement no later than two months prior to the last day of the calendar year following the calendar year in which the expense was incurred so that the Company can make the reimbursement on or before the last day of the calendar year following the calendar year in which the expense was incurred; the amount of expenses eligible for such reimbursement during a calendar year will not affect the amount of expenses eligible for such reimbursement in another calendar year; and the right to such reimbursement is not subject to liquidation or exchange for another benefit from the Company.

n. Meaning of Termination of Employment. Solely as necessary to comply with Section 409A and to this extent for purposes of Section 8(b)(ii), Section 8(b)(iii), Section 8(c)(iii), Section 8(d)(i), Section 8(f)(ii), Section 13(o), Section 13(p) and any other provision where this definition is specifically referenced, "termination of employment" shall have the same meaning as "separation from service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after the Executive's termination of employment, the Executive shall not have (after the Executive's termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

o. Installment Payments. For purposes of Section 8(b)(ii)(B) with respect to amounts payable in the event of termination of employment on account of Disability and Section 8(c)(iii)(C) with respect to amount payable in the event of termination of Executive's employment by the Company without Cause or by Executive with Good Reason or Constructive Termination Event, each such payment is a separate payment within the meaning of the final regulations under Section 409A. Each such payment that is made within 2-1/2 months following the end of the year that contains the date of Executive's termination of employment is intended to be exempt from Section 409A as a short-term deferral within the meaning of the final regulations under Section 409A, each such payment that is made later than 2-1/2 months following the end of the year that contains the date of Executive's termination of employment is intended to be exempt under the two-times exception of Treasury Reg. ss. 1.409A-1(b)(9)(iii) up to the limitation on the availability of such exception specified in such regulation, and each such payment that is made after the two-times exception ceases to be available shall be subject to delay in accordance with Section 13(p) below.

p. Section 409A. This Agreement will be construed and administered to preserve the exemption from Section 409A of payments that qualify as a short-term deferral or that qualify for the two-times exception. With respect to other amounts that are subject to Section 409A, it is intended, and this Agreement will be so construed, that any such amounts payable under this Agreement and the Company's and Executive's exercise of authority or discretion hereunder shall comply with the provisions of Section 409A and the treasury regulations relating thereto so as not to subject Executive to the payment of interest and additional tax that may be imposed under Section 409A. As a result, in the event Executive is a "specified employee" on the date of Executive's termination of employment (with such status determined by the Company in accordance with rules established by the Company in writing in advance of the "specified employee identification date" that relates to the date of Executive's termination of employment or, if later, by December 31, 2008, or in the absence of such rules established by the Company, under the default rules for identifying specified employees under Section 409A), any payment that is subject to Section 409A, that is payable to Executive in connection with Executive's termination of employment, shall not be paid earlier than six months after such termination of employment (if Executive dies after the date of Executive's termination of employment but before any payment has been made, such remaining payments that were or could have been delayed will be paid to Executive's estate without regard to such six-month delay). This Section 13(p) is an absolutely superseding provision under this Agreement. This means that it will apply notwithstanding other provisions in the Agreement that permit or require payment at an earlier time (and notwithstanding terms in such other provisions that may provide for their application without regard to other provisions of the Agreement).

q. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

FRONTIER COMMUNICATIONS CORPORATION:

Frontier Communications Corporation

By: /s/ Hilary Glassman

Name: Hilary Glassman
Title: Senior Vice President & General Counsel

EXECUTIVE:

/s/ Mary Agnes Wilderotter

Mary A. Wilderotter

Exhibit 10.15

AMENDED EMPLOYMENT AGREEMENT
Robert Larson

This AMENDED EMPLOYMENT AGREEMENT (the "Agreement") is dated as of December 24, 2008 (the "Effective Date") by and between Frontier Communications Corporation (the "Company") and Robert Larson ("Executive").

WHEREAS, Executive and the Company entered into an employment agreement (the "Original Agreement") as of September 1, 2004 (the "Original Effective Date"), embodying the terms of Executive's employment and pursuant to which Executive has been serving as a Senior Vice President and as the Company's Controller and Chief Accounting Officer; and

WHEREAS, this Agreement amends and restates the Original Agreement as of the Effective Date in order, inter alia, to evidence formal compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the guidance thereunder (such Section, referenced herein as "Section 409A"; and such code, referenced herein as the "Code");

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment. Subject to the provisions of Section 8 of this Agreement, Executive shall be employed by the Company, and any of its subsidiaries that the Chief Executive Officer (the "CEO") or the Board of Directors of the Company (the "Board") shall designate for a period commencing on the Original Effective Date and ending on the fifth anniversary thereof (the "Initial Term"), on the terms and subject to the conditions set forth in this Agreement. Following the Initial Term, the term of employment under this Agreement shall automatically be renewed for additional terms of one year on the last day of the Initial Term and each anniversary of the last day of the Initial Term (the Initial Term and any annual extensions of the term of this Agreement, referenced together herein as the "Employment Term"), subject to Section 8 of this Agreement, unless the Company or the Executive gives the other party written notice of non-renewal at least ninety (90) days prior to such last day or anniversary.

2. Position.

a. During the Employment Term, Executive shall serve as Senior Vice President and as the Company's Controller and Chief Accounting Officer and shall report directly to the Chief Financial Officer of the Company. In such position, Executive shall have such duties and authority commensurate with the position of controller and chief accounting officer of a company of similar size and nature and as the Company's Chief Financial Officer shall otherwise determine from time to time.

b. During the Employment Term, Executive will devote Executive's full business time and best efforts (excluding any periods of vacation or sick leave) to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the rendition of such services either directly or indirectly, without the prior written consent of the Board; provided that nothing herein shall preclude Executive, subject to the prior approval of the Board, from accepting appointment to or continue to serve on any board of directors or trustees of any business corporation or any charitable organization, provided in each case in the aggregate, that such activities do not conflict or interfere with the performance of Executive's duties hereunder or conflict with Section 10 of this Agreement.

3. Base Salary. During the Employment Term, the Company shall pay Executive a base salary at the annual rate of $175,000, payable in substantially equal periodic payments in accordance with the Company's practices for other executive employees, as such practices may be determined from time to time. Executive shall be entitled to such increases in Executive's base salary, if any, as may be determined from time to time in the sole discretion of the Chief Financial Officer, the CEO and the Board. Executive's annual base salary, as in effect from time to time, is hereinafter referred to as the "Base Salary."

4. Annual Bonus. During the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus"), with a target bonus amount equal to 50% of the Base Salary (the "Target Bonus"), with adjustments based on the schedules set forth in the Citizens Incentive Plan or any successor plan, as each may be amended from time to time (the "Incentive Plan"), but the adjustments shall in no event be less favorable to Executive than those set forth in such Plan for the 2004 calendar year. The Annual Bonus for a calendar year shall be paid no later than permitted under the Incentive Plan and no later than the date that other officers of the Company are paid their annual bonuses for such calendar year.

5. Long-Term Incentive. With respect to each fiscal year during the Employment Term, the Company shall grant no later than each March of the following year to Executive a number of restricted shares of common stock (the "Restricted Shares") with an aggregate value equal to between $200,000 and $300,000, as determined by the Compensation Committee of the Board (the "Compensation Committee"). Subject to Section 8(b)(ii)(D) and Section 8(c)(iii)(E), below, each annual grant of Restricted Shares shall vest and become non-forfeitable as to twenty (20) percent of the shares initially granted, on each anniversary of the date of grant and shall be fully vested and 100 percent non-forfeitable upon the fifth anniversary of the date of grant.

6. Employee Benefits; Business Expenses.

a. Employee Benefits. During the Employment Term, Executive (and his eligible dependents) shall be entitled to participate in the Company's pension, profit sharing, medical, dental, life insurance and other employee benefit plans (other than severance plans) (the "Company Plans"), as in effect from time to time (collectively the "Employee Benefits") on the same basis as those benefits are generally made available to other executives at his level of the Company.

b. Business Expenses. During the Employment Term, reasonable business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with the Company's policies.

7. [Intentially Left Blank.]

8. Termination. Executive's employment hereunder may be terminated by either party at any time and for any reason; provided that Executive will be required to give the Company at least 60 days advance written notice of any resignation of Executive's employment. Notwithstanding any other provision of this Agreement other than Section 13(l) through (p), the provisions of this Section 8 shall exclusively govern Executive's rights upon termination of employment with the Company.

a. By the Company For Cause or By Executive Resignation Without Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause (as defined below) and shall terminate automatically upon Executive's resignation without Good Reason; provided that Executive will be required to give the Company at least 60 days advance written notice of such resignation.

(ii) For purposes of this Agreement, "Cause" shall mean Executive's (A) willful and continued failure (other than as a result of physical or mental illness or injury) to perform his material duties (as described in Section 2) to the Company or its subsidiaries which continues beyond 10 days after a written demand for substantial performance is delivered to Executive by the Company (the "Cure Period"), which demand shall identify and describe such failure with sufficient specificity to allow Executive to respond; (B) willful or intentional conduct that causes material and demonstrable injury, monetarily or otherwise, to the Company; (C) conviction of, or a plea of nolo contendere to, a crime constituting (x) a felony under the laws of the United States or any state thereof or (y) a misdemeanor involving moral turpitude; or (D) material breach of this Agreement, including, without limitation, engaging in any action in breach of Section 9 or Section 10 of this Agreement, which continues beyond the Cure Period (to the extent that, in the Board's reasonable judgment, such breach can be cured). For purposes of this Section 8(a)(ii), no act, or failure to act, on the part of Executive shall be considered "willful" or "intentional" unless it is done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive's action or inaction was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Financial Officer of the Company or other senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company.

(iii) If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, Executive shall be entitled to receive:

(A) the Base Salary through the date of termination, paid in substantially equal periodic installments on the schedule specified in Section 3 (but not less frequently than monthly);

(B) any Annual Bonus earned but unpaid as of the date of termination for any previously completed fiscal year, paid no later than permitted under the Incentive Plan and no later than the date that other officers of the Company are paid their annual bonuses for any such year;

(C) reimbursement for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to the date of Executive's termination, paid at the time specified in Section 13(m);

(D) any accrued but unpaid vacation, paid in accordance with the terms of the Company's vacation policy; and

(E) such Employee Benefits, if any, to which Executive may be entitled under the applicable Company Plans upon termination of employment hereunder (the payments and benefits described in clauses (A) through (E) hereof being referred to, collectively, as the "Accrued Rights").

As necessary for compliance with the requirements of the Code and notwithstanding any contrary provision of this subsection, payments under this subsection are subject to Section 13(l) through (p). Following such termination of Executive's employment by the Company for Cause or resignation by Executive, except as set forth in this Section 8(a)(iii) and Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

b. Disability or Death.

(i) Executive's employment hereunder shall terminate upon Executive's death and may be terminated by the Company if Executive becomes physically or mentally incapacitated and is therefore unable for a period of six (6) consecutive months or for an aggregate of nine (9) months in any twelve (12) consecutive month period to perform Executive's duties (such incapacity is hereinafter referred to as "Disability"). Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate (as the case may be), shall be entitled to receive:

(A) the Accrued Rights;

(B) continued payment of Executive's Base Salary during the period commencing on the date of Executive's termination of employment and ending on the date that is six months after the date of Executive's termination of employment (applying the definition of such term in Section 13(n)), paid in substantially equal periodic installments on the schedule specified in Section 3, but not less frequently than monthly (such continued Base Salary shall be subject to the six-month delay as applicable under Section 13(o) and (p));

(C) a pro rata portion of the Annual Bonus, if any, that Executive would have been entitled to receive pursuant to the Citizens Incentive Plan in the year of termination, based on actual performance through the date of termination; and

(D) all Restricted Shares that have been granted as of the date of Executive's termination shall be fully vested and non-forfeitable as of such date, and Executive shall not be entitled to any further annual grants of Restricted Shares under Section 5 of this Agreement.

(iii) Upon termination of Executive's employment hereunder due to Executive's death or Disability, in addition to the benefits described in Section 8(b)(ii) above, the Company shall provide Executive (in the event of his Disability) and Executive's spouse with health benefits (pursuant to the same Company Plans that are health benefit plans and that are in effect for active employees of the Company), until the second anniversary of the date of Executive's death or Disability.

(A) To the extent that such health benefit plan coverage is provided under a self-insured plan maintained by the Company (within the meaning of Section 105(h) of the Code):

(I) the charge to Executive for each month of coverage will equal the monthly COBRA charge established by the Company for such coverage in which the Executive or the Executive's spouse (as applicable) is enrolled from time to time, based on the coverage generally provided to salaried employees (less the amount of any administrative charge typically assessed by the Company as part of its COBRA charge), and Executive will be required to pay such monthly charge in accordance with the Company's standard COBRA premium payment requirements; and

(II) on the date of Executive's termination of employment within the meaning of Section 13(n), the Company will pay Executive a lump sum in cash equal, in the aggregate, to the monthly COBRA charge established by the Company on the payment date for family coverage with respect to the highest value health coverage provided to salaried employees under such self-insured plan for each month of coverage in the two year period. For this purpose, the Company's monthly COBRA charge for family coverage will be increased by 10% on each January in the projected payment period and such increased amount shall apply to each successive month in the calendar year in which the increase became applicable.

(B) To the extent that such health benefit plan coverage is provided is provided under a fully-insured medical reimbursement plan (within the meaning of Section 105(h) of the Code), there will be no charge to Executive for such coverage.

As necessary for compliance with the requirements of the Code and notwithstanding any contrary provision of this subsection, payments under this subsection are subject to Section 13(l) through (p). Following Executive's termination of employment due to death or Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

c. By the Company Without Cause or by Executive Resignation for Good Reason.

(i) Executive's employment hereunder may be terminated (A) by the Company without Cause (which shall not include Executive's termination of employment due to his Disability) or (B) by Executive for Good Reason (as defined below).

(ii) For purposes of this Agreement, "Good Reason" shall mean

(A) the failure of the Company to pay or cause to be paid Executive's Base Salary or Annual Bonus, when due hereunder,

(B) any substantial and sustained diminution in Executive's authority or responsibilities from those described in Section 2 hereof,

(C) a relocation of Executive's principal office location more than 25 miles from the Company's Stamford, Connecticut headquarters area, or

(D) any other material breach of a material provision of this Agreement;

provided that any of the events described in subparagraphs (A), (B), (C) or (D) of this Section 8(c)(ii) shall constitute Good Reason only if (I) the Company fails to cure such event within 30 days after receipt from Executive of written notice of the event which constitutes Good Reason (with sufficient specificity from Executive for the Company to respond to such claim) and (II) Executive terminates employment with the Company within two years after the initial existence of such event or circumstances.

(iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, subject to Executive's satisfaction of the release requirements set forth in Section 8(f)(ii), the Company (1) shall then pay or provide to the Executive the compensation and benefits described in subparagraphs (A) and (D) below, (2) shall begin paying to the Executive the compensation described in subparagraphs (B) and (C), and (3) the vesting provided for by subparagraph (E) below shall apply, in each case on the Expiration Date (as defined in Section 8(f)(ii)):

(A) the Accrued Rights;

(B) subject to Executive's continued compliance with the provisions of Section 9 and Section 10 of this Agreement, the amount that is equal to 1/36th of the sum of -

(I) three times Executive's annual Base Salary in effect on the date of Executive's termination of employment (the "Termination Date"), and

(II) two times Executive's annual Target Bonus in effect on the Termination Date,

shall be paid each month for the 36-month period commencing on the Termination Date (it being understood that Executive shall receive no payment until the Expiration Date at which time Executive shall receive a catch-up payment on the Expiration Date that includes all monthly installments due for the period from the Termination Date through the Expiration Date) (with such 36-month period constituting the "Severance Period") (such catch-up payment and continued installments shall be subject to a six-month delay as applicable under Section 13(o) and (p)); provided, however, that any payments described in this subparagraph (B) that are exempt from Section 409A shall be reduced or offset entirely, at the time such payments are otherwise required to be made under this subparagraph (B), by any amounts due and owing by Executive to the Company for funds borrowed from or advanced by the Company (to the extent permitted under applicable law);

(C) continuation of health benefits (pursuant to the same Company Plans that are health benefit plans and that are in effect for active employees of the Company) with health benefit coverage retroactive to the Termination Date (once the Expiration Date is reached and the release is in effect), and then continuing until the earlier to occur of the end of the Severance Period and the date on which Executive becomes eligible to receive comparable benefits from any subsequent employer

(I) To the extent that such health benefit plan coverage is provided under a self-insured plan maintained by the Company (within the meaning of Section 105(h) of the Code):

(1) the charge to Executive for each month of coverage will equal the monthly COBRA charge established by the Company for such coverage in which the Executive or the Executive's spouse (as applicable) is enrolled from time to time, based on the coverage generally provided to salaried employees (less the amount of any administrative charge typically assessed by the Company as part of its COBRA charge), and Executive will be required to pay such monthly charge in accordance with the Company's standard COBRA premium payment requirements; and

(2) upon termination of employment, the Company will pay Executive a lump sum in cash equal, in the aggregate, to the monthly COBRA charge established by the Company on the payment date for family coverage with respect to the highest value health coverage provided to salaried employees under such self-insured plan for each month of coverage in the 36-month period. For this purpose, the Company's monthly COBRA charge for family coverage will be increased by 10% on each January in the projected payment period and such increased amount shall apply to each successive month in the calendar year in which the increase became applicable.

(II) To the extent that such health benefit plan coverage is provided is provided under a fully-insured medical reimbursement plan (within the meaning of Section 105(h) of the Code), there will be no charge to Executive for such coverage; and

(D) a lump sum equal to the full-year annual Target Bonus in effect on the Termination Date.

(E) all Restricted Shares shall be vested and non-forfeitable as of the Expiration Date, and all options granted to Executive that are not vested as of the Termination Date shall become vested and non-forfeitable and fully exercisable.

As necessary for compliance with the requirements of the Code and notwithstanding any contrary provision of this subsection, payments under this subsection are subject to Section 13(l) through (p). Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability) or Executive for Good Reason, except as set forth in Section 8(c)(iii) above, Executive shall have no further rights to any compensation or any other benefits under this Agreement.

d. Change in Control.

(i) Subject to Executive's satisfaction of the release requirements set forth in Section 8(f)(ii), Executive shall also be entitled to the benefits set forth in Section 8(c)(iii) above if, within one year following a Change in Control (defined below), Executive terminates his employment as a result of: (A) any decrease by the Company of the Base Salary or Target Bonus; (B) any decrease in Executive's pension benefit opportunities or any material diminution in the aggregate employee benefits; or (C) any material diminution in Executive's title, reporting relationships, duties or responsibilities (each, a "Constructive Termination Event"); provided that any of the events described above shall constitute a Constructive Termination Event only if (X) the Company fails to cure such event within 30 days after receipt from Executive of written notice of the event which constitutes a Constructive Termination Event; provided, further, that a "Constructive Termination Event" shall cease to exist for an event on the 60th day following the later of its occurrence or Executive's knowledge thereof, unless Executive has given the Company written notice thereof prior to such date. As necessary for compliance with the requirements of the Code and notwithstanding any contrary provision of this subsection, payments under this subsection are subject to Section 13(l) through (p).

(ii) For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred:

(A) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(B) Upon the consummation of any merger or other business combination involving the Company, a sale of substantially all of the Company's assets, liquidation or dissolution of the Company or a combination of the foregoing transactions (the "Transactions") other than a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction own, in the same proportion, at least 51% of the voting power, directly or indirectly, of (i) the surviving corporation in any such merger or other business combination; (ii) the purchaser of or successor to the Company's assets; (iii) both the surviving corporation and the purchaser in the event of any combination of Transactions; or (iv) the parent company owning 100% of such surviving corporation, purchaser or both the surviving corporation and the purchaser, as the case may be.

(iii) Excess Parachute Payments.

(A) If it is determined (as hereafter provided) that any payment, benefit or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Severance Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then Executive shall receive the greater of (x) the aggregate amount of the Severance Payments, after payment by Executive of the Excise Tax imposed on the aggregate Severance Payments, and (y) the aggregate amount of the Severance Payments which could be paid to Executive under Section 280G of the Code without causing any loss of deduction to the Company under such Section (the "Capped Payments").

(B) Subject to the provisions of Section 8(d)(iii)(A) hereof, all determinations required to be made under this Section 8(d), including whether an Excise Tax is payable by Executive and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the "change in ownership or control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by Executive). The Accounting Firm shall be directed by the Company or Executive to submit its preliminary determination and detailed supporting calculations to both the Company and Executive within 15 calendar days after the date of Executive's termination of employment, if applicable, and any other such time or times as may be requested by the Company or Executive. If the Accounting Firm determines that any Excise Tax is payable by Executive, the Company shall either (x) make payment of the Severance Payments, less all amounts withheld in respect of the Excise Tax, as required by applicable law, or (y) reduce the Severance Payments by the amount which, based on the Accounting Firm's determination and calculations, would provide Executive with the Capped Payments, and pay to Executive such reduced amounts. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall, at the same time as it makes such determination, furnish Executive with an opinion that he has substantial authority not to report any Excise Tax on his federal, state, local income or other tax return. All fees and expenses of the Accounting Firm shall be paid by the Company in connection with the calculations required by this Section.

(C) The federal, state and local income or other tax returns filed by Executive (or any filing made by a consolidated tax group which includes the Company) shall be prepared and filed on a consistent basis with the determination of the Accounting Firm with respect to the Excise Tax payable by Executive. Executive shall make proper payment of the amount of any Excise Tax, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of his federal income tax return as filed with the Internal Revenue Service and corresponding state and local tax returns, if relevant, as filed with the applicable taxing authority, and such other documents reasonably requested by the Company, evidencing such payment.

e. Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 13(h) hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated.

f. Board/Committee Resignation; Execution of Release of all Claims.

(i) Upon termination of Executive's employment for any reason, Executive agrees to resign, as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and the board of directors (and any committees thereof) of any of the Company's subsidiaries or affiliates.

(ii) Upon termination of Executive's employment for any reason other than death or Disability, Executive agrees to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents. Notwithstanding anything set forth in this Agreement to the contrary, upon termination of Executive's employment for any reason other than death or Disability, Executive shall not receive any payments or benefits to which he may be entitled hereunder (other than those which by law cannot be subject to the execution of a release, which shall be paid without regard to any release either (A) at the time when due, or (B) as of Executive's Termination Date, if the specific payment or benefit is subject to Section 409A and a payment date sufficient to satisfy Section 409A is not otherwise stated for such payment or benefit) unless Executive satisfies the release requirements of this Section 8(f)(ii). The release required by this Section 8(f)(ii) shall be provided to the Executive not later than the Termination Date. To comply with this Section 8(f)(ii), Executive must sign and return the release within 45 days of the Termination Date, and Executive must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the Executive's termination of employment.

9. Non-Competition/Non-Solicitation/Non-Disparagement.

a. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Employer and its affiliates and accordingly agrees that, during the Employment Term and, for a period of one year following any termination of Executive's employment with the Company (the "Restricted Period"), Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly engage in any business that directly or indirectly competes with the business of the Company, or otherwise engage in competition with the Company which is materially detrimental to the Company;

(i) During the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(A) solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates; or

(B) hire any such employee who was employed by the Company or its affiliates as of the date of Executive's termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to or after, the termination of Executive's employment with the Company.

b. Executive shall not at any time issue any press release or make any public statement about the Company or any director, officer, employee, successor, parent, subsidiary or agent or representative of, or attorney to the Company (any of the foregoing, a "Company Affiliate") regarding (i) any of the foregoing's financial status, business, services, business methods, compliance with laws, or ethics or otherwise, or (ii) regarding Company personnel, directors, officers, employees, attorneys, agents, including, without limitation, in respect of both clauses (i) and (ii), any statement that is intended or reasonably likely to disparage the Company or any Company Affiliate, or otherwise degrade any Company Affiliate's reputation in the business, industry or legal community in which any such Company Affiliate operates; provided, that, Executive shall be permitted to (a) make any statement that is required by applicable securities or other laws to be included in a filing or disclosure document, subject to prior notice to the Company thereof, and (b) defend himself against any statement made by the Company or any Company Affiliate that is intended or reasonably likely to disparage or otherwise degrade Executive's reputation in the business, industry or legal community in which Executive operates, only if Executive reasonably believes that the statements made in such defense are not false statements and (c) provide truthful testimony in any legal proceeding.

c. It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 9.to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

10. Confidentiality.

a. Executive will not at any time (whether during or after Executive's employment with the Company) (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information -- including without limitation rates, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals -- concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates and/or any third party that has disclosed or provided any of same to the Company on a confidential basis ("Confidential Information") without the prior written authorization of the Board.

b. "Confidential Information" shall not include any information that is (a) generally known to the industry or the public other than as a result of Executive's breach of this covenant or any breach of other confidentiality obligations by third parties; (b) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (c) required by law to be disclosed; provided that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.

c. Except as required by law, Executive will not disclose to anyone, other than Executive's immediate family and legal or financial advisors, the existence or contents of this Agreement; provided that Executive may disclose to any prospective future employer the provisions of Section 9 and 10 of this Agreement provided that such potential employer agrees to maintain the confidentiality of such terms.

d. Upon termination of Executive's employment with the Company for any reason, Executive shall immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company, its affiliates and subsidiaries, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information.

e. The provisions of this Section 10 shall survive the termination of Executive's employment for any reason.

11. Specific Performance. Executive acknowledges and agrees that the Employer's remedies at law for a breach or threatened breach of any of the provisions of Section 9 or Section 10 of this Agreement would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

12. Arbitration. Except as provided in Section 11, any other dispute arising out of or asserting breach of this Agreement, or any statutory or common law claim by Executive relating to his employment under this Agreement or the termination thereof (including any tort or discrimination claim), shall be exclusively resolved by binding statutory arbitration in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association. Such arbitration process shall take place in New York, New York. A court of competent jurisdiction may enter judgment upon the arbitrator's award. All costs and expenses of arbitration (including fees and disbursements of counsel) shall be borne by the respective party incurring such costs and expenses.

13. Miscellaneous.

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut, without regard to conflicts of laws principles thereof.

b. Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified or amended except by written instrument signed by the parties hereto.

c. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

d. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

e. Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void ab initio and of no force and effect. This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

f. Set Off; Mitigation. The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

g. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon the Company and its subsidiaries and Executive and any personal or legal representatives, executors, administrators, successors, assigns, heirs, distributees, devisees and legatees. Further, the Company will require any successor (whether, direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets which is required by this Section 13(g) to assume and agree to perform this Agreement or which otherwise assumes and agrees to perform this Agreement; provided, however, in the event that any successor, as described above, agrees to assume this Agreement in accordance with the preceding sentence, as of the date such successor so assumes this Agreement, the Company shall cease to be liable for any of the obligations contained in this Agreement.

h. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Frontier Communications Corporation
Three High Ridge Park
Building 3
Stamford, Connecticut 06905
Attention: Hilary E. Glassman, Esq.

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

i. Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

j. Prior Agreements. This Agreement supercedes all prior agreements and understandings (including verbal agreements) between Executive and the Company and/or its affiliates regarding the terms and conditions of Executive's employment with the Company and/or its affiliates.

k. Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment hereunder. This provision shall survive any termination of this Agreement.

l. Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

m. Expense Reimbursements. To the extent that any expense reimbursement provided for by this Agreement does not qualify for exclusion from Federal income taxation, the Company will make the reimbursement only if Executive incurs the corresponding expense during the term of this Agreement and submits the request for reimbursement no later than two months prior to the last day of the calendar year following the calendar year in which the expense was incurred so that the Company can make the reimbursement on or before the last day of the calendar year following the calendar year in which the expense was incurred; the amount of expenses eligible for such reimbursement during a calendar year will not affect the amount of expenses eligible for such reimbursement in another calendar year; and the right to such reimbursement is not subject to liquidation or exchange for another benefit from the Company.

n. Meaning of Termination of Employment. Solely as necessary to comply with Section 409A and to this extent for purposes of Section 8(b)(ii), Section 8(b)(iii), Section 8(c)(iii), Section 8(d)(i), Section 8(f)(ii), Section 13(o), Section 13(p) and any other provision where this definition is specifically referenced, "termination of employment" shall have the same meaning as "separation from service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after the Executive's termination of employment, the Executive shall not have (after the Executive's termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

o. Installment Payments. For purposes of Section 8(b)(ii)(B) with respect to amounts payable in the event of termination of employment on account of Disability and Section 8(c)(iii)(C) with respect to amount payable in the event of termination of Executive's employment by the Company without Cause or by Executive for Good Reason or Constructive Termination Event, each such payment is a separate payment within the meaning of the final regulations under Section 409A. Each such payment shall be subject to delay in accordance with Section 13(p) below except to the extent a payment can be considered in good faith (i) to be exempt from Section 409A as a short-term deferral within the meaning of the final regulations under Section 409A, or (ii) to be exempt under the two-times exception of Treasury Reg. ss. 1.409A-1(b)(9)(iii) up to the limitation on the availability of such exception specified in such regulation.

p. Section 409A. This Agreement will be construed and administered to preserve the exemption (if any) from Section 409A of payments that qualify as a short-term deferral or that qualify for the two-times exception. With respect to other amounts that are subject to Section 409A, it is intended, and this Agreement will be so construed, that any such amounts payable under this Agreement and the Company's and Executive's exercise of authority or discretion hereunder shall comply with the provisions of Section 409A and the treasury regulations relating thereto so as not to subject Executive to the payment of interest and additional tax that may be imposed under Section 409A. As a result, in the event Executive is a "specified employee" on the date of Executive's termination of employment (with such status determined by the Company in accordance with rules established by the Company in writing in advance of the "specified employee identification date" that relates to the date of Executive's termination of employment or, if later, by December 31, 2008, or in the absence of such rules established by the Company, under the default rules for identifying specified employees under Section 409A), any payment that is subject to Section 409A, that is payable to Executive in connection with Executive's termination of employment, shall not be paid earlier than six months after such termination of employment (if Executive dies after the date of Executive's termination of employment but before any payment has been made, such remaining payments that were or could have been delayed will be paid to Executive's estate without regard to such six-month delay). This Section 13(p) is an absolutely superseding provision under this Agreement. This means that it will apply notwithstanding other provisions in the Agreement that permit or require payment at an earlier time (and notwithstanding terms in such other provisions that may provide for their application without regard to other provisions of the Agreement).

q. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

THE COMPANY:

Frontier Communications Corporation

By:/s/ Cecilia K. McKenney

Name: Cecilia K. McKenney
Title: EVP, HR & Call Center Sales & Services

EXECUTIVE:

/s/ Robert Larson

Robert Larson

Exhibit 10.17

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

December 24, 2008

Mr. Peter B. Hayes
4212 Avalon Drive East
New Canaan, CT 06840

Dear Pete:

Reference is made to the Offer Letter dated December 31, 2004 ("Offer Letter") between you and Frontier Communications Corporation (formerly Citizens Communications Company) (the "Company").

The terms of the benefits payable upon a change in control referred to in the Offer Letter are hereby amended as follows:

If, within one year following a "Change in Control" (as defined below) of the Company, you have a "Separation from Service" (as defined below) either because (a) your employment is terminated by the Company without "Cause" (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company's Stamford, Connecticut headquarters area will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to one year's base salary and 100% of your bonus target prorated for the plan year (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control) and all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable. The lump sum payment will be made on the Expiration Date, as defined below.

Under the circumstances set forth in the immediately preceding paragraph, you shall also be entitled to continuation of medical benefits (pursuant to the same Company plans that are in effect for active employees of the Company) with coverage retroactive to the date of your termination of employment, and then continuing for one year following your termination of employment. To the extent that such medical plan coverage is provided under a self-insured plan maintained by the Company (within the meaning of Section 105(h) of the Internal Revenue Code), (i) the charge to you for each month of coverage will equal the monthly COBRA charge established by the Company for such coverage in which you or your spouse (as applicable) is enrolled from time to time, based on the coverage generally provided to salaried employees (less the amount of any administrative charge typically assessed by the Company as part of its COBRA charge), and you will be required to pay such monthly charge in accordance with the Company's standard COBRA premium payment requirements, and (ii) upon the Expiration Date, the Company will pay you a lump sum in cash equal, in the aggregate, to the monthly COBRA charge established by the Company on the payment date for family coverage (but if at the date of your termination of employment you are enrolled for less coverage (i.e., single or employee plus one), then such coverage) with respect to the highest value health coverage provided to salaried employees under such self-insured plan for each month of coverage in the one year period. To the extent that such medical plan coverage is provided under a fully-insured medical reimbursement plan (within the meaning of Section 105(h) of the Code), there will be no charge to you for such coverage.

A "Change in Control" shall be deemed to have occurred:

(A) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(B) Upon the consummation of any merger or other business combination involving the Company, a sale of substantially all of the Company's assets, liquidation or dissolution of the Company or a combination of the foregoing transactions (the "Transactions") other than a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction own, in the same proportion, at least 51% of the voting power, directly or indirectly, of (i) the surviving corporation in any such merger or other business combination; (ii) the purchaser of or successor to the Company's assets; (iii) both the surviving corporation and the purchaser in the event of any combination of Transactions; or (iv) the parent company owning 100% of such surviving corporation, purchaser or both the surviving corporation and the purchaser, as the case may be.

"Cause" shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of nolo contendere to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered "willful" or "intentional" unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Severance Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax ("Capped Payment"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm's determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team ("SLT"). If at any time you are no longer a member of the SLT, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, "termination of employment" shall have the same meaning as "Separation from Service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

This letter agreement sets forth the entire agreement and understanding between the Company and you relating to the subject matter hereof and supersedes and replaces all prior discussions and agreements between us regarding the subject matter hereof, including, without limitation, the memorandum, dated September 7, 2007, addressed to you from Maggie Wilderotter entitled "Terms of Restricted Stock Award" and the terms of the Offer Letter relating to benefits payable upon a change in control. This letter agreement can only be modified by a subsequent written agreement executed by the Company and you. This letter agreement shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws or principles.

It is the intention of the parties that the lump sum described in the third and fourth paragraphs of this letter should be exempt from Section 409A as short-term deferrals, and that the restricted stock should also be exempt from Section 409A, and this letter agreement in the normal course is to be interpreted accordingly. Nonetheless, if you are a "specified employee" within the meaning of Section 409A and any amounts or other compensation are (i) payable under this letter agreement, (ii) subject to Section 409A as deferred compensation and (iii) payable on account of your Separation from Service, then such amounts or compensation may not be paid until six months after your Separation from Service date. Finally, the parties intend at all times that no payment or entitlement pursuant to this letter agreement will give rise to any adverse tax consequences to either party pursuant to Section 409A, and this letter agreement shall be interpreted consistently with this paragraph. The term "Separation from Service" shall have the meaning given to it by Section 409A (or any successor provision) ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code").

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this letter agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this letter agreement by operation of law or otherwise.

To acknowledge your acceptance of the terms and conditions of this letter agreement, please sign the bottom of this letter agreement and fax it to me directly at (203) 614-4627. Also, please return the originally signed offer letter to my attention.

Sincerely,

/s/ Cecilia K. McKenney

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

Agreed to and acknowledged:

/s/ Peter B. Hayes	December 29, 2008
Peter B. Hayes	Date

Exhibit 10.19

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

December 30, 2008

Mr. Donald R. Shassian
42 Woodland Drive
Rye Brook, NY 10573

Dear Don:

Reference is made to the Offer Letter dated March 7, 2006 ("Offer Letter") between you and Frontier Communications Corporation (formerly Citizens Communications Company) (the "Company").

The terms of the Enhanced Severance Benefit referred to in the Offer Letter are hereby amended as follows:

If, within one year following a "Change in Control" (as defined below) of the Company, you have a "Separation from Service" (as defined below) either because (a) your employment is terminated by the Company without "Cause" (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company's Stamford, Connecticut headquarters area will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to two years' base salary and bonus target (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control) and all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable. The lump sum payment will be made on the Expiration Date, as defined below.

A "Change in Control" shall be deemed to have occurred:

(A) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(B) Upon the consummation of any merger or other business combination involving the Company, a sale of substantially all of the Company's assets, liquidation or dissolution of the Company or a combination of the foregoing transactions (the "Transactions") other than a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction own, in the same proportion, at least 51% of the voting power, directly or indirectly, of (i) the surviving corporation in any such merger or other business combination; (ii) the purchaser of or successor to the Company's assets; (iii) both the surviving corporation and the purchaser in the event of any combination of Transactions; or (iv) the parent company owning 100% of such surviving corporation, purchaser or both the surviving corporation and the purchaser, as the case may be.

"Cause" shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of nolo contendere to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered "willful" or "intentional" unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Severance Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax ("Capped Payment"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm's determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team ("SLT"). If at any time you are no longer a member of the SLT, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, "termination of employment" shall have the same meaning as "Separation from Service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

This letter agreement sets forth the entire agreement and understanding between the Company and you relating to the subject matter hereof and supersedes and replaces all prior discussions and agreements between us regarding the subject matter hereof, including, without limitation, the memorandum, dated September 7, 2007, addressed to you from Maggie Wilderotter entitled "Terms of Restricted Stock Award" and the terms of the Offer Letter relating to the Enhanced Severance Benefit. This letter agreement can only be modified by a subsequent written agreement executed by the Company and you. This letter agreement shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws or principles.

It is the intention of the parties that the lump sum described in the third paragraph of this letter should be exempt from Section 409A as a short-term deferral, and that the restricted stock should also be exempt from Section 409A, and this letter agreement in the normal course is to be interpreted accordingly. Nonetheless, if you are a "specified employee" within the meaning of Section 409A and any amounts or other compensation are (i) payable under this letter agreement, (ii) subject to Section 409A as deferred compensation and (iii) payable on account of your Separation from Service, then such amounts or compensation may not be paid until six months after your Separation from Service date. Finally, the parties intend at all times that no payment or entitlement pursuant to this letter agreement will give rise to any adverse tax consequences to either party pursuant to Section 409A, and this letter agreement shall be interpreted consistently with this paragraph. The term "Separation from Service" shall have the meaning given to it by Section 409A (or any successor provision) ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code").

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this letter agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this letter agreement by operation of law or otherwise.

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To acknowledge your acceptance of the terms and conditions of this letter agreement, please sign the bottom of this letter agreement and fax it to me directly at (203) 614-4627. Also, please return the originally signed offer letter to my attention.

Sincerely,

/s/ Hilary E. Glassman

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

Agreed to and acknowledged:

/s/ Donald R. Shassian	December 30, 2008
Donald R. Shassian	Date

Exhibit 10.23

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

December 24, 2008

Ms. Cecilia K. McKenney
24 Stone Paddock Place
Bedford, NY 10506

Dear Cecilia:

Reference is made to the Offer Letter dated January 13, 2006 ("Offer Letter") between you and Frontier Communications Corporation (formerly Citizens Communications Company) (the "Company").

The terms of the Enhanced Severance Benefit referred to in the Offer Letter are hereby amended as follows:

If, within one year following a "Change in Control" (as defined below) of the Company, you have a "Separation from Service" (as defined below) either because (a) your employment is terminated by the Company without "Cause" (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company's Stamford, Connecticut headquarters area will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to one year's base salary and bonus target (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control) and all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable. The lump sum payment will be made on the Expiration Date, as defined below.

A "Change in Control" shall be deemed to have occurred:

(A) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(B) Upon the consummation of any merger or other business combination involving the Company, a sale of substantially all of the Company's assets, liquidation or dissolution of the Company or a combination of the foregoing transactions (the "Transactions") other than a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction own, in the same proportion, at least 51% of the voting power, directly or indirectly, of (i) the surviving corporation in any such merger or other business combination; (ii) the purchaser of or successor to the Company's assets; (iii) both the surviving corporation and the purchaser in the event of any combination of Transactions; or (iv) the parent company owning 100% of such surviving corporation, purchaser or both the surviving corporation and the purchaser, as the case may be.

"Cause" shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of nolo contendere to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered "willful" or "intentional" unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Severance Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax ("Capped Payment"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm's determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team ("SLT"). If at any time you are no longer a member of the SLT, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, "termination of employment" shall have the same meaning as "Separation from Service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

This letter agreement sets forth the entire agreement and understanding between the Company and you relating to the subject matter hereof and supersedes and replaces all prior discussions and agreements between us regarding the subject matter hereof, including, without limitation, the memorandum, dated September 7, 2007, addressed to you from Maggie Wilderotter entitled "Terms of Restricted Stock Award" and the terms of the Offer Letter relating to the Enhanced Severance Benefit. This letter agreement can only be modified by a subsequent written agreement executed by the Company and you. This letter agreement shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws or principles.

It is the intention of the parties that the lump sum described in the third paragraph of this letter should be exempt from Section 409A as a short-term deferral, and that the restricted stock should also be exempt from Section 409A, and this letter agreement in the normal course is to be interpreted accordingly. Nonetheless, if you are a "specified employee" within the meaning of Section 409A and any amounts or other compensation are (i) payable under this letter agreement, (ii) subject to Section 409A as deferred compensation and (iii) payable on account of your Separation from Service, then such amounts or compensation may not be paid until six months after your Separation from Service date. Finally, the parties intend at all times that no payment or entitlement pursuant to this letter agreement will give rise to any adverse tax consequences to either party pursuant to Section 409A, and this letter agreement shall be interpreted consistently with this paragraph. The term "Separation from Service" shall have the meaning given to it by Section 409A (or any successor provision) ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code").

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this letter agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this letter agreement by operation of law or otherwise.

To acknowledge your acceptance of the terms and conditions of this letter agreement, please sign the bottom of this letter agreement and fax it to me directly at (203) 614-4627. Also, please return the originally signed offer letter to my attention.

Sincerely,

/s/ Hilary E. Glassman

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

Agreed to and acknowledged:

/s/ Cecilia K. McKenney	December 29, 2008
Cecilia K. McKenney	Date

Exhibit 10.24

Citizens Communications Company
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

July 8, 2005

Ms. Hilary E. Glassman
300 East 71st Street
New York, NY 10021

Dear Hilary:

It is my pleasure to confirm our offer of employment for the position of Senior Vice President, General Counsel and Secretary for Citizens Communications Company (the "Company"). The work location for this position is in Stamford, CT. As agreed, the start date for your employment with the Company is July 18, 2005.

Your total direct annual compensation is based upon three components: an annual base salary of $250,000, an annual incentive target of 100% of base salary (currently, $250,000, payable in cash) and long-term incentive compensation in the form of an annual award of 10,000 restricted shares at target (to be granted annually based on performance, which shares shall vest in equal installments over a four-year period). The annual base salary is paid on a semi-monthly basis. The annual cash incentive compensation is earned based upon achieving the goals of the Citizens Incentive Plan and is paid on an annual basis, generally towards the end of the first quarter following the completion of the operating year. Your annual cash incentive compensation for 2005 is a guaranteed cash payment of $275,000 of which $25,000 will be paid up-front in the form of a one-time cash sign-on bonus payable within 30 days of your hire date. The guaranteed bonus is for 2005 only and all subsequent years bonuses will be earned based upon achieving the goals of the Plan.

If (i) you are terminated without "cause", (ii) resign for "good reason", or (iii) Citizens Communications has a "change in control" and thereafter your responsibility, title, base pay or cash target incentive (as a percent of your base pay), or annual restricted stock award is decreased, or your work location is moved more than 25 miles from Stamford, CT, you will be entitled to receive (and will be paid no later than seven business days after the occurrence of the relevant event) one-year of your then current base pay in cash, 100% of your then current target cash incentive compensation pro-rated for the Plan year and one year of continued medical, dental, life and other health benefits and all of your restricted shares will immediately vest and become non-forfeitable. For purposes of this paragraph, in no event shall each of your annual base salary or target cash incentive compensation be less than $250,000. In the event of the occurrence of any of the events described in clauses (i) through (iii) above in this paragraph, you will also be entitled to the amount of the guaranteed cash incentive compensation referred to above, if not previously paid. The terms "cause", "good reason" and "change in control" shall have the meanings set forth on Exhibit A hereto.

While employed with the Company and thereafter, with respect to the period during which you were employed by the Company, you shall be indemnified by the Company to the fullest extent permitted by its charter, by-laws or the terms of any insurance or other indemnity policy applicable to other officers of the Company (including any rights to advance or reimbursement of legal fees thereunder). The Company shall provide that your right to indemnification hereunder by the Company or any insurance or indemnity policy shall at no time be less than the right of any officer of the Company, in the same or similar circumstances.

This offer is contingent upon the Company's receipt of acceptable results of a background check and reference checks including, criminal record check, credit check, drug test and verification of education and employment.

Enclosed is a New Hire Kit including an Employment Application which you need to complete and fax back to me at (203) 634-4640. Also included in the New Hire Kit will be Citizens Employee Handbook, Code of Conduct, Electronic Communications Policy and benefit plan information. Please be advised that your health and welfare benefits begin on your 30th day of employment and as a Citizens Communications employee, you will be eligible to participate in a full range of benefits. Please bring all of the original paperwork with you on your first day of work.

Federal law requires that you provide documentation confirming your eligibility to work in the United States. You will receive a list of documents that you may use to establish your identity and employment eligibility in your New Hire Kit. Please bring the appropriate documents with you when you report to work on your first day.

This offer is not an express or implied promise or guarantee of employment for a specified period of time. Subject to the other terms of this letter, your employment by the Company is at will and is subject to the conditions set forth in the Code of Conduct as well as Company policies and applicable Federal, State and local laws.

Hilary, we are very excited about the opportunity to work with you. On behalf of Citizens Communications, I welcome you to our team and eagerly anticipate the benefits of your leadership. Please do not hesitate to call me with any questions regarding this offer.

To acknowledge your acceptance of this offer, please email me directly a confirmation of your acceptance of this offer. In addition, please sign the bottom of this offer letter and return the original to me directly on your first day of employment.

Sincerely,

/s/ Jeanne DiSturco

Jeanne DiSturco
Senior Vice President, Human Resources

cc: Maggie Wilderotter

By signing below, I hereby accept the Citizens Communications Company's contingent offer of employment. I understand that I will not have a contract of employment with Citizens for a specified period of time. I further agree to abide by the employment policies and procedures established by Citizens.

/s/ Hilary E. Glassman	7/6/05
Hilary E. Glassman	Date

EXHIBIT A

"Cause" shall mean your willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties to the Company or its subsidiaries (as described in the letter to which this exhibit is attached) which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company (the "Cure Period"), which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (B) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company; (C) conviction of, or a plea of nolo contendere to, a crime constituting (x) a felony under the laws of the United States or any state thereof or (y) a misdemeanor involving moral turpitude. For purposes of this definition, no act, or failure to act, on your part shall be considered "willful" or "intentional" unless it is done, or omitted to be done, by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

"Good Reason" shall mean (A) the failure of the Company to pay or cause to be paid your base salary or annual cash incentive compensation, or grant the restricted shares when due hereunder, (B) any substantial and continuing diminution in your position, authority or responsibilities from those described in this letter to which this exhibit is attached, (C) any relocation of your principal office location more than 25 miles outside of the Stamford, Connecticut metropolitan area or (D) any other material breach by the Company of the terms of this letter; provided that any of the events described in clauses (A), (B), (C) or (D) of this definition shall constitute good reason only if the Company fails to cure such event within 10 days after receipt from you of written notice of the event which constitutes good reason (with sufficient specificity from you for the Company to respond to such claim).

"Change in Control" shall be deemed to have occurred: (A) when any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(B) Upon the consummation of any merger or other business combination involving the Company, a sale of substantially all of the Company's assets, liquidation or dissolution of the Company or a combination of the foregoing transactions (the "Transactions") other than a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction own, in the same proportion, at least 51% of the voting power, directly or indirectly, of (i) the surviving corporation in any such merger or other business combination; (ii) the purchaser of or successor to the Company's assets; (iii) both the surviving corporation and the purchaser in the event of any combination of Transactions; or (iv) the parent company owning 100% of such surviving corporation, purchaser or both the surviving corporation and the purchaser, as the case may be.

Exhibit 10.25

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

December 29, 2008

Ms. Hilary E. Glassman
300 East 71st Street
New York, NY 10021

Dear Hilary:

Reference is made to the Offer Letter dated July 8, 2005 ("Offer Letter") between you and Frontier Communications Corporation (formerly Citizens Communications Company) (the "Company").

This letter agreement sets forth the entire agreement and understanding between the Company and you relating to the matters set forth in (i) the third paragraph of the Offer Letter, (ii) Exhibit A to the Offer Letter and (iii) the memorandum, dated September 7, 2007, addressed to you from Maggie Wilderotter entitled "Terms of Restricted Stock Award" and in each case supersedes and replaces all prior discussions and agreements between us regarding the subject matters thereof.

If, (a) you are terminated without "Cause" (as defined below), (b) resign for "Good Reason" (as defined below) or (c) within one year following a "Change in Control" (as defined below) of the Company, you have a "Separation from Service" (as defined below) either because (i) your employment is terminated by the Company without Cause or (ii) you terminate your employment as a result of (A) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (B) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company's Stamford, Connecticut headquarters area will be automatically deemed material) or (C) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to one year's base salary and 100% of your bonus target prorated for the plan year (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control (provided, however, that for purposes of this paragraph, in no event shall each of your base salary or target cash incentive be less than $250,000) and all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable. The lump sum payment will be made on the Expiration Date, as defined below. The term "Separation from Service" shall have the meaning given to it by Section 409A (or any successor provision) ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code").

Under the circumstances set forth in the immediately preceding paragraph, you shall also be entitled to continuation of medical, dental, life insurance and other health benefits (pursuant to the same Company plans that are in effect for active employees of the Company) with coverage retroactive to the date of your termination of employment, and then continuing for one year following your termination of employment. To the extent that such medical, dental and other health benefits plan coverage is provided under a self-insured plan maintained by the Company (within the meaning of Section 105(h) of the Internal Revenue Code), (i) the charge to you for each month of coverage will equal the monthly COBRA charge established by the Company for such coverage in which you or your spouse (as applicable) is enrolled from time to time, based on the coverage generally provided to salaried employees (less the amount of any administrative charge typically assessed by the Company as part of its COBRA charge), and you will be required to pay such monthly charge in accordance with the Company's standard COBRA premium payment requirements, and (ii) upon the Expiration Date, the Company will pay you a lump sum in cash equal, in the aggregate, to the monthly COBRA charge established by the Company on the payment date for family coverage (but if at the date of your termination of employment you are enrolled for less coverage (i.e., single or employee plus one), then such coverage) with respect to the highest value health coverage provided to salaried employees under such self-insured plan for each month of coverage in the one year period. To the extent that such medical, dental and other health plan coverage is provided under a fully-insured medical reimbursement plan (within the meaning of Section 105(h) of the Code), there will be no charge to you for such coverage. There will be no charge to you for life insurance coverage.

A "Change in Control" shall be deemed to have occurred:

(A) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(B) Upon the consummation of any merger or other business combination involving the Company, a sale of substantially all of the Company's assets, liquidation or dissolution of the Company or a combination of the foregoing transactions (the "Transactions") other than a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction own, in the same proportion, at least 51% of the voting power, directly or indirectly, of (i) the surviving corporation in any such merger or other business combination; (ii) the purchaser of or successor to the Company's assets; (iii) both the surviving corporation and the purchaser in the event of any combination of Transactions; or (iv) the parent company owning 100% of such surviving corporation, purchaser or both the surviving corporation and the purchaser, as the case may be.

"Cause" shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of nolo contendere to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered "willful" or "intentional" unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

"Good Reason" shall mean (a) the material failure of the Company to pay or cause to be paid your base salary or annual bonus, (b) a material decrease in your responsibilities or authority for any reason other than Cause, (c) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company's Stamford, Connecticut headquarters area will be automatically deemed material) or (d) any other material breach of a material provision of this letter agreement or terms of the Offer Letter that are not superseded hereby; provided that any of the events described in clauses (a), (b), (c) or (d) of this paragraph shall constitute Good Reason only if (x) the Company fails to cure such event within 30 days after receipt from you of written notice of the existence of the event or circumstances constituting Good Reason specified in any of the preceding clauses, which notice must be provided to the Company within 90 days after you learn of the initial existence of such event or circumstances with sufficient specificity from you for the Company to respond to such claim, and (y) you Separate from Service with the Company within two years after the initial existence of one or more such events or circumstances.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Severance Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax ("Capped Payment"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm's determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, "termination of employment" shall have the same meaning as "Separation from Service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

This letter agreement can only be modified by a subsequent written agreement executed by the Company and you. This letter agreement shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws or principles.

It is the intention of the parties that the lump sums described in the third and fourth paragraphs of this letter should be exempt from Section 409A as short-term deferrals, and that the restricted stock should also be exempt from Section 409A, and this letter agreement in the normal course is to be interpreted accordingly. Nonetheless, if you are a "specified employee" within the meaning of Section 409A and any amounts or other compensation are (i) payable under this letter agreement, (ii) subject to Section 409A as deferred compensation and (iii) payable on account of your Separation from Service, then such amounts or compensation may not be paid until six months after your Separation from Service date. Finally, the parties intend at all times that no payment or entitlement pursuant to this letter agreement will give rise to any adverse tax consequences to either party pursuant to Section 409A, and this letter agreement shall be interpreted consistently with this paragraph.

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this letter agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this letter agreement by operation of law or otherwise.

To acknowledge your acceptance of the terms and conditions of this letter agreement, please sign the bottom of this letter agreement and fax it to me directly at (203) 614-4627. Also, please return the originally signed offer letter to my attention.

Sincerely,

/s/ Cecilia K. McKenney

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

Agreed to and acknowledged:

/s/ Hilary E. Glassman	December 29, 2008
Hilary E. Glassman	Date

FORM OF RESTRICTED STOCK AGREEMENT
(Mary Agnes Wilderotter)

This Agreement is made as of _____ ("Date of Award") between Frontier Communications Corporation, a Delaware corporation (the "Company") and Mary Agnes Wilderotter (the "Grantee"). In consideration of the agreements set forth below, the Company and the Grantee agree as follows:

1. Grant: A restricted stock award ("Award") of _____ shares ("Award Shares") of the Company's common stock ("Common Stock") is hereby granted by the Company to the Grantee subject to: (i) the terms and conditions of that certain Amended Employment Agreement, dated December 29, 2008, between the Grantee and the Company (the "Employment Agreement"); (ii) the following terms and conditions; and (iii) the provisions of the Amended and Restated 2000 Equity Incentive Plan (the "Plan"), the terms of which are incorporated by reference herein. In the event of a conflict among or between the Employment Agreement and the terms and conditions stated herein, the terms most favorable to the Grantee shall control.

2. Transfer Restrictions: None of the Award Shares shall be sold, assigned, pledged or otherwise transferred, voluntarily or involuntarily, by the Grantee until such time as the restrictions on said Award Shares shall have lapsed.

3. Release of Restrictions: The restrictions set forth in Section 2 above shall lapse on one-fourth (25%) of the Award Shares on each [GRANT DATE] beginning in [YEAR FOLLOWING GRANT DATE], and ending on [FOURTH ANNIVERSARY OF GRANT DATE].

4. Forfeiture: The Award Shares shall be subject to forfeiture to the Company in accordance with the terms of the Employment Agreement.

5. Adjustment of Shares: Notwithstanding anything contained herein to the contrary, in the event of any change in the outstanding Common Stock resulting from a subdivision or consolidation of shares, whether through reorganization, recapitalization, share split, reverse share split, share distribution or combination of shares or the payment of a share dividend, the Award Shares shall be treated in the same manner in any such transaction as other Common Stock. Any Common Stock or other securities received by the Grantee with respect to the Award Shares in any such transaction shall be subject to the restrictions and conditions set forth herein to the extent such restrictions and conditions are not inconsistent with the terms of the Employment Agreement.

6. Rights as Stockholder: The Grantee shall be entitled to all of the rights of a stockholder with respect to the Award Shares including the right to vote such shares and to receive dividends and other distributions payable with respect to such shares since the Date of Award. Any stock dividends payable with respect to such shares shall bear the same restrictions as the underlying shares. Said restrictions shall lapse at the same time as restrictions lapse on the underlying shares.

7. Escrow of Share Certificates: Certificates for the Award Shares shall be issued in the Grantee's name and shall be held by the Company's transfer agent until all restrictions lapse or such shares are forfeited as provided under the terms of the Employment Agreement. A certificate or certificates representing the Award Shares as to which restrictions have lapsed shall be delivered to the Grantee, upon the Grantee's request, upon such lapse.

8. Government Regulations: Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Award Shares shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

9. Withholding Taxes: Unless inconsistent with the terms of the Employment Agreement, the Company shall have the right to require the Grantee to remit to the Company, or to withhold from other amounts payable to the Grantee, as compensation or otherwise, an amount sufficient to satisfy all federal, state and local withholding tax requirements. The Company will offer Grantee the right to have withholding requirements satisfied by the Company's withholding of shares upon the timely written election of Grantee to utilize shares for withholding tax purposes.

10. Employment: Nothing in this Agreement shall confer upon Grantee any right to continue in the employ of Company, nor shall it interfere in any way with the right of the Company to terminate Grantee's employment at any time consistent with the terms of the Employment Agreement.

11. Plan: Grantee acknowledges receipt of a copy of the Plan, agrees to be bound by the terms and provisions of the Plan and agrees to acknowledge, upon request of Company, receipt of any prospectus or prospectus amendment provided to Grantee by Company.

12. Securities Laws: Grantee agrees to comply with all applicable securities laws upon sale or disposition of shares acquired hereunder.

13. Notices: Notices to Company shall be addressed to it at:

3 High Ridge Park
Stamford, CT 06905

and to Grantee at:

Company or Grantee may from time to time designate in writing different addresses for receipt of notice. Notice shall be deemed given when properly addressed and sent first class or express mail.

14. Governing Law: The terms of this Agreement shall be binding upon Company, Grantee and their respective successors and assigns. This Agreement shall be performed under and determined in accordance with the laws of the State of Connecticut.

In Witness Whereof, the Company has caused this Award to be granted on the date first above written.

FRONTIER COMMUNICATIONS CORPORATION

By:_____ _____

Hilary Glassman Mary Agnes Wilderotter

Senior Vice President, General Counsel and Secretary

FORM OF RESTRICTED STOCK AGREEMENT
(For Named Executive Officers other than Mary Agnes Wilderotter)

This Agreement is made as of _____ ("Date of Award") between Frontier Communications Corporation, a Delaware corporation (the "Company") and _____ (the "Grantee"). In consideration of the agreements set forth below, the Company and the Grantee agree as follows:

1. Grant: A restricted stock award ("Award") of _____ shares ("Award Shares") of the Company's common stock ("Common Stock") is hereby granted by the Company to the Grantee subject to: (i) the terms and conditions of that certain [Memorandum from Mary Agnes Wilderotter, Chairman and Chief Executive Officer of the Company, dated September 7, 2007, addressed to the Grantee (the "Change in Control Memorandum")] [amendment, dated December __, 2008, to the Grantee's Offer Letter dated _____, 200_ (the "Amended Offer Letter")]; (ii) the following terms and conditions; and (iii) the provisions of the Amended and Restated 2000 Equity Incentive Plan (the "Plan"), the terms of which are incorporated by reference herein. In the event of a conflict between the [Change in Control Memorandum] [Amended Offer Letter] and the terms and conditions stated herein, the terms of the [Change in Control Memorandum] [Amended Offer Letter] shall control.

2. Transfer Restrictions: None of the Award Shares shall be sold, assigned, pledged or otherwise transferred, voluntarily or involuntarily, by the Grantee until such time as the restrictions on said Award Shares shall have lapsed.

3. Release of Restrictions: Except as otherwise provided in the [Change in Control Memorandum] [Amended Offer Letter], the restrictions set forth in Section 2 above shall lapse on one-four (25%) of the Award Shares on each [GRANT DATE] beginning in [YEAR FOLLOWING GRANT DATE], and ending on [FOURTH ANNIVERSARY OF GRANT DATE].

4. Forfeiture: Subject to the terms of the [Change in Control Memorandum] [Amended Offer Letter], the Award Shares shall be subject to forfeiture to the Company upon the Grantee's termination of employment with the Company prior to the date the restrictions lapse as provided in Section 3 above.

5. Adjustment of Shares: Notwithstanding anything contained herein to the contrary, in the event of any change in the outstanding Common Stock resulting from a subdivision or consolidation of shares, whether through reorganization, recapitalization, share split, reverse share split, share distribution or combination of shares or the payment of a share dividend, the Award Shares shall be treated in the same manner in any such transaction as other Common Stock. Any Common Stock or other securities received by the Grantee with respect to the Award Shares in any such transaction shall be subject to the restrictions and conditions set forth herein.

6. Rights as Stockholder: The Grantee shall be entitled to all of the rights of a stockholder with respect to the Award Shares including the right to vote such shares and to receive dividends and other distributions payable with respect to such shares since the Date of Award. Any stock dividends payable with respect to such shares shall bear the same restrictions as the underlying shares. Said restrictions shall lapse at the same time as restrictions lapse on the underlying shares.

7. Escrow of Share Certificates: Certificates for the Award Shares shall be issued in the Grantee's name and shall be held by the Company's transfer agent until all restrictions lapse or such shares are forfeited as provided herein or under the terms of the [Change in Control Memorandum] [Amended Offer Letter], as applicable. A certificate or certificates representing the Award Shares as to which restrictions have lapsed shall be delivered to the Grantee, upon the Grantee's request, upon such lapse.

8. Government Regulations: Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Award Shares shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

9. Withholding Taxes: The Company shall have the right to require the Grantee to remit to the Company, or to withhold from other amounts payable to the Grantee, as compensation or otherwise, an amount sufficient to satisfy all federal, state and local withholding tax requirements. The Company will offer Grantee the right to have withholding requirements satisfied by the Company's withholding of shares upon the timely written election of Grantee to utilize shares for withholding tax purposes.

10. Employment: Nothing in this Agreement shall confer upon Grantee any right to continue in the employ of Company, nor shall it interfere in any way with the right of the Company to terminate Grantee's employment at any time.

11. Plan: Grantee acknowledges receipt of a copy of the Plan, agrees to be bound by the terms and provisions of the Plan and agrees to acknowledge, upon request of Company, receipt of any prospectus or prospectus amendment provided to Grantee by Company.

12. Securities Laws: Grantee agrees to comply with all applicable securities laws upon sale or disposition of shares acquired hereunder.

13. Notices: Notices to Company shall be addressed to it at:

3 High Ridge Park
Stamford, CT 06905

and to Grantee at:

_____
_____

Company or Grantee may from time to time designate in writing different addresses for receipt of notice. Notice shall be deemed given when properly addressed and sent first class or express mail.

14. Governing Law: The terms of this Agreement shall be binding upon Company, Grantee and their respective successors and assigns. This Agreement shall be performed under and determined in accordance with the laws of the State of Connecticut.

In Witness Whereof, the Company has caused this Award to be granted on the date first above written.

FRONTIER COMMUNICATIONS CORPORATION

By:_____
Hilary Glassman
Senior Vice President, General Counsel and
Secretary

_____
[GRANTEE]

FRONTIER COMMUNICATIONS CORPORATION

NON-EMPLOYEE DIRECTORS' COMPENSATION SUMMARY

SIGN-ON OPTIONS

As approved by the Compensation Committee and subject to Section 3 of the Non-Employee Directors' Equity Incentive Plan (the "Plan"), upon commencement of service on the board each non-employee director will be awarded a grant of 10,000 options to purchase the Company's common stock. These options are exercisable six months after their grant. The price of these options is the Fair Market Value (closing price) of the Company's common stock on the day of the director's election to the board. Options expire ten years after the Grant Date or, if earlier, on the first anniversary of a director's termination of service with respect to options granted after May 25, 2006.

FORMULA PLAN AWARDS

Pursuant to Section 4.1(a) of the Plan, each non-employee director will receive a grant of 3,500 stock units on the first business day of each Plan Year (as defined in the Plan).

QUARTERLY RETAINER FEE

A non-employee director may elect to receive an annual retainer of either $40,000 cash or 5,760 stock units, in each case payable in quarterly installments as of the first business day of each calendar quarter ($10,000 or 1,440 stock units per quarter).

QUARTERLY MEETING FEES AND STIPENDS

A non-employee director may elect to receive meeting fees and stipends, when applicable, in cash or stock units, or a combination of the two forms of compensation.

Each in-person board and committee meeting is valued at $2,000 and each telephonic board and committee meeting is valued at $1,000.

Each Committee Chair and the Lead Director will also receive quarterly stipends as follows:

Non-Employee Director Stipends	Qtrly	Annualized
Lead Director	$3,750	$15,000
Audit Committee Chair	$6,250	$25,000
Compensation Committee Chair	$5,000	$20,000
Nominating and Corporate Governance Committee Chair	$1,875	$7,500
Retirement Plan Committee Chair	$1,875	$7,500

Meeting fees and stipends are paid on the last business day of the calendar quarter in which they were earned.

VALUATION OF STOCK UNITS

Fees: The number of units to be awarded to a director who elects to defer all or part of his or her fees and/or stipends in stock units is determined as follows:

> The cash value of the fees and/or stipends payable to the director are divided by 85% of the Fair Market Value (the closing price) of the Company's common stock on the last business day of the calendar quarter in which the fees or stipends were earned.

Dividends: As of the date of any payment of a stock dividend or stock split by the Company, a director's Stock Unit Account will be credited with Stock Units equal to the number of shares of Common Stock (including fractional share entitlements) which are payable by the Company with respect to the number of shares (including fractional share entitlements) equal to the number of Stock Units credited to the director's Stock Unit Account on the record date for such stock dividend or stock split. As of the date of any dividend in cash or property or other distribution payable to holders of Common Stock, the director's Stock Unit Account shall be credited with additional Stock Units equal to the number of shares of Common Stock (including fractional share entitlements) that could have been purchased at the Fair Market Value as of such payment date with the amount which would have been received as a dividend or distribution on the number of shares (including fractional share entitlements) equal to the Stock Units credited to the director's Stock Unit Account as of the record date.

ELECTION RULES AND PROCEDURES

Each director must elect by December 31 of the preceding year (or within 30 days after the individual becomes a director, in which case the election shall be effective only with respect to amounts that are earned for services performed after the date the election is delivered) whether he or she will receive his or her meeting fees, stipends, and retainer in cash or stock units, or an equal combination of the two forms of compensation. All elections made are irrevocable.

DISTRIBUTION UPON TERMINATION OF SERVICE

Upon termination of service as a director, a director's stock unit account shall be paid out in the form of cash (valuing each stock unit at the Fair Market Value (the closing price) of a share of the Company's common stock on the termination date) or Company common stock, at the election of the director (one share of common stock shall be distributed for each stock unit in the director's stock unit account). Absent a valid election, stock units shall be paid out in common stock.

Exhibit 12

Frontier Communications Corporation
Statements of the Ratio of Earnings to Fixed Charges
(Dollars in Thousands)
(Unaudited)

	Years Ended December 31,				
	2008	2007	2006	2005	2004
Pre-tax income from continuing operations before dividends on convertible preferred securities, and cumulative effect of changes in accounting principle	$ 289,156	$ 342,668	$ 390,487	$ 263,212	$ 61,311
(Income) or loss from equity investees	(4,667)	(4,655)	136	(91)	(1,267)
Pre-tax income from continuing operations before (income) or loss from equity investees	284,489	338,013	390,623	263,121	60,044
Fixed charges	373,516	391,409	343,954	346,531	386,372
Distributed income of equity investees	3,935	4,064	-	818	558
Interest capitalized	(2,796)	(2,857)	(2,081)	(2,176)	(2,278)
Preference security dividend requirements of consolidated subsidiaries	(214)	(246)	(642)	(2,008)	(8,718)
Total earnings	$ 658,930	$ 730,383	$ 731,854	$ 606,286	$ 435,978
Ratio of earnings to fixed charges	1.76	1.87	2.13	1.75	1.13

NOTE: The above calculation was performed in accordance with Regulation S-K 229.503(d) Ratio of earnings to fixed charges.

Exhibit 21.1

Entity Name	Domestic Juris
C-DON Partnership	Pennsylvania
Citizens Capital Ventures Corp.	Delaware
Citizens Directory Services Company L.L.C.	Delaware
Citizens Louisiana Accounting Company	Delaware
Citizens Mohave Cellular Company	Delaware
Citizens NEWCOM Company	Delaware
Citizens NEWTEL, LLC	Delaware
Citizens Pennsylvania Company LLC	Delaware
Citizens SERP Administration Company	Delaware
Citizens Telecom Services Company L.L.C.	Delaware
Citizens Telecommunications Company of California Inc.	California
Citizens Telecommunications Company of Idaho	Delaware
Citizens Telecommunications Company of Illinois	Illinois
Citizens Telecommunications Company of Minnesota, LLC	Delaware
Citizens Telecommunications Company of Montana	Delaware
Citizens Telecommunications Company of Nebraska	Delaware
Citizens Telecommunications Company of Nebraska LLC	Delaware
Citizens Telecommunications Company of Nevada	Nevada
Citizens Telecommunications Company of New York, Inc.	New York
Citizens Telecommunications Company of Oregon	Delaware
Citizens Telecommunications Company of Tennessee L.L.C.	Delaware
Citizens Telecommunications Company of the Golden State	California
Citizens Telecommunications Company of the Volunteer State LLC	Delaware
Citizens Telecommunications Company of the White Mountains, Inc.	Delaware
Citizens Telecommunications Company of Tuolumne	California
Citizens Telecommunications Company of Utah	Delaware
Citizens Telecommunications Company of West Virginia	West Virginia
Citizens Utilities Capital L.P.	Delaware
Citizens Utilities Rural Company, Inc.	Delaware
Commonwealth Communication, LLC	Delaware
Commonwealth Telephone Company LLC	Pennsylvania
Commonwealth Telephone Enterprises LLC	Pennsylvania
Commonwealth Telephone Enterprises, LLC	Delaware
Commonwealth Telephone Management Services, Inc.	Pennsylvania
Conference-Call USA, LLC	Delaware
CTE Delaware Holdings, LLC	Delaware
CTE Holdings, Inc.	Pennsylvania
CTE Services, Inc.	Pennsylvania
CTE Telecom, LLC	Pennsylvania
CTSI, LLC	Pennsylvania
CU Capital LLC	Delaware
CU Wireless Company LLC	Delaware
Electric Lightwave NY, LLC	Delaware
Evans Telephone Holdings, Inc.	Delaware
Fairmount Cellular LLC	Georgia
Frontier Cable of Wisconsin LLC	Wisconsin
Frontier Communications - Midland, Inc.	Illinois

Frontier Communications - Prairie, Inc.	Illinois
Frontier Communications - Schuyler, Inc.	Illinois
Frontier Communications - St. Croix LLC	Wisconsin
Frontier Communications Corporation	Delaware
Frontier Communications of Alabama, LLC	Alabama
Frontier Communications of America, Inc.	Delaware
Frontier Communications of AuSable Valley, Inc.	New York
Frontier Communications of Breezewood, LLC	Pennsylvania
Frontier Communications of Canton, LLC	Pennsylvania
Frontier Communications of DePue, Inc.	Illinois
Frontier Communications of Fairmount LLC	Georgia
Frontier Communications of Georgia LLC	Georgia
Frontier Communications of Illinois, Inc.	Illinois
Frontier Communications of Indiana LLC	Indiana
Frontier Communications of Iowa, LLC	Iowa
Frontier Communications of Lakeside, Inc.	Illinois
Frontier Communications of Lakewood, LLC	Pennsylvania
Frontier Communications of Lamar County, LLC	Alabama
Frontier Communications of Michigan, Inc.	Michigan
Frontier Communications of Minnesota, Inc.	Minnesota
Frontier Communications of Mississippi LLC	Mississippi
Frontier Communications of Mondovi LLC	Wisconsin
Frontier Communications of Mt. Pulaski, Inc.	Illinois
Frontier Communications of New York, Inc.	New York
Frontier Communications of Orion, Inc.	Illinois
Frontier Communications of Oswayo River LLC	Pennsylvania
Frontier Communications of Pennsylvania, LLC	Pennsylvania
Frontier Communications of Rochester, Inc.	Delaware
Frontier Communications of Seneca-Gorham, Inc.	New York
Frontier Communications of Sylvan Lake, Inc.	New York
Frontier Communications of the South, LLC	Alabama
Frontier Communications of Thorntown LLC	Indiana
Frontier Communications of Viroqua LLC	Wisconsin
Frontier Communications of Wisconsin LLC	Wisconsin
Frontier Directory Services Company, LLC	Delaware
Frontier InfoServices Inc.	Delaware
Frontier Security Company	Delaware
Frontier Subsidiary Telco LLC	Delaware
Frontier TechServ, Inc.	Delaware
Frontier Telephone of Rochester, Inc.	New York
Global Valley Networks, Inc.	California
GVN Services	California
Mohave Cellular Limited Partnership	Delaware
Navajo Communications Company, Inc.	New Mexico
NCC Systems, Inc.	Texas
Ogden Telephone Company	New York
Phone Trends, Inc.	New York
Rhinelander Telecommunications, LLC	Wisconsin
Rhinelander Telephone LLC	Wisconsin
Rib Lake Cellular for Wisconsin RSA#3, Inc.	Wisconsin
Rib Lake Telecom, Inc.	Wisconsin
T.M.H., Inc.	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Frontier Communications Corporation:

We consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-58044, 33-52873 and 33-63615), and on Form S-8 (Nos. 333-151248, 333-151247, 333-151246, 333-151245, 333-91054, 333-142636, 333-71597, 333-71821, 333-61432, 333-71029, 33-42972 and 33-48683), of Frontier Communications Corporation and subsidiaries of our reports dated February 26, 2009, with respect to the consolidated balance sheets of Frontier Communications Corporation as of December 31, 2008 and 2007, and the related consolidated statements of operations, shareholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2008, and the effectiveness of internal control over financial reporting as of December 31, 2008, which reports appear in the December 31, 2008 annual report on Form 10-K of Frontier Communications Corporation.

Our reports refer to a change in the methods of accounting and disclosure resulting from the adoption of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" as of January 1, 2007, Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" as of January 1, 2006 and Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" as of December 31, 2006.

/s/KPMG LLP

Stamford, Connecticut
February 26, 2009

Exhibit 31.1

CERTIFICATIONS

I, Mary Agnes Wilderotter, certify that:

1. I have reviewed this annual report on Form 10-K of Frontier Communications Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2009

/s/ Mary Agnes Wilderotter

Mary Agnes Wilderotter
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Donald R. Shassian, certify that:

1. I have reviewed this annual report on Form 10-K of Frontier Communications Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2009

/s/ Donald R. Shassian

Donald R. Shassian
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual Report of Frontier Communications Corporation (the "Company") on Form 10-K for the period ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mary Agnes Wilderotter, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mary Agnes Wilderotter

Mary Agnes Wilderotter
Chairman and Chief Executive Officer
February 26, 2009

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Frontier Communications Corporation and will be retained by Frontier Communications Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual Report of Frontier Communications Corporation (the "Company") on Form 10-K for the period ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald R. Shassian, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald R. Shassian

Donald R. Shassian
Executive Vice President and Chief Financial Officer
February 26, 2009

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Frontier Communications Corporation and will be retained by Frontier Communications Corporation and furnished to the Securities and Exchange Commission or its staff upon request.