Large Filing Separator Sheet

Case Number: 09-454-TP-ACO

File Date: 11/4/09

Section: 2 of 4

Number of Pages: 150

Description of Document: Rebuttal Testimony of Daniel McCarthy

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the matter of the Joint Application of	)	
Frontier Communications Corporation,	)	
New Communications Holdings, Inc., and	)	Case No. 09-454-TP-ACO
Verizon Communications, Inc. for Consent	)	
And Approval of a Change in Control	)	

REBUTTAL TESTIMONY OF

DANIEL McCARTHY

ON BEHALF OF

FRONTIER COMMUNICATIONS CORPORATION

EXHIBIT DM-Reb -8

Morgan Stanley

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A

Rating

February 25, 2009

Equal-weight

Attractive

Frontier Communications Corp

Focus on Deleveraging Amid RGU Weakness in 4Q

Investment conclusion: Frontier cited limited impact from the weak economy, although broadband growth stalled in 4Q, resulting in the highest Y/Y DSL net adds decline yet reported in the quarter. We are encouraged that the company plans to focus on deleveraging in 2009 and that dividend payout guidance remains stable from 2008. We continue to believe that Frontier has an attractive dividend yield and but above average leverage.

What's new: Frontier reported 4Q08 normalized EPS of $0.12 (excluding one-offs), four cents below our estimate and three cents below consensus estimates. Revenues were softer than expected (down 5.2% Y/Y vs. 2.5%), on particularly weak access, long distance, and local service revenue. Additionally, there was some pressure on EBITDA margin at 54.1% for 4Q (normalized), 200 bps off our estimate, although continuing to lead the industry. The tax rate was 46.5% versus 33.8% a year ago. On the positive side, capex was down 25.7% Y/Y compared to our 17.9% decrease, and represented 15.4% of sales. The company said that 1Q performance thus far has been strong with promotions taking share from cable. We updated our model to reflect these results. Our new 2009 EPS is $0.66, three cents below consensus and compares to $0.75 previously.

Where we differ: We believe the capex and dividend payout guidance should be achievable and help to mitigate investor's concerns over dividend sustainability. We rate the Telecom sector as Attractive reflecting reasonable valuations, strong financials, and a subscription based business model. We continue to have a cautious macro economic view as a prolonged and deep downturn should lead investors to remain defensive.

What's next: We will be comparing Frontier's results to other rural carriers and be watching the regulatory environment closely as the new FCC takes shape. The 10-Ks should provide more color around pension and other issues.

EXHIBIT 1
Barber
10-23-09

Key Ratios and Statistics

Reuters: FTR.N Bloomberg: FTR US
Telecom Services / United States of America

Price target	NA
Shr price, close (Feb 25, 2009)	$7.34
Mkt cap, curr (mm)	$2,271
52-Week Range	$12.94-6.35

Fiscal Year ending	12/07	12/08	12/09e	12/10e
ModelWare EPS ($)	0.61	0.58	0.66	0.77
Prior ModelWare EPS ($)	0.61	0.62	0.75	0.89
P/E	21.0	15.1	11.1	9.5
Consensus EPS ($)§	0.65	0.60	0.69	0.81
Div yld (%)	7.9	11.4	13.6	13.6

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).
§ = Consensus data is provided by FactSet Estimates
e = Morgan Stanley Research estimates

Quarterly ModelWare EPS

Quarter	2007	2008 Prior	2008 Current	2009e Prior	2009e Current
Q1	0.14	-	0.16	0.19	0.14
Q2	0.15	-	0.15	0.19	0.14
Q3	0.16	-	0.15	0.18	0.20
Q4	0.15	-	0.12	0.20	0.19

e = Morgan Stanley Research estimates

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

February 25, 2009

Rating

B

COMPANY UPDATE

Frontier Communications Corp. (FTR)

Neutral

Delicate balance of fight to stay competitive versus FCF generation

What's changed

FTR's 4Q08 results reflect increasing secular and cyclical pressure, which the company is taking steps to offset (i.e.: new promotions, greater cost-cutting). Results were a bit below our estimates, driving our forecasts lower. We now forecast 2009 revenue/EBITDA of $2.12/$1.12 bn (-1.4%/-1.6%). Our 2009/2010/2011 EPS are now $0.64/0.67/0.61 from $0.66/0.73/0.67. Our 12-month price target is now $7.00 (from $7.50) reflecting our lowered estimates.

Implications

Attempting to balance FCF generation with the ability to compete. In 1Q09, FTR once again introduced aggressive bundled offers that provide for discounted satellite TV service or free PCs. This follows a track record of introducing these offers into the market for a quarter, boosting subscriber metrics at the cost of margin dilution, and then harvesting the subscriber gains and driving margins higher. This is a delicate cycle, and requires strict capital discipline to sustain adequate free cash flow to provide cushion around the dividend. FTR has to date maintained this balance, but the recent cracks in the revenue trajectory (down 5% this quarter) may suggest even deeper bundling and discounting lies ahead, which will make this balance even more difficult to sustain.

Investors broadly focused on near-term dividend stability, and FTR passes this test. High profile dividend cuts amongst Dow components and even utilities have sharpened the focus on dividend risks. We believe there is no such risk in the near-term at FTR.

Valuation

Our 12-month $7.00 price target is based on an average of DCF, SOP and dividend yield analysis.

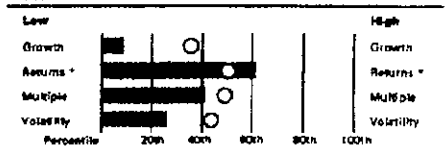
Key risks

1) M&A risk; 2) Margin dilution from promotional activity.

INVESTMENT LIST MEMBERSHIP
Neutral

Coverage View: Neutral
United States.
Telecom Services

Investment Profile



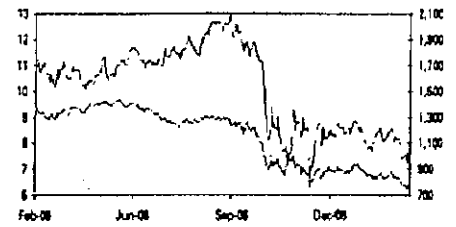
■ Frontier Communications Corp. (FTR)
○ Americas Telecom Services Peer Group Average
* Returns = Return on Capital. For a complete description of the investment profile measures please refer to the disclosure section of this document.

Key data	Current
Price ($)	7.34
12 month price target ($)	7.00
Market cap ($ mn)	2,267.4

	12/08	12/09E	12/10E	12/11E
Revenue ($ mn) New	2,237.0	2,121.2	2,022.8	1,946.8
Revenue ($ mn) Old	2,246.6	2,150.9	2,076.6	2,005.6
EPS ($) New	0.56	0.64	0.67	0.61
EPS ($) Old	0.58	0.66	0.73	0.67
P/E (X)	13.3	11.5	11.0	12.0
EV/EBITDA (X)	6.6	6.0	6.3	6.5
ROE (%)	23.1	42.6	59.3	91.6

	12/08	3/09E	6/09E	9/09E
EPS ($)	0.11	0.15	0.17	0.18

Price performance chart



— Frontier Communications Corp. (L) -- S&P 500 (R)

Share price performance (%)	3 month	6 month	12 month
Absolute	(8.5)	(41.2)	(36.1)
Rel. to S&P 500	2.6	(2.6)	14.6

Sources: Company data, Goldman Sachs Research estimates, FactSet. Price as of 2/24/2009 close.

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EXHIBIT 2
Barber
10-23-09

Frontier Communications Corp.

October 27, 2009

(FTR:NYSE)

Company Brief

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Rating Outperform 2

Telecommunications Services: Wireline

FTR: Why Comparisons to Prior Deals Miss the Mark

This week, rural ILEC (and Verizon (VZ/$29.20/Market Perform) line acquirer) FairPoint Communications filed for Chapter 11 bankruptcy, which we believe most investors expected. The situation at FairPoint has been compared to Frontier's pending acquisition of Verizon lines, which is not a fair comparison, in our opinion. There are many differences in the terms, conditions, properties, and the buyer than existed with FairPoint's three-state Verizon mega-deal, so the risk profile for all involved (investors, regulators, and employees) is significantly different. We have discussed several of them before, but in light of the filing, we thought we would reiterate the key differences and why a FairPoint bankruptcy filing should have no bearing on Frontier's ability to acquire more Verizon lines. We have summarized our thoughts in a simple format in the following five points:

1) This is a de-levering deal, which generally decreases the risk of bankruptcy, cuts the dividend, thus improving the payout ratio and financial flexibility, and should make both operations more stable than they are on a stand-alone basis. FairPoint was a levering transaction that put financial stress on the organization, plagued by unsuccessful and costly billing and IT systems conversions.

2) Frontier is a much larger company that has undergone significant acquisitions and we believe has the IT expertise to convert the IT systems (it has experience converting Verizon lines with these same systems). FairPoint was an experienced acquirer, but not at this scale or with the IT requirements it took to take on an RBOC (prior FairPoint deals were of small ILECs, not a group of lines separated from an RBOC).

3) The systems conversion process has a very long (possibly five years) to complete, and the price paid to Verizon to lease the systems for over 4 million lines is 30% less than FairPoint was paying for 1.5 million lines. The heart of FairPoint's problems are its systems conversions, which we do not see as an issue because of the structure Frontier has established, the lead times available to get off Verizon systems, and the aforementioned in-house experience.

4) We do not believe Frontier necessarily has to do this deal, while FairPoint appeared to have few options financially at the time of its transaction. Frontier can break up the deal if restrictive conditions are imposed by regulators, a negotiating point that FairPoint lacked.

5) Frontier is getting the good with the not so good. In many cases in the past, we have heard from industry contacts that Verizon sought to sell lines, but keep more attractive aspects of the business in those states (FIOS or other denser properties), which greatly diminished the quality of the deals. We believe Vermont, Maine, and New Hampshire lines that FairPoint acquired were probably not the most lucrative assets in Verizon's network. Alternatively, Frontier is getting denser, more valuable properties and customers than Verizon may have shopped in years past. The result should be more value that Frontier can drive from this base than FairPoint may have been able to with its acquisition.

While we expect the filing to generate additional inquiry from regulators and continue to make the ill-advised comparison between the two companies commonplace, we do not believe it has merit. Share overhang, and the potential to gain real synergies while avoiding onerous or aggressive build out requirements for broadband would be more legitimate concerns, but we believe these will ultimately work themselves out as well.

Current Price

Current Price(10/27/2009 Close)	$7.15
52-Week Range	$9.62 - $5.32
Suitability	Total Return

Market Data

Shares Out. (mil.)	310.1
Market Cap. (mil.)	$2,217
Avg. Daily Vol. (10 day)	2,543,470
Dividend/Yield	$1.00/14.0%
BVPS (06/09)	$1.45
ROE	33%
LT Debt (mil.)/% Cap.	$4,945/69%

Earnings & Valuation Metrics

	2008A	2009E	2010E
Non-GAAP EPS	$0.57	$0.51	$0.65
P/E Ratios (Non-GAAP)	12.5x	14.0x	11.0x
GAAP EPS	$0.57	$0.48	$0.65
P/E Ratios (GAAP)	12.5x	14.9x	11.0x
Revenues (mil.)	$2,237	$2,139	$4,176
Levered FCF/Share	$1.28	$1.39	$1.30

Company Description

Headquartered in Stamford, Connecticut, Frontier Communications Corp. (formerly Citizens Communications) was founded in 1935 and provides local, long-distance, data, and Internet services in the northeastern, central, and western U.S., with more than two million access lines and over 500,000 xDSL customers.

Footnotes: Non-GAAP EPS excludes non-recurring items.

Please read domestic and foreign disclosure/risk information beginning on page 2 and Analyst Certification on page 4.

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Outperform (MO2) Expected to appreciate and outperform the S&P 500 over the next 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12 months.

Market Perform (MP3) Expected to perform generally in line with the S&P 500 over the next 12 months and is potentially a source of funds for more highly rated securities.

Underperform (MU4) Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.

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Growth (G) Low to average risk equities with sound financials, more consistent earnings growth, possibly a small dividend, and the potential for long-term price appreciation.

Aggressive Growth (AG) Medium or higher risk equities of companies in fast growing and competitive industries, with less predictable earnings and acceptable, but possibly more leveraged balance sheets.

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Company Name	Disclosure
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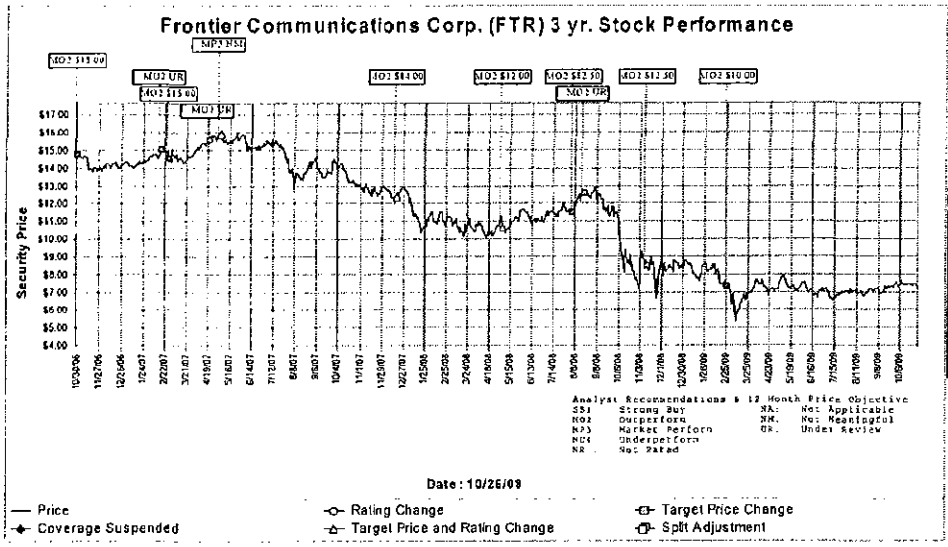
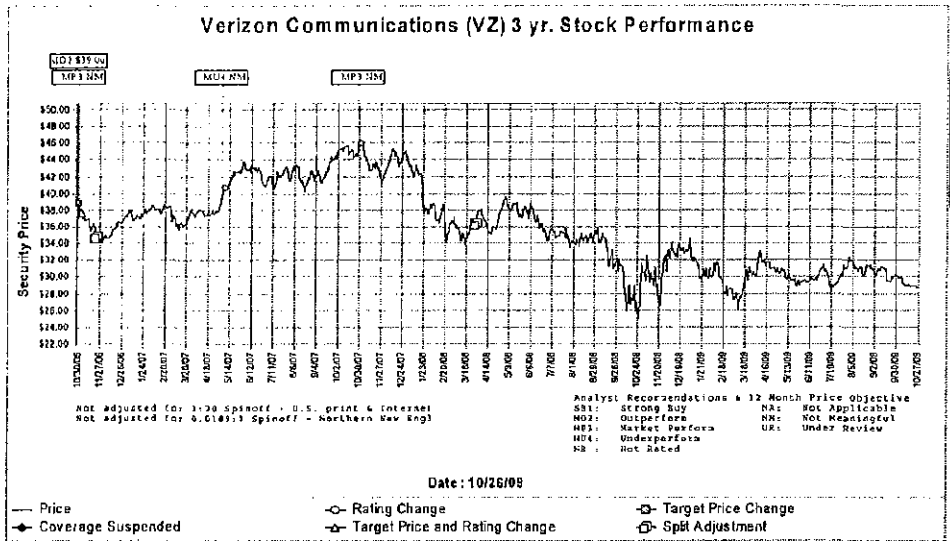


Update Date	Closing Price	Target Price	Rating
2/25/09	7.30	10.00	2
11/10/08	8.52	12.50	2
8/20/08	12.60	UR	2
8/5/08	11.54	12.50	2
5/5/08	10.55	12.00	2
12/18/07	12.41	14.00	2
5/3/07	15.91	NM	3
4/20/07	15.62	UR	2
2/28/07	14.53	15.00	2
2/16/07	15.08	UR	2
10/30/06	14.78	15.00	2

Valuation Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors including an assessment of industry size, structure, business trends and overall attractiveness; management effectiveness; competition; visibility; financial condition, and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences. Our valuation methodology for Frontier Communications is based on a multiple to levered free cash flow.

The information below indicates target price and rating changes for other subject companies included in this research.



Update Date	Closing Price	Target Price	Rating
10/30/07	45.99	NM	3
5/7/07	40.66	NM	4
10/31/06	37.65	NM	3
10/30/06	38.84	39.00	2

General Risk Factors: Following are some general risk factors that pertain to the projected 12-month target prices included on our research for stocks rated Strong Buy or Outperform: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects.

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Specific Investment Risks Related to the Industry or Issuer

Wireline Telecom Services Risk Factors
Wireline telecom services remain highly regulated, and should regulation become less favorable, promoting more competition or reducing subsidies for these companies, the sector could be negatively impacted. Technological substitution remains a highly credible threat toward most wireline telecom services companies' revenue and earnings. A large amount of debt could leverage the industry to the downside should earnings and cash flows face significant pressure.

Frontier Communications Risk Factors
Should additional unfavorable regulatory rulings emerge or the landscape for USF change, we believe it would have a material negative impact on Frontier. Regulatory changes to network access rates also represent a significant risk to ILECs (incumbent local exchange carriers) and to Frontier, as the company currently derives a meaningful percentage of its total revenue from network access. Voice over Internet Protocol (VoIP) and wireless replacement also represent significant competitive threats to Frontier, especially in Rochester, New York, and we believe if consumer demand for the technology expands significantly, Frontier would be adversely affected.

Company-Specific Risks for Verizon Communications
Verizon faces a significant amount of competition from both facilities-based CLECs (competitive local exchange carriers) and UNE-P (unbundled network element - platform) providers, which could significantly impact the company's revenue and earnings. In turn, competition could negatively impact pricing, both for traditional telephony services and for xDSL, wireless, and other services. These growing services are offsetting currently declining traditional telephony services, a mix-shift that could negatively impact overall company margins. Other risks include, but are not limited to, increasing pension expenses, a highly unionized workforce, a large debt load, Vodafone's (VOD/$22.58) ability to put its interest in Verizon Wireless, and a continued weak business spending environment.

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BEFORE THE
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In the matter of the Joint Application of Frontier Communications Corporation, New Communications Holdings, Inc., and Verizon Communications, Inc. for Consent And Approval of a Change in Control	)))))	Case No. 09-454-TP-ACO

REBUTTAL TESTIMONY OF

DANIEL McCARTHY

ON BEHALF OF

FRONTIER COMMUNICATIONS CORPORATION

EXHIBIT DM-Reb -9

Press Release

Frontier Communications Corporation Prices Offering of $600 Million of Its Senior Notes

STAMFORD, Conn., Sep 17, 2009 (BUSINESS WIRE) -- Frontier Communications Corporation (NYSE: FTR) announced today that it has priced a registered offering of $600 million aggregate principal amount of 8.125% Senior Notes due 2018. The issue price is 98.441% of the principal amount of the notes. Frontier will receive net proceeds of approximately $577.6 million from the offering after deducting underwriting discounts and estimated offering expenses. Frontier intends to use the net proceeds of the offering, together with cash on hand, to finance a cash tender offer announced today for up to $700 million to purchase its outstanding 9.250% Senior Notes due 2011 and its outstanding 6.250% Senior Notes due 2013. The offering is expected to close on October 1, 2009.

The joint book-running managers for the offering are Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. You may obtain a final prospectus supplement, when available, and prospectus by contacting Credit Suisse Securities (USA) LLC at (800) 820-1653 (toll free) or (212) 538-1862 (collect).

This announcement does not constitute an offer to sell or the solicitation of an offer to buy the notes, nor shall there be any sale of the notes in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state. A registration statement relating to the notes became effective on April 3, 2009, and the offering is being made by means of a prospectus supplement.

Forward-Looking Language

This press release contains forward-looking statements that are made pursuant to the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. These statements are made on the basis of management's views and assumptions regarding future events and business performance. Words such as "believe," "anticipate," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) involve risks and uncertainties that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. These risks and uncertainties are based on a number of factors, including but not limited to: Our ability to complete the acquisition of access lines from Verizon; the failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals for the Verizon transaction; the failure to receive the IRS ruling approving the tax-free status of the Verizon transaction; the failure of our stockholders to approve the Verizon transaction; the ability to successfully integrate the Verizon operations into Frontier's existing operations; the effects of increased expenses due to activities related to the Verizon transaction; the ability to migrate Verizon's West Virginia operations from Verizon owned and operated systems and processes to Frontier owned and operated systems and processes successfully; the risk that the growth opportunities and cost synergies from the Verizon transaction may not be fully realized or may take longer to realize than expected; the sufficiency of the assets to be acquired from Verizon to enable us to operate the acquired business; disruption from the Verizon transaction making it more difficult to maintain relationships with customers, employees or suppliers; the effects of greater than anticipated competition requiring new pricing, marketing strategies or new product or service offerings and the risk that we will not respond on a timely or profitable basis; reductions in the number of our access lines and High-Speed Internet subscribers; our ability to sell enhanced and data services in order to offset ongoing declines in revenue from local services, switched access services and subsidies; the effects of ongoing changes in the regulation of the communications industry as a result of federal and state legislation and regulation; the effects of competition from cable, wireless and other wireline carriers (through voice over internet protocol (VOIP) or otherwise); our ability to adjust successfully to changes in the communications industry and to implement strategies for improving growth; adverse changes in the credit markets or in the ratings given to our debt securities by nationally accredited ratings organizations, which could limit or restrict the availability, or increase the cost, of financing; reductions in switched access revenues as a result of regulation, competition and/or technology substitutions; 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; changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles or regulators; our ability to effectively manage our operations, operating expenses and capital expenditures, to pay dividends and to repay, reduce or refinance our debt; the effects of bankruptcies and home foreclosures, which could result in increased bad debts; the effects of technological changes and competition on our capital expenditures and product and service offerings, 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; 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; declines in the value of our pension plan assets, which could require us to make contributions to the pension plan beginning no earlier than 2010; 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 or other severe weather. These and other uncertainties related to our business are described in greater detail in our filings with the Securities and Exchange Commission, including our reports on Forms 10-K and 10-Q, and the foregoing information should be read in conjunction with these filings. We do not intend to update or revise these forward-looking statements to reflect the occurrence of future events or circumstances.

SOURCE: Frontier Communications Corporation

Frontier Communications Corporation
David Whitehouse, 203-614-5708

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the matter of the Joint Application of	)	
Frontier Communications Corporation,	)	
New Communications Holdings, Inc., and	)	Case No. 09-454-TP-ACO
Verizon Communications, Inc. for Consent	)	
And Approval of a Change in Control	)	

REBUTTAL TESTIMONY OF

DANIEL McCARTHY

ON BEHALF OF

FRONTIER COMMUNICATIONS CORPORATION

EXHIBIT DM-Reb -10

Press Release

Frontier Communications Corporation Announces Successful Completion of Notes Offering and Acceptance for Purchase *of Certain 9.250% Senior Notes Due 2011 in Cash Tender Offer*

STAMFORD, Conn.--(BUSINESS WIRE)--Oct. 1, 2009-- Frontier Communications Corporation (NYSE: FTR) today announced that it has completed its previously announced offering of $600 million in aggregate principal amount of 8.125% Senior Notes due 2018 (the "Offered Notes"). The Offered Notes were sold to the public at a price of 98.441% of par, and Frontier received net proceeds of approximately $577.6 million from the sale of the Offered Notes after deducting underwriting discounts and offering expenses.

Frontier also announced today that in accordance with the terms of its previously announced tender offer for its outstanding 9.250% Senior Notes due 2011 (the "2011 Notes") and 6.250% Senior Notes due 2013 (the "2013 Notes"), it has today accepted for purchase approximately $564 million aggregate principal amount of 2011 Notes tendered as of 5:00 p.m. on September 30, 2009 (the "Early Tender Date"). Frontier used proceeds from the sale of the Offered Notes plus cash on hand to purchase the 2011 Notes. Approximately $77 million aggregate principal amount of 2011 Notes remain outstanding, which may be validly tendered and accepted for purchase during the remainder of the tender period, as discussed below.

"The successful note offering and the early results of the tender offer follow our successful note offering in April 2009 and our 2009 open market repurchases, all of which have materially reduced our shorter term refinancing risk and, together with our $250 million undrawn revolving credit facility, provide us with significant financial flexibility," said Don Shassian, Frontier's Chief Financial Officer. "In addition, the three primary debt rating agencies all noted the positive financial impact of our pending acquisition of Verizon assets. We are looking forward to reducing our pro forma leverage to 2.6x as a result of the close of the Verizon transaction," said Mr. Shassian. Taking into account the new note offering and the early results of the tender offer, Frontier has reduced its aggregate principal amount of debt maturing in 2011 to $280 million.

The tender offer will expire at 9:00 a.m., Eastern Time, on October 16, 2009. At that time, Frontier expects to accept for purchase (a) any remaining 2011 Notes validly tendered after the Early Tender Date and then (b) 2013 Notes validly tendered on a pro rata basis in such principal amount as can be purchased for aggregate consideration equal to the difference between $700,000,000 and the aggregate consideration used to purchase all 2011 Notes accepted for purchase in the tender offer. As of the Early Tender Date, approximately $419 million aggregate principal amount of 2013 Notes have been tendered.

This announcement does not constitute an offer to buy or the solicitation of an offer to sell any 2011 Notes or 2013 Notes in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the tender offer to be made by a licensed broker or dealer, the tender offer will be deemed to be made by the Dealer Managers or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Forward-Looking Language

This press release contains forward-looking statements that are made pursuant to the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. These statements are made on the basis of management's views and assumptions regarding future events and business performance. Words such as "believe," "anticipate," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) involve risks and uncertainties that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. These risks and uncertainties are based on a number of factors, including but not limited to: Our ability to complete the acquisition of access lines from Verizon; the failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals for the Verizon transaction; the failure to receive the IRS ruling approving the tax-free status of the Verizon transaction; the failure of our stockholders to approve the Verizon transaction; the ability to successfully integrate the Verizon operations into Frontier's existing operations; the effects of increased expenses due to activities related to the Verizon transaction; the ability to migrate Verizon's West Virginia operations from Verizon owned and operated systems and processes to Frontier owned and operated systems and processes successfully; the risk that the growth opportunities and cost synergies from the Verizon transaction may not be fully realized or may take longer to realize than expected; the sufficiency of the assets to be acquired from Verizon to enable us to operate the acquired business; disruption from the Verizon transaction making it more difficult to maintain relationships with customers,

employees or suppliers; the effects of greater than anticipated competition requiring new pricing, marketing strategies or new product or service offerings and the risk that we will not respond on a timely or profitable basis; reductions in the number of our access lines and High-Speed Internet subscribers; our ability to sell enhanced and data services in order to offset ongoing declines in revenue from local services, switched access services and subsidies; the effects of ongoing changes in the regulation of the communications industry as a result of federal and state legislation and regulation; the effects of competition from cable, wireless and other wireline carriers (through voice over internet protocol (VOIP) or otherwise); our ability to adjust successfully to changes in the communications industry and to implement strategies for improving growth; adverse changes in the credit markets or in the ratings given to our debt securities by nationally accredited ratings organizations, which could limit or restrict the availability, or increase the cost, of financing; reductions in switched access revenues as a result of regulation, competition and/or technology substitutions; 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; changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles or regulators; our ability to effectively manage our operations, operating expenses and capital expenditures, to pay dividends and to repay, reduce or refinance our debt; the effects of bankruptcies and home foreclosures, which could result in increased bad debts; the effects of technological changes and competition on our capital expenditures and product and service offerings, 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; 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; declines in the value of our pension plan assets, which could require us to make contributions to the pension plan beginning no earlier than 2010; 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 or other severe weather. These and other uncertainties related to our business are described in greater detail in our filings with the Securities and Exchange Commission, including our reports on Forms 10-K and 10-Q, and the foregoing information should be read in conjunction with these filings. We do not intend to update or revise these forward-looking statements to reflect the occurrence of future events or circumstances.

Additional Information and Where to Find It

This press release is not a substitute for the definitive prospectus/proxy statement included in the Registration Statement on Form S-4 that Frontier filed, and the SEC has declared effective, in connection with the proposed transactions described in the definitive prospectus/proxy statement. Frontier began mailing the definitive prospectus/proxy statement to its shareholders on September 21, 2009. INVESTORS ARE URGED TO READ THE DEFINITIVE PROSPECTUS/PROXY STATEMENT BECAUSE IT CONTAINS IMPORTANT INFORMATION, INCLUDING DETAILED RISK FACTORS. The definitive prospectus/proxy statement and other documents filed or to be filed by Frontier with the SEC are or will be available free of charge at the SEC's website, **www.sec.gov**, or by directing a request when such a filing is made to Frontier, 3 High Ridge Park, Stamford, CT 06905-1390, Attention: Investor Relations.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Frontier and certain of its directors, executive officers and other members of management and employees may, under SEC rules, be deemed to be "participants" in the solicitation of proxies in connection with the proposed transactions. Information about the directors and executive officers of Frontier is set forth in the definitive prospectus/proxy statement referred to above. Investors may obtain additional information regarding the interests of such participants in the proposed transactions by reading the definitive prospectus/proxy statement and other relevant materials filed with the SEC.

Source: Frontier Communications Corporation

Frontier Communications Corporation
David Whitehouse, 203-614-5708

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the matter of the Joint Application of	)	
Frontier Communications Corporation,	)	
New Communications Holdings, Inc., and	)	Case No. 09-454-TP-ACO
Verizon Communications, Inc. for Consent	)	
And Approval of a Change in Control	)	

REBUTTAL TESTIMONY OF

DANIEL McCARTHY

ON BEHALF OF

FRONTIER COMMUNICATIONS CORPORATION

EXHIBIT DM-Reb -11

Press Release

Frontier Communications Corporation Announces Successful Completion of Debt Tender Offer

STAMFORD, Conn.--(BUSINESS WIRE)--Oct. 16, 2009-- Frontier Communications Corporation (NYSE: FTR) today announced that it has successfully completed its previously announced debt tender offer and has applied the full "Maximum Payment Amount" of $700 million toward the repurchase of its outstanding 9.250% Senior Notes due 2011 (the "2011 Notes") and 6.250% Senior Notes due 2013 (the "2013 Notes"). As a result, Frontier today accepted for purchase for cash approximately $0.37 million aggregate principal amount of the 2011 Notes and approximately $83 million aggregate principal amount of the 2013 Notes. The notes accepted for purchase today are in addition to the approximately $564 million aggregate principal amount of 2011 Notes accepted for purchase pursuant to the tender offer on October 1, 2009. Approximately $76 million aggregate principal amount of 2011 Notes and approximately $617 million aggregate principal amount of 2013 Notes remain outstanding following the tender offer.

A total of approximately $419 million aggregate principal amount of 2013 Notes were validly tendered. As a result of the acceptance priority given to tenders of 2011 Notes and the $700 million Maximum Payment Amount for all notes tendered, Frontier accepted for purchase all 2011 Notes tendered and also accepted for purchase 2013 Notes tendered on a pro rata basis as provided under the terms of the tender offer. The proration factor for the 2013 Notes was 0.1990789.

Frontier financed the purchase of the tendered notes with the proceeds of its recent offering of $600 million aggregate principal amount of 8.125% Senior Notes due 2018, plus cash on hand.

Frontier's maturities through 2013 now consist of approximately $7 million maturing in 2010, $280 million maturing in 2011, $180 million maturing in 2012, and $746 million maturing in 2013.

Source: Frontier Communications Corporation

Frontier Communications Corporation
David Whitehouse, 203-614-5708

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the matter of the Joint Application of	)	
Frontier Communications Corporation,	)	
New Communications Holdings, Inc., and	)	Case No. 09-454-TP-ACO
Verizon Communications, Inc. for Consent	)	
And Approval of a Change in Control	)	

REBUTTAL TESTIMONY OF

DANIEL McCARTHY

ON BEHALF OF

FRONTIER COMMUNICATIONS CORPORATION

EXHIBIT DM-Reb -12

CWA Statement 1

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Application of The United Telephone Company of Pennsylvania, d/b/a Embarq Pennsylvania and Embarq Communications, Inc., for approval of the Indirect Transfer of Control to CenturyTel, Inc.	:	Docket No. A-2008-2076038

DIRECT TESTIMONY OF

RANDY BARBER

PUBLIC VERSION
REDACTS INFORMATION ALLEGED BY JOINT APPLICANTS TO BE HIGHLY CONFIDENTIAL

On behalf of the
Communications Workers of America

February 5, 2009

1 # I. Introduction

2 **Q. Please state your name and business address.**

3 A. My name is Randy Barber. My office address is: Suite 204, 6935 Laurel Avenue,
4 Takoma Park, Maryland 20912.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Center for Economic Organizing and serve as its president.

7 **Q. On whose behalf are you testifying in this case?**

8 A. I am testifying on behalf of the Communications Workers of America.

9 **Q. Why is the CWA interested in this case?**

10 A. CWA-represented employees of The United Telephone Company of Pennsylvania, d/b/a
11 Embarq Pennsylvania will be directly affected by the proposed transaction. They are
12 concerned about the financial health of their employer, as well as their employer's ability
13 and commitment to safely and reliably operate and maintain that company's
14 telecommunications network in Pennsylvania.

15 **Q. Have you been engaged to offer expert analysis and testimony on the proposed**
16 **CenturyTel/Embarq merger in other regulatory proceedings?**

17 A. Yes. I have been jointly retained by CWA and the International Brotherhood of
18 Electrical Workers to provide analyses and testimony concerning this proposed
19 transaction. I expect to participate in the unions' interventions before commissions in
20 several other states.

1 ## II. Background

2 **Q. When you were retained by the CWA on this case, what were you asked to do?**

3 A. I have been asked to provide expert analysis and testimony, focusing on financial issues
4 *in support of their intervention before the state regulatory bodies I previously mentioned.*

5 **Q. Do you have experience in rendering that type of opinion as an expert witness?**

6 A. Yes. While I do not specialize in being an expert witness, I have performed that function
7 on several occasions, and I have assisted experts and attorneys in the financial and
8 analytical aspects of judicial, quasi-judicial and regulatory proceedings. Most recently, I
9 served as the financial expert for the CWA and IBEW in Maine, New Hampshire and
10 Vermont in the regulatory proceedings concerning the FairPoint Communications
11 acquisition of Verizon Communications' Northern New England landline business.

12 **Q. What in your educational and employment background has qualified you to provide**
13 **an expert opinion on financial issues such as those presented in this case?**

14 A. After attending Dartmouth College, I have worked as a financial consultant for more than
15 25 years. I specialize in complex financial and operational analyses of companies and
16 industries, sometimes in the context of collective bargaining, other times in support of
17 clients' strategic or policy interests. My clients tend to be labor unions and pension
18 funds. I also regularly analyze a wide range of issues impacting specific employee
19 benefit plans. Among the companies that I have analyzed are Alcatel, Avaya, AT&T,
20 Boeing, Catholic Healthcare West, Celestica, Columbia/HCA, Eastern Air Lines, Edison
21 Schools, FairPoint Communications, Idearc, Lucent Technologies, MCI, Oregon Steel,
22 Quest, RH Donnelley, Sprint, Sylvan Learning Systems, Texas Air Corporation, TIAA-
23 CREF, United Air Lines, the United States Postal Service, Verizon, and Wal-Mart. More

1 broadly, I have provided clients with various analyses of such industries as aerospace
2 manufacturing, air transport, for-profit education, newspaper publishing, off-road vehicle
3 manufacturers, and telecommunications and internet access and content providers.
4 In addition, I have performed a wide range of analyses of private sector pension
5 plans and public employee retirement systems across the country. These include
6 investigations into factors associated with under-funding, integration of two or more
7 benefit plans, efforts to improve the operations of benefit plans, evaluations of proposed
8 investment and funding mechanisms, and proposals to convert defined benefit plans into
9 defined contribution plans. A number of the activities mentioned above have taken the
10 form of joint labor-management initiatives in which I served as the union expert, paired
11 with one or more management experts. Some of these projects included work with
12 AT&T, Lucent Technologies, and the League of Voluntary Hospitals and Nursing Homes
13 (New York City and environs).
14 **Q. Please summarize your experience as an expert financial analyst witness.**
15 A. As mentioned above, I was an expert financial witness in the FairPoint/Verizon
16 transaction. In addition, I have testified as an expert witness (either at trial or by
17 deposition) in several judicial proceedings and arbitrations. These have included, for
18 example, a class action law suit involving BTT, a National Mediation Board Single
19 Carrier proceeding, the Big Sky Airlines Bankruptcy, and an Examiner's Investigation
20 into the Bankruptcy of Eastern Air Lines. I have also served as an expert consultant in
21 various proceedings where it was not necessary for me to testify, such as an airline fitness
22 investigation involving ATX, a cross-border airline merger investigation (American
23 Airlines-Canadian Airlines), and a major CWA/AT&T arbitration.

1 **Q. How is your testimony organized?**

2 A. The first part of my testimony contains an analysis based on publicly available
3 information. The next section expands on this analysis, based on purportedly Highly
4 Confidential information provided by either Embarq or CenturyTel. Finally, I set forth
5 recommendations for the Commission's consideration. In addition, I identify issues and
6 questions – primarily with regard to likely future prospects of the combined companies –
7 that I urge the PUC to pursue in greater depth.

8 **Q. *In order to render an opinion about the financial analyses presented by CenturyTel***
9 **and Embarq in this case, what information do you need to review?**

10 A. Ideally, I should be able review all relevant information that was available to
11 CenturyTel's and Embarq's Boards of Directors, management, and advisors, as well as
12 subsequently developed data regarding either of the companies, the transaction, and
13 refined projections regarding the post-closing "new" CenturyTel.

14 **Q. Have you been able to review all of the information you require?**

15 A. For the most part. The Applicants, however, have declined to furnish working versions
16 of certain models (spreadsheets) and certain disclosures made to lenders. In addition,
17 based on their replies to the CWA's interrogatories, it appears that neither Applicant
18 produced (or caused to be produced) sensitivity analyses to test how robust the new
19 combined company would be under various scenarios[1]. Finally, neither company has
20 updated its projections to reflect a significantly deteriorated economic environment since
21 the proposed transaction was announced.

[1] JPMorgan did produce one "stress test" in a document dated August 15, 2008. However, this analysis has limited value, since it assumed a somewhat different transaction and only tested one scenario. See Applicants Highly Confidential response to CWA-33(a).

1 Nonetheless, I have been provided with a large amount of public and purportedly
2 highly confidential information. Based on this data, I am prepared to offer my opinion,
3 although with certain caveats upon which I elaborate below.

4 **Q. Please summarize the types of documents that you were able to review in this case.**

5 A. I have reviewed documents that fall into a number of categories:

6 • Press reports;
7 • CenturyTel and Embarq filings with the Securities and Exchange
8 Commission;
9 • Documents from various public utility regulatory agencies;
10 • Documents derived from on-line databases;
11 • Proprietary analyses produced by a number of investment advisory firms;
12 • Pre-filed testimony from the Applicants; and,
13 • Applicants' responses to interrogatories from the CWA, the Pennsylvania
14 Office of Consumer Advocate and the Pennsylvania Office of Small Business
15 Advocate, including a large volume of purportedly highly confidential
16 documents and information[2].

17 III. Analysis Based on Public Information

18 **Q. Before addressing details of the transaction, please describe your basic impressions**
19 **about the proposed CenturyTel/Embarq merger.**

20 A. CenturyTel and Embarq are the only investment grade "mid-major" telecommunications
21 companies. They have enjoyed steady cash flows and have balance sheets that are

[2]Most of the purportedly highly confidential information was provided to the U.S. Department of Justice under the provisions of the Hart-Scott-Rodino Act (HSR). The HSR filings of both companies were produced in response to data request CWA-5.

1 appreciably stronger than their peers. As do all telecommunications firms, they face
2 serious competitive and financial challenges. While the companies argue that the
3 proposed transaction will help them meet these challenges, there is also a danger that this
4 merger could only serve to exacerbate negative trends that are already observable. My
5 testimony is designed to highlight these concerns and to encourage the Commission to
6 focus its attention on specific areas that I believe merit in-depth consideration.

7 **Q. Based on your review and analysis, are you able to render an opinion about the**
8 **reasonableness of the companies' financial assumptions and analyses?**

9 A. Yes. As I detail in the highly confidential portion of my testimony, it is clear that the
10 management, financial advisors and boards of both companies were working with quite
11 optimistic assumptions concerning revenue trends over the next half-decade or so. For
12 key measures such as revenues, EBITDA[3] and free cash flow, the management and
13 financial advisors of both companies relied on assumptions and/or projections that were
14 consistently higher than those being used by independent analysts covering the
15 companies, and in notable instances much higher. Also, the Applicants and their advisors
16 have not subjected this proposed transaction to sensitivity analyses – or "stress tests" –
17 other than one performed by a financial advisor in August, based on a somewhat different
18 deal.

19 Much more importantly, whether or not the Applicants' assumptions and
20 projections were unreasonably optimistic at the time this proposed transaction was agreed
21 upon, they are clearly very much out-of-date now and are in need of significant – and
22 downward – revision. Applicants and their financial advisors were relying on projections

[3] EBITDA is earnings before interest, taxes, depreciation, and amortization.

1 that were grounded in late-summer 2008 actuals at the latest, but the environment has
2 clearly changed for the worse in the winter of 2009 and could very easily continue to
3 worsen well into the future.
4 As I discuss below, Applicants are urging the Commission to approve this
5 proposed transaction based on publicly disclosed results and metrics that are out-of-date
6 and certainly not reflective of what could reasonably be expected for the combined
7 companies over the next few years. I would also note that the Applicants' projected $400
8 million in annual run-rate synergies appear to be quite aggressive, and based as much on
9 rules-of-thumb as on detailed analyses.
10 **Q. Why do you worry about what you say are inadequately cautious assumptions and**
11 **projections?**
12 A. Simply put, without a more rigorous – and realistic -- assessment of the range of likely or
13 reasonably possible scenarios, the combined new company risks "flying blind" into an
14 increasingly turbulent economic environment, taking its customers, employees and other
15 constituents along for the ride.
16 Specifically, I am quite concerned about the interplay of six key factors and how
17 they could affect the combined company's financial fitness and which I do not believe
18 that the Applicants have adequately addressed either in their Joint Application with the
19 Commission or in the highly confidential assumptions, projections and analyses they
20 have produced in this proceeding:
21 1. An imbedded – and accelerating -- line loss trend for both companies with the
22 attendant likely declines in revenues and cash flows;

2. The deep economic downturn which could well exacerbate the companies' line losses and revenue declines, particularly if the recession is more prolonged or severe than expected;

3. The ability of the companies to achieve the $400 million in annual "run rate" synergies that seems to be an integral part of their plan;

4. The continuing "credit squeeze," which in combination with high line losses and an extended downturn could make it more difficult or expensive to refinance over $2.8 billion in debt coming due over the next five years;

5. The companies' high dividends and recent history of significant share repurchases; and

6. The impact of these five factors on the combined companies' ability to fund known as well as unexpected operational and capital requirements, transition expenses, pension and OPEB shortfalls, and so forth.

Q. Weren't these factors addressed in the Joint Application and accompanying testimony?

A. No, they were not. As I explain later in my testimony, the Joint Application and the direct testimony submitted by Mark A. Gast, and supported by David F. Bosnick and G. Clay Bailey, rely almost exclusively on *backward-looking data* to make the financial case for this transaction. Applicants take the combined results of the twelve month period ending September 30, 2008, without any attempt to adjust them either in the light of obvious historic trends or of clearly changed circumstances (the economic downturn, for example). Applicants do make one adjustment to their use of the Trailing Twelve Months data as a proxy for their future combined results: they project $400 million in

1 annual "run rate" synergies, boosting the financial results they report by that amount
2 (when the assumed synergies are fully phased in over the three years or so after the
3 transaction is consummated).[4] I will address this later in my testimony.
4 As I also discuss below, Applicants' SEC filings are replete with references to
5 *forward-looking* analyses and projections performed by the management of both
6 companies and by three top financial advisory firms, for use by the two firms' boards of
7 directors during their deliberations. I do not understand why the Applicants would rely
8 on historic revenue, EBITDA, cash flow, access line and other data in their submissions
9 to the Commission when they clearly went to great expense and effort to develop
10 sophisticated, and almost certainly competing, projections of the likely future prospects
11 of the combined companies.
12 **Q. Please summarize your concerns about accelerating line losses.**
13 A. It is no secret that the wireline business faces tremendous challenges, with most
14 companies suffering significant losses in market share to cable companies and wireless
15 operators. According to Standard & Poor's, CenturyTel lost 6% of its access lines during
16 the first nine months of 2008, while Embarq lost 8.6%. We do not yet know what the
17 Applicants' results were for the 4th quarter of 2008, in the face of a rapidly deteriorating
18 economy.[5] However, the two "major" wireline providers, Verizon and AT&T, have

[4] The $400 million in synergies are comprised of approximately $300 million in operating expense savings, $30 million in economies of scale purchasing power for capital spending, and $75 million in incremental revenues. See, for example, Slide 9, Investor Presentation, filed by Embarq with SEC Form 425 on October 27, 2008.
[5] Embarq is scheduled to release its results on February 12 and CenturyTel on February 19.

already reported their results and suffered higher access line losses and lower related revenues and margins than anticipated for the period.[6]

Goldman Sachs, in the detailed models it maintains for the two companies, projected (as of January 2, 2009) that through 2012, CenturyTel would have a compounded annual line loss of -5.9% and that Embarq would have an even worse annual loss of -8.2%. Through 2014, Goldman projected that the annual line losses would be -5.5% and -7.6%, respectively. If the Goldman Sachs projections prove to be accurate, the combined companies will lose 29.0% of their lines over the next four years and 37.3% over the next six years. Instead of having the approximately 8 million access lines that the Applicants base their financial case upon, the two companies would be left with around 5.5 million lines in 2012 and only 4.8 million lines in 2014.[7]

Of course, wireline companies are well aware of their eroding access lines and attempt to compensate with higher revenue offerings, such as broadband, double/triple/quadruple play packages and so forth. Indeed, Goldman Sachs' model (which appears to be in line with those of other analysts) projects revenue declines that are roughly half on a percentage basis that reflected by the access line losses; that is, revenue declines of 15.8% by 2012 and 20.0% by 2014 to $7.3 billion and $7.0 billion

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[6] For Verizon: "Wireline revenue declined 2.7% Y/Y, 97 bps [basis points] worse than our 1.7% Y/Y decline estimate and worse than the 1.7% Y/Y decline seen in 3Q08. — Wireline margin of 25.4% was 227 bps below our estimate (27.6%), and down 190 bps sequentially and 303 bps Y/Y. We believe the main cause was top line pressure in the Verizon Business segment which was down 2.3% Y/Y" (Morgan Stanley, January 27, 2009);
For ATT: Wireline revenue was $136 million below our estimate, declining 3.3% Y/Y (we expected a 2.6% drop), driven by a decline in Enterprise revenue of 3.7% Y/Y (v. MS estimate 2.0%) as well as pressure on the consumer in-region segment (revs down 5.3% v. MS estimate of 5.0%). Wireline EBITDA margins of 33.6% were lower than expected (34.0% estimate). (Morgan Stanley, January 28, 2009)

[7] "CenturyTel Model – Telecom Services – Wireline/Wireless" and "Embarq Model – Telecom Services – Wireline/Wireless," Goldman Sachs, January 2, 2009 (both). While these models were updated well after the proposed merger was announced, no attempt is made by Goldman to project a combined entity. The calculations presented here have been arithmetically combined by the author.

1 respectively. However, Goldman (and others) believes that operating costs (including
2 depreciation and amortization) are unlikely to decline at the same pace as revenues.
3 Thus, its projections for combined EBITDA of the two firms over the next four and six
4 years is for a decline that is more rapid than that for revenues (-21.3% and -27.7%); under
5 Goldman's model, the combined firm's EBITDA would be $3.0 billion in 2012 and $2.8
6 billion in 2014. I show this and other combined figures from the public Goldman Sachs
7 analyses on Schedule RB-1.

8 Even assuming that all of the $400 million in claimed synergies are achieved (and
9 not subject to the same downward pressures occasioned by access line, revenue and
10 EBITDA declines) and further assuming that these synergies flow completely to
11 EBITDA, the Goldman model would suggest that the combined companies would
12 generate around $3.4 billion in EBITDA four years hence and $3.2 billion six years from
13 now, rather than the static $4.2 billion asserted by the Applicants. This represents an
14 *annual* difference from Mr. Gast's figures of $800 million in 2012 and $1.0 billion in
15 2014.

16 This exercise could be continued to project free cash flow, changes in cash
17 balances and outstanding debt, leverage ratios, payout ratios and the like. However, it
18 would be a much more useful exercise if I and others had access to the actual projections
19 and working models that CenturyTel and Embarq used during their deliberations.[8]
20 Access to these models would permit a better analysis of the assumptions and projections
21 that the companies have adopted. It would also allow for tests of a range of scenarios to

[8] I am advised by counsel that CWA is filing a motion to compel to obtain access to CenturyTel's financial model.

evaluate how the merged entities might withstand much more severe challenges than they seem to have seriously considered.[9]

My larger point is that by limiting their financial "evidence" to unadjusted historic data and aggressive assertions of synergies, Applicants have failed to demonstrate that the proposed merger will result in a financially fit company.

Q. You said that the combined company's EBITDA might be closer to $3 billion rather than the more than $4 billion projected by Mr. Gast. Why would you question the financial fitness of a company with earnings of $3 billion per year?

A. It is entirely possible for a company to have what appears to be a healthy EBITDA and still have negative net cash flows, as can be seen on Schedule RB-1. The critical point to remember is that EBITDA *excludes* such items as cash taxes, interest, capital expenditures, dividends and debt retirement (it also excludes potential positive cash flows from new borrowings, asset sales, non-cash taxes, etc).

For example, in the calculations I presented above (relying on the Goldman Sachs models), the combined companies would have an EBITDA of $3.038 billion in 2012 and $2.791 billion in 2014.[10] However, they would also have very large additional cash requirements. Assuming a continuation of roughly $855 million in dividends,[11] combined interest, tax, capital expenditure and dividend outflows would be $2.922 billion in 2012 and $2.819 in 2014, leaving a net cash flow in this example of a positive $116

[9] See EQ/CTL Responses to CWA Set II – Supplemental, CWA-33, February 4, 2009.
[10] For the sake of clarity in this example, I have excluded any adjustments for transition/integration costs or "synergy" benefits.
[11] At closing, there will be 305.3 million basic shares outstanding 308.2 million on a fully diluted basis. A dividend of $2.80 per share (the current CenturyTel annual dividend) would cost between $854.8 million and $863 million per year. For the purposes of this analysis, I have used $855 million.

1 million in 2012 and a negative $29 million in 2014.[12] Thus a multi-billion-dollar positive
2 EBITDA can still be generated by a firm with break-even or even negative cash flows.
3 I would also note that just because they are a part of the cash flows embedded in
4 these calculations, depreciation and amortization are not "free." They essentially
5 represent repayment for past capital expenditures, but, if not replaced with new capital
6 spending, the company's productive capacity is likely to atrophy.

7 **Q. Please describe how a prolonged or more severe recession could exacerbate the**
8 **companies' line losses and revenue declines.**

9 A. I have not attempted to develop a "worst case" scenario, but clearly, a longer or more
10 severe recession would almost certainly result in an even more rapid decline in access
11 lines, even lower revenues, lower EBITDA, and shrinking Free Cash Flow. In turn, the
12 combined companies would likely be less able to reduce debt, make needed capital
13 expenditures, or possibly even pay dividends. The companies' financial structure would
14 come under pressure as lower EBITDA and higher-than-anticipated debt lead to a decline
15 in key metrics employed by lenders and investors to measure the health of the company
16 (leverage ratios, payout ratios, interest coverage), probably leading to ratings
17 downgrades, higher borrowing costs, fewer new product offerings, and so forth.
18 It would be useful to permit me and other experts to draw upon the financial
19 models created by or for CenturyTel and Embarq. An analyst could then engage in a
20 series of "what if" exercises. While there would likely be a number of other variables
21 worth exploring (what if synergies aren't attained, what if the transition were more costly

[12] For simplicity, this analysis assumes that tax charges are all cash and that interest rates do not change when the companies refinance more than $2.8 billion in debt during this time period.

1 and protracted than assumed, etc.), in my experience the most enlightening approach
2 would be to test how well the combined companies could withstand a more rapid than
3 expected decline in revenues or the related more prolonged downturn.

4 **Q. Please discuss your concerns about what you termed the "ability of the companies to**
5 **achieve the $400 million in annual 'run rate' synergies."**

6 A. My concerns about the assumed synergies, as I discuss in more detail in the confidential
7 portion of my testimony, are multifaceted: the Applicants appear to have overly relied on
8 high level rules-of-thumb; the projected net present value of the synergies appears to be
9 very high when compared to other telecommunications transactions; some of the
10 projected synergies may unreasonably shift some burdens onto customers and employees;
11 and, many are not well documented. More broadly, I believe that there are significant
12 risks that the projected synergies will not be achieved or that the effort to achieve them
13 will be accompanied by unforeseen disruptions and problems.

14 One of the attractions of transactions like this is the potential (not always realized)
15 to achieve various types of cost savings and new revenue opportunities. The companies'
16 description of the hoped-for synergies, however, is not very enlightening.

17 Last year, after a grueling three-state process, FairPoint Communications obtained
18 approvals (with a host of conditions) to acquire Verizon's Northern New England
19 ("Verizon NNE") landline businesses. A key point of contention – and one on which
20 much of the credibility of FairPoint's plans turned – was FairPoint's projection that it
21 could squeeze an annual $60 million to $75 million out of cash operating expenses by
22 replacing some 600 back office and network functions and systems currently being
23 provided by Verizon with FairPoint's own built-from-the-bottom-up operation. These

1 projected "synergies" represented between 7.3% and 9.1% of the total Verizon NNE
2 operating expense (excluding depreciation). In order to achieve these projected savings,
3 FairPoint hired CapGemini to engineer the new back office and network operation, at a
4 cost of $200 million.[13]

5 By contrast, the $300 million in operating expense synergies projected in this case
6 represents about 6.0% of combined cash operating expense for the two companies, not
7 too much smaller than the claimed savings in the FairPoint/Verizon transaction but with
8 apparently none of "soup-to-nuts" aspects of those synergies.

9 While I am not in a position to affirm or refute the credibility of the companies'
10 synergies projections, I have yet to be convinced that substantial synergies will be
11 achieved, particularly given the integration challenges the companies will be facing. As
12 one commentator, discussing the projected CenturyTel/Embarq synergies,put it: "This
13 estimate seems pretty high, given the focus on cutting costs at both firms in recent years
14 and strong cash flow that both already generate."[14]

15 **Q. You refer to "the integration challenges the companies will be facing. Please**
16 **explain.**

17 A. I realize that CenturyTel has a long history of acquiring and integrating telecom
18 operators, but it is my understanding that it has never attempted anything on this scale
19 (Embarq is, after all, about 2.4 times larger than CenturyTel in terms of revenues and 2.9
20 times larger in terms of access lines). Put another way, according to CenturyTel's Clay

[13] The processes being replaced are so central to the Northern New England operations that the regulators in Maine, New Hampshire and Vermont imposed a third-party monitoring process that essentially served as a post-closing regulator, delaying "cut-over" by six very expensive months. Although this transaction closed on March 31, 2008, it has taken ten months to make the new systems ready for operation.
[14] Morningstar, "Another Look at the Centurytel-Embarq Merger," October 28, 2008

1 Bailey,[15] the company's largest single acquisition to-date involved 660,000 access lines.
2 The proposed transaction with Embarq is of a completely different order of magnitude,
3 involving almost nine times that number of access lines (about 5.8 million).
4 I would also note that intimately related to "synergies" is "integration." Again,
5 the Applicants are almost completely opaque on how they intend to approach a plethora
6 of integration issues.

7 **Q. Whatever challenges the economic environment may pose the merged companies,**
8 **wouldn't they be required to confront them even if they remain separate?**

9 A. This is certainly true, but the proposed transaction entails its own risks, costs and
10 diversions. One of the most critical risks is that management's attention and resources
11 will be diverted to the challenges of integrating the two companies, rather than to actually
12 improving the services customers receive.
13 The companies were explicit about the challenges they face in their SEC Form
14 424B3 filing in late December.[16] Under the heading, "Risk Factors Relating to
15 CenturyTel Following the Merger," they state:

16 **Operational Risks**
17 *CenturyTel is expected to incur substantial expenses related to the integration of*
18 *Embarq.*
19
20 CenturyTel is expected to incur substantial expenses in connection with the
21 integration of the business, policies, procedures, operations, technologies and
22 systems of Embarq with those of CenturyTel. There are a large number of systems
23 that must be integrated, including management information, purchasing,
24 accounting and finance, sales, billing, payroll and benefits, fixed asset and lease
25 administration systems and regulatory compliance. While CenturyTel has
26 assumed that a certain level of expenses would be incurred, there are a number of
27 factors beyond its control that could affect the total amount or the timing of all of

[15] EQ/CTL Responses to CWA Set I, CWA-27
[16] CenturyTel Inc.,SEC Form 424B3, December 22, 2008, page 16 (bold and italics in original)

> the expected integration expenses. Moreover, many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. These expenses could, particularly in the near term, exceed the savings that CenturyTel expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings and revenue synergies related to the integration of the businesses following the completion of the merger. These integration expenses likely will result in CenturyTel taking significant charges against earnings following the completion of the merger, but the amount and timing of such charges are uncertain at present.
>
> *Following the merger, the combined company may be unable to integrate successfully the businesses of CenturyTel and Embarq and realize the anticipated benefits of the merger.*
>
> The merger involves the combination of two companies which currently operate as independent public companies. The combined company will be required to devote significant management attention and resources to integrating its business practices and operations. Potential difficulties the combined company may encounter in the integration process include the following:
> • the inability to successfully combine the businesses of CenturyTel and Embarq in a manner that permits the combined company to achieve the cost savings and revenue synergies anticipated to result from the merger, which would result in the anticipated benefits of the merger not being realized partly or wholly in the time frame currently anticipated or at all;
> • lost sales and customers as a result of certain customers of either of the two companies deciding not to do business with the combined company;
> • complexities associated with managing the combined businesses;
> • integrating personnel from the two companies while maintaining focus on providing consistent, high quality products and customer service;
> • potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the merger; and
> • performance shortfalls at one or both of the two companies as a result of the diversion of management's attention caused by completing the merger and integrating the companies' operations.

The companies are projecting that the transition and integration process will cost some $275 million, spread over a number of years. The make no attempt to quantify the risks associated with "performance shortfalls . . . as a result of the diversion of management's attention," but these could be substantial and potentially devastating during difficult economic conditions.

1 **Q. Please discuss how the credit squeeze could negatively impact the combined**
2 **companies.**
3 A. The previously mentioned FairPoint transaction almost unraveled at the last minute as the
4 result of the credit squeeze. The last piece of the transaction involved the placement of
5 some $600 million in senior notes. Due to the terrible state of the credit markets, the
6 notes could not be placed at the 8.5% interest rate that was assumed as part of the
7 regulatory approvals; they were ultimately placed at around 13.5%. Just days before the
8 closing was to take place, all three state regulatory bodies needed to reconvene to
9 determine whether the added interest charges would have a material impact on the
10 transaction they had already approved.
11 As anyone who reads the financial press knows, corporate borrowers frequently
12 encounter severe difficulties obtaining financing, or refinancing, on terms that make
13 economic sense for them.
14 The very recently announced amendment to Embarq's line of credit facility would
15 appear to be a case in point. While CenturyTel had secured an $800 million "bridge
16 loan" to help it insure that it could refinance Embarq's bank debt if necessary, the
17 amended Embarq facility is on considerably less favorable terms than the one it
18 supplants:
19 • Embarq's borrowing capacity under the line of credit will be reduced to $800
20 million from $1.5 billion, and the letter of credit capacity reduced from $200
21 million to $100 million;

1 • The interest rate will be increased from LIBOR + 0.625% to LIBOR + 3.0%;[17]
2 • Embarq will also be required to repay a $360 million outstanding term loan
3 under a related bank facility;
4 • The amended line of credit facility contains a more stringent leverage ratio of
5 3.25x (Consolidated Debt-to-EBITDA), down from the previous 3.75x; and,
6 • There are other new or tighter covenant restrictions, including a limitation of
7 secured and/or subsidiary debt of up to $300 million, a limit on Embarq's
8 ability to guarantee CenturyTel's debt to $300 million, and a requirement that
9 Embarq may not pay dividends to CenturyTel if it is in default on its loan
10 conditions.

11 Next year, CenturyTel has $513 million in debt maturing, followed by another
12 $511 million in 2012. The Embarq revolving credit facility that has just been amended
13 will likely have its full $800 million drawn at the closing of the transaction, matures in
14 2011. Then, in 2013, Embarq has $1.0 billion in senior notes due. Put another way, the
15 combined companies will be committed to refinancing or retiring some $2.8 billion in
16 debt over the next five years.

17 In the end, perhaps the companies will have no difficulties obtaining these funds
18 on acceptable terms. However, in this era of tremendous financial industry uncertainty, I
19 believe that it is not only reasonable, but essential, for the Commission to satisfy itself
20 that the Applicants will be in a position to seamlessly refinance or retire all of the $2.8
21 billion in debt coming due over the next five years.

[17] LIBOR is the London Interbank Offered Rate, a common interest rate benchmark in commercial transactions.

1 The companies' ability to refinance this amount of debt on reasonable terms will
2 be highly dependent on their success in reducing line and revenue losses and achieving
3 operating synergies. It is far from certain that the companies can do any of this.

4 **Q. Please describe the companies' "high dividends and recent history of significant**
5 **share repurchases."**

6 A. Both Embarq and CenturyTel can fairly be characterized as having "high yield" stocks,
7 with Embarq's currently paying over 7% and CenturyTel's almost 10% (depending on
8 the share price at any particular time). CenturyTel was, until last year, a quite low-yield
9 stock, until its board of directors increased the dividend ten-fold to $2.80 annually. The
10 companies have announced that it is the new board's intention to maintain this high-yield
11 dividend policy. Based on the number of Embarq shares that will be converted into
12 CenturyTel shares (at a 1.37 conversion ratio), I estimate that the combined companies
13 will be paying about $855 million in dividends annually.

14 In addition to paying significant dividends, both companies have maintained
15 significant share buyback programs. In all, since 2005, the companies have "returned"
16 almost $2.7 billion to shareholders via these programs ($2.2 billion for CenturyTel and
17 $500 million for Embarq). CenturyTel still has $246 million authorized for additional
18 repurchases, but it has suspended the program at least until the Embarq transaction has
19 been completed.

1 **Q. What do you mean when you say that you are concerned about the "impact of these**
2 **five factors on the combined companies' ability to fund known as well as unexpected**
3 **operational and capital requirements, transition expenses, pension and OPEB**
4 **shortfalls, and so forth."**
5 A. In my view, the five factors that I have briefly outlined above are of a piece. The
6 Applicants' financial projections are highly optimistic and are not reasonable to use in
7 this, or any other, proceeding. Because of this, I am concerned that the Commission has
8 not been provided with anything approaching the basis to make a considered decision.
9 Moreover, based on my brief alternative scenario utilizing the Goldman Sachs model, it
10 would appear that the combined companies may generate significantly less cash than
11 Applicants' suggest (with EBITDA perhaps $800 million lower in just four years and $1
12 billion off the mark in six).
13 The situation only gets worse if we are indeed in the middle of a more serious
14 economic downturn. Moreover, whether or not the projected synergies are theoretically
15 achievable, there will almost certainly be less opportunity to implement them if access
16 lines, revenues, EBITDA and Free Cash Flow are significantly lower than projected.
17 If we're in the midst of an extended downturn, the chances of an extended credit
18 freeze would seem to be higher as well. And this leads to my concern over the
19 companies' plans to pay out roughly $855 million in dividends each year and their recent
20 history of buying back around $2.7 billion in shares.
21 In summary, the Applicants' financial justification for this transaction lacks not
22 only detail, but also probity. In the very difficult environment in which wireline
23 telecommunications firms will be operating (even under the best of circumstances), there

1 will inevitably be significant uncertainty about what resources the business will generate
2 even just a year or two in the future. [18]
3 To be blunt, it seems quite likely to me that, if approved, this new firm will be
4 confronted with managing an urgent competition for resources among operational needs,
5 capital requirements, lenders' demands, and shareholders' hopes for significant payouts.
6 In my opinion, it should be the role of the regulators to help mediate those
7 demands and ensure that the needs of customers are adequately represented as well.
8 **Q. You described the changes that Embarq accepted to its revolving credit facility. Are**
9 **there any other indications that the credit markets might be concerned about the**
10 **prospects of either company?**
11 A. Yes. Both companies have among the highest yielding bonds in the telecom sector and
12 Goldman Sachs credit market analysts rate both companies' bonds as "underperform,"
13 stating: "We are extremely cautious on the rest of the telecom carriers, especially
14 CenturyTel (CTL), Embarq (EQ), and Qwest (QUS). Although the combined CTL/EQ
15 should have relatively low leverage (estimated at 2.2x), we believe access line erosion
16 will rise sharply due to VoIP competition and wireless substitution."[19] Goldman
17 downgraded Embarq's bonds to "underperform" on the day the transaction was
18 announced (it already rated CenturyTel's bonds as "underperform"). Also, there is one
19 other indicator that I describe in the confidential portion of my testimony that reinforces
20 my impression that lenders are concerned about the companies' prospects.

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[18] Channel Trend, an independent investment research provider recently noted that in 2010, CenturyTel "expects a major capital expenditure related to the implementation of LTE (the Long Term Evolution Standard), which it has chosen over WiMAX as its next generation technology." January 2, 2009

[19] Goldman Sachs, Credit Research, "Telecom Services, Defensive Picture is a Little Fuzzy," January 30, 2009.

1 **Q. Are your views shared by investment analysts?**

2 A. I would say that equity analysts – as opposed to credit market analysts – are pretty
3 positive on this transaction. They like the $2.80 dividend and they like stock buybacks. I
4 would add, though, that the typical horizon for an equity analyst's buy/hold/sell
5 recommendation is a year to eighteen months. They set a target price within that
6 timeframe and aren't particularly focused on the longer term (at least from a financial
7 perspective).

8 Fixed income analysts and ratings agencies are another matter. I know that
9 CenturyTel and Embarq have emphasized their "investment grade" ratings. I would point
10 out, however, that they both have the lowest investment grade rating possible. Any lower
11 and they'll be non-investment grade. On the day this transaction was announced,
12 Standard & Poor's RatingsDirect service reaffirmed Embarq's BBB- rating. I believe
13 that it's worth reviewing the final two sentences of S&P's statement: "Still, we remain
14 concerned about the ongoing access-line losses at both companies, which totaled 6% at
15 CenturyTel and 8.6% at Embarq as of the 2008 third quarter, and the potential for future
16 debt-financed acquisitions and/or shareholder-friendly initiatives. A significant
17 acceleration of access-line losses and integration issues could prompt a revision of the
18 outlook to negative."[20]

19 Finally, I think that it's also worth reading a very recent RatingsDirect update on
20 Embarq: "if debt to EBITDA approaches the high-2x area because of accelerating

[20] Standard & Poor's, RatingsDirect, "CenturyTel Inc. Ratings Unaffected By Announced Acquisition of Embarq Corp.", October 27, 2008

access-line losses, or post-transaction operational missteps, and prospects for improvement in this metric are minimal, we could revise the outlook to negative."[21]

IV. Analysis Based on Purportedly Highly Confidential Information

Q. You stated that you believe that the companies and their financial advisors relied on highly optimistic assumptions. Could you explain?

A. **{Begin Highly Confidential}** [redacted] **{End Highly Confidential}**

As I stress elsewhere, whether the companies' projections were optimistic or realistic in October 2008, the assumptions they applied to their models are clearly too generous now. For example, Goldman Sachs' weighted revenue projections are for a negative 4.2% over the 2009-2012 period and a negative 5.8% EBITDA.

[21] Standard & Poor's RatingsDirect, "Embarq," January 8, 2009
[22] See JPMorgan, "Pine Board Meeting Discussion Materials," October 26, 2008, pp. 30-33 and 42; provided by Embarq on January 20, 2009, as a supplemental response to CWA-6.

1 **Q. Why are you so concerned with variances in these projections?**

2 A. We are in an unprecedented economic environment and I am worried that unexamined
3 (or unadjusted) assumptions can contribute to a distorted picture. Moreover, even small
4 changes can, over time, produce significant results. As an illustration of both these
5 points, I created Schedule RB-2 (Highly Confidential). It shows the changes in projected
6 access lines and revenues that CenturyTel made to its model for Embarq, over a six day
7 period (September 12 to September 18, 2008). In its reply to CWA-39, CenturyTel says
8 that the differences in output are due to the fact that "the access line assumptions and
9 related revenue were adjusted based on July and August actual data." As can readily be
10 observed, a slight change in 2008 results leads to a growing variance from previous
11 results in later years.

12 **Q. Other than the tightening of the terms (and increased interest rate) of the Embarq**
13 **revolving credit facility and the "underperform" rating of Embarq's and**
14 **CenturyTel's bonds by Goldman Sachs that you have mentioned above, are there**
15 **any other indications that the credit squeeze has had any impact on either**
16 **company?**

17 A. Yes. In the excerpt of the fee letter for the "bridge loan" provided by the Applicants in
18 response to CWA-16, the *minimum* interest rate that CenturyTel would pay would have
19 been **{Begin Highly Confidential}**[redacted] **{End Highly Confidential}**
20 Given this very high interest rate, it is no wonder that the companies accepted the reduced
21 borrowing capacity, higher rate, and more stringent restrictions contained in the amended
22 Embarq revolving credit facility.

Q. You expressed concerns about the companies' synergies projections. Please elaborate.

A. Obviously, the "art" of projecting synergies is an imprecise science, and I am concerned when I observe companies relying on aggressive synergy projections as an integral element in the financial viability of a transaction. In this case, I have observed this manifest itself in a number of ways:

- It would appear that the companies and their advisors relied on broad rules-of-thumb in evaluating synergy potentials; for example, JPMorgan generated projections for synergies that assumed a **{Begin Highly Confidential}** [redacted] **{End Highly Confidential}** saving from operations and capital expenditures. The estimated synergies using this method, **{Begin Highly Confidential}**$[redacted] **{End Highly Confidential}**, is remarkably close to the total that the Applicants are now using.
- While they explored potential synergies in various ways, only CenturyTel produced a formal analysis, and then only for revenue synergies.[23] In response to CWA-7 and CWA-21, the Applicants indicated that neither performed a comparable analysis for the much larger projected cost synergies.
- The synergies appear to be quite high when compared to the net present value of synergies reported by JPMorgan in other telecommunications transactions. Using the **{Begin Highly Confidential}** [redacted]

[23] See "Pine Revenue Synergy Analysis," Embarq Attachment 4(c)-15 and CenturyTel 4(c)-9.

[redacted] **{End Highly Confidential}** Obviously, a **{Begin Highly Confidential}** [redacted] **{End Highly Confidential}** NPV is very high and, in my view, should be regarded with some skepticism.[24]

- A large portion of the cost savings in the projected synergies comes from head count reductions. While this shouldn't be surprising, it should also highlight the areas where potential synergy and integration risks exist. For example, **{Begin Highly Confidential}** [redacted] **{End Highly Confidential}**
- The companies' estimate suggests that about **{Begin Highly Confidential}** [redacted] **{End**

[24] "Presentation to the Board of Directors," JPMorgan, July 18, 2008, Embarq Attachment 4(c)-3, page 18 and "Pine board Meeting Discussion Materials," JPMorgan, August 15, 2008, Embarq Attachment 4(c)-8, page 22.

Highly Confidential}[25] *It is unclear to me how price increases qualify as "synergies."* Higher prices represent increased costs to consumers, not some "benefit" of the proposed transaction.

Q. You have expressed a concern about the high level of dividends that the combined company is projected to pay. Did the Applicants provide any analyses that indicated they were contemplating paying out lower dividends?

A. No, they did not. **{Begin Highly Confidential}** [redacted] **{End Highly Confidential}**

[25] EQ/CTL Responses to CWA Set II, Attachment to CWA-29(c).
[26] EQ/CTL Response to CWA-39(2), page 54; this document is a printout of the September 18, 2008 model/spreadsheet "Value v1 Adj Acceleration", 4(c)-2

Q. You mentioned a "stress test" that was performed for Embarq in August 2008, but which was not subsequently updated by either Embarq or CenturyTel. Could you explain?

A. There are a number of sensitivity analyses that I believe should be performed to test the proposed transaction. This is particularly important since the economic environment has deteriorated significantly since the summer, and Embarq has entered into a new bank credit agreement that contains tighter limitations and, critically, a lower leverage ratio of 3.25x (down from 3.75x). Schedule RB-3 (Highly Confidential) is extracted from the Embarq "stress test" to which I was referring. It is contained in "discussion materials" document, dated August 15, 2008. It tests the "cushion" that Embarq has on two key loan covenants (its leverage ratio and its interest coverage ratio) under projected results through 2012. It also applies higher leverage ratios and lower interest coverage than Embarq had in effect when this document was produced. Then a sensitivity analysis is applied, testing the impact of a **{Begin Highly Confidential}** [redacted] **{End Highly Confidential}** In other words, under this scenario, Embarq would be in great danger of violating its lending covenants.

More importantly, the **{Begin Highly Confidential}** - [redacted] **{End Highly Confidential}** that this analysis tested is more optimistic than the *current* Goldman Sachs weighted EBITDA projection for Embarq and CenturyTel, which is -5.8% (it is -6.8 for Embarq alone). As I argue elsewhere, I believe that it is vital for the Commission to require the Applicants to perform much more rigorous analyses of a range of likely or reasonably possible outcomes. It appears fairly certain that if the -5.8% CAGR decline in EBITDA were applied to the combined firm, Embarq would be in violation of the bank lending covenants in 2009.

Q. In reviewing the purportedly Highly Confidential Documents, did you find any indication that either company focused on its liquidity?

A. Yes. **{Begin Highly Confidential}** [redacted] **{End Highly Confidential}** I thoroughly agree, and believe that the Commission should evaluate the combined companies' liquidity prospects after subjecting them to a serious sensitivity analysis.

V. Areas for In-Depth Commission Analysis

Q. You have mentioned the need for additional in-depth analysis by the Commission. Could you briefly describe what these areas might be?

A. In my opinion, the most important action for the Commission to take is to require the Applicants to update their projections to reflect the deteriorating economic environment and then subject those projections to a range of likely and reasonably possible scenarios. By running these kinds of sensitivity analyses, the Commission (as well as the Applicants and Interveners) will provide itself with the perspective it needs to determine how it should proceed in this case.

In short, the Commission should reject the wholly inadequate financial projections upon which the Applicants have built their arguments and require them to cooperate with the Commission and Interveners to develop a more realistic analysis of the combined companies' future prospects.

VI. Recommended Commission Action

Q. Based on your preliminary analysis of the proposed transaction, including the areas that you have urged the Commission to pursue in depth, what do you recommend?

A. I recommend that the PUC decline to approve this proposed transaction, based on the inadequate record, unrealistic projections, and inadequate protections against negative developments proposed by the Applicants.

Q. If the Commission disagrees with you, what do you recommend?

A. If the Commission believes it has an adequate record, then I recommend that the Commission condition its approval of the transaction to ensure the financial viability of the Pennsylvania operating company. Specifically, the new parent company (the "new"

1 CenturyTel) should be required to refrain from distributing earnings to shareholders until
2 and unless safeguards are in place to ensure that it has sufficient resources to perform its
3 primary function: providing high-quality, safe, and reliable service to its customers.
4 In my opinion, conditions should be designed to encourage the new combined
5 company to focus on its internal needs first before thinking about what its shareholders
6 might need. If the company is successful, shareholders will be rewarded soon enough. I
7 would encourage the creation of incentives for sufficient operational funding, adequate
8 maintenance and capital investments, and systematic debt reduction – all with appropriate
9 margins to withstand more adverse economic conditions.
10 Mechanically, I would suggest that the Commission explore two ratios for use in
11 this proceeding: the Payout Ratio and the Leverage Ratio.
12 While there are different definitions of a Payout Ratio, I would suggest defining it
13 as the proportion of Free Cash Flow (Net Income plus Depreciation and Amortization
14 less Capital Expenditures) represented by all payouts to shareholders (dividends and
15 share repurchases). A maximum Payout Ratio of 50% or lower would permit the
16 continuation of payments to shareholders while providing some assurances that sufficient
17 resources are available to ensure that unforseen or worse-than-expected negative
18 developments (line losses, increased broadband competition, longer/stronger economic
19 downturn) can be weathered.
20 The Leverage Ratio is very widely used in loan documents as a proxy for a
21 selected level of financial soundness. While it is often designed with special definitions
22 or adjustments, the Leverage Ratio is basically the proportion of Net Debt (typically long
23 term debt less cash) to EBITDA (earnings before interest taxes depreciation and

1 amortization). Currently, the companies' Leverage Ratios are in the 2.1 to 2.3 range.
2 Note that the RatingsDirect comment I cite above, suggest that if Embarq approached the
3 "high 2-x area" it might face a downgrade to below investment grade. I would suggest
4 that the Commission set a maximum Leverage Ratio of 3.0 times or lower, requiring the
5 Applicants to suspend payments to shareholders (dividends or share repurchases) if they
6 exceed the maximum.

7 **Q. Are you aware of any other instances where the regulators have imposed these types**
8 **of conditions?**

9 A. Yes, when CenturyTel purchased Madison River Communications in 2007, the Illinois
10 Commerce Commission required the Illinois operating company (Gallatin River
11 Communications) to meet several conditions. These included restrictions on its ability to
12 pay dividends to the parent company unless certain service quality standards were met,
13 and a requirement that CenturyTel maintain a restricted cash reserve equivalent to one
14 year Gallatin River's capital expenditures, solely for use by the Illinois company.[27]

15 In my opinion, these types of conditions are not sufficient because they apply only
16 to the operating company and not to the parent company. But they do recognize that
17 CenturyTel's highest priority must be the financial health and service needs of its
18 regulated operating companies. In my opinion, similar conditions would be appropriate
19 in this case, in addition to conditions on the parent company (as I discuss above). These
20 types of conditions ensure that the needs of the operating company and its customers
21 come first. Operating expenses and investment in capital improvements needed to

[27] Madison River Telephone Company, LLC, Ill. Commerce Commission Docket No. 07-0043, final order dated March 21, 2007.

1 provide safe and reliable service to customers must come before the payment of interest
2 and dividends to the parent company's investors.

3 **Q. Does this conclude your direct testimony?**

4 A. Yes, it does, based on the information that has been available to me as of approximately
5 February 4, 2009. If I receive additional information after that date, in Pennsylvania or
6 the other states with parallel proceedings, some of my opinions and analyses may change.

Illustrative Pro Forma Combined Results, 2008-2019: CenturyTel/Embarq

Based on Goldman Sachs Estimates and Other Calculations

($millions)	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E
Revenue*	$8,717	$8,203	$7,854	$7,571	$7,339	$7,143	$6,976	$6,838	$6,725	$6,631	$6,557	$6,501
EBITDA*	3,862	3,606	3,357	3,199	3,038	2,936	2,791	2,687	2,629	2,583	2,554	2,518
Interest*	607	594	591	586	580	579	579	584	590	590	590	589
Taxes*	970	858	742	669	597	583	561	534	539	551	586	611
Capex*	1,007	973	968	919	891	844	825	809	772	762	742	736
Dividends**	855	855	855	855	855	855	855	855	855	855	855	855
Cash Flow Before Special Items (including new borrowings, stock issues, debt repayment, etc)**	$423	$327	$201	$171	$116	$74	($29)	($94)	($127)	($174)	($219)	($273)

* Derived from combined CenturyTel and Embarq projections in "CenturyTel Model – Telecom Services – Wireline/Wireless" and "Embarq Model – Telecom Services – Wireline/Wireless," Goldman Sachs, January 2, 2009 (both)

** Author estimate or calculation

Note: While these models were updated well after the proposed merger was announced, no attempt is made by Goldman to project a combined entity, nor to account for transition/integration expenses or for any "synergies." The combined calculations presented here have been arithmetically combined by the author.

CenturyTel Projections for Embarq: 2008 - 2013

Impact on Model of One Month Change in Projections

August 2008 Versus July 2008

	Est	Pro Forma				
	2008E	2009	2010	2011	2012	2013
Access Lines (000)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Change from previous	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Revenues ($millions)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Change from previous	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Comment: This table demonstrates the impact of changes CenturyTel made to its projections for Embarq, from July 2008 actuals to August 2008 actuals. As can be seen, the deterioration of Embarq's access lines and revenues is exacerbated in subsequent years.

Source: Document labeled "Value v1 Adj Acceleration", 4(c)-2, dated September 18, 2008, page 1 compared to document labeled "Value V1", 4(c)-1, dated September 12, 2008

Extract from Embarq Document: "Financial stress test analysis"

Pine/Cedar	2008PF	2009E	2010E	2011E	2012E
Covenant:					
Total debt / EBITDA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBITDA / Net interest expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Base case at market rates					
...					
Total debt / EBITDA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% covenant cushion	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBITDA / Net interest expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% covenant cushion	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividend payout ratio	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Sensitivity: [redacted]					
PF EBITDA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total debt / EBITDA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% covenant cushion	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Leverage Cushion @ 3.25x:*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBITDA / Net interest expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% covenant cushion	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest cushion @3.0x:*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dividend payout ratio	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

*Added by author, applying Embarq's amended credit facility's Leverage and Interest Coverage ratios.

Note: Goldman Sachs projection for Embarq EBITDA for 2009-2012 is about -[redacted] the weighted Embarq/CenturyTel projected EBITDA is about -[redacted]

Source: JPMorgan, Pine Board meeting discussion materials, August 15, 2008, Embarq 4(c)-8, page 10

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the matter of the Joint Application of Frontier Communications Corporation, New Communications Holdings, Inc., and Verizon Communications, Inc. for Consent And Approval of a Change in Control	)))))	Case No. 09-454-TP-ACO

REBUTTAL TESTIMONY OF

DANIEL McCARTHY

ON BEHALF OF

FRONTIER COMMUNICATIONS CORPORATION

EXHIBIT DM-Reb -13

Frontier Communications
3 High Ridge Park
Stamford, CT 06905
203.614.5600
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FOR IMMEDIATE RELEASE

California, Nevada and South Carolina Approve Frontier's Acquisition of Verizon Wireline Operations in those States

STAMFORD, Conn., October 29, 2009 – Frontier Communications Corporation (NYSE: FTR) announced today that its pending acquisition of Verizon Communications' local wireline operations has received approvals from the California Public Utilities Commission, the Public Utilities Commission of Nevada, and the Public Service Commission of South Carolina. The transaction, announced May 13, 2009, includes Verizon's local exchange businesses in 14 states, including parts of California, and certain customer relationships for long distance services, broadband Internet access and broadband video.

This week, on October 27, 2009, Frontier's stockholders voted overwhelmingly to approve the merger agreement and related proposals.

Frontier has also received approvals from 10 of the 41 FiOS video franchise communities the company will serve in Washington state and Oregon. On September 1, 2009, the transaction received early termination of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

In addition to the remaining local franchise approvals and the approvals of six other states, the Federal Communications Commission (FCC) must approve certain license transfers as well. The FCC review is in process.

"We are very pleased with obtaining these key approvals," said Maggie Wilderotter, Chairman and CEO of Frontier Communications. "Upon receipt of the remaining approvals necessary for closing the transaction, Frontier will be ready to deliver terrific products and services to our new customers. The new Frontier will have a strong balance sheet enabling us to upgrade broadband in many of these communities and to deliver an excellent customer experience. Financially, the transaction will result in lower leverage, operating flexibility, and greater cash flow generation, all of which should enable Frontier to achieve an investment grade credit rating," she added.

After the transaction, Frontier will have approximately 7 million access lines in 27 states, 8.6 million voice and broadband connections, and approximately 16,000 employees, based on data as of December 31, 2008. The transaction is still expected to close during the second quarter of 2010.

About Frontier Communications

Frontier Communications Corporation (NYSE: FTR) is a full-service communications provider and one of the largest local exchange telephone companies in the country serving rural areas and small and medium-sized towns and cities. Frontier is included in the S&P 500 Index. Frontier Communications offers telephone, television and Internet services, including wireless Internet data access, as well as bundled offerings, specialized bundles for small businesses and home offices, and data security solutions. Additional information about Frontier is available at www.frontier.com.

Forward-Looking Language

This press release contains forward-looking statements that are made pursuant to the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. These statements are made on the basis of management's views and assumptions regarding future events and business performance. Words such as "believe," "anticipate," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) involve risks and uncertainties that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. These risks and uncertainties are based on a number of factors, including but not limited to: Our ability to complete the acquisition of access lines from Verizon; the failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals for the Verizon transaction; the failure to receive the IRS ruling approving the tax-free status of the Verizon transaction; the ability to successfully integrate the Verizon operations into Frontier's existing operations; the effects of increased expenses due to activities related to the Verizon transaction; the ability to migrate Verizon's West Virginia operations from Verizon owned and operated systems and processes to Frontier owned and operated systems and processes successfully; the risk that the growth opportunities and cost synergies from the Verizon transaction may not be fully realized or may take longer to realize than expected; the sufficiency of the assets to be acquired from Verizon to enable us to operate the acquired business; disruption from the Verizon transaction making it more difficult to maintain relationships with customers, employees or suppliers; the effects of greater than anticipated competition requiring new pricing, marketing strategies or new product or service offerings and the risk that we will not respond on a timely or profitable basis; reductions in the number of our access lines and High-Speed Internet subscribers; our ability to sell enhanced and data services in order to offset ongoing declines in revenue from local services, switched access services and subsidies; the effects of ongoing changes in the regulation of the communications industry as a result of federal and state legislation and regulation; the effects of competition from cable, wireless and other wireline carriers (through voice over internet protocol (VOIP) or otherwise); our ability to adjust successfully to changes in the communications industry and to implement strategies for improving growth; adverse changes in the credit markets or in the ratings given to our debt securities by nationally accredited ratings organizations, which could limit or restrict the availability, or increase the cost, of financing; reductions in switched access revenues as a result of regulation, competition and/or technology substitutions; 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; changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles or regulators; our ability to effectively manage our operations, operating expenses and capital expenditures, to pay dividends and to repay, reduce or refinance our debt; the effects of bankruptcies and home foreclosures, which could result in increased bad debts; the effects of technological changes and competition on our capital expenditures and product and service offerings, 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; 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; declines in the value of our pension plan assets, which could require us to make contributions to the pension plan beginning no earlier than 2010; our ability to pay dividends in respect of our common shares, which may be affected by our cash flow from operations, amount of capital expenditures, debt service requirements, cash paid for income taxes and our liquidity; 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 or other severe weather. These and other uncertainties related to our business are described in greater detail in our filings with the Securities and Exchange Commission, including our reports on Forms 10-K and 10-Q, and the foregoing information should be read in conjunction with these filings. We do not intend to update or revise these forward-looking statements to reflect the occurrence of future events or circumstances.

Additional Information and Where to Find It

This filing is not a substitute for the definitive prospectus/proxy statement included in the Registration Statement on Form S-4 that Frontier filed, and the SEC has declared effective, in connection with the proposed transactions described in the definitive prospectus/proxy statement. INVESTORS ARE URGED TO READ THE DEFINITIVE PROSPECTUS/PROXY STATEMENT BECAUSE IT CONTAINS IMPORTANT INFORMATION, INCLUDING DETAILED RISK FACTORS. The definitive prospectus/proxy statement and other documents filed or to be filed by Frontier with the SEC are or will be available free of charge at the SEC's website, www.sec.gov, or by directing a request when such a filing is made to Frontier, 3 High Ridge Park, Stamford, CT 06905-1390, Attention: Investor Relations.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Frontier's stockholders approved the proposed transactions on October 27, 2009, and no other vote of the stockholders of Frontier or Verizon is required in connection with the proposed transactions.

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BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the matter of the Joint Application of	)	
Frontier Communications Corporation,	)	
New Communications Holdings, Inc., and	)	Case No. 09-454-TP-ACO
Verizon Communications, Inc. for Consent	)	
And Approval of a Change in Control	)	

REBUTTAL TESTIMONY OF

DANIEL McCARTHY

ON BEHALF OF

FRONTIER COMMUNICATIONS CORPORATION

EXHIBIT DM-Reb -14

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

Case No. 09-454-TP-ACO

- -
In the Matter of the Application of Frontier)
Communications Corporation, New)
Communications Holdings, Inc. and Verizon)
Communications, Inc. for Consent and Approval)
of a Change in Control)
- -

DEPOSITION OF: SUSAN M. BALDWIN
DATE TAKEN: OCTOBER 28, 2009
SHERATON
BRADLEY INTERNATIONAL AIRPORT
BRADLEY BOARD ROOM
WINDSOR LOCKS, CT

Reporter: KATHLEEN S. NORTON, RPR, LSR #105

BRANDON SMITH REPORTING & VIDEO, LLC

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1 I'll turn it over to others to ask questions.
2 I'm on page 110 of your testimony,
3 specifically your discussion about DSL deployment in
4 Ohio and your recommendations. As I understand your
5 response to the question that starts on line four and
6 the answer starts on line five, based on your review
7 of FCC reports the percentage of lines that have DSL
8 availability in Ohio is approximately 85 percent?
9 A. Yes.
10 Q. And it's your understanding that Frontier
11 is currently offering DSL services to about 85 percent
12 of its 600 customers in Ohio?
13 A. Yes.
14 Q. With respect to Verizon, it's your
15 understanding that Verizon has made DSL available to a
16 lower percentage of customers?
17 A. Yes. And I specifically refer to a public
18 number from the deposition.
19 Q. On line 12 and 13, and I will just read
20 your testimony. You say, "I estimate that between 110
21 million and 220 million are required to complete
22 broadband deployment in this transaction Ohio service
23 area;" is that correct?
24 A. Yes.
25 Q. You have not undertaken any kind of

1 specific cost study looking at routes or facilities
2 that would need to be deployed to provision high speed
3 Internet or broadband in Verizon serviced territory?
4 A. Correct.
5 Q. And your estimate there of 110 to
6 220 million, that's just based on an average cost per
7 line of between $500 and $1,000?
8 A. Yes.
9 Q. And as part of your view in this case, have
10 you looked at the cost model that Frontier has
11 produced that identifies what it projects it would
12 cost to achieve an 85 percent broadband availability
13 target in Ohio?
14 A. No.
15 Q. So you have no way of comparing what
16 Frontier's estimates for Ohio are versus the 110 to
17 220 million estimate that you identified here?
18 A. Correct.
19 Q. Over on the bottom of page 114, carrying
20 over to 115, you identify a condition, I guess, with
21 some milestones as far as broadband or DSL
22 availability. Do you see that?
23 A. Yes, I do.
24 Q. As I understand what you're proposing is
25 that within one year after the transaction close date,

1 75 percent of the lines in the territory should be
2 capable of serving DSL at 3 megabits or higher?
3 A. Yes.
4 Q. And you haven't undertaken any analysis
5 from an engineering or network configuration
6 standpoint to assess the feasibility of being able to
7 achieve 75 percent availability within 12 months?
8 A. Correct.
9 Q. Similarly, your condition two on the top of
10 the next page is within two years of the transaction
11 close 90 percent of the lines in the territory should
12 be 3 percent DSL, 3 megabit DSL service availability,
13 and that 75 of the lines should, in fact, be 5 megabit
14 service availability; is that correct?
15 A. Yes.
16 Q. Again, you haven't undertaken any kind of
17 analysis or determination of what would be required
18 from a network perspective to actually achieve those
19 targets?
20 A. No.
21 Q. And then, lastly, within three years of the
22 transaction date 100 percent of the lines in the
23 territory should be capable of 5 megabits DSL service
24 and 85 percent should be capable of 7 megabits DSL
25 service. Do you see that?

1 A. Yes.
2 Q. What is -- where or how did you come up
3 with, I guess these tiers, as far as the speeds and
4 the availability that would, in your opinion, should
5 be required in Ohio?
6 A. The recommendations are based on providing
7 measurable milestones to be met to ensure that
8 consumers receive benefits to offset some of the risks
9 should the transaction occur.
10 Q. Do you have any understanding with respect
11 to where AT&T's broadband deployment availability at
12 these speeds are in Ohio today?
13 A. No.
14 Q. Are you aware of any ILEC of any size that
15 is achieving these levels of broadband deployment in a
16 state?
17 A. The goals are in the future. I'm not privy
18 to any ILECs broadband deployment state for other
19 jurisdictions so what their plans are for the next
20 three years I would have no way of knowing.
21 Q. My question is really are you aware of any
22 ILEC today that is meeting the standard that you have
23 outlined here?
24 A. Again, not to quibble, the standards are
25 future forward-looking standards, so I wouldn't have a

1 way of knowing whether any ILECs are on track to meet
2 these standards.
3 Q. So let me just rephrase my question to make
4 sure we're clear. The last benchmark, item three here
5 that you identified is that for Frontier in Ohio
6 you're proposing that we have 100 percent of the lines
7 capable of 5 megabits DSL service in three years, and
8 that 85 percent of the lines are 7 megabits DSL
9 service. My question is today are you aware of any
10 ILEC that has 100 percent of its lines at 5 megabits
11 of DSL service and then 85 percent of its lines at
12 7 megabits DSL service?
13 A. No.
14 Q. On the bottom of page 118, you talk about,
15 I guess, a service quality incentive plan with a
16 penalty structure, specifically line 20 is your
17 question. Your answer starts on 21 and then carries
18 over to the second page.
19 "The penalty structure," and I'm reading the
20 first line there, "would include a $7,500 fine per
21 percentage point missed for each benchmark for an
22 overall limit of $12.5 million per year."
23 Do you see that?
24 A. Yes, I do.
25 Q. Is your proposal that if Frontier missed

BEFORE THE PUBLIC UTITLITES COMMISSION OF OHIO

IN THE MATTER OF THE)
JOINT APPLICATION OF)
FRONTIER COMMUNICATIONS) Case No.
CORPORATION, NEW) 09-454-TP-ACO
COMMUNICATIONS INC. FOR)
CONSENT AND APPROVAL OF)
A CHANGE IN CONTROL.)

DEPOSITION OF

TREVOR R. ROYCROFT, PH.D.

Taken at the offices of
THOMPSON HINE, LLP
41 South High Street, Suite 1700
Columbus, Ohio 43215-6101

on October 29, 2009, at 10:03 a.m.

Reported by: Sara S. Clark, RPR/CRR/CCP/CBC

-=0=-

1 service available.
2 A. Yes.
3 Q. Is that correct?
4 Are you aware of any national ILEC in
5 the country that is currently achieving these
6 levels of broadband availability at these
7 speeds?
8 A. Currently, no, but this is an objective
9 for the end of 2013.
10 Q. So have you undertaken any kind of
11 review or analysis of the feasibility and cost
12 of achieving this objective for Ohio?
13 A. No, I haven't, but my familiarity with
14 the technology and the cost associated with the
15 technologies that are needed indicates that,
16 given the synergy sharing that I have
17 identified, as well as the funds for network
18 improvement that I've identified. I believe
19 that these type of objectives are not beyond
20 Frontier's capabilities.
21 MR. SAVILLE: I think what I'd like to
22 do at this point if we could maybe just take
23 five minutes, Chris and I can talk. I may be
24 done here and then we can figure out where we're

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the matter of the Joint Application of	)	
Frontier Communications Corporation,	)	
New Communications Holdings, Inc., and	)	Case No. 09-454-TP-ACO
Verizon Communications, Inc. for Consent	)	
And Approval of a Change in Control	)	

REBUTTAL TESTIMONY OF

DANIEL McCARTHY

ON BEHALF OF

FRONTIER COMMUNICATIONS CORPORATION

EXHIBIT DM-Reb -15

Americas: Telecom Services

FTR acquires VZ lines: VZ aims for growth, FTR targets synergies

News: FTR announces acquisition of VZ spinoff lines

This morning, FTR announced an acquisition of 4.8 mn access lines from VZ for $8.6 bn ($3.33 bn in cash/debt; $5.25 bn in shares). Based on the conversion price collar ($7.00-$8.50), FTR will own between 29% and 34% of the pro forma company. Per pro forma numbers from FTR, this implies a 4.5X EV/EBITDA multiple and 2.6X leverage. FTR expects the deal to close in 12 months (FCC/10 state/ shareholder approvals), FCF accretion in year 2, and plans to cut its annual dividend to $0.75 at deal close (from $1.00 now).

Deal analysis

Based on FTR's FCF, synergy guidance ($500 mn, 21% of acquired opex) and the expected dividend cut, this deal would imply a pro forma FCF payout of 43% post-synergies (52% pre-synergies). This is a reduction from stand-alone FTR's current 65% payout based on a $1.00 dividend (would be 49% payout on a comparable $0.75 dividend). Line loss trends and broadband penetration at VZ acquired assets benchmark below FTR core trends, so operational upside exists.

Given the acquirer/acquiree size and scale relationship, a precedent deal here would be CTL's acquisition of the more urban EQ, which CTL expects to yield opex synergies of about 9% of EQ's opex (vs. 21% for this deal). FTR has a strong management team, in our view, which is important here given the execution and regulatory risks that surfaced in prior VZ spins (*Hawaii, Idearc, Fairpoint*).

Industry implications

RLECs – More consolidation, but now most have made their moves: The three most logical consolidators among the RLECs have all made moves, with CTL and FTR going for much larger deals, while WIN has opted for the smaller deal. *In this respect, we believe a sale of Qwest's* ILEC business (following press reports of potential asset sales) is of low probability, as the logical acquirers have all made moves already.

VZ – Great progress in refocusing the business on core wireless/FiOS/enterprise: Pro forma for the deal, Verizon's 2010 wireless revenue exposure increases nearly 250 bp to 47% (proportionate for VOD stake). Assuming it is completed, this deal would tweak Verizon's revenue model away from businesses in secular declines, and should benefit the revenue and EBITDA growth profile for the company.

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Frontier / Verizon pro forma financial and operational analysis

Exhibit 1: Frontier pro forma financials (analysis per company guidance)

Data as of 2008YE ($millions)	SpinCo	FTR	Pro forma	Comments
Deal price (EV)	$8,580			$3.3bn in debt/cash; $5.25bn in shares
Revenues	$4,287	$2,237	$6,524	
EBITDA	$1,918	$1,214	$3,132	
Margins	*44.7%*	*54.3%*	*48.0%*	
EBITDA post synergies	$2,418	$1,214	$3,632	
EV/EBITDA	**4.5x**			
EV/EBITDA post synergies	**3.5x**			
FCF	$930	$493	$1,423	
Opex synergies			$500	
FCF payout post synergies (taxed)			**$1,733**	
Net debt	$3,333	$4,547	$8,005	Includes $125mn in integration costs financing
Net debt/EBITDA	**1.7x**	**3.8x**	**2.6x**	
Net debt/EBITDA post synergies			**2.2x**	
Shares	684	312	989	Assuming midpoint of collar
Dividends			$0.75	
FCF payout		**65%**	**52%**	
FCF payout (post synergies)			**43%**	
Ownership post deal	**68%**	**32%**		Assuming midpoint of collar

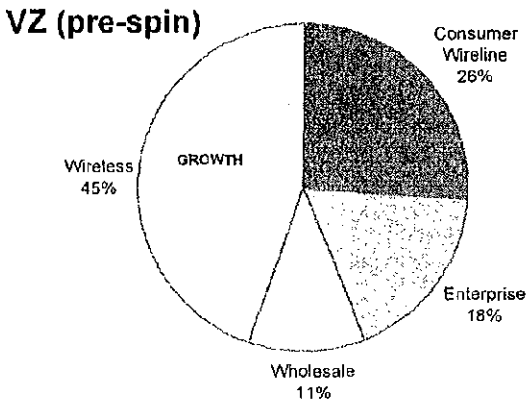
Source: Company data, Goldman Sachs Research estimates.

Exhibit 2: Verizon / Frontier pre- and post-spin operational metrics (analysis per company guidance)

Data as of 2008YE (in 000s)	Current Verizon	SpinCo	VZ post-spin	Legacy FTR
Access lines	**36,161**	**4,791**	**31,370**	**2,254**
YoY access line decline rate	-9.3%	-10.2%	NM	-7.2%
Broadband subs	**8,673**	**1,001**	**7,672**	**580**
Broadband penetration of total access lines	24.0%	20.9%	24.5%	25.7%
% of access lines broadband enabled	NA	About 60%	NA	92%
FTTN homes passed (assume total Video + Internet)	**12,700**	**600**	**12,100**	NA
FiOS Internet subs	2,481	110	2,371	NA
FiOS Internet penetration of FTTN homes	19.5%	18.3%	19.6%	NA
FiOS Video subs	**1,918**	**69**	**1,849**	NA
FiOS Video penetration of FTTN homes	15.1%	11.5%	15.3%	NA

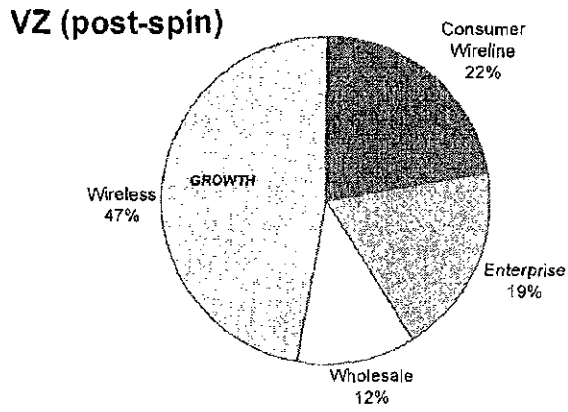
Source: Company data, Goldman Sachs Research estimates.

Exhibit 3: Following the announced spin of 4.8 mn access lines to Frontier, Verizon's 2010 wireless revenue exposure (proportionate for VOD stake) would increase from 45% to 47%...
Verizon 2010 revenue breakout, pre line spinoff to Frontier



Source: Company data, Goldman Sachs Research estimates.

Exhibit 4: ...while its exposure to the declining Consumer Wireline segment would decline from 26% to 22%
Verizon 2010 revenue breakout, post line spinoff to Frontier



Source: Company data, Goldman Sachs Research estimates.

Reg AC

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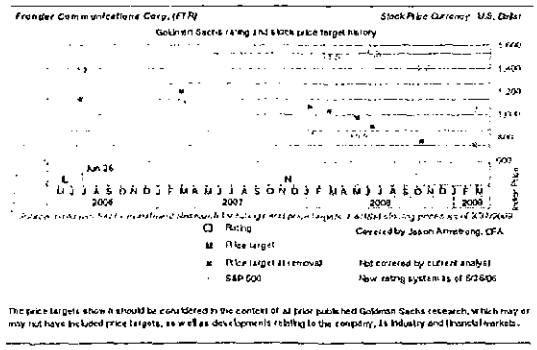

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Table of Contents

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File No. 333-160789

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MERGER PROPOSED—YOUR VOTE IS VERY IMPORTANT

Dear Fellow Stockholders:

As previously announced, the board of directors of Frontier Communications Corporation, referred to as Frontier, has unanimously approved a merger that will combine Frontier with New Communications Holdings Inc., referred to as Spinco, a newly formed subsidiary of Verizon Communications Inc., referred to as Verizon. Immediately prior to the merger, Spinco (1) will hold defined assets and liabilities of the local exchange business and related landline activities of Verizon in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, West Virginia and Wisconsin, and in portions of California bordering Arizona, Nevada and Oregon, collectively referred to as the Spinco territory, including Internet access and long distance services and broadband video provided to designated customers in the Spinco territory, collectively referred to as the Spinco business, and (2) will be spun off to Verizon stockholders. The merger will result in Frontier acquiring approximately 4.8 million access lines (assuming the transactions were consummated on December 31, 2008) and certain related business assets from Verizon. Pursuant to the Agreement and Plan of Merger, dated as of May 13, 2009, as amended, by and among Verizon, Spinco and Frontier, referred to as the merger agreement, Spinco will merge with and into Frontier, and Frontier will survive as the combined company conducting the combined business operations of Frontier and Spinco. The merger will take place immediately after Verizon contributes the Spinco business to Spinco and distributes the common stock of Spinco to a third-party distribution agent for the benefit of Verizon stockholders. Following the merger, the separate existence of Spinco will cease and the combined company will continue to operate under the Frontier name and its common stock will continue to be listed on the New York Stock Exchange and traded under the ticker symbol "FTR." Frontier's current management team will continue to manage the combined company after the merger and nine of Frontier's twelve board members will continue as members of the board of the combined company.

Pursuant to the merger agreement, Frontier will issue an aggregate number of shares of its common stock to Verizon stockholders equal to (1) $5,247,000,000, divided by (2) the average of the volume-weighted averages of the trading prices of Frontier common stock for the 30 consecutive trading days ending on the third trading day before the closing of the merger, referred to as the Frontier average price. **The aggregate number of shares of Frontier common stock to be issued pursuant to the merger agreement will therefore change depending on the Frontier average price, and will not be known until the closing of the merger**. However, the merger agreement provides that if the Frontier average price, as calculated, exceeds $8.50, then the Frontier average price will be $8.50, and if the Frontier average price, as calculated, is less than $7.00, then the Frontier average price will be $7.00. Additionally, the dollar amount referred to in clause (1) above is subject to increase by any amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain governmental approvals in the Spinco territory that are required to complete the merger or the spin-off. As a result, the number of shares of Frontier common stock issuable pursuant to the merger agreement may increase, and any such increase could be significant.

Depending on the trading prices of Frontier common stock prior to the closing of the merger, Verizon stockholders will collectively own between approximately 66% and 71% of the combined company's outstanding equity immediately following the closing of the merger, and Frontier stockholders will collectively own between approximately 29% and 34% of the combined company's outstanding equity immediately following the closing of the merger (in each case, before accounting for the elimination of fractional shares and any amounts paid, payable or forgone by Verizon related to governmental approvals, as described above).

For a more complete discussion of the calculation of the number of shares of Frontier common stock to be issued pursuant to the merger agreement, see the section entitled "The Transactions—Calculation of Merger Consideration" on page 44 of this proxy statement/prospectus. Existing shares of Frontier common stock will remain outstanding after the merger. Verizon will not receive any shares of Frontier common stock in the merger. In connection with the spin-off, Verizon will receive from Spinco $3.333 billion in aggregate value in the form of a special cash payment, a reduction in the consolidated indebtedness of Verizon as a result of pre-existing long-term indebtedness to third parties

Table of Contents

(which may include current maturities) of Verizon subsidiaries that conduct the Spinco business becoming the consolidated indebtedness of Spinco as a result of the spin-off (and, as a result of the merger, becoming part of the consolidated indebtedness of the combined company) and, in certain circumstances, senior unsecured debt securities of Spinco.

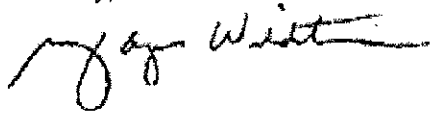
We cordially invite you to attend the special meeting of Frontier stockholders to be held on October 27, 2009 at our offices at 3 High Ridge Park, Stamford, CT 06905, at 9:00 a.m., local time. At the special meeting, we will ask you to consider and vote on proposals, which we refer to as the merger proposals, to adopt the merger agreement, amend Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock and approve the issuance of Frontier common stock pursuant to the merger agreement. **Frontier's Board of Directors has unanimously approved the merger agreement and the merger and unanimously recommends that Frontier stockholders vote FOR the merger proposals.** The approval of each of the merger proposals is conditioned upon the approval of each of the other merger proposals.

Your vote is very important, regardless of the number of shares you own. We cannot complete the merger unless all of the merger proposals are approved by Frontier stockholders at the special meeting (and the other conditions to the closing of the merger have been satisfied). Only stockholders who owned shares of Frontier common stock at the close of business on September 14, 2009 will be entitled to vote at the special meeting. **Whether or not you plan to be present at the special meeting, please complete, sign, date and return your proxy card in the enclosed envelope, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card.** If you hold your shares in "street name," you should instruct your broker how to vote your shares in accordance with your voting instruction form. If you do not submit your proxy by completing, signing, dating and returning the enclosed proxy card by mail, by calling the toll-free telephone number or by using the Internet as described in the proxy card, or if you do not instruct your broker how to vote your shares or vote in person at the special meeting, it will have the same effect as a vote against the adoption of the merger agreement and the amendment of Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock (though it will have no effect on the vote to approve the issuance of Frontier common stock pursuant to the merger agreement), and may result in the failure to establish a quorum for the special meeting.

This proxy statement/prospectus explains the merger, the merger agreement and the transactions contemplated thereby and provides specific information concerning the special meeting. **Please review this document carefully. You should carefully consider, before voting, the matters discussed under the heading "Risk Factors" beginning on page 24 of this proxy statement/prospectus. On or about September 21, 2009, Frontier will begin mailing to its stockholders this proxy statement/prospectus and the accompanying proxy card.**

On behalf of our board of directors, I thank you for your support and appreciate your consideration of this matter.

Cordially,



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

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger described in this proxy statement/prospectus or the Frontier common stock to be issued pursuant to the merger agreement, or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this proxy statement/prospectus is September 16, 2009.

Table of Contents

3 High Ridge Park, Stamford, CT 06905
(203) 614-5600

September 16, 2009

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held October 27, 2009

To the Stockholders of
FRONTIER COMMUNICATIONS CORPORATION:

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of Frontier Communications Corporation will be held at 3 High Ridge Park, Stamford, CT 06905, on Tuesday, October 27, 2009, at 9:00 a.m., local time, for the following purposes:

(1) To adopt the Agreement and Plan of Merger, dated as of May 13, 2009, as amended by Amendment No. 1 thereto, dated as of July 24, 2009, referred to as the merger agreement, by and among Verizon Communications Inc., referred to as Verizon, New Communications Holdings Inc., referred to as Spinco, and Frontier Communications Corporation, referred to as Frontier, pursuant to which Spinco will merge with and into Frontier, after which Frontier will survive as the combined company conducting the combined business operations of Frontier and Spinco;

(2) To amend the Restated Certificate of Incorporation of Frontier, as amended, to increase the number of authorized shares of Frontier common stock from 600,000,000 to 1,750,000,000;

(3) To approve the issuance of Frontier common stock pursuant to the merger agreement; and

(4) To transact any other business that may properly be brought before the special meeting or any adjournment or postponement of the special meeting.

Proposals (1) through (3) above are collectively referred to as the merger proposals.

Frontier's board of directors, referred to as the Frontier board, fixed the close of business on September 14, 2009 as the record date for determining stockholders entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting. At the close of business on September 14, 2009, there were 312,326,280 shares of Frontier common stock entitled to vote at the special meeting. A complete list of stockholders entitled to vote at the special meeting will be open to the examination of stockholders on the meeting date and for a period of ten days prior to the special meeting at Frontier's offices at 3 High Ridge Park, Stamford, Connecticut 06905, during ordinary business hours.

THE FRONTIER BOARD HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND THE MERGER AND UNANIMOUSLY RECOMMENDS THAT FRONTIER STOCKHOLDERS VOTE FOR THE MERGER PROPOSALS. STOCKHOLDER APPROVAL OF EACH MERGER PROPOSAL IS NECESSARY TO EFFECT THE MERGER. THE APPROVAL OF EACH OF THE MERGER PROPOSALS IS CONDITIONED UPON THE APPROVAL OF EACH OF THE OTHER MERGER PROPOSALS.

Whether or not you plan to attend the special meeting, please complete, sign, date and return the accompanying proxy card promptly or authorize the individuals named on your proxy card to vote your shares by calling the toll-free number or by using the Internet as described in the instructions included with your proxy card, so that your shares may be represented and voted at the special meeting. A return envelope is enclosed for your convenience.

By Order of the Board of Directors

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

Table of Contents

WHERE YOU CAN FIND ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates additional information about Frontier that is not included in or delivered with this proxy statement/prospectus. Copies of Frontier's filings with the Securities and Exchange Commission, referred to as the SEC, are available to Frontier stockholders without charge by request made to Frontier in writing, by telephone or by e-mail with the following contact information or through Frontier's website at www.frontier.com:

Frontier Communications Corporation
Attn: Investor Relations Department
3 High Ridge Park
Stamford, Connecticut 06905
Telephone: (866) 491-5249
E-mail: frontier@frontiercorp.com

To ensure timely delivery, Frontier stockholders must request the information no later than October 20, 2009.

Frontier stockholders who have questions about the merger, the special meeting or any other matter described in this proxy statement/prospectus should contact:

Frontier Communications Corporation
Attn: Investor Relations Department
3 High Ridge Park
Stamford, Connecticut 06905
Telephone: (866) 491-5249
E-mail: frontier@frontiercorp.com

Frontier stockholders who need assistance in voting their shares or need a copy of this proxy statement/prospectus should contact:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, New York 10016
Call Collect: (212) 929-5500
Toll-Free: (800) 322-2885
E-mail: proxy@mackenziepartners.com

Verizon stockholders who have questions regarding the spin-off, the merger or any other matter described in this proxy statement/prospectus should contact:

Investor Relations
Verizon Communications Inc.
One Verizon Way
Basking Ridge, NJ 07920
Telephone: (212) 395-1525

Frontier makes available on its website at www.frontier.com its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to these reports as soon as reasonably practicable after it files these materials with, or furnishes these materials to, the SEC. Frontier's filings with the SEC are available to the public over the Internet at the SEC's website at www.sec.gov, or at the SEC's public reference room located at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

Unless the context otherwise requires, references in this proxy statement/prospectus to Frontier mean Frontier Communications Corporation, together with its subsidiaries, and references to Verizon mean Verizon Communications Inc., together with its subsidiaries. Neither Cellco Partnership doing business as Verizon Wireless, referred to as Cellco, nor any of its subsidiaries is deemed to be a subsidiary or an affiliate of Verizon for purposes of the distribution agreement or the merger agreement.

ALL INFORMATION CONTAINED IN THIS PROXY STATEMENT/PROSPECTUS WITH RESPECT TO VERIZON OR SPINCO AND THEIR RESPECTIVE SUBSIDIARIES HAS BEEN PROVIDED BY VERIZON. ALL OTHER INFORMATION CONTAINED IN THIS PROXY STATEMENT/PROSPECTUS, INCLUDING PRO FORMA INFORMATION, HAS BEEN PROVIDED BY FRONTIER.

TABLE OF CONTENTS

	Page
QUESTIONS AND ANSWERS	1
SUMMARY	10
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF FRONTIER	16
SELECTED HISTORICAL COMBINED FINANCIAL DATA OF VERIZON'S SEPARATE TELEPHONE OPERATIONS	18
SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION	20
COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA	21
HISTORICAL MARKET PRICE AND DIVIDEND DATA OF FRONTIER COMMON STOCK	22
RISK FACTORS	24
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	37
THE SPECIAL MEETING	39
THE TRANSACTIONS	42
MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE SPIN-OFF AND THE MERGER	76
THE TRANSACTION AGREEMENTS	80
FINANCING OF THE COMBINED COMPANY	109
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	112
DESCRIPTION OF THE BUSINESS OF THE COMBINED COMPANY	155
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION	171
MANAGEMENT OF THE COMBINED COMPANY	181
COMPENSATION OF EXECUTIVE OFFICERS OF THE COMBINED COMPANY	185
EXECUTIVE COMPENSATION OF FRONTIER	186
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS AND EXECUTIVE OFFICERS OF FRONTIER	204
DESCRIPTION OF CAPITAL STOCK OF FRONTIER AND THE COMBINED COMPANY	206
DESCRIPTION OF SPINCO CAPITAL STOCK	210
COMPARISON OF THE RIGHTS OF STOCKHOLDERS BEFORE AND AFTER THE TRANSACTIONS	212
CERTAIN ANTI-TAKEOVER EFFECTS OF VARIOUS PROVISIONS OF DELAWARE LAW AND FRONTIER'S RESTATED CERTIFICATE OF INCORPORATION, BY-LAWS AND RIGHTS PLAN	213
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	217
LEGAL MATTERS	218
EXPERTS	218
INDEX — FINANCIAL STATEMENTS	F-1

ANNEXES

Annex A-1—Form of Amended Agreement and Plan of Merger

Annex A-2—Form of Amended Distribution Agreement

Annex B-1—Opinion of Evercore Group L.L.C.

Annex B-2—Opinion of Citigroup Global Markets Inc.

Table of Contents

QUESTIONS AND ANSWERS

Q: **What are Frontier stockholders being asked to vote on at the special meeting?**

A: Frontier stockholders are being asked to consider and vote on proposals, referred to as the merger proposals, to adopt the merger agreement, amend Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock and approve the issuance of Frontier common stock pursuant to the merger agreement. Approval of each of the merger proposals by Frontier stockholders is required for the completion of the merger. The approval of each of the merger proposals is conditioned upon the approval of each of the other merger proposals, and the merger will not occur unless all of the merger proposals are approved.

Q: **When and where is the special meeting of Frontier stockholders?**

A: The special meeting of Frontier stockholders will be held at 9:00 a.m., local time, on Tuesday, October 27, 2009, at 3 High Ridge Park, Stamford, CT 06905.

Q: **Who can vote at the special meeting of Frontier stockholders?**

A: Holders of Frontier common stock can vote their shares at the special meeting if they are holders of record of those shares at the close of business on September 14, 2009, the record date for the special meeting.

Q: **What vote is required to approve each proposal?**

A: The proposal to adopt the merger agreement and the proposal to amend Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock each require the affirmative vote of holders of a majority of the outstanding shares of Frontier common stock entitled to vote on the proposal. The proposal to approve the issuance of shares of Frontier common stock pursuant to the merger agreement requires the affirmative vote of a majority of the votes cast on the proposal by holders of Frontier common stock entitled to vote on that proposal. However, the approval of each of the merger proposals is conditioned upon the approval of each of the other merger proposals, and the merger will not occur unless all of the merger proposals are approved.

Q: **How do Frontier stockholders vote?**

A: Frontier stockholders may submit a proxy to vote before the special meeting in one of the following ways:

- calling the toll-free number shown on the proxy card to submit a proxy by telephone;
- visiting the website shown on the proxy card to submit a proxy via the Internet; or
- completing, signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

Frontier stockholders may also vote in person by attending the special meeting and voting their shares.

Q: **If a Frontier stockholder is not going to attend the special meeting, should the stockholder return his or her proxy card or otherwise vote his or her shares?**

A: Yes. Completing, signing, dating and returning the proxy card by mail or submitting a proxy by calling the toll-free number shown on the proxy card or submitting a proxy by visiting the website shown on the proxy card ensures that the stockholder's shares will be represented and voted at the special meeting, even if the stockholder is unable to or does not attend.

Table of Contents

Q: **If a Frontier stockholder's shares are held in "street name" by his or her broker, will the broker vote the shares for the stockholder?**

A: A broker will vote a stockholder's shares only if the stockholder provides instructions to the broker on how to vote. Stockholders should follow the directions provided by their brokers regarding how to instruct the broker to vote their shares. Without instructions, the shares will not be voted, which will have the effect of a vote against the adoption of the merger agreement and the amendment of Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock (though it will have no effect on the vote to approve the issuance of Frontier common stock pursuant to the merger agreement), and may result in the failure to establish a quorum for the special meeting.

Q: **Can Frontier stockholders change their vote?**

A: Yes. Holders of record of Frontier common stock who have properly completed and submitted their proxy card or proxy by telephone or Internet can change their vote in any of the following ways:

- sending a written notice to the corporate secretary of Frontier that is received prior to the special meeting stating that the stockholder revokes his or her proxy;
- properly completing, signing and dating a new proxy card bearing a later date and properly submitting it so that it is received prior to the special meeting;
- visiting the website shown on the proxy card and submitting a new proxy in the same manner that the stockholder would to submit his or her proxy via the Internet or by calling the toll-free number shown on the proxy card to submit a new proxy by telephone; or
- attending the special meeting in person and voting their shares.

Simply attending the special meeting will not revoke a proxy.

A Frontier stockholder whose shares are held in "street name" by his or her broker and who has directed that person to vote his or her shares should instruct that person in order to change his or her vote.

Q: **What if Frontier stockholders do not vote or abstain from voting?**

A: If a holder of Frontier common stock fails to submit his or her proxy or vote his or her shares or fails to instruct his or her broker or other nominee how to vote on the proposals to adopt the merger agreement and to amend Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock, that failure will have the same effect as a vote against those proposals. If a holder of Frontier common stock fails to submit his or her proxy or vote his or her shares or fails to instruct his or her broker or other nominee how to vote on the proposal to issue shares of Frontier common stock pursuant to the merger agreement, that failure will have no effect on that proposal, assuming a quorum is present at the special meeting.

Holders of Frontier common stock who submit proxy cards but do not indicate how they want to vote on a particular proposal will have their proxies counted as votes in favor of that proposal.

Q: **Does the Frontier board support the merger?**

A: Yes. The Frontier board has unanimously approved the merger agreement and the merger and unanimously recommends that Frontier stockholders vote FOR the merger proposals.

Q: **What should Frontier stockholders do now?**

A: After carefully reading and considering the information contained in this proxy statement/prospectus, Frontier stockholders should submit a proxy by mail, via the Internet or by telephone to vote their shares as

soon as possible so that their shares will be represented and voted at the special meeting. Frontier stockholders should follow the instructions set forth on the enclosed proxy card or on the voting instruction form provided by the record holder if their shares are held in the name of a broker or other nominee.

Q: **What are the transactions described in this proxy statement/prospectus?**

A: References to the "transactions" are to the spin-off, the merger and the related transactions to be entered into by Verizon, Spinco and Frontier, including their respective affiliates, as described under "The Transactions" and elsewhere in this proxy statement/prospectus.

Q: **What will happen in the spin-off?**

A: Pursuant to the distribution agreement, dated as of May 13, 2009, as amended by Amendment No. 1 thereto, dated as of July 24, 2009, by and between Verizon and Spinco, referred to as the distribution agreement, Verizon will contribute to Spinco defined assets and liabilities of the local exchange business and related landline activities of Verizon in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, West Virginia and Wisconsin, and in portions of California bordering Arizona, Nevada and Oregon, collectively referred to as the Spinco territory, including Internet access and long distance services and broadband video provided to designated customers in the Spinco territory, collectively referred to as the Spinco business.

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

- a special cash payment;
- a reduction in the consolidated indebtedness of Verizon as a result of pre-existing long-term indebtedness to third parties (which may include current maturities) of Verizon subsidiaries that conduct the Spinco business (referred to as the distribution date indebtedness) becoming the consolidated indebtedness of Spinco as a result of the spin-off (and, as a result of the merger, becoming part of the consolidated indebtedness of the combined company), referred to as the Verizon debt reduction; and
- if required, senior unsecured debt securities of Spinco, referred to as the Spinco debt securities.

Also in connection with these contributions, Spinco will issue additional shares of Spinco common stock to Verizon, which will be distributed in the spin-off as described below.

No Spinco debt securities will be issued to Verizon if the special cash payment plus the distribution date indebtedness equals $3.333 billion. The amount of the special cash payment from Spinco will not exceed the lesser of (i)(x) $3.333 billion minus (y) the aggregate amount of distribution date indebtedness and (ii) Verizon's estimate of the tax basis in the assets transferred to Spinco. Verizon currently anticipates that Verizon's tax basis in the assets to be transferred to Spinco will be greater than or equal to $3.333 billion. The parties do not expect that any Spinco debt securities will be issued.

No later than nine months after the date of the merger agreement, Frontier and Verizon will jointly solicit proposals from reputable financing sources to provide Spinco with debt financing in the form of one or more term loan bank borrowings or capital markets issuances by Spinco prior to or substantially contemporaneous with the spin-off, referred to as the special cash payment financing, in order to finance the special cash payment to Verizon. See "Financing of the Combined Company."

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

Table of Contents

receive in the merger. The third-party distribution agent will then distribute shares of Frontier common stock and cash in lieu of fractional shares to Verizon stockholders on a pro rata basis in accordance with the terms of the merger agreement.

Q: **What will happen in the merger?**

A: In the merger, Spinco will merge with and into Frontier in accordance with the terms of the merger agreement. Spinco will no longer be a separate company, and Frontier will survive the merger as a stand-alone company, also referred to as the combined company, holding and conducting the combined business operations of Frontier and Spinco.

Q: **What will Verizon stockholders be entitled to receive pursuant to the merger?**

A: As a result of the merger, Verizon stockholders will receive an aggregate number of shares of Frontier common stock equal to (1) $5,247,000,000, divided by (2) the average of the volume-weighted averages of the trading prices of Frontier common stock, referred to as the Frontier average price, for the 30 consecutive trading days ending on the third trading day before the closing of the merger, referred to as the Frontier average price calculation period. The aggregate number of shares of Frontier common stock to be issued pursuant to the merger agreement will therefore change depending on the Frontier average price. However, the merger agreement provides that if the Frontier average price, as calculated, exceeds $8.50, then the Frontier average price will be $8.50, and if the Frontier average price, as calculated, is less than $7.00, then the Frontier average price will be $7.00. These limitations on the Frontier average price are referred to as the collar. Additionally, the amount referred to in clause (1) above may be increased by any amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain governmental approvals in the Spinco territory that are required to complete the merger or the spin-off. As a result, the number of shares of Frontier common stock issuable pursuant to the merger agreement may increase, and any such increase could be significant.

Depending on the trading prices of Frontier common stock prior to the closing of the merger and before accounting for the elimination of fractional shares and any amounts related to governmental approvals paid, payable or forgone by Verizon as described above, Verizon stockholders will collectively own between approximately 66% and 71% of the combined company's outstanding equity immediately following the closing of the merger, and Frontier stockholders will collectively own between approximately 29% and 34% of the combined company's outstanding equity immediately following the closing of the merger. Each Verizon stockholder will receive a number of shares of Frontier common stock equal to the product of the aggregate number of shares of Frontier common stock to be issued pursuant to the merger agreement multiplied by a fraction, the numerator being the number of shares of Verizon common stock owned by that stockholder as of the record date for the spin-off and the denominator being the total number of shares of Verizon common stock outstanding as of that record date plus the total number of shares of Verizon common stock issuable pursuant to employee stock options held on that record date and exercised by the holders thereof between that record date and the date of the spin-off.

For example, if the closing of the merger had occurred on September 10, 2009, based on the average of the volume-weighted averages of the trading prices of Frontier common stock for the 30 consecutive trading days ending September 4, 2009 (the third trading day before September 10, 2009), as reported by the New York Stock Exchange, referred to as the NYSE, the Frontier average price would have equaled $7.03. Prior to the elimination of fractional shares and assuming no adjustment was required for any amounts related to governmental approvals as described above, Verizon stockholders would have received an aggregate of 746,372,688 shares of Frontier common stock in the merger. This amount would have represented approximately 70.5% of the combined company's equity immediately after the closing of the merger if the closing had occurred on that date. Based on these assumptions, each Verizon stockholder would have received one share of Frontier common stock for approximately every 3.8059 shares of Verizon common stock the Verizon stockholder owned on the assumed record date for the spin-off. However, any change in

the Frontier average price from the sample calculation of the Frontier average price used in the above example will, subject to the collar, cause the aggregate number of shares of Frontier common stock to be issued pursuant to the merger agreement (and the per share consideration to be received by Verizon stockholders in the merger) to change. In addition, any changes resulting from adjustments required for amounts related to governmental approvals as described above will cause the aggregate number of shares of Frontier common stock to be issued (and the per share consideration to be received by Verizon stockholders) to change, and any change in the number of shares of Verizon common stock outstanding prior to the record date of the spin-off (together with any shares of Verizon common stock issued pursuant to the exercise of Verizon stock options between the record date for the spin-off and the date of the spin-off) will cause the per share consideration to be received by Verizon stockholders to change. The amount of any such change could be significant.

No fractional shares of Frontier common stock will be issued to Verizon stockholders in the merger. Each Verizon stockholder will receive a cash payment in lieu of any fractional share of Frontier common stock to which he or she would otherwise be entitled. See "The Transaction Agreements—Merger Agreement—Merger Consideration" and "Material United States Federal Income Tax Consequences of the Spin-Off and the Merger—The Merger."

Q: **Will Verizon stockholders who sell their shares of Verizon common stock shortly before the completion of the spin-off and the merger still be entitled to receive shares of Frontier common stock with respect to the shares of Verizon common stock that were sold?**

A: It is currently expected that beginning not earlier than two business days before the record date to be established for the spin-off, and continuing through the closing date of the merger (or the previous business day, if the merger closes before the opening of trading in Verizon common stock and Frontier common stock on the NYSE on the closing date), there will be two markets in Verizon common stock on the NYSE: a "regular way" market and an "ex-distribution" market.

- If a Verizon stockholder sells shares of Verizon common stock in the "regular way" market under the symbol "VZ" during this time period, that Verizon stockholder will be selling both his or her shares of Verizon common stock and the right (represented by a "due-bill") to receive shares of Spinco common stock that will be converted into shares of Frontier common stock, and cash in lieu of fractional shares (if any), at the closing of the merger. Verizon stockholders should consult their brokers before selling their shares of Verizon common stock in the "regular way" market during this time period to be sure they understand the effect of the NYSE "due-bill" procedures. The "due-bill" process is not managed, operated or controlled by Verizon.
- If a Verizon stockholder sells shares of Verizon common stock in the "ex-distribution" market during this time period, that Verizon stockholder will be selling only his or her shares of Verizon common stock, and will retain the right to receive shares of Spinco common stock that will be converted into shares of Frontier common stock, and cash in lieu of fractional shares (if any), at the closing of the merger. It is currently expected that "ex-distribution" trades of Verizon common stock will settle within three business days after the closing date of the merger and that if the merger is not completed all trades in this "ex-distribution" market will be cancelled.

After the closing date of the merger, shares of Verizon common stock will no longer trade in the "ex-distribution" market, and shares of Verizon common stock that are sold in the "regular way" market will no longer reflect the right to receive shares of Spinco common stock that will be converted into shares of Frontier common stock, and cash in lieu of fractional shares (if any), at the closing of the merger.

Q: **How may Verizon stockholders sell the shares of Frontier common stock which they are entitled to receive pursuant to the merger agreement prior to receiving those shares of Frontier common stock?**

A: It is currently expected that beginning not earlier than two business days before the record date to be established for the spin-off, and continuing through the closing date of the merger (or the previous business day, if the merger closes before the opening of trading in Verizon common stock and Frontier common

Table of Contents

stock on the NYSE on the closing date), there will be two markets in Frontier common stock on the NYSE: a "regular way" market and a "when issued" market.

- The "regular way" market will be the regular trading market for issued shares of Frontier common stock under the symbol "FTR."
- The "when issued" market will be a market for the shares of Frontier common stock that will be issued to Verizon stockholders at the closing of the merger. If a Verizon stockholder sells shares of Frontier common stock in the "when issued" market during this time period, that Verizon stockholder will be selling his or her right to receive shares of Frontier common stock at the closing of the merger. It is currently expected that "when issued" trades of Frontier common stock will settle within three business days after the closing date of the merger and that if the merger is not completed, all trades in this "when issued" market will be cancelled. After the closing date of the merger, shares of Frontier common stock will no longer trade in this "when issued" market.

Q. **In what ways will being a stockholder of both Verizon and the combined company differ from being a stockholder of Verizon?**

A. Following the spin-off and the merger, Verizon stockholders will continue to own all of their shares of Verizon common stock. Their rights as Verizon stockholders will not change, except that their shares of Verizon common stock will represent an interest in Verizon that no longer includes the ownership and operation of the Spinco business. Verizon stockholders will also separately own stock of the combined company, which will include the combined business operations of Frontier and Spinco.

The combined company's business will differ in several important ways from that of Verizon:

- The combined company's business will focus on providing a broad array of communications services to business and residential customers in the markets currently served by Frontier and the Spinco business, while Verizon will focus on providing wireless voice and data products and services, and converged communications, information and entertainment services over its advanced fiber-optic network in the United States, as well as expansive end-to-end global Internet Protocol (IP) networks to business and government customers around the world;
- The combined company will be significantly smaller than Verizon; and
- Although Frontier expects the combined company to obtain an investment grade credit rating in the future, immediately after the closing of the merger the combined company is expected to have a higher amount of indebtedness relative to its market capitalization than Verizon, and may be subject to higher financing costs and more restrictive debt covenants than Verizon.

For a more complete description of the characteristics of the combined company's business, see "Description of the Business of the Combined Company."

Q: **Will the spin-off and the merger affect employees and former employees of Verizon who hold Verizon stock options and other stock-based awards?**

A: Yes. Pursuant to the terms of the plans under which those Verizon stock options and other stock-based awards were issued, Verizon expects to adjust the exercise price of and number of shares of Verizon stock underlying the outstanding options to take into account any decrease in the value of Verizon common stock immediately following the spin-off and the merger. Also, holders of Verizon restricted stock units and Verizon performance stock units will receive additional units equivalent to the cash value of the Frontier common stock that they would have received with respect to each hypothetical share of Verizon common stock held in respect of those units. See "The Transactions—Effects of the Merger and Spin-Off on Verizon Stock Options and Other Verizon Stock-Based Awards."

Table of Contents

Q: **Has Verizon set a record date for the distribution of shares of Spinco common stock in the spin-off?**

A: No. Verizon will publicly announce the record date for the spin-off when the record date has been determined. This announcement will be made prior to the completion of the spin-off and the merger.

Q: **Are Verizon stockholders required to do anything?**

A: Verizon stockholders are not required to take any action to approve the spin-off or the merger. However, Verizon stockholders should carefully read this proxy statement/prospectus, which contains important information about the spin-off, the merger, Spinco, Frontier and the combined company. After the merger, Frontier will mail to holders of Verizon common stock who are entitled to receive shares of Frontier common stock book-entry statements evidencing their ownership of Frontier common stock, cash payments in lieu of fractional shares (if any) and related tax information, and other information regarding their receipt of Frontier common stock.

VERIZON STOCKHOLDERS WILL NOT BE REQUIRED TO SURRENDER THEIR SHARES OF VERIZON COMMON STOCK IN THE SPIN-OFF OR THE MERGER AND THEY SHOULD NOT RETURN THEIR VERIZON STOCK CERTIFICATES. THE SPIN-OFF AND THE MERGER WILL NOT RESULT IN ANY CHANGE IN VERIZON STOCKHOLDERS' OWNERSHIP OF VERIZON COMMON STOCK FOLLOWING THE MERGER.

Q: **How will the rights of stockholders of Frontier and Verizon change after the merger?**

A: The rights of stockholders of Frontier will not change as a result of the merger. Except for the amendment of Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock as described in this proxy statement/prospectus, Frontier does not anticipate amending its restated certificate of incorporation or its by-laws in connection with the merger. The rights of stockholders of Verizon will also remain the same as prior to the merger, except that their shares of Verizon common stock will represent an interest in Verizon that no longer reflects the ownership and operation of the Spinco business, and stockholders of Verizon will also receive shares of Frontier common stock and cash paid in lieu of fractional shares (if any) in the merger. See "Description of Capital Stock of Frontier and the Combined Company."

Q: **What will Frontier's dividend policy be following the merger?**

A: The amount and timing of dividends payable on Frontier's common stock are within the sole discretion of its board of directors. Frontier currently pays an annual cash dividend of $1.00 per share of Frontier common stock, subject to applicable law and agreements governing Frontier's indebtedness and within the sole discretion of the Frontier board. After the closing of the merger, Frontier intends to pay an annual cash dividend of $0.75 per share of Frontier common stock, subject to applicable law and agreements governing the combined company's indebtedness and within the sole discretion of the Frontier board. Frontier believes that this dividend policy will allow the combined company to invest in its markets, including extending its broadband capacity in the Spinco territory over the next few years. See "The Transactions—Dividend Policy of Frontier and the Combined Company."

Q: **Will Frontier pay a dividend for the quarter in which the merger is completed?**

A: Yes. Frontier intends to pay a pro-rated dividend for the quarter in which the merger is completed to Frontier stockholders of record as of the close of business on the business day immediately preceding the closing date of the merger based on its current policy of paying dividends on each share of its common stock at a rate of $0.25 per share per quarter. The pro-rated dividend would be payable for the period from the first day of the fiscal quarter in which the closing date of the merger occurs through and including the day immediately preceding the closing date of the merger. Verizon stockholders who receive shares of Frontier

common stock as a result of the merger will not be entitled to receive this pro-rated dividend in respect of the shares received in the merger. In addition, Frontier intends to pay a pro-rated dividend at a rate of $0.1875 per share per quarter for the period beginning on the closing date of the merger through and including the last day of the fiscal quarter in which the closing of the merger occurs. Existing Frontier stockholders and Verizon stockholders who receive shares of Frontier common stock as a result of the merger and who continue to hold the shares on the relevant record date would be entitled to receive this pro-rated dividend.

Q: **Who will serve on the board of directors of the combined company?**

A: Pursuant to the terms of the merger agreement, immediately prior to the effectiveness of the merger, the Frontier board (which will become the board of directors of the combined company) will consist of twelve directors. Three of the directors will be initially designated by Verizon and nine of the directors will be initially designated by Frontier. Frontier expects that Mary Agnes Wilderotter, Frontier's current Chairman of the Board of Directors, President and Chief Executive Officer, will continue to serve in such roles with the combined company.

Q: **Will Frontier's current senior management team manage the business of the combined company following the merger?**

A: Yes. Frontier's senior management team will continue to manage the business of the combined company after the merger. In addition, Frontier expects to supplement Frontier's current senior management team with members of Verizon's regional management team who currently manage the Spinco business. See "Management of the Combined Company."

Q: **What will be the indebtedness of the combined company immediately following completion of the spin-off and merger?**

A: By virtue of the merger, the combined company will have approximately $3.4 billion of additional indebtedness compared to Frontier's indebtedness immediately prior to the merger. This additional indebtedness will consist of the special cash payment financing, the distribution date indebtedness and any Spinco debt securities that may be issued to Verizon, although the parties currently expect that no Spinco debt securities will be issued. The combined company will also continue to be obligated in respect of Frontier's indebtedness existing at the time of the merger. Based upon Frontier's outstanding indebtedness as of June 30, 2009 of approximately $4.9 billion, Frontier expects that, immediately following the merger, the combined company will have approximately $8.3 billion in total debt.

Q: **Will there be a post-closing working capital adjustment?**

A: Pursuant to the distribution agreement, Spinco is required to have, at the closing of the merger, defined current assets in an amount that is at least equal to the amount of defined current liabilities as of such time, referred to as the distribution date working capital. If the distribution date working capital of Spinco exceeds zero, no payment will be made by either party with respect to such excess. If the distribution date working capital of Spinco is less than zero, Verizon will pay to the combined company an amount equal to the full amount of the deficit. In the event that the combined company disagrees with Verizon's calculation of the distribution date working capital, the combined company may dispute that calculation if the amount in dispute exceeds $250,000.

Q: **What are the material tax consequences to Frontier stockholders and Verizon stockholders resulting from the spin-off and the merger?**

A: Frontier stockholders are not expected to recognize any gain or loss for U.S. federal income tax purposes as a result of the merger. Verizon stockholders are not expected to recognize any gain or loss for U.S. federal

income tax purposes as a result of the spin-off or the merger, except for any gain or loss attributable to the receipt of cash in lieu of a fractional share of Frontier common stock. The material U.S. federal income tax consequences of the spin-off and the merger are described in more detail under "Material United States Federal Income Tax Consequences of the Spin-Off and the Merger."

Q: **Are there risks associated with the merger?**

A: Yes. The combined company may not achieve the expected benefits of the merger because of the risks and uncertainties discussed in the sections titled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements." Those risks include, among other things, risks relating to the uncertainty that the combined company will fully realize the anticipated growth opportunities and cost synergies from the merger and uncertainties relating to the performance of the combined company following the completion of the merger.

Q: **Does Frontier have to pay anything to Verizon if the merger is not approved by the Frontier stockholders or if the merger agreement is otherwise terminated?**

A: Depending on the reasons for termination of the merger agreement, Frontier may have to pay Verizon a termination fee of $80 million. For a discussion of the circumstances under which the termination fee is payable by Frontier to Verizon, including Frontier's failure to obtain stockholder approval, see "The Transaction Agreements—The Merger Agreement—Termination Fee Payable in Certain Circumstances."

Q: **Can Verizon or Frontier stockholders demand appraisal of their shares?**

A: No. Neither Verizon nor Frontier stockholders have appraisal rights under Delaware law in connection with the spin-off or the merger.

Q: **When will the merger be completed?**

A: Frontier and Verizon are working to complete the merger as quickly as possible after receipt of applicable regulatory approvals, the last of which is currently expected to be received during the second quarter of 2010. In addition to regulatory approvals, other important conditions to the closing of the merger include, among other things, the completion of Spinco's debt financing and payment of the special cash payment to Verizon and the completion of Verizon's internal realignment process to separate the Spinco business from its other businesses. If the merger proposals described in this proxy statement/prospectus are approved by the Frontier stockholders at the special meeting and other conditions to the closing of the merger are satisfied (or are capable of being satisfied by the anticipated closing date), Frontier expects to complete the merger during the second quarter of 2010 (but not before April 30, 2010, which is the earliest date that the merger may close under the merger agreement, unless Frontier and Verizon agree otherwise). However, it is possible that factors outside Frontier's and Verizon's control could require Verizon to complete the spin-off and Frontier and Verizon to complete the merger at a later time or not complete them at all. For a discussion of the conditions to the merger, see "The Transaction Agreements—The Merger Agreement—Conditions to the Completion of the Merger."

Table of Contents

SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the transactions fully and for a more complete description of the terms of the spin-off and the merger, please carefully read this entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus. See also "Where You Can Find Additional Information."

This proxy statement/prospectus is:

- a proxy statement of Frontier for use in the solicitation of proxies for its special meeting;
- a prospectus of Frontier relating to the issuance of shares of Frontier common stock pursuant to the merger agreement; and
- an information statement of Spinco relating to the distribution of shares of Spinco common stock to a third-party distribution agent for the benefit of Verizon stockholders.

The Companies

Frontier Communications Corporation

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

Incorporated in November 1935, Frontier is the sixth largest incumbent local exchange carrier in the United States based on number of access lines. Frontier is typically the leading incumbent carrier in the markets it serves and provides the "last mile" of communications services to residential and business customers in these markets.

From May 2000 until July 31, 2008, Frontier was named Citizens Communications Company.

Spinco

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

Verizon's Separate Telephone Operations' financial information is included elsewhere in this proxy statement/prospectus before taking into account any of the pro forma adjustments detailed in "Unaudited Pro Forma Condensed Combined Financial Information." This financial information, together with the pro forma adjustments detailed in "Unaudited Pro Forma Condensed Combined Financial Information," reflects the operations that will comprise the Spinco business in connection with the spin-off.

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

Table of Contents

The Combined Company

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

The Transactions

The Spin-Off (See "The Transactions—The Spin-Off" beginning on page 43)

As part of the spin-off, Verizon will, pursuant to a series of restructuring transactions prior to the spin-off, contribute to Spinco and its subsidiaries defined assets and liabilities of the local exchange business and related landline activities of Verizon in the Spinco territory, including Internet access and long distance services and broadband video provided to designated customers in the Spinco territory. In exchange for these contributions, and immediately prior to the effective time of the merger, Spinco will deliver to Verizon:

- a special cash payment in an amount not to exceed the lesser of (i)(x) $3.333 billion minus (y) the aggregate amount of distribution date indebtedness and (ii) Verizon's estimate of the tax basis in the assets transferred to Spinco (which Verizon currently anticipates will be greater than or equal to $3.333 billion); and
- if the total amount of the special cash payment is less than (i) $3.333 billion minus (ii) the aggregate amount of distribution date indebtedness, Spinco debt securities having a principal amount equal to (x) $3.333 billion minus (y) the sum of (A) the total amount of the special cash payment and (B) the aggregate amount of distribution date indebtedness.

Also in connection with these contributions, Spinco will issue additional shares of Spinco common stock to Verizon, which will be distributed in the spin-off as described below.

As a result of the foregoing transactions, all of which are referred to collectively as the contribution, Verizon will receive from Spinco $3.333 billion in aggregate value in the form of the special cash payment, the Verizon debt reduction and, in the circumstances described above, Spinco debt securities. Verizon will be permitted to use the special cash payment to repay debt, repurchase stock or pay dividends. The parties do not expect that any Spinco debt securities will be issued.

After the contribution and immediately prior to the merger, Verizon will spin off Spinco by distributing all of the shares of Spinco common stock to a third-party distribution agent to be held collectively for the benefit of Verizon stockholders, which transactions are referred to collectively as the distribution. Spinco will then merge with and into Frontier, and the shares of Spinco common stock will be immediately converted into the number of shares of Frontier common stock that Verizon stockholders will be entitled to receive in the merger. The third-party distribution agent will then distribute these shares of Frontier common stock and cash in lieu of fractional shares to Verizon stockholders on a pro rata basis in accordance with the terms of the merger agreement.

The Merger (See "The Transactions—The Merger" beginning on page 44)

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

Table of Contents

Verizon stockholders will be entitled to receive a number of shares of common stock of Frontier, as the combined company, to be determined based on the calculation set forth in "The Transactions—Calculation of Merger Consideration." Verizon stockholders will receive a cash payment in lieu of any fractional shares of Frontier common stock that they would otherwise receive. Verizon stockholders will not be required to pay for any of the shares of Frontier common stock they receive and will also retain all of their shares of Verizon common stock. Existing shares of Frontier common stock will remain outstanding.

Frontier, Spinco and Verizon stockholders will not be entitled to exercise appraisal rights or to demand payment for their shares in connection with the spin-off or the merger.

The Special Meeting (See "The Special Meeting" beginning on page 39)

A special meeting of stockholders of Frontier will be held at 3 High Ridge Park, Stamford, CT 06905, on Tuesday, October 27, 2009, at 9:00 a.m., local time. At the special meeting, Frontier stockholders will be asked to consider and vote on proposals:

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

Record Date (See "The Special Meeting—Record Date and Outstanding Shares" beginning on page 39)

The Frontier board has fixed the close of business on September 14, 2009 as the record date for determining the holders of Frontier common stock entitled to notice of, and to vote at, the special meeting.

Required Vote at the Frontier Special Meeting (See "The Special Meeting—Required Vote" beginning on page 40)

- The affirmative vote of a majority of the outstanding shares of Frontier common stock entitled to vote is required to adopt the merger agreement.
- The affirmative vote of a majority of the outstanding shares of Frontier common stock entitled to vote is required to approve the amendment to Frontier's restated certificate of incorporation.
- The affirmative vote of a majority of the votes cast by holders of shares of Frontier common stock entitled to vote is required to approve the issuance of Frontier common stock to Verizon stockholders pursuant to the merger agreement.

The approval of each of the merger proposals is conditioned upon the approval of each of the other merger proposals, and the merger will not occur unless all of the merger proposals are approved.

Recommendations of Frontier's Board of Directors (See "The Transactions—Frontier's Reasons for the Merger" beginning on page 51 and "The Transactions—Frontier's Board of Directors' Recommendation to Frontier Stockholders" beginning on page 54)

After careful consideration, the Frontier board, on May 12, 2009, unanimously approved the merger agreement and the merger. For the factors considered by the Frontier board in reaching its decision to approve the merger agreement and the merger, see the sections entitled "The Transactions—Frontier's Reasons for the Merger" beginning on page 51. **The Frontier board unanimously recommends that Frontier stockholders vote "FOR" the merger proposals.**

Table of Contents

No Vote Is Required by Verizon Stockholders (See "The Special Meeting—Required Vote" beginning on page 40)

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

Opinions of Financial Advisors to Frontier (See "The Transactions—Opinions of Frontier's Financial Advisors" beginning on page 54)

The Frontier board received an oral opinion of Evercore Group L.L.C., referred to as Evercore, on May 12, 2009, which opinion was confirmed by a written opinion dated May 12, 2009, to the effect that, as of that date and based on and subject to the assumptions made, matters considered and limitations on the scope of review undertaken by Evercore as set forth therein, the aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock pursuant to the merger agreement entered into by Verizon, Spinco and Frontier on May 13, 2009, which was prior to any subsequent amendment and is referred to as the original merger agreement, was fair, from a financial point of view, to Frontier and the holders of Frontier common stock (solely in their capacity as holders of Frontier common stock). The full text of Evercore's written opinion, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken by Evercore in connection with delivering its opinion, is attached as Annex B-1 to this proxy statement/prospectus and is incorporated by reference in its entirety into this proxy statement/prospectus. Frontier stockholders are encouraged to read the opinion carefully and in its entirety. The opinion of Evercore was provided to the Frontier board in connection with its evaluation of the consideration provided for in the merger. It does not address any other aspect of the proposed merger and does not constitute a recommendation as to how any Frontier stockholder should vote or act in connection with the merger.

The Frontier board also received an oral opinion of Citigroup Global Markets Inc., referred to as Citi, on May 12, 2009, which opinion was subsequently confirmed by a written opinion dated May 13, 2009, to the effect that, as of that date and based upon and subject to the assumptions, limitations and considerations set forth therein, the aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock pursuant to the original merger agreement was fair, from a financial point of view, to Frontier and the holders of Frontier common stock. The full text of Citi's written opinion, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken by Citi in connection with its opinion, is attached as Annex B-2 to this proxy statement/prospectus and is incorporated by reference in its entirety into this proxy statement/prospectus. Frontier stockholders are encouraged to read the opinion carefully and in its entirety. The opinion of Citi was provided to the Frontier board in connection with its evaluation of the consideration provided for in the merger. It does not address any other aspect of the proposed merger and does not constitute a recommendation as to how any Frontier stockholder should vote or act in connection with the merger.

Board of Directors and Management of the Combined Company (See "Management of the Combined Company" beginning on page 177)

Immediately prior to the merger, the Frontier board (which will become the board of directors of the combined company) will consist of twelve directors, nine of whom will be initially designated by Frontier and three of whom will be initially designated by Verizon. Verizon's director nominees may not be employees of Verizon, its affiliates or Cellco or any of its subsidiaries, and must satisfy the requirements for director independence under the rules and regulations of the SEC and the NYSE. The officers of Frontier immediately prior to the merger will continue as the officers of the combined company immediately following the merger. In addition, Frontier expects to supplement its current senior management team with members of Verizon's regional management team who currently manage the Spinco business.

Table of Contents

Risk Factors (See "Risk Factors" beginning on page 24)

In deciding whether to vote to approve the merger proposals, you should carefully consider the matters described in the section "Risk Factors," as well as other information included in this proxy statement/prospectus and the other documents to which you have been referred.

Regulatory Matters (See "The Transaction Agreements—The Merger Agreement—Regulatory Matters" beginning on page 85)

The merger agreement provides that each of the parties to the merger agreement will use all commercially reasonable efforts to obtain all necessary actions, waivers, consents and approvals from any governmental authority, and to take all steps as may be necessary to obtain an approval or waiver from, or to avoid an action by, any governmental authority. This includes making all necessary filings and defending or contesting all actions or proceedings (subject to certain limitations).

Financing (See "The Transaction Agreements—The Merger Agreement—Financing Matters" beginning on page 88)

The special cash payment will be financed through the special cash payment financing. The merger agreement and the distribution agreement also contemplate that Spinco debt securities may be issued to Verizon immediately prior to the spin-off. The parties do not expect that any Spinco debt securities will be issued.

The merger agreement contains various covenants of Verizon, Frontier and Spinco relating to the special cash payment financing and the Spinco debt securities.

Conditions (See "The Transaction Agreements—The Merger Agreement—Conditions to the Completion of the Merger" beginning on page 91)

As more fully described in this proxy statement/prospectus and in the merger agreement and distribution agreement, consummation of the merger is subject to the satisfaction of certain conditions, including the availability of financing on terms that satisfy certain requirements (including with respect to pricing and maturity) and the receipt of the proceeds thereof that, taken together with any Spinco debt securities and the aggregate amount of the distribution date indebtedness, equal $3.333 billion. Other conditions to the merger include (i) the absence of a governmental order that would constitute a materially adverse regulatory condition, (ii) the receipt of applicable regulatory consents and the expiration or termination of the requisite waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, referred to as the Hart-Scott-Rodino Act, (iii) the receipt of certain rulings from the Internal Revenue Service, referred to as the IRS, and certain tax opinions, (iv) the approval of the stockholders of Frontier and (v) the absence of a material adverse effect on Frontier or on Spinco or the Spinco business.

On September 1, 2009, the Federal Trade Commission granted the parties' request for early termination of the waiting period under the Hart-Scott-Rodino Act. Frontier cannot be certain when, or if, the other conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination (See "The Transaction Agreements—The Merger Agreement—Termination" beginning on page 93)

The merger agreement may be terminated by:

(a) the mutual written consent of the parties;

(b) any of the parties if the merger is not consummated by July 31, 2010, subject to certain extension rights;

Table of Contents

(c) any of the parties if the merger is permanently enjoined or prohibited, or if a final, non-appealable order has been entered into that would constitute a materially adverse regulatory condition;

(d) Frontier, on the one hand, or Verizon and Spinco, on the other hand, if the other party or parties breach the merger agreement in a way that would entitle the party or parties seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party or parties to cure the breach;

(e) Frontier, on the one hand, or Verizon and Spinco, on the other hand, if the requisite Frontier stockholder approvals have not been obtained at the special meeting, except that Frontier will not be permitted to terminate the merger agreement because of the failure to obtain the stockholder approval if that failure was caused by Frontier's actions or inactions that constitute a material breach of the merger agreement;

(f) Verizon and Spinco, if (1) the Frontier board withdraws or adversely modifies its recommendation or (2) Frontier fails to call and hold the special meeting within 60 days after the date on which the SEC shall have completed its review of this proxy statement/prospectus and, if required by the SEC as a condition to the mailing of this proxy statement/prospectus, the date of effectiveness of the registration statement of which it is a part; or

(g) Verizon and Spinco on any date, if on that date (1) the average of the volume-weighted averages of the trading prices of the Frontier common stock for any period of 60 consecutive trading days that ended within three business days prior to that date is below $3.87 and (2) Verizon and Spinco notify Frontier in writing that they are terminating the merger agreement in accordance with this provision.

Frontier will pay to Verizon a termination fee of $80 million in the event that:

- Verizon and Spinco terminate the merger agreement under clause (f) above; or
- (1) Frontier receives a competing acquisition proposal and one of the parties terminates under clause (b) above or Verizon and Spinco terminate the merger agreement because Frontier breaches certain specified provisions of the merger agreement, or a competing acquisition proposal has been publicly announced prior to the Frontier stockholders' meeting and Frontier stockholders fail to approve the merger and (2) within 12 months after such termination of the merger agreement, Frontier consummates a business combination transaction or enters into a definitive agreement with respect to such a transaction.

Material United States Federal Income Tax Consequences (See "Material United States Federal Income Tax Consequences of the Spin-off and the Merger" beginning on page 76)

Frontier stockholders are not expected to recognize any gain or loss for U.S. federal income tax purposes as a result of the merger. Verizon stockholders are not expected to recognize any gain or loss for U.S. federal income tax purposes as a result of the spin-off or the merger, except for any gain or loss attributable to the receipt of cash in lieu of a fractional share of Frontier common stock.

Table of Contents

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF FRONTIER

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

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

($ in thousands, except per share amounts)	Six Months Ended June 30,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(unaudited)						
Statements of Operations Information:							
Revenue [1]	$1,070,098	$1,131,755	$2,237,018	$2,288,015	$2,025,367	$2,017,041	$2,022,378
Operating income	$ 276,126	$ 326,281	$ 642,456	$ 705,416	$ 644,490	$ 588,968	$ 460,301
Income from continuing operations	$ 65,265	$ 102,143	$ 184,274	$ 216,514	$ 258,321	$ 189,923	$ 57,609
Net income attributable to common shareholders of Frontier	$ 64,221	$ 101,367	$ 182,660	$ 214,654	$ 344,555	$ 202,375	$ 72,150
Basic income per share of common stock from continuing operations	$ 0.20	$ 0.31	$ 0.57	$ 0.64	$ 0.78	$ 0.55	$ 0.17
Earnings attributable to common shareholders of Frontier per basic share	$ 0.20	$ 0.31	$ 0.57	$ 0.64	$ 1.06	$ 0.60	$ 0.22
Earnings attributable to common shareholders of Frontier per diluted share	$ 0.20	$ 0.31	$ 0.57	$ 0.64	$ 1.06	$ 0.59	$ 0.22
Cash dividends declared (and paid) per common share	$ 0.50	$ 0.50	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 2.50
Other financial data:							
Capital expenditures	$ 110,364	$ 123,723	$ 288,264	$ 315,793	$ 268,806	$ 259,448	$ 263,949

Table of Contents

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

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

Table of Contents

SELECTED HISTORICAL COMBINED FINANCIAL DATA OF VERIZON'S SEPARATE TELEPHONE OPERATIONS

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

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

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

Table of Contents

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

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

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

Table of Contents

SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

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

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

($ in millions, except per share amounts)	Pro Forma Six Months Ended June 30, 2009 (Unaudited)	Pro Forma Year Ended December 31, 2008 (Unaudited)
Statements of Operations Information:		
Revenue	$ 3,103	$ 6,494
Operating income	697	1,507
Net income	251	565
Basic and diluted income per common share	0.25	0.57

	As of June 30, 2009 (Unaudited)
Balance Sheet Data:	
Property, plant and equipment, net	$ 8,618
Goodwill, net	6,033
Total assets	17,826
Long-term debt	7,958
Shareholders' equity	5,651

Table of Contents

COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following table sets forth, for the six months ended June 30, 2009 and the year ended December 31, 2008, selected per share information for Frontier common stock on a historical and pro forma combined basis. Except for the historical information as of and for the year ended December 31, 2008, the information in the table is unaudited. You should read the data with the historical consolidated financial statements and related notes of Frontier included elsewhere in this proxy statement/prospectus.

The Frontier pro forma combined income per share was calculated using the methodology described under "Unaudited Pro Forma Condensed Combined Financial Information" included elsewhere in this proxy statement/prospectus and assuming the issuance of the number of shares that would be issued at the mid-point of the collar ($7.75 per share of Frontier common stock). After the closing of the merger, Frontier intends to reduce its annual cash dividend from $1.00 per share to $0.75 per share. This change in dividend policy is reflected below in the column "Pro Forma Combined." The Frontier pro forma combined book value per share was calculated by dividing total pro forma combined common shareholders' equity by the number of shares expected to be outstanding after giving pro forma effect to the issuance of Frontier common stock pursuant to the merger agreement.

	Frontier	
	Historical	Pro Forma Combined
Basic and diluted income per common share		
Six months ended June 30, 2009	$ 0.20	$ 0.25
Year ended December 31, 2008	$ 0.57	$ 0.57
Cash dividends declared per common share		
Six months ended June 30, 2009	$ 0.50	$ 0.375(1)
Year ended December 31, 2008	$ 1.00	$ 0.75 (1)
Book value per common share		
As of June 30, 2009	$ 1.40	$ 5.72

(1) Frontier intends to pay an annual cash dividend of $0.75 per share after the closing of the merger.

Table of Contents

HISTORICAL MARKET PRICE AND DIVIDEND DATA OF FRONTIER COMMON STOCK

Frontier common stock currently trades on the NYSE under the symbol "FTR." On May 12, 2009, the last trading day before the announcement of the signing of the merger agreement, the last sale price of Frontier common stock reported by the NYSE was $7.57. On September 15, 2009, the last practicable trading day for which information is available as of the date of this proxy statement/prospectus, the last sale price of Frontier common stock reported by the NYSE was $7.14. Prior to July 31, 2008, the common stock of Frontier, then named Citizens Communications Company, traded under the symbol "CZN." The following table sets forth the high and low prices per share of Frontier common stock for the periods indicated. For current price information, Frontier and Verizon stockholders are urged to consult publicly available sources.

	Frontier Communications Corporation Common Stock	
	High	Low
Calendar Year Ending December 31, 2009		
Third Quarter (through September 15, 2009)	$7 .25	$ 6.43
Second Quarter	$8 .16	$ 6.62
First Quarter	$8 .87	$ 5.32
Calendar Year Ended December 31, 2008		
Fourth Quarter	$11.80	$ 6.35
Third Quarter	$12.94	$11.14
Second Quarter	$11.96	$10.01
First Quarter	$12.84	$ 9.75
Calendar Year Ended December 31, 2007		
Fourth Quarter	$14.54	$12.03
Third Quarter	$15.62	$12.50
Second Quarter	$16.05	$14.80
First Quarter	$15.58	$13.92

The following table shows the dividends that have been declared and paid on Frontier common stock during 2009, 2008 and 2007:

	Per Share Dividend Declared	Date Declared	Date Paid or Payable
Calendar Year Ending December 31, 2009			
Third Quarter	$ 0.25	7/30/2009	9/30/2009
Second Quarter	$ 0.25	5/13/2009	6/30/2009
First Quarter	$ 0.25	2/6/2009	3/31/2009
Calendar Year Ended December 31, 2008			
Fourth Quarter	$ 0.25	11/6/2008	12/31/2008
Third Quarter	$ 0.25	7/31/2008	9/30/2008
Second Quarter	$ 0.25	5/14/2008	6/30/2008
First Quarter	$ 0.25	2/21/2008	3/31/2008
Calendar Year Ended December 31, 2007			
Fourth Quarter	$ 0.25	10/25/2007	12/31/2007
Third Quarter	$ 0.25	7/27/2007	9/28/2007
Second Quarter	$ 0.25	5/18/2007	6/29/2007
First Quarter	$ 0.25	2/23/2007	3/30/2007

Table of Contents

Frontier's current dividend policy is to pay quarterly dividends at a rate of $0.25 per share to the extent dividends are permitted by applicable law and agreements governing Frontier's indebtedness. Following the merger, Frontier intends to pay annual dividends at a rate of $0.75 per share to the extent permitted by applicable law and agreements governing the combined company's indebtedness. The amount and timing of dividends payable on Frontier's common stock are within the sole discretion of its board of directors and subject to applicable law and any restrictions in the agreements governing the combined company's indebtedness. For more information on Frontier's current dividend policy and the expected dividend policy of the combined company following the merger, see "The Transactions—Dividend Policy of Frontier and the Combined Company."

Market price data for Spinco has not been presented because Spinco is currently a wholly owned subsidiary of Verizon and its common stock is not publicly traded.

Table of Contents

RISK FACTORS

You should carefully consider the following risks, together with the other information contained in this proxy statement/prospectus and the annexes hereto. The risks described below are not the only risks facing Frontier and the combined company. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also materially and adversely affect the combined company's business operations or the price of the combined company's common stock following completion of the merger.

Risks Relating to the Spin-Off and the Merger

The calculation of the merger consideration will not be adjusted in the event the value of the Spinco business or assets declines before the merger is completed. As a result, at the time Frontier stockholders vote on the merger, they will not know the value of the Spinco business or assets which will be acquired in the merger. The value of the Spinco business and assets may have an effect on the value of Frontier common stock following completion of the merger.

The calculation of the number of shares of Frontier common stock to be issued to Verizon stockholders pursuant to the merger agreement will not be adjusted in the event the value of the Spinco business declines, including as a result of the loss of access lines. If the value of the Spinco business declines after Frontier stockholders approve the merger proposals, the market price of the common stock of the combined company following completion of the merger may be less than Frontier stockholders anticipated when they voted to approve the merger proposals. Conversely, any decline in the Frontier average price as a result of a decrease in the price of Frontier common stock during the Frontier average price calculation period will, subject to the collar, increase the aggregate number of shares of Frontier common stock to be issued pursuant to the merger agreement. Further, any amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain governmental approvals in the Spinco territory that are required to complete the merger or the spin-off will increase the aggregate number of shares of Frontier common stock to be issued pursuant to the merger agreement, all as described in "The Transactions—Calculation of Merger Consideration." While Frontier will not be required to consummate the merger upon the occurrence of any event or circumstance that has, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Spinco or the Spinco business, neither Verizon nor Frontier will be permitted to terminate the merger agreement because of any changes in the value of the Spinco business or because of an increase in the number of shares of Frontier common stock to be issued to Verizon stockholders due to amounts paid, payable or forgone in connection with government approvals as described above, in each case that do not rise to the level of a material adverse effect on Spinco or the Spinco business. Frontier will also not be permitted to terminate the merger agreement because of any changes in the market price of Frontier common stock.

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

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

will be required to devote a significant amount of time and attention before completion of the merger to the process of migrating the systems and processes supporting the operations of the Spinco business in West Virginia from systems owned and operated by Verizon to those owned and operated by Frontier. The size, complexity and timing of this migration, if not managed successfully by Frontier management, may result in interruptions of Frontier's business activities.

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

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

After the close of the transaction, sales of Frontier common stock may negatively affect its market price.

The market price of Frontier common stock could decline as a result of sales of a large number of shares of Frontier common stock in the market after the completion of the merger or the perception that these sales could occur. To the extent permitted under the tax sharing agreement, any effort by the combined company to obtain additional capital by selling equity securities in the future will be made more difficult by such sales, or the possibility that such sales may occur. See "The Transaction Agreements—Additional Agreements Between Frontier, Verizon and their Affiliates—The Tax Sharing Agreement."

Depending on the trading prices of Frontier common stock prior to the closing of the merger and before accounting for the elimination of fractional shares and any number of shares that may be issued as a result of amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain governmental approvals in the Spinco territory that are required to complete the merger or the spin-off, Verizon stockholders will collectively own between approximately 66% and 71% of the combined company's outstanding equity immediately following the closing of the merger. Certain Verizon stockholders (such as certain index funds and institutional investors with specific investment guidelines that do not cover Frontier common stock) who receive shares of Frontier common stock pursuant to the merger agreement may be required to sell their shares of Frontier common stock immediately after the merger, which may negatively affect the price of the combined company's common stock.

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

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

Table of Contents

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

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

Certain wholesale, large business, Internet service provider and other customer contracts that are required to be assigned to Spinco by Verizon require the consent of the customer party to the contract to effect this assignment.

Verizon and the combined company may be unable to obtain these consents on terms favorable to the combined company or at all, which could have a material adverse impact on the combined company's business, financial condition and results of operations following the merger.

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

Completion of the spin-off and the merger is conditioned upon the receipt of certain government consents, approvals, orders and authorizations. See "The Transaction Agreements—The Merger Agreement—Conditions to the Completion of the Merger." While Frontier and Verizon intend to pursue vigorously all required governmental approvals and do not know of any reason why they would not be able to obtain the necessary approvals in a timely manner, the requirement to receive these approvals before the spin-off and merger could delay the completion of the spin-off and merger, possibly for a significant period of time after Frontier stockholders have approved the merger proposals. Any delay in the completion of the spin-off and the merger could diminish the anticipated benefits of the spin-off and the merger or result in additional transaction costs, loss of revenues or other effects associated with uncertainty about the transaction. Any uncertainty over the ability of the companies to complete the spin-off and the merger could make it more difficult for Frontier to maintain or to pursue particular business strategies. In addition, until the spin-off and the merger are completed, the attention of Frontier management may be diverted from ongoing business concerns and regular business responsibilities to the extent management is focused on obtaining regulatory approvals.

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

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

The merger agreement contains provisions that may discourage a third party from submitting a business combination proposal to Frontier prior to the closing of the merger that might result in greater value to Frontier stockholders than the merger. The merger agreement generally prohibits Frontier from soliciting any acquisition proposal, and Frontier may not terminate the merger agreement in order to accept an alternative business combination proposal that might result in greater value to Frontier stockholders than the merger. Further, even if the Frontier board withdraws or modifies its recommendation of the merger, it will still be required to submit the

merger to a vote of its stockholders. In addition, before the Frontier board may withdraw or modify its recommendation, Verizon has the opportunity to offer to modify the terms of the merger in response to any competing acquisition proposals that may be made. If the merger agreement is terminated by Frontier or Verizon in certain circumstances, Frontier may be obligated to pay a termination fee of $80 million to Verizon, which would represent an additional cost for a potential third party seeking a business combination with Frontier.

Failure to complete the merger could adversely affect the market price of Frontier common stock as well as Frontier's business, financial condition and results of operations.

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

- the requirement in the merger agreement that, under certain circumstances, Frontier pay Verizon a termination fee of $80 million;
- substantial costs related to the merger, such as legal, accounting, filing, financial advisory and financial printing fees, which must be paid regardless of whether the merger is completed; and
- potential disruption to the business of Frontier and distraction of its workforce and management team.

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

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

The spin-off and merger are also conditioned upon Verizon's receipt of an opinion of Debevoise & Plimpton LLP, referred to as Debevoise, counsel to Verizon, to the effect that the spin-off and certain related transactions will qualify as tax-free to Verizon, Spinco and the stockholders of Verizon. The opinion will rely on the IRS ruling as to matters covered by it.

Both the IRS ruling and the opinion of counsel will be based on, among other things, certain representations and assumptions as to factual matters made by Verizon, Spinco and Frontier. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the IRS ruling or the opinion of counsel. An opinion of counsel represents counsel's best legal judgment, is not binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion. In addition, the IRS ruling and the opinion will be based on current law, and cannot be relied upon if current law changes with retroactive effect.

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

Table of Contents

Under the tax sharing agreement, in certain circumstances, and subject to certain limitations, Frontier is required to indemnify Verizon against taxes on the spin-off that arise as a result of actions or failures to act by Frontier, or as a result of changes in ownership of the stock of Frontier after the merger. See "Risk Factors—Risks Relating to the Spin-Off and the Merger—Frontier will be unable to take certain actions after the merger because such actions could jeopardize the tax-free status of the spin-off or the merger, and such restrictions could be significant" and "The Transaction Agreements—Additional Agreements Between Frontier, Verizon and Their Affiliates—The Tax Sharing Agreement." In some cases, however, Verizon might recognize gain on the spin-off without being entitled to an indemnification payment under the tax sharing agreement.

See "Material United States Federal Income Tax Consequences of the Spin-Off and the Merger."

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

The obligations of Verizon and Frontier to consummate the merger are conditioned, respectively, on Verizon's receipt of an opinion of Debevoise, counsel to Verizon, and Frontier's receipt of an opinion of Cravath, Swaine & Moore LLP, referred to as Cravath, counsel to Frontier, in each case to the effect that the merger will qualify as a tax-free reorganization under Section 368(a) of the Code, and that no gain or loss will be recognized as a result of the merger by Spinco or by Spinco stockholders (except for cash in lieu of fractional shares). These opinions will be based upon, among other things, certain representations and assumptions as to factual matters made by Verizon, Spinco and Frontier. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the opinions. An opinion of counsel represents counsel's best legal judgment, is not binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion. In addition, the opinions will be based on current law, and cannot be relied upon if current law changes with retroactive effect. If the merger were taxable, Spinco stockholders would recognize taxable gain or loss on their receipt of Frontier stock in the merger, and Spinco would be considered to have made a taxable sale of its assets to Frontier.

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

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

- enter into any agreement, understanding or arrangement or engage in any substantial negotiations with respect to any transaction involving the acquisition, issuance, repurchase or change of ownership of Frontier capital stock, or options or other rights in respect of Frontier capital stock, subject to certain exceptions relating to employee compensation arrangements, stock splits, open market stock repurchases and stockholder rights plans;
- permit certain wholly owned subsidiaries owned by Spinco at the time of the spin-off to cease the active conduct of the Spinco business to the extent it was conducted immediately prior to the spin-off; or
- voluntarily dissolve, liquidate, merge or consolidate with any other person, unless Frontier survives and the transaction otherwise complies with the restrictions in the tax sharing agreement.

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

Nevertheless, Frontier is permitted to take any of the actions described above if it obtains Verizon's consent, or if it obtains a supplemental IRS private letter ruling (or an opinion of counsel that is reasonably acceptable to Verizon) to the effect that the action will not affect the tax-free status of the spin-off or the merger. However, the

receipt by Frontier of any such consent, opinion or ruling does not relieve Frontier of any obligation it has to indemnify Verizon for an action it takes that causes the spin-off to be taxable to Verizon.

Because of these restrictions, for two years after the merger, Frontier may be limited in the amount of capital stock that it can issue to make acquisitions or to raise additional capital. Also, Frontier's indemnity obligation to Verizon may discourage, delay or prevent a third party from acquiring control of Frontier during this two-year period in a transaction that stockholders of Frontier might consider favorable. See "The Transaction Agreements—The Merger Agreement," "The Transaction Agreements—Additional Agreements Between Frontier, Verizon and Their Affiliates—The Tax Sharing Agreement" and "Material United States Federal Income Tax Consequences of the Spin-Off and the Merger."

Investors holding shares of Frontier common stock immediately prior to the merger will, in the aggregate, have a significantly reduced ownership and voting interest after the merger and will exercise less influence over management.

After the merger's completion, Frontier stockholders will, in the aggregate, own a significantly smaller percentage of the combined company than they will collectively own of Frontier immediately prior to the merger. Depending on the trading prices of Frontier common stock prior to the closing of the merger and before accounting for the elimination of fractional shares and adjustments for any amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain governmental approvals in the Spinco territory that are required to complete the merger and the spin-off, Frontier stockholders will collectively own between approximately 29% and 34% of the combined company's outstanding equity immediately following the closing of the merger. Consequently, Frontier stockholders, collectively, will be able to exercise less influence over the management and policies of the combined company than they would be able to exercise over the management and policies of Frontier immediately prior to the merger. Moreover, the number of shares of Frontier common stock to be issued to Verizon stockholders pursuant to the merger agreement is subject to increase by any amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain government approvals in the Spinco territory that are required to complete the merger or the spin-off, and any such increase may be significant. In addition, Verizon will have the right to initially designate three of the twelve members of the board of directors of the combined company.

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

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

Risks Related to the Combined Company's Business Following the Merger

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

The businesses that will make up the combined company have experienced declining access lines, switched access minutes of use, long distance revenues, federal and state subsidies and related revenues because of economic conditions, increasing competition, changing consumer behavior (such as wireless displacement of wireline use, e-mail use, instant messaging and increasing use of Voice over Internet Protocol, referred to as VoIP), technology changes and regulatory constraints. For example, Frontier's access lines declined 7% in 2008,

and 6% in 2007 (excluding the access lines added through Frontier's acquisitions of Commonwealth and GVN). In addition, Frontier's switched access minutes of use declined 9% in 2008 and 8% in 2007 (excluding the switched access minutes added through Frontier's acquisitions of Commonwealth and GVN). The Spinco business's access lines declined 10% in 2008, and 8% in 2007. In addition, the Spinco business's switched access minutes of use declined 11% in 2008 and 11% in 2007. These factors, among others, are likely to cause the combined company's local network service, switched network access, long distance and subsidy revenues to continue to decline, and these factors may cause the combined company's cash generated by operations to decrease.

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

The communications industry is extremely competitive and competition is increasing. The traditional dividing lines between local, long distance, wireless, cable and Internet service providers are becoming increasingly blurred. Through mergers and various service expansion strategies, service providers are striving to provide integrated solutions both within and across geographic markets. The combined company's competitors will include competitive local exchange carriers and other providers (or potential providers) of services, such as Internet service providers, wireless companies, VoIP providers and cable companies that may provide services competitive with the services that the combined company will offer or will intend to introduce. Competition will continue to be intense following the merger, and Frontier cannot assure you that the combined company will be able to compete effectively. Frontier also believes that wireless and cable telephony providers have increased their penetration of various services in Frontier's and Spinco's markets. Frontier expects the combined company to continue to lose access lines at least in the near term and that competition with respect to all the products and services of the combined company will increase.

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

Table of Contents

Risks Related to Liquidity, Financial Resources and Capitalization

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

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

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

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

Substantial debt and debt service obligations may adversely affect the combined company.

Frontier has a significant amount of indebtedness, which amounted to approximately $4.9 billion as of June 30, 2009. The Spinco business will have indebtedness in the amount of approximately $3.4 billion at the closing of the merger. After the merger, the combined company 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 Frontier's existing indebtedness, which would increase its total debt.

The potential significant negative consequences on the combined company's financial condition and results of operations that could result from its substantial debt include:

- limitations on the combined company's ability to obtain additional debt or equity financing;

Table of Contents

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

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

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

Risks Related to Regulation

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

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

Table of Contents

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

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

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

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

Federal subsidies representing interstate access support, rural high cost loop support and local switching support represented approximately $74 million, or 3%, of Frontier's revenues in 2008 and approximately $125 million, or 3%, of Verizon's Separate Telephone Operations' revenues in 2008. Frontier currently expects that as a result of both an increase in the national average cost per loop and a decrease in Frontier's and the Spinco business's cost structure, there will be a decrease in the subsidy revenues Frontier and the Spinco business will earn in 2009 through the Federal High Cost Loop Fund. The amount of federal interstate access support funds received may also decline as that fund is also subject to a national cap and the amounts allocated among carriers within that cap can vary from year to year. State subsidies represented approximately $9 million, or less than 1%, of Frontier's revenues in 2008 and approximately $25 million, or less than 1%, of Verizon's Separate Telephone Operations' revenues in 2008. Approximately $37 million, or 2%, of Frontier's 2008 revenues, and approximately $85 million, or 2%, of Verizon's Separate Telephone Operations' 2008 revenues, represents a surcharge to customers (local, long distance and interconnection) to recover universal service fund contribution fees which are remitted to the FCC and recorded as an expense in "other operating expenses."

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

As an incumbent local exchange carrier, the combined company will be subject to significant regulation from federal, state and local authorities. This regulation will restrict the combined company's ability to change its rates, especially on its basic services and its access rates, and will impose substantial compliance costs on the

Table of Contents

combined company. Regulation will constrain the combined company's ability to compete and, in some jurisdictions, it may restrict how the combined company is able to expand its service offerings. In addition, changes to the regulations that govern the combined company may have an adverse effect upon its business by reducing the allowable fees that it may charge, imposing additional compliance costs or otherwise changing the nature of its operations and the competition in its industry.

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

Risks Related to Technology

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

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

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

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, revenue enhancements, competitive positions, growth opportunities, plans and objectives of the management of Frontier and the combined company, the merger and the market for Frontier common stock and other matters. Statements in this document and the documents incorporated by reference herein that are not historical facts are hereby identified as "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. These forward-looking statements, including, without limitation, those relating to the future business prospects, revenues and income of Frontier and the combined company, wherever they occur in this document, speak as of the date of this proxy statement/prospectus only and are necessarily estimates reflecting the best judgment of Frontier management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in and incorporated by this proxy statement/prospectus.

Words such as "estimate," "project," "plan," "intend," "expect," "anticipate," "believe," "would," "should," "could" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are found at various places throughout this proxy statement/prospectus, including in the section entitled "Risk Factors." Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include those set forth under "Risk Factors," as well as, among others, risks and uncertainties relating to:

- the ability of Frontier to complete the merger;
- the failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals for the merger;
- the failure to receive the IRS ruling approving the tax-free status of the transactions;
- the failure of Frontier stockholders to adopt the merger agreement, amend Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock and approve the issuance of shares of Frontier common stock pursuant to the merger agreement;
- the ability to successfully integrate the Spinco business's operations into Frontier's existing operations;
- the effects of increased expenses due to activities related to the merger;
- the ability to migrate the Spinco business's West Virginia operations from Verizon owned and operated systems and processes to Frontier owned and operated systems and processes successfully;
- the risk that the growth opportunities and cost synergies from the merger may not be fully realized or may take longer to realize than expected;
- the sufficiency of the assets contributed by Verizon to Spinco to enable the combined company to operate the Spinco business;
- disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers;
- the effects of greater than anticipated competition requiring new pricing, marketing strategies or new product or service offerings and the risk that the combined company will not respond on a timely or profitable basis;
- reductions in the number of the combined company's access lines and HSI subscribers;
- the ability to sell enhanced and data services in order to offset ongoing declines in revenues from local services, switched access services and subsidies;

- the effects of ongoing changes in the regulation of the communications industry as a result of federal and state legislation and regulation;
- the effects of competition from cable, wireless and other wireline carriers (through VoIP or otherwise);
- the ability to adjust successfully to changes in the communications industry and to implement strategies for improving growth;
- adverse changes in the credit markets or in the ratings given to Frontier's or the combined company's debt securities by nationally accredited ratings organizations, which could limit or restrict the availability, or increase the cost, of financing;
- reductions in switched access revenues as a result of regulation, competition or technology substitutions;
- the effects of changes in both general and local economic conditions on the markets the combined company serves, which can affect demand for its products and services, customer purchasing decisions, collectability of revenues and required levels of capital expenditures related to new construction of residences and businesses;
- changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles or regulations;
- the ability to effectively manage the combined company's operations, operating expenses and capital expenditures, to pay dividends and to repay, reduce or refinance the combined company's debt;
- the effects of bankruptcies and home foreclosures, which could result in increased bad debts;
- the effects of technological changes and competition on the combined company's capital expenditures and product and service offerings, including the lack of assurance that the combined company's network improvements will be sufficient to meet or exceed the capabilities and quality of competing networks;
- the effects of increased medical, retiree and pension expenses and related funding requirements;
- changes in income tax rates, tax laws, regulations or rulings, or federal or state tax assessments;
- the effects of state regulatory cash management policies on the combined company's ability to transfer cash among the combined company's subsidiaries and to the parent company;
- the ability to successfully renegotiate union contracts expiring in 2009 and thereafter;
- declines in the value of the combined company's pension plan assets, which could require the combined company to make contributions to the pension plan beginning no earlier than 2010;
- the effects of any unfavorable outcome with respect to any of Frontier's or the Spinco business's 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 the combined company would have no control; and
- the effects of hurricanes, ice storms or other severe weather.

Frontier undertakes no obligation to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

Table of Contents

THE SPECIAL MEETING

Date, Time and Place

These proxy materials are delivered in connection with the solicitation by the Frontier board of proxies to be voted at the Frontier special meeting, which is to be held on Tuesday, October 27, 2009 at 9:00 a.m., local time, at 3 High Ridge Park, Stamford, CT 06905. On or about September 21, 2009, Frontier commenced mailing this proxy statement/prospectus and the enclosed proxy card to its stockholders entitled to vote at the meeting.

Purpose of the Special Meeting

At the special meeting, Frontier stockholders will be asked to vote on the following proposals:

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

APPROVAL OF EACH OF THE PROPOSALS SET FORTH IN ITEMS 1, 2 AND 3 IS REQUIRED FOR COMPLETION OF THE MERGER.

THE FRONTIER BOARD HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND THE MERGER AND UNANIMOUSLY RECOMMENDS THAT FRONTIER STOCKHOLDERS VOTE FOR THE MERGER PROPOSALS. STOCKHOLDER APPROVAL OF THE MERGER PROPOSALS IS NECESSARY TO EFFECT THE MERGER. THE APPROVAL OF EACH OF THE MERGER PROPOSALS IS CONDITIONED UPON THE APPROVAL OF EACH OF THE OTHER MERGER PROPOSALS.

Record Date and Outstanding Shares

The Frontier board has fixed the close of business on September 14, 2009 as the record date for determining the holders of Frontier common stock entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting.

As of the record date, approximately 312,326,280 shares of Frontier common stock were issued and outstanding and entitled to notice of, and to vote at, the special meeting and there were 24,012 holders of record of Frontier common stock. Each share of Frontier common stock entitles the holder thereof to one vote on each matter to be considered at the special meeting. A complete list of stockholders entitled to vote at the special meeting will be open to the examination of stockholders on the special meeting date and for a period of ten days prior to the special meeting, during ordinary business hours, at the offices of Frontier, 3 High Ridge Park, Stamford, Connecticut 06905.

Record holders of Frontier common stock on the record date may vote their shares of Frontier common stock in person at the special meeting or by proxy as described below under "—Voting by Proxy."

Quorum

The presence of a majority of the shares of Frontier common stock entitled to vote at the special meeting, represented in person or by proxy, will constitute a quorum at the special meeting. If a Frontier stockholder signs and returns his or her proxy card or submits his or her proxy via telephone or Internet, that stockholder's shares will be counted to determine whether Frontier has a quorum even if the stockholder abstains or fails to vote as indicated on the proxy card.

Table of Contents

Required Vote

The affirmative vote of a majority of the outstanding shares of Frontier common stock entitled to vote is required to adopt the merger agreement and to amend Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock. The affirmative vote of a majority of the votes cast by holders of shares of Frontier common stock is required to approve the issuance of Frontier common stock pursuant to the merger agreement. The approval of each of the merger proposals is conditioned upon the approval of each of the other merger proposals, and the merger will not occur unless all of the merger proposals are approved.

Because the required vote of Frontier stockholders for the adoption of the merger agreement and for the amendment of Frontier's certificate of incorporation is based on the number of outstanding shares of Frontier common stock entitled to vote, rather than on the number of shares actually voted, the failure by the holder of any such shares to submit a proxy by mail, by telephone or over the Internet or to vote in person at the special meeting, including abstentions and broker non-votes, will have the same effect as a vote against such proposals. However, failure by the holder of such shares to respond with a vote or to instruct his or her broker or other nominee how to vote on the proposal to issue shares of Frontier common stock pursuant to the merger agreement will have no effect on such proposal, assuming a quorum is present at the special meeting.

No vote of Verizon stockholders is required or being sought in connection with the spin-off or the merger.

Voting by Proxy

Giving a proxy means that a Frontier stockholder authorizes the persons named in the enclosed proxy card to vote his or her shares at the special meeting in the manner such stockholder directs. A Frontier stockholder may cause his or her shares to be voted by granting a proxy or by voting in person at the meeting. Follow the instructions on the enclosed proxy card to vote on the matters to be considered at the special meeting.

Stockholders may submit a proxy to vote their shares by Internet, telephone or mail without attending the special meeting. To submit a proxy to vote by mail, mark, sign and date the proxy card and return it to Frontier in the postage-paid envelope provided. To submit a proxy to vote by Internet or telephone 24 hours a day, seven days a week, follow the instructions on the proxy card. Submitting a proxy by Internet or by telephone provides the same authority to vote shares as if the stockholder had returned his or her proxy card by mail.

The individuals named and designated as proxies in the proxy card will vote the shares as instructed by the stockholder. If a registered holder of Frontier common stock does not mark a selection, his or her proxy will be counted as a vote for the proposals to adopt the merger agreement, to amend Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock and to approve the issuance of Frontier common stock pursuant to the merger agreement.

Frontier requests that Frontier stockholders complete and sign the accompanying proxy card and return it to Frontier in the enclosed postage-paid envelope or submit the proxy by telephone or the Internet as soon as possible. When the accompanying proxy card is returned properly executed, or the proxy is properly submitted via telephone or the Internet, the shares of Frontier stock represented by the proxy will be voted at the special meeting in accordance with the instructions contained on the proxy card or the Internet or telephone instructions.

If a Frontier stockholder's shares are held in "street name" by a broker or other nominee, such stockholder must give specific instructions to such broker or nominee as to how to vote such shares at the special meeting, absent which such shares will not be voted and will count as a vote against the proposals to adopt the merger agreement and to amend Frontier's restated certificate of incorporation to increase the number of authorized shares of Frontier common stock (though it will have no effect on the vote to approve the issuance of Frontier common stock pursuant to the merger agreement).

Table of Contents

Revocability of Proxies and Changes to a Frontier Stockholder's Vote

Frontier stockholders of record may revoke their proxies at any time prior to the time their shares are voted at the special meeting. A stockholder can change his or her vote by (i) giving Frontier a written notice revoking the stockholder's proxy card, (ii) signing, dating and returning to Frontier a new proxy card, (iii) submitting a new proxy via telephone or the Internet or (iv) attending the special meeting and voting his or her shares in person. Frontier will honor the proxy card or telephone or Internet proxy submission with the latest date.

Proxy revocation notices sent by mail should be sent to Frontier Communications Corporation c/o Frontier's Secretary, at Frontier's address set forth in this proxy statement/prospectus. New proxy cards should be sent to the address on the proxy card.

Attending the special meeting and voting shares in person will revoke a proxy, as described above, but attendance alone at the special meeting will not revoke a proxy. If the stockholder instructed a broker to vote his or her shares and the stockholder wishes to change his or her instructions, the stockholder must follow the broker's directions for changing those instructions. If an adjournment occurs and no new record date is set, it will have no effect on the ability of Frontier stockholders of record as of the record date to exercise their voting rights or to revoke any previously delivered proxies.

Solicitation of Proxies

This solicitation is made on behalf of the Frontier board. Frontier has retained MacKenzie Partners, Inc. to assist in the solicitation of proxies. MacKenzie Partners, Inc. may solicit proxies by telephone, facsimile, other forms of electronic transmission and by mail. It is anticipated that the fee for those services will be approximately $15,000 plus reimbursement for customary out-of-pocket expenses. Frontier will pay the costs of soliciting and obtaining the proxies, including the cost of reimbursing brokers, banks and other financial institutions for forwarding proxy materials to their customers. In addition, proxies may be solicited, without extra compensation, by Frontier's officers and employees in person or by telephone, facsimile, electronic transmission and by mail.

In addition, Frontier will request that brokerage houses, banks and other custodians or nominees holding shares in their names for others forward proxy materials to their customers or principals who are the beneficial owners of shares, and Frontier will reimburse them for their expenses in doing so.

Other Matters

As of the date of this proxy statement/prospectus, the Frontier board knows of no other matters that will be presented for consideration at the special meeting other than as described in this proxy statement/prospectus. If any other matters properly come before the special meeting of Frontier stockholders, or any adjournments of the special meeting are proposed and are properly voted upon, the enclosed proxies will give the individuals that Frontier stockholders name as proxies discretionary authority to vote the shares represented by these proxies as to any of these matters; provided, however, that those individuals will only exercise this discretionary authority with respect to matters that were unknown a reasonable time before the solicitation of proxies.

Transfer Agent

Frontier's transfer agent is Illinois Stock Transfer Company. Frontier stockholders should contact the transfer agent, at the phone number or address listed below, if they have questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to their stock accounts.

Illinois Stock Transfer Company
209 West Jackson Boulevard, Suite 903
Chicago, IL 60606-6905
Telephone: (800) 757-5755 (in the United States, Puerto Rico and Canada)
or (312) 427-2953 (outside the United States, Puerto Rico and Canada)
Fax: (312) 427-2879

Table of Contents

THE TRANSACTIONS

General

On May 13, 2009, Verizon and Frontier announced that they had entered into a transaction providing for the spin-off of Verizon's local exchange business in the Spinco territory and the subsequent merger of Spinco with and into Frontier. In order to effect the spin-off and merger, Verizon, Spinco and Frontier entered into a number of agreements, including the merger agreement and the distribution agreement. These agreements, which are described in greater detail in this proxy statement/prospectus, provide for the contribution to Spinco of defined assets and liabilities of the local exchange business and related landline activities of Verizon in the Spinco territory, including Internet access and long distance services and broadband video provided to designated customers in the Spinco territory. More specifically, Verizon's local exchange business in the Spinco territory is currently conducted by a number of Verizon entities. Certain of these entities conduct business only in the Spinco territory, while others conduct business both within and outside the Spinco territory. The entities that conduct business only in the Spinco territory will be contributed to Spinco without realignment of their assets and liabilities. The other entities either (i) will be contributed to Spinco after transferring their non-Spinco assets and liabilities to another subsidiary of Verizon or (ii) will transfer their Spinco assets and liabilities to newly created entities which will then be contributed to Spinco. In connection with its contribution to Spinco, Verizon will receive $3.333 billion in aggregate value in the form of the special cash payment, the Verizon debt reduction and, in certain circumstances, the Spinco debt securities. In connection with these transactions, Spinco also will issue additional shares of Spinco common stock to Verizon, which will be distributed in the spin-off as described below. These agreements also provide for Verizon's distribution of all of the shares of Spinco common stock to a third-party distribution agent to be held collectively for the benefit of Verizon stockholders, the merger of Spinco with and into Frontier, with Frontier continuing as the combined company, and the conversion of shares of Spinco common stock into shares of Frontier common stock and the payment of cash in lieu of fractional shares.

Transaction Timeline

Below is a step-by-step list illustrating the sequence of material events relating to the spin-off of Spinco and merger of Spinco with and into Frontier. Each of these events is discussed in more detail elsewhere in this proxy statement/prospectus. Verizon and Frontier anticipate that the steps will occur in the following order:

Step 1—Verizon will engage in a series of restructuring transactions to effect the transfer of (i) defined assets and liabilities of the local exchange business and related landline activities of Verizon in the Spinco territory to certain entities that will become Spinco subsidiaries to the extent such assets and liabilities are not currently located within an entity that will become a Spinco subsidiary and (ii) defined assets and liabilities not related to the local exchange business and related landline activities of Verizon in the Spinco territory and currently located within an entity that will become a Spinco subsidiary to Verizon or another subsidiary of Verizon that will not become a Spinco subsidiary.

Step 2—Spinco will incur indebtedness to make a special cash payment to Verizon in an amount not to exceed the lesser of (i)(x) $3.333 billion minus (y) the distribution date indebtedness and (ii) Verizon's estimate of its tax basis in the assets transferred to Spinco. Verizon currently anticipates that its tax basis in the assets to be transferred to Spinco will be greater than or equal to $3.333 billion.

Step 3—Verizon will contribute to Spinco all of the equity interests in the entities that will become Spinco subsidiaries and related customer relationships for Internet access, long distance services and broadband video currently provided to designated customers in the Spinco territory to a subsidiary of Spinco in exchange for (i) the special cash payment to Verizon described in Step 2 above and (ii) if required, the issuance to Verizon of the Spinco debt securities having a principal amount equal to (A) $3.333 billion less (B) the sum of (1) the special cash payment and (2) the distribution date indebtedness.

Table of Contents

Step 4—Verizon will be permitted to exchange the Spinco debt securities for debt obligations of Verizon or otherwise transfer those Spinco debt securities to stockholders or creditors of Verizon. However, if Verizon elects to make this exchange concurrently with the distribution and prior to the closing of the merger, the distribution and the merger will be conditioned upon, among other things, Verizon having exchanged a principal amount of Spinco debt securities sufficient to retire indebtedness of Verizon in the aggregate principal amount equal to $3.333 billion less the sum of the special cash payment and the distribution date indebtedness.

Step 5—Verizon will then spin off Spinco by distributing all of the shares of Spinco common stock to a third-party distribution agent to be held collectively for the benefit of Verizon stockholders.

Step 6—Spinco will merge with and into Frontier, with Frontier surviving as the combined company, and the shares of Spinco common stock held by the distribution agent will be converted into the number of shares of Frontier common stock that Verizon stockholders will be entitled to receive in the merger.

Step 7—The distribution agent will distribute shares of Frontier common stock and cash in lieu of fractional shares to Verizon stockholders on a pro rata basis in accordance with the terms of the merger agreement.

The Spin-Off

As part of the spin-off, Verizon will engage in a series of preliminary restructuring transactions to effect the transfer to entities that will become Spinco subsidiaries of defined assets and liabilities of the local exchange business and related landline activities of Verizon in the Spinco territory, including Internet access and long distance services and broadband video provided to designated customers in the Spinco territory. In addition, entities that have been designated as Spinco subsidiaries but which hold non-Spinco assets and liabilities will transfer those assets and liabilities to Verizon or another subsidiary of Verizon that will not become a Spinco subsidiary. In connection with these preliminary restructuring transactions, and immediately prior to the distribution and closing of the merger, Verizon will contribute all of the equity interests of the Spinco subsidiaries to Spinco, and in connection with such contribution receive:

- the special cash payment;
- the Verizon debt reduction; and
- if required, the Spinco debt securities.

Also in connection with these contributions, Spinco will issue additional shares of Spinco common stock to Verizon, which will be distributed in the spin-off as described below.

As a result of the transactions, Verizon will receive $3.333 billion in aggregate value in the form of the special cash payment, the Verizon debt reduction and, in certain circumstances, the Spinco debt securities. The $3.333 billion in aggregate value to be received by Verizon in the transactions was determined in the negotiations between Verizon and Frontier regarding the overall valuation of the transactions.

Prior to the distribution, Spinco will consummate certain financing transactions to (1) finance the special cash payment to Verizon referred to above and (2) if required, issue the Spinco debt securities to Verizon. For a more complete discussion of the financing of the combined company, see "Financing of the Combined Company."

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

Table of Contents

be immediately converted into the number of shares of Frontier common stock Verizon stockholders will be entitled to receive in the merger. The third-party distribution agent will then distribute these shares of Frontier common stock and cash in lieu of fractional shares to Verizon stockholders on a pro rata basis in accordance with the terms of the merger agreement.

The Merger

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

Verizon stockholders will be entitled to receive a number of shares of Frontier common stock to be determined based on the calculation set forth below under "—*Calculation of Merger Consideration*." *Holders of Verizon common stock will not be required to pay for the shares of* Frontier common stock they receive and will also retain all of their shares of Verizon common stock. Existing shares of Frontier common stock will remain outstanding.

By virtue of the merger, in addition to remaining the obligor on all then-existing Frontier debt, the combined company will have additional indebtedness of approximately $3.4 billion representing debt incurred by Spinco in connection with the special cash payment financing, the distribution date indebtedness and, if required, any Spinco debt securities. Based upon Frontier's outstanding indebtedness as of June 30, 2009 of approximately $4.9 billion, Frontier currently anticipates that the combined company will have approximately $8.3 billion in total debt immediately following the closing of the merger.

Calculation of Merger Consideration

The merger agreement provides that Frontier will issue to holders of Verizon common stock an aggregate number of shares of Frontier common stock equal to (1) $5,247,000,000, divided by (2) the Frontier average price. The quotient of this equation is referred to as the aggregate merger consideration. The aggregate number of shares of Frontier common stock to be issued as the aggregate merger consideration will therefore change depending on the Frontier average price, which is the average of the volume-weighted averages of the trading prices of Frontier common stock for the Frontier average price calculation period. However, the merger agreement provides that if the Frontier average price, as calculated, exceeds $8.50, then the Frontier average price will be $8.50, and if the Frontier average price, as calculated, is less than $7.00, then the Frontier average price will be $7.00. Additionally, the amount referred to in clause (1) above is subject to increase by any amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain governmental approvals in the Spinco territory that are required to complete the merger or the spin-off. As a result, the number of shares of Frontier common stock issuable pursuant to the merger agreement may increase, and any such increase could be significant. Pursuant to the distribution agreement, Verizon will distribute shares of Spinco common stock to a third-party distribution agent for the benefit of Verizon stockholders. Each share of Spinco common stock held by the distribution agent will be converted into the right to receive a number of shares of Frontier common stock equal to (a) the aggregate merger consideration divided by (b) the number of shares of Spinco common stock outstanding as of the closing of the merger. The quotient of this equation is referred to as the per share merger consideration.

Depending on the Frontier average price, it is currently expected that Verizon stockholders will collectively own between approximately 66% and 71% of the combined company's outstanding equity immediately following the closing of the merger, and Frontier stockholders will collectively own between approximately 29% and 34% of the combined company's outstanding equity immediately following the closing of the merger (in each case, prior to the elimination of fractional shares and assuming no amounts paid, payable or forgone by Verizon related to governmental approvals, as described above). For example, if the closing of the merger had occurred on September 10, 2009, based on the average of the volume-weighted averages of the trading prices of

Frontier common stock for the period of 30 consecutive trading days ending September 4, 2009 (the third trading day before September 10, 2009), as reported by the NYSE, the Frontier average price would have equaled $7.03. Prior to the elimination of fractional shares and assuming no adjustment was required for any amounts related to governmental approvals as described above, Verizon stockholders would have received an aggregate of 746,372,688 shares of Frontier common stock in the merger. This amount would have represented approximately 70.5% of the combined company's equity immediately after the closing of the merger if the closing occurred on that date. Based on these assumptions, each Verizon stockholder would have received one share of Frontier common stock for approximately every 3.8059 shares of Verizon common stock the Verizon stockholder owned on the assumed record date for the spin-off. However, any change in the Frontier average price from the sample calculation of the Frontier average price used in the above example will, subject to the collar, cause the aggregate number of shares of Frontier common stock to be issued pursuant to the merger agreement (and the per share consideration to be received by Verizon stockholders in the merger) to change. In addition, any changes resulting from adjustments required for amounts related to governmental approvals as described above will cause the aggregate number of shares of Frontier common stock to be issued (and the per share consideration to be received by Verizon stockholders) to change, and any change in the number of shares of Verizon common stock outstanding prior to the record date of the spin-off (together with any shares of Verizon common stock issued pursuant to the exercise of Verizon stock options between the record date for the spin-off and the date of the spin-off) will cause the per share consideration to be received by Verizon stockholders to change. The amount of any such change could be significant.

No fractional shares of Frontier common stock will be issued to Verizon stockholders in the merger. Each Verizon stockholder will receive a cash payment in lieu of any fractional share of Frontier common stock to which he or she would otherwise be entitled. The ownership percentages in this section have been calculated prior to the elimination of fractional shares in the merger. This elimination will result in a lower percentage ownership of the combined company by Verizon stockholders.

Please read carefully the composite forms of the merger agreement and the distribution agreement, which incorporate the amendments to the merger agreement and distribution agreement dated as of July 24, 2009 and are attached as Annex A-1 and Annex A-2, respectively, to this proxy statement/prospectus and incorporated in this proxy statement/prospectus by reference, because they set forth the terms of the merger and the distribution of shares of Frontier common stock to Verizon stockholders.

Trading Markets

Verizon Common Stock

It is currently expected that beginning not earlier than two business days before the record date to be established for the spin-off, and continuing through the closing date of the merger (or the previous business day, if the merger closes before the opening of trading in Verizon common stock and Frontier common stock on the NYSE on the closing date), there will be two markets in Verizon common stock on the NYSE: a "regular way" market and an "ex-distribution" market.

- If a Verizon stockholder sells shares of Verizon common stock in the "regular way" market under the symbol "VZ" during this time period, that Verizon stockholder will be selling both his or her shares of Verizon common stock and the right (represented by a "due-bill") to receive shares of Spinco common stock that will be converted into shares of Frontier common stock, and cash in lieu of fractional shares (if any), at the closing of the merger. Verizon stockholders should consult their brokers before selling their shares of Verizon common stock in the "regular way" market during this time period to be sure they understand the effect of the NYSE "due-bill" procedures. The "due-bill" process is not managed, operated or controlled by Verizon.
- If a Verizon stockholder sells shares of Verizon common stock in the "ex-distribution" market during this time period, that Verizon stockholder will be selling only his or her shares of Verizon common stock, and will retain the right to receive shares of Spinco common stock that will be converted into shares of Frontier common stock, and cash in lieu of fractional shares (if any), at the closing of the

merger. It is currently expected that "ex-distribution" trades of Verizon common stock will settle within three business days after the closing date of the merger and that if the merger is not completed all trades in this "ex-distribution" market will be cancelled.

After the closing date of the merger, shares of Verizon common stock will no longer trade in the "ex-distribution" market, and shares of Verizon common stock that are sold in the "regular way" market will no longer reflect the right to receive shares of Spinco common stock that will be converted into shares of Frontier common stock, and cash in lieu of fractional shares (if any), at the closing of the merger.

Frontier Common Stock

It is currently expected that beginning not earlier than two business days before the record date to be established for the spin-off, and continuing through the closing date of the merger (or the previous business day, if the merger closes before the opening of trading in Verizon common stock and Frontier common stock on the NYSE on the closing date), there will be two markets in Frontier common stock on the NYSE: a "regular way" market and a "when issued" market.

- The "regular way" market will be the regular trading market for issued shares of Frontier common stock under the symbol "FTR."
- The "when issued" market will be a market for the shares of Frontier common stock that will be issued to Verizon stockholders at the closing of the merger. If a Verizon stockholder sells shares of Frontier common stock in the "when issued" market during this time period, that Verizon stockholder will be selling his or her right to receive shares of Frontier common stock at the closing of the merger. It is currently expected that "when issued" trades of Frontier common stock will settle within three business days after the closing date of the merger and that if the merger is not completed, all trades in this "when issued" market will be cancelled. After the closing date of the merger, shares of Frontier common stock will no longer trade in this "when issued" market.

Background of the Merger

In the ordinary course of business, Frontier periodically reviews and assesses industry developments and available strategic alternatives to enhance stockholder value. During the past two years, representatives of Frontier held various conversations with representatives of other communications companies and initiated due diligence activities in connection with potential business combination transactions in which Frontier would either be the acquiror or the seller. None of these conversations or activities, other than those with Verizon, ultimately resulted in an agreement.

In early January 2009, Frontier's senior leadership team met for several days to discuss strategic and other operational matters. During this time, Mary Agnes Wilderotter, Frontier's Chairman, President and Chief Executive Officer, met with the chief executive officer of another communications company, referred to as Company A, and the two discussed the state of the communications industry and the possibility of a business combination transaction between Company A and Frontier, including potential terms and structure of such a transaction.

On January 21, 2009, Mrs. Wilderotter met with the chief executive officer of another communications company to discuss industry issues and to explore the possibility of Frontier acquiring certain assets from that company. That chief executive officer indicated that the assets were not for sale.

On January 22, 2009, Frontier and Company A entered into a mutual confidentiality agreement, and thereafter exchanged non-public information regarding their respective businesses. From late January 2009 through the third week of February 2009, representatives of Frontier and Company A conducted due diligence and held various discussions regarding the potential terms and structure of a business combination transaction

involving an acquisition of Frontier by Company A, including valuation, closing certainty and post-closing management and board composition of the combined company. In addition, during this period, the Frontier board met several times and received updates from Frontier management and advisors concerning the status of such discussions. At the strategic planning meeting of the Frontier board held from February 4 to February 6, 2009, during which the chief executive officer of Company A addressed the Frontier board regarding the possible business combination between Company A and Frontier, the Frontier board, after considering updates on the status of discussions with Company A as well as other possible strategic alternatives, directed Mrs. Wilderotter to continue discussions with Company A but to also make contact with the chief executive officers of certain other companies to see if they had any interest in pursuing a transaction with Frontier. During subsequent negotiations, Frontier and Company A were unable to reach agreement on the terms of a transaction, and discussions were terminated by Company A on February 23, 2009. At a meeting of the Frontier board on February 24, 2009, Frontier management advised the Frontier board of the termination of discussions with Company A, and the Frontier board directed Frontier management to continue to evaluate other potential opportunities for a strategic transaction while also focusing on operating Frontier as a stand-alone company, including issuing new debt securities in one or more offerings, the proceeds of which could be used to retire existing debt obligations.

On February 11, 2009, Mrs. Wilderotter contacted Ivan Seidenberg, Verizon's Chairman and Chief Executive Officer, by telephone to discuss whether Verizon would be interested in having Frontier acquire certain portions of Verizon's local exchange business. During the telephone conversation, Mr. Seidenberg did not express any specific interest in such a transaction, but agreed to have a meeting with Mrs. Wilderotter on March 11, 2009, and to consider a preliminary proposal from Frontier for such a transaction.

In early March, Mrs. Wilderotter and Mr. Seidenberg held a telephone conversation during which they confirmed the details of the March 11, 2009 meeting, including the fact that Donald R. Shassian, Frontier's Executive Vice President and Chief Financial Officer, and John W. Diercksen, Verizon's Executive Vice President—Strategy, Development and Planning, would be attending.

On or about March 9, 2009, Mr. Shassian and Mr. Diercksen participated in a telephone conversation during which they discussed the general parameters of what Frontier intended to present to Verizon at the meeting scheduled for March 11, 2009.

On March 11, 2009, Mrs. Wilderotter and Mr. Shassian met with Messrs. Seidenberg and Diercksen to discuss Frontier's preliminary proposal for a potential transaction pursuant to which Frontier would acquire Verizon's local exchange business in eleven states. The group discussed certain assumptions relating to the operations of Verizon's local exchange business in these eleven states, the benefits of the proposed transaction to Frontier and Verizon and Frontier's ability to successfully integrate and operate the larger business that would result from the proposed transaction. The group also discussed including two additional states in the scope of the proposed transaction. In addition, Frontier proposed certain terms for the proposed transaction based solely on publicly available information and other assumptions made by Frontier with respect to the Verizon business Frontier proposed to acquire. At the conclusion of the meeting, Mr. Seidenberg told Mrs. Wilderotter and Mr. Shassian that he would respond to Frontier's preliminary proposal in approximately two weeks and would at that time indicate whether Verizon would be interested in pursuing a transaction with Frontier. In the interim, Mr. Seidenberg authorized Mr. Diercksen to continue working on an accelerated basis with Mr. Shassian to refine the framework of Frontier's proposal.

Later in the day on March 11, 2009, Mrs. Wilderotter and Mr. Shassian updated the Frontier board concerning the nature of their discussions with Messrs. Seidenberg and Diercksen earlier that day.

From March 11 through March 17, 2009, Mrs. Wilderotter had various communications with Mr. Seidenberg, and Mr. Shassian had various communications with Mr. Diercksen, regarding the possible Verizon state operations that might be included in a potential transaction and Frontier's experience in integrating and operating other acquired businesses, including those acquired from GTE Corporation, a predecessor of Verizon.

On March 16, 2009, Mrs. Wilderotter discussed with the chief executive officer of another communications company whether that company would be interested in a strategic combination of all or part of that company with Frontier. That chief executive officer responded to Mrs. Wilderotter that such company was not interested in engaging in any discussions at that time.

On March 19, 2009, Frontier and Verizon entered into a mutual confidentiality agreement. Later that same day, representatives of Verizon provided Frontier information about Verizon's proposed structure for implementing a transaction with Frontier, including the separation and spin-off of the specific business that Verizon proposed to transfer, referred to as the transferring business, and its acquisition by Frontier by means of a simultaneous merger with Frontier.

On March 25, 2009, Verizon sent to Frontier a term sheet containing certain non-financial terms concerning the potential transaction, including a proposed structure for the transaction, the states to be included in the transaction and details regarding the assets that would be included and excluded from the transaction.

Also on March 25, 2009, Mrs. Wilderotter and Mr. Shassian held a telephone conversation with Messrs. Seidenberg and Diercksen, in which Mr. Seidenberg indicated that Verizon was prepared to proceed with further discussions concerning the proposed transaction. After the call, representatives of Frontier and Verizon discussed the process for further discussions, including plans for exchanging additional non-public information and conducting due diligence reviews of their respective businesses. On a conference call later in the day on March 25, 2009, Mrs. Wilderotter and Mr. Shassian updated the Frontier directors as to the status of the discussions with Verizon. The Frontier directors encouraged Frontier management to continue to explore the proposed transaction with Verizon.

On March 26, 2009, Verizon provided certain preliminary non-public information concerning the transferring business that had been requested by Frontier.

On March 27, 2009, Mr. Shassian, together with other representatives of Frontier, met with Mr. Diercksen and other representatives of Verizon at the offices of Frontier to discuss the non-financial terms concerning the potential transaction contained in the term sheet prepared by Verizon.

From March 27, 2009 through April 1, 2009, representatives of Frontier and Verizon engaged in discussions and e-mail communications regarding the operational and financial performance of the transferring business.

On March 30 and April 3, 2009, electronic data rooms containing non-public information related to Frontier's business and the transferring business were opened for review by the parties in connection with the proposed transaction. In addition, representatives of Frontier and Verizon began engaging in numerous due diligence discussions and meetings with respect to different areas of their respective businesses. These discussions continued until the execution of definitive documentation for the transaction.

On April 13, 2009, Frontier and its legal and financial advisors received from Debevoise, counsel to Verizon, drafts of the merger agreement, the distribution agreement and the tax sharing agreement in connection with the proposed transaction.

On April 16, 2009, the Frontier board held a special meeting, during which Frontier management provided the Frontier board with a comprehensive review of the discussions to date regarding the proposed Verizon transaction, a description of the significant outstanding business and legal issues and an update on the status of Frontier's due diligence review of the transferring business. Representatives of Evercore and Citi, Frontier's financial advisors, presented an overview of the communications industry and reviewed strategic opportunities available to Frontier, including the proposed transaction with Verizon, and compared these opportunities to Frontier's outlook as a stand-alone company and to the previously discussed transaction with Company A. In

addition, representatives of Cravath, Frontier's legal advisor, provided an overview of applicable legal standards and director fiduciary duties in the context of considering a business combination transaction and other strategic alternatives. After extensive consideration, the Frontier board directed Frontier management to continue to pursue discussions with Verizon.

From April 21 through April 29, 2009, Mrs. Wilderotter, Mr. Shassian and other representatives of Frontier, including Frontier's financial advisors, had a number of meetings and communications with Mr. Diercksen and other representatives of Verizon, including Verizon's financial advisors, to obtain additional information regarding the transferring business in each of the states to be included in the potential transaction and to discuss various terms of such a transaction. The parties discussed various aspects of the operational and financial performance of the transferring business in the context of a discussion on valuation, and shared certain additional data addressing certain of those matters. After a substantial negotiation, the parties ultimately agreed (subject to agreement on other material structural and other terms of a transaction) on a working framework for the valuation terms of the potential transaction, including:

- an enterprise valuation for Spinco of $8.6 billion;
- the aggregate amount of the special cash payment, Verizon debt reduction and, if required, Spinco debt securities that Verizon would receive of $3.333 billion;
- the method for determining the amount of Frontier common stock to be issued as aggregate merger consideration, which would be based on the average trading prices of Frontier common stock for the period of 30 trading days ending shortly prior to the closing of the merger, with a 15% up or down "collar" on the average Frontier common stock price around the 30 trading day average closing price prior to signing the merger agreement (which at the time would have represented a minimum average Frontier common stock price of $6.21 and a maximum average Frontier common stock price of $8.40); and
- Verizon having a termination right if the average trading price of Frontier common stock during any period of 60 trading days prior to the closing of the merger is below 50% of the Frontier common stock price at the time of signing of the merger agreement.

On April 30, 2009, Mrs. Wilderotter and Mr. Shassian had a telephone conversation with Messrs. Seidenberg and Diercksen to discuss the progress that had been made to date on the status of the proposed transaction and the areas in which significant business and legal issues remained unresolved.

On May 1, 2009, the Frontier board held a special meeting. At that meeting, Frontier management and financial advisors gave presentations regarding the economic terms of the proposed transaction and the relative merits of the proposed transaction as compared to Frontier's other strategic options, including the option of continuing as a stand-alone company, and Cravath reviewed with the Frontier board the fiduciary duties of the Frontier board in connection with its evaluation of the proposed transaction. The Frontier board engaged in an extensive discussion regarding the proposed transaction and Frontier's strategic options. Thereafter, the Frontier board instructed management to continue its due diligence review and proceed with contract negotiations with Verizon on the proposed transaction.

On May 3, 2009, representatives of Frontier sent to representatives of Verizon comments to the draft merger agreement, the draft distribution agreement and certain other draft transaction agreements. On May 5, 2009, representatives of Verizon proposed adding certain of Verizon's businesses in portions of California bordering Arizona, Nevada and Oregon to the scope of the transferring business, which Frontier agreed to on May 7, 2009. Between May 6 and May 9, 2009, representatives of Frontier and Verizon discussed the principal business and legal issues and negotiated the terms of the draft transaction documents, and exchanged revised versions of the documents.

During the course of discussions between Frontier and Verizon, the chief executive officer of Company A contacted Mrs. Wilderotter from time to time seeking to schedule a meeting regarding the possibility of re-starting discussions concerning a potential sale of Frontier to Company A. The chief executive officer of Company A,

however, did not offer any concrete proposal regarding what the terms of such a transaction would be. At the direction of the Frontier board, Mrs. Wilderotter indicated that it was not the right time to have such discussions and did not engage in any substantive discussions with the chief executive officer of Company A during this period. The chief executive officer of Company A and Mrs. Wilderotter planned to meet sometime in early May to discuss whether any further discussions regarding a possible transaction between Company A and Frontier were warranted.

In the afternoon on May 9, 2009, prior to any meeting with the chief executive officer of Company A, Mrs. Wilderotter received a telephone call from the chief executive officer of Company A, who indicated that Company A planned to deliver a letter to Frontier later that day concerning a proposed transaction. Later that day, Company A delivered to Frontier a letter proposing that Company A acquire Frontier on the same economic terms as last proposed by Company A in February 2009, before discussions between Frontier and Company A were terminated. The letter indicated that Company A was willing to accept several of Frontier's prior requests relating to increased transaction certainty, but did not otherwise provide details concerning the terms of Company A's proposal.

On the evening of May 10, 2009, the Frontier board held a special telephonic meeting to discuss the letter from Company A. Frontier management and its financial and legal advisors provided a summary concerning the Company A letter and the status of the Verizon negotiations. The Frontier board engaged in an extensive discussion regarding the Company A letter and the proposed Verizon transaction with Frontier's senior management and legal and financial advisors, and discussed the relative merits and risks of the two potential transactions, as compared to each other and to Frontier's other strategic options, including the option of continuing as a stand-alone company. The Frontier board instructed Frontier management to continue negotiations with Verizon on the terms of the proposed transaction with Verizon, including seeking improvements on the economic terms thereof. The Frontier board also instructed Mrs. Wilderotter to contact Company A and request its "best and final" proposal on price and contract terms, including a merger agreement that Company A would be willing to execute, by May 12, 2009.

On the morning of May 11, 2009, Mr. Shassian and another Frontier representative met with Mr. Diercksen and another Verizon representative to discuss revising the economic terms of the proposed transaction with Verizon. After substantial discussion, Frontier and Verizon agreed in principle that the Frontier average price for determining the aggregate merger consideration would not be less than $7.00 or greater than $8.50 (as opposed to the $6.21 and $8.40 that had been previously discussed), which reflected an approximate 10% up or down "collar" on Frontier's then-current common stock price of approximately $7.75.

Also on the morning of May 11, 2009, following the instruction from the Frontier board, Mrs. Wilderotter contacted the chief executive officer of Company A and asked him to provide Company A's best and final offer on value, along with a proposed merger agreement, by early May 12, 2009. The Company A chief executive officer indicated that Company A would do so.

During the rest of the day on May 11, 2009, representatives of Frontier and Verizon negotiated the final material terms of the proposed transaction documents between Frontier and Verizon.

On the evening of May 11, 2009, the Verizon board of directors, referred to as the Verizon board, met to discuss the proposed transaction and approved the proposed transaction. Verizon management, together with Verizon's financial advisors Barclays Capital and JP Morgan Chase, also reviewed and discussed with the Verizon board certain financial analyses relating to the terms of the spin-off and the proposed merger with Frontier. Debevoise also discussed the transaction and described the proposed terms of the transaction agreements. Thereafter, the Verizon board unanimously approved the spin-off and the merger agreement and approved the merger with Frontier in accordance with Delaware law.

On May 12, 2009, Company A sent Frontier a letter reaffirming the economic terms of its May 9, 2009 proposal to Frontier, without any changes, along with a proposed draft merger agreement, which was

Table of Contents

substantially similar to the last draft merger agreement proposed by Company A in February 2009 prior to the termination of discussions. Frontier and its advisors evaluated the terms of Company A's proposal, including the terms of the draft merger agreement, and prepared a summary thereof for the Frontier board.

Later in the day on May 12, 2009, the Frontier board held a special meeting at the offices of Frontier. At the meeting, Frontier management updated the Frontier board on the status of the negotiations with Verizon and the terms of the latest offer from Company A, including the strategic rationale and potential benefits and risks of each of the potential transactions. Representatives of Cravath reviewed and discussed with the Frontier board the fiduciary duties of directors in the context of considering Frontier's strategic alternatives, and reviewed with the Frontier board the principal terms of the merger agreement and other transaction agreements for the proposed Verizon transaction as well as the principal terms of the Company A merger agreement. Frontier management, together with representatives of Evercore and Citi, also reviewed and discussed with the Frontier board certain financial analyses relating to the terms of each of the potential transactions. The Frontier board then considered and discussed the relative strategic benefits and risks of each potential transaction, as compared to each other and to Frontier's stand-alone position. The Frontier board then asked Evercore and Citi to provide a financial analysis of the potential Verizon transaction, and Evercore and Citi indicated they were each prepared to deliver an opinion to the Frontier board to the effect that, as of such date, and based on and subject to the assumptions made, matters considered and limitations on the scope of review undertaken by each of Evercore and Citi as set forth in their respective opinions, the aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock pursuant to the original merger agreement with Verizon was fair, from a financial point of view, to Frontier and holders of Frontier common stock (solely in their capacity as holders of Frontier common stock with regard to Evercore's opinion). Members of the Frontier board then discussed the two transactions among themselves and with Frontier management and Frontier's legal and financial advisors. After a lengthy discussion, the Frontier board had an executive session in which they discussed the transactions separately with Mrs. Wilderotter, and then with Frontier's legal and financial representatives without the presence of any members of Frontier management. Mrs. Wilderotter and members of Frontier management then rejoined the meeting and the Frontier board unanimously determined that the merger agreement and proposed transaction with Verizon were advisable, fair to and in the best interests of Frontier and its stockholders, approved the merger agreement and the proposed transaction with Verizon in accordance with Delaware law and recommended that the Frontier stockholders adopt the Verizon merger agreement, amend the Frontier restated certificate of incorporation to increase the number of authorized shares of Frontier common stock and approve the issuance of Frontier common stock pursuant to the merger agreement. The Frontier board also authorized the appropriate officers of Frontier to finalize, execute and deliver the merger agreement and the other transaction documents.

Following the Frontier board meeting, representatives of Frontier and Verizon finalized and executed the merger agreement and the other transaction documents on May 13, 2009.

On May 13, 2009, the transactions were announced before the opening of trading on the NYSE.

On July 24, 2009, representatives of Frontier and Verizon finalized and executed an amendment to the merger agreement clarifying the arrangements relating to retained and shared customers after the closing of the merger. On July 24, 2009, Verizon and Spinco also finalized and executed, and Frontier consented to, an amendment to the distribution agreement to reflect minor adjustments to the assets to be contributed by Verizon to Spinco, and the manner in which the special cash payment to be made to Verizon prior to the closing is to be calculated.

Frontier's Reasons for the Merger

In reaching its decision to approve the merger agreement and the merger, the Frontier board consulted with Frontier's management and legal and financial advisors, and considered a variety of factors weighing in favor of or relevant to the merger, including the following:

- The substantial long-term free cash flow per share accretion that the merger is expected to provide to Frontier's stockholders.

Table of Contents

- The stronger financial profile for the combined company that would result from the merger (taking into account the proposed reduction in the annual dividend to $0.75 per share), with lower leverage, more balance sheet flexibility and greater cash flow generation, which is expected to enable the combined company to obtain an investment grade credit rating in the future and provide a more stable dividend payout ratio, and which could not be achieved by Frontier to the same extent either on a stand-alone basis or through pursuing other strategic alternatives.
- The increased scale and scope of the combined company, which are expected to provide greater revenue opportunities by allowing Frontier to bring new or different value-added products and services to more customers and implement its successful operating strategy in additional markets.
- The broader, rural geographic footprint of the combined company, which is expected to reduce the risk of over-reliance on any single geographic area and minimize the importance of urban and suburban markets where competition from cable and wireless providers is more acute.
- The fact that 11 of the 14 states in the Spinco territory are states in which Frontier already conducts business and therefore has existing working relationships in those states from an employee, customer, supplier, community and regulatory perspective.
- The benefit to the combined company from capital and operating synergy opportunities that are expected to result from the combination of Frontier's business with the Spinco business (such as leveraging Frontier's existing common support functions and systems to manage the Spinco business), including an anticipated $500 million annual reduction in operating costs for the combined company.
- The fact that the combined company is expected to be managed by Frontier's current senior management team, which has successfully operated the Frontier business and has an established track record of successful business integration as demonstrated by Frontier's prior acquisitions.
- The lower leverage, greater market capitalization and broader scale and scope of the combined company, which are expected to provide greater opportunities for Frontier to invest in new or different services and technologies and to participate in further industry consolidation and other strategic opportunities in the future and which could not be achieved by Frontier to the same extent either on a stand-alone basis or through pursuing other strategic alternatives.

In addition to the strategic factors described above, the Frontier board also considered the following additional factors, all of which it viewed as relevant to its decision to approve the merger agreement and the merger:

- Frontier's knowledge of the operations, financial condition, earnings and prospects of the Spinco business, taking into account the results of Frontier's due diligence review of the Spinco business.
- The current and prospective competitive climate in the communications industry, including the potential for further consolidation.
- The strategic alternatives reasonably available to Frontier, including proceeding on a stand-alone basis and pursuing other strategic transactions (including a transaction with Company A).
- The current and prospective regulatory landscape in the communications industry.
- The structure of the merger and the terms and conditions of the merger agreement, including the "collar" placed on the movement of the trading prices of Frontier common stock prior to the closing for purposes of calculating the aggregate merger consideration, and the parties' commitment to complete the merger.
- The potential short-term effects on Frontier's stock price from the announcement of the proposed reduction in dividend after the closing of the merger.
- The requirement that the realignment of the Spinco business (other than the portion relating to West Virginia) be completed at least 60 days prior to the closing of the merger, giving Frontier the opportunity to confirm that the Spinco business has been segregated, and has been operating on an

independent basis, from the other businesses of Verizon in accordance with the merger agreement without any need for transition services from Verizon (other than in respect of West Virginia).

- The opinions of Evercore and Citi, each delivered orally to the Frontier board on May 12, 2009 and subsequently confirmed in writing by Evercore on May 12, 2009 and by Citi on May 13, 2009, to the effect that, as of that date, and based on and subject to the assumptions made, matters considered and limitations on the scope of review undertaken by each of Evercore and Citi as set forth in their respective opinions, the aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock pursuant to the original merger agreement was fair, from a financial point of view, to Frontier and holders of Frontier common stock (solely in their capacity as holders of Frontier common stock with regard to Evercore's opinion), as more fully described below under the captions "—Opinions of Frontier's Financial Advisors."
- The fact that the existing Frontier stockholders are expected to own between approximately 29% and 34% of the combined company, which percentages are reflected in the relative valuations of Frontier and Spinco, assuming there are no adjustments for amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain governmental approvals in the Spinco territory that are required to complete the merger or the spin-off.

The Frontier board weighed these advantages and opportunities against a number of other factors identified in its deliberations as weighing against the merger, including:

- The challenges inherent in the combination of two businesses of the size and scope of Frontier and the Spinco business and the size of the companies relative to each other, including the risk that integration costs to be borne by Frontier or the combined company may be greater than anticipated and the possible diversion of management attention for an extended period of time both prior to and after the closing of the merger.
- The risk that in connection with the creation of Spinco and its carve-out from Verizon, as a result of which it will not have all of the same non-network assets, contracts and resources as it had as part of Verizon, the value of the Spinco business (whether as a result of a reduction in sales or the incurrence of additional costs) may be less than the value the parties assigned to the Spinco business during their negotiations, or that the Spinco business may not operate independently at the time of the closing notwithstanding Frontier's ability to evaluate such independent operation prior to the closing.
- The risk of not capturing all the cost savings and operational synergies anticipated from the merger of Frontier and Spinco and the risk that other anticipated benefits might not be realized, and that the long-term free cash flow per share accretion to the Frontier stockholders might not be realized.
- The understanding that, while the transaction is expected to be substantially accretive to Frontier's free cash flow per share over time and be more accretive in the long term than other possible strategic alternatives, the transaction is expected to be dilutive to Frontier's free cash flow per share in the first full year of the combined company's operations and be less accretive in the short term than other possible strategic alternatives.
- The risk that the revenues and access lines related to the Spinco business will decline at a significantly faster rate prior to the closing of the merger than the rate at which Frontier had anticipated based on its due diligence review and financial analyses of the Spinco business and the merger.
- The risk that the capital expenditures required to be spent in the 14 states in which the Spinco business operates after the closing of the merger could be higher than anticipated by Frontier based on its due diligence review and financial analyses of the Spinco business and the merger.
- The risk that the merger may not be consummated despite the parties' efforts, including as a result of the parties' inability to obtain the required regulatory approvals or obtain the special cash payment financing, in each case on terms that satisfy the terms of the merger agreement.

Table of Contents

- Frontier's inability to terminate the merger agreement to accept an unsolicited third party's alternative strategic proposal that the Frontier board deems to be superior to the merger (but recognizing the Frontier board's right to change its recommendation to Frontier stockholders in the circumstances specified in the merger agreement), together with the $80 million termination fee payable to Verizon if the merger agreement is terminated under certain circumstances specified in the merger agreement.
- The risks of the type and nature described under "Risk Factors," and the matters described under "Cautionary Statement Regarding Forward-Looking Statements."

The Frontier board determined that these negative factors were outweighed by the advantages and opportunities offered by the merger.

This discussion of the factors considered by the Frontier board includes the principal factors considered, but is not intended to be exhaustive. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Frontier board did not find it useful to and did not quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination that the merger is advisable, fair to and in the best interests of Frontier and its stockholders. Rather, the Frontier board conducted an overall review of all of the relevant factors. In addition, individual members of the Frontier board may have given differing weights to different factors.

Frontier's Board of Directors' Recommendation to Frontier Stockholders

The Frontier board, by unanimous vote, has determined that the merger is advisable, fair to and in the best interests of Frontier and its stockholders and approved the merger agreement and the merger, and unanimously recommends that Frontier stockholders vote FOR the merger proposals.

Opinions of Frontier's Financial Advisors

Opinion of Evercore Group L.L.C.

In May 2009, Frontier formally engaged Evercore to act as its financial advisor with respect to potential strategic transactions. Frontier engaged Evercore to act as a financial advisor based on its qualifications, experience and reputation. Evercore is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses in connection with mergers and acquisitions, leveraged buyouts, competitive biddings, private placements and valuations for corporate and other purposes.

On May 12, 2009, at a meeting of the Frontier board, Evercore delivered to the Frontier board an oral opinion, which opinion was confirmed by delivery of a written opinion dated May 12, 2009, to the effect that, as of that date and based on and subject to assumptions made, matters considered and limitations on the scope of review undertaken by Evercore as set forth therein, the aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock pursuant to the original merger agreement is fair, from a financial point of view, to Frontier and the holders of Frontier common stock (solely in their capacity as holders of Frontier common stock).

The full text of Evercore's written opinion, dated May 12, 2009, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex B-1 to this proxy statement/prospectus and is incorporated by reference in its entirety into this proxy statement/prospectus. Evercore's opinion was directed to the Frontier board and addresses only the fairness to Frontier and the holders of Frontier common stock (solely in their capacity as holders of Frontier common stock), from a financial point of view, of the aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock pursuant to the original merger agreement. The opinion does not address any other aspect of the proposed merger and does not constitute a recommendation to the Frontier board or to any other persons in respect of the merger, including as to how any holder of shares of Frontier common stock should vote or act in respect of the merger.

Table of Contents

In connection with rendering its opinion, Evercore, among other things:

- reviewed certain publicly available business and financial information relating to Frontier and Verizon in respect of Spinco, respectively, that Evercore deemed to be relevant;
- reviewed certain non-public historical financial statements and other historical non-public financial data relating to Frontier and Verizon in respect of Spinco, respectively, prepared and furnished to Evercore by the respective managements of Frontier and Verizon;
- reviewed certain non-public projected financial data relating to Frontier and Spinco prepared and furnished to Evercore by the management of Frontier;
- reviewed certain historical and projected non-public operating data relating to Frontier and Spinco prepared and furnished to Evercore by the management of Frontier;
- discussed the past and current operations, financial projections and current financial condition of Frontier with the management of Frontier (including their views on the risks and uncertainties of achieving such projections);
- reviewed the amount and timing of the cost savings and operating synergies estimated by the management of Frontier to result from the merger, referred to as the synergies, and the associated integration costs;
- reviewed the reported prices and the historical trading activity of Frontier common stock;
- compared the financial performance of Frontier and its stock market trading multiples with those of certain other publicly traded companies that Evercore deemed relevant;
- compared the financial performance of Frontier and Spinco and the valuation multiples relating to the merger with those of certain other transactions that Evercore deemed relevant;
- reviewed a draft of the original merger agreement, dated May 12, 2009, and a draft of the distribution agreement entered into by Verizon and Spinco on May 13, 2009, which was prior to any subsequent amendment and is referred to as the original distribution agreement, which draft was dated May 12, 2009; and
- performed such other analyses and examinations and considered such other factors that Evercore deemed appropriate.

For purposes of its analysis and opinion, Evercore assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, and Evercore assumed no liability for such information. With respect to the projected financial data relating to Frontier and Spinco referred to above, Evercore assumed that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Frontier as to the matters covered thereby. Evercore did not receive any projected financial data from Verizon relating to Verizon or Spinco. Evercore also assumed that the synergies are reasonably obtainable, on bases reflecting the best currently available estimates and good faith judgments of the future competitiveness, operating and regulatory environments and related financial performance of the combined company and will be realized in the amounts and at the times indicated thereby.

For purposes of rendering its opinion, Evercore assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the original merger agreement are true and correct, that each party would perform all of the covenants and agreements required to be performed by it under the original distribution agreement and the original merger agreement and that all conditions to the consummation of the transactions contemplated by such agreements, including, without limitation, the merger, would be satisfied without material waiver or modification. Evercore also assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the merger and the transactions contemplated

by the original distribution agreement would be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on Frontier or the consummation of the merger or materially reduce the benefits of the merger to Frontier.

Evercore also assumed that the contribution, the distribution and all of the transactions described in the original distribution agreement would be consummated in accordance with the terms of the original distribution agreement, without any limitations, restrictions, conditions, amendments or modifications, regulatory or otherwise, that collectively would have a material adverse effect on Verizon or Spinco. In addition, Frontier informed Evercore, and accordingly for purposes of rendering its opinion Evercore assumed that the merger, the contribution, the distribution and the other transactions contemplated by the original merger agreement would qualify for the intended tax-free treatment as set forth in the original merger agreement and the distribution agreement. Furthermore, at Frontier's direction and with its consent, Evercore assumed for purposes of rendering its opinion, that the amount of the special cash payment, together with the principal amount of the Spinco debt securities and any distribution date indebtedness, would be approximately $3.333 billion, that the financial terms of the special cash payment financing would be on economic terms no less favorable to Spinco than those set forth in assumptions provided to Evercore by the management of Frontier, and that the financial terms of the Spinco debt securities would be consistent with those described in "Financing of the Combined Company." Evercore also assumed that the final forms of the original merger agreement and original distribution agreement would not differ in any material respect from the last draft of each such agreement reviewed by Evercore.

Evercore did not make or assume any responsibility for making any independent valuation or appraisal of the assets or liabilities of Frontier, Spinco or Verizon and was not furnished with any such appraisals, nor did Evercore evaluate the solvency or fair value of Frontier, Spinco or Verizon under any state or federal laws relating to bankruptcy, insolvency or similar matters. Evercore's opinion was necessarily based on economic, market and other conditions as in effect on, and on the information made available to Evercore as of, the date of its opinion and accordingly did not consider any amendments to the original merger agreement or the original distribution agreement entered into after the date of its opinion. Subsequent developments may affect Evercore's opinion and Evercore does not have any obligation to update, revise or reaffirm its opinion.

Evercore was not asked to pass upon, and expressed no opinion with respect to, any matter other than the fairness to Frontier and holders of Frontier common stock (solely in their capacity as holders of Frontier common stock), from a financial point of view, of the aggregate merger consideration to be delivered by Frontier in respect of the shares of Spinco common stock. Evercore did not express any view on, and its opinion did not address, the fairness of the proposed transaction to, or any consideration received in connection with the transaction by, the holders of any other securities, creditors or other constituencies of Frontier, or as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Frontier, or any class of such persons, whether relative to the aggregate merger consideration or otherwise. Evercore assumed that any modification to the structure of the transaction would not vary in any respect material to its analysis. Evercore's opinion does not address the relative merits of the merger as compared to other business or financial strategies that might be available to Frontier, nor does it address the underlying business decision of Frontier to engage in the merger. Evercore is not a legal, regulatory, accounting or tax expert and assumed the accuracy and completeness of assessments by Frontier and its advisors with respect to legal, regulatory, accounting and tax matters. The issuance of Evercore's opinion was approved by an opinion committee of Evercore.

Under the terms of Evercore's engagement, Frontier has agreed to pay Evercore an aggregate fee of $18 million (which may be increased by Frontier, at its discretion, to $19 million), of which $4 million became payable when Evercore rendered its opinion and the remainder of which will become payable upon the closing of the merger. Additional fees may become payable by Frontier to Evercore if any additional services are requested by Frontier. In addition, Frontier has agreed to reimburse Evercore's reasonable and customary out-of-pocket expenses and to indemnify Evercore and related parties for certain liabilities, including liabilities under federal securities laws, arising out of its engagement. Prior to its engagement, Evercore and its affiliates provided

Table of Contents

financial advisory services to Frontier, for which Frontier had reimbursed Evercore's expenses. Evercore may provide financial or other services to Frontier or Verizon in the future and in connection with any such services Evercore may receive compensation.

In the ordinary course of business, Evercore or its affiliates may actively trade the securities or related derivative securities, or financial instruments of Frontier, Verizon and their respective affiliates, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or instruments.

Opinion of Citigroup Global Markets Inc.

Citi was retained in May 2009 to act as financial advisor to Frontier in connection with the transactions involving Spinco and other potential strategic transactions. The material terms of Citi's engagement letter with Frontier are described below. On May 12, 2009, at a meeting of the Frontier board, Citi delivered to the Frontier board an oral opinion, which opinion was subsequently confirmed by delivery of a written opinion, dated May 13, 2009, to the effect that, as of that date and based upon and subject to the assumptions, limitations and considerations set forth therein, Citi's work described below and other factors it deemed relevant, the aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock pursuant to the original merger agreement was fair, from a financial point of view, to Frontier and the holders of Frontier common stock.

The full text of Citi's opinion, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex B-2 to this proxy statement/prospectus. The summary of Citi's opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Frontier stockholders are urged to read Citi's opinion carefully and in its entirety.

In arriving at its opinion, Citi:

- reviewed the original merger agreement and the original distribution agreement and held discussions with certain senior officers, directors and other representatives and advisors of Frontier and certain senior officers and other representatives and advisors of Verizon concerning the businesses, operations and prospects of Frontier, Verizon and Spinco;
- examined certain publicly available business and financial information relating to Frontier and Verizon as well as certain financial forecasts and other information and data relating to Frontier, Verizon and Spinco which were provided to or discussed with Citi by the respective managements of Frontier and Verizon (except that Citi did not receive any financial forecasts from Verizon relating to Verizon or Spinco);
- reviewed information relating to the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated by the management of Frontier to result from the merger;
- reviewed the financial terms of the merger as set forth in the original merger agreement in relation to, among other things: current and historical market prices and trading volumes of Frontier common stock; the historical and projected earnings and other operating data of Frontier and Spinco; and the capitalization and financial condition of Frontier;
- considered, to the extent publicly available, the financial terms of certain other transactions which it considered relevant in evaluating the merger and analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations it considered relevant in evaluating those of Frontier and Spinco;
- evaluated certain potential pro forma financial effects of the merger; and
- conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as it deemed appropriate in arriving at its opinion.

The issuance of Citi's opinion was authorized by its fairness opinion committee.

Table of Contents

In rendering its opinion, Citi assumed and relied upon, without independent verification, the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it. With respect to financial forecasts and other information and data relating to Frontier, Verizon and Spinco provided to or otherwise reviewed by or discussed with Citi, Citi was advised by the management of Frontier that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Frontier as to the future financial performance of Frontier and Spinco, the potential strategic implications and operational benefits anticipated to result from the merger, the potential terms of the financing to be obtained by Spinco and the other matters covered thereby, and assumed, with the consent of Frontier, that the financial results (including the potential strategic implications and operational benefits anticipated to result from the merger) reflected in such forecasts and other information and data will be realized in the amounts and at the times projected. Citi did not receive any financial forecasts from Verizon relating to Verizon or Spinco.

Citi assumed, with the consent of Frontier, that the merger will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary financings, regulatory or third-party approvals, consents and releases for the merger, no delay, limitation, restriction or condition will be imposed that would have a material adverse effect on Frontier, Spinco or the contemplated benefits of the merger. Citi also assumed, with the consent of Frontier, that the contribution, the distribution and all of the transactions in the original distribution agreement will be consummated in accordance with the terms of the original distribution agreement, without waiver, modification or amendment of any material term, condition or agreement, approvals, consents, releases or otherwise, that collectively would have a material adverse effect on Verizon or Spinco. Citi also assumed that Spinco will be able to secure the financing, in accordance with the terms of the original merger agreement, necessary to consummate the merger. Citi also assumed, with the consent of Frontier, that the contribution, the distribution, the merger and the other transactions contemplated by the original merger agreement and the original distribution agreement will be treated as tax-free reorganizations for federal income tax purposes.

Citi did not express any opinion as to what the value of Frontier common stock actually will be when issued pursuant to the merger or the price at which Frontier common stock will trade at any time. Citi did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Frontier, Verizon or Spinco nor did Citi make any physical inspection of the properties or assets of Frontier, Verizon or Spinco.

Citi was not requested to, and did not, solicit third-party indications of interest in the possible acquisition of all or a part of Frontier, nor was it requested to consider, and its opinion does not address, the underlying business decision of Frontier to effect the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Frontier or the effect of any other transaction in which Frontier might engage. Citi also expressed no view as to, and its opinion did not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the aggregate merger consideration. Citi's opinion was necessarily based upon information available to it, and financial, stock market and other conditions and circumstances existing, as of May 13, 2009 and accordingly did not consider any amendments to the original merger agreement or the original distribution agreement entered into after the date of its opinion. The credit, financial and stock markets were experiencing unusual volatility and Citi expressed no opinion or view as to any potential effects of such volatility on Frontier, Verizon, or Spinco or the contemplated benefits of the merger.

Citi's advisory services and opinion were provided for the information of the Frontier board, and its opinion was not intended to be and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the merger.

Citi is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts,

negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Frontier selected Citi to act as its financial advisor on the basis of Citi's international reputation and Citi's familiarity with Frontier. Citi and its affiliates in the past have provided, and currently provide, services to Frontier and its affiliates unrelated to the merger, for which services Citi and its affiliates have received and expect to receive compensation, including, without limitation, acting as a bookrunner, arranger and lender in connection with various Frontier credit facilities and debt offerings. In addition, Citi and its affiliates in the past have provided services to Verizon and its affiliates unrelated to the merger, for which services Citi and its affiliates have received compensation, including, without limitation, acting as a manager, bookrunner, arranger and lender in connection with various Verizon credit facilities and debt offerings. In addition, Citi or one of its affiliates may be a participant in any financing obtained by Spinco in connection with the merger, for which services such entity would receive compensation. In the ordinary course of its business, Citi and its affiliates may actively trade or hold the securities of Frontier or Verizon for its own account or for the account of customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citi and its affiliates, including Citigroup Inc. and its affiliates, may maintain relationships with Frontier, Verizon and their respective affiliates.

Under the terms of Citi's engagement, Frontier has agreed to pay Citi an aggregate fee of $18 million (which may be increased by Frontier, at its discretion, to $19 million), of which $4 million became payable when Citi rendered its opinion and the remainder of which will become payable upon the closing of the merger. Additional fees may become payable by Frontier to Citi if any additional services are requested by Frontier. In addition, Frontier has also agreed to reimburse Citi for its reasonable travel and other out-of-pocket expenses incurred in connection with its engagement, including the reasonable fees and expenses of its counsel, and to indemnify Citi against specific liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

Summary of Joint Financial Analyses

Set forth below is a summary of the material financial analyses reviewed with the Frontier board on May 12, 2009, in connection with Evercore's opinion dated May 12, 2009, and Citi's oral opinion, which opinion was subsequently confirmed by delivery of a written opinion dated May 13, 2009.

Except as described above under "Opinion of Evercore Group L.L.C." and "Opinion of Citigroup Global Markets Inc.," Frontier imposed no instructions or limitations on Evercore or Citi with respect to the investigations made or the procedures followed by Evercore or Citi in rendering its opinion. Evercore's and Citi's respective opinions were only one of many factors considered by the Frontier board in its evaluation of the merger and should not be viewed as determinative of the views of the Frontier board or management with respect to the merger or the aggregate merger consideration. See "The Transactions—Frontier's Reasons for the Merger."

The aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock pursuant to the original merger agreement was determined through negotiations between Frontier and Verizon and was approved by the Frontier board. Neither Evercore nor Citi recommended any specific merger consideration to Frontier nor that any given merger consideration constituted the only appropriate merger consideration.

In connection with the review of the merger by the Frontier board, Evercore and Citi each performed a variety of financial and comparative analyses, which are summarized below, for purposes of rendering their respective opinions. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described below, without considering the analyses as a whole, could create an incomplete view of the processes underlying each of Evercore's and Citi's respective opinions. In arriving at their respective fairness determinations, Evercore and Citi each considered the results of all the analyses summarized below and did not draw, in isolation, conclusions from or with regard to any one analysis or factor considered by it for purposes of its opinion. Rather, Evercore and Citi each made its determination as to fairness on the basis of its experience and professional judgment after

Table of Contents

considering the results of all the analyses. In addition, each of Evercore and Citi may have considered various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should therefore not be taken to be either Evercore's or Citi's view of the value of Frontier or Spinco. No company used in the analyses summarized below as a comparison is identical to Frontier or Spinco, and no transaction used is identical to the merger. Accordingly, such analyses may not necessarily utilize all companies or transactions that could be deemed comparable to Frontier, Spinco or the merger. Further, Evercore's and Citi's analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies or transactions used, including judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Frontier, Verizon and Spinco.

Each of Evercore and Citi conducted the analyses summarized below for the purpose of providing an opinion to the Frontier board as to the fairness to Frontier and the holders of Frontier common stock (solely in their capacity as holders of Frontier common stock with regard to Evercore's opinion), from a financial point of view, of the aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock pursuant to the original merger agreement. These analyses do not purport to be appraisals or to necessarily reflect the prices at which the business or securities of Frontier, Verizon or Spinco actually may trade or be sold. Estimates contained in these analyses are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such estimates. Accordingly, estimates used in, and the results derived from, the analyses summarized below are inherently subject to substantial uncertainty, and neither Evercore nor Citi assumes any responsibility if future results are materially different from those forecasted in such estimates.

Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before May 8, 2009, and is not necessarily indicative of current or future market conditions.

The following summary of financial analyses includes information presented in tabular format. These tables alone do not constitute a complete description of the financial analyses and must be read together with the text of each summary in order to understand fully the financial analyses. Considering the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of such financial analyses. In connection with certain of their analyses, Frontier's financial advisors utilized financial forecasts for Frontier prepared by Frontier's management, referred to as the Frontier Management Base Case and the Frontier Management Alternative Case, and financial forecasts for Spinco prepared by Frontier's management.

In conducting their analyses, Frontier's financial advisors used various methodologies to review the valuation of Frontier on a stand-alone basis and Frontier and Spinco on a relative basis, to assess the fairness of the aggregate merger consideration to be delivered by Frontier in respect of the Spinco common stock. Specifically, Frontier's financial advisors conducted analyses of historical share price, research analyst price targets, dividend yield, selected publicly traded companies, selected precedent transactions, discounted cash flow, implied percentage ownership and relative contribution to the combined company.

Stand-alone Valuation Analyses

Historical Share Price Analysis. Evercore and Citi noted that the trailing low and high 52-week intra-day trading prices for shares of Frontier common stock, as of May 8, 2009, were $5.32 per share and $12.94 per share, respectively. Evercore and Citi then compared the 52-week intra-day trading prices to the projected price range for shares of Frontier common stock to be issued to holders of shares of Verizon common stock as the aggregate merger consideration, referred to as the collar, with the low end of the collar being $7.00 per share of Frontier common stock, the mid-point of the collar being $7.75 per share of Frontier common stock and the high end of the collar being $8.50 per share of Frontier common stock.

Table of Contents

Research Analyst Price Targets. Evercore and Citi compared selected recent publicly available research analyst price targets for Frontier from the following selected firms who published price targets for Frontier as of May 8, 2009:

- Bank of America
- Barclays
- Citi
- D.A. Davidson
- Goldman Sachs
- Hilliard Lyons
- Hudson Square
- JPMorgan
- Piper Jaffray
- Raymond James
- Stifel Nicolaus
- UBS

Evercore and Citi examined the price targets published by each of the firms above and noted that the low and high per share equity value price targets for Frontier common stock were $7.00 and $12.50, respectively. Evercore and Citi then compared the low and high per share equity value analyst price targets to the low end of the collar ($7.00 per share of Frontier common stock), mid-point of the collar ($7.75 per share of Frontier common stock) and high end of the collar ($8.50 per share of Frontier common stock).

Dividend Yield Analysis. Evercore and Citi calculated the implied equity value per share of Frontier common stock based on a range of assumed annual dividends per share and a range of selected dividend yields. Evercore and Citi reviewed the annual dividend yields of Selected Comparable Companies (as defined below) with higher leverage and higher dividend payout ratios (such as Consolidated Communications Holdings, Inc., Iowa Telecommunications Services, Inc. and Windstream Corporation) and the annual dividend yields of Selected Comparable Companies with lower leverage and lower dividend payout ratios (such as AT&T Inc., CenturyTel Communications, Inc., Embarq Corporation, Qwest Communications International Inc. and Verizon). Evercore and Citi noted that the annual dividend yields for the Selected Comparable Companies with higher leverage and higher dividend payout ratios had a range of approximately 11.0% to 12.8% and the annual dividend yields for the Selected Comparable Companies with lower leverage and lower dividend payout ratios had a range of approximately 6.2% to 9.2%.

Evercore and Citi derived ranges of implied equity values per share of Frontier common stock by dividing an assumed annual dividend per share of Frontier Common Stock by an annual dividend yield range that Evercore and Citi selected from the annual dividend yield ranges described above, which they judged, based on their financial advisory experience, to be most appropriate in order to perform their analysis of Frontier. Utilizing Frontier's current annual dividend per share of $1.00 and a selected annual dividend yield range of approximately 11.0% to 12.5%, Evercore and Citi derived a range of implied equity values per share of Frontier common stock of $7.99 to $9.05. Utilizing the projected annual dividend per share of the combined company of $0.75 and a selected annual dividend yield range of approximately 9.0% to 11.0%, Evercore and Citi derived a range of implied equity values per share of Frontier common stock of $6.79 to $8.33.

Evercore and Citi then compared the above calculated values to the low end of the collar ($7.00 per share of Frontier common stock), mid-point of the collar ($7.75 per share of Frontier common stock) and high end of the collar ($8.50 per share of Frontier common stock).

Analysis of Selected Publicly Traded Companies. Evercore and Citi compared certain financial and operating information and commonly used valuation measurements for Frontier to corresponding information and measurements for a group of nine publicly traded comparable companies that participate predominantly in the communications industry, referred to as the Selected Comparable Companies, in order to derive implied per share equity value reference ranges for Frontier and implied firm value reference ranges for Spinco based on the stock market trading multiples of the Selected Comparable Companies. With respect to Spinco, this analysis was

Table of Contents

conducted in order to provide a basis for certain of the other analyses performed by Evercore and Citi and described below under "Relative Valuation Analyses." The Selected Comparable Companies were:

- AT&T Inc.
- CenturyTel, Inc
- Cincinnati Bell Inc.
- Consolidated Communications Holdings, Inc.
- Embarq Corporation
- Iowa Telecommunications Services, Inc.
- Qwest Communications International Inc.
- Windstream Corporation
- Verizon

With respect to Verizon as a Selected Comparable Company, Evercore and Citi examined Verizon both on a consolidated basis (including 100% of Verizon Wireless) and on the basis of the implied value of Verizon after subtracting from Verizon the value of Verizon Wireless utilizing an assumed 6x multiple of estimated 2009 earnings before interest, taxes, depreciation and amortization, referred to as EBITDA.

Evercore and Citi reviewed, among other things, firm values, calculated as equity value based on closing stock prices on May 8, 2009, plus debt, preferred stock and minority interests, less cash and cash equivalents and investments, as a multiple of the estimated EBITDA and EBITDA less capital expenditures of the Selected Comparable Companies for calendar years 2009 and 2010. When applicable, firm values were adjusted to exclude the net present value of future taxes shielded by net operating losses. Evercore and Citi also reviewed the equity values as a multiple of levered free cash flow ("levered free cash flow" being defined for this purpose as EBITDA less capital expenditures, interest expenses and taxes), referred to as LFCF, for the Selected Comparable Companies for calendar years 2009 and 2010. Financial forecasts for Frontier and Spinco were based on the Frontier Management Base Case, the Frontier Management Alternative Case and other information and projections for Spinco provided to Evercore and Citi by Frontier management. Evercore and Citi also used publicly available information concerning historical and projected financial performance, including published historical financial information and publicly available third-party research.

Evercore and Citi selected the companies listed above because their businesses and operating profiles are relevant to that of Frontier and the Spinco business. However, because of the inherent differences between the businesses, operations and prospects of Frontier and Spinco and the businesses, operations and prospects of the Selected Comparable Companies, no comparable company is exactly the same as Frontier or Spinco. Therefore, Evercore and Citi believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable company analysis. Accordingly, Evercore and Citi also made qualitative judgments concerning differences between the financial and operating characteristics and prospects of Frontier and Spinco and the Selected Comparable Companies that would affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, capital structure, growth prospects, profitability levels, degree of operational risk and recent and/or pending transactions between Frontier and Spinco and the Selected Comparable Companies. .

Table of Contents

Selected Publicly Traded Companies Analysis of Frontier. Evercore and Citi then applied ranges of selected firm value to adjusted EBITDA (defined as EBITDA plus stock-based compensation, non-cash pension expenses and restructuring costs, and referred to as Adjusted EBITDA) multiples and selected equity value to LFCF multiples derived from the Selected Comparable Companies to corresponding financial data of Frontier based on the Frontier Management Base Case and the Frontier Management Alternative Case. The high and low of the relevant multiples derived for each of the Selected Comparable Companies is reflected in the column of the chart titled "All Selected Comparable Companies." Evercore and Citi selected from among such multiples the range of multiples reflected in the column of the chart below titled "Selected Valuation Multiple Ranges for Frontier," which they judged, based on their financial advisory experience, to be most appropriate in order to perform their analysis of Frontier. This analysis indicated the following implied equity value per share valuation reference ranges for Frontier as presented below, which were compared to the low end of the collar ($7.00 per share of Frontier common stock), the mid-point of the collar ($7.75 per share of Frontier common stock) and the high end of the collar ($8.50 per share of Frontier common stock):

Valuation Methodology	All Selected Comparable Companies	Selected Valuation Multiple Ranges for Frontier	Implied Equity Value per Share Valuation Reference Ranges for Frontier
Firm Value as a Multiple of:			
2009 Estimated Adjusted EBITDA (Frontier Management Alternative Case)	3.9 – 6.7x	5.0 – 6.0x	$ 4.83 – $8.74
2009 Estimated Adjusted EBITDA (Frontier Management Base Case)	3.9 – 6.7x	5.0 – 6.0x	$ 3.95 – $7.68
2010 Estimated Adjusted EBITDA (Frontier Management Alternative Case)	4.0 – 6.7x	5.25 – 6.25x	$ 5.79 – $9.70
2010 Estimated Adjusted EBITDA (Frontier Management Base Case)	4.0 – 6.7x	5.25 – 6.25x	$ 3.86 – $7.40
2009 Estimated Adjusted EBITDA less Capital Expenditures (Frontier Management Alternative Case)	5.7 – 25.8x	7.0 – 8.0x	$ 6.83 – $9.91
2009 Estimated Adjusted EBITDA less Capital Expenditures (Frontier Management Base Case)	5.7 – 25.8x	7.0 – 8.0x	$ 5.60 – $8.50
2010 Estimated Adjusted EBITDA less Capital Expenditures (Frontier Management Alternative Case)	6.6 – 27.3x	7.5 – 8.5x	$ 8.47 – $11.55
2010 Estimated Adjusted EBITDA less Capital Expenditures (Frontier Management Base Case)	6.6 – 27.3x	7.5 – 8.5x	$ 5.83 – $8.57
Equity Value as a Multiple of:			
2009 Estimated LFCF (Frontier Management Alternative Case)	3.9 – 10.8x	5.0 – 6.0x	$ 7.66 – $9.18
2009 Estimated LFCF (Frontier Management Base Case)	3.9 – 10.8x	5.0 – 6.0x	$ 7.95 – $9.54
2010 Estimated LFCF (Frontier Management Alternative Case)	4.6 – 9.6x	5.5 – 6.5x	$ 8.26 – $9.76
2010 Estimated LFCF (Frontier Management Base Case)	4.6 – 9.6x	5.5 – 6.5x	$ 7.47 – $8.82

Table of Contents

Selected Publicly Traded Companies Analysis of Spinco. In order to provide a basis for certain of the other analyses performed by Evercore and Citi and described below under "Relative Valuation Analyses," Evercore and Citi then applied ranges of selected firm value to Adjusted EBITDA multiples derived from the Selected Comparable Companies to corresponding financial data of Spinco based on information and projections prepared by Frontier management and provided to Evercore and Citi. No equity value to LFCF comparisons of Spinco were conducted by Evercore and Citi because Spinco was not capitalized as an independent public company as of the date of this analysis. Evercore and Citi selected from among the multiples derived for each of the Selected Comparable Companies (the high and low of such multiples being reflected in the column of the chart below titled "All Selected Comparable Companies") the range of multiples reflected in the column of the chart below titled "Selected Valuation Multiple Ranges for Spinco" that they judged, based on their financial advisory experience, to be most appropriate in order to perform their analysis of Spinco. This analysis indicated the following implied firm value reference ranges for Spinco:

Valuation Methodology	All Selected Comparable Companies	Selected Valuation Multiple Ranges for Spinco	Implied Firm Value Valuation Reference Ranges for Spinco ($ in millions)
Firm Value as a Multiple of:			
2009 Estimated Adjusted EBITDA	3.9 – 6.7x	4.5 – 5.5x	$8,233 – $10,063
2010 Estimated Adjusted EBITDA	4.0 – 6.7x	4.75 – 5.75x	$8,085 –$9,787
2009 Estimated Adjusted EBITDA less Capital Expenditures	5.7 – 25.8x	6.0 – 7.0x	$8,536 – $9,959
2010 Estimated Adjusted EBITDA less Capital Expenditures	6.6 – 27.3x	6.5 – 7.5x	$8,491 – $9,797

None of the Selected Comparable Companies utilized as a comparison is identical to Frontier or Spinco. Accordingly, Evercore and Citi believe the analysis of publicly traded comparable companies is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Evercore's and Citi's opinions, concerning differences in financial and operating characteristics and other factors that could affect the public trading value of the Selected Comparable Companies to which Frontier and Spinco are compared.

Table of Contents

Analysis of Selected Precedent Transactions. Evercore and Citi reviewed the financial terms, to the extent publicly available, of twelve merger and acquisition transactions announced between November 2001 and May 2009 of companies that Evercore and Citi, based on their experience with merger and acquisition transactions, deemed relevant to arriving at their opinions. Evercore and Citi chose the transactions, referred to as the Selected Precedent Transactions, based on the similarity of the target companies in the transactions to Spinco in terms of the size, mix, margins and other characteristics of their businesses. The Selected Precedent Transactions were:

Acquirer	Target	Date Transaction Announced
Windstream Corp.	D&E Communications, Inc.	May 2009
CenturyTel, Inc.	Embarq Corporation	October 2008
Consolidated Communications Holdings, Inc.	North Pittsburgh Systems, Inc.	July 2007
Windstream Corp.	CT Communications, Inc.	May 2007
FairPoint Communications, Inc.	Verizon and Northern New England Spinco Inc.	January 2007
CenturyTel, Inc.	Madison River Communications Corp.	December 2006
Citizens Communications Company	Commonwealth Telephone Enterprises Inc.	September 2006
Alltel Corporation	Valor Communications Group Inc.	December 2005
Quadrangle Capital Partners LP	nTelos, Inc.	January 2005
The Carlyle Group	Verizon Hawaii	May 2004
Consolidated Communications, Inc.	TXU Communications	January 2004
D&E Communications, Inc.	Conestoga Enterprises, Inc.	November 2001

For each of the Selected Precedent Transactions, Evercore and Citi calculated certain financial multiples for the target company derived from certain publicly available information for the target company. Specifically, in performing this analysis, Evercore and Citi determined the multiples of firm value and adjusted to exclude an estimated value of the target company's non-incumbent local exchange carrier businesses to the forward twelve-months of incumbent local exchange carrier EBITDA, referred to as ILEC Forward EBITDA, for the Selected Precedent Transactions. When publicly available, the synergies expected from the transaction were included. The following table presents a summary of the results of this analysis and also sets forth the multiples implied by the merger:

	Firm Value as a Multiple of ILEC Forward EBITDA		
	Without Synergies	Without Synergies Less Capital Expenditures	With Synergies
Frontier/Spinco Merger	4.7x	6.0x	3.4x
Low	4.3x	5.9x	3.7x
High	10.9x	33.3x	7.2x
Mean	7.0x	11.6x	5.6x
Median	6.9x	9.7x	5.7x

Because the reasons for, and the circumstances surrounding, each of the Selected Precedent Transactions analyzed were so diverse, and because of the inherent differences between the operations and the financial condition of Frontier and Spinco and the companies involved in the Selected Precedent Transactions, Evercore

and Citi believe that a comparable transaction analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in the opinions of Evercore and Citi, concerning differences between the characteristics of these transactions and the merger that could affect the value of the subject companies, Frontier and Spinco.

Discounted Cash Flow Analysis of Frontier. As part of their analyses, and in order to estimate the implied present value of the equity value per share for Frontier, Evercore and Citi prepared a four and three-quarter years discounted cash flow analysis for Frontier, calculated as of March 31, 2009, of after-tax unlevered free cash flows for fiscal years 2009 (nine months after March 31, 2009 only) through 2013, using both the Frontier Management Base Case and the Frontier Management Alternative Case.

A discounted cash flow analysis is a valuation methodology used to derive a valuation of an asset by calculating the "present value" of estimated future cash flows to be generated by the asset. "Present value" refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. Evercore and Citi performed a discounted cash flow analysis for Frontier by adding (1) the present value of Frontier's projected after-tax unlevered free cash flows for fiscal years 2009 (nine months after March 31, 2009 only) through 2013 to (2) the present value of the "terminal value" of Frontier as of the end of fiscal year 2013. "Terminal value" refers to the value at a particular point in time of all future cash flows to be generated by an asset.

Evercore and Citi estimated a range of terminal values as of the end of fiscal year 2013 calculated based on selected perpetuity growth rates of –1.0% to 1.0%. Evercore and Citi discounted the after-tax unlevered free cash flow streams and the estimated terminal values to a present value at a range of discount rates from 8.5% to 9.5%. The discount rates utilized in this analysis were chosen by Evercore and Citi based on their expertise and experience with the incumbent local exchange carrier industry and also on an analysis of the weighted average cost of capital, which is a commonly used method for purposes of calculating discount rates in financial analyses, of Frontier and other comparable companies. Evercore and Citi calculated per share equity values by first determining a range of firm values of Frontier by adding the present values of the after-tax unlevered free cash flows and terminal values for each perpetuity growth rate and discount rate scenario, and then subtracting from the firm values the net debt, calculated as total debt minus cash and investments, of Frontier, and then dividing those amounts by the number of fully diluted shares of Frontier. Based on financial estimates provided by Frontier management, this analysis indicated the following implied per share equity value reference ranges for Frontier:

Valuation Methodology	Implied per Share Equity Value Reference Ranges for Frontier
Discounted Cash Flow Analysis (Frontier Management Alternative Case)	$ 4.53 - $10.09
Discounted Cash Flow Analysis (Frontier Management Base Case)	$3.29 - $8.48

Discounted Cash Flow Analysis of Spinco. In order to provide a basis for certain of the other analyses performed by Evercore and Citi and described below under "Relative Valuation Analyses," Evercore and Citi prepared a four and three-quarter years discounted cash flow analysis for Spinco, calculated as of March 31, 2009, of after-tax unlevered free cash flows for fiscal years 2009 (nine months after March 31, 2009 only) through 2013, using projections provided by Frontier management. Evercore and Citi performed a discounted cash flow analysis for Spinco by adding (1) the present value of Spinco's projected after-tax unlevered free cash flows for fiscal years 2009 (nine months after March 31, 2009 only) through 2013 to (2) the present value of the "terminal value" of Spinco as of the end of fiscal year 2013.

Evercore and Citi estimated a range of terminal values as of the end of fiscal year 2013 calculated based on selected perpetuity growth rates of –1.0% to 1.0%. Evercore and Citi discounted the after-tax unlevered free cash

Table of Contents

flow streams and the estimated terminal values to a present value at a range of discount rates from 8.5% to 9.5%. The discount rates utilized in this analysis were chosen by Evercore and Citi based on their expertise and experience with the incumbent local exchange carrier industry and also on an analysis of the weighted average cost of capital, which is a commonly used method for purposes of calculating discount rates in financial analyses, of Spinco and other comparable companies. Evercore and Citi calculated firm values of Spinco by adding the present values of the after-tax unlevered free cash flows and terminal values for each perpetuity growth rate and discount rate scenario. Based on financial estimates provided by Frontier management, this analysis indicated the following firm value reference ranges for Spinco:

Valuation Methodology	Firm Value Reference Ranges for Spinco ($ in millions)
Discounted Cash Flow Analysis Without Synergies	$8,361 - $10,683
Discounted Cash Flow Analysis With Synergies	$9,561 - $13,953

Relative Valuation Analyses

Implied Percentage Ownership Analysis. Based on the implied valuations for each of Frontier and Spinco derived above under "Analysis of Selected Publicly Traded Companies," "Analysis of Selected Precedent Transactions," "Discounted Cash Flow Analysis of Frontier" and "Discounted Cash Flow Analysis of Spinco," Evercore and Citi calculated an implied equity ownership range for Frontier in the combined company and compared it to the proposed equity ownership for Frontier in the combined company to result from the merger.

For each of the analyses (other than the "Analysis of Selected Precedent Transactions") referred to above, Evercore and Citi calculated the low end of each Frontier implied equity ownership range assuming the lowest implied per share equity value for Frontier and the highest implied firm value for Spinco, less an assumed $3.333 billion of Spinco debt through the special cash payment financing, the Spinco debt securities and the distribution date indebtedness, derived from each of the foregoing valuation analyses. Evercore and Citi then calculated the high end of each Frontier implied equity ownership range assuming the highest implied per share equity value for Frontier and the lowest implied firm value for Spinco, less an assumed $3.333 billion of Spinco debt through the special cash payment financing, the Spinco debt securities and the distribution date indebtedness, derived from each of the foregoing valuation analyses.

For the "Analysis of Selected Precedent Transactions," Evercore and Citi calculated the low end of the Frontier implied equity ownership range assuming the mid-point of the collar ($7.75 per share of Frontier common stock) and the highest implied firm value for Spinco, less an assumed $3.333 billion of Spinco debt through the special cash payment financing, the issuance of Spinco debt securities, if required, and the distribution date indebtedness, derived from the "Analysis of Selected Precedent Transactions." Evercore and Citi then calculated the high end of the Frontier implied equity ownership range assuming the mid-point of the collar ($7.75 per share of Frontier common stock) and the lowest implied firm value for Spinco, less an assumed $3.333 billion of Spinco debt through the special cash payment financing, the Spinco debt securities and the distribution date indebtedness, derived from the "Analysis of Selected Precedent Transactions."

Table of Contents

The proposed equity ownership percentage by current holders of shares of Frontier common stock in the combined company after giving effect to the merger (before accounting for the elimination of fractional shares and any amounts paid, payable or forgone by Verizon pursuant to orders or settlements that are issued or entered into in order to obtain governmental approvals in the Spinco territory that are required to complete the merger or the spin-off), in accordance with the terms of the collar of 29% to 34%, was compared to Frontier's implied equity ownership utilizing the implied valuations from the Frontier Management Base Case and the Frontier Management Alternative Case projections, as set forth below:

Method (Utilizing Frontier Management Base Case Projections)	Frontier Implied Equity Ownership Range
Selected Publicly Traded Companies Analysis	
2009 Adjusted EBITDA	15% - 33%
2010 Adjusted EBITDA	16% - 33%
2009 Adjusted EBITDA less Capital Expenditures	21% - 34%
2010 Adjusted EBITDA less Capital Expenditures	22% - 34%
Selected Precedent Transactions Analysis	26% - 35%
Discounted Cash Flow Analysis	
Spinco Without Synergies	12% - 35%
Spinco With Synergies	9% - 30%

Method (Utilizing Frontier Management Alternative Case Projections)	Frontier Implied Equity Ownership Range
Selected Publicly Traded Company Analysis	
2009 Adjusted EBITDA	18% - 36%
2010 Adjusted EBITDA	22% - 39%
2009 Adjusted EBITDA less Capital Expenditures	24% - 37%
2010 Adjusted EBITDA less Capital Expenditures	29% - 41%
Selected Precedent Transactions Analysis	26% - 35%
Discounted Cash Flow Analysis	
Spinco Without Synergies	16% - 39%
Spinco With Synergies	12% - 34%