

## **RESOLUTION NO. 2028**

### **A RESOLUTION AUTHORIZING A CHANGE IN CONTROL OF THE GRANTEE AND OF THE CABLE FRANCHISE HELD BY VERIZON NORTHWEST, INC. TO FRONTIER COMMUNICATIONS CORPORATION**

#### **THE TROUTDALE CITY COUNCIL FINDS AS FOLLOWS:**

1. The Cities of Gresham, Fairview, Troutdale, and Wood Village (“MHCRC Verizon Jurisdictions”) granted cable television franchises beginning November 18, 2008 (City of Gresham) to Verizon Northwest, Inc. (“Grantee”) (For purposes of this resolution, “Grantee” shall refer to Verizon Northwest Inc. and/or its lawful successors or assigns) a subsidiary of Verizon Communications, Inc. (“Verizon”) for franchise terms expiring December 31, 2018. At Verizon’s request, the cable franchises (“MHCRC Verizon Franchise/s”) granted by the Cities of Fairview, Troutdale and Wood Village were granted as addenda to the cable franchise granted by the City of Gresham, and are substantially identical.
2. The MHCRC Verizon Franchises contain provisions in Section 12 which require notification of the applicable Jurisdiction by means of a written request (“Request”) in connection with any change of control of the Grantee.
3. The Mt. Hood Cable Regulatory Commission (“MHCRC” or “Commission”) was created by Intergovernmental Agreement (dated December 24, 1992) (“IGA”) to carry out cable regulation and administration on behalf of the cities of Gresham, Fairview, Troutdale and Wood Village (“MHCRC Verizon Jurisdictions”), and others. Among other things, the Commission acts in an advisory capacity to the Jurisdictions in connection with potential or proposed transfers or changes in ownership or control of any cable franchisee of the Jurisdictions. As set forth in the IGA, any change in ownership or control of a cable communications system franchise or a franchisee is an area where the Jurisdictions have reserved full authority to act on their own behalf, but each Jurisdiction has agreed to take no action in these areas until the Commission has had a prior opportunity to consider the matter.
4. On June 1, 2009, MHCRC staff received formal notification (“Initial Transfer Request”) of the proposed transfer of control of Verizon Northwest Inc. to Frontier Communications Corporation (“Transferee”). The notification consisted of four copies of FCC Form 394 “Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise” for each MHCRC Verizon Jurisdiction, containing a cover letter and separate Form 394 filing addressed individually to each MHCRC Verizon Jurisdiction, respectively, but otherwise identical exhibits and

attachments. As part of the FCC Form 394 filing, Frontier Communications Corporation, the proposed Transferee under the transaction, agreed to use its best efforts to comply with the terms of the Franchise and applicable laws.

5. The MHCRC Verizon Jurisdiction Franchise, Section 12, prohibits any transfer of control without the prior consent of the applicable MHCRC Verizon Jurisdiction. The Commission and the Jurisdiction(s) may inquire into the legal, technical and financial qualifications of the Transferee. The Grantee is required to assist the Commission and the applicable Jurisdiction in such inquiries, and furnish all information reasonably requested. The MHCRC Verizon Jurisdictions may condition any approval of the proposed transfer upon such terms and conditions as they deem reasonably appropriate, provided such conditions are related to the legal, technical, and financial qualifications of the prospective Transferee or to the resolution of outstanding and unresolved issues of Grantee's noncompliance with the terms and conditions of the applicable franchises.

6. The information included in the initial Form 394 filing, and subsequent letters and responses of proposed Transferor Verizon and proposed Transferee Frontier to the MHCRC's Request for Information and further information requests, has been reviewed by MHCRC staff, MHCRC outside legal counsel, and MHCRC financial consultant KFA Services ("KFA"). MHCRC staff concluded, based on and in reliance on the information provided by Transferor and Transferee, together with the analysis of KFA and outside legal counsel and in cooperation with the Metropolitan Area Communications Commission ("MACC") that the proposed transfer of control could be approved but only if subject to certain conditions addressed to the legal, financial, and technical qualifications of the proposed Transferee Frontier.

7. The MHCRC held a public hearing on December 7, 2009 to consider the views expressed by the public, cable subscribers and interested parties, along with the information provided by the Verizon and Frontier. Following conclusion of the public hearing, the MHCRC conducted a work session on December 7<sup>th</sup> to review input provided by the public and interested parties, together with information received from the Transferor and Transferee, and the analysis of KFA and MHCRC staff. The MHCRC adopted Resolution No. 2009-05 and recommended that the MHCRC Verizon Jurisdictions approve the proposed change of control of the MHCRC Verizon Franchise(s) to the proposed Transferee Frontier under certain conditions, including the following:

- a. In all respects and without exception, Transferee and Grantee agree and acknowledge that the change of control will not affect, diminish, impair or supersede the binding nature of the existing valid ordinances, franchises, resolutions and agreements applicable to operation of the cable system, including, but not limited to any existing guarantees. Grantee, under the control of Transferee, shall comply with each and every provision of the cable franchise including all lawful applicable ordinances, orders, contracts, agreements, commitments, side letters, and regulatory actions taken pursuant thereto, as

- applicable, whether prior or subsequent to the date the control of the Franchise and the Grantee was transferred to Transferee.
- b. Frontier Communications Corporation will execute a conditional guarantee of franchise performance by Grantee, under the control of Transferee, in the form attached as Exhibit 2 within ten (10) business days after the close of the merger transaction.
  - c. Transferee and Grantee specifically acknowledge and expressly accept that the Jurisdictions do not waive and expressly reserve all legal rights and authority in regard to any and all non-compliance under the applicable Franchise(s) that may now exist or may later be discovered to have existed during the term of the Franchise(s), even if prior to the change of control authorized by the resolution that is the subject of this Acceptance.
  - d. If for any reason the transactions and the merger which are the subject of the request for consent to change in control are not finally consummated, or if the closure is reached on terms which are substantially and materially different to the terms identified in the FCC Forms 394 and in public documents and responses to Requests for Information submitted by the MHCRC and MACC provided by the Transferor and Transferee and relied upon by the MHCRC and the Jurisdictions, the Transferor and Transferee shall provide written notice to the MHCRC and the Jurisdictions providing a detailed description of what has occurred and the Transferor's and Transferee's request for a change in control of the Grantee and the Franchise shall then be deemed denied without further action by any party.
  - e. This authorization of the transfer of control shall not be effective unless such transfer is approved by each of the City Councils of the City of Fairview, Gresham, Troutdale and Wood Village ("MHCRC Verizon Jurisdictions").
  - f. This authorization of the transfer of control shall not be effective unless the Verizon/Frontier merger transaction is approved by all required federal agencies and the Oregon Public Utility Commission.
  - g. Grantee shall remain responsible for any and all Franchise requirements (including but not limited to payment of franchise fees and other amounts due under the Franchise, and indemnification of the Grantor as provided in the Franchise) and non-compliance issues under the Franchise or any obligation that may now exist or may later be discovered to have existed during the term of the Franchise, even if prior to the closing of this Transfer. Grantee, under the control of Transferee, agrees to remedy any franchise non-compliance issues, including any underpayment of franchise and PEG fees by Grantee, regardless of whether such non-compliance issues are discovered prior to or following the close of the Transfer of Control.
  - h. Grantee shall comply with all valid local laws and agreements, consistent with applicable federal and state law including all terms of the MHCRC Verizon Franchise Agreement as may be applicable. In all respects and without exception, Grantee agrees to continue to abide by all terms of the existing Franchise and acknowledges that the transfer of control will not affect, diminish, impair or supersede the binding nature of the Franchise and any other valid ordinances, resolutions, and agreements applicable to the operation of the cable system in the MHCRC Verizon jurisdictions.

- i. Transferee and/or Transferor has paid MHCRC for all reasonable and documented reimbursement costs due as a result of review of the transfer application, consistent with existing and future separate written agreements concerning those costs.
- j. Transferee has provided to MHCRC a separate signed statement regarding its intention not to invoke Section 14.11 of the Franchise.
- k. Transferee and Grantee will provide current contact information for notice recipients under Section 16.5 of the Franchise.
- l. Transferee will within thirty (30) days of closure of the merger provide a new Exhibit E, "Grantee Parent Structure."
- m. During the week ending January 15, 2010, Transferee will provide MHCRC with a progress report of its acquisition of content, including a listing of national and local content providers and their associated channels, and video on demand providers, with which: (1) Transferee has signed agreements; (2) Transferee has pending agreements being negotiated; and (3) Transferee is pursuing agreements. By March 31, 2010, Transferee shall have delivered certification by a Corporate officer that it has acquired rights to distribute linear video, broadcast, and video on demand programming content from vendors, which rights: (a) include at least 75% of the channels provided by Grantee on November 1, 2009; (b) include all nine Portland area local broadcasters; and (c) include commitments to carrying the majority of this content for a period of not less than two years. Transferee will provide MHCRC with a complete projected channel lineup no later than thirty (30) days prior to the close of the transaction.
- n. Grantee, under control of Transferee, will provide an irrevocable letter of credit for the benefit of MHCRC and the MHCRC Verizon Jurisdictions in a form satisfactory to MHCRC, within sixty (60) days following the close of the merger transaction, in the amount of \$250,000, which letter of credit will secure performance of the franchise obligations by Grantee, and which shall be maintained in this amount throughout the term of the Franchise.
- o. Grantee will contemporaneously notify MHCRC of any transactions defined in Franchise Section 12.2.
- p. Transferor, Transferee, and Grantee have acknowledged these conditions of transfer approval in writing no later than thirty (30) days following approval of the transfer resolution of the City of Troutdale.
- q. Approvals granted by MHCRC and its member jurisdictions shall be valid until the Verizon/Frontier merger's Hart-Scott-Rodino Approval ("HSR") expires. Currently, the HSR expires on September 1, 2010. If the merger is not completed prior to the expiration of the HSR, Verizon and Frontier shall meet with MHCRC representatives and advise them on the status of the merger. MHCRC and its member jurisdictions shall consider the information provided by Verizon and Frontier and consider whether to extend the previously granted approvals. Such extensions shall not be unreasonably withheld.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TROUTDALE**

A. Subject to the conditions set out in the acceptance form attached as Exhibit 1 to this resolution, the Jurisdiction approves Transferor's (Verizon's) request for a change in control of the Grantee and of the cable franchise of Verizon Northwest, Inc. to Frontier Communications Corporation (Transferee).


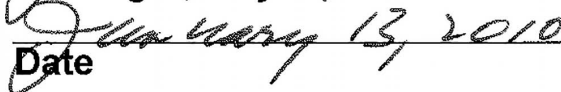
B. Within thirty (30) days after passage of this resolution, Transferor, Transferee, and Grantee shall file a written, executed acceptance of this resolution. The acceptance shall be in the form attached hereto as Exhibit 1. Transferee shall file such written acceptance with the City of Troutdale, with a duplicate to be sent to the offices of the Mt. Hood Cable Regulatory Commission (MHCRC).

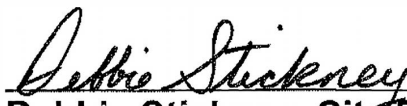
C. The executed acceptance shall be unqualified and shall be construed to be an acceptance of all the terms, conditions and restrictions contained therein.

D. The failure, refusal or neglect by Transferor, Transferee, and Grantee to file such written acceptance by such time shall constitute an abandonment and rejection of the rights and privileges conferred hereby, and the Transferor's and Transferee's request for approval of a change in control shall then be deemed denied without further action by either party.

E. If for any reason the Merger and Plan of Agreement dated May 13, 2009 which is the subject of the request for consent to change in control is not finally consummated, or if the closure is reached on terms which are substantially and materially different to the terms identified in the FCC Forms 394 and in public documents and responses to Requests for Information submitted by the MHCRC and MACC provided by the Transferor and Transferee and relied upon by the MHCRC and the MHCRC Verizon Jurisdictions, then the Transferor and Transferee shall provide written notice to the MHCRC and the Jurisdictions providing a detailed description of what has occurred and the Transferor's and Transferee's request for a change in control shall then be deemed denied without further action by either party.

**YEAS: 7**  
**NAYS: 0**  
**ABSTAINED: 0**

  
\_\_\_\_\_  
**Jim Kight, Mayor**  
  
\_\_\_\_\_  
**Date**

  
\_\_\_\_\_  
**Debbie Stickney, City Recorder**

**Adopted: January 12, 2010**

**EXHIBIT 1 TO TRANSFER RESOLUTION  
ACCEPTANCE FORM**

City of Troutdale  
c/o Debbie Stickney, City Recorder  
104 SE Kibling Avenue  
Troutdale, Oregon 97060

Cc to: Mt. Hood Cable Regulatory Commission  
1120 SW Fifth Ave, Room 1305  
Portland, OR 97204

This is to advise the City of Troutdale that Transferor (Verizon Communications, Inc.) and Transferee (Frontier Communications Corporation) and Grantee (Verizon Northwest, Inc. and/or its lawful successors or assigns) hereby unqualifiedly accept the provisions applicable to them of Resolution No. 2028, passed by the City of Troutdale on January 12<sup>th</sup>, 2010 regarding the change in control of the Grantee and of the cable franchise issued to Verizon Northwest Inc. by the City of Gresham, Oregon on November 18, 2008 and subsequently duly adopted by the Cities of Fairview, Troutdale and Wood Village, Oregon, and agree, as applicable, to abide by the following terms and conditions:

- a. In all respects and without exception, Transferee and Grantee agree and acknowledge that the change of control will not affect, diminish, impair or supersede the binding nature of the existing valid ordinances, franchises, resolutions and agreements applicable to operation of the cable system, including, but not limited to any existing guarantees. Grantee, under the control of Transferee, shall comply with each and every provision of the cable franchise including all lawful applicable ordinances, orders, contracts, agreements, commitments, side letters, and regulatory actions taken pursuant thereto, as applicable, whether prior or subsequent to the date the control of the Franchise and the Grantee was transferred to Transferee.
- b. Frontier Communications Corporation will execute a conditional guarantee of franchise performance by Grantee, under the control of Transferee, in the form attached as Exhibit 2 within ten (10) business days after the close of the merger transaction.
- c. Transferee and Grantee specifically acknowledge and expressly accept that the Jurisdictions do not waive and expressly reserve all legal rights and authority in regard to any and all non-compliance under the applicable Franchise(s) that may now exist or may later be discovered to have existed during the term of the Franchise(s), even if prior to the change of control authorized by the resolution that is the subject of this Acceptance.
- d. If for any reason the transactions and the merger which are the subject of the request for consent to change in control are not finally consummated, or if the closure is reached on terms which are substantially and materially different to the terms identified in the FCC Forms 394 and in public documents and responses to Requests for Information submitted by the MHCRC and MACC provided by the Transferor and Transferee and relied upon by the MHCRC and the Jurisdictions, the Transferor and Transferee shall provide written notice to the MHCRC and the Jurisdictions providing a detailed description of what has occurred and the Transferor's and Transferee's request for a change in control of the

- Grantee and the Franchise shall then be deemed denied without further action by any party.
- e. This authorization of the transfer of control shall not be effective unless such transfer is approved by each of the City Councils of the City of Fairview, Gresham, Troutdale and Wood Village (“MHCRC Verizon Jurisdictions”).
  - f. This authorization of the transfer of control shall not be effective unless the Verizon/Frontier merger transaction is approved by all required federal agencies and the Oregon Public Utility Commission.
  - g. Grantee shall remain responsible for any and all Franchise requirements (including but not limited to payment of franchise fees and other amounts due under the Franchise, and indemnification of the Grantor as provided in the Franchise) and non-compliance issues under the Franchise or any obligation that may now exist or may later be discovered to have existed during the term of the Franchise, even if prior to the closing of this Transfer. Grantee, under the control of Transferee, agrees to remedy any franchise non-compliance issues, including any underpayment of franchise and PEG fees by Grantee, regardless of whether such non-compliance issues are discovered prior to or following the close of the Transfer of Control.
  - h. Grantee shall comply with all valid local laws and agreements, consistent with applicable federal and state law including all terms of the MHCRC Verizon Franchise Agreement as may be applicable. In all respects and without exception, Grantee agrees to continue to abide by all terms of the existing Franchise and acknowledges that the transfer of control will not affect, diminish, impair or supersede the binding nature of the Franchise and any other valid ordinances, resolutions, and agreements applicable to the operation of the cable system in the MHCRC Verizon jurisdictions.
  - i. Transferee and/or Transferor has paid MHCRC for all reasonable and documented reimbursement costs due as a result of review of the transfer application, consistent with existing and future separate written agreements concerning those costs.
  - j. Transferee has provided to MHCRC a separate signed statement regarding its intention not to invoke Section 14.11 of the Franchise.
  - k. Transferee and Grantee will provide current contact information for notice recipients under Section 16.5 of the Franchise.
  - l. Transferee will within thirty (30) days of closure of the merger provide a new Exhibit E, “Grantee Parent Structure.”
  - m. During the week ending January 15, 2010, Transferee will provide MHCRC with a progress report of its acquisition of content, including a listing of national and local content providers and their associated channels, and video on demand providers, with which: (1) Transferee has signed agreements; (2) Transferee has pending agreements being negotiated; and (3) Transferee is pursuing agreements. By March 31, 2010, Transferee shall have delivered certification by a Corporate officer that it has acquired rights to distribute linear video, broadcast, and video on demand programming content from vendors, which rights: (a) include at least 75% of the channels provided by Grantee on November 1, 2009; (b) include all nine Portland area local broadcasters; and (c) include commitments to carrying the majority of this content for a period of not less than two years. Transferee will provide MHCRC with a complete projected channel lineup no later than thirty (30) days prior to the close of the transaction.

- n. Grantee, under control of Transferee, will provide an irrevocable letter of credit for the benefit of MHCRC and the MHCRC Verizon Jurisdictions in a form satisfactory to MHCRC, within sixty (60) days following the close of the merger transaction, in the amount of \$250,000, which letter of credit will secure performance of the franchise obligations by Grantee, and which shall be maintained in this amount throughout the term of the Franchise.
- o. Grantee will contemporaneously notify MHCRC of any transactions defined in Franchise Section 12.2.
- p. Transferor, Transferee, and Grantee have acknowledged these conditions of transfer approval in writing no later than thirty (30) days following approval of the transfer resolution of the City of Troutdale.
- q. Approvals granted by MHCRC and its member jurisdictions shall be valid until the Verizon/Frontier merger's Hart-Scott-Rodino Approval ("HSR") expires. Currently, the HSR expires on September 1, 2010. If the merger is not completed prior to the expiration of the HSR, Verizon and Frontier shall meet with MHCRC representatives and advise them on the status of the merger. MHCRC and its member jurisdictions shall consider the information provided by Verizon and Frontier and consider whether to extend the previously granted approvals. Such extensions shall not be unreasonably withheld.

**VERIZON COMMUNICATIONS, INC. (as Transferor)**

BY:  
 NAME:  
 TITLE:  
 DATE:

\*\*\*\*\*

**\*\*\*NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)**

State of \_\_\_\_\_ County of \_\_\_\_\_

This Acceptance was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2010 by

\_\_\_\_\_ as a duly authorized officer of \_\_\_\_\_.

Notary Public for: \_\_\_\_\_ My Commission Expires: \_\_\_\_\_

**FRONTIER COMMUNICATIONS CORPORATION (as Transferee)**

BY:  
NAME:  
TITLE:  
DATE:

\*\*\*\*\*

**\*\*\* NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)**

State of \_\_\_\_\_ County of \_\_\_\_\_

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\_\_\_\_\_ as a duly authorized officer of \_\_\_\_\_.

Notary Public for: \_\_\_\_\_ My Commission Expires: \_\_\_\_\_

**VERIZON NORTHWEST, INC. (as Grantee)**

BY:  
NAME:  
TITLE:  
DATE:

\*\*\*\*\*

**\*\*\* NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)**

State of \_\_\_\_\_ County of \_\_\_\_\_

This Acceptance was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2010 by  
\_\_\_\_\_ as a duly authorized officer of \_\_\_\_\_.

Notary Public for: \_\_\_\_\_ My Commission Expires: \_\_\_\_\_

**EXHIBIT 2**  
**CONDITIONAL GUARANTY AGREEMENT**

THIS AGREEMENT is made this \_\_\_\_\_ day of January, 2010, between the Jurisdictions, the Guarantor, and the Grantee. For the purpose of this Agreement, the terms “Jurisdictions”, “Guarantor” and “Grantee” have the meanings given in this Agreement below:

**WITNESSETH**

**WHEREAS**, the Cities of Gresham, Troutdale, Fairview and Wood Village, Oregon, (the “Jurisdictions”) have negotiated a cable franchise agreement (the “Franchise”) with Verizon Northwest Inc. (the “Grantee”), to operate and maintain a cable television system (the “Cable System”); and

**WHEREAS**, Frontier Communications Corporation (the “Guarantor”) has proposed to become the ultimate parent company of the Grantee, and has filed a formal written request seeking approval of the proposed transfer by the Jurisdictions as required by federal law (FCC Form 394); and

**WHEREAS**, the Jurisdictions have submitted Requests for Information to the Guarantor and the Grantee in performance of their review of the Grantee’s legal, financial and technical qualifications to perform its obligations under the Franchise following the proposed transfer, and the Guarantor and the Grantee have responded to the Jurisdictions’ Requests by providing additional information; and

**WHEREAS**, in response to requests by the Jurisdictions following their review, the Guarantor has agreed to provide this conditional guaranty in order to induce the Jurisdictions to approve the transfer of control of the Franchise and the Grantee from Verizon Communications Inc. to Frontier Communications Corporation;

**NOW, THEREFORE**, in consideration of the foregoing, the Guarantor agrees:

1. If either (1) the Grantee’s EBITDA (defined as operating income plus depreciation and amortization) less Capital Expenditures (as defined in accordance with U.S. generally accepted accounting principles (or such other standards which the Securities and Exchange Commission from time to time requires public companies to follow)) falls below \$25,000,000 at the end of any fiscal year (it being understood that the calculation of EBITDA, less Capital Expenditures, will be certified annually by Grantee’s Chief Financial Officer in a certificate delivered within 90 days of the fiscal year-end, and which shall include a schedule showing the calculation and shall also have attached financial statements of the Grantee prepared in accordance with U.S. generally accepted accounting principles (or such other standards which the Securities and Exchange Commission from time to time requires public companies to follow), and including a statement of operations, balance sheet, and a statement of cash flows, but not including Management Discussion and Analysis or other notes, which have been audited or reviewed by Grantee's independent certified public accountants, or which have been

certified by the Chief Financial Officer of the Grantee based on company books and records; however, if audited or reviewed financial statements are readily available for the Grantee and provided as agreed herein, such statements shall include all explanatory materials, including notes, as have been prepared, but otherwise such explanatory materials need not be provided); or (2) if the Irrevocable Letter of Credit provided by the Grantee in connection with this transfer of control from Verizon Communications Inc. to Frontier Communications Corporation is not satisfactorily maintained throughout the Franchise term, subject to a grace period of 30 days to restore a Letter of Credit that has expired or otherwise terminated, in the agreed upon amount of \$250,000, then Guarantor shall irrevocably comply with paragraphs 2 through 4 below for the remainder of the Franchise term. Otherwise, paragraphs 2 through 4 below shall not be of any effect.

In addition to the annual financial statements provided to the Jurisdictions in accordance with this paragraph, Grantee will provide contemporaneous written notice to the Jurisdiction of any transactions defined in Franchise Section 12.2 as being exempt from formal review by the Jurisdictions as a transfer of the Franchise under federal law. Grantee will also annually provide the Jurisdictions with a copy of the public versions of the annual reports that it files with the state utility regulatory agencies in Oregon and Washington.

2. The Guarantor hereby unconditionally guarantees the timely and full performance of any and all obligations of Grantee contained in the Franchise. In the event Grantee for any reason fails to perform those obligations, the Guarantor agrees to perform or cause to be performed those obligations on Grantee's behalf immediately upon written demand by the Jurisdictions.
3. This guaranty is an absolute, continuing, and unlimited performance guaranty of the Franchise by the Grantee. The Jurisdictions shall not be obliged to proceed first against the Grantee or any other person, firm or corporation.
4. The Guarantor waives notice of acceptance of this guaranty and further waives protest, presentment, demand for performance or notice of default to the Guarantor, except the written notice required in paragraph 2 above. The Jurisdictions have no duty beyond the required written notice in paragraph 2 above to advise the Guarantor of any information known to them regarding Grantee's performance of its Franchise obligations. This waiver, however, shall not be deemed a waiver of any requirement of the Franchise as to notice to the Grantee.
5. The Jurisdictions' failure to require strict performance of the Franchise shall not release the Guarantor from liability under this Agreement.
6. This Agreement, unless terminated, substituted or canceled, as provided herein, shall remain in full force and effect for the duration of the term of the Franchise. This Agreement and the guaranty made hereunder are contingent upon and subject to the closing of the transaction by which control of the Grantee is transferred to the Guarantor. If control of the Grantee is subsequently transferred away from the Guarantor with the



My Commission Expires: \_\_\_\_\_

Grantee: Verizon Northwest Inc. or its successors

By: \_\_\_\_\_

Title: \_\_\_\_\_

State of \_\_\_\_\_ )

) ss.

County of \_\_\_\_\_ )

This Agreement was acknowledged before me on the day of \_\_\_\_\_, 2010, by \_\_\_\_\_, as a duly authorized officer of Verizon Northwest Inc. or its successors.

Notary Public for: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Jurisdictions: Gresham, Troutdale, Fairview and Wood Village

By: \_\_\_\_\_

Title: \_\_\_\_\_

State of \_\_\_\_\_ )

) ss.

County of \_\_\_\_\_ )

This Agreement was acknowledged before me on the day of \_\_\_\_\_, 2010, by \_\_\_\_\_, as a duly authorized representative of the Jurisdictions.

Notary Public for: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

City of Troutdale  
c/o Debbie Stickney, City Recorder  
104 SE Kibling Avenue  
Troutdale, Oregon 97060

Cc to: Mt. Hood Cable Regulatory Commission  
1120 SW Fifth Ave, Room 1305  
Portland, OR 97204

This is to advise the City of Troutdale that Transferor (Verizon Communications Inc.) and Transferee (Frontier Communications Corporation) and Grantee (Verizon Northwest Inc. and/or its lawful successors or assigns) hereby unqualifiedly accept the provisions applicable to them of Resolution No. 2028, passed by the City of Troutdale on January 12, 2010 regarding the change in control of the Grantee and of the cable franchise issued to Verizon Northwest Inc. by the City of Gresham, Oregon on November 18, 2008 and subsequently duly adopted by the Cities of Fairview, Troutdale and Wood Village, Oregon: and agree, as applicable, to abide by the following terms and conditions:

- a) In all respects and without exception, Transferee and Grantee agree and acknowledge that the change of control will not affect, diminish, impair or supersede the binding nature of the existing valid ordinances, franchises, resolutions and agreements applicable to operation of the cable system, including, but not limited to any existing guarantees. Grantee, under the control of Transferee, shall comply with each and every provision of the cable franchise including all lawful applicable ordinances, orders, contracts, agreements, commitments, side letters, and regulatory actions taken pursuant thereto, as applicable, whether prior or subsequent to the date the control of the Franchise and the Grantee was transferred to Transferee.
- b) Frontier Communications Corporation will execute a conditional guarantee of franchise performance by Grantee, under the control of Transferee, in the form attached to the Resolution as Exhibit 2 within ten (10) business days after the close of the merger transaction.
- c) Transferee and Grantee specifically acknowledge and expressly accept that the Jurisdictions do not waive and expressly reserve all legal rights and authority in regard to any and all non-compliance under the applicable Franchise(s) that may now exist or may later be discovered to have existed during the term of the Franchise(s), even if prior to the change of control authorized by the resolution that is the subject of this Acceptance.
- d) If for any reason the transactions and the merger which are the subject of the request for consent to change in control are not finally consummated, or if the closure is reached on terms which are substantially and materially different to the terms identified in the FCC Forms 394 and in public documents and responses to Requests for Information submitted by the MHCRC and MACC provided by the Transferor and Transferee and relied upon by the MHCRC and the Jurisdictions, the Transferor and Transferee shall provide written notice to the MHCRC and the Jurisdictions providing a detailed description of what has occurred and the Transferor's and Transferee's request for a change in control of the Grantee and the Franchise shall then be deemed denied without further action by any party.

- e) This authorization of the transfer of control shall not be effective unless such transfer is approved by each of the City Councils of the City of Gresham, Troutdale, Fairview, and Wood Village (“MHCRC Verizon Jurisdictions”).
- f) This authorization of the transfer of control shall not be effective unless the Verizon/Frontier merger transaction is approved by all required federal agencies and the Oregon Public Utility Commission.
- g) Grantee shall remain responsible for any and all Franchise requirements (including but not limited to payment of franchise fees and other amounts due under the Franchise, and indemnification of the Grantor as provided in the Franchise) and non-compliance issues under the Franchise or any obligation that may now exist or may later be discovered to have existed during the term of the Franchise, even if prior to the closing of this Transfer. Grantee, under the control of Transferee, agrees to remedy any franchise non-compliance issues, including any underpayment of franchise and PEG fees by Grantee, regardless of whether such non-compliance issues are discovered prior to or following the close of the Transfer of Control.
- h) Grantee shall comply with all valid local laws and agreements, consistent with applicable federal and state law including all terms of the MHCRC Verizon Franchise Agreement as may be applicable. In all respects and without exception, Grantee agrees to continue to abide by all terms of the existing Franchise and acknowledges that the transfer of control will not affect, diminish, impair or supersede the binding nature of the Franchise and any other valid ordinances, resolutions, and agreements applicable to the operation of the cable system in the MHCRC Verizon jurisdictions.
- i) Transferee and/or Transferor has paid MHCRC and the City of Troutdale for all reasonable and documented reimbursement costs due as a result of review of the transfer application, consistent with existing and future separate written agreements concerning those costs.
- j) Transferee has provided to MHCRC a separate signed statement regarding its intention not to invoke Section 14.11 of the Franchise.
- k) Transferee and Grantee will provide current contact information for notice recipients under Section 16.5 of the Franchise.
- l) Transferee will within thirty (30) days of closure of the merger provide a new Exhibit E, “Grantee Parent Structure.”
- m) During the week ending January 15, 2010, Transferee will provide MHCRC with a progress report of its acquisition of content, including a listing of national and local content providers and their associated channels, and video on demand providers, with which: (1) Transferee has signed agreements; (2) Transferee has pending agreements being negotiated; and (3) Transferee is pursuing agreements. By March 31, 2010, Transferee shall have delivered certification by a Corporate officer that it has acquired rights to distribute linear video, broadcast, and video on demand programming content from vendors, which rights: (a) include at least 75% of the channels provided by Grantee on November 1, 2009; (b) include all nine Portland area local broadcasters; and (c) include commitments to carrying the majority of this content for a period of not less than two years. Transferee will provide MHCRC with a complete projected channel lineup no later than thirty (30) days prior to the close of the transaction.
- n) Grantee, under control of Transferee, will provide an irrevocable letter of credit for the benefit of MHCRC and the MHCRC Verizon Jurisdictions in a form satisfactory to MHCRC within

sixty (60) days following the close of the merger transaction, in the amount of \$250,000, which letter of credit will secure performance of the franchise obligations by Grantee, and which shall be maintained in this amount throughout the term of the Franchise.

- o) Grantee will contemporaneously notify MHCRC of any transactions defined in Franchise Section 12.2.
- p) Transferor, Transferee, and Grantee have acknowledged these conditions of transfer approval in writing no later than thirty (30) days following approval of the transfer resolution of the City of Troutdale.
- q) Approvals granted by MHCRC and its member jurisdictions shall be valid until the Verizon/Frontier merger's Hart-Scott-Rodino Approval ("HSR") expires. Currently, the HSR expires on September 1, 2010. If the merger is not completed prior to the expiration of the HSR, Verizon and Frontier shall meet with MHCRC representatives and advise them on the status of the merger. MHCRC and its member jurisdictions shall consider the information provided by Verizon and Frontier and consider whether to extend the previously granted approvals. Such extensions shall not be unreasonably withheld.

**VERIZON COMMUNICATIONS INC. (as Transferor)**

BY:

NAME: John Cullina

TITLE: Vice President and Deputy General Counsel, Verizon Corporate Resources Group LLC

DATE:

.....  
NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)

Commonwealth of Virginia, County of Arlington

This Acceptance was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2010 by

\_\_\_\_\_  
Notary Public

My Commission Expires \_\_\_\_\_

**FRONTIER COMMUNICATIONS CORPORATION (as Transferee)**

BY:



NAME: Ann L. Burr

TITLE: Chairman, Frontier Communications of Rochester

DATE 2/2/10

NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)

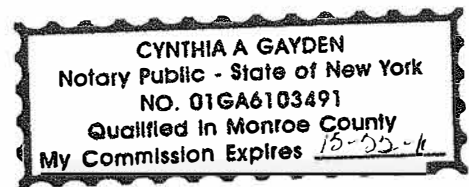
State of New York County of Monroe

This Acceptance was acknowledged before me on the 2nd day of February, 2010 by

Ann L. Buss as a duly authorized officer of Frontier Communications of Rochester

Notary Public for: Frontier Communications Corporation My Commission Expires: 12-22-11 Cynthia A. Gayden

VERIZON NORTHWEST INC. (as Grantee)



BY:

NAME: John Cullina

TITLE: Vice President and Deputy General Counsel, Verizon Corporate Resources Group LLC

DATE:

NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)

Commonwealth of Virginia, County of Arlington

This Acceptance was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2010 by

\_\_\_\_\_  
Notary Public

My Commission Expires \_\_\_\_\_

which letter of credit will secure performance of the franchise obligations by Grantee, and which shall be maintained in this amount throughout the term of the Franchise.

- o) Grantee will contemporaneously notify MHCRC of any transactions defined in Franchise Section 12.2.
- p) Transferor, Transferee, and Grantee have acknowledged these conditions of transfer approval in writing no later than thirty (30) days following approval of the transfer resolution of the City of Troutdale.
- q) Approvals granted by MHCRC and its member jurisdictions shall be valid until the Verizon/Frontier merger's Hart-Scott-Rodino Approval ("HSR") expires. Currently, the HSR expires on September 1, 2010. If the merger is not completed prior to the expiration of the HSR, Verizon and Frontier shall meet with MHCRC representatives and advise them on the status of the merger. MHCRC and its member jurisdictions shall consider the information provided by Verizon and Frontier and consider whether to extend the previously granted approvals. Such extensions shall not be unreasonably withheld.

**VERIZON COMMUNICATIONS INC. (as Transferor)**

BY:

NAME: John S. Cullina

TITLE: Vice President and Deputy General Counsel, Verizon Corporate Resources Group LLC

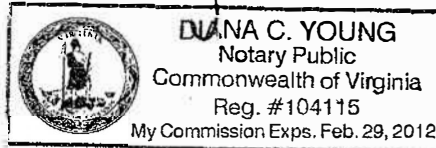
DATE: 02/02/2010

.....  
**NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)**

Commonwealth of Virginia, County of Arlington

This Acceptance was acknowledged before me on the 2nd day of February, 2010 by John S. Cullina.

Diana C. Young  
Notary Public



My Commission Expires February 29, 2012

**FRONTIER COMMUNICATIONS CORPORATION (as Transferee)**

BY:

NAME: Ann L. Burr

TITLE: Chairman, Frontier Communications of Rochester

DATE

NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)

State of \_\_\_\_\_ County of \_\_\_\_\_

This Acceptance was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2010 by

\_\_\_\_\_ as a duly authorized officer of \_\_\_\_\_.

Notary Public for: \_\_\_\_\_ My Commission Expires:

**VERIZON NORTHWEST INC. (as Grantee)**

BY:

NAME: John S. Cullina

TITLE: Vice President and Deputy General Counsel, Verizon Corporate Resources Group LLC

DATE: 02/02/2010

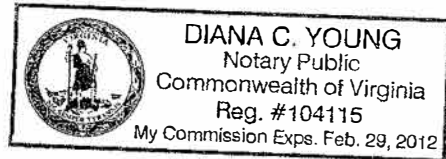
NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)

Commonwealth of Virginia, County of Arlington

This Acceptance was acknowledged before me on the 2<sup>nd</sup> day of February, 2010 by John S. Cullina.

Diana C. Young  
Notary Public

My Commission Expires February 29, 2012



**EXHIBIT 2**  
**CONDITIONAL GUARANTY AGREEMENT**

THIS AGREEMENT is made this day of \_\_\_\_\_, 2010, between the Jurisdictions, the Guarantor, and the Grantee. For the purpose of this Agreement, the terms "Jurisdictions", "Guarantor" and "Grantee" have the meanings given in this Agreement below:

**WITNESSETH**

**WHEREAS**, the Cities of Gresham, Troutdale, Fairview and Wood Village, Oregon, (the "Jurisdictions") have negotiated a cable franchise agreement (the "Franchise") with Verizon Northwest Inc. (the "Grantee"), to operate and maintain a cable television system (the "Cable System"); and

**WHEREAS**, Frontier Communications Corporation (the "Guarantor") has proposed to become the ultimate parent company of the Grantee, and has filed a formal written request seeking approval of the proposed transfer by the Jurisdictions as required by federal law (FCC Form 394); and

**WHEREAS**, the Jurisdictions have submitted Requests for Information to the Guarantor and the Grantee in performance of their review of the Grantee's legal, financial and technical qualifications to perform its obligations under the Franchise following the proposed transfer, and the Guarantor and the Grantee have responded to the Jurisdictions' Requests by providing additional information; and

**WHEREAS**, in response to requests by the Jurisdictions following their review, the Guarantor has agreed to provide this conditional guaranty in order to induce the Jurisdictions to approve the transfer of control of the Franchise and the Grantee from Verizon Communications Inc. to Frontier Communications Corporation;

**NOW, THEREFORE**, in consideration of the foregoing, the Guarantor agrees:

1. If either (1) the Grantee's EBITDA (defined as operating income plus depreciation and amortization) less Capital Expenditures (as defined in accordance with U.S. generally accepted accounting principles (or such other standards which the Securities and Exchange Commission from time to time requires public companies to follow)) falls below \$25,000,000 at the end of any fiscal year (it being understood that the calculation of EBITDA, less Capital Expenditures, will be certified annually by Grantee's Chief Financial Officer in a certificate delivered within 90 days of the fiscal year-end, and which shall include a schedule showing the calculation and shall also have attached financial statements of the Grantee prepared in accordance with U.S. generally accepted accounting principles (or such other standards which the Securities and Exchange Commission from time to time requires public companies to follow), and including a statement of operations, balance sheet, and a statement of cash flows, but not including Management Discussion and Analysis or other notes, which have been audited or reviewed by Grantee's independent certified public accountants, or which have been certified by the Chief Financial Officer of the Grantee based on company books and records; however, if audited or reviewed financial statements are readily available for the

Grantee and provided as agreed herein, such statements shall include all explanatory materials, including notes, as have been prepared, but otherwise such explanatory materials need not be provided); or (2) if the Irrevocable Letter of Credit provided by the Grantee in connection with this transfer of control from Verizon Communications Inc. to Frontier Communications Corporation is not satisfactorily maintained throughout the Franchise term, subject to a grace period of 30 days to restore a Letter of Credit that has expired or otherwise terminated, in the agreed upon amount of \$250,000, then Guarantor shall irrevocably comply with paragraphs 2 through 4 below for the remainder of the Franchise term. Otherwise, paragraphs 2 through 4 below shall not be of any effect.

In addition to the annual financial statements provided to the Jurisdictions in accordance with this paragraph, Grantee will provide contemporaneous written notice to the Jurisdiction of any transactions defined in Franchise Section 12.2 as being exempt from formal review by the Jurisdictions as a transfer of the Franchise under federal law. Grantee will also annually provide the Jurisdictions with a copy of the public versions of the annual reports that it files with the state utility regulatory agencies in Oregon and Washington.

2. The Guarantor hereby unconditionally guarantees the timely and full performance of any and all obligations of Grantee contained in the Franchise. In the event Grantee for any reason fails to perform those obligations, the Guarantor agrees to perform or cause to be performed those obligations on Grantee's behalf immediately upon written demand by the Jurisdictions.
3. This guaranty is an absolute, continuing, and unlimited performance guaranty of the Franchise by the Grantee. The Jurisdictions shall not be obliged to proceed first against the Grantee or any other person, firm or corporation.
4. The Guarantor waives notice of acceptance of this guaranty and further waives protest, presentment, demand for performance or notice of default to the Guarantor, except the written notice required in paragraph 2 above. The Jurisdictions have no duty beyond the required written notice in paragraph 2 above to advise the Guarantor of any information known to them regarding Grantee's performance of its Franchise obligations. This waiver, however, shall not be deemed a waiver of any requirement of the Franchise as to notice to the Grantee.
5. The Jurisdictions' failure to require strict performance of the Franchise shall not release the Guarantor from liability under this Agreement.
6. This Agreement, unless terminated, substituted or canceled, as provided herein, shall remain in full force and effect for the duration of the term of the Franchise. This Agreement and the guaranty made hereunder are contingent upon and subject to the closing of the transaction by which control of the Grantee is transferred to the Guarantor. If control of the Grantee is subsequently transferred away from the Guarantor with the approval of the Jurisdictions, the guaranty shall terminate at that time.
7. The Guarantor may propose substitution of another Guarantor to perform the obligations of this Agreement. If the Jurisdictions find the proposed substitute Guarantor reasonably

satisfactory, another Guaranty Agreement may be substituted upon mutual agreement of the Jurisdictions and the Guarantor. Such substitution shall not affect liability incurred or accrued under this agreement prior to the effective date of such substitution. Following the jurisdictions' acceptance of the substitute Guarantor, no claim, suit or action under this Agreement by reason of any default of the Grantee shall be brought against the original Guarantor unless asserted or commenced within one year after the effective date of such substitution of the Agreement, and only to the extent it relates to a liability incurred or accrued prior to the effective date of the substitution.

8. Any notices given pursuant to this agreement shall be in writing and delivered personally to the following addresses or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to the Guarantor and the Grantee at: Senior Vice President and General Counsel, Frontier Communications Corporation, 3 High Ridge Park, Stamford, Connecticut 06905, and to the Jurisdictions at: Office of Cable Communications and Franchise Management, Room 1305, 1120 S.W. Fifth Avenue, Portland, Oregon 97204. Either party may change its address for notices by giving notice of the new address in the manner provided in this paragraph.

9. Definitions: For purposes of this Agreement, the following terms are defined as indicated below:

- (A) Grantee: Verizon Northwest Inc., or its lawful successors;
- (B) Guarantor: Frontier Communications Corporation;
- (C) Franchise: Cable Franchise Agreement granted by the Jurisdictions to Grantee, including all documentation of any conditions of grant, renewal or transfer.

IN WITNESS WHEREOF, the Grantee, the Jurisdictions, and Guarantor have entered into this Agreement on the day of \_\_\_\_\_, 2010.

Guarantor: Frontier Communications Corporation  
By: Donald R. Stossian  
Title: CEO

State of Connecticut  
County of Fairfield ) ss.

This Agreement was acknowledged before me on the day of July 6, 2010, by Donald R. Stossian as a duly authorized officer of Frontier Communications Corporation.

Notary Public for: Lisa M. Lombardi

My Commission Expires: 10/31/11

Grantee: Verizon Northwest Inc. or its successors  
By: Donnell Stessico  
Title: CO

State of (Connecticut)  
) ss.  
County of Fairfield

This Agreement was acknowledged before me on the day of July 6, 2010, by Donnell Stessico as a duly authorized officer of Verizon Northwest Inc. or its successors.

Notary Public for: Don M. Donlon

My Commission Expires: 10/31/11

Jurisdictions: Gresham, Troutdale, Fairview and Wood Village

By: Benjamin Walters  
Title: Legal Counsel, Mt. Hood Cable Regulatory Commission

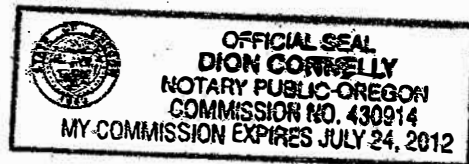
State of Oregon  
) ss.  
County of Multnomah

This Agreement was acknowledged before me on the day of 7.26, 2010, by Ben Walters as a duly authorized representative of the Jurisdictions.

Notary Public for: Multnomah Co.

My Commission Expires: 7.24.12

Dion Connelly





Ann L. Burr  
Chairman and General Manager  
Frontier Communications of Rochester

December 18, 2009

VIA ELECTRONIC MAIL AND OVERNIGHT DELIVERY

Mr. David Olson  
Director  
Mt. Hood Cable Regulatory Commission  
Office of Cable Communications and Franchise Management  
1120 SW Fifth Avenue, #1305  
Portland, OR 97204

Dear Mr. Olson:

**RE: Verizon Northwest Franchise Change of Control Application; Mutual Understandings  
Regarding Section 14.11 of the MHCRC Verizon Cable of Franchises**

This letter is submitted in connection with the application by Frontier Communications Corporation to assume control over Verizon Northwest, Inc. ("franchisee"), and expresses the understanding of the parties regarding Section 14.11 ("Grantee Termination" or "walk-away provision") of the MHCRC Verizon cable franchises for the Cities of Fairview, Gresham, Troutdale and Wood Village, Oregon ("MHCRC Verizon Jurisdictions").

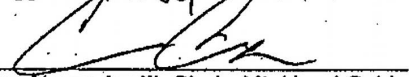
Frontier does not intend to exercise the walk-away provision in Section 14.11 of the franchise agreements. Notwithstanding Frontier's intent not to exercise the walk-away provision of Section 14.11, the MHCRC (on behalf of the MHCRC Verizon Jurisdictions) and Frontier Communications Corporation further agree, acknowledge and understand as follows:

- Any notice provided under the walk-away provision must be provided within ninety (90) days after the end of three (3) years from the Service Dates of each MHCRC Franchise, respectively; as follows:
  - November 25, 2011 (City of Gresham)
  - February 5, 2012 (City of Troutdale and City of Fairview)
  - February 6, 2012 (City of Wood Village)
- If no notice is provided within 90 days of the dates listed herein, respectively, the walk-away provision shall have no further force or effect for the remaining term of the MHCRC Verizon franchise agreements, respectively; and Frontier Communications Corporation specifically waives application of such provision thereafter, for the remainder of the Term of each franchise, as applicable.

Acknowledged and Agreed.

  
Ann L. Burr, Chairman  
Duly Authorized Officer of Frontier Communications Corporation

  
Gregg C. Sayre, Legal Counsel, Frontier Communications Corporation

  
Alan Alexander III, Chair, Mt. Hood Cable Regulatory Commission

Reviewed by:

  
Pam Beery, MHCRC Special Legal Counsel

  
Ben Walters, MHCRC Legal Counsel



Ann L. Burr  
Chairman and General Manager  
Frontier Communications of Rochester

June 28, 2010

VIA ELECTRONIC MAIL AND OVERNIGHT DELIVERY

Mr. David Olson  
Director  
Mt. Hood Cable Regulatory Commission  
Office of Cable Communications and Franchise Management  
1120 SW Fifth Avenue, #1305  
Portland, OR 97204

*David*  
Dear Mr. Olson:

**RE: Transfer of Control of Franchisee From Verizon to Frontier; Change of Franchisee Parent Structure and Notice Addresses**

In accordance with the requirements of the approval of the transfer of control, please find attached a new Franchisee Parent Structure exhibit to the Franchise Agreement.

In addition, pursuant to the Franchise Agreement, effective July 1, 2010, please change the address for mailing notices to the Franchisee to:

Ken Gaffga  
Vice President and General Manager  
Frontier Communications Northwest Inc.  
20575 NW Von Neumann Drive  
Beaverton, OR 97006

With a copy to:

Gregg Sayre  
Associate General Counsel  
Frontier Communications  
Legal Department  
180 South Clinton Avenue  
Rochester, NY 14646-0700

Very truly yours,

Attachment

RECEIVED  
JUN 29 2010

OFFICE OF CABLE COMMUNICATIONS  
CITY OF PORTLAND

**FRANCHISEE PARENT STRUCTURE AS OF JULY 1, 2010**

Verizon Northwest Inc.\* (the Franchisee)

Parent: New Communications ILEC Holdings Inc. (100%)

New Communications ILEC Holdings Inc.\*

Parent: Frontier Communications Corporation (100%). Frontier Communications Corporation is publicly held and listed on the New York Stock Exchange (FTR).

\*Note: Verizon Northwest Inc. will be renamed Frontier Communications Northwest Inc., and New Communications ILEC Holdings Inc. will be renamed Frontier Communications ILEC Holdings Inc., at some time after July 1, 2010.



RECEIVED  
JUL 01 2010

OFFICE OF CABLE COMMUNICATIONS  
CITY OF PORTLAND

JUNE 30, 2010

OUR L/C NO.: 839BGC1000709

Deutsche Bank AG New York Branch  
Trade Services  
60 Wall Street / NYC80-2417  
New York, NY 10005-2858

**BENEFICIARY:**  
MT. HOOD CABLE REGULATORY COMMISSION  
1120 SW FIFTH AVENUE, ROOM 1305  
PORTLAND, OR 97204

**APPLICANT:**  
FRONTIER COMMUNICATIONS CORPORATION  
ON BEHALF OF VERIZON NORTHWEST, INC. (AND ITS SUCCESSORS IN INTEREST)  
3 HIGH RIDGE PARK  
STAMFORD, CT 06905

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO UCP LATEST VERSION.

DOCUMENTARY CREDIT NUMBER: 839BGC1000709

DATE OF ISSUE: JUNE 30, 2010

BENEFICIARY: MT. HOOD CABLE REGULATORY COMMISSION  
1120 SW FIFTH AVENUE, ROOM 1305  
PORTLAND, OR 97204

APPLICANT: FRONTIER COMMUNICATIONS CORPORATION  
ON BEHALF OF VERIZON NORTHWEST, INC.  
(AND ITS SUCCESSORS IN INTEREST)  
3 HIGH RIDGE PARK  
STAMFORD, CT 06905

DATE AND PLACE OF EXPIRY: JUNE 30, 2011  
AT OUR COUNTERS

DOCUMENTARY CREDIT AMOUNT: US\$250,000.00

AVAILABLE WITH: DEUTSCHE BANK AG, NEW YORK BRANCH  
BY PAYMENT

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR AN ADDITIONAL 12 MONTH PERIOD FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 30 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO YOU VIA OVERNIGHT COURIER AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. UPON SUCH NOTICE TO YOU, YOU MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE



PAGE TWO OF THREE PAGES  
IRREVOCABLE STANDBY LETTER OF CREDIT NO. 839BGC1000709

BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY A MT. HOOD CABLE REGULATORY COMMISSION OFFICIAL READING EXACTLY AS FOLLOWS:

THE AMOUNT OF THIS DRAWING US\$ \_\_\_\_\_ UNDER DEUTSCHE BANK AG, NEW YORK BRANCH LETTER OF CREDIT NUMBER 839BGC1000709 REPRESENTS FUNDS DUE AS WE HAVE RECEIVED NOTICE FROM DEUTSCHE BANK AG, NEW YORK BRANCH OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER 839BGC1000709 AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:

- I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR
- II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF, SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS AN AUTOMATIC EXTENSION PROVISION IS EXPRESSLY INCORPORATED INTO SUCH AMENDMENT.

ADDITIONAL DETAILS:

THIS LETTER OF CREDIT IS AVAILABLE WITH DEUTSCHE BANK AG, NEW YORK BRANCH, AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON DEUTSCHE BANK AG, NEW YORK BRANCH, WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

DRAWING SHOULD BE ACCOMPANIED BY A SIGNED STATEMENT BY A MT. HOOD CABLE REGULATORY COMMISSION OFFICIAL STATING:

"THAT THE FRANCHISEE HAS FAILED TO PERFORM ITS DUTIES UNDER THE FRANCHISE AGREEMENTS BETWEEN THE CITIES OF GRESHAM, FAIRVIEW, TROUTDALE AND WOOD VILLAGE AND VERIZON NORTHWEST, INC. (AND ITS SUCCESSORS IN INTEREST)."

ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER ARE TO BE DIRECTED TO DEUTSCHE BANK AG, 60 WALL STREET, 24<sup>TH</sup> FLOOR, NEW YORK, NY 10005-2858 ATTN: TRADE SERVICES. IF YOU REQUIRE ANY ASSISTANCE, PLEASE CONTACT ANN THOMPSON AT 212-250-9639 OR REY DE LOS REYES AT 212-250-9616. PLEASE HAVE OUR REFERENCE NUMBER AVAILABLE WHEN YOU CONTACT US.



PAGE THREE OF THREE PAGES  
IRREVOCABLE STANDBY LETTER OF CREDIT NO. 839BGC1000709

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

THE NUMBER AND DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

VERY TRULY YOURS,

DEUTSCHE BANK AG,  
NEW YORK BRANCH

A handwritten signature in black ink, appearing to read 'Suhakar Reddy', written over the typed name.

SUHAKAR REDDY  
ASST. VICE PRESIDENT

A handwritten signature in black ink, appearing to read 'Reynaldo M. de los Reyes', written over the typed name.

REYNALDO M. DE LOS REYES  
ASSOCIATE

This bond cancels and replaces Travelers Casualty and Surety Company of America Bond# 105191980

**Franchise Bond**  
Bond No. K08438973

KNOW ALL MEN BY THESE PRESENTS: That Verizon Northwest Inc., 112 Lakeview Canyon Road, Thousand Oaks, CA 91362 (hereinafter called the Principal), and Westchester Fire Insurance Company, 1133 Avenue of the Americas, 32<sup>nd</sup> Floor, New York, New York 10036 (hereinafter called the Surety), a corporation duly organized under the laws of the state of New York, are held and firmly bound unto Mt. Hood Cable Regulatory Commission, 1120 SW Fifth Avenue, Room 1305, Portland, OR 97204 (hereinafter called the Oblige), in the full and just sum of Fifty Thousand & 00/100 Dollars (\$50,000.00), the payment of which sum, well and truly to be made, the said Principal and Surety bind themselves, their heirs, administrators, executors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal and Oblige have entered into a Franchise Agreement dated November 18, 2008 which is hereby referred to and made a part hereof.

WHEREAS, said Principal is required to perform certain obligations under this Agreement.

WHEREAS, the Oblige has agreed to accept this bond as security against default by Principal of performance of its obligation under said Agreement during the time period of this bond is in effect.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH that if the Principal shall perform its obligation under said Agreement, then this obligation shall be void, otherwise to remain in full force and effect, unless otherwise terminated, cancelled or expired as hereinafter provided.

PROVIDED HOWEVER, that this bond is executed subject to the following express provisions and conditions:

1. In the event of default by the Principal, Oblige shall deliver to Surety a written statement of the details of such default within thirty (30) days after the Oblige shall learn of the same, such notice to be delivered by certified mail to address of said surety as stated herein.
2. This Bond shall be effective July 1, 2010, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Oblige not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Oblige.
3. Neither cancellation, termination nor refusal by Surety to extend this bond, nor inability of Principal to file a replacement bond or replacement security for its Obligations under said Agreement, shall constitute a loss to the Oblige recoverable under this bond.

OFFICE OF CABLE COMMUNICATIONS  
CITY OF PORTLAND

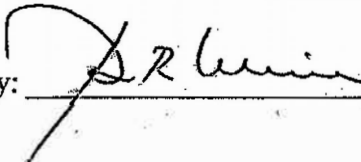
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JUL 01 2010

4. No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.
5. No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.
6. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.
7. This bond is and shall be construed to be strictly one suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.


This bond shall not bind the Surety unless it is accepted by the Obligee by signing below.

IN WITNESS WHEREOF, the above bounded Principal and Surety have hereunto signed and sealed this bond effective this 28th day of June, 2010.

Verizon Northwest Inc.

By: 

Westchester Fire Insurance Company

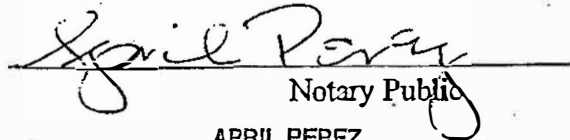
By:   
Mary Lawrence, Attorney-In-Fact

Accepted by Obligee: \_\_\_\_\_  
(Signature & date above - Print Name, Title below)

SURETY ACKNOWLEDGEMENT

STATE OF NEW JERSEY  
COUNTY OF MORRIS

On June 28, 2010, before me personally came Mary Lawrence to me known to be an Attorney-in-Fact of Westchester Fire Insurance Company, the corporation described in the within instrument, and she acknowledged that she executed the within instrument as the act of the said Westchester Fire Insurance Company in accordance with authority duly conferred upon her by said company.

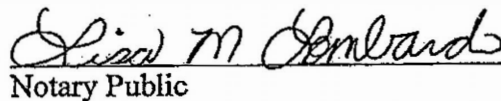
  
Notary Public

APRIL PEREZ  
Notary Public State of New Jersey  
My Commission Expires Feb. 22, 2014

PRINCIPAL ACKNOWLEDGEMENT

STATE OF Connecticut  
COUNTY OF Fairfield

On this 29th day of June, 2010, before me personally came David Whitehouse to me known to be a VP & Treasurer of Frontier Comm, the corporation described in the within instrument, and he/she executed the within instrument as the act of the said Frontier Comm in accordance with authority duly conferred upon him/her by said company.

  
Notary Public

My Commission Expires 10/31/11

# Power of Attorney

## WESTCHESTER FIRE INSURANCE COMPANY

Know all men by these presents: That WESTCHESTER FIRE INSURANCE COMPANY, a corporation of the State of New York, having its principal office in the City of Atlanta, Georgia pursuant to the following Resolution, adopted by the Board of Directors of the said Company on December 11, 2006, to wit:

"RESOLVED, that the following authorizations relate to the execution, for and on behalf of the Company, of bonds, undertakings, recognizances, contracts and other written commitments of the Company entered into the ordinary course of business (each a "Written Commitment"):

- (1) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise.
- (2) Each duly appointed attorney-in-fact of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such action is authorized by the grant of powers provided for in such persons written appointment as such attorney-in-fact.
- (3) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to appoint in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (4) Each of the Chairman, the President and Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to delegate in writing any other officer of the Company the authority to execute, for and on behalf of the Company, under the Company's seal or otherwise, such Written Commitments of the Company as are specified in such written delegation, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (5) The signature of any officer or other person executing any Written Commitment of appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile on such Written Commitment or written appointment or delegation.

FURTHER RESOLVED, that the foregoing Resolution shall not be deemed to be an exclusive statement of the powers and authority of officers, employees and other persons to act for and on behalf of the Company, and such Resolution shall not limit or otherwise affect the exercise of any such power or authority otherwise validly granted or vested.

FURTHER RESOLVED, that the Resolution of the Board of Directors of the Company adopted at the meeting held on November 6, 1995 relating to the authorization of certain persons to execute, for and on behalf of the Company, Written Commitments and appointments and delegations, is hereby rescinded.

Does hereby nominate, constitute and appoint April D Perez, Mary Lawrence, Theresa Giraldo, all of the City of MORRISTOWN, New Jersey, each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof in penalties not exceeding Ten million dollars & zero cents (\$10,000,000.00) and the execution of such writings in pursuance of these presents shall be as binding upon said Company, as fully and amply as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said Stephen M. Haney, Vice-President, has hereunto subscribed his name and affixed the Corporate seal of the said WESTCHESTER FIRE INSURANCE COMPANY this 19 day of March 2010.

WESTCHESTER FIRE INSURANCE COMPANY



*Stephen M. Haney*  
Stephen M. Haney, Vice President

COMMONWEALTH OF PENNSYLVANIA  
COUNTY OF PHILADELPHIA

On this 19 day of March, AD 2010 before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia came Stephen M. Haney, Vice-President of the WESTCHESTER FIRE INSURANCE COMPANY to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company, that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA  
NOTARIAL SEAL  
KAREN E. BONDI, Notary Public  
City of Philadelphia, Phila. County  
My Commission Expires September 26, 2012

*Karen E. Bondi*  
Notary Public

I, the undersigned Assistant Secretary of the WESTCHESTER FIRE INSURANCE COMPANY, do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a substantially true and correct copy, is in full force and effect.

In witness whereof, I have hereunto subscribed my name as Assistant Secretary, and affixed the corporate seal of the Corporation, this 28th day of June, 2010



*William L. Kelly*  
William L. Kelly, Assistant Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER March 19, 2012

FORM NO. 80005

WESTCHESTER FIRE INSURANCE COMPANY

FINANCIAL STATEMENT

DECEMBER 31, 2009

ADMITTED ASSETS

BONDS	\$2,060,239,269
SHORT - TERM INVESTMENTS	21,402,589
STOCKS	0
REAL ESTATE	0
CASH ON HAND AND IN BANK	5,053
PREMIUM IN COURSE OF COLLECTION*	106,852,028
INTEREST ACCRUED	18,645,574
OTHER ASSETS	252,407,271
<b>TOTAL ASSETS</b>	<b>\$2,459,551,784</b>

LIABILITIES

RESERVE FOR UNEARNED PREMIUMS	\$284,403,553
RESERVE FOR LOSSES	1,226,008,303
RESERVE FOR TAXES	1,902,245
FUNDS HELD UNDER REINSURANCE TREATIES	0
OTHER LIABILITIES	139,987,368
<b>TOTAL LIABILITIES</b>	<b>1,652,301,469</b>

CAPITAL: 928,592 SHARES, \$4.85 PAR VALUE	4,503,671
CAPITAL: PAID IN	187,844,877
AGGREGATE WRITE-INS FOR SPECIAL SURPLUS FUNDS	85,912,680
SURPLUS (UNASSIGNED)	528,989,087
SURPLUS TO POLICYHOLDERS	807,260,315
<b>TOTAL</b>	<b>\$2,459,551,784</b>

(\*EXCLUDES PREMIUM MORE THAN 90 DAYS DUE.)

STATE OF PENNSYLVANIA

COUNTY OF PHILADELPHIA

John P. Taylor, being duly sworn, says that he is Vice President of Westchester Fire Insurance Company and that to the best of his knowledge and belief the foregoing is a true and correct statement of the said Company's financial condition as of the 31 st day of December, 2009.

Sworn before me this 12th March 2010

[Signature]  
Vice President

[Signature]  
Notary Public

August 8, 2011  
My commission expires

