



July 30, 2010

Oregon Public Utility Commission
Attention: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem, Oregon 97308

RE: UM -1431

Dear Commission:

On February 10, 2010 the Oregon Public Utility Commission ("OPUC") issued a Final Order Approving and Adopting, Subject to Conditions, Multiparty Settlement Agreements and Authorizing Transaction ("Approval Order"). The Approval Order included a number of conditions which the Commission attached to that Approval.

One of those conditions required that, "Within 30 days of closing, Frontier shall deposit in a bank account, escrow account or other account as approved by the Commission ("Account") \$15 million to fulfill the remaining broadband commitment . . ." (Appendix A, Condition 14.) This letter is to advise the Commission that on July 28, 2010, Frontier Communications Northwest Inc. deposited \$15 million in the escrow account established pursuant to the terms of the attached Escrow Agreement. A copy of the confirmation received from The Bank of New York Mellon, as Escrow Agent, is attached.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Kevin Saville".

Kevin Saville
Associate General Counsel
2378 Wilshire Blvd.
Mound, Minnesota 55364
Tel: 952-491-5564
Fax: 952-491-5577
Kevin.Saville@FTR.com

Enclosure

Subject: FW: Fronteir NW Oregon escrow account

From: filippo.triolo@bnymellon.com [mailto:filippo.triolo@bnymellon.com]
Sent: Thursday, July 29, 2010 11:47 AM
To: Saville, Kevin; Whitehouse, David; Olsson, Pehr
Subject: Fronteir NW Oregon escrow account

David/Kevin – this email confirms that as of July 28, 2010 Bank of New York Mellon, as escrow agent, has received the \$15 million in escrow funds for Frontier Communications Northwest Inc. in Oregon. The escrow account # is 555630.

ACCT 555630 FRONTIER COMMUNICATIONS NW OREGON

07/28/10 PURCHASE 01 15,000,000.00
FIDELITY INSTL M MKT PRIME #690 CLASS 1

07/28/10 15,000,000.00
WIRE RECEIVED FROM
/1273924
NEW COMMUNICATIONS CORPORATE
SERVICES INC.
BY ORDER OF FRONTIER COMM CORP
SERVICES
FRONTIER COMM. NW OREGON

Filippo (Phil) Triolo • The Bank of New York Mellon Global Corporate Trust
CORPORATE TRUST ESCROW • Tel 212.815.3229 • Fax 212.815.5875 • filippo.triolo@bnymellon.com

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Please refer to <http://disclaimer.bnymellon.com/eu.htm> for certain disclosures relating to European legal entities.

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Escrow Agreement") is made and entered into as of July 28, 2010 among Frontier Communications Northwest Inc. (formerly known as Verizon Northwest Inc.) ("Frontier"), Public Utility Commission of Oregon (the "OPUC") and The Bank of New York Mellon, as escrow agent (in such capacity, the "Escrow Agent").

WITNESSETH

WHEREAS, Frontier Communications Corporation ("Frontier Communications"), Verizon Communications Inc. ("Verizon") and New Communications Holdings Inc., a subsidiary of Verizon ("Spinco"), are parties to that certain Agreement and Plan of Merger, dated as of May 13, 2009 (as amended, the "Merger Agreement") pursuant to which Spinco will merge with and into Frontier Communications, with Frontier Communications as the surviving corporation (the "Merger");

WHEREAS, the Merger, which closed on July 1, 2010 resulted in the transfer of indirect ownership and control of Verizon Northwest Inc., a regulated operating subsidiary of Verizon in the State of Oregon, to Frontier Communications (the "Transfer");

WHEREAS, Frontier Communications has taken steps to change the name of Verizon Northwest Inc. to Frontier Communications Northwest Inc.;

WHEREAS, pursuant to a Settlement Agreement with and between Verizon, Frontier Communications and Staff of the OPUC in connection with the OPUC's approval of the Transfer, as reflected in the OPUC Order No. 10-067 entered on February 24, 2010 in Docket UM-1431 (the "Order") Frontier has agreed to deposit an amount in cash equal to \$15,000,000 in a OPUC-approved irrevocable escrow account with a third party agent in connection with certain commitments made by Frontier with respect to the deployment of broadband services in the State of Oregon after the closing of the Merger;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, Frontier the OPUC and the Escrow Agent hereby agree as follows:

SECTION 1. Appointment; Deposit of Escrow Amount.

1.1 Appointment of the Escrow Agent

Each of Frontier and the OPUC hereby appoints The Bank of New York Mellon as Escrow Agent in accordance with the terms and conditions set forth herein and The Bank of New York Mellon hereby accepts such appointment.

1.2 Deposit of Escrow Amount

(a) Within 30 days of the closing of the Merger, Frontier shall deposit with the Escrow Agent an amount in cash equal to \$15,000,000 (the "Escrow Amount"). The Escrow Agent shall maintain the Escrowed Funds (as defined below) in an account established with the

Escrow Agent and identified on Schedule I hereto or any similar account established with a successor Escrow Agent appointed under section 6(g) (the “Escrow Account”) in accordance with the terms of this Escrow Agreement.

(b) Frontier has no right or title to, or interest in, any portion of the Escrowed Funds. The deposit of the Escrowed Funds by Frontier is and shall be irrevocable, and any disbursements of the Escrowed Funds shall be in accordance with Section 4.

SECTION 2. Maintaining the Escrow Account

(a) The Escrow Amount and all interest, dividends and other distributions and payments on the Escrow Amount or any investment or reinvestment thereof (collectively, the “Escrowed Funds”) shall be maintained in the Escrow Account.

(b) Until all Escrowed Funds have been disbursed in accordance with the provisions of Section 4, the Escrow Agent or any successor Escrow Agent appointed under Section 6(g) shall confirm that (i) it has established and shall maintain the Escrow Account, (ii) the Escrow Account is a “Securities account” as such term is defined in Section 8-501(a) of the New York UCC, (iii) the Escrowed Funds and each item of property credited to the Escrow Account shall be treated as a “financial asset” within the meaning of Section 8-102 of the New York UCC and (iv) all securities or other property underlying any financial assets credited to the Escrow Account shall be registered in the name of the OPUC or the Escrow Agent or any successor Escrow Agent, endorsed to the OPUC the Escrow Agent or any successor Escrow Agent or in blank or credited to another securities account maintained in the name of the Escrow Agent or any successor Escrow Agent and in no case will any financial asset credited to the Escrow Account be registered in the name of Frontier, payable to the order of Frontier or specially endorsed to Frontier except to the extent the foregoing have been specially endorsed to the OPUC the Escrow Agent or any successor Escrow Agent or in blank. The parties hereto agree that the Escrow Agent’s agreement to treat the Escrowed Funds as “financial assets” does not impose any additional obligations upon the Escrow Agent other than those set forth in Section 8-504 of the New York UCC.

(c) It shall be a term and condition of the Escrow Account, notwithstanding any term or condition to the contrary in any other agreement relating to the Escrow Account (other than this Escrow Agreement), that no amount shall be paid or released to or for the account of, or withdrawn by or for the account of, Frontier, the OPUC or any other person from the Escrow Account except in accordance with the provisions of this Escrow Agreement.

SECTION 3. Investing of Escrowed Funds

Escrowed Funds held by the Escrow Agent in the Escrow Account shall be invested and reinvested by the Escrow Agent as directed in writing by Frontier in the following:

a. direct obligations of the United States of America or obligations the principal of and the interest on which are unconditionally guaranteed by the United States of America;

- b. certificates of deposit issued by any bank, bank and trust company, or national banking association (including Escrow Agent and its affiliates), which certificates of deposit are insured by the Federal Deposit Insurance Corporation or a similar governmental agency;
- c. repurchase agreements with any bank, trust company, or national banking association (including Escrow Agent and its affiliates);
- d. any money market fund having a rating in the highest investment category granted by Standard & Poor's and Moody's and registered under the Investment Company Act of 1940, as amended;
- e. commercial paper; or
- f. Short-term interest bearing bank deposits (which shall include The Bank of New York Mellon Cash Reserve)

If Escrow Agent has not received a Written Direction at any time that an investment decision must be made, Escrow Agent shall hold the Escrow Funds, or such portion thereof as to which no Written Direction has been received un-invested. No investment shall be made in any instrument or security that has a maturity of greater than six (6) months. All such investments must have a short-term rating of A-1 (Standard & Poors) or P-1 (Moody's) or equivalent or long-term credit rating of A- (Standard & Poors) or A3 (Moody's) or equivalent (if short-term ratings are not available). In no event shall the Escrow Agent be liable for any loss in the Escrowed Funds unless such loss results from the Escrow Agent's gross negligence or willful misconduct.

The Escrow Agent will have the right to liquidate any investments held in order to provide funds necessary to make required payments under this Escrow Agreement. The Escrow Agent will not be liable for any loss incurred at such liquidation which is due to fluctuations in market rates, depreciation in the value of the investment or penalties incurred in connection with any such liquidation. In addition, the Escrow Agent shall not be responsible for assuring that the Escrow Funds are sufficient for the disbursements contemplated hereunder.

SECTION 4. Disbursements

Upon each delivery by the OPUC to the Escrow Agent (with a copy to Frontier) of an executed disbursement certificate in the form attached hereto as Exhibit A (the "Disbursement Certificate"), the Escrow Agent shall disburse to Frontier an amount from the Escrowed Funds equal to the amount specified in such Disbursement Certificate (or, if the amount of the remaining Escrowed Funds is less than the amount specified in such Disbursement Certificate, the amount of the remaining Escrowed Funds).

SECTION 5. Representations and Warranties

Each of Frontier, the OPUC and the Escrow Agent hereby severally represents and warrants that this Escrow Agreement has been duly authorized, executed and delivered by such party and, when duly executed and delivered in accordance with its terms by each of the other

parties hereto, will constitute a valid and legally binding agreement of such party, enforceable against such party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

SECTION 6. Escrow Agent Rights and Duties

(a) The duties, responsibilities and obligations of the Escrow Agent shall be limited to those expressly set forth herein. No duties, responsibilities or obligations shall be inferred or implied. The Escrow Agent shall not be subject to, nor required to comply with, any other agreement between or among any or all of the other parties hereto or to which any of them is a party, even though reference thereto may be made herein, or to comply with any direction or instruction (other than those contained herein or delivered in accordance with this Escrow Agreement) from any such party or any entity acting on its behalf. The Escrow Agent shall not be required to, and shall not, expend or risk any of its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

(b) If at any time the Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects the Escrowed Funds (including but not limited to orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of Escrowed Funds), the Escrow Agent is authorized to comply therewith in any manner as it or its legal counsel of its own choosing deems appropriate; and if the Escrow Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, the Escrow Agent shall not be liable to any of the parties hereto or to any other person even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect; provided, however, that the Escrow Agent shall inform each of the other parties hereto promptly and no later than three business days thereafter of receipt of such order, judgment, decree, writ or process and, to the extent reasonably practicable and permitted under applicable law, will deliver to each of the other parties hereto all relevant documents ancillary to such order, judgment, decree, writ or process so that each of the other parties hereto may seek an appropriate protective order or pursue other legal remedies; provided, further, however, that the Escrow Agent will not comply with such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process until such time as it is, in the opinion of its counsel, legally compelled to do so.

(c) The Escrow Agent shall not be liable for any action taken or omitted or for any loss or injury resulting from its actions or its performance or lack of performance of its duties hereunder in the absence of bad, faith, willful misconduct or gross negligence. In no event shall the Escrow Agent be liable (i) for acting in accordance with or relying upon any instruction, notice, demand, certificate or document from any of the other parties hereto or any person acting on behalf of any of the other parties hereto so long as such action is taken in accordance with the provisions of this Escrow Agreement, (ii) for the acts or omissions of its nominees, correspondents, designees, agents, subagents or subcustodians acting in accordance with the terms of this Escrow Agreement; provided that such nominees, correspondents, designees, agents, subagents or subcustodians were chosen with reasonable care by the Escrow Agent,

(iii) for an amount in excess of the value of the Escrowed Funds, valued as of the date of deposit, plus all interest, dividends and other distributions and payments thereon received by the Escrow Agent, or (iv) for any consequential, punitive or special damages.

(d) The Escrow Agent may perform any of its duties hereunder by or through agents or employees.

(e) The Escrow Agent may consult with legal counsel of its own selection (at the expense of Frontier) as to any matter relating to this Escrow Agreement, and the Escrow Agent shall not incur any liability in acting in good faith in reliance thereon.

(f) The Escrow Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence reasonably beyond the control of the Escrow Agent (including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God, war, terrorism or other catastrophe, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility).

(g) Neither Frontier nor the OPUC may remove the Escrow Agent unilaterally. Frontier and the OPUC, acting jointly, may remove the Escrow Agent at any time by giving to the Escrow Agent ten business days' prior notice in writing signed by each of Frontier and the OPUC. The Escrow Agent may resign at any time by giving to Frontier and the OPUC fifteen business days' prior written notice thereof.

(i) Within seven business days after giving the foregoing notice of removal to the Escrow Agent or receiving the foregoing notice of resignation from the Escrow Agent, (a) Frontier shall pay, or cause to be paid, all fees, costs and expenses or other obligations owed to the Escrow Agent hereunder and (b) Frontier shall, with the consent of the OPUC (which consent shall not be unreasonably withheld) appoint a successor Escrow Agent. If a successor Escrow Agent has not accepted such appointment by the end of such seven-business day period, the Escrow Agent may, in its sole discretion, apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent or for other appropriate relief. The costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Escrow Agent in connection with such proceeding shall be paid by, and be deemed an obligation of, Frontier.

(ii) Upon acceptance of such appointment of the successor Escrow Agent, the Escrow Agent shall deliver the Escrowed Funds then held hereunder to the successor Escrow Agent.

(iii) Upon delivery of the Escrowed Funds to such successor Escrow Agent, the Escrow Agent shall have no further duties, responsibilities or obligations hereunder.

(h) Any person into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any person resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any person succeeding to all or

substantially all of the corporate trust business of the Escrow Agent, shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper or any further action on the part of any of the parties hereto.

(i) The Escrow Agent shall, on a monthly basis and upon the request of Frontier or OPUC, provide to Frontier and OPUC a statement identifying transactions, transfers or holdings of Escrowed Funds.

(j) The Escrow Agent shall not be responsible in any respect for the form, execution, validity, value or genuineness of documents, or for any description therein, or for the identity, authority or rights of persons executing or delivering or purporting to execute or deliver any such document, security or endorsement.

(k) In the event of any ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by the Escrow Agent hereunder, the Escrow Agent may, in its sole discretion, refrain from taking any action other than retain possession of the Escrow Property, unless Escrow Agent receives joint written instructions, signed by each of Frontier and the OPUC, which eliminates such ambiguity or uncertainty.

(l) The Escrow Agent and its directors, officers, employees, attorneys and agents shall be entitled to conclusively rely on any communication, instrument or document reasonably believed by it or them to be genuine and correct and to have been signed or sent by the proper person or persons. Any communication, instrument or document shall be in writing and shall be given to the address set forth in Section 9.1 (or to such other address as may be substituted therefor by written notification to the other parties hereto). Notices to Escrow Agent shall be deemed to be given when actually received by Escrow Agent's Escrow Unit of the Corporate Trust Division. Whenever under the terms hereof the time for giving a notice or performing an act falls upon a non-business day, such time shall be extended to the next business day on which the Escrow Agent is open for business.

(m) In the event of any dispute between, or conflicting claims, demands or instructions by or among, any parties to this Escrow Agreement with respect to any Escrowed Funds, the Escrow Agent shall be entitled, in its sole discretion, to refuse to comply with any and all claims, demands or instructions with respect to such Escrowed Funds so long as such dispute or conflict shall continue, and the Escrow Agent shall not be or become liable in any way for such failure or refusal to comply with such conflicting claims, demands or instructions. The Escrow Agent shall be entitled to refuse to act until, in its sole discretion, either (i) such conflicting or adverse claims or demands shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to the Escrow Agent or (ii) the Escrow Agent shall have received security or an indemnity satisfactory to it sufficient to hold it harmless from and against any and all Losses (as defined herein) which it may incur by reason of so acting. The Escrow Agent may, in addition, elect, in its sole discretion, to commence an interpleader action or seek other judicial relief or orders as it may deem, in its sole discretion, necessary. The costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with such proceeding shall be paid by, and shall be deemed an obligation of, Frontier.

(n) The rights and remedies conferred upon the Escrow Agent and each of the parties hereto shall be cumulative, and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of any additional rights or remedies. The waiver of any right or remedy hereunder shall not preclude the subsequent exercise of such right or remedy.

(o) The Escrow Agent does not have any interest in the Escrowed Funds hereunder but is serving as escrow holder only and having only possession and/or control thereof. Frontier shall pay or reimburse the Escrow Agent upon request for any transfer taxes or other taxes relating to the Escrowed Funds incurred in connection herewith and shall indemnify and hold harmless the Escrow Agent for any amounts that it is obligated to pay in the way of such taxes. Any payments of income from the account established hereunder may be subject to withholding regulations then in force with respect to United States taxes. The parties hereto will provide the Escrow Agent with appropriate W-9 forms for tax I.D., number certifications, or W-8 forms for non-resident alien certifications. It is understood that the Escrow Agent shall be responsible for income reporting only with respect to any income which may be earned on investment of funds which are a part of the Escrowed Funds and is not responsible for any other reporting. This paragraph and paragraph (10) shall survive notwithstanding any termination of this Escrow Agreement or the resignation of the Escrow Agent.

SECTION 7. Indemnity

Frontier shall indemnify, hold harmless and defend the Escrow Agent and its directors, officers, agents and employees, from and against any and all claims, losses, actions, obligations, liabilities, damages, costs and expenses ("Losses") directly or indirectly arising out of, relating to or in connection with its acceptance of its appointment hereunder or its performance as Escrow Agent (including but not limited to Losses incurred by the Escrow Agent in connection with its successful defense, in whole or in part, of any claim of willful misconduct or gross negligence on its part), provided that such Losses do not arise from the Escrow Agent's willful misconduct or gross negligence.

SECTION 8. Compensation; Expenses

At the time of execution of this Escrow Agreement and from time to time thereafter, Frontier agrees to pay the Escrow Agent its compensation for its services as Escrow Agent hereunder, and to reimburse the Escrow Agent for all costs, fees and expenses incurred by the Escrow Agent in the performance of its duties hereunder, including the reasonable costs, fees and expenses of the Escrow Agent's counsel all as set forth in the fee schedule agreed to by the parties separately. If any fees, expenses or costs incurred by, or any obligations owed to, Escrow Agent hereunder this Escrow Agreement are not promptly paid when due, Escrow Agent may reimburse itself therefore from the Escrow Account and may sell, convey or otherwise dispose of any Escrowed Funds for such purpose.

SECTION 9. Miscellaneous Provisions

9.1 Notices

Any notice or communication shall be sufficiently given if in writing and delivered in

person or mailed by first class mail, commercial courier service, telecopier communication, or email addressed as follows:

If to Frontier:

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
Attn: General Counsel
Fax: (203) 614-4602

With copies to:

Frontier Communications Corporation
3 High Ridge Park
Stamford, Connecticut 06905
Attn: David Whitehouse, Treasurer
Fax: (203) 614-4602
Email: David.Whitehouse@FTR.com

Frontier Communications Corporation
2378 Wilshire Blvd.
Mound, Minnesota 55364
Attn: Kevin Saville, Associate General Counsel
Fax: (952) 491-5577
Email: Kevin.Saville@FTR.com

Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019
Attn: Craig F. Arcella
Fax: (212) 474-3700
Email: carcella@cravath.com

OPUC

Oregon Public Utility Commission
550 Capitol Street NE #215
PO Box 2148
Salem, OR 97308-2148
Attention: Rick Willis, Administrative Services

With copies to:

Michael T. Weirich
Assistant Attorney General
Oregon Department of Justice

1162 Court Street NE
Salem, OR 97301-4096

If to the Escrow Agent:

The Bank of New York Mellon
101 Barclay Street, Floor 8W
New York, NY 10286
Attn: Corporate Trust Division - Corporate Finance Unit
Fax: (212) 815-5704
Email: filippo.triolo@bnymellon.com

Whenever under the terms hereof the time for giving a notice or performing an act falls upon a day that is not a business day, such time shall be extended to the next business day.

Frontier agrees to indemnify and hold harmless the Escrow Agent against any and all claims, losses, damages liabilities, judgments, costs and expenses (including reasonable attorneys' fees) (collectively, "Losses") incurred or sustained by the Escrow Agent as a result of or in connection with the Escrow Agent's reliance upon and compliance with instructions or directions given by facsimile or electronic transmission, provided, however, that such Losses have not arisen from the gross negligence or willful misconduct of the Escrow Agent, it being understood that the failure of the Escrow Agent to verify or confirm that the person giving the instructions or directions, is, in fact, an authorized person does not constitute gross negligence or willful misconduct.

9.2 Severability

The provisions of this Escrow Agreement are severable, and if any clause or provision shall be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect in that jurisdiction only such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Escrow Agreement in any jurisdiction.

9.3 Headings

The headings in this Escrow Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

9.4 Counterpart Originals

This Escrow Agreement may be signed in two or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

9.5 Benefits of Escrow Agreement

This Escrow Agreement shall be binding upon each of the parties hereto, its transferees, successors and assigns. Nothing in this Escrow Agreement, express or implied, shall give to any

person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Escrow Agreement.

9.6 Amendments, Waivers and Consents

Any amendment or waiver of any provision of this Escrow Agreement and any consent to any departure by the parties hereto from any provision of this Escrow Agreement shall be effective only if made or duly given with the written consent of each of the parties hereto. None of the parties hereto shall be deemed, by any act, delay, indulgence, omission or otherwise, to have waived any right or remedy hereunder or to have acquiesced in any default of any obligation or in any breach of any of the terms and conditions hereof. Failure of any party to exercise, or delay in exercising, any right, power or privilege hereunder shall not preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any party hereto of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that such party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

9.7 Interpretation of Agreement

Acceptance of or acquiescence in a course of performance rendered under this Escrow Agreement shall not be relevant to determine the meaning of this Escrow Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection. Regardless of any provision in any such customer agreement, the State of New York shall be deemed to be the Escrow Agent's location for purposes of this Escrow Agreement.

9.8 Intent

Frontier does not have a beneficial or equitable interest in the Escrowed Funds and, by this Escrow Agreement, Frontier and OPUC intend that the Escrow Account and the Escrowed Funds shall not be property of Frontier's estate under section 541 of 11 U.S.C. §§ 101 *et seq.* (as amended, the "Bankruptcy Code") in the event that Frontier becomes a debtor in a case under the Bankruptcy Code;

If, notwithstanding the intentions of Frontier and OPUC, the Escrowed Funds are property of Frontier or if such escrow is for any reason ineffective or unenforceable, then (a) this Escrow Agreement constitutes a security agreement under the Uniform Commercial Code and any other applicable law; (b) the deposit of the Escrow Amount as provided for in Section 1.2(a) of this Escrow Agreement is a grant to OPUC of a security interest by Frontier, and Frontier hereby grants to OPUC a security interest in all of its right (including the power to convey title thereto), title and interest, whether now owned or hereafter acquired, in and to the Escrow Account and the Escrowed Funds, to secure such indebtedness and the performance by Frontier of the obligations hereunder and under the Order; and (c) this Escrow Agreement constitutes a control agreement, with Escrow Agent as a securities intermediary, to provide for OPUC's control of the Escrowed Funds and to perfect OPUC's security interest in the Escrowed Funds. Frontier agrees to, promptly upon request, execute any and all such documents, and to take all further action that

may be required under applicable law or that OPUC may reasonably request, for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted to OPUC this Escrow Agreement.

Notwithstanding anything to the contrary contained herein, the Escrow Agent shall have no responsibility for preparing, recording, filing, re-recording, or re-filing any financing statement, continuation statement or other instrument in any public office and shall have no responsibility for the creation, sufficiency or maintenance of any security interest created herein.

9.9 Termination

This Escrow Agreement shall terminate immediately upon the disbursement of all of the Escrowed Funds in accordance with the provisions of Section 4. The Escrow Agent further agrees to execute and deliver such documents, instruments or other agreements as Frontier or the OPUC may reasonably request to evidence the terminations contemplated in this Section 9.9.

9.10 Survival Provisions

Anything herein to the contrary notwithstanding, (a) all representations, warranties and covenants of each of the parties hereto contained herein shall survive the execution and delivery of this Escrow Agreement, and shall terminate only upon the termination of this Escrow Agreement, and (b) the obligations of Frontier under paragraph (o) of Section 6 and Sections 7, 8 and 9.1 hereof shall survive the termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

9.11 Authority of the Escrow Agent

The Escrow Agent shall have and be entitled to exercise all powers hereunder that are specifically granted to the Escrow Agent by the terms hereof, together with such powers as are reasonably incident thereto.

9.12 Final Expression

This Escrow Agreement is intended by the parties as a final expression of this Escrow Agreement and is intended as a complete and exclusive statement of the terms and conditions thereof.

9.13 Escrow Agent's Jurisdiction

The Escrow Agent, Frontier and the OPUC agree that the Escrow Agent's "jurisdiction", within the meaning of Section 8-110(b) of the New York UCC, is the State of New York and the Escrow Account (as well as the Investment Collateral related thereto) shall be governed by the laws of the State of New York.

9.14. GOVERNING LAW; WAIVER OF JURY TRIAL

THIS ESCROW AGREEMENT AND THE ESCROW ACCOUNT WILL BE INTERPRETED, CONSTRUED, ENFORCED AND ADMINISTERED IN ACCORDANCE

WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARDS TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT IT MAY HAVE TO TRIAL BY JURY IN ANY SUCH LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS ESCROW AGREEMENT. EACH OF THE PARTIES WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO SERVICE OF PROCESS BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO IT AT THE ADDRESS LAST SPECIFIED FOR NOTICES HEREUNDER, AND SUCH SERVICE WILL BE DEEMED COMPLETED TEN (10) CALENDAR DAYS AFTER THE SAME IS SO MAILED.

9.15 PATRIOT ACT

The parties hereto acknowledge that, in accordance with Section 326 of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (as amended, modified or supplemented from time to time, the "USA Patriot Act"), the Escrow Agent, like all financial institutions, is required to obtain, verify, and record information that identifies each person or legal entity that opens an account. The parties to this Escrow Agreement agree that they will provide the Escrow Agent with such information as the Escrow Agent may request in order for the Escrow Agent to satisfy the requirements of the USA Patriot Act.

IN WITNESS WHEREOF, Frontier, the OPUC and the Escrow Agent have each caused this Escrow Agreement to be duly executed and delivered as of the date first above written.

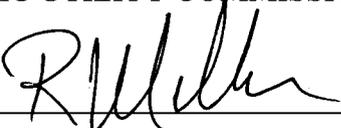
FRONTIER COMMUNICATIONS NORTHWEST
INC.

By _____

Name:

Title:

PUBLIC UTILITY COMMISSION OF OREGON

By  7/22/2010

Name: Rick Willis

Title: Executive Director

THE BANK OF NEW YORK MELLON,
as Escrow Agent

By _____

Name:

Title:

IN WITNESS WHEREOF, Frontier, the OPUC and the Escrow Agent have each caused this Escrow Agreement to be duly executed and delivered as of the date first above written.

FRONTIER COMMUNICATIONS NORTHWEST
INC.

By *D. R. Whitehouse* 7/26/10
Name: *David Whitehouse*
Title: *VP Treasurer*

PUBLIC UTILITY COMMISSION OF OREGON

By _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
as Escrow Agent

By *Filippo Triolo*
Name:
Title: **FILIPPO TRIOLO
VICE PRESIDENT**

ESCROW ACCOUNT

Account Number: 555630

Short Title of Account: Frontier Communications NW Oregon

FORM OF DISBURSEMENT CERTIFICATE

[Date]

This certificate is being delivered pursuant to Section 4 of the Escrow Agreement dated as of July __, 2010 (the "Escrow Agreement"), among Frontier Communications Northwest Inc. ("Frontier"), the Public Utility Commission of Oregon and The Bank of New York Mellon, as Escrow Agent (the "Escrow Agent"). Unless otherwise indicated, capitalized terms used but not defined herein have the respective meanings specified in Escrow Agreement.

In accordance with Section 4 of the Escrow Agreement, the undersigned, on behalf of the OPUC and not in a personal capacity, hereby directs the Escrow Agent to release from the Escrow Funds and disburse to Frontier an amount equal to \$_____.

IN WITNESS WHEREOF, the undersigned, on behalf of the Public Utility Commission of Oregon and not in a personal capacity, has signed this certificate as of the date first above written.

PUBLIC UTILITY COMMISSION OF
OREGON

By _____

Name:

Title: