

**Joint Applicants' Exhibit 1 (Supplemental)**

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

Frontier Communications Corporation, )  
Verizon Communications, Inc., )  
Verizon North Inc., )  
Verizon South Inc., )  
New Communications of the Carolinas, Inc. )  
)  
Joint Application for the approval of a )  
Reorganization pursuant to Section 7-204 of the )  
Public Utilities Act the Issuance of Certificates )  
of Exchange Service Authority Pursuant to )  
Sections 13-405 to New Communications )  
of the Carolinas, Inc.; the Discontinuance of )  
Service for Verizon South Inc. pursuant )  
to Section 13-406; the Issuance of an Order )  
Approving Designation of New )  
Communications of the Carolinas, Inc. as an )  
Eligible Telecommunications Carrier Covering )  
the Service Area Consisting of the Exchanges )  
to be Acquired from Verizon South Inc. )  
Upon the Closing of the Proposed Transaction )  
and the Granting of All Other Necessary and )  
Appropriate Relief. )

Docket No. 09-0268

**SUPPLEMENTAL PREPARED DIRECT TESTIMONY OF**

**DANIEL MCCARTHY**

**EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER**

**ON BEHALF OF**

**FRONTIER COMMUNICATIONS CORPORATION**

1 **Q. Please state your name, occupation and business address.**

2 A. My name is Daniel McCarthy. I am Executive Vice President and Chief Operating  
3 Officer of Frontier Communications Corporation. My business address is 3 High Ridge  
4 Park, Stamford Connecticut, 06905.

5 **Q. Are you the same Daniel McCarthy who filed Direct Testimony in this docket on**  
6 **behalf of Frontier Communications on July 8, 2009?**

7 A. Yes.

8 **Q. What is the purpose of this Supplemental Direct.?**

9 A. At lines 205 through 212 of my Direct Testimony, I explained that Joint Applicants filed the  
10 Merger Agreement and Distribution Agreement with the Joint Application in this docket,  
11 but also that each of the Merger Agreement and Distribution Agreement included a  
12 number of proprietary attachments. I stated that Joint Applicants would file and  
13 distribute complete copies of the Merger Agreement with attachments and Distribution  
14 Agreement with attachments when an appropriate protective order was entered. Such an  
15 Order was entered by the Administrative Law Judge on July 21, 2009. Through this  
16 Supplemental Direct Testimony, I am providing those documents into the record.

17 **Q. For the record, please describe what you are submitting with regard to the Merger**  
18 **Agreement.**

19 A. As Joint Applicants Exhibit 1.2, I am submitting the Agreement and Plan of Merger  
20 ("Merger Agreement") that was attached as Exhibit 1 to the Joint Application. It is 140  
21 pages long and reflects the signatures of Verizon Communications, Inc., New

22 Communications Holdings, Inc. and Frontier Communications Corporation. I am  
23 including the following attachments.

- 24 • As Joint Applicants' Exhibit 1.2A (Proprietary),<sup>1</sup> I am submitting Exhibit A to the  
25 Merger Agreement, Company Disclosure Letter. It is 60 pages long. Joint Applicants  
26 have marked this Exhibit *Confidential and Proprietary* under the Protective Order.
- 27 • As Joint Applicants' Exhibit 1.2B (Proprietary), I am submitting Exhibit B to the Merger  
28 Agreement, Verizon Disclosure Letter. It is 10 pages long. Joint Applicants have  
29 marked this Exhibit *Confidential and Proprietary* under the Protective Order.
- 30 • As Joint Applicants' Exhibit 1.2C (Proprietary), I am submitting Exhibit C to the Merger  
31 Agreement, Spinco Disclosure Letter. It is 149 pages long. Joint Applicants have  
32 marked this Exhibit *Confidential and Proprietary* under the Protective Order.
- 33 • As Joint Applicants' Exhibit 1.2D (Proprietary), I am submitting Exhibit D to the Merger  
34 Agreement, Video Transport Service Term Sheet. It is 3 pages long. Joint Applicants  
35 have marked this Exhibit *Confidential and Proprietary* under the Protective Order.
- 36 • As Joint Applicants' Exhibit 1.2E (Proprietary), I am submitting Exhibit E to the Merger  
37 Agreement, Term Sheet For Back Office Support Services For Excluded Contracts. It is  
38 3 pages long. Joint Applicants have marked this Exhibit *Confidential and Proprietary*  
39 under the Protective Order.
- 40 • As Joint Applicants' Exhibit 1.2F (Proprietary), I am submitting Exhibit F to the Merger  
41 Agreement, Directories Non-Competition Agreement. It is 14 pages long. Joint  
42 Applicants have marked this Exhibit *Confidential and Proprietary* under the Protective  
43 Order.
- 44 • As Joint Applicants' Exhibit 1.2G (Proprietary), I am submitting Exhibit G to the Merger  
45 Agreement, Directories Branding Agreement. It is 21 pages long. Joint Applicants have  
46 marked this Exhibit *Confidential and Proprietary* under the Protective Order.
- 47 • As Joint Applicants' Exhibit 1.2H (Proprietary), I am submitting Exhibit H to the Merger  
48 Agreement, Directories Publishing Agreement. It is 42 pages long. Joint Applicants  
49 have marked this Exhibit *Confidential and Proprietary* under the Protective Order.
- 50 • As Joint Applicants' Exhibit 1.2I (Proprietary), I am submitting Amendment No. 1 to  
51 Merger Agreement. It is 5 pages long. Joint Applicants have marked this Exhibit  
52 *Confidential and Proprietary* under the Protective Order.

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<sup>1</sup> Consistent with the Commission's e-docket requirements, for each "Proprietary" document I identify here, there will be a corresponding "Public" version which will bear the corresponding exhibit number with a (Public) suffix, as in "Exhibit 1.3A (Public)."

53 **Q. For the record, please describe what you are submitting with regard to the**  
54 **Distribution Agreement.**

55 A. As Joint Applicants Exhibit 1.3, I am submitting the Distribution Agreement that was  
56 attached as Exhibit 2 to the Joint Application (“Distribution Agreement”). It is 52 pages  
57 long and reflects the signatures of Verizon Communications, Inc. and New  
58 Communications Holdings, Inc. I am including the following attachments:

- 59 • As Joint Applicants’ Exhibit 1.3A (Proprietary), I am submitting Exhibit A to the  
60 Distribution Agreement, Disclosure Letter. It is 119 pages long. Joint Applicants have  
61 marked this Exhibit *Confidential and Proprietary* under the Protective Order.
- 62 • As Joint Applicants’ Exhibit 1.3B (Proprietary), I am submitting Exhibit B to the  
63 Distribution Agreement, Form of FS Intellectual Property Agreement. It is 12 pages  
64 long. Joint Applicants have marked this Exhibit *Confidential and Proprietary* under the  
65 Protective Order.
- 66 • As Joint Applicants’ Exhibit 1.3C (Proprietary), I am submitting Exhibit C to the  
67 Distribution Agreement, Form of FS Software License Agreement. It is 14 pages long.  
68 Joint Applicants have marked this Exhibit *Confidential and Proprietary* under the  
69 Protective Order.
- 70 • As Joint Applicants’ Exhibit 1.3D (Proprietary), I am submitting Exhibit D to the  
71 Distribution Agreement, Form of FS Trademark License Agreement. It is 12 pages long.  
72 Joint Applicants have marked this Exhibit *Confidential and Proprietary* under the  
73 Protective Order.
- 74 • As Joint Applicants’ Exhibit 1.3E (Proprietary), I am submitting Exhibit E to the  
75 Distribution Agreement, Form of Intellectual Property Agreement. It is 17 pages long.  
76 Joint Applicants have marked this Exhibit *Confidential and Proprietary* under the  
77 Protective Order.
- 78 • As Joint Applicants’ Exhibit 1.3F (Proprietary), I am submitting Exhibit F to the  
79 Distribution Agreement, Form of Software License Agreement. It is 17 pages long. Joint  
80 Applicants have marked this Exhibit *Confidential and Proprietary* under the Protective  
81 Order.
- 82 • As Joint Applicants’ Exhibit 1.3G (Proprietary), I am submitting Exhibit G to the  
83 Distribution Agreement, Terms of Spinco Securities. It is 1 page long. Joint Applicants  
84 have marked this Exhibit *Confidential* under the Protective Order.

85 • As Joint Applicants' Exhibit 1.3H (Proprietary), I am submitting Amendment No. 1 to  
86 Distribution Agreement. It is 8 pages long. Joint Applicants have marked this Exhibit  
87 *Confidential and Proprietary* under the Protective Order.

88 • As Joint Applicants' Exhibit 1.3I (Proprietary), I am submitting Amendment to  
89 Disclosure Letter to the Distribution Agreement. It is 62 pages long. Joint Applicants  
90 have marked this Exhibit *Confidential and Proprietary* under the Protective Order.

91 **Q. Does this conclude your supplemental direct testimony?**

92 A. Yes, thank you.

Certificate of Service  
(Docket No. 09-0268)

The undersigned certifies that a copy of the *Prepared Supplemental Direct Testimony Of Daniel McCarthy Executive Vice President And Chief Operating Officer On Behalf Of Frontier Communications Corporation* were served upon the following persons by depositing a copy of same in the U.S. Mail, properly addressed and with proper postage affixed thereto this 12<sup>th</sup> day of August, 2009.

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A handwritten signature in black ink, appearing to read "Philip J. Wood, Jr.", is written over a horizontal line. The signature is stylized and cursive.