Frontier Communications

9260 E Stockton Blvd.
Elk Grove, California 95624

August 9, 2012

Oregon Public Utility Commission
Attention: Filing Center
P.O. Box 2148
550 Capitol Street N.E., Suite 215
Salem, OR 97301-2551
Fax (503) 373-7752

RE: UM 1431 Compliance Letter – Order No. 10-067

Dear Commission:

In compliance with Appendix A, condition # 2 of the above referenced order, Frontier Communications Northwest Inc is providing a copy of its Quarterly 10-Q report filing and its inter-company receivables, payables and dividends report for the second quarter 2012.

The quarterly inter-company receivables, payables and dividends report is considered confidential and should be treated as such. Pursuant to Order 09-197, the "Confidential" document is being sent via US Mail in a sealed envelope with the proper labeling.

If you have any questions, please contact Renee Willer at (503) 629-2459 or Renee.Willer@ftr.com or me.

Sincerely,

Joseph D. Chicoine
Manager, Compliance and Reporting
916-686-3588
joe.chicoine@ftr.com

Enclosures

Frontier Communications Northwest Inc.
Intercompany Receivables/Payables and Dividends
Second Quarter 2012
(Amounts in thousands, except per share amount)

Assets ( )=cr **Liabilities ( )=dr** **Intercompany Receivables/Payables**	**Balance Apr 01, 2012**	**Activity 2Q12**	**Balance Jun 30, 2012**
Accounts Receivable - Affiliates			
Notes Receivable - Affiliates			
Interest Receivable - Affiliates			
Accounts Payable - Affiliates			
Notes Payable - Affiliates			
Accrued Interest - Affiliates			

Cash Dividends Declared

Frontier Northwest to Parent	
Parent to Shareholders (total)	
Parent to Shareholders (per share)	

Redacted

FRONTIER COMMUNICATIONS CORP

FORM 10-Q
(Quarterly Report)

Filed 08/03/12 for the Period Ending 06/30/12

Address	HIGH RIDGE PK BLDG 3 STAMFORD, CT 06905
Telephone	2036145600
CIK	0000020520
Symbol	FTR
SIC Code	4813 - Telephone Communications, Except Radiotelephone
Industry	Communications Services
Sector	Services
Fiscal Year	12/31

FRONTIER COMMUNICATIONS CORPORATION

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

or

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

For the transition period from _________to__________

Commission file number: 001-11001

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

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

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes X No ___

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

Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ___ No X

The number of shares outstanding of the registrant's Common Stock as of July 27, 2012 was 998,525,000.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
($ in thousands)

	(Unaudited) June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 410,014	$ 326,094
Accounts receivable, less allowances of $112,768 and $107,048, respectively	545,818	585,157
Prepaid expenses	63,474	63,422
Income taxes and other current assets	279,473	264,357
Total current assets	1,298,779	1,239,030
Restricted cash	105,591	144,680
Property, plant and equipment, net	7,481,896	7,547,523
Goodwill	6,337,719	6,337,719
Other intangibles, net	1,719,434	1,964,505
Other assets	202,176	196,311
Total assets	$ 17,145,595	$ 17,429,768
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt due within one year	$ 616,575	$ 94,016
Accounts payable	314,706	519,548
Advanced billings	147,641	152,784
Accrued other taxes	71,388	64,392
Accrued interest	166,272	169,340
Other current liabilities	222,970	152,136
Total current liabilities	1,539,552	1,152,216
Deferred income taxes	2,491,867	2,458,018
Pension and other postretirement benefits	908,976	918,701
Other liabilities	203,059	225,858
Long-term debt	7,670,517	8,205,841
Equity:		
Shareholders' equity of Frontier:		
Common stock, $0.25 par value (1,750,000,000 authorized shares, 998,501,000 and 995,128,000 outstanding, respectively, and 1,027,986,000 issued, at June 30, 2012 and December 31, 2011)	256,997	256,997
Additional paid-in capital	4,732,393	4,773,383
Retained earnings	71,776	226,721
Accumulated other comprehensive loss, net of tax	(377,129)	(386,963)
Treasury stock	(369,142)	(415,001)
Total shareholders' equity of Frontier	4,314,895	4,455,137
Noncontrolling interest in a partnership	16,729	13,997
Total equity	4,331,624	4,469,134
Total liabilities and equity	$ 17,145,595	$ 17,429,768

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

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011
($ in thousands, except for per-share amounts)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
Revenue	$ 1,258,777	$ 1,322,255	$ 2,526,831	$ 2,668,952
Operating expenses:				
Network access expenses	115,433	126,629	231,002	277,913
Other operating expenses	539,911	578,096	1,091,494	1,158,436
Depreciation and amortization	307,047	358,986	664,347	710,243
Integration costs	28,602	20,264	63,746	33,487
Total operating expenses	990,993	1,083,975	2,050,589	2,180,079
Operating income	267,784	238,280	476,242	488,873
Investment income	9,991	175	12,094	3,290
Losses on early extinguishment of debt	(70,818)	-	(70,818)	-
Other income (loss), net	(1,187)	(557)	2,298	5,913
Interest expense	172,054	166,864	336,916	334,279
Income before income taxes	33,716	71,034	82,900	163,797
Income tax expense	11,717	37,190	30,411	73,757
Net income	21,999	33,844	52,489	90,040
Less: Income attributable to the noncontrolling interest in a partnership	4,010	1,583	7,732	3,068
Net income attributable to common shareholders of Frontier	$ 17,989	$ 32,261	$ 44,757	$ 86,972
Basic and diluted net income per share attributable to common shareholders of Frontier	$ 0.02	$ 0.03	$ 0.04	$ 0.09

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011
($ in thousands)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
Net income	$ 21,999	$ 33,844	$ 52,489	$ 90,040
Other comprehensive income, net of tax (see Note 15)	5,567	3,335	9,834	4,990
Comprehensive income	27,566	37,179	62,323	95,030
Less: Comprehensive income attributable to the noncontrolling interest in a partnership	(4,010)	(1,583)	(7,732)	(3,068)
Comprehensive income attributable to the common shareholders of Frontier	$ 23,556	$ 35,596	$ 54,591	$ 91,962

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

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2011, THE SIX MONTHS ENDED DECEMBER 31, 2011 AND THE SIX MONTHS ENDED JUNE 30, 2012
($ and shares in thousands)
(Unaudited)

	Frontier Shareholders								
	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury Stock		Noncontrolling	Total
	Shares	Amount	Capital	Earnings	Loss	Shares	Amount	Interest	Equity
Balance January 1, 2011	1,027,986	$ 256,997	$ 5,525,471	$ 77,107	$ (229,549)	(34,131)	$ (433,286)	$ 13,003	$ 5,209,743
Stock plans	-	-	(13,338)	-	-	1,379	19,025	-	5,687
Dividends on common stock	-	-	(373,215)	-	-	-	-	-	(373,215)
Net income	-	-	-	86,972	-	-	-	3,068	90,040
Other comprehensive income, net of tax	-	-	-	-	4,990	-	-	-	4,990
Distributions	-	-	-	-	-	-	-	(3,000)	(3,000)
Balance June 30, 2011	1,027,986	256,997	5,138,918	164,079	(224,559)	(32,752)	(414,261)	13,071	4,934,245
Stock plans	-	-	7,637	-	-	(106)	(740)	-	6,897
Dividends on common stock	-	-	(373,172)	-	-	-	-	-	(373,172)
Net income	-	-	-	62,642	-	-	-	4,926	67,568
Other comprehensive income, net of tax	-	-	-	-	(162,404)	-	-	-	(162,404)
Distributions	-	-	-	-	-	-	-	(4,000)	(4,000)
Balance December 31, 2011	1,027,986	256,997	4,773,383	226,721	(386,963)	(32,858)	(415,001)	13,997	4,469,134
Stock plans	-	-	(40,990)	-	-	3,373	45,859	-	4,869
Dividends on common stock	-	-	-	(199,702)	-	-	-	-	(199,702)
Net income	-	-	-	44,757	-	-	-	7,732	52,489
Other comprehensive income, net of tax	-	-	-	-	9,834	-	-	-	9,834
Distributions	-	-	-	-	-	-	-	(5,000)	(5,000)
Balance June 30, 2012	1,027,986	$ 256,997	$ 4,732,393	$ 71,776	$ (377,129)	(29,485)	$ (369,142)	$ 16,729	$ 4,331,624

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

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011
($ in thousands)
(Unaudited)

	2012	2011
Cash flows provided by (used in) operating activities:		
Net income	$ 52,489	$ 90,040
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	664,347	710,243
Stock based compensation expense	7,775	7,677
Pension/OPEB costs	27,853	16,560
Losses on early extinguishment of debt	70,818	-
Other non-cash adjustments	8,386	(6,735)
Deferred income taxes	27,158	51,133
Change in accounts receivable	31,696	29,705
Change in accounts payable and other liabilities	(136,003)	(49,414)
Change in prepaid expenses, income taxes and other current assets	3,274	15,022
Net cash provided by operating activities	757,793	864,231
Cash flows provided from (used by) investing activities:		
Capital expenditures - Business operations	(376,073)	(414,039)
Capital expenditures - Integration activities	(27,940)	(18,986)
Cash transferred from escrow	39,089	12,364
Other assets purchased and distributions received, net	(12,085)	(7,289)
Net cash used by investing activities	(377,009)	(427,950)
Cash flows provided from (used by) financing activities:		
Long-term debt borrowings	500,000	-
Financing costs paid	(10,288)	-
Long-term debt payments	(536,968)	(78,024)
Premium paid to retire debt	(52,078)	-
Dividends paid	(199,702)	(373,215)
Repayment of customer advances for construction, distributions to noncontrolling interests and other	2,172	(3,633)
Net cash used by financing activities	(296,864)	(454,872)
Increase/(Decrease) in cash and cash equivalents	83,920	(18,591)
Cash and cash equivalents at January 1,	326,094	251,263
Cash and cash equivalents at June 30,	$ 410,014	$ 232,672
Supplemental cash flow information:		
Cash paid (received) during the period for:		
Interest	$ 328,771	$ 328,728
Income taxes (refunds)	$ (208)	$ 27,203

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies:

(a) Basis of Presentation and Use of Estimates:

Frontier Communications Corporation and its subsidiaries are referred to as “we,” “us,” “our,” “Frontier,” or the “Company” in this report. Our interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2011. Certain reclassifications of balances previously reported have been made to conform to the current presentation. All significant intercompany balances and transactions have been eliminated in consolidation. These interim unaudited consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary, in the opinion of Frontier’s management, to present fairly the results for the interim periods shown. Revenues, net income and cash flows for any interim periods are not necessarily indicative of results that may be expected for the full year. For our interim financial statements as of and for the period ended June 30, 2012, we evaluated subsequent events and transactions for potential recognition or disclosure through the date that we filed this quarterly report on Form 10-Q with the Securities and Exchange Commission (SEC).

The preparation of our interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities at the date of the financial statements, (ii) the disclosure of contingent assets and liabilities, and (iii) the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates and judgments are used when accounting for allowance for doubtful accounts, impairment of long-lived assets, intangible assets, depreciation and amortization, income taxes, purchase price allocations, contingencies, and pension and other postretirement benefits, among others. Certain information and footnote disclosures have been excluded and/or condensed pursuant to SEC rules and regulations.

(b) Revenue Recognition:

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

As required by law, the Company collects various taxes from its customers and subsequently remits these taxes to governmental authorities. Substantially all of these taxes are recorded through the consolidated balance sheet and presented on a net basis in our consolidated statements of operations. We also collect Universal Service Fund (USF) surcharges from customers (primarily federal USF) that we have recorded on a gross basis in our consolidated statements of operations and included in revenue and other operating expenses at $28.8 million and $26.1 million, and $58.5 million and $54.2 million, for the three and six months ended June 30, 2012 and 2011, respectively.

(c) Goodwill and Other Intangibles:

Intangibles represent the excess of purchase price over the fair value of identifiable tangible net assets acquired. We undertake studies to determine the fair values of assets and liabilities acquired and allocate purchase prices to assets and liabilities, including property, plant and equipment, goodwill and other identifiable intangibles. We annually (during the fourth quarter) or more frequently, if appropriate, examine the carrying value of our goodwill and trade name to determine whether there are any impairment losses. We test for goodwill impairment at the “operating segment” level, as that term is defined in U.S. GAAP. Our operating segments consist of the following regions: Central, Midwest, National, Northeast, Southeast and West. Our operating segments are aggregated into one reportable segment .

The Company amortizes finite lived intangible assets over their estimated useful lives and reviews such intangible assets at least annually to assess whether any potential impairment exists and whether factors exist that would necessitate a change in useful life and a different amortization period.

(2) Recent Accounting Literature:

Fair Value Measurements
In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2011-04 (ASU 2011-04), "Fair Value Measurements: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" (ASC Topic 820). ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between U.S. GAAP and IFRS. ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This new guidance was to be applied prospectively, and was effective for interim and annual periods beginning after December 15, 2011. The Company adopted ASU 2011-04 in the first quarter of 2012 with no impact on our financial position, results of operations or cash flows.

Presentation of Comprehensive Income
In June 2011, the FASB issued Accounting Standards Update No. 2011-05 (ASU 2011-05), "Comprehensive Income: Presentation of Comprehensive Income," (ASC Topic 220). ASU 2011-05 eliminates the option to report other comprehensive income and its components in the statement of changes in equity. ASU 2011-05 requires that all non-owner changes in stockholders' equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. This new guidance was to be applied retrospectively, and was effective for interim and annual periods beginning after December 15, 2011. In December 2011, the FASB issued ASU No. 2011-12 that defers the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income in ASU 2011-05. The Company adopted ASU 2011-05 in the first quarter of 2012 with no impact on our financial position, results of operations or cash flows.

(3) The Transaction:
On July 1, 2010, we acquired the defined assets and liabilities of the local exchange business and related landline activities of Verizon Communications Inc. (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, the Territories), including Internet access and long distance services and broadband video provided to designated customers in the Territories (the Acquired Business). Frontier was considered the acquirer of the Acquired Business for accounting purposes.

We have accounted for our acquisition of approximately 4.0 million access lines from Verizon (the Transaction) using the guidance included in Accounting Standards Codification (ASC) Topic 805. We incurred approximately \$28.6 million and \$20.3 million, and \$63.7 million and \$33.5 million of integration related costs in connection with the Transaction during the three and six months ended June 30, 2012 and 2011, respectively. Such costs are required to be expensed as incurred and are reflected in "Integration costs" in our consolidated statements of operations.

(4) Accounts Receivable:

The components of accounts receivable, net are as follows:

($ in thousands)	June 30, 2012	December 31, 2011
Retail and Wholesale	$ 606,209	$ 639,842
Other	52,377	52,363
Less: Allowance for doubtful accounts	(112,768)	(107,048)
Accounts receivable, net	$ 545,818	$ 585,157

Retail and wholesale accounts receivable and the allowance for doubtful accounts are presented net of a fair value adjustment of $9.8 million at December 31, 2011. No further fair value adjustment was required as of the quarter ended March 31, 2012. We maintain an allowance for estimated bad debts based on our estimate of our ability to collect accounts receivable. Bad debt expense, which is recorded as a reduction to revenue, was $24.1 million and $18.1 million, and $40.7 million and $46.4 million for the three and six months ended June 30, 2012 and 2011, respectively.

Amounts for retail and wholesale accounts receivable as of December 31, 2011 have been revised to conform to the current presentation, reflecting a reduction of $31.0 million for customer volume discounts with a right of offset to the customer's accounts receivable. There was a similar reduction to other current liabilities in the balance sheet.

(5) Property, Plant and Equipment:

Property, plant and equipment, net is as follows:

($ in thousands)	June 30, 2012	December 31, 2011
Property, plant and equipment	$ 13,962,614	$ 13,638,136
Less: Accumulated depreciation	(6,480,718)	(6,090,613)
Property, plant and equipment, net	$ 7,481,896	$ 7,547,523

Depreciation expense is principally based on the composite group method. Depreciation expense was $208.5 million and $225.4 million, and $418.9 million and $444.5 million for the three and six months ended June 30, 2012 and 2011, respectively. As a result of an independent study of the estimated remaining useful lives of our plant assets, we adopted new estimated remaining useful lives for certain plant assets as of October 1, 2011.

(6) Goodwill and Other Intangibles:

The components of goodwill and other intangibles, net are as follows:

($ in thousands)	June 30, 2012	December 31, 2011
Goodwill:	$ 6,337,719	$ 6,337,719
Other Intangibles:		
Customer base	$ 2,697,763	$ 2,697,413
Software licenses	105,019	105,019
Trade name and license	135,285	135,285
Other intangibles	2,938,067	2,937,717
Less: Accumulated amortization	(1,218,633)	(973,212)
Total other intangibles, net	$ 1,719,434	$ 1,964,505

Amortization expense was $98.5 million and $133.6 million, and $245.5 million and $265.8 million for the three and six months ended June 30, 2012 and 2011, respectively. Amortization expense primarily represents the amortization of intangible assets (primarily customer base) that were acquired in the Transaction based on a fair value of $2.5 billion and a useful life of nine years for the residential customer base and 12 years for the business customer base, amortized on an accelerated method. Amortization expense included $10.2 million and $27.4 million for the six months ended June 30, 2012 and 2011, respectively, for amortization associated with certain Frontier legacy properties, which were fully amortized in March 2012.

(7) Fair Value of Financial Instruments:

The following table summarizes the carrying amounts and estimated fair values for long-term debt at June 30, 2012 and December 31, 2011. For the other financial instruments, representing cash, accounts receivable, long-term debt due within one year, accounts payable and other current liabilities, the carrying amounts approximate fair value due to the relatively short maturities of those instruments. Other equity method investments, for which market values are not readily available, are carried at cost, which approximates fair value.

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

	June 30, 2012		December 31, 2011	
($ in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 7,670,517	$ 7,768,998	$ 8,205,841	$ 7,958,873

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(8) Long-Term Debt:

The activity in our long-term debt from December 31, 2011 to June 30, 2012 is summarized as follows:

($ in thousands)	December 31, 2011	Six months ended June 30, 2012: Payments	Six months ended June 30, 2012: New Borrowings	June 30, 2012	Interest Rate* at June 30, 2012
Rural Utilities Service Loan Contracts	$ 10,197	$ (687)	$ -	$ 9,510	**6.15%**
Senior Unsecured Debt	8,325,774	(536,281)	500,000	8,289,493	**7.90%**
Industrial Development Revenue Bonds	13,550	-	-	13,550	**6.33%**
TOTAL LONG-TERM DEBT	$ 8,349,521	$ (536,968)	$ 500,000	$ 8,312,553	**7.90%**
Less: Debt Discount	(49,664)			(25,461)	
Less: Current Portion	(94,016)			(616,575)	
	$ 8,205,841			**$ 7,670,517**	

** Interest rate includes amortization of debt issuance costs and debt premiums or discounts. The interest rates at June 30, 2012 represent a weighted average of multiple issuances.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additional information regarding our Senior Unsecured Debt is as follows:

	June 30, 2012		December 31, 2011	
($ in thousands)	Principal Outstanding	Interest Rate	Principal Outstanding	Interest Rate
Senior Notes:				
Due 1/15/2013	$ 522,693	6.250%	$ 580,724	6.250%
Due 5/1/2014	200,000	8.250%	600,000	8.250%
Due 3/15/2015	300,000	6.625%	300,000	6.625%
Due 4/15/2015	450,500	7.875%	500,000	7.875%
Due 10/14/2016 *	546,250	3.115% (Variable)	575,000	3.175% (Variable)
Due 4/15/2017	1,100,000	8.250%	1,100,000	8.250%
Due 10/1/2018	600,000	8.125%	600,000	8.125%
Due 3/15/2019	434,000	7.125%	434,000	7.125%
Due 4/15/2020	1,100,000	8.500%	1,100,000	8.500%
Due 7/1/2021	500,000	9.250%	-	-
Due 4/15/2022	500,000	8.750%	500,000	8.750%
Due 1/15/2027	345,858	7.875%	345,858	7.875%
Due 2/15/2028	200,000	6.730%	200,000	6.730%
Due 10/15/2029	50,000	8.400%	50,000	8.400%
Due 8/15/2031	945,325	9.000%	945,325	9.000%
	7,794,626		7,830,907	
Debentures:				
Due 11/1/2025	138,000	7.000%	138,000	7.000%
Due 8/15/2026	1,739	6.800%	1,739	6.800%
Due 10/1/2034	628	7.680%	628	7.680%
Due 7/1/2035	125,000	7.450%	125,000	7.450%
Due 10/1/2046	193,500	7.050%	193,500	7.050%
	458,867		458,867	
Subsidiary Senior Notes due 12/1/2012	36,000	8.050%	36,000	8.050%
Total	$ 8,289,493	7.90%	$ 8,325,774	7.93%

* Represents borrowings under the Credit Agreement with CoBank.

On May 17, 2012, the Company completed a registered offering of $500 million aggregate principal amount of 9.250% senior unsecured notes due 2021, issued at a price of 100% of their principal amount, and commenced a tender offer to purchase the maximum aggregate principal amount of its 8.250% Senior Notes due 2014 (the "2014 Notes") and its 7.875% Senior Notes due 2015 (the "April 2015 Notes" and, together with the 2014 Notes, the "Notes") that it could purchase for up to $500 million in cash. The 2014 Notes had an effective interest cost of 10.855%, reflecting the fact that such notes were issued at a discount in April 2009.

On June 1, 2012, the Company accepted for purchase $400 million aggregate principal amount of 2014 Notes tendered for total consideration of $446.0 million. On June 18, 2012, Frontier accepted for purchase $49.5 million aggregate principal amount of April 2015 Notes tendered for total consideration of $54.0 million. Frontier used proceeds from the sale of its previously announced offering of $500.0 million of 9.250% Senior Notes due 2021, plus cash on hand, to purchase the Notes. As a result of the successful tender offer, the amount of 2014 Notes and April 2015 Notes outstanding as of June 30, 2012 were $200.0 million and $450.5 million, respectively.

In connection with our tender offer and repurchase of the Notes, the Company recognized a loss of $69.2 million on the early extinguishment of debt during the second quarter of 2012. We also recognized a loss of $1.6 million during the second quarter of 2012 for $58.0 million in open market repurchases of our 6.25% Senior Notes due 2013.

The Company has a credit agreement (the Credit Agreement) with CoBank, ACB, as administrative agent, lead arranger and a lender, and the other lenders party thereto for a $575.0 million senior unsecured term loan facility with a final maturity of October 14, 2016. The entire facility was drawn upon execution of the Credit Agreement in October 2011. Repayment of the outstanding principal balance is made in quarterly installments in the amount of $14,375,000, which commenced on March 31, 2012, with the remaining outstanding principal balance to be repaid on the final maturity date. Borrowings under the Credit Agreement bear interest based on the margins over the Base Rate (as defined in the Credit Agreement) or LIBOR, at the election of the Company. Interest rate margins under the facility (ranging from 0.875% to 2.875% for Base Rate borrowings and 1.875% to 3.875% for LIBOR borrowings) are subject to adjustments based on the Total Leverage Ratio of the Company, as such term is defined in the Credit Agreement. The initial pricing on this facility is LIBOR plus 2.875% through September 30, 2012. The maximum permitted leverage ratio is 4.5 times.

We have a $750.0 million revolving credit facility. As of June 30, 2012, we had not made any borrowings utilizing this facility. The terms of the credit facility are set forth in the Revolving Credit Agreement, dated as of March 23, 2010, among the Company, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent (the Revolving Credit Agreement). Associated facility fees under the credit facility will vary from time to time depending on the Company's credit rating (as defined in the Revolving Credit Agreement) and were 0.625% per annum as of June 30, 2012. The credit facility is scheduled to terminate on January 1, 2014. During the term of the credit facility, the Company may borrow, repay and reborrow funds, and may obtain letters of credit, subject to customary borrowing conditions. Loans under the credit facility will bear interest based on the alternate base rate or the adjusted LIBOR rate (each as determined in the Revolving Credit Agreement), at the Company's election, plus a margin specified in the Revolving Credit Agreement based on the Company's credit rating. Letters of credit issued under the credit facility will also be subject to fees that vary depending on the Company's credit rating. The credit facility will be available for general corporate purposes but may not be used to fund dividend payments.

We also have a $100.0 million unsecured letter of credit facility. The terms of the letter of credit facility are set forth in a Credit Agreement, dated as of September 8, 2010, among the Company, the Lenders party thereto, and Deutsche Bank AG, New York Branch (the Bank), as Administrative Agent and Issuing Bank (the Letter of Credit Agreement). An initial letter of credit for $190.0 million was issued to the West Virginia Public Service Commission to guarantee certain of our capital investment commitments in West Virginia in connection with the Transaction. The initial commitments under the Letter of Credit Agreement expired on September 20, 2011, with the Bank exercising its option to extend $100.0 million of the commitments to September 20, 2012. The Company is required to pay an annual facility fee on the available commitment, regardless of usage. The covenants binding on the Company under the terms of the Letter of Credit Agreement are substantially similar to those in the Company's other credit facilities, including limitations on liens, substantial asset sales and mergers, subject to customary exceptions and thresholds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2012, we were in compliance with all of our debt and credit facility financial covenants.

Our principal payments for the next five years are as follows as of June 30, 2012:

($ in thousands)	Principal Payments
2012 (remaining six months)	$ 64,939
2013	$ 580,585
2014	$ 257,916
2015	$ 808,442
2016	$ 345,466
2017	$ 1,100,501

(9) Income Taxes:

The following is a reconciliation of the provision for income taxes computed at federal statutory rates to the effective rates:

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
Consolidated tax provision at federal statutory rate	35.0%	35.0%	35.0%	35.0%
Reversal of tax credits	-	14.8	-	6.4
State income tax provisions, net of federal income tax benefit	1.5	3.5	2.7	3.8
All other, net	(1.7)	(0.9)	(1.0)	(0.2)
Effective tax rate	34.8%	52.4%	36.7%	45.0%

Income taxes for the three and six months ended June 30, 2011 includes the impact of a $10.5 million charge resulting from the enactment on May 25, 2011 of the Michigan Corporate Income Tax which eliminated certain future tax deductions.

The amount of our uncertain tax positions whose statute of limitations are expected to expire during the next twelve months and which would affect our effective tax rate is $14 million as of June 30, 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(10) Net Income Per Common Share:

The reconciliation of the net income per common share calculation is as follows:

($ and shares in thousands, except per share amounts)	For the three months ended June 30, 2012	For the three months ended June 30, 2011	For the six months ended June 30, 2012	For the six months ended June 30, 2011
Net income used for basic and diluted earnings per common share:				
Net income attributable to common shareholders of Frontier	$ 17,989	$ 32,261	$ 44,757	$ 86,972
Less: Dividends paid on unvested restricted stock awards	(735)	(955)	(1,472)	(1,921)
Total basic and diluted net income attributable to common shareholders of Frontier	$ 17,254	$ 31,306	$ 43,285	$ 85,051
Basic earnings per common share:				
Total weighted average shares and unvested restricted stock awards outstanding - basic	998,462	994,482	996,989	994,413
Less: Weighted average unvested restricted stock awards	(7,279)	(5,125)	(7,120)	(4,933)
Total weighted average shares outstanding - basic	991,183	989,357	989,869	989,480
Net income per share attributable to common shareholders of Frontier	$ 0.02	$ 0.03	$ 0.04	$ 0.09
Diluted earnings per common share:				
Total weighted average shares outstanding - basic	991,183	989,357	989,869	989,480
Effect of dilutive shares	-	805	10	1,446
Effect of dilutive stock units	-	-	704	442
Total weighted average shares outstanding - diluted	991,183	990,162	990,583	991,368
Net income per share attributable to common shareholders of Frontier	$ 0.02	$ 0.03	$ 0.04	$ 0.09

Stock Options

For the three and six months ended June 30, 2012 and 2011, options to purchase 557,000 shares (at exercise prices ranging from $8.19 to $14.15) and 577,000 shares (at exercise prices ranging from $9.52 to $14.15), respectively, issuable under employee compensation plans were excluded from the computation of diluted earnings per share (EPS) for those periods because the exercise prices were greater than the average market price of our common stock and, therefore, the effect would be antidilutive. In calculating diluted EPS, we apply the treasury stock method and include future unearned compensation as part of the assumed proceeds.

Stock Units

At June 30, 2012 and 2011, we had 704,527 and 442,212 stock units, respectively, issued under our Non-Employee Directors' Deferred Fee Equity Plan (Deferred Fee Plan) and the Non-Employee Directors' Equity Incentive Plan (Directors' Equity Plan).

(11) Stock Plans:

At June 30, 2012, we had five stock-based compensation plans under which grants were made and awards remained outstanding. No further awards may be granted under three of the plans: the 1996 Equity Incentive Plan, the Amended and Restated 2000 Equity Incentive Plan (the 2000 EIP) and the Deferred Fee Plan. At June 30, 2012, there were 12,540,761 shares authorized for grant and 3,281,422 shares available for grant under the 2009 Equity Incentive Plan (the 2009 EIP) and the Directors' Equity Plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Performance Shares

On February 15, 2012, the Company's Compensation Committee, in consultation with the other non-management directors of the Company's Board of Directors and the Committee's independent executive compensation consultant, adopted the new Frontier Long-Term Incentive Plan (the "LTIP"). LTIP awards will be granted in the form of performance shares. The LTIP is offered under the Company's 2009 Equity Incentive Plan and participants consist of senior vice presidents and above. The LTIP awards have performance, market and time-vesting conditions.

Beginning in 2012, during the first 90 days of a three-year performance period (a "Measurement Period"), a target number of performance shares are awarded to each LTIP participant with respect to the Measurement Period. The performance metrics under the LTIP are (1) annual targets for operating cash flow based on a goal set during the first 90 days of each year in the three-year Measurement Period and (2) an overall performance "modifier" set during the first 90 days of the Measurement Period, based on the Company's total return to stockholders (i.e., Total Shareholder Return or "TSR") relative to the Diversified Telecommunications Services Group (GICS Code 501010) for the three-year Measurement Period. LTIP awards will be paid out in the form of common stock shortly following the end of the three-year Measurement Period. Operating cash flow performance will be determined at the end of each year and the annual results will be averaged at the end of the three-year Measurement Period to determine the preliminary number of shares earned under the LTIP award.

On February 15, 2012, the Compensation Committee granted 930,020 performance shares under the LTIP for the 2012-2014 Measurement Period and set the operating cash flow performance goal for the first year in that Measurement Period and the TSR modifier for the three-year Measurement Period. Actual amounts earned will be subject to increase or decrease (including forfeiture of the entire award). An executive must maintain a satisfactory performance rating during the Measurement Period and must be employed by the Company at the end of the three-year Measurement Period in order for the award to vest. The Compensation Committee will determine the number of shares earned for the 2012-2014 Measurement Period in February 2015.

For the six months ended June 30, 2012, the Company recognized an expense of $0.2 million for the LTIP.

Restricted Stock

The following summary presents information regarding unvested restricted stock as of June 30, 2012 and changes during the six months then ended with regard to restricted stock under the 2009 EIP:

	Number of Shares	*Weighted Average Grant Date Fair Value*	*Aggregate Fair Value*
Balance at January 1, 2012	4,847,000	$ 8.40	$ 24,962,000
Restricted stock granted	3,816,000	$ 4.19	$ 14,615,000
Restricted stock vested	(1,173,000)	$ 8.99	$ 4,493,000
Restricted stock forfeited	(250,000)	$ 6.15	
Balance at June 30, 2012	7,240,000	$ 6.17	$ 27,730,000

For purposes of determining compensation expense, the fair value of each restricted stock grant is estimated based on the average of the high and low market price of a share of our common stock on the date of grant. Total remaining unrecognized compensation cost associated with unvested restricted stock awards at June 30, 2012 was $33.0 million and the weighted average period over which this cost is expected to be recognized is approximately two years.

Shares granted during the first six months of 2011 totaled 1,712,000. The total fair value of shares granted and vested during the six months ended June 30, 2011 was approximately $13.8 million and $7.9 million, respectively. The total fair value of unvested restricted stock at June 30, 2011 was $41.0 million. The weighted average grant date fair value of restricted shares granted during the six months ended June 30, 2011 was $9.40.

Stock Options

The following summary presents information regarding outstanding stock options as of June 30, 2012 and changes during the six months then ended with regard to options under the 2000 EIP and the 2009 EIP:

	Shares Subject to Option	*Weighted Average Option Price Per Share*	*Weighted Average Remaining Life in Years*	*Aggregate Intrinsic Value*
Balance at January 1, 2012	895,000	$ 9.94	1.3	$ -
Options granted	-	$ -		
Options exercised	-	$ -		
Options canceled, forfeited or lapsed	(338,000)	$ 8.19		
Balance at June 30, 2012	557,000	$ 11.01	1.4	$ -
Exercisable at June 30, 2012	557,000	$ 11.01	1.4	$ -

There were no options granted during the first six months of 2011. There were 10,000 options exercised during that period with cash received of $0.1 million. There was no intrinsic value of the stock options outstanding and exercisable at June 30, 2011.

(12) Segment Information:

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

As permitted by U.S. GAAP, we have utilized the aggregation criteria to combine our operating segments because all of our Frontier properties share similar economic characteristics, in that they provide the same products and services to similar customers using comparable technologies in all of the states in which we operate. The regulatory structure is generally similar. Differences in the regulatory regime of a particular state do not materially impact the economic characteristics or operating results of a particular property.

(13) Investment Income:

The components of investment income are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
($ in thousands)	2012	2011	2012	2011
Interest and dividend income	$ 213	$ 153	$ 2,836	$ 2,884
Investment gain	9,780	519	9,780	1,071
Equity earnings (loss)	(2)	(497)	(522)	(665)
Total investment income	$ 9,991	$ 175	$ 12,094	$ 3,290

During the second quarter of 2012, we recognized a gain of $9.8 million associated with cash received in connection with our previously written-off investment in Adelphia.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(14) Other Income (Loss), Net:

The components of other income (loss), net are as follows:

($ in thousands)	For the three months ended June 30, 2012	For the three months ended June 30, 2011	For the six months ended June 30, 2012	For the six months ended June 30, 2011
Gain on expiration/settlement of customer advances	$ -	$ -	$ 3,463	$ 6,337
All other, net	(1,187)	(557)	(1,165)	(424)
Total other income (loss), net	$ (1,187)	$ (557)	$ 2,298	$ 5,913

(15) Comprehensive Income :

Comprehensive income consists of net income and other gains and losses affecting shareholders' investment and pension/OPEB liabilities that, under U.S. GAAP, are excluded from net income.

The components of accumulated other comprehensive loss, net of tax are as follows:

($ in thousands)	June 30, 2012	December 31, 2011
Pension costs	$ 559,690	$ 575,163
Postretirement costs	42,995	41,811
Deferred taxes on pension and OPEB costs	(225,704)	(230,161)
All other	148	150
	$ 377,129	$ 386,963

Our other comprehensive income for the three and six months ended June 30, 2012 and 2011 is as follows:

	For the three months ended June 30,					
	2012			2011		
($ in thousands)	Before-Tax Amount	Tax Expense/ (Benefit)	Net-of-Tax Amount	Before-Tax Amount	Tax Expense/ (Benefit)	Net-of-Tax Amount
Amortization of pension and postretirement costs	$ 7,145	$ 1,578	$ 5,567	$ 3,335	$ -	$ 3,335
All other	-	-	-	270	270	-
Other comprehensive income	$ 7,145	$ 1,578	$ 5,567	$ 3,605	$ 270	$ 3,335

	For the six months ended June 30,					
	2012			2011		
	Before-Tax Amount	Tax Expense/ (Benefit)	Net-of-Tax Amount	Before-Tax Amount	Tax Expense/ (Benefit)	Net-of-Tax Amount
Amortization of pension and postretirement costs	$ 14,290	$ 4,456	$ 9,834	$ 6,669	$ 1,199	$ 5,470
All other	-	-	-	(480)	-	(480)
Other comprehensive income	$ 14,290	$ 4,456	$ 9,834	$ 6,189	$ 1,199	$ 4,990

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(16) Retirement Plans:

The following tables provide the components of net periodic benefit cost:

	Pension Benefits		Pension Benefits	
	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
($ in thousands)				
Components of net periodic pension benefit cost				
Service cost	$ 10,492	$ 9,615	$ 20,984	$ 19,230
Interest cost on projected benefit obligation	19,658	21,172	39,316	42,344
Expected return on plan assets	(24,089)	(25,589)	(48,178)	(51,178)
Amortization of prior service cost /(credit)	(50)	(50)	(100)	(100)
Amortization of unrecognized loss	7,787	4,435	15,574	8,870
Net periodic pension benefit cost	$ 13,798	$ 9,583	$ 27,596	$ 19,166

	Postretirement Benefits Other Than Pensions (OPEB)		Postretirement Benefits Other Than Pensions (OPEB)	
	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
($ in thousands)				
Components of net periodic postretirement benefit cost				
Service cost	$ 2,555	$ 4,228	$ 5,110	$ 8,456
Interest cost on projected benefit obligation	4,460	6,328	8,920	12,656
Expected return on plan assets	(55)	(82)	(110)	(164)
Amortization of prior service cost/(credit)	(2,503)	(2,550)	(5,006)	(5,100)
Amortization of unrecognized loss	1,911	1,499	3,822	2,998
Net periodic postretirement benefit cost	$ 6,368	$ 9,423	$ 12,736	$ 18,846

During the first six months of 2012 and 2011, we capitalized $8.0 million and $6.8 million, respectively, of pension and OPEB expense into the cost of our capital expenditures, as the costs relate to our engineering and plant construction activities. Based on current assumptions and plan asset values, we estimate that our 2012 pension and OPEB expenses will be between $75 million and $85 million before amounts capitalized into the cost of capital expenditures (they were $58.3 million in 2011 before amounts capitalized into the cost of capital expenditures). We expect to make net contributions to our pension plan of approximately $30 million to $40 million in 2012, which reflects the positive impact of funding rate changes contained in the Highway Investment Act of 2012.

In connection with the completion of the Transaction on July 1, 2010, certain employees were transferred from various Verizon pension plans into 12 pension plans that were then merged with the Frontier Communications Pension Plan (the Plan) effective August 31, 2010. Assets of $438.8 million were transferred into the Plan during the second half of 2010 and assets of $106.9 million were transferred into the Plan in August 2011. Additionally, $25.5 million of assets were transferred into the Plan during the first half of 2012.

The Plan's assets have increased from $1,258.0 million at December 31, 2011 to $1,271.6 million at June 30, 2012, an increase of $13.6 million, or 1%. This increase is a result of positive investment returns, cash contributions, and additional asset transfers from Verizon for a combined total of $95.9 million, less benefit payments of $82.3 million during the first six months of 2012.

(17) Commitments and Contingencies:

We anticipate total capital expenditures for business operations of approximately $725 million to $775 million for 2012. Although we from time to time make short-term purchasing commitments to vendors with respect to these expenditures, we generally do not enter into firm, written contracts for such activities.

In connection with the Transaction, the Company has undertaken activities to plan and implement network and systems conversions as well as other initiatives to integrate the operations and reduce costs. In the fourth quarter of 2011, the Company converted all of the remaining 13 states of the Acquired Business onto the Company's legacy financial and human resources systems, and converted the operating systems in four states of the Acquired Business to our legacy systems. In the first quarter of 2012, the Company successfully converted the operating systems in the remaining nine states of the Acquired Business to our legacy systems. Therefore, as of March 31, 2012, the Company had completed its network and systems integration into one platform. While these conversions are complete, the Company continues to simplify its processes, eliminate redundancies and further reduce its cost structure while improving its customer service capabilities. The Company incurred $63.7 million of operating expenses for integration costs and $27.9 million in capital expenditures related to integration activities during the first six months of 2012. For the full year of 2012, the Company currently expects to incur operating expenses and capital expenditures of approximately $80 million and $40 million, respectively, related to completing its integration and cost savings initiatives. Our integration costs and related capital expenditures will be completed by the end of 2012.

In addition, the Federal Communications Commission (FCC) and certain state regulatory commissions, in connection with granting their approvals of the Transaction, specified certain capital expenditure and operating requirements for the acquired Territories for specified periods of time post-closing. These requirements focus primarily on certain capital investment commitments to expand broadband availability to at least 85% of the households throughout the acquired Territories with minimum download speeds of 3 megabits per second (Mbps) by the end of 2013 and 4 Mbps by the end of 2015. As of June 30, 2012, we had expanded broadband availability in excess of 1 Mbps to 83% of the households throughout the acquired Territories, in excess of 3 Mbps to 79% of the households throughout the acquired Territories, and in excess of 4 Mbps to 69% of the households throughout the acquired Territories.

To satisfy all or part of certain capital investment commitments to three state regulatory commissions, we placed an aggregate amount of $115.0 million in cash into escrow accounts and obtained a letter of credit for $190 million in 2010. Another $72.4 million of cash in an escrow account (with a cash balance of $47.6 million and an associated liability of $3.3 million as of June 30, 2012 that is reflected in Other liabilities) was acquired in connection with the Transaction to be used for service quality initiatives in the state of West Virginia. As of June 30, 2012, the Company had a restricted cash balance in these escrow accounts in the aggregate amount of $105.6 million. As of June 30, 2012, $82.1 million had been released from escrow. In addition, as of June 30, 2012, the letter of credit had been reduced to $100.0 million. The aggregate amount of these escrow accounts and the letter of credit has decreased and will continue to decrease over time as Frontier makes the required capital expenditures in the respective states.

We are party to various legal proceedings arising in the normal course of our business covering a wide range of matters or types of claims including, but not limited to, general contract, billing disputes, rights of access, tax, consumer protection, trademark and patent infringement, employment, regulatory and tort. Litigation is subject to uncertainty and the outcome of individual matters is not predictable. However, we believe that the ultimate resolution of all such matters, after considering insurance coverage or other indemnities to which Frontier is entitled, will not have a material adverse effect on our financial position, results of operations, or our cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We sold all of our utility businesses as of April 1, 2004. However, we have retained a potential payment obligation associated with our previous electric utility activities in the State of Vermont. The Vermont Joint Owners (VJO), a consortium of 14 Vermont utilities, including us, entered into a purchase power agreement with Hydro-Quebec in 1987. The agreement contains “step-up” provisions that state if any VJO member defaults on its purchase obligation under the contract to purchase power from Hydro-Quebec, then the other VJO participants will assume responsibility for the defaulting party’s share on a pro-rata basis. Our pro-rata share of the purchase power obligation is 10%. If any member of the VJO defaults on its obligations under the Hydro-Quebec agreement, then the remaining members of the VJO, including us, may be required to pay for a substantially larger share of the VJO’s total purchase power obligation for the remainder of the agreement (which runs through 2015). U.S. GAAP rules require that we disclose “the maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee.” U.S. GAAP rules also state that we must make such disclosure “… even if the likelihood of the guarantor’s having to make any payments under the guarantee is remote…” As noted above, our obligation only arises as a result of default by another VJO member, such as upon bankruptcy. Therefore, to satisfy the “maximum potential amount” disclosure requirement we must assume that all members of the VJO simultaneously default, an unlikely scenario given that all VJO members are regulated utility providers with regulated cost recovery. Despite the remote chance that such an event could occur, or that the State of Vermont could or would allow such an event, assuming that all the members of the VJO defaulted on January 1, 2012 and remained in default for the duration of the contract (another 4 years), we estimate that our undiscounted purchase obligation for 2012 through 2015 would be approximately $316.1 million. In such a scenario, the Company would then own the power and could seek to recover its costs. We would do this by seeking to recover our costs from the defaulting members and/or reselling the power to other utility providers or the northeast power grid. There is an active market for the sale of power. We could potentially lose money if we were unable to sell the power at cost. We caution that we cannot predict with any degree of certainty any potential outcome.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements. Statements that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. Words such as "believe," "anticipate," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) are only predictions or statements of current plans, which we review continuously. Forward-looking statements may differ from actual future results due to, but not limited to, and our future results may be materially affected by, potential risks or uncertainties. You should understand that it is not possible to predict or identify all potential risks or uncertainties. We note the following as a partial list:

- The risk that the growth opportunities from the Transaction may not be fully realized or may take longer to realize than expected;
- 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 that cannot be offset by increases in broadband subscribers and sales of other products and services;
- The effects of competition from cable, wireless and other wireline carriers;
- Our ability to maintain relationships with customers, employees or suppliers;
- The effects of ongoing changes in the regulation of the communications industry as a result of federal and state legislation and regulation, or changes in the enforcement or interpretation of such legislation and regulation;
- The effects of any unfavorable outcome with respect to any current or future legal, governmental or regulatory proceedings, audits or disputes;
- The effects of changes in the availability of federal and state universal funding to us and our competitors;
- Our ability to adjust successfully to changes in the communications industry and to implement strategies for growth;
- Continued reductions in switched access revenues as a result of regulation, competition or technology substitutions;
- Our ability to effectively manage service quality in our territories and meet mandated service quality metrics;
- 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 customers;
- Changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles or regulations;
- Our ability to effectively manage our operations, operating expenses and capital expenditures, and to repay, reduce or refinance our debt;
- The effects of changes in both general and local economic conditions on the markets that we serve, which can affect demand for our products and services, customer purchasing decisions, collectability of revenues and required levels of capital expenditures related to new construction of residences and businesses;

- The effects of technological changes and competition on our capital expenditures and product and service offerings, including the lack of assurance that our network improvements will be sufficient to meet or exceed the capabilities and quality of competing networks;

- The effects of increased medical, pension and postemployment 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 practices that could limit our ability to transfer cash among our subsidiaries or dividend funds up to the parent company;

- Our ability to successfully renegotiate union contracts in 2012 and thereafter;

- Changes in pension plan assumptions and/or the value of our pension plan assets, which could require us to make increased contributions to the pension plan in 2013 and beyond;

- The effects of customer bankruptcies and home foreclosures, which could result in difficulty in collection of revenues and loss of customers;

- 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;

- Our ability to pay dividends on 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 liquidity; and

- The effects of severe weather events such as hurricanes, tornadoes, ice storms or other natural or man-made disasters.

Any of the foregoing events, or other events, could cause financial information to vary from management’s forward-looking statements included in this report. You should consider these important factors, in evaluating any statement in this report on Form 10-Q or otherwise made by us or on our behalf. The following information is unaudited and should be read in conjunction with the consolidated financial statements and related notes included in this report. We have no obligation to update or revise these forward-looking statements and do not undertake to do so.

Investors should also be aware that while we do, at various times, communicate with securities analysts, it is against our policy to disclose to them selectively any material non-public information or other confidential information. Accordingly, investors should not assume that we agree with any statement or report issued by an analyst irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

Overview

See Note 3 of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for a discussion of the Transaction.

The Company is the nation’s largest communications services provider focused on rural areas and small and medium-sized towns and cities. The Company operates in 27 states, and is the nation’s fourth largest Incumbent Local Exchange Carrier (ILEC), with approximately 5.1 million access lines, 1.8 million broadband connections and 15,300 employees as of June 30, 2012.

Expected Cost Savings Resulting from the Transaction

Based on current estimates and assumptions, we expect to achieve cost savings as a result of the Transaction, principally (1) by leveraging the scalability of our existing corporate administrative functions, information technology and network systems to cover certain former Acquired Business functions and systems, (2) by in-sourcing certain functions formerly provided by third-party service providers to the Acquired Business and (3) by achieving improved efficiencies and more favorable rates with third-party vendors.

We estimate that our annualized cost savings will reach approximately $650 million by the end of 2012. Our second quarter 2012 savings from our targeted initiatives list (which includes, but is not limited to, cancellation or reduction of vendor services, network cost savings, contractor reductions, benefit changes and real estate savings) was approximately $9 million and combined with the savings achieved in the first quarter of 2012 of approximately $13 million, the savings achieved in 2011 and 2010, equates to an annualized cost savings run rate of approximately $640 million as of the end of the second quarter of 2012.

The foregoing future cost savings are based on our estimates and assumptions that, although we consider them reasonable, are inherently uncertain. Significant business, economic, competitive and regulatory uncertainties and contingencies, all of which are difficult to predict and many of which are beyond our control, may affect these expected cost savings. See "Forward Looking Statements" above. As a result, there can be no assurance that these or any other future cost savings or synergies will actually be realized.

Regulatory Developments

On November 18, 2011, the FCC released a Report and Order and Further Notice of Proposed Rulemaking on the subject of Universal Service Fund and intercarrier compensation reform (USF/ICC Report & Order). The FCC's USF/ICC Report & Order changed how federal subsidies will be calculated and disbursed, with these changes being phased-in beginning in 2012. These changes transition the federal Universal Service High-Cost Fund, which supports voice services in high-cost areas, to the Connect America Fund (CAF), which supports broadband deployment in high-cost areas. CAF Phase I, implemented in 2012, provides for ongoing USF support for price cap carriers to be capped at the 2011 amount. In addition, the FCC in CAF Phase I made available for price cap ILECs an additional $300 million in incremental high cost broadband support to be used for broadband deployment to unserved areas. Frontier was eligible to receive approximately $71.9 million of the total $300 million CAF Phase I interim support. On July 9, 2012, Frontier announced that it would accept all of the funding for which it is eligible. On July 24, 2012, Frontier formally notified the FCC and appropriate state commissions of its intent to accept those funds and identified the unserved locations to be served by the funds. The $71.9 million in incremental CAF Phase I support is expected to enable an incremental 92,876 households and will be accounted for as Contributions in Aid of Construction. Frontier is required to implement/spend/enable these 92,876 households no later than July 24, 2015.

The FCC's USF/ICC Report & Order also make changes to Intercarrier Compensation. Intercarrier Compensation, which is the payment framework that governs how carriers compensate each other for the exchange of traffic, will transition over a number of years, with the first step being implemented in July 2012, to a near zero rate for terminating traffic by 2017. Frontier will be able to recover a significant portion of those revenues through end user rates and other replacement support mechanisms.

Effective December 29, 2011, the USF/ICC Report & Order required providers to pay interstate access rates for the termination of VoIP toll traffic. On April 25, 2012, the FCC, in an Order on Reconsideration, specified that changes to originating access rates for VoIP traffic will not be implemented until July 2014. The USF/ICC Report & Order has been challenged by certain parties in court and certain parties have also petitioned the FCC to reconsider various aspects of the USF/ICC Report & Order.

With the initial implementation commencing in July 2012, we expect that the third quarter's impact will be as follows: switched access revenues will decline due to the lower rates, local voice revenues will increase as Frontier plans to increase charges to residential and business end users to the extent permitted by the USF/ICC Report & Order and Federal universal receipts will increase as Frontier will be eligible for support to replace a portion of the access reductions above the amount eligible to be recovered from end users. We do not expect the initial implementation to have a material impact on our revenues. In addition, the amounts we pay to third party carriers for long distance carriage costs that are included in our network access expenses will be reduced, and partially offset the immaterial decline in our revenues.

The following should be read in conjunction with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2011.

(a) Liquidity and Capital Resources

As of June 30, 2012, we had cash and cash equivalents aggregating $410.0 million (excluding restricted cash of $105.6 million, representing funds escrowed for future broadband expansion and service quality initiatives). Our primary source of funds continued to be cash generated from operations. For the six months ended June 30, 2012, we used cash flow from operations, cash on hand and debt proceeds to fund all of our cash investing and financing activities, primarily capital expenditures, dividends and debt repayments.

As discussed below, in June 2012, the Company accepted for purchase $400 million aggregate principal amount of 2014 Notes and $49.5 million aggregate principal amount of April 2015 Notes tendered for total consideration of approximately $500 million. Frontier used proceeds from the sale of its previously announced offering of $500 million of 9.250% Senior Notes due 2021, plus cash on hand, to purchase the Notes. As a result of the successful tender offer, the amount of 2014 Notes and April 2015 Notes outstanding as of June 30, 2012 were $200.0 million and $450.5 million, respectively.

We have a revolving credit facility with a line of credit of $750.0 million that provides sufficient flexibility to meet our liquidity needs. As of June 30, 2012, we had not made any borrowings utilizing this facility.

At June 30, 2012, we had a working capital deficiency of $240.8 million, which includes the classification of certain debt maturing in the first quarter of 2013 of $522.7 million as a current liability. We had a working capital surplus of $281.9 million at June 30, 2012, after excluding this debt classification as a current liability in the balance sheet. We believe our operating cash flows, existing cash balances, and existing revolving credit facility will be adequate to finance our working capital requirements, fund capital expenditures, make required debt payments, pay taxes, pay dividends to our stockholders, pay our integration costs and capital expenditures, and support our short-term and long-term operating strategies through 2012. However, a number of factors, including but not limited to, losses of access lines, pricing pressure from increased competition, lower subsidy and switched access revenues, and the impact of the current economic environment are expected to reduce our cash generated from operations. In addition, although we believe, based on information available to us, that the financial institutions syndicated under our revolving credit facility would be able to fulfill their commitments to us, this could change in the future. As of June 30, 2012, we had approximately $64.9 million of debt maturing during the last six months of 2012 and approximately $580.6 million and $257.9 million of debt maturing in 2013 and 2014, respectively.

In addition, the FCC and certain state regulatory commissions, in connection with granting their approvals of the Transaction, specified certain capital expenditure and operating requirements for the acquired Territories for specified periods of time post-closing. These requirements focus primarily on certain capital investment commitments to expand broadband availability to at least 85% of the households throughout the acquired Territories with minimum download speeds of 3 Mbps by the end of 2013 and 4 Mbps by the end of 2015. As of June 30, 2012, we had expanded broadband availability in excess of 1 Mbps to 83% of the households throughout the acquired Territories, in excess of 3 Mbps to 79% of the households throughout the acquired Territories, and in excess of 4 Mbps to 69% of the households throughout the acquired Territories.

To satisfy all or part of certain capital investment commitments to three state regulatory commissions, we placed an aggregate amount of $115.0 million in cash into escrow accounts and obtained a letter of credit for $190.0 million in 2010. Another $72.4 million of cash in an escrow account (with a cash balance of $47.6 million and an associated liability of $3.3 million as of June 30, 2012) was acquired in connection with the Transaction to be used for service quality initiatives in the state of West Virginia. As of June 30, 2012, $82.1 million had been released from escrow. In addition, as of June 30, 2012, the letter of credit had been reduced to $100.0 million. The aggregate amount of these escrow accounts and the letter of credit has decreased and will continue to decrease over time as Frontier makes the required capital expenditures in the respective states.

Cash Flows provided by Operating Activities

Cash flows provided by operating activities declined $106.4 million, or 12%, for the six months ended June 30, 2012, as compared with the prior year period. The decrease was primarily the result of large cash settlements of accounts payable due to the timing of vendor payments during the first quarter of 2012. In addition, our accounts payable balances at December 31, 2011, were unusually high due to our systems conversion and broadband build activities in the second half of 2011.

We received $0.2 million in cash tax refunds, net during the first six months of 2012. We expect that in 2012 our cash taxes for the full year will be approximately $25 million.

In connection with the Transaction, the Company continues to undertake a variety of activities to integrate systems and implement other initiatives. As a result of the Transaction, the Company incurred $63.7 million of costs related to integration activities during the first six months of 2012, as compared to $33.5 million of integration costs during the first six months of 2011. The Company estimates operating expenses related to its final integration activities in 2012 to be approximately $80 million.

Cash Flows used by Investing Activities

Capital Expenditures
For the six months ended June 30, 2012 and 2011, our capital expenditures were $404.0 million (including $27.9 million of integration–related capital expenditures) and $433.0 million (including $19.0 million of integration-related capital expenditures), respectively. We continue to closely scrutinize all of our capital projects, emphasize return on investment and focus our capital expenditures on areas and services that have the greatest opportunities with respect to revenue growth and cost reduction. We anticipate capital expenditures for business operations to be approximately $725 million to $775 million for 2012. We anticipate capital expenditures for our final integration activities in 2012 to be approximately $40 million. Our capital expenditure spending is projected to decrease in 2013 with the completion of all state and federal geographic broadband expansion requirements put in place for the approval of the Transaction.

Cash Flows used by Financing Activities

Debt Issuance and Reduction
During the first six months of 2012 and 2011, we retired an aggregate principal amount of $537.0 million and $78.0 million, respectively, of debt consisting of $536.3 million and $77.5 million, respectively, of senior unsecured debt and $0.7 million and $0.5 million, respectively, of rural utilities service loan contracts.

On May 17, 2012, we completed a registered offering of $500.0 million aggregate principal amount of 9.250% senior unsecured notes due 2021, issued at a price of 100% of their principal amount, and commenced a tender offer to purchase the maximum aggregate principal amount of its 8.250% Senior Notes due 2014 (the “2014 Notes”) and its 7.875% Senior Notes due 2015 (the “April 2015 Notes” and, together with the 2014 Notes, the “Notes”) that it could purchase for up to $500 million in cash. The 2014 Notes had an effective interest cost of 10.855%, reflecting the fact that such notes were issued at a discount in April 2009.

On June 1, 2012, the Company accepted for purchase $400 million aggregate principal amount of 2014 Notes tendered for total consideration of $446 million. On June 18, 2012, the Company accepted for purchase $49.5 million aggregate principal amount of April 2015 Notes tendered for total consideration of $54 million. We used proceeds from the sale of our previously announced offering of $500.0 million of 9.250% Senior Notes due 2021, plus cash on hand, to purchase the Notes. The repurchases in the debt tender offer for the Notes resulted in a loss on the early extinguishment of debt of $69.2 million, which we recognized in the second quarter of 2012. We also recognized a loss of $1.6 million during the second quarter of 2012 for $58.0 million in open market repurchases of our 6.25% Senior Notes due 2013.

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

Bank Financing

The Company has a credit agreement (the Credit Agreement) with CoBank, ACB, as administrative agent, lead arranger and a lender, and the other lenders party thereto for a $575.0 million senior unsecured term loan facility with a final maturity of October 14, 2016. The entire facility was drawn upon execution of the Credit Agreement in October 2011. Repayment of the outstanding principal balance is made in quarterly installments in the amount of $14,375,000, which commenced on March 31, 2012, with the remaining outstanding principal balance to be repaid on the final maturity date. Borrowings under the Credit Agreement bear interest based on the margins over the Base Rate (as defined in the Credit Agreement) or LIBOR, at the election of the Company. Interest rate margins under the facility (ranging from 0.875% to 2.875% for Base Rate borrowings and 1.875% to 3.875% for LIBOR borrowings) are subject to adjustments based on the Total Leverage Ratio of the Company, as such term is defined in the Credit Agreement. The initial pricing on this facility is LIBOR plus 2.875% through September 30, 2012. The maximum permitted leverage ratio is 4.5 times.

Credit Facility

We have a $750.0 million revolving credit facility. As of June 30, 2012, we had not made any borrowings utilizing this facility. The terms of the credit facility are set forth in the Revolving Credit Agreement, dated as of March 23, 2010, among the Company, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent (the Revolving Credit Agreement). Associated facility fees under the credit facility will vary from time to time depending on the Company's credit rating (as defined in the Revolving Credit Agreement) and were 0.625% per annum as of June 30, 2012. The credit facility is scheduled to terminate on January 1, 2014. During the term of the credit facility, the Company may borrow, repay and reborrow funds, and may obtain letters of credit, subject to customary borrowing conditions. Loans under the credit facility will bear interest based on the alternate base rate or the adjusted LIBOR rate (each as determined in the Revolving Credit Agreement), at the Company's election, plus a margin specified in the Revolving Credit Agreement based on the Company's credit rating. Letters of credit issued under the credit facility will also be subject to fees that vary depending on the Company's credit rating. The credit facility will be available for general corporate purposes but may not be used to fund dividend payments.

Letter of Credit Facility

We also have a $100.0 million unsecured letter of credit facility. The terms of the letter of credit facility are set forth in a Credit Agreement, dated as of September 8, 2010, among the Company, the Lenders party thereto, and Deutsche Bank AG, New York Branch (the Bank), as Administrative Agent and Issuing Bank (the Letter of Credit Agreement). An initial letter of credit for $190.0 million was issued to the West Virginia Public Service Commission to guarantee certain of our capital investment commitments in West Virginia in connection with the Transaction. The initial commitments under the Letter of Credit Agreement expired on September 20, 2011, with the Bank exercising its option to extend $100.0 million of the commitments to September 20, 2012. The Company is required to pay an annual facility fee on the available commitment, regardless of usage. The covenants binding on the Company under the terms of the Letter of Credit Agreement are substantially similar to those in the Company's other credit facilities, including limitations on liens, substantial asset sales and mergers, subject to customary exceptions and thresholds.

Covenants

The terms and conditions contained in our indentures, the Credit Agreement, the Revolving Credit Agreement and the Letter of Credit Agreement include the timely payment of principal and interest when due, the maintenance of our corporate existence, keeping proper books and records in accordance with U.S. GAAP, restrictions on the incurrence of liens on our assets, and restrictions on asset sales and transfers, mergers and other changes in corporate control. We are not subject to restrictions on the payment of dividends either by contract, rule or regulation, other than that imposed by the General Corporation Law of the State of Delaware. However, we would be restricted under the Credit Agreement, the Revolving Credit Agreement and the Letter of Credit Agreement from declaring dividends if an event of default occurred and was continuing at the time or would result from the dividend declaration.

The Credit Agreement and the Revolving Credit Agreement each contain a maximum leverage ratio covenant. Under those covenants, we are required to maintain a ratio of (i) total indebtedness minus cash and cash equivalents (including restricted cash) in excess of $50.0 million to (ii) consolidated adjusted EBITDA (as defined in the agreements) over the last four quarters no greater than 4.50 to 1. At June 30, 2012, the ratio of our net debt to adjusted operating cash flow (leverage ratio) was 3.17 times.

The Credit Agreement, the Revolving Credit Agreement, the Letter of Credit Agreement and certain indentures for our senior unsecured debt obligations limit our ability to create liens or merge or consolidate with other companies and our subsidiaries' ability to borrow funds, subject to important exceptions and qualifications.

As of June 30, 2012, we were in compliance with all of our debt and credit facility covenants.

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

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

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

The Company monitors relevant circumstances, including general economic conditions, enterprise value EBITDA multiples for rural ILEC properties, the Company's overall financial performance and the market prices for the Company's common stock, and the potential impact that changes in such circumstances might have on the valuation of the Company's goodwill or other intangible assets. If our goodwill or other intangible assets are determined to be impaired in the future, we may be required to record a non-cash charge to earnings during the period in which the impairment is determined.

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

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2011.

New Accounting Pronouncements
There were no new accounting standards issued and adopted by the Company during the first six months of 2012, or that have been issued but are not required to be adopted until future periods, with any material financial statement impact.

Fair Value Measurements
In May 2011, the FASB issued Accounting Standards Update No. 2011-04 (ASU 2011-04), "Fair Value Measurements: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" (ASC Topic 820). ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between U.S. GAAP and IFRS. ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This new guidance was to be applied prospectively, and was effective for interim and annual periods beginning after December 15, 2011. The Company adopted ASU 2011-04 in the first quarter of 2012 with no impact on our financial position, results of operations or cash flows.

Presentation of Comprehensive Income

In June 2011, the FASB issued Accounting Standards Update No. 2011-05 (ASU 2011-05), "Comprehensive Income: Presentation of Comprehensive Income," (ASC Topic 220). ASU 2011-05 eliminates the option to report other comprehensive income and its components in the statement of changes in equity. ASU 2011-05 requires that all non-owner changes in stockholders' equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. This new guidance was to be applied retrospectively, and was effective for interim and annual periods beginning after December 15, 2011. In December 2011, the FASB issued ASU No. 2011-12 that defers the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income in ASU 2011-05. The Company adopted ASU 2011-05 in the first quarter of 2012 with no impact on our financial position, results of operations or cash flows.

(b) Results of Operations

REVENUE

Revenue is generated primarily through the provision of local, network access, long distance, data, video and internet services. Such revenues are generated through either a monthly recurring fee or a fee based on usage and revenue recognition is not dependent upon significant judgments by management, with the exception of a determination of a provision for uncollectible amounts.

Revenue for the three months ended June 30, 2012 decreased $63.5 million, or 5%, to $1,258.8 million as compared with the three months ended June 30, 2011. Revenue for the six months ended June 30, 2012 decreased $142.1 million, or 5%, to $2,526.8 million as compared with the six months ended June 30, 2011. The declines during both the second quarter and first six months of 2012 are a result of decreases in the number of residential and business customers, switched access, data services and video revenue, each as described in more detail below.

Switched access and subsidy revenue of $295.2 million represented 12% of our revenues for the six months ended June 30, 2012. Switched access revenue was $142.0 million for the six months ended June 30, 2012, or 6% of our revenues, down from $171.7 million, or 6% of our revenues, for the six months ended June 30, 2011. Subsidy revenue was $153.3 million for the six months ended June 30, 2012, or 6% of our revenues, up slightly from $152.4 million, or 6% of our revenues, for the six months ended June 30, 2011. We expect declining revenue trends in switched access and subsidy revenue during the remainder of 2012.

Change in the number of our access lines is one metric that is important to our revenue and profitability. We lost access lines primarily because of competition (due to changing technology and consumer behavior such as wireless substitution), economic conditions, and by the loss of second lines upon the addition of broadband service. We lost approximately 92,700 access lines (net) during the second quarter of 2012 as compared to the 102,100 access lines (net) lost in the first quarter of 2012. We lost approximately 194,800 access lines (net) during the six months ended June 30, 2012, or 8% on an annual basis, as compared to the 255,800 access lines (net) lost during the six months ended June 30, 2011, or 9% on an annual basis. In addition, in our normal course of business, we proactively remove access lines when we upgrade business customers and when we convert our dial up customers to broadband. As a result, some of these access line losses are not indicative of a loss of revenue or customers. Economic conditions and/or increasing competition could make it more difficult to sell our bundled service offerings, and cause us to increase our promotions and/or lower our prices for our products and services, which would adversely affect our revenue, profitability and cash flows.

During the six months ended June 30, 2012, the Company added approximately 17,100 broadband subscribers (net). The Company's broadband customer base grew by 5,400 during the second quarter of 2012. In connection with the Transaction, the Company agreed to focus primarily on certain capital investment commitments to expand broadband availability and speeds. The Company plans to significantly expand broadband availability and speed over the next several years. We expect to increase broadband subscribers during the remainder of 2012.

While the number of access lines is an important metric to gauge certain revenue trends, it is not necessarily the best or only measure to evaluate our business. Management believes that customer counts and understanding different components of revenue is most important. For this reason, presented in the table titled "Other Financial and Operating Data" below is an analysis that presents customer counts, average monthly revenue, products per customer and churn. It also categorizes revenue into customer revenue (residential and business) and regulatory revenue (switched access and subsidy revenue). As a result of the 8% decline in residential customers and the 9% decline in business customers since June 30, 2011, customer revenue (all revenue except switched access and subsidy revenue) declined in the first six months of 2012 by 5% as compared to the prior year period. The decline in customers was partially offset by increased penetration of additional products sold to both residential and business customers, which has increased our average monthly revenue per customer. A substantial further loss of customers, combined with increased competition and the other factors discussed herein, may cause our revenue, profitability and cash flows to decrease in the remainder of 2012.

OTHER FINANCIAL AND OPERATING DATA

	As of June 30, 2012	As of June 30, 2011	% Increase (Decrease)
Access lines:			
Residential	3,130,090	3,428,911	(9%)
Business	1,942,013	2,060,951	(6%)
Total access lines	5,072,103	5,489,862	(8%)
Broadband subscribers	1,781,295	1,738,670	2%
Video subscribers	568,154	554,218	3%

	For the three months ended June 30,				For the six months ended June 30,			
	2012	2011	$ Increase (Decrease)	% Increase (Decrease)	2012	2011	$ Increase (Decrease)	% Increase (Decrease)
Revenue (in 000's):								
Residential	$ 535,089	$ 576,304	$ (41,215)	(7%)	$ 1,069,925	$ 1,165,470	$ (95,545)	(8%)
Business	576,791	588,106	(11,315)	(2%)	1,161,664	1,179,416	(17,752)	(2%)
Customer revenue	1,111,880	1,164,410	(52,530)	(5%)	2,231,589	2,344,886	(113,297)	(5%)
Switched access and subsidy	146,897	157,845	(10,948)	(7%)	295,242	324,066	(28,824)	(9%)
Total revenue	$ 1,258,777	$ 1,322,255	$ (63,478)	(5%)	$ 2,526,831	$ 2,668,952	$ (142,121)	(5%)
Switched access minutes of use (in millions)	4,771	4,785		0%	9,288	9,785		(5%)
Average monthly total revenue per access line	$ 81.98	$ 79.42		3%	$ 81.49	$ 79.22		3%
Average monthly customer revenue per access line	$ 72.41	$ 69.94		4%	$ 71.97	$ 69.60		3%

	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2012	2011	% Increase (Decrease)	2012	2011	% Increase (Decrease)
Residential customer metrics:						
Customers	2,978,896	3,251,959	(8%)	2,978,896	3,251,959	(8%)
Revenue (in 000's)	$ 535,089	$ 576,304	(7%)	$ 1,069,925	$ 1,165,470	(8%)
Products per residential customer (1)	2.51	2.40	5%	2.51	2.40	5%
Average monthly residential revenue per customer (2)	$ 58.19	$ 57.71	1%	$ 57.61	$ 57.51	0%
Customer monthly churn	1.63%	1.66%	(2%)	1.60%	1.73%	(8%)
Business customer metrics:						
Customers	296,458	326,763	(9%)	296,458	326,763	(9%)
Revenue (in 000's)	$ 576,791	$ 588,106	(2%)	$ 1,161,664	$ 1,179,416	(2%)
Average monthly business revenue per customer	$ 642.38	$ 593.90	8%	$ 639.33	$ 587.37	9%

(1) Products per residential customer: primary residential voice line, broadband and video products have a value of 1. Long distance, Frontier Secure, second lines, feature packages and dial-up have a value of 0.5.

(2) Calculation excludes the Mohave Cellular Limited Partnership.

REVENUE

($ in thousands)	For the three months ended June 30,					
	2012		2011		$ Increase (Decrease)	% Increase (Decrease)
Local and long distance services	$	559,837	$	617,744	$ (57,907)	(9%)
Data and internet services		454,706		461,599	(6,893)	(1%)
Other		97,337		85,067	12,270	14%
Customer revenue		1,111,880		1,164,410	(52,530)	(5%)
Switched access and subsidy		146,897		157,845	(10,948)	(7%)
Total revenue	$	1,258,777	$	1,322,255	$ (63,478)	(5%)

	For the six months ended June 30,					
	2012		2011		$ Increase (Decrease)	% Increase (Decrease)
Local and long distance services	$	1,131,999	$	1,252,858	$ (120,859)	(10%)
Data and internet services		905,376		920,126	(14,750)	(2%)
Other		194,214		171,902	22,312	13%
Customer revenue		2,231,589		2,344,886	(113,297)	(5%)
Switched access and subsidy		295,242		324,066	(28,824)	(9%)
Total revenue	$	2,526,831	$	2,668,952	$ (142,121)	(5%)

Local and Long Distance Services

Local and long distance services revenue for the three and six months ended June 30, 2012 decreased $57.9 million, or 9%, to $559.8 million, and $120.9 million, or 10%, to $1,132.0 million, respectively, as compared with the three and six months ended June 30, 2011 primarily due to the continued loss of access lines and, to a lesser extent, decreases in private line services and feature packages.

Local and enhanced services revenue for the three and six months ended June 30, 2012 decreased $44.3 million, or 9%, to $453.0 million, and $91.6 million, or 9%, to $915.6 million, respectively, primarily due to the continued loss of access lines and, to a lesser extent, decreases in private line services and feature packages. Long distance services revenue for the three and six months ended June 30, 2012 decreased $13.6 million, or 11%, to $106.8 million, and $29.3 million, or 12%, to $216.4 million, respectively, primarily due to a decrease in the number of long distance customers using our bundled service offerings, lower minutes of use and a lower average revenue per minute of use.

Data and Internet Services

Data and internet services revenue for the three and six months ended June 30, 2012 decreased $6.9 million, or 1%, to $454.7 million, and $14.8 million, or 2%, to $905.4 million, respectively, as compared with the three and six months ended June 30, 2011, primarily due to higher promotional discounts and customer credits. Data services revenue decreased $3.0 million to $209.3 million, and $14.5 million to $410.1 million, respectively, for the three and six months ended June 30, 2012, as compared with the same periods of 2011, primarily due to higher promotional discounts and customer credits. As of June 30, 2012, the number of the Company’s broadband subscribers increased by approximately 42,600, or 2%, since June 30, 2011. Data and internet services also includes nonswitched access revenue from data transmission services to other carriers and high-volume commercial customers with dedicated high-capacity Internet and ethernet circuits. Nonswitched access revenue decreased $3.9 million to $245.4 million, and $0.3 million to $495.3 million, respectively, for the three and six months ended June 30, 2012, as compared with the comparable periods of 2011 due to volume discount pricing reductions.

Other

Other revenue for the three and six months ended June 30, 2012 increased $12.3 million, or 14%, to $97.3 million, and $22.3 million, or 13%, to $194.2 million, respectively, as compared with the three and six months ended June 30, 2011. O ther revenue for the three months ended June 30, 2012 increased as compared to the comparable prior period, primarily due to higher service activation fees and higher wireless revenue, partially offset by the reduction in customers for FiOS video service and lower directory services revenue. Other revenue for the six months ended June 30, 2012 increased as compared to the comparable prior period, primarily due to higher service activation fees, lower bad debt expenses that are charged against revenue and higher wireless revenue, partially offset by the reduction in customers for FiOS video service and lower directory services revenue.

Switched Access and Subsidy

Switched access and subsidy revenue for the three and six months ended June 30, 2012 decreased $10.9 million, or 7%, to $146.9 million, and $28.8 million, or 9%, to $295.2 million, respectively, as compared with the three and six months ended June 30, 2011. Switched access revenue of $71.6 million and $142.0 million, respectively, decreased $13.1 million, or 15%, and $29.7 million, or 17%, respectively, as compared to the same periods of 2011, primarily due to the impact of a decline in minutes of use related to access line losses and the displacement of minutes of use by wireless, email and other communications services. Switched access and subsidy revenue includes subsidy payments we receive from federal and state agencies, including surcharges billed to customers that are remitted to the FCC. Subsidy revenue, including surcharges billed to customers of $28.8 million and $58.5 million, respectively, for the three and six months ended June 30, 2012 of $75.3 million and $153.3 million, respectively, increased $2.2 million, or 3%, and $0.9 million, or 1%, respectively, as compared with the same periods of 2011, primarily due to increased support for the Federal Universal Service Fund and local switching.

Federal and state subsidies and surcharges (which are billed to customers and remitted to the FCC) for the Company were $74.8 million, $20.0 million and $58.5 million, respectively, and $153.3 million in total, or 6% of our revenues, for the six months ended June 30, 2012. Total federal and state subsidies and surcharges were $152.4 million, or 6% of our revenues, for the six months ended June 30, 2011.

On November 18, 2011, the FCC released a Report and Order and Further Notice of Proposed Rulemaking on the subject of Universal Service Fund and intercarrier compensation reform (USF/ICC Report & Order). The FCC's USF/ICC Report & Order changed how federal subsidies will be calculated and disbursed, with these changes being phased-in beginning in 2012. These changes transition the federal Universal Service High-Cost Fund, which supports voice services in high-cost areas, to the Connect America Fund (CAF), which supports broadband deployment in high-cost areas. CAF Phase I, implemented in 2012, provides for ongoing USF support for price cap carriers to be capped at the 2011 amount. In addition, the FCC in CAF Phase I made available for price cap ILECs an additional $300 million in incremental high cost broadband support to be used for broadband deployment to unserved areas. Frontier was eligible to receive approximately $71.9 million of the total $300 million CAF Phase I interim support. On July 9, 2012, Frontier announced that it would accept all of the funding for which it is eligible. On July 24, 2012, Frontier formally notified the FCC and appropriate state commissions of its intent to accept those funds and identified the unserved locations to be served by the funds. The $71.9 million in incremental CAF Phase I support is expected to enable an incremental 92,876 households and will be accounted for as Contributions in Aid of Construction. Frontier is required to implement/spend/enable these 92,876 households no later than July 24, 2015.

The FCC's USF/ICC Report & Order also make changes to Intercarrier Compensation. Intercarrier Compensation, which is the payment framework that governs how carriers compensate each other for the exchange of traffic, will transition over a number of years, with the first step being implemented in July 2012, to a near zero rate for terminating traffic by 2017. Frontier will be able to recover a significant portion of those revenues through end user rates and other replacement support mechanisms.

Effective December 29, 2011, the USF/ICC Report & Order required providers to pay interstate access rates for the termination of VoIP toll traffic. On April 25, 2012, the FCC, in an Order on Reconsideration, specified that changes to originating access rates for VoIP traffic will not be implemented until July 2014. The USF/ICC Report & Order has been challenged by certain parties in court and certain parties have also petitioned the FCC to reconsider various aspects of the USF/ICC Report & Order.

With the initial implementation commencing in July 2012, we expect that the third quarter's impact will be as follows: switched access revenues will decline due to the lower rates, local voice revenues will increase as Frontier plans to increase charges to residential and business end users to the extent permitted by the USF/ICC Report & Order and Federal universal receipts will increase as Frontier will be eligible for support to replace a portion of the access reductions above the amount eligible to be recovered from end users. We do not expect the initial implementation to have a material impact on our revenues. In addition, the amounts we pay to third party carriers for long distance carriage costs that are included in our network access expenses will be reduced, and partially offset the immaterial decline in our revenues.

Certain states also have their own open proceedings to address reform to intrastate access charges and other intercarrier compensation. In addition, we have been approached by, and/or are involved in formal state proceedings with, various carriers seeking reductions in intrastate access rates in certain states. Although the FCC has pre-empted state jurisdiction on certain access charges, many states are still considering moving forward with their proceedings. We cannot predict when or how these matters will be decided or the effect on our subsidy or switched access revenues. However, future reductions in our subsidy or switched access revenues may directly affect our profitability and cash flows as those regulatory revenues do not have an equal level of associated variable expenses.

OPERATING EXPENSES

NETWORK ACCESS EXPENSES

($ in thousands)	For the three months ended June 30,		$ Increase (Decrease)	% Increase (Decrease)
	2012	2011		
Network access	$ 115,433	$ 126,629	$ (11,196)	(9%)

	For the six months ended June 30,		$ Increase (Decrease)	% Increase (Decrease)
	2012	2011		
Network access	$ 231,002	$ 277,913	$ (46,911)	(17%)

Network access expenses for the three and six months ended June 30, 2012 decreased $11.2 million, or 9%, to $115.4 million, and $46.9 million, or 17%, to $231.0 million, respectively, as compared with the three and six months ended June 30, 2011, primarily due to reduced data network and backbone costs, reflecting cost synergies realized in moving traffic onto the Frontier legacy backbone, and decreased long distance carriage costs in 2012. Network access expenses also included promotional gift costs of $0.7 million and $10.5 million, respectively, in the second quarter and first half of 2011 for various broadband and video subscriber promotions.

OTHER OPERATING EXPENSES

($ in thousands)	For the three months ended June 30, 2012	2011	$ Increase (Decrease)	% Increase (Decrease)
Wage and benefit expenses	$ 294,663	$ 284,847	$ 9,816	3%
All other operating expenses	245,248	293,249	(48,001)	(16%)
	$ 539,911	$ 578,096	$ (38,185)	(7%)

	For the six months ended June 30, 2012	2011	$ Increase (Decrease)	% Increase (Decrease)
Wage and benefit expenses	$ 587,258	$ 569,713	$ 17,545	3%
All other operating expenses	504,236	588,723	(84,487)	(14%)
	$ 1,091,494	$ 1,158,436	$ (66,942)	(6%)

Wage and benefit expenses

Wage and benefit expenses for the three and six months ended June 30, 2012 increased $9.8 million, or 3%, to $294.7 million, and $17.5 million, or 3%, to $587.3 million, respectively, (including $8.0 million and $11.0 million of severance and early retirement costs for the six month periods in 2012 and 2011, respectively, related to 304 and 240 employees), as compared to the three and six months ended June 30, 2011, primarily due to higher costs for compensation and certain other benefits resulting from higher average employee headcount. We expect headcount to decline on a go forward basis since the systems conversions are finished and the additional employees hired to help us are no longer needed.

Pension costs for the Company are included in our wage and benefit expenses. Pension costs for the three months ended June 30, 2012 and 2011 were approximately $11.2 million and $7.6 million, respectively. Pension costs include pension expense of $13.8 million and $9.6 million, less amounts capitalized into the cost of capital expenditures of $2.6 million and $2.0 million for the three months ended June 30, 2012 and 2011, respectively.

Pension costs for the six months ended June 30, 2012 and 2011 were approximately $22.0 million and $15.5 million, respectively. Pension costs include pension expense of $27.6 million and $19.2 million, less amounts capitalized into the cost of capital expenditures of $5.6 million and $3.7 million for the six months ended June 30, 2012 and 2011, respectively.

Based on current assumptions and plan asset values, we estimate that our 2012 pension and other postretirement benefit expenses (which were $58.3 million in 2011 before amounts capitalized into the cost of capital expenditures) will be approximately $75 million to $85 million for Frontier before amounts capitalized into the cost of capital expenditures. We expect to make net contributions to our pension plan of approximately $30 million to $40 million in 2012, which reflects the positive impact of funding rate changes contained in the Highway Investment Act of 2012.

All other operating expenses

All other operating expenses for the three and six months ended June 30, 2012 decreased $48.0 million, or 16%, to $245.2 million, and $84.5 million, or 14%, to $504.2 million, respectively, as compared with the three and six months ended June 30, 2011, primarily due to lower computer costs, outside service fees, facilities and office services.

DEPRECIATION AND AMORTIZATION EXPENSE

($ in thousands)	For the three months ended June 30, 2012	2011	$ Increase (Decrease)	% Increase (Decrease)
Depreciation expense	$ 208,530	$ 225,388	$ (16,858)	(7%)
Amortization expense	98,517	133,598	(35,081)	(26%)
	$ 307,047	$ 358,986	$ (51,939)	(14%)

	For the six months ended June 30, 2012	2011	$ Increase (Decrease)	% Increase (Decrease)
Depreciation expense	$ 418,876	$ 444,469	$ (25,593)	(6%)
Amortization expense	245,471	265,774	(20,303)	(8%)
	$ 664,347	$ 710,243	$ (45,896)	(6%)

Depreciation and amortization expense for the three and six months ended June 30, 2012 decreased $51.9 million, or 14%, to $307.0 million, and $45.9 million, or 6%, to $664.3 million, respectively, as compared to the three and six months ended June 30, 2011, primarily due to lower amortization expense associated with the accelerated write-off of software licenses during the first quarter of 2012 as a result of the completed system conversions, combined with lower depreciation expense due to changes in the remaining useful lives of certain assets.

We annually commission an independent study to update the estimated remaining useful lives of our plant assets. The latest study was completed in the fourth quarter of 2011 and after review and analysis of the results, we adopted new lives for certain plant assets as of October 1, 2011. Our "composite depreciation rate" for plant assets was 6.4% as a result of the study. We anticipate depreciation expense of approximately $830 million to $850 million for 2012.

Amortization expense for the six months ended June 30, 2012 and 2011 included $234.6 million and $237.7 million, respectively, for intangible assets (primarily customer base) that were acquired in the Transaction based on an estimated fair value of $2.5 billion and an estimated useful life of nine years for the residential customer list and 12 years for the business customer list, amortized on an accelerated method. We anticipate amortization expense of approximately $420 million for 2012.

INTEGRATION COSTS

($ in thousands)	For the three months ended June 30, 2012	2011	$ Increase (Decrease)	% Increase (Decrease)
Integration costs	$ 28,602	$ 20,264	$ 8,338	41%

	For the six months ended June 30, 2012	2011	$ Increase (Decrease)	% Increase (Decrease)
Integration costs	$ 63,746	$ 33,487	$ 30,259	90%

Integration costs include expenses incurred to integrate the network and information technology platforms, and to enable other integration and cost savings initiatives. In the first quarter of 2012, the Company successfully converted the operating systems in the remaining nine states of the Acquired Business to our legacy systems. Therefore, as of March 31, 2012, the Company had completed its network and systems integration into one platform. While these conversions are complete, the Company continues to simplify its processes, eliminate redundancies and further reduce its cost structure while improving its customer service capabilities. The Company incurred $63.7 million and $33.5 million of operating expenses and $27.9 million and $19.0 million in capital expenditures related to integration activities during the first six months of 2012 and 2011, respectively. The Company currently expects to incur operating expenses and capital expenditures for the full year of 2012 related to completing its integration and cost savings initiatives of approximately $80 million and $40 million, respectively, including the amounts incurred during the first six months of 2012. Our integration costs and related capital expenditures will be completed by the end of 2012.

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

($ in thousands)	For the three months ended June 30, 2012	2011	$ Increase (Decrease)	% Increase (Decrease)
Investment income	$ 9,991	$ 175	$ 9,816	NM
Losses on early extinguishment of debt	$ (70,818)	$ -	$ (70,818)	NM
Other income (loss), net	$ (1,187)	$ (557)	$ (630)	(113%)
Interest expense	$ 172,054	$ 166,864	$ 5,190	3%
Income tax expense	$ 11,717	$ 37,190	$ (25,473)	(68%)

	For the six months ended June 30, 2012	2011	$ Increase (Decrease)	% Increase (Decrease)
Investment income	$ 12,094	$ 3,290	$ 8,804	268%
Losses on early extinguishment of debt	$ (70,818)	$ -	$ (70,818)	NM
Other income (loss), net	$ 2,298	$ 5,913	$ (3,615)	(61%)
Interest expense	$ 336,916	$ 334,279	$ 2,637	1%
Income tax expense	$ 30,411	$ 73,757	$ (43,346)	(59%)

Investment Income

Investment income for the three and six months ended June 30, 2012 increased $9.8 million to $10.0 million, and $8.8 million to $12.1 million, respectively, as compared with the three and six months ended June 30, 2011, primarily due to $9.8 million in investment gains associated with cash received during the second quarter of 2012 in connection with our previously written-off investment in Adelphia.

Our average cash balances were $367.3 million and $281.1 million for the six months ended June 30, 2012 and 2011, respectively. Our average restricted cash balance was $129.8 million and $182.3 million for the six months ended June 30, 2012 and 2011, respectively.

Losses on Early Extinguishment of Debt

During the second quarter of 2012, we recognized a loss of $69.2 million on the early extinguishment of debt in connection with a $500.0 million debt tender offer for the Notes. We also recognized a loss of $1.6 million during the second quarter of 2012 for $58.0 million in open market repurchases of our 6.25% Senior Notes due 2013.

Other Income (Loss), Net

Other income (loss), net for the three and six months ended June 30, 2012 decreased $0.6 million to $(1.2) million, and $3.6 million to $2.3 million, respectively, as compared with the three and six months ended June 30, 2011, primarily due to a decrease of $2.9 million in the settlement of customer advances as compared with the first six months of the prior year.

Interest expense

Interest expense for the three and six months ended June 30, 2012 increased $5.2 million, or 3%, to $172.1 million, and $2.6 million, or 1%, to $336.9 million, respectively, as compared with the three and six months ended June 30, 2011, primarily due to lower capitalized interest in 2012. Our average debt outstanding was $8,332.4 million and $8,300.7 million for the six months ended June 30, 2012 and 2011, respectively. Our composite average borrowing rate as of June 30, 2012 and 2011 was 7.90% and 8.00%, respectively.

Income tax expense

Income tax expense for the three and six months ended June 30, 2012 decreased $25.5 million, or 68%, to $11.7 million, and $43.3 million, or 59%, to $30.4 million, respectively, as compared with the three and six months ended June 30, 2011, primarily due to lower pretax income and a $10.5 million charge recorded in the second quarter of 2011 resulting from the enactment on May 25, 2011 of the Michigan Corporate Income Tax which eliminated certain future tax deductions. The effective tax rate for the first six months of 2012 and 2011 was 36.7% and 45.0%, respectively.

The amount of our uncertain tax positions whose statute of limitations are expected to expire during the next twelve months and which would affect our effective tax rate is $14 million as of June 30, 2012.

We received $0.2 million in cash tax refunds, net during the six months ended June 30, 2012, as compared to the payment of $27.2 million in cash taxes during the six months ended June 30, 2011. We expect that our cash tax payments for the full year of 2012 will be approximately $25 million. Our 2012 cash tax estimate reflects the continued impact of bonus depreciation in accordance with the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Absent any legislative changes in 2012 or 2013, cash taxes are expected to increase in 2013.

Net income attributable to common shareholders of Frontier

Net income attributable to common shareholders of Frontier for the second quarter of 2012 was $18.0 million, or $0.02 per share, as compared to $32.3 million, or $0.03 per share, in the second quarter of 2011, and $44.8 million, or $0.04 per share, as compared to $87.0 million or $0.09 per share, for the six months ended June 30, 2011.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Exposure

Our exposure to market risk for changes in interest rates relates primarily to the interest-bearing portion of our pension investment portfolio and related obligations, and floating rate indebtedness. Our long-term debt as of June 30, 2012 was approximately 93% fixed rate debt with minimal exposure to interest rate changes. We had no interest rate swap agreements related to our fixed rate debt in effect at June 30, 2012.

Our objectives in managing our interest rate risk are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, all but $546.3 million of our outstanding borrowings at June 30, 2012 have fixed interest rates. In addition, our undrawn $750.0 million revolving credit facility has interest rates that float with LIBOR, as defined. Consequently, we have limited material future earnings or cash flow exposures from changes in interest rates on our long-term debt. An adverse change in interest rates would increase the amount that we pay on our variable rate obligations and could result in fluctuations in the fair value of our fixed rate obligations. Based upon our overall interest rate exposure at June 30, 2012, a near-term change in interest rates would not materially affect our consolidated financial position, results of operations or cash flows.

Sensitivity analysis of interest rate exposure
At June 30, 2012, the fair value of our long-term debt was estimated to be approximately $7.8 billion, based on our overall weighted average borrowing rate of 7.90% and our overall weighted average maturity of approximately 9 years. As of June 30, 2012, there has been no material change in the weighted average maturity applicable to our obligations since December 31, 2011.

Equity Price Exposure

Our exposure to market risks for changes in equity security prices as of June 30, 2012 is limited to our pension assets. We have no other security investments of any material amount.

The Company's pension plan assets have increased from $1,258.0 million at December 31, 2011 to $1,271.6 million at June 30, 2012, an increase of $13.6 million, or 1%. This increase is a result of positive investment returns, cash contributions and additional asset transfers from Verizon for a combined total of $95.9 million, less benefit payments of $82.3 million during the first six months of 2012. We expect to make net contributions to our pension plan of approximately $30 million to $40 million in 2012, which reflects the positive impact of funding rate changes contained in the Highway Investment Act of 2012.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures
We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, regarding the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d – 15(e) under the Securities Exchange Act of 1934, as amended). Based upon this evaluation, our principal executive officer and principal financial officer concluded, as of the end of the period covered by this report, June 30, 2012, that our disclosure controls and procedures were effective.

(b) Changes in internal control over financial reporting
We reviewed our internal control over financial reporting at June 30, 2012. As a result of the Transaction, we have integrated the business processes and systems of the Acquired Business. Accordingly, certain changes have been made to our internal controls over financial reporting.

There have been no other changes in our internal control over financial reporting identified in an evaluation thereof that occurred during the second fiscal quarter of 2012 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION
FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Item 1. Legal Proceedings

See Note 17 of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report. There have been no material changes to our legal proceedings from the information provided in Item 3. "Legal Proceedings" included in our Annual Report on Form 10-K for the year ended December 31, 2011.

We are party to various legal proceedings arising in the normal course of our business covering a wide range of matters or types of claims including, but not limited to, general contract, billing disputes, rights of access, tax, consumer protection, trademark and patent infringement, employment, regulatory and tort. Litigation is subject to uncertainty and the outcome of individual matters is not predictable. However, we believe that the ultimate resolution of all such matters, after considering insurance coverage or other indemnities to which we are entitled, will not have a material adverse effect on our financial position, results of operations, or our cash flows.

Item 1A. Risk Factors

There have been no changes to the Risk Factors described in Part 1 "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and our quarterly Report on Form 10-Q for the quarter ended March 31, 2012, each as filed with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the quarter ended June 30, 2012.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share
April 1, 2012 to April 30, 2012		
Employee Transactions (1)	3,037	$ 4.33
May 1, 2012 to May 31, 2012		
Employee Transactions (1)	1,175	$ 3.74
June 1, 2012 to June 30, 2012		
Employee Transactions (1)	8,220	$ 3.84
Totals April 1, 2012 to June 30, 2012		
Employee Transactions (1)	12,432	$ 3.95

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

Item 4. Mine Safety Disclosure

Not applicable.

Item 6. **Exhibits**

(a) Exhibits:

10.1	Amendment, dated May 31, 2012, to Offer of Employment Letter, dated January 20, 2010, between the Company and Kathleen Q. Abernathy.
10.2	Offer of Employment Letter, dated May 24, 2012, between the Company and Andrew Crain.
10.3	Amendment, dated May 31, 2012, to Offer of Employment Letter, dated December 31, 2004, between the Company and Peter B. Hayes.
10.4	Offer of Employment Letter, dated April 6, 2012, between the Company and Lois Hedg-Peth.
10.5	Amendment, dated May 31, 2012, to Offer of Employment Letter, dated January 13, 2006, between the Company and Cecilia K. McKenney.
10.6	Amendment, dated May 31, 2012, to Offer of Employment Letter, dated March 7, 2006, between the Company and Donald R. Shassian.
10.7	Change in Control Letter Agreement, dated May 31, 2012, between the Company and Melinda M. White.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.PRE	XBRL Taxonomy Presentation Linkbase Document.
101.CAL	XBRL Taxonomy Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Label Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRONTIER COMMUNICATIONS CORPORATION
(Registrant)

By: /s/ Susana D'Emic
Susana D'Emic
Senior Vice President and Controller

Date: August 3, 2012

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

May 31, 2012

Ms. Kathleen Q. Abernathy
983 Spring Hill Road
McLean, VA 22102

Dear Kathleen:

Reference is made to the Offer Letter dated January 20, 2010 (“Offer Letter”) between you and Frontier Communications Corporation (the “Company”).

The terms of the benefits payable upon a change in control referred to in the Offer Letter are hereby amended as follows:

If, within one year following a “Change in Control” (as defined below) of the Company, you have a “Separation from Service” (as defined below) either because (a) your employment is terminated by the Company without “Cause” (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company’s Washington, D.C. office will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to one year’s base salary and 100% of your bonus target prorated for the plan year (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control), all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable and all performance shares granted to you under the Long-Term Incentive Plan (LTIP) or other performance incentive plan pursuant to a performance-based vesting schedule shall immediately be earned by you and non-forfeitable, with the number of shares earned equal to the target level of shares granted. The lump sum payment will be made on the Expiration Date, as defined below.

A “Change in Control” shall be deemed to have occurred:

(A) When any “person” as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as used in Section 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities; or

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

“Cause” shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of *nolo contendere* to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered “willful” or “intentional” unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a “Severance Payment”), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being “contingent on a change in ownership or control” of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the “Excise Tax”), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax (“Capped Payment”), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm's determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock and the earning of performance shares in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team ("SLT"). If at any time you are no longer a member of the SLT, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, "termination of employment" shall have the same meaning as "Separation from Service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

This letter agreement sets forth the entire agreement and understanding between the Company and you relating to the subject matter hereof and supersedes and replaces all prior discussions and agreements between us regarding the subject matter hereof, including, without limitation, the terms of the Offer Letter relating to benefits payable upon a change in control. This letter agreement can only be modified by a subsequent written agreement executed by the Company and you. This letter agreement shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws or principles.

It is the intention of the parties that the lump sum described in the third and fourth paragraphs of this letter should be exempt from Section 409A as short-term deferrals, and that the restricted stock should also be exempt from Section 409A, and this letter agreement in the normal course is to be interpreted accordingly. Nonetheless, if you are a "specified employee" within the meaning of Section 409A and any amounts or other compensation are (i) payable under this letter agreement, (ii) subject to Section 409A as deferred compensation and (iii) payable on account of your Separation from Service, then such amounts or compensation may not be paid until six months after your Separation from Service date. Finally, the parties intend at all times that no payment or entitlement pursuant to this letter agreement will give rise to any adverse tax consequences to either party pursuant to Section 409A, and this letter agreement shall be interpreted consistently with this paragraph. The term "Separation from Service" shall have the meaning given to it by Section 409A (or any successor provision) ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code").

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this letter agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. “Company” means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this letter agreement by operation of law or otherwise.

To acknowledge your acceptance of the terms and conditions of this letter agreement, please sign the bottom of this letter agreement and fax it to me directly at (203) 614-4627. Also, please return the originally signed offer letter to my attention.

Sincerely,

/s/ Cecilia K. McKenney

Cecilia K. McKenney
Executive Vice President, Human Resources and Sales Operations

Agreed to and acknowledged:

/s/ Kathleen Q. Abernathy May 31, 2012
Kathleen Q. Abernathy Date

Exhibit 10.2

May 24, 2012

Andrew Crain
1655 Walnut Street, Apt 108
Boulder, CO 80309

Dear Andrew:

It is my pleasure to confirm our offer of employment for the position of Senior Vice President, General Counsel. The work location for this position will be Stamford, CT, and you will be reporting to Maggie Wilderotter, Chairman & CEO. Your start date will be **June 15, 2012** .

Your executive compensation program includes **four** principle components:

1) Annual base salary of **$335,000** (less applicable taxes) paid on a semi-monthly basis,

2) Frontier Bonus Plan ("FBP") with an annual target incentive of **75%** of your annual base salary which is paid out based on company and personal performance. Your first year payout will be pro-rated based on your start date.

3) Frontier's Equity Incentive Plan ("EIP") which includes **Restricted Stock Awards** , generally in the first quarter of each year and dividends paid quarterly. Eligibility for any given plan does not guarantee award values since Frontier's Executive Compensation Program is based on performance of the company and the executive. The target for your position is **$150,000** annually. These shares will vest in four equal 25% annual installments commencing one year from the grant date, and you will be paid dividends on the unvested shares. Your first year payout will be pro-rated based on your date of employment.

   You will be eligible to participate in Frontier's FBP and EIP in 2012 with awards paid in the first quarter of 2013. Frontier reserves the right to implement or discontinue executive compensation plans at its own discretion. Eligibility for any given plan does not guarantee award values since Frontier's Executive Compensation Program is based on performance of the company and the executive.

4) Frontier **Long Term Incentive Plan** (LTIP), with an annual performance share target valued at **$50,000.** The LTIP target is an annual grant that will be paid out based on company performance over a three year period (initially, 2012 – 2014). The performance metrics are Operating Cash Flow and Total Shareholder Return. You will earn performance shares at the end of each three year period, based on the company's performance over the three-year measurement period on the metrics noted. Dividends that would have been payable on any earned shares during a three year period will be paid at the end of the three year period. Your first year payout will be pro-rated based on your date of employment.

As a sign-on bonus, you will be granted **25,000** restricted shares as part of your new hire compensation. These shares will vest equally over four years, commencing on the first anniversary of your start date. You will receive dividends on all restricted shares (vested and unvested), consistent with other shareholders. The Company's current dividend policy is $0.40 per shares, paid quarterly.

You will be eligible for benefits from a **change in control of the company** . If, within one year following a "Change in Control" (as defined below) of the Company, you have a "Separation from Service" (as defined below) either because (a) your employment is terminated by the Company without "Cause" (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from your Stamford, CT office will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to one year's base salary and 100% of your bonus target prorated for the plan year (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control), all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable and all performance shares granted to you under the Long-Term Incentive Plan (LTIP) or other performance incentive plan pursuant to a performance-based vesting schedule shall immediately be earned by you and non-forfeitable, with the number of shares earned equal to the target level of shares granted. The lump sum payment will be made on the Expiration Date, as defined below **.**

A "Change in Control" shall be deemed to have occurred:

(A) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

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

"Cause" shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of *nolo contendere* to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered "willful" or "intentional" unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Severance Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax ("Capped Payment"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm's determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock and the earning of performance shares in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team ("SLT") and/or reporting directly to the Chief Executive Officer. If at any time you are neither a member of the SLT nor reporting directly to the Chief Executive Officer, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, "termination of employment" shall have the same meaning as "Separation from Service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

Relocation benefits are also offered to up to **$50,000** which is grossed up and used for one-time standard household goods transfer, reimbursement of approved relocation expenses, such as closing costs on sale of home, and temporary housing. Please note, that according to IRS regulations, if you move less than 50 miles, you will be accountable for applicable taxes on household goods transfer. Upon acceptance of this offer of employment, a counselor from our relocation partner, Weichert, will contact you to initiate you in to the program. A Promissory Note (initiated by Weichert Relocation) is required to be executed with your agreement to reimburse the Company for a pro-rated portion of your relocation expenses in the event you leave the Company within twelve (12) months of from the date the last funds were paid. This relocation benefit will expire twelve (12) months from your start date.

Please be advised that your health and welfare benefits will begin on your 30th day of employment and as a Frontier employee, you will be eligible to participate in a full range of benefits. Please bring all of the original paperwork with you on your first day of work.

This offer and subsequent employment is contingent upon Frontier's receipt of acceptable results of a background check and reference checks including, criminal record check, drug screening, and verification of education, employment and professional references. Certain positions will also require a motor vehicle or credit check. All drug screens must be completed within 48 hours of receiving this package. The drug test will be registered by Frontier Communications.

Federal law requires that you provide documentation (I-9) confirming your eligibility to work in the United States. A list of documents that you may use to establish your identity and employment eligibility can be found in your New Hire Kit. Please bring the appropriate documents with you when you report to work on your first day.

Assuming the contingencies noted above are met and you commence employment with Frontier, as a condition of accepting this offer of employment with Frontier you agree that should you leave employment with Frontier at anytime in the future for any reason, you will not solicit, either directly or indirectly, any Frontier employee for employment with any other employer for a period of one (1) year after you leave employment with Frontier.

This offer is not an express or implied contract, promise or guarantee of employment, of any particular position, or of any particular term or condition of employment. Your employment by Frontier is at will and is subject to the conditions set forth in Frontier's Code of Conduct as well as all other Frontier policies and applicable Federal, State and local laws.

On behalf of Frontier, I welcome you to our team! Please do not hesitate to contact me with any questions regarding this offer. To acknowledge your acceptance of this offer, please sign the bottom of this offer letter and fax (585-262-9557) or email a scanned copy back to me directly. Please return the original signed offer letter with your original new hire paperwork as soon as convenient.

Sincerely,

/s/ Cecilia K. McKenney

Cecilia McKenney
EVP, Human Resources & Sales Operations
Frontier Communications

Acceptance of Offer

By signing below, I hereby accept the Frontier's contingent offer of employment. I understand that I will not have a contract of employment with Frontier for a specified period of time. I further agree to abide by the employment policies and procedures established by Frontier.

/s/ Andrew Crain	5/24/12
--	----------------
Andrew Crain	Date

Exhibit 10.3

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

May 31, 2012

Mr. Peter B. Hayes
21304 Hibbs Bridge Rd
Middleburg, VA 20117

Dear Pete:

Reference is made to the Offer Letter dated December 31, 2004, as amended on December 24, 2008 (as so amended, "Offer Letter") between you and Frontier Communications Corporation (formerly Citizens Communications Company) (the "Company").

The terms of the benefits payable upon a change in control referred to in the Offer Letter are hereby amended as follows:

If, within one year following a "Change in Control" (as defined below) of the Company, you have a "Separation from Service" (as defined below) either because (a) your employment is terminated by the Company without "Cause" (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company's Washington, D.C. office will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to one year's base salary and 100% of your bonus target prorated for the plan year (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control), all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable and all performance shares granted to you under the Long-Term Incentive Plan (LTIP) or other performance incentive plan pursuant to a performance-based vesting schedule shall immediately be earned by you and non-forfeitable, with the number of shares earned equal to the target level of shares granted. The lump sum payment will be made on the Expiration Date, as defined below.

A “Change in Control” shall be deemed to have occurred:

(A) When any “person” as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as used in Section 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities; or

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

“Cause” shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of *nolo contendere* to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered “willful” or “intentional” unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a “Severance Payment”), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being “contingent on a change in ownership or control” of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the “Excise Tax”), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax (“Capped Payment”), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the “Accounting Firm”) used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm’s determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock and the earning of performance shares in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team ("SLT"). If at any time you are no longer a member of the SLT, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, "termination of employment" shall have the same meaning as "Separation from Service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

This letter agreement sets forth the entire agreement and understanding between the Company and you relating to the subject matter hereof and supersedes and replaces all prior discussions and agreements between us regarding the subject matter hereof, including, without limitation, the memorandum, dated September 7, 2007, addressed to you from Maggie Wilderotter entitled "Terms of Restricted Stock Award" and the terms of the Offer Letter relating to benefits payable upon a change in control. This letter agreement can only be modified by a subsequent written agreement executed by the Company and you. This letter agreement shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws or principles.

It is the intention of the parties that the lump sum described in the third and fourth paragraphs of this letter should be exempt from Section 409A as short-term deferrals, and that the restricted stock should also be exempt from Section 409A, and this letter agreement in the normal course is to be interpreted accordingly. Nonetheless, if you are a "specified employee" within the meaning of Section 409A and any amounts or other compensation are (i) payable under this letter agreement, (ii) subject to Section 409A as deferred compensation and (iii) payable on account of your Separation from Service, then such amounts or compensation may not be paid until six months after your Separation from Service date. Finally, the parties intend at all times that no payment or entitlement pursuant to this letter agreement will give rise to any adverse tax consequences to either party pursuant to Section 409A, and this letter agreement shall be interpreted consistently with this paragraph. The term "Separation from Service" shall have the meaning given to it by Section 409A (or any successor provision) ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code").

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this letter agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this letter agreement by operation of law or otherwise.

To acknowledge your acceptance of the terms and conditions of this letter agreement, please sign the bottom of this letter agreement and fax it to me directly at (203) 614-4627. Also, please return the originally signed offer letter to my attention.

Sincerely,

/s/ Cecilia K. McKenney

Cecilia K. McKenney
Executive Vice President, Human Resources and Sales Operations

Agreed to and acknowledged:

/s/ Peter B. Hayes — May 31, 2012
Peter B. Hayes — Date

Exhibit 10.4

April 10, 2012

Ms. Lois Hedg-Peth
736 Fred Burr Road
Victor, MT 59875

Dear Lois:

On behalf of the Senior Leadership Team, it is my pleasure to confirm our offer of employment for the position of Executive Vice President, Strategy. The work location for this position will be Libby, MT and you will be reporting to Maggie Wilderotter, Chairman & CEO. Your start date will be July 1, 2012.

Your executive compensation program includes **four** principle components:

1) Annual base salary of **$500,000** (less applicable taxes) paid on a semi-monthly basis.

2) Frontier **Bonus Plan** ("FBP") with an annual target incentive of **100%** ($500,000) which is paid out based on company and personal performance. Your first year payout will be pro-rated based on your date of employment.

3) Frontier's Equity Incentive Plan ("EIP") which includes **Restricted Stock Awards** , generally in the first quarter of each year and dividends paid quarterly. Eligibility for any given plan does not guarantee award values since Frontier's Executive Compensation Program is based on performance of the company and the executive. The target for your position is **$750,000** annually. These shares will vest in four equal 25% annual installments commencing one year from the grant date, and you will be paid dividends on the unvested shares. Your first year payout will be pro-rated based on your date of employment.

   You will be eligible to participate in Frontier's FBP and EIP in 2012 with awards paid in the first quarter of 2013. Frontier reserves the right to implement or discontinue executive compensation plans at its own discretion. Eligibility for any given plan does not guarantee award values since Frontier's Executive Compensation Program is based on performance of the company and the executive.

4) Frontier **Long Term Incentive Plan** (LTIP), with an annual performance share target valued at **$250,000.** The LTIP target is an annual grant that will be paid out based on company performance over a three year period (initially, 2012 – 2014). The performance metrics are Operating Cash Flow and Total Shareholder Return. You will earn performance shares at the end of each three year period, based on the company's performance over the three-year measurement period on the metrics noted. Dividends that would have been payable on any earned shares during a three year period will be paid at the end of the three year period.

Your award range for long term equity is $750,000 - $1,250,000 with $1,000,000 as the target and is contingent on your performance and that of the Company. The executive compensation plans are subject to all plan terms and determinations by the Compensation Committee of the Board of Directors.

As a sign-on bonus, you will be granted 100,000 shares of restricted stock. The actual value of the shares will determined at the time the grant is approved by the Compensation Committee of the Board of Directors, which is currently scheduled to be in July 2012. You will receive dividends on all shares of restricted stock, regardless of their vesting schedule, on a quarterly basis consistent with other shareholders. The current dividend policy is $0.40 per share per year. These shares of restricted stock will vest in four equal 25% annual installments commencing one year from your hire date.

In addition, you will be granted **50,000 unrestricted** shares of common stock on the second anniversary of your hire date as part of your new hire compensation. This grant is contingent on you being actively employed by the Company and performing at a satisfactory level.

Also, you will be eligible for an enhanced Paid Time off (PTO) schedule of 25 days per year. However upon termination of your employment, you will be paid unused vacation per the company policy.

If, within one year following a “Change in Control” (as defined below) of the Company, you have a “Separation from Service” (as defined below) either because (a) your employment is terminated by the Company without “Cause” (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from your Libby, Montana office will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to one year’s base salary and 100% of your bonus target prorated for the plan year (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control), all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable and all performance shares granted to you under the Long-Term Incentive Plan (LTIP) or other performance incentive plan pursuant to a performance-based vesting schedule shall immediately be earned by you and non-forfeitable, with the number of shares earned equal to the target level of shares granted. The lump sum payment will be made on the Expiration Date, as defined below **.**

A “Change in Control” shall be deemed to have occurred:

(A) When any “person” as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as used in Section 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities; or

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

"Cause" shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of *nolo contendere* to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered "willful" or "intentional" unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Severance Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax ("Capped Payment"), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm's determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock and the earning of performance shares in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team (“SLT”) and/or reporting directly to the Chief Executive Officer. If at any time you are neither a member of the SLT nor reporting directly to the Chief Executive Officer, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the “Expiration Date,” which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, “termination of employment” shall have the same meaning as “Separation from Service” under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

Please be advised that your health and welfare benefits will begin on your 30th day of employment and as a Frontier employee, you will be eligible to participate in a full range of benefits. Please bring all of the original paperwork with you on your first day of work.

This offer and subsequent employment is contingent upon Frontier’s receipt of acceptable results of a background check and reference checks including, criminal record check, drug screening, and verification of education, employment and professional references. Certain positions will also require a motor vehicle or credit check. All drug screens must be completed within 48 hours of receiving this package. The drug test will be registered by Frontier Communications.

Federal law requires that you provide documentation (I-9) confirming your eligibility to work in the United States. A list of documents that you may use to establish your identity and employment eligibility can be found in your New Hire Kit. Please bring the appropriate documents with you when you report to work on your first day.

Assuming the contingencies noted above are met and you commence employment with Frontier, as a condition of accepting this offer of employment with Frontier you agree that should you leave employment with Frontier at anytime in the future for any reason, you will not solicit, either directly or indirectly, any Frontier employee for employment with any other employer for a period of one (1) year after you leave employment with Frontier.

This offer is not an express or implied contract, promise or guarantee of employment, of any particular position, or of any particular term or condition of employment. Your employment by Frontier is at will and is subject to the conditions set forth in Frontier's Code of Conduct as well as all other Frontier policies and applicable Federal, State and local laws.

On behalf of Frontier, I welcome you to our team! Please do not hesitate to contact me with any questions regarding this offer. To acknowledge your acceptance of this offer, please sign the bottom of this offer letter and fax (585-262-9536) or email a scanned copy back to me directly. Please return the original signed offer letter with your original new hire paperwork as soon as convenient.

Sincerely,

/s/ Cecilia K. McKenney

Cecilia K. McKenney
EVP, Human Resources and Call Center Sales & Service

Acceptance of Offer

By signing below, I hereby accept the Frontier's contingent offer of employment. I understand that I will not have a contract of employment with Frontier for a specified period of time. I further agree to abide by the employment policies and procedures established by Frontier.

/s/ Lois Hedg-Peth	4/11/2012
--------------------------------------	--
Lois Hedg-Peth Signature	(Please include middle initial and date)

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

May 31, 2012

Ms. Cecilia K. McKenney
24 Stone Paddock Place
Bedford, NY 10506

Dear Cecilia:

Reference is made to the Offer Letter dated January 13, 2006, as amended on December 24, 2008 (as so amended, "Offer Letter") between you and Frontier Communications Corporation (formerly Citizens Communications Company) (the "Company").

The terms of the Enhanced Severance Benefit referred to in the Offer Letter are hereby amended as follows:

If, within one year following a "Change in Control" (as defined below) of the Company, you have a "Separation from Service" (as defined below) either because (a) your employment is terminated by the Company without "Cause" (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company's Stamford, Connecticut headquarters area will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to one year's base salary and bonus target (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control), all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable and all performance shares granted to you under the Long-Term Incentive Plan (LTIP) or other performance incentive plan pursuant to a performance-based vesting schedule shall immediately be earned by you and non-forfeitable, with the number of shares earned equal to the target level of shares granted. The lump sum payment will be made on the Expiration Date, as defined below.

A “Change in Control” shall be deemed to have occurred:

(A) When any “person” as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as used in Section 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities; or

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

“Cause” shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of *nolo contendere* to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered “willful” or “intentional” unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a “Severance Payment”), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being “contingent on a change in ownership or control” of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the “Excise Tax”), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax (“Capped Payment”), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the “Accounting Firm”) used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm’s determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock and the earning of performance shares in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team (“SLT”). If at any time you are no longer a member of the SLT, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the “Expiration Date,” which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, "termination of employment" shall have the same meaning as "Separation from Service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

This letter agreement sets forth the entire agreement and understanding between the Company and you relating to the subject matter hereof and supersedes and replaces all prior discussions and agreements between us regarding the subject matter hereof, including, without limitation, the memorandum, dated September 7, 2007, addressed to you from Maggie Wilderotter entitled "Terms of Restricted Stock Award" and the terms of the Offer Letter relating to the Enhanced Severance Benefit. This letter agreement can only be modified by a subsequent written agreement executed by the Company and you. This letter agreement shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws or principles.

It is the intention of the parties that the lump sum described in the third paragraph of this letter should be exempt from Section 409A as a short-term deferral, and that the restricted stock should also be exempt from Section 409A, and this letter agreement in the normal course is to be interpreted accordingly. Nonetheless, if you are a "specified employee" within the meaning of Section 409A and any amounts or other compensation are (i) payable under this letter agreement, (ii) subject to Section 409A as deferred compensation and (iii) payable on account of your Separation from Service, then such amounts or compensation may not be paid until six months after your Separation from Service date. Finally, the parties intend at all times that no payment or entitlement pursuant to this letter agreement will give rise to any adverse tax consequences to either party pursuant to Section 409A, and this letter agreement shall be interpreted consistently with this paragraph. The term "Separation from Service" shall have the meaning given to it by Section 409A (or any successor provision) ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code").

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this letter agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this letter agreement by operation of law or otherwise.

To acknowledge your acceptance of the terms and conditions of this letter agreement, please sign the bottom of this letter agreement and fax it to me directly at (203) 614-4627. Also, please return the originally signed offer letter to my attention.

Sincerely,

/s/ Kathleen Q. Abernathy

Kathleen Q. Abernathy
Chief Legal Officer and Executive Vice President, Regulatory and Government Affairs

Agreed to and acknowledged:

/s/ Cecilia K. McKenney   May 31, 2012
Cecilia K. McKenney   Date

Exhibit 10.6

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

May 31, 2012

Mr. Donald R. Shassian
42 Woodland Drive
Rye Brook, NY 10573

Dear Don:

Reference is made to the Offer Letter dated March 7, 2006, as amended on December 30, 2008 (as so amended, “Offer Letter”) between you and Frontier Communications Corporation (formerly Citizens Communications Company) (the “Company”).

The terms of the Enhanced Severance Benefit referred to in the Offer Letter are hereby amended as follows:

If, within one year following a “Change in Control” (as defined below) of the Company, you have a “Separation from Service” (as defined below) either because (a) your employment is terminated by the Company without “Cause” (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company’s Stamford, Connecticut headquarters area will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to two years’ base salary and bonus target (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control), all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable and all performance shares granted to you under the Long-Term Incentive Plan (LTIP) or other performance incentive plan pursuant to a performance-based vesting schedule shall immediately be earned by you and non-forfeitable, with the number of shares earned equal to the target level of shares granted. The lump sum payment will be made on the Expiration Date, as defined below.

A “Change in Control” shall be deemed to have occurred:

(A) When any “person” as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as used in Section 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities; or

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

“Cause” shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of *nolo contendere* to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered “willful” or “intentional” unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a “Severance Payment”), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being “contingent on a change in ownership or control” of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the “Excise Tax”), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax (“Capped Payment”), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm's determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock and the earning of performance shares in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team ("SLT"). If at any time you are no longer a member of the SLT, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, "termination of employment" shall have the same meaning as "Separation from Service" under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

This letter agreement sets forth the entire agreement and understanding between the Company and you relating to the subject matter hereof and supersedes and replaces all prior discussions and agreements between us regarding the subject matter hereof, including, without limitation, the memorandum, dated September 7, 2007, addressed to you from Maggie Wilderotter entitled "Terms of Restricted Stock Award" and the terms of the Offer Letter relating to the Enhanced Severance Benefit. This letter agreement can only be modified by a subsequent written agreement executed by the Company and you. This letter agreement shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws or principles.

It is the intention of the parties that the lump sum described in the third paragraph of this letter should be exempt from Section 409A as a short-term deferral, and that the restricted stock should also be exempt from Section 409A, and this letter agreement in the normal course is to be interpreted accordingly. Nonetheless, if you are a "specified employee" within the meaning of Section 409A and any amounts or other compensation are (i) payable under this letter agreement, (ii) subject to Section 409A as deferred compensation and (iii) payable on account of your Separation from Service, then such amounts or compensation may not be paid until six months after your Separation from Service date. Finally, the parties intend at all times that no payment or entitlement pursuant to this letter agreement will give rise to any adverse tax consequences to either party pursuant to Section 409A, and this letter agreement shall be interpreted consistently with this paragraph. The term "Separation from Service" shall have the meaning given to it by Section 409A (or any successor provision) ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code").

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this letter agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. “Company” means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this letter agreement by operation of law or otherwise.

To acknowledge your acceptance of the terms and conditions of this letter agreement, please sign the bottom of this letter agreement and fax it to me directly at (203) 614-4627. Also, please return the originally signed offer letter to my attention.

Sincerely,

/s/ Cecilia K. McKenney

Cecilia K. McKenney
Executive Vice President, Human Resources and Sales Operations

Agreed to and acknowledged:

/s/ Donald R. Shassian May 31, 2012
Donald R. Shassian Date

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
(203) 614-5600

May 31, 2012

Ms. Melinda M. White
11 Forest St., Apt. 304
Stamford, CT 06901

Dear Melinda:

If, within one year following a "Change in Control" (as defined below) of the Company, you have a "Separation from Service" (as defined below) either because (a) your employment is terminated by the Company without "Cause" (as defined below) or (b) you terminate your employment as a result of (i) a material decrease in your base salary, target bonus or long term incentive compensation target from those in effect immediately prior to the Change in Control for any reason other than Cause; (ii) a material relocation of your principal office location (for this purpose, a relocation more than 50 miles from the Company's Stamford, Connecticut Headquarters will be automatically deemed material) or (iii) a material decrease in your responsibilities or authority for any reason other than Cause (and prior to your terminating your employment you provide the Company with notice of the decrease or relocation within 90 days of the occurrence of such condition, the Company does not remedy the condition within 30 days of such notice, and you Separate from Service within two years of the initial occurrence of one or more such conditions), you shall be entitled to a lump sum payment equal to one year's base salary and bonus target (based on the then current level of salary and bonus target or, if greater, that in effect immediately prior to the Change in Control), all restrictions on restricted shares held by you shall immediately lapse and such restricted shares shall become fully-vested and non-forfeitable and all performance shares granted to you under the Long-Term Incentive Plan (LTIP) or other performance incentive plan pursuant to a performance-based vesting schedule shall immediately be earned by you and non-forfeitable, with the number of shares earned equal to the target level of shares granted. The lump sum payment will be made on the Expiration Date, as defined below.

A "Change in Control" shall be deemed to have occurred:

(A) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (but excluding the Company and any subsidiary and any employee benefit plan sponsored or maintained by the Company or any subsidiary (including any trustee of such plan acting as trustee)), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; or

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

“Cause” shall mean your (a) willful and continued failure (other than as a result of physical or mental illness or injury) to perform your material duties in effect immediately prior to the Change in Control which continues beyond 10 days after a written demand for substantial performance is delivered to you by the Company, which demand shall identify and describe each failure with sufficient specificity to allow you to respond, (b) willful or intentional conduct that causes material and demonstrable injury, monetary or otherwise, to the Company or (c) conviction of, or a plea of *nolo contendere* to, a crime constituting (i) a felony under the laws of the United States or any State thereof, or (ii) a misdemeanor involving moral turpitude. For these purposes, no act or failure to act on your part shall be considered “willful” or “intentional” unless it is done, or omitted to be done by you in bad faith and without reasonable belief that your action or inaction was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this letter agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a “Severance Payment”), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being “contingent on a change in ownership or control” of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the “Excise Tax”), then the Severance Payment shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of the Severance Payment being subject to the Excise Tax (“Capped Payment”), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in your receipt on an after-tax basis, of the greatest amount of economic benefits to you, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Subject to the provisions of immediately preceding paragraph, all determinations required to be made pursuant to this letter agreement, including whether an Excise Tax is payable by you and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change in Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by you). The Accounting Firm shall be directed by the Company or you, as applicable, to submit its preliminary determination and detailed supporting calculations to both the Company and you within 15 calendar days after the date of your termination of employment, if applicable, and any other such time or times as may be requested by the Company or you. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall either (x) make payment of the Severance Payment, or (y) reduce the Severance Payment by the amount which, based on the Accounting Firm's determination and calculations, would provide you with the Capped Payment (except that any portion of the Severance Payment that constitutes deferred compensation that is subject to Section 409A shall not be reduced, and its time and form of payment shall not be altered as a result of this process), and pay to you such reduced amount, in each case, less any Excise Taxes, federal, state, and local income and employment withholding taxes and any other amounts required to be deducted or withheld by the Company under applicable statute or regulation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal, state, local income or other tax return. All fees and expenses of the Accounting Firm and opinion letter shall be paid by the Company in connection with the calculations required by this letter.

The provisions in this letter regarding lapsing of restrictions on restricted stock and the earning of performance shares in certain circumstances in the event of a Change in Control will remain in effect as long as you are a member of the Senior Leadership Team ("SLT"). If at any time you are no longer a member of the SLT, such provisions will not apply.

You shall not receive any payments or benefits to which you may be entitled hereunder unless you agree to execute a release of all then existing claims against the Company, its subsidiaries, affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of your employment or the business of the Company; provided, however, that any such release shall not bar or prevent you from responding to any litigation or other proceeding initiated by a released party and asserting any claim or counterclaim you have in such litigation or other proceeding as if no such release had been given as to such party, nor shall it bar you from claiming rights that arise under, or that are preserved by, this letter agreement. To comply with this paragraph, you must sign and return the release within 45 days of the termination of your employment, and you must not revoke it during a seven-day revocation period that begins when the release is signed and returned to the Company. Then following the expiration of this revocation period, there shall occur the "Expiration Date," which is the 53rd day following the date of termination of your employment.

To the extent that a payment of Section 409A compensation under this letter agreement is based upon your having a termination of employment, “termination of employment” shall have the same meaning as “Separation from Service” under Section 409A(a)(2)(A)(i) of the Code. In addition, to avoid having such a separation from service occur after your termination of employment, you shall not have (after your termination of employment) any duties or responsibilities that are inconsistent with the termination of employment being treated as such a separation from service as of the date of such termination.

This letter agreement sets forth the entire agreement and understanding between the Company and you relating to the subject matter hereof and supersedes and replaces all prior discussions and agreements between us regarding the subject matter hereof, including, without limitation, the memorandum addressed to you from Maggie Wilderotter entitled “Terms of Restricted Stock Award.” This letter agreement can only be modified by a subsequent written agreement executed by the Company and you. This letter agreement shall be governed by and interpreted in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws or principles.

It is the intention of the parties that the lump sum described in the first paragraph of this letter should be exempt from Section 409A as a short-term deferral, and that the restricted stock should also be exempt from Section 409A, and this letter agreement in the normal course is to be interpreted accordingly. Nonetheless, if you are a “specified employee” within the meaning of Section 409A and any amounts or other compensation are (i) payable under this letter agreement, (ii) subject to Section 409A as deferred compensation and (iii) payable on account of your Separation from Service, then such amounts or compensation may not be paid until six months after your Separation from Service date. Finally, the parties intend at all times that no payment or entitlement pursuant to this letter agreement will give rise to any adverse tax consequences to either party pursuant to Section 409A, and this letter agreement shall be interpreted consistently with this paragraph. The term “Separation from Service” shall have the meaning given to it by Section 409A (or any successor provision) (“Section 409A”) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this letter agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this letter agreement by operation of law or otherwise.

To acknowledge your acceptance of the terms and conditions of this letter agreement, please sign the bottom of this letter agreement and fax it to me directly at (203) 614-4627. Also, please return the originally signed offer letter to my attention.

Sincerely,

/s/ Cecilia K. McKenney

Cecilia K. McKenney
Executive Vice President, Human Resources and Sales Operations

Agreed to and acknowledged:

/s/ Melinda M. White	May 31, 2012
Melinda M. White	Date

Exhibit 31.1

CERTIFICATIONS

I, Mary Agnes Wilderotter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Frontier Communications Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2012

/s/ Mary Agnes Wilderotter

Mary Agnes Wilderotter
Chairman and Chief Executive Officer

CERTIFICATIONS

I, Donald R. Shassian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Frontier Communications Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2012

/s/ Donald R. Shassian

Donald R. Shassian
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly Report of Frontier Communications Corporation (the "Company") on Form 10-Q for the period ended June 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mary Agnes Wilderotter, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mary Agnes Wilderotter
Mary Agnes Wilderotter
Chairman and Chief Executive Officer
August 3, 2012

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Frontier Communications Corporation and will be retained by Frontier Communications Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly Report of Frontier Communications Corporation (the "Company") on Form 10-Q for the period ended June 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald R. Shassian, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald R. Shassian
Donald R. Shassian
Executive Vice President and Chief Financial Officer
August 3, 2012

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Frontier Communications Corporation and will be retained by Frontier Communications Corporation and furnished to the Securities and Exchange Commission or its staff upon request.