CK # 70030
$50.00

frontier

Frontier Corporation

180 South Clinton Avenue
Rochester, NY 14646

February 17, 1999

RECEIVED
ADMINISTRATIVE

FEB 18 1999

TN REGULATORY AUTHORITY
JR

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37219-0412
(615) 741-3939

99-00120

RE: Frontier Local Services Inc.
Application for Certificate to Provide Competing Local Telecommunications Services

Dear Sir or Madame:

Enclosed for filing are the original and ten (10) copies of the above-referenced application of Frontier Local Services Inc. for authority to provide competing local telecommunications services in Tennessee.

Also enclosed is our check in the amount of $50.00 for the application filing fee.

Please acknowledge receipt of this filing by returning, date-stamped, the extra copy of this cover letter in the self-addressed, stamped envelope enclosed for this purpose.

If any questions arise regarding this filing, please do not hesitate to call me at (407) 740-8575. Thank you for your assistance.

Sincerely,

C.M. Wightman

Connie Wightman
Consultant to FLSI

cc: Michael J. Nighan
File FLSI - TN

TNL9900

BEFORE THE TENNESSEE REGULATORY AUTHORITY

In the matter of the Application of)
Frontier Local Services Inc. for)
a Certificate to Provide Competing)
Local Telecommunications Services)

99-00120

APPLICATION FOR CERTIFICATE TO PROVIDE
COMPETING LOCAL TELECOMMUNICATIONS SERVICES

Pursuant to applicable Tennessee Statutes and the Rules and Regulations of the Tennessee Regulatory Authority and Section 253 of the Federal Telecommunications Act of 1996 ("Act"), Frontier Local Services Inc. ("FLSI ") respectfully requests that the Tennessee Regulatory Authority ("TRA") grant to FLSI authority to provide competing local telecommunications services, including exchange access telecommunications services, within the State of Tennessee. FLSI is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing local telecommunications services.

In support of its Application, FLSI submits the following:

1. **The full name and address of the Applicant is:**

Frontier Local Services Inc.
180 South Clinton Avenue
Rochester, New York 14646-0700
Telephone: (716) 777-1000

Questions regarding this application should be directed to:

Connie Wightman
Technologies Management, Inc.
210 Park Avenue North
Winter Park, FL 32789
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

Contact name and address at the Company is:

Michael J. Nighan, Director - Regulatory Affairs
Frontier Local Services Inc.
180 South Clinton Avenue
Rochester, New York 14646-0500
Telephone: (716) 777-8456
Facsimile: (716) 232-3646

2. Names and addresses of all officers in Tennessee.

The names and addresses of the Applicant's principal corporate officers and other senior managers responsible for Tennessee local operations are listed in Attachment A of this application. At least initially, none of FLSI's corporate officers will be located in Tennessee.

3. Corporate Information.

Frontier Local Services Inc. was incorporated in the State of Michigan on January 4, 1995. A copy of FLSI 's Articles of Incorporation and amendments are provided in Attachment B, and a copy of FLSI 's Authority to transact business in the State of Tennessee is provided in Attachment C.

4. Repair and Maintenance Information.

FLSI understands the importance of effective customer service for local service consumers. FLSI has made arrangements for its customers to call the company at its toll-free customer service number. In addition, customers may contact the company in writing at the headquarters address. The toll-free number will be printed on the customers' monthly billing statements. The correct toll-free number will be printed on the customers' monthly billing statements. In addition, customers may contact the company in writing.

5. Status of FLSI in other states.

See Attachment D.

6. Financial, Managerial and Technical Qualifications.

FLSI possesses the managerial, technical and financial ability to provide local telecommunications service in the State of Tennessee as demonstrated below.

6.A. Financial Qualifications

In support of its financial qualifications, Frontier Local Services Inc. submits the year end 1998 SEC Form 8-K of its parent company, Frontier Corporation ("Frontier"), in Attachment C. Frontier is a diversified telecommunications company, serving more than 2 million customers (more than 1 million local access lines) throughout the United States. Frontier's principal lines of business are long distance and local communications. The Company's other lines of business include cellular, paging, telecommunications equipment sales, and video & audio conferencing. CLEC revenues grew 107.2% in 1998. Cash and cash equivalents provided from operations in 1998 exceeded $443 million.

The Company has a number of financing vehicles in place to ensure adequate liquidity in meeting its anticipated funding needs. The Company has commercial paper programs totaling $350 million which are fully backed by committed revolving credit agreements. The Company has several other financing vehicles available in its arsenal in addition to the ones mentioned above if needed to fund an expansion of the Company.

Frontier expects to improve revenues and decrease expenses throughout 1999 as it realizes revenues and operating efficiencies from the nationwide fiber optic network begun in late 1996. The fiber optic network was substantially complete at the end of 1998, connecting nearly 100 cities and encompassing more than 13,000 route miles, providing coast-to-coast SONET connectivity. Attachment C summarizes the recent financial performance of the parent company, including the results of FLSI. Thus, FLSI asserts that it has the financial resources necessary to operate as a competitive local service provider in Tennessee.

6.B. Managerial Qualifications

As shown in Attachment F to this Application, FLSI has the managerial experience to successfully operate a telecommunications enterprise in Tennessee. FLSI's managers have been able to implement a number of innovative measures to meet consumer needs. The backgrounds of these key executives, combined with the telecommunications history of the Frontier family of companies, is clear evidence that FLSI possesses the managerial qualifications required to provide local service.

6.C. Technical Qualifications

FLSI's services will satisfy the minimum standards established by the TRA. The Company will file and maintain tariffs in the same manner and form as required of incumbent local exchange telecommunications companies with which FLSI seeks to compete. FLSI will meet the minimum basis local standards, including quality of service and billing standards required of all LECs regulated by the TRA. FLSI will comply with TRA rules, including Chapter 1220-4-8.

Frontier Local Services Inc. is a wholly owned subsidiary of Frontier Corporation. Frontier Corporation (formerly known as Rochester Telephone) provides quality telecommunications services to over two million customers throughout the country. The company has a proven track record for providing high quality services and responsive customer service. Frontier Local Services Inc. possesses all the necessary capabilities to operate as a provider of local services.

Frontier is one of the largest local exchange service providers in the United States. The corporation includes 34 regulated telephone operating subsidiaries in 13 states. The resale and facilities-based CLEC operations served approximately 208,000 local access lines by year end 1998. Frontier is also the nation's 5th largest long distance carriers with revenues of approximately $1.9 billion in 1998. FLSI has a great deal of knowledge on how the capabilities of an ILEC can be used by a CLEC and will be able to take full advantage of the resources, expertise and technical capabilities of its underlying carriers, the incumbent local exchange carriers. Consequently, the quality of service that FLSI's local exchange customers receive will be at least equivalent to that provided by these LECs.

FLSI's services will satisfy the minimum standards established by the TRA. The Company will file and maintain tariffs in the manner prescribed by the TRA and will meet the minimum basis local standards, including quality of service and billing standards required of all LECs regulated by the TRA.

As the foregoing illustrates, FLSI possesses considerable telecommunications expertise, acquired by providing service to consumers. Thus, FLSI is certainly technically qualified to provide local exchange service in Tennessee.

7. Proposed Service Area.

The applicant proposes to offer its services throughout the State of Tennessee in areas currently served by BellSouth and Sprint/United which are designated open to competition. Marketing efforts will be concentrated on major metropolitan areas.

8. Types of Local Exchange Service to be provided.

FLSI expects to offer a broad variety of local exchange services, primarily to business customers in Tennessee. FLSI's initial line of local services will be comparable to that currently offered by the incumbent LECs. Initially, FLSI plans to offer basic access line service, PBX and DID Services, Optional Calling Features, Directory Assistance, Directory Services, and Operator Services, as well as all services required under Chapter 1220-4-8-.04 (3)(b) and (c).

10. Statement of Compliance.

FLSI agrees to abide by all applicable statutes and all applicable Orders, rules and regulations entered and adopted by the Tennessee Regulatory Authority.

Respectfully submitted this 15 day of February 1999.

Respectfully submitted,
Frontier Local Services Inc.

Barbara J LaVerdi

Barbara J. LaVerdi, Assistant Secretary
Frontier Local Services Inc.
180 South Clinton Avenue
Rochester, New York 14646-0700
(716) 777-7979

Dated: Feb. 15, 1999

VERIFICATION

STATE OF NEW YORK

COUNTY OF MONROE

Barbara J. LaVerdi, being first duly sworn, deposes and says: That she is the Assistant Secretary for Frontier Local Services Inc., the applicant in the above proceeding, that she has read the foregoing application, and knows the contents thereof; and that she is authorized by Frontier Local Services Inc. to verify that the contents of the applications are true.

Barbara J. LaVerdi

Barbara J. LaVerdi, Assistant Secretary
Frontier Local Services Inc.
160 South Clinton Avenue
Rochester, New York 14646-0700
(716) 777-7979

Subscribed and sworn to before me this
15th day of February, 1999

Carol A. Personte

Notary Public
State of New York

CAROL A. PERSONTE
Notary Public, State of New York
Qualified in Monroe County
Commission Expires Dec. 8. 2000

My commission expires: ____________

Frontier Local Services Inc.

Attachment A

Names and Addresses of
Frontier Officers

Frontier Local Services Inc.

OFFICERS AND DIRECTORS

All officers and directors may be contacted through the corporate offices at 180 South Clinton Avenue, Rochester, New York 14646-0700.

DIRECTORS

Joseph P. Clayton
Robert L. Barrett
Jeremiah T. Carr
James G. Dole
Rolla P. Huff

OFFICERS

Chief Executive Officer	Joseph P. Clayton
President	Jeremiah T. Carr
Chief Financial Officer	James G. Dole
Vice President	Donna L. Reeves-Collins
Secretary	Josephine S. Trubek
Treasurer	Joseph Enis
Assistant Secretary	Barbara J. LaVerdi
Assistant Treasurer	Richard N. Kappler
Assistant Treasurer	Robert J. DePalma

Frontier Local Services Inc.

Attachment B

Certificate of Incorporation

PH 616 (Rev. 8/93)

095E#7943 1115 ORG&FI $12.50

MICHIGAN DEPARTMENT OF COMMERCE - CORPORATION AND SECURITIES BUREAU

Date Received

NOV 1 4 1995

(FOR BUREAU USE ONLY)

FILED

NOV 1 4 1995

ADMINISTRATOR
MICHIGAN DEPARTMENT OF COMMERCE
CORPORATION & SECURITIES BUREAU

PH. 517-663-2525 Ref # 55608
Attn: Cheryl J. Bixby
MICHIGAN RUNNER SERVICE
P.O. Box 266
Eaton Rapids, MI. 48827-0266

Zip Code

EFFECTIVE DATE:

Document will be returned to the name and address you enter above

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Profit Corporations

(Please read information and instructions on the last page)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is: Allnet Local Services, Inc.
2. The identification number assigned by the Bureau is: 204-059
3. The location of the registered office is:

30300 Telegraph Road, Suite 350, Bingham Farms, Michigan 48025
(Street Address) (City) (ZIP Code)

4. Article one of the Articles of Incorporation is hereby amended to read as follows:

1. The name of the corporation shall be FRONTIER LOCAL SERVICES INC.

R1965-126633

+5 500

MICHIGAN DEPARTMENT OF COMMERCE
CORPORATION AND SECURITIES BUREAU

(For Bureau Use Only)
Date Received

RECEIVED

JAN 0 4 1995

Michigan Dept. of Commerce
Corporation & Securities Bureau

FILED

JAN 0 4 1995

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Corporation Identification Number

ARTICLES OF INCORPORATION
For use by Domestic Profit Corporations

Pursuant to the provisions of Act 284, Public Acts of 1972, as amended, the undersigned corporation executes the following Articles:

ARTICLE I

The name of the corporation is:

Allnet Local Services, Inc.

ARTICLE II

The purpose or purposes for which the corporation is organized is to engage in any activity within the purposes for which corporations may be organized under the Business Corporation Act of Michigan (the "Act").

ARTICLE III

The total authorized capital stock is:
Common Shares: 1,000 No Par Value
Stated Value Per Share $0.01

ARTICLE IV

1. The address of the registered office is:
30300 Telegraph Road, Suite 350
Bingham Farms, MI 48025

2. The name of the registered agent at the registered office is:
Connie R. Gale

ARTICLE V

The name and address of the incorporator is as follows:

Name:	Residence or Business Address:
Connie R. Gale	30300 Telegraph Road, Ste 350 Bingham Farms, MI 48025

ARTICLE VI

When a compromise or arrangement or a plan of reorganization of this corporation is proposed between this corporation and its creditors or any class of them or between this corporation and its shareholders or any class of them, a court of equity jurisdiction within the state, on application of this corporation or of a creditor or shareholder thereof, or on application of a receiver appointed for the corporation, may order a meeting of the creditors or class of creditors or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing 3/4 in value of the creditors or class of creditors, or of the Shareholder or class of shareholders to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or a reorganization of this corporation as a consequence of the compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, or on all the shareholders or class of shareholders and also on this corporation.

ARTICLE VII

Any action required or permitted by the Act to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to shareholders who have not consented in writing.

ARTICLE VIII

No director of this Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for a breach of such director's fiduciary duty; provided, that the foregoing shall not eliminate or limit the liability of a director for any of the following:

(a) A breach of the director's duty of loyalty to the Corporation or its shareholders.

(b) Acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law.

(c) A transaction from which the director derived an improper personal benefit.

(d) A violation of Section 551(1) of the Act.

(e) Any other act or omission as to which the Act does not permit a director's liability to be so limited.

In the event that the Act is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Act, as so amended. Any repeal, modification or adoption of any provision in these Articles of Incorporation inconsistent with this Article shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal, modification or adoption.

I, the Incorporator, sign my Name this 3rd day of January, 1995.

Connie R. Gale

Connie R. Gale

Document will be returned to Name and
Mailing Address indicated below:
Include name, street and number (or P.O. box),
city, state and ZIP code

Name of person or organization remitting fees:
Jaffe, Raitt, Heuer & Weiss
Professional Corporation

Preparer's name and address and telephone number
Connie R. Gale, Esq.
30300 Telegraph Road, Suite 350
Bingham Farms, MI 48025
(810) 433-4103

Frontier Local Services Inc.

Attachment C

Certificate of Authority to Transact Business in the State of Tennessee

APPLICATION FOR CERTIFICATE OF AUTHORITY FOR

Frontier Local Services Inc.

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of Section 48-25-103 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the corporation is Frontier Local Services Inc.

If different, the name under which the certificate of authority is to be obtained is

[NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign corporation for profit if its name does not comply with the requirements of Section 48-14-101 of the Tennessee Business Corporation Act. If obtaining a certificate of authority under an assumed corporate name, an application must be filed pursuant to Section 48-14-101(d).]

2. The state or country under whose law it is incorporated is Michigan

3. The date of its incorporation is 8/16/1995 (must be month, day, and year), and the period of duration, if other than perpetual, is

4. The complete street address (including zip code) of its principal office is

Street	City	State/Country	Zip Code
180 S.Clinton Ave.	Rochester,	NY	14646

5. The complete street address (including the county and the zip code) of its registered office in this state is

Street	City/State	County	Zip Code
500 Tallan Building, Two Union Square,	Chattanooga, Tennessee	Hamilton	37402-2571

The name of its registered agent at that office is

Corporation Service Company

6. The names and complete business addresses (including zip code) of its current officers are: (Attach separate sheet if necessary.)

See attached officers/directors rider

7. The names and complete business addresses (including zip code) of its current board of directors are: (Attach separate sheet if necessary.)

See attached officers/directors rider

8. The corporation is a corporation for profit.

9. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date/time is

________, 19________ (date), ________ (time).

[NOTE: A delayed effective date shall not be later than the 90th day after the date this document is filed by the Secretary of State.]

[NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country under whose law it is incorporated. The certificate shall not bear a date of more than one (1) month prior to the date the application is filed in this state.]

February 9, 1999
Signature Date

Assistant Secretary
Signer's Capacity

Frontier Local Services Inc.
Name of Corporation

Barbara J LaVerdi
Signature

Barbara J. LaVerdi
Named (typed or printed)

SS-4431 (rev. 7/93)

RDA 1678

Frontier Local Services Inc.

Attachment D

Status of FLSI in other States

Frontier Local Services Inc. is authorized to provide local service in California, Colorado, Florida, Georgia, Illinois, Iowa, Maryland, Massachusetts, Minnesota, Missouri, New York, Ohio, Oklahoma, Texas and Washington. FLSI has an application pending in Arizona and is preparing filings for a number of additional jurisdictions. No application has been denied.

Frontier Local Services Inc.

Attachment E

Financial Statements

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PUBLIC DOCUMENT COUNT: 4
CONFORMED PERIOD OF REPORT: 19990126
ITEM INFORMATION:
FILED AS OF DATE: 19990126

FILER:

COMPANY DATA:
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CENTRAL INDEX KEY: 0000084567
STANDARD INDUSTRIAL CLASSIFICATION: TELEPHONE COMMUNICATIONS (NO R
IRS NUMBER: 160613330
STATE OF INCORPORATION: NY
FISCAL YEAR END: 1231

FILING VALUES:
FORM TYPE: 8-K
SEC ACT:
SEC FILE NUMBER: 001-04166
FILM NUMBER: 99512855

BUSINESS ADDRESS:
STREET 1: ROCHESTER TEL CENTER
STREET 2: 180 S CLINTON AVE
CITY: ROCHESTER
STATE: NY
ZIP: 14646-0995
BUSINESS PHONE: 7167771000

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) January 26, 1999

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

New York (State or other jurisdiction of incorporation)	1-4166 (Commission File Number)	16-0613330 (IRS Employer Identification No.)

180 South Clinton Avenue, Rochester, New York (Address of principal executive offices)	14646 (Zip Code)

Registrant's telephone number, including area code (716) 777-1000

Item 5 Other Events
- ------ ------------

Frontier Corporation reports its Management's Discussion of Results of Operations and Analysis of Financial Condition and its audited consolidated financial statements and notes to those financial statements for the years ended December 31, 1998, 1997 and 1996.

Such financial information is attached hereto as Exhibit 99 and incorporated herein by reference.

<PAGE>

SIGNATURES

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

Frontier Corporation
(Registrant)

Dated: January 25, 1999

By: /s/ Rolla P. Huff

Rolla P. Huff
Executive Vice President and
Chief Financial Officer

<PAGE>

EXHIBIT INDEX

Exhibit Number	Description	
23	Consent of Accountants (PriceWaterhouseCoopers LLP)	Filed herewith
27	Financial Data Schedule	Filed herewith

99 Financial Information Filed herewith
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EXHIBIT 23

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statements on Form S-3 (File Nos. 33-64307, 333-23229 and 333-57137), Form S-4 (File No. 33-91250) and in the Registration Statements on Forms S-8 (File Nos. 33-67430, 33-54511, 33-67432, 33-54519, 33-67324, 33-51331, 33-51885, 33-52025, 33-59579, 33-61855, 333-04803, 333-48755 and 333-49657) of Frontier Corporation of our report dated January 25, 1999, appearing on page 20 of Form 8-K of Frontier Corporation dated January 25, 1999.

PricewaterhouseCoopers LLP

Rochester, New York
January 25, 1999
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EXHIBIT 99

Management's Discussion of Results of Operations and
Analysis of Financial Condition

- --

The information presented in this Management's Discussion of Results of Operations and Analysis of Financial Condition should be read in conjunction with the consolidated financial statements and accompanying notes of Frontier Corporation (the "Company" or "Frontier") for the three years ended December 31, 1998. The matters discussed throughout this report, except for historical financial results contained herein, may be forward-looking in nature or "forward-looking statements." Actual results may differ materially from the forecasts or projections presented. Forward-looking statements are identified by such words as "expects," "anticipates," "believes," "intends," "plans" and variations of such words and similar expressions. The Company believes its primary risk factors include, but are not limited to: changes in the overall economy, the nature and pace of technological change, the number and size of competitors in Frontier's markets, the increasing competitiveness of the business, changes in law and regulatory policy, our ability to respond to technological changes in the telecommunications industry, the mix of products and services offered in the Company's markets and risks associated with acquisitions. Any forward-looking statements in this report should be evaluated in light of these important risk factors. For additional disclosure regarding risk factors refer to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

- --

DESCRIPTION OF THE BUSINESS

Frontier Corporation provides integrated telecommunications services including Internet IP and data applications, long distance, local telephone and wireless to business, carrier and targeted residential customers nationwide and in certain international countries. Following is a description of the Company's principal lines of business:

Integrated Services

Through its Integrated Services segment, the Company is one of the nation's largest long distance companies. This segment provides domestic and international voice, data products, video and audio communications, digital distribution services, Internet service and other communications products to primarily small to mid-size business customers, carrier customers and targeted consumer markets. Results for this segment also include competitive local exchange carrier ("CLEC") services, currently available in 32 states, plus Washington D.C., providing Frontier with the ability to offer integrated local and long distance telephone service to approximately 71% of the United States.

Local Communications Services

The Company's Local Communications Services operation is one of the largest local exchange service providers in the United States. This segment includes the Company's local telephone operations, consisting of 34 telephone operating subsidiaries in 13 states. Also included in this segment are the revenues and expenses of Frontier Communications of Rochester, Inc., a competitive telecommunications company formed on January 1, 1995. Frontier Telephone of Rochester, Inc. led the telecommunications industry by being the first to open its local market to competition in 1995 under the Open Market Plan. Consequently, the Local Communications Services segment includes both wholesale and retail local service provided in the Rochester, New York market. After four years of operating in a
<PAGE>

competitive marketplace, the Rochester local exchange carrier retains a market share of approximately 98% of wholesale, and approximately 96% of retail local service access lines in the Rochester, New York operating territory.

Corporate Operations and Other

Corporate Operations is comprised of expenses traditionally associated with a holding company, including executive and board of directors' expenses, corporate finance and treasury, investor relations, corporate planning, legal services and business development. The Other category includes Frontier Network Systems Corp. ("FNSC"). FNSC markets and installs telecommunications systems and equipment. This segment has also included wireless operations of Minnesota Southern Cellular Telephone Company ("Minnesota RSA No. 10") and the Company's 69.5% interest in South Alabama Cellular Communications Partnership RSAs No. 4 and No. 6 ("Alabama RSAs No. 4 and No. 6"). The sale of Minnesota RSA No. 10 was finalized April 30, 1998. The Alabama interest was sold in January 1997.

Telecommunications Law

The Telecommunications Act of 1996 was enacted on February 8, 1996. This landmark legislation significantly modified the Communications Act of 1934 and established a framework for increased competition in the Local and Integrated Services' segments of the Company's business. The Company views this legislation as favorable to its operations because Frontier has been able to enter new markets to provide local service as a CLEC, as well as derive other benefits from the elimination of barriers to competition. In addition to its established local telephone and long distance base, Frontier has been authorized to provide competitive local services in 33 states, plus Washington D.C, as of December 31, 1998. The Telecommunications Act incorporated many aspects of the Open Market Plan initiated by the Company in Rochester, New York in 1993 and implemented in 1995. The Company believes its experience in providing integrated services and its experience with the Rochester, New York Open Market Plan provides it with a competitive advantage.

The Telecommunications Act has been substantially implemented by the Federal Communications Commission ("FCC"). In late 1996, the FCC released a First Report and Order (the "First Report and Order") establishing guidelines to promote local competition affecting the Company and all other competitors in local telecommunications markets. On July 18, 1997, the U.S. Circuit Court of Appeals for the Eighth Circuit reversed portions of the First Report and Order that provided for pricing based primarily on forward-looking, rather than historical costs, which would have provided the FCC with substantially more authority over the compliance by local telephone companies with provisions of the Telecommunications Act. On January 22, 1998, the same court issued a mandate compelling adherence to the decision. On January 23, 1998, the U.S. Supreme Court agreed to review this case. The case was argued on October 13, 1998. On January 25, 1999, the Court reversed the Eighth Circuit Court's decision and reinstated the rules.

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The Act also requires the FCC to restructure the manner in which universal service support payments are established and distributed. On May 7, 1997, the Commission substantially adopted the recommendation of a Federal-State Joint Board released on November 8, 1996 with respect to universal service. The FCC's order increased the amount of support to be dedicated to universal service programs. The Commission has released numerous subsequent orders that have modified its original decisions. These actions are subject to reconsideration and appeal. On May 16, 1997, the Commission adopted an order that substantially modified the structure by which local exchange carriers are compensated for access to and use of their networks. This order was implemented effective January 1, 1998. In general, this order encouraged the recovery of some costs that had previously been recovered in usage-based charges to be recovered in fixed charges. Both of these orders are subject to the possibility of Commission modification in light of market impacts. The Federal-State Joint Board issued a recommendation on November 23, 1998, outlining options for future high cost recovery and that could result in significant changes in the current relationship between carriers. This recommendation is currently being reviewed by the FCC. Any decision is subject to modification and review.

On October 9, 1997, the FCC ordered carriers who receive "dial around" calls from payphones (certain calls sent without coins, such as 800 or other calls with special access codes) to compensate payphone owners at the rate of 28.4 cents per completed call. The per-call compensation rate became effective retroactive to October 7, 1997. The FCC is still considering how it will address the payphone operator compensation issue for a preceding eleven month period. The Company has pursued challenges to the FCC order. However, the Company has also taken action to assess a surcharge to recover the amount of the compensation ordered and related costs or to allocate responsibility for the surcharge where it believes that is an appropriate course. This is believed to be consistent with the action taken by other long distance providers that handle similar calls through payphones. Some payphone providers have initiated proceedings seeking payphone compensation. The Company cannot predict the ultimate outcome of any of these proceedings.

The Company's entry into the Internet distribution business through its Frontier GlobalCenter, Inc. subsidiary ("GlobalCenter") has led it to accelerate its development of additional Internet related products including the provision of certain information or communications offerings over the Internet. Some parties have relied on the Telecommunications Act and other provisions of law to seek the relief of specific regulatory cost and other burdens in some of these services. As these services develop, these issues will be resolved, and a decision that causes access charges and universal service costs to be collected and paid during the course of their provision could drive up the price and make them less attractive.

Competitive Response To Changes in Telecommunications Law

Since the enactment of the Telecommunications Act of 1996, a number of fundamental changes in the business have occurred. Many companies in the industry, particularly among the largest companies, have announced or completed corporate

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consolidations or other acquisitions, partnerships or organizational transactions. As a result, a number of these competitors may be substantially larger in size and may possess financial resources substantially greater than Frontier's. This trend toward consolidation is expected to continue. There is ongoing regulatory activity at both the federal and state levels to implement the Telecommunications Act, and to put in place mechanisms to govern and to deal with new business relationships. If some of the more recently announced mergers are permitted to go forward, these firms will have greater ability to impact the provision of access and other services to the Company and could affect competition in one or more of the Company's markets.

As new technological and business opportunities emerge, the pace of innovation and business activity will likely accelerate. New business relationships are developing and this can be expected to continue. These relationships are partially the result of provisions in the law that require new forms of pricing agreements between facilities-based carriers and resellers, new interconnection agreements, and arrangements that replace long-standing tariff filing mechanisms. Many interconnection and resale agreements have been entered into between incumbent local exchange carriers and other firms. However, in the regions served by the Bell Operating Companies, there continue to be large segments of customers who cannot obtain basic local services from competitors of the incumbent Bell Operating Company. The new law promotes broader competition among incumbent companies in traditional telecommunications lines of business and across such lines of business. While such competition is growing, the Company believes that the local telephone market has not yet achieved the level of competition anticipated at the time of the enactment of the Telecommunications Act. At some point, there will be sufficient competition and other actions taken within given states such that one or more of the Bell Operating Companies will be able to justify entry into the interLATA long distance business within their own territory. Such an event is likely to have direct impacts on both the local telephone market and the long distance market in that state, and indirect impacts elsewhere.

Frontier anticipated that public policy would continue to evolve in favor of greater competition. As a result, the Company has been positioning itself to confront a marketplace with numerous new competitors in each of its targeted business segments. This includes the development of sales, marketing, new products, provisioning, customer service, billing and information technology capabilities that are necessary to compete aggressively and successfully.

Part of this activity has involved an analysis of the merits of owning additional amounts of long distance facilities. Ownership of facilities can provide a number of benefits, including the advantages of lower unit costs, new strategic pricing opportunities and the ability to offer new or unique services. Completion of the Company's nationwide Optronics network in 1999 will provide the Company with the infrastructure necessary to meet the increasing demands for bandwidth capacity and connectivity from both a wholesale and retail basis. The Optronics network will also result in reduced costs and unparalleled reliability. Frontier is installing Nortel DMS-500 switching systems in strategic locations across the country that will connect to the Optronics network. These switches will provide Frontier the ability to offer combined local and long distance

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telecommunications services to its customers through a single, cost-effective switching platform and will enable Frontier to accelerate offerings of its CLEC services. In the fourth quarter of 1997, Frontier introduced a nationwide frame relay product. This product complements the Company's voice services business with a portfolio of additional data services products. In addition, the acquisition of GlobalCenter, a provider of Internet, data and digital distribution services, completed in February 1998, further enhances Frontier's data product capability. The combined technology of the Optronics network, DMS-500 switches, frame relay and enhanced data service comprises a substantial part of the Company's strategic infrastructure that has made Frontier a nationwide, facilities-based provider of local, long distance and data services.

The Company's customer base has been segmented to provide better focus for its sales efforts. Frontier targets four major customer segments: business customers, where Frontier offers customized products for vertical industry segments; wholesale carrier customers, which includes long distance resellers as well as Internet Service Providers ("ISPs"), CLECs and international telecommunications companies; selected data and Internet segments; and targeted consumer markets. Marketing efforts have been centralized. Frontier anticipates that brand awareness and product development will be critical to successful marketing in the future telecommunications marketplace. The Company committed resources in 1998 to diversify and improve its product lines and increase brand awareness, which is expected to continue into 1999.

Strategic Developments

In the fourth quarter of 1997, the Company announced a restructuring plan designed to focus the Company on its core business. The restructuring plan included exiting certain non-strategic businesses; phasing out low margin, price-sensitive long distance consumer products; and targeting actions to reduce costs. In connection with these actions, a post-tax charge of $54.7 million was recorded in the fourth quarter of 1997, primarily associated with a workforce reduction, program cancellations, the exiting of certain product lines and miscellaneous asset and lease impairments. During 1997, the Company reduced its workforce by approximately 700 positions or 8%. These cost cutting measures were partially offset in 1998 by investments in sales and customer service, an acceleration of competitive local service expansion and increased product development costs. Frontier continues to redeploy its resources to respond quickly to opportunities to provide superior product offerings and customer service in its core business.

The Company's strategy has been defined and actions have been taken to move toward the goal of becoming a market-driven business. During the fourth quarter of 1997, the Company began to divest certain nonstrategic assets, which has allowed for the

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redirection of resources into more strategic assets and operations. These actions included the sale of a portion of the Company's retail prepaid calling card business to SmarTalk Teleservices Inc. in December 1997 and the sale of the Minnesota and Alabama facilities-based cellular businesses in 1998 and 1997 as well as the sale of certain other nonstrategic assets during 1998. The Company continues to evaluate the strategic value of other assets and additional sales are expected from time to time.

Construction of the nationwide Optronics network, which commenced in the fourth quarter of 1996, is near completion. The Company's service capacity and network reliability is increasing significantly as the Optronics network is put into service. The Company made a commitment to extend this network in 1998, and that extension is expected to be completed in late 1999. The combined technology of the Optronics network and the DMS-500 switches will enable the Company to expand its ability to provide integrated local and long distance services nationwide. In 1998, the Company added ATM and IP capabilities to the Optronics network, which will provide greater speed and service for data products. In the fourth quarter of 1997, the Company also introduced a nationwide frame relay product. This product will complement the Company's voice services business with a portfolio of additional data services products. This technology will make Frontier a nationwide facilities based provider of integrated local, long distance and data services.

Consolidated Results of Operations

Consolidated revenues in 1998 were $2.6 billion, a $218.7 million or 9.2%, increase from 1997. Revenues in 1997 were $2.4 billion, a $213.7 million or 8.3% decrease from 1996. The most significant growth in 1998 continues to be generated by the Integrated Services Segment's Carrier Services business. Carrier Services' revenues grew $220.7 million or 52.5% over 1997. Carrier Services' revenue normalized for the effect of a major carrier customer's one-plus traffic grew $23.0 million or 6.2% over 1996. The growth in Carrier Services reflects a growing and diverse base of telecommunications customers, such as Level 3 Communications. The Company's agreement with Level 3 Communications provides them with additional bandwidth for IP-based applications and is expected to generate $195.0 million in incremental revenue for the Company over the five year term of the agreement. The decrease in 1997 revenue is primarily attributed to the migration of the Company's major carrier customer's one-plus traffic from the Frontier network, a process that was essentially completed by the end of 1996.

Normalized for other charges, total costs and expenses were $2.3 billion in 1998, $2.1 billion in 1997, and $2.2 billion in 1996. This resulted in an operating income before other charges increase of 20.2% in 1998, as compared with a decrease of 38.2% in 1997. Operating margins, before other charges, were 12.5%, 11.4%, and 16.8% during 1998, 1997 and 1996, respectively.

Operating results in 1998 continue to be positively impacted by revenue growth in several areas including Carrier, Data and CLEC services which are all included in the Integrated Services segment. The downturn in operating income and operating margins for 1997 was attributable to the migration of the Company's largest long distance carrier customer discussed above as well as a higher level of primarily network expenses in the Integrated Services segment.

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Expenses in 1998 were driven primarily by an increase in service costs in the Local segment as well as a higher cost of access in the Integrated Services segment due to growth in Carrier Services, a historically lower margin product. These increases are offset by improvements in selling, general and administrative expenses as a percent of revenue, in part resulting from the restructuring plans announced in the fourth quarter of 1997, which entailed exiting of the Company's prepaid business, the phase down of the Integrated Services residential consumer base, a refocusing of the Company's core product offerings, and centralization of marketing efforts.

Diluted earnings per share were $1.01, $0.18, and $1.13 for the years ended 1998, 1997 and 1996, respectively. Excluding the impact of nonrecurring other charges discussed below, normalized diluted net income applicable to common stock amounted to $176.8 million, $137.0 million, and $238.9 million in 1998, 1997 and 1996, respectively. Diluted earnings per share, normalized for nonrecurring adjustments, were $1.02, $0.81, and $1.43 for the three years, representing an increase of 25.9% for 1998 and a decrease of 43.4% for 1997.

Nonrecurring Adjustments

Consolidated results for the years 1998 through 1996 were impacted by a number of nonrecurring adjustments. Net income for these years, normalized for nonrecurring adjustments, is summarized in the following chart and succeeding narrative.

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(In thousands of dollars, except per share data)

	1998	1997
<S>	<C>	<C>
Diluted income applicable to common stock	$175,143	$ 30,782
Adjustments, Net of taxes:		
Other charges	5,797	117,464
Gain on sale of assets	(5,922)	(11,243
Adoption of new accounting standards	1,755	---
Work stoppage preparation costs	---	---
Total adjustments	$ 1,630	$106,221
Normalized income applicable to common stock	$176,773	$137,003
Diluted earnings per share	$ 1.01	$ 0.18
Total adjustments	0.01	0.63
Normalized diluted earnings per share	$ 1.02	$ 0.81

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1. Other Charges

During 1998, the Company recorded an after-tax charge of $5.8 million (net of taxes of $0.7 million) associated with the acquisition of GlobalCenter. These charges included investment banker, legal fees and other direct costs and were subsequently liquidated in the second quarter of 1998.

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In March 1997, the Company recorded a $62.8 million charge, net of a tax benefit of $33.8 million, primarily related to the write-off of certain network costs no longer required for the Company's long distance traffic volumes. As a result of the decline in long distance traffic, an evaluation of the existing network was performed and facilities deemed no longer necessary to support the Company's revenue and traffic levels were identified.

In the fourth quarter of 1997, Frontier recorded a $54.7 million charge, net of a tax benefit of $32.1 million. This charge was primarily associated with a restructuring and refocusing of the business which included a workforce reduction, program cancellations, the exiting of certain product lines and miscellaneous asset and lease impairments.

Operating results for 1996 included a $42.7 million charge, net of a tax benefit of $25.0 million, resulting from the curtailment of certain Company pension plans, a one-time charge associated with the Company's conference calling product line and the write-off of in-process product development costs. The pension curtailment comprises $17.3 million of the total post-tax charge and is a result of the Company's efforts to standardize pension benefits. The one-time charge associated with the Company's conference calling product line ($13.1 million, post-tax) primarily reflected an adjustment to write-off nonrecoverable product development costs relating to proprietary software. The write-off of in-process product development costs ($12.3 million, post-tax) related to the 1996 GlobalCenter merger with GCIS, an Internet management services company.

2. Gain on Sale of Assets

During November 1998, the Company sold certain non-strategic investments. The sales resulted in an after tax gain of $3.0 million.

In April 1998, the Company completed the sale of Minnesota RSA No. 10, a wholly owned cellular partnership, and certain other properties. The sale of these properties resulted in a combined after-tax gain of $2.9 million, or $.02 per share. The income taxes in these transactions of $12.3 million are primarily driven by a low tax basis in the Minnesota RSA No. 10 investment which was acquired in a tax free stock transaction and resulted in nondeductible goodwill.

Gain on sale of assets in 1997 reflects the sale of the Company's 69.5% equity interest in the South Alabama Cellular Communications Partnership which resulted in a post-tax gain of $11.2 million ($18.8 million pre-tax).

In 1996, Frontier sold its minority investment in a Canadian long distance company ($5.0 million pre-tax gain, $3.0 million post-tax).

3. Adoption of New Accounting Standards

The Company adopted Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." ("SOP 98-5") during 1998. The cumulative effect of adopting SOP 98-5 was an after-tax charge of $1.8 million, net of applicable income taxes of $0.8 million or

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$.01 per share. The charge is primarily attributed to unamortized start-up costs related to product development costs associated with new business ventures.

Additionally in 1996, the Company recorded an $8.0 million charge, net of a tax benefit of $4.3 million, for the adoption of Financial Accounting Standards Board ("FAS") 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The assets held for disposal consisted principally of telephone switching equipment in the Local Communications segment as a result of a central office switch consolidation project in Frontier's New York markets.

4. Work Stoppage Preparation Costs

During the first quarter of 1996, operating costs increased $1.9 million, net of applicable income taxes of $0.9 million, at the Company's largest telephone subsidiary due to high labor and related expenses in connection with a union contract negotiation that was substantively settled during 1997.

Results of Segment Operations

Integrated Services

Revenues were $1.9 billion, $1.7 billion, and $1.9 billion in 1998, 1997 and 1996, respectively, representing an 11.8% increase in 1998 and a 12.3% decrease in 1997. The increase in revenue from 1997 to 1998 is attributed to a growing base of carrier customers, CLEC services and data revenue. Revenue increases are being offset from exiting the prepaid business and the de-emphasis of selected consumer programs. The decrease in revenue from 1996 to 1997 is attributable primarily to the migration of the one-plus long distance traffic of the Company's major carrier customer from the Frontier network as discussed below. Normalized for the effect of this major carrier customer's one-plus traffic, Integrated Services' revenue grew approximately 5% in 1997.

Carrier Services' revenue grew 52.5% in 1998 and 6.2% in 1997, normalized for the effect of the major carrier customer's one-plus traffic in 1997. These increases are driven by both an increase in the customer base as well as higher levels of switched and dedicated traffic. As the optronics network is completed, the Company anticipates further fiber capacity sales, swaps and exchanges such as the Level 3 Communications contract which includes a minimum commitment of $195.0 million over a five year contract term.

In 1996, the Company renegotiated its contract with its then largest carrier customer as the customer was planning to install its own long distance switching capacity and diversify its traffic distribution to one or more additional carriers. Revenue from this carrier comprised approximately 4% of Frontier's Integrated Services revenue in 1998 as contrasted with 6% and 21% in 1997 and 1996, respectively. The loss of this customer's one-plus traffic contributed to lower operating income in 1997 due to lower overall traffic levels resulting in a higher level of fixed network costs than required by the remaining volume of business carried by the Company.

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CLEC revenue growth was 107.2% for the year ended 1998. Frontier provides local service as a CLEC on both a resale and facility basis with a focus on providing integrated local, long distance and data services. At year end 1998, the Company was providing local services as a CLEC together with a complete range of long distance products in 32 states, plus Washington, D. C. Most of that coverage was provided via resale of services of incumbent local exchange carriers. Within that footprint, CLEC service also was provided initially from Frontier's own switches in New York, Boston and Minneapolis. Since then, Frontier expanded its coverage to approximately two-thirds of the United States and turned up facilities-based service in a total of thirteen metropolitan areas at the end of 1998. The Company anticipates providing facilities-based service in a total of thirty-eight metropolitan areas by the end of 1999. Facilities-based service is being offered in cities that are on the Company's Optronics network, which will provide Frontier with the opportunity to expand its offerings of combined local and long distance services into additional markets, control access costs, and leverage the Optronics network. As of the end of 1998, Frontier is serving in excess of 208,000 CLEC ANIs, or access lines as compared to 100,000 CLEC ANIs at the end of 1997. Frontier's objective is to have the capability to offer local services in 33 states, plus Washington D.C., covering 74% of the United States by the end of 1999.

Data Services' revenue was $97.6 million, $22.4 million and $12.9 million in 1998, 1997 and 1996, respectively, which led to increases of 335.7% in 1998 and 73.6% in 1997. The continued integration and growth of GlobalCenter largely led to the year over year increase. In general, growth in Data Services' revenue was driven by dedicated Internet, national frame relay and web hosting. GlobalCenter's major digital distribution service customers include Yahoo!, Motley Fool, and USA Today among others.

Cost of access as a percentage of revenues was 64.0% in 1998, 64.1% in 1997, and 63.7% in 1996. The 1998 percentage has remained constant as compared to 1997 due to increased Carrier Services' traffic, which has lower margins, offset by network migration, favorable 1998 access rate reductions and a shift in the international traffic mix. Construction delays of the Optronics network impacted the level of savings expected during 1998. The higher cost of access percentages reported for 1997 compared to 1996 was driven by the growth and mix of international traffic and a higher proportion of fixed network costs than would have been required for the volume of minutes actually carried by the Company's network during these periods. Cost of access in 1997 was also impacted by increased costs related to the public payphone compensation order. In September 1996, an FCC ruling established a "per call compensation plan" that provides payphone service providers with compensation for calls completed using their payphones. The FCC substantially increased these charges in October 1997. In 1997, the Company began assessing a surcharge to its payphone users in order to recover the amount of compensation and related costs ordered by the FCC.

Construction of the Company's Optronics network as originally announced in 1996, was on schedule through the first half of 1998. However, delays in the completion of a small number of segments have moved the expected completion date of the network into the first half of 1999. Cost benefits are expected to be realized as the SONET rings are closed, traffic is migrated, and redundant leased costs are eliminated. The Company has further enhanced its Optronics network by expanding its

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geographic coverage. Through swap agreements with Enron Communications and WTCI, Frontier will add approximately 4,000 additional route miles in the western half of the United States. These agreements will also provide the Company with additional redundant SONET rings, further enhancing the reliability and performance of the network. In addition, in July 1998, Frontier entered into an agreement with Williams Communications to construct an extension of Frontier's

Optronics network into the southeast United States. In aggregate, the Company's Optronics network will have 20,000 route miles. As of December 31, 1998, approximately 74% of the original 13,000 route mile Optronics network is carrying traffic. Construction of the Optronics network and the continuing network integration efforts are expected to reduce future network costs as well as provide new revenue opportunities for the Company.

Selling, general and administrative costs ("SG&A"), as a percentage of revenues, was 25.3% in 1998, 27.9% in 1997 and 19.8% in 1996. The 1998 decrease, as a percentage of revenues, is largely due to increased Carrier Services' revenue which carries lower SG&A costs as well as cost controls and a change in the revenue mix away from consumer businesses. The 1997 increase as a percentage of revenues is principally due to the decrease in revenues without corresponding proportional cost decreases. During the last half of 1996 and continuing through 1998, the Company intensified its investment in the sales and marketing areas with the intent of providing the Company with the resources necessary to expand into new markets, attract and retain new customers and provide superior customer service.

Depreciation and amortization increased by $11.3 million and $14.5 million in 1998 and 1997, respectively due primarily to the impact of the Optronics network.

Operating income for Integrated Services, excluding nonrecurring charges, increased 153.0% in 1998 and decreased 84.6% in 1997. Operating margin was 4.8% in 1998, 2.1% in 1997, and 12.1% in 1996. The Company anticipates improved operating margins during 1999 as higher revenue levels are achieved, higher cost routes are removed from the network, the Optronics network is completed and additional operating efficiencies are introduced. The growth in revenue is expected to be driven by expanded sales in the Company's targeted markets, and the introduction of new products and services, and the maintenance of superior customer service. The Company's calling card services agreement with U S WEST began contributing to operating results in the second quarter of 1997 and has continued to grow throughout 1998. The agreement provides U S WEST the ability to offer calling card services to its customers and is expected to generate in excess of $50 million in incremental revenue for the Company over the 30 month term of the agreement.

Local Communications Services

In addition to consistent profitability and strong cash flows, the local communications companies have been successful in marketing and selling integrated services to their customers. Local Communications' revenues were $701.9 million in 1998, $667.1 million in 1997, and $643.0 million in 1996, representing increases of 5.2% and 3.7%, respectively over the prior years. Revenue growth in each year was driven by the

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introduction of new products and features such as voice mail, caller ID and call waiting, and a higher demand for services such as second lines. Revenue growth in 1998 and 1997 was also influenced by an increased demand for Internet services and dedicated traffic growth. The growth in revenue is partially offset by the elimination of the surcharge on wholesale, flat rate local measured service, as ordered by the New York State Public Service Commission ("NYSPSC") in 1996, an increase in the discount to wholesale providers in the Rochester, NY market from 5% to 17%, also ordered by the NYSPSC, and a $1.5 million annual rate reduction as stipulated by the Open Market Plan for the Company's subsidiary, Frontier Telephone of Rochester, Inc. ("FTR"). Total access lines increased 3.5% and 2.3% and minutes of use increased 3.4% and 5.3% in 1998 and

1997, respectively.

Costs and expenses for the local communications segment, excluding nonrecurring charges, were $334.6 million in 1998, up slightly over 1997, but down as a percent of revenue. The increase in costs and expenses in 1998 is attributable to service quality improvement efforts during the year in response to continued scrutiny by the NYSPSC and the assessment of a two million dollar service penalty at FTR. Service penalty assessments in 1999 could range up to $7 million if certain service metrics are not obtained. FTR met or exceeded these service requirements in the fourth quarter of 1998. Costs are also up due to increased depreciation expense, higher operating costs for repair and maintenance and an increase in customer service costs due to access line growth. A portion of the repair and maintenance increase was caused by severe flooding and ice storms during the first half of 1998 as well as a severe windstorm during the third quarter at certain local properties. Costs and expenses for 1997 compared to 1996 were relatively consistent. During 1996, the Rochester telephone operation experienced increased costs and expenses related to incremental labor expenses resulting from work stoppage preparation costs. These expenses, which were incurred in connection with contract negotiations with the Communications Workers of America ("CWA" or "Union"), were necessary to ensure continued high standards of customer service levels in the event of a work stoppage or slowdown. The contract negotiations resulted in an agreement which expired at the end of 1998. A new three year agreement became effective on January 3, 1999. The result of these agreements provide several operational improvements and a more consistent alignment of benefits. Operating margins, excluding nonrecurring items, were 36.2% in 1998, 36.3% in 1997, 33.5% in 1996. This positive result is reflective of the continuing effort in maintaining operating efficiencies and consistent revenue growth.

The Rochester, New York local communications subsidiary completed its fourth year of operations under the Open Market Plan in December 1998. The Open Market Plan promotes telecommunications competition in the Rochester, New York marketplace by providing for (1) interconnection of competing local networks including reciprocal compensation for terminating traffic, (2) equal access to network databases, (3) access to local telephone numbers, (4) service provider telephone number portability, and (5) certain wholesale discounts to resellers of local services. The Open Market Plan has undergone some modifications in light of the Telecommunications Act and other regulatory action of the NYSPSC. The Company believes that it has successfully maintained its competitiveness in the Rochester marketplace, as the Company's subsidiary still provides approximately 98% of the services in the wholesale market and approximately 96% of retail local services in the market.

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Corporate Operations and Other

This segment includes the operations of FNSC and expenses traditionally associated with a holding company, including executive and board of directors' expenses, corporate finance and treasury, investor relations, corporate planning, legal services and business development. Formerly, the wireless operations from Minnesota RSA No. 10 and the Company's 69.5% interest in Alabama RSAs No. 4 and No. 6 were included in this segment. The sale of the Company's interest in Alabama RSAs No. 4 and No. 6 was finalized January 31, 1997 and on April 30, 1998, the Company sold Minnesota RSA No. 10. The sale of wireless properties is a result of the Company's strategic decision to divest non-core assets. Wireless products, as a part of Frontier's integrated services, are offered to Frontier customers nationwide on a resale basis.

In February 1997, the Company completed its purchase of R.G. Data

Incorporated (renamed FNSC). FNSC was a privately held upstate New York based computer and data networking equipment and services company. A total of 110,526 shares of Frontier common stock held in treasury were reissued in exchange for all of the shares of FNSC. The treasury shares were acquired through open market purchases. FNSC's operations are consolidated with FNS for reporting purposes.

Other Income Statement Items

Interest Expense

Interest expense was $55.3 million in 1998, an increase of $7.1 million or 14.7% over 1997. Interest expense was $48.2 million in 1997, an increase of $4.9 million or 11.4% over 1996. The overall increase in interest expense in both periods is the result of higher levels of debt outstanding primarily attributable to the Company's capital program. The amount of interest expense capitalized increased $18.2 million and $7.2 million in 1998 and 1997, respectively, also as a result of increased capital spending.

Equity Earnings from Unconsolidated Wireless Interests

The Company's minority interests in wireless operations and its 50% interest in the Frontier Cellular joint venture with Bell Atlantic are accounted for using the equity method. This method of accounting results in the Company's proportionate share of earnings being reflected in a single line item below operating income.

Equity earnings from the Company's interests in wireless partnerships were $16.7 million in 1998, $12.0 million in 1997, and $9.0 million in 1996. The increase in equity earnings during 1998 and 1997 is attributable to increased customers, primarily at Frontier Cellular, and usage, as well as improved operating efficiencies as compared to 1996.

Income Taxes

The effective tax rate was 42.2% in 1998 versus 58.1% in 1997 and 41.8% in 1996. The increase in the effective tax rate for 1997 is attributable to the nonrecurring charges

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recorded by the Company, combined with the effect of recording additional valuation allowance for net operating loss deferred tax assets at GlobalCenter prior to the pooling of interests transaction. Use of the preacquisition net operating losses are limited by tax laws and the realization of these losses is uncertain at this time.

Financial Condition

Review of Cash Flow Activity

Cash provided from operations in 1998 amounted to $434.2 million as compared to $255.8 million in 1997 and $397.2 million in 1996. The increase in cash flow from operations is largely attributable to the increased operating income in the Integrated Services' segment during 1998. The accounts receivable allowance increase in 1998 is primarily due to revenue volume increases and a higher mix of carrier customers with larger account balances.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") is a common measurement of a company's ability to generate operating cash flow. EBITDA should be used as a supplement to, not in place of, cash from operating activities. The Company's EBITDA was $549.7 million, $482.1 million, and $626.9 million before other charges in 1998, 1997 and 1996, respectively.

Cash used for investing activities was $597.6 million, $292.6 million, and $333.3 million in 1998, 1997 and 1996, respectively. Capital expenditures continue to be the largest recurring use of the Company's investing funds. Capital spending amounted to $646.9 million, $365.1 million, and $311.9 million in 1998, 1997 and 1996, respectively. The Company's total capital investment for 1998 was $696.4 million, including the $136.9 million accrued for the Company's new optronics network and other capital programs. The $136.9 million obligation at December 31, 1998 is a non-cash transaction that is treated as debt in the Company's capital structure as the Company intends to finance this obligation through available credit facilities and unused commitments extending beyond one year. The increase in the 1998 capital program was due to long distance switch enhancements, additional investments intended to improve service at FTR, continued product enhancements and construction costs for the optronics network. Cash utilized in 1998 for investing activities was partially funded by the proceeds received from the sale of Minnesota RSA No. 10 and the sale of other certain nonstrategic investments.

Cash flows from financing activities amounted to inflows of $222.3 million and $25.7 million in 1998 and 1997, respectively, compared with an outflow of $58.0 million in 1996. The net inflow of cash is the result of increased borrowings during 1998 and 1997 driven by the Company's capital program. The Company's largest recurring financing activities are the payment of common and preferred dividends which totaled $151.8 million, $143.6 million, and $138.7 million in 1998, 1997 and 1996, respectively.

Liquidity and Capital Resources

The Company has a number of financing vehicles in place to ensure adequate liquidity in meeting its anticipated cash needs. Frontier has a commercial paper program of $350 million which is fully backed by committed revolving credit agreements. In

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November 1998, the Company established combined revolving credit agreements of $475 million which will serve as backup to the Company's commercial paper program. These facilities replaced the Company's existing $350 million credit facility which was due to expire in August 2000. At December 31, 1998, total borrowings and amounts available under these lines of credit were $197.7 million and $277.3 million, respectively. In September 1998, the Company completed a $200.0 million public offering of 6.00% Dealer remarketable securities ("Drs.SM") which mature in 2013. In December 1997, the Company entered into an interest rate hedge agreement that effectively converts $200.0 million of the Company's fixed-rate debt into a floating rate, based on an index rate plus 2.88%. The agreement expires in May 2004 and caps the floating rate the Company pays at 7.25% through November 1999 and 9.00% through May 2004. In May 1997, the Company completed a $300.0 million public offering of 7.25% Notes which mature in 2004. In December 1997, the Company issued $100.0 million, 6.25% Pass-Through Asset Trust Securities ("PATS") due in 1999. The PATS securities were sold pursuant to Rule 144A under the Securities Act, and not under the shelf registration. Proceeds from these offerings were used to finance a portion of the nationwide optronics network and to pay down commercial paper borrowings.

At December 31, 1998, aggregate debt maturities amounted to $9.5 million for 1999, $16.9 million for 2000 and $273.4 million for 2001. The debt to total capital ratio at December 31, 1998 increased to 57.2%, as compared to 49.2% in the prior year and 39.1% in 1996. Pre-tax interest coverage, which measures the

Company's ability to cover its financing costs, was 4.7 times in 1998 and 1997 versus 8.7 times in 1996 (excluding nonrecurring charges for all years).

In May 1997, Duff and Phelps revised its rating on the Company's long-term debt from "A" to "A-", reflecting concern about the recent performance of the Company's Integrated Services operations, increased capital spending levels and rising uncertainty in the Integrated Services business. Standard & Poor's affirmed its "A" rating of the Company, although it revised its rating "outlook" from stable to negative. Rating outlooks serve as an assessment of long-term trends or risks, normally for periods covering one to three years, that have less certain credit implications, and are not necessarily a precursor to future rating changes. Moody's and Fitch affirmed their ratings of "A3" and "A", respectively. The Company does not anticipate that the revised rating or rating "outlook" will have a material impact on the future cost of borrowing.

Total gross expenditures for property, plant and equipment in 1999 are anticipated to be consistent with 1998. The Company anticipates financing its capital program through a combination of internally generated cash from operations and external borrowings.

Under the Company's Open Market Plan, dividend payments to the parent company are temporarily prohibited until FTR receives clearance from the NYSPSC that service requirements are being met. Cash restricted for dividend payments by FTR as of December 31, 1998 was approximately $53.0 million.

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In December 1998, the Company's Board of Directors declared a quarterly dividend on common stock of $0.2225 per share, payable February 1, 1999, to shareholders of record on January 15, 1999.

Year 2000 Issues

The Company's Year 2000 ("Year 2K") project is intended to address potential processing errors in computer programs that use two digits (rather than four) to define the applicable year. The Company's assessment of Year 2K issues is essentially complete. Disclosure is warranted because the issues, if unresolved by the Company and by the many unaffiliated carriers and other firms with whom the Company interconnects its networks or does business, could have impacts that are material. The Company addresses Year 2K issues in four areas:

State of Readiness. Frontier has developed plans to assess and remediate key internally-developed computer systems so they will be Year 2K compliant in advance of December 31, 1999 and has implemented those plans to a significant degree. The plans encompass all operating properties as well as Frontier's corporate headquarters. These include both information technology ("IT") and non-IT compliance. The plans cover the review, and either modification, or replacement, where necessary, of portions of the Company's computer applications, telecommunications networks, telecommunications equipment and building facility equipment that directly connect the Company's business with customers, suppliers and service providers. Implementation of the plan began in 1996 and the Company believes that substantially all of its internally-developed IT systems are now compliant. Final assessments and remediation are expected to be substantially complete by midyear 1999, leaving the remainder of 1999 for additional system testing, carrier interoperability testing and other remediation. These plans involve capital expenditures for new software and hardware, as well as costs to modify existing software. Initially, work with IT systems was given priority over work with non-IT systems, but the Company is comprehensively reviewing its non-IT Year 2K readiness as well, including communications with third parties who supply or maintain non-IT systems or significant non-IT subsystems.

Costs. To date, the Company has committed approximately $7.5 million to
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Year 2K issues, and anticipates that it will spend an additional $3.0 to $4.6 million during 1999. This includes costs directly related to Year 2K assessment and remediation and the replacement of non-compliant systems, including acceleration of replacement of non-compliant systems due to Year 2K issues. A substantial portion of the total amount has been used for third party assistance in assessment and remediation. The source of these funds is cash generated from operations. The Year 2K projects have not caused the Company to forego or defer, to any material degree, other critical IT projects. To date, the costs of addressing potential Year 2K problems are not considered material to the Company's financial condition, results of operations or cash flows and have been consistent with planned expenditures, and future costs are not expected to be material in such respects.

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Risks. The Company is engaged primarily in telecommunications lines of
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business, and therefore connects directly and indirectly with thousands of other carriers, inside and outside the United States. These connections are made through switching offices of the Company and the other carriers. The switching offices were manufactured by and often maintained by third parties. While many other carriers have announced plans to engage independently in Year 2K assessment and remediation for their networks, there is a risk that some carriers (particularly smaller carriers and carriers outside the United States) will not address or resolve Year 2K issues, and that telecommunications will therefore be affected. If this were to occur, it is likely that the Company would be affected only to the same degree as the other carriers in the telecommunications industry. A Year 2K failure in the network of smaller carriers would not be likely to have a significant impact on telecommunications generally, or on the Company. However, addressing these risks is outside the Company's control. In addition, the Company is unable at this time to assess the degree to which the manufacturers of switches and similar equipment have completed their assessment and remediation of such equipment and its associated software with respect to any other carriers. The majority of the Company's switches are manufactured and supported by entities with a broad base of similarly situated customers, and who have a vested interest in assuring that their products will not be affected by Year 2K events, and if affected, will be remedied promptly. The Company has initiated an inquiry with its primary vendors and continues to engage in discussions related to Year 2K compliance with many of them. Another risk to the Company arises with respect to the timely completion of Year 2K remediation for the processing that occurs in the Company's IT and non-IT systems. If the Company or its vendors are unable to resolve such processing issues in a timely manner, it could pose independent risks to the Company's business that could be material. Accordingly, the Company has devoted resources it believes to be adequate to resolve all significant identified Year 2K issues in a timely manner, and has undertaken plans to make information available to customers and others related to its Year 2K activities. Consistent with the practice of other carriers, the Company generally has declined to provide Year 2K compliance warranties or other Year 2K-related contractual promises to customers or other persons. In addition, the Company is engaged in communications with third party equipment and software vendors and suppliers of services to verify their Year 2K readiness, and plans to engage in internetwork testing with other carriers during 1999. Since the Company's own optronics network, including the recently announced southeast expansion, is expected to be substantially deployed before December 31, 1999, the Company

anticipates that the impact of other carriers who may experience business interruptions would be lessened, and such interruptions are not currently expected to have material adverse impacts on the Company.

Contingency Plans. The Company consistently monitors the progress of its Year 2K program. The Company currently anticipates that it will resolve its Year 2K issues before the end of 1999, with the exception of any issues that involve other carriers or suppliers and are outside of its control. During 1999, the Company will also monitor efforts undertaken through regulatory agencies and industry groups to assure that Year 2K preparations are completed in a timely manner. The Company has begun to evaluate whether there are areas for which contingency plans are appropriate (but has not identified any such areas to date). Any need for contingency planning will be identified over the next two quarters. Contingency plans (if necessary) will be developed for

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critical systems if conversion or replacement projects fall behind schedule, or if internetwork testing should identify significant risk issues, or if broader industry concerns emerge that management concludes require such action.

New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued FAS 130, "Reporting Comprehensive Income," effective for fiscal years beginning after December 15, 1997. This statement establishes standards for reporting and displaying of comprehensive income and its components in a full-set of general-purpose financial statements. Comprehensive income is defined as "the change in equity of a company during a period from transactions and other events and circumstances from nonowner sources." This statement requires reporting by major components and as a single total, the change in net assets during the period from non-shareholder sources. The Company adopted FAS 130 in the first quarter of 1998. Adoption of this standard does not have a material impact on Frontier.

The Company has adopted the provisions of FAS 131, " Disclosures about Segments of an Enterprise and Related Information," effective December 31, 1998. This statement establishes annual and interim reporting standards for an enterprise's business segments and related disclosures about its products, services, geographic areas and major customers. Adoption of this statement did not impact the Company's consolidated financial position, results of operations or cash flows.

In April 1998, the American Institute of Certified Public Accountants issued SOP 98-5 which requires that start-up costs be expensed as incurred. The Company adopted the provisions of SOP 98-5 in 1998. Accordingly, $1.8 million, net of applicable income taxes of $.8 million of unamortized start-up costs at December 31, 1997, have been expensed in the accompanying Consolidated Statements of Income and is reported as cumulative effect of a change in accounting principle. These start-up costs are primarily related to product development costs associated with new business ventures.

The Company adopted FAS 128, "Earnings Per Share," effective December 31, 1997. This statement simplifies the standards for computing earnings per share previously found in Accounting Principles Board Opinion No. 15, "Earnings Per Share", and makes them comparable to international earnings per share ("EPS") standards. FAS 128 requires dual presentation of basic and diluted EPS on the face of the income statement and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS calculation. Basic EPS excludes the effect of common stock equivalents and is computed by dividing income available to common shareholders by the weighted average of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could result if securities or other contracts to issue common stock were exercised or converted into common stock. The impact on EPS resulting from the adoption of FAS 128 was not material.

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The FASB issued FAS 133, "Accounting for Derivative Instruments and Hedging Activities" effective for fiscal years beginning after June 15, 1999. This statement standardizes the accounting for derivatives and hedging activities and requires that all derivatives be recognized in the statement of financial position as either assets or liabilities at fair value. Changes in the fair value of derivatives that do not meet the hedge accounting criteria are to be reported in earnings. Adoption of this standard is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

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Report of Independent Accountants

To the Board of Directors and
Shareholders of Frontier Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Frontier Corporation and its subsidiaries at December 31, 1998, 1997, and 1996, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 12 to the financial statements, during 1998 the Company adopted the provisions of Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities."

As discussed in Note 12 to the financial statements, during 1996 the Company adopted the provisions of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of."

PricewaterhouseCoopers LLP
January 25, 1999
Rochester, New York

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Report of Management

The integrity and objectivity of the accompanying financial information is the responsibility of the management of Frontier Corporation.

The financial statements report on management's accountability for corporate operations and assets. To this end management maintains a highly developed system of internal controls and procedures designed to provide reasonable assurance that the Company's assets are protected and that all transactions are accounted for in conformity with generally accepted accounting principles. The system includes documented policies and guidelines, augmented by a comprehensive program of internal and independent audits conducted to monitor overall accuracy of financial information and compliance with established procedures.

PricewaterhouseCoopers LLP, an independent accounting firm, provides an objective assessment of the degree to which management meets its responsibility for financial reporting. They regularly evaluate the system of internal accounting controls and perform such tests and other procedures they consider necessary to express an opinion that the financial statements present fairly the financial position of the Company.

Rolla P. Huff
Executive Vice President and Chief Financial Officer
Frontier Corporation
January 25, 1999

Report of Audit
Committee

The Audit Committee of the Board of Directors is comprised of three independent directors who are not officers or employees of the corporation. The committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Audit Committee recommends to the Board of Directors the election of the independent accountants and ratification by the shareholders. The committee also meets regularly with management, the independent accountants and internal auditors to review accounting, auditing, internal accounting controls, pending litigation and financial reporting matters. As a matter of policy, the internal auditors and independent accountants have unrestricted access to the Audit Committee.

Jairo A. Estrada
Chairman, Audit Committee
Frontier Corporation
January 25, 1999
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BUSINESS SEGMENT INFORMATION
<TABLE>
<CAPTION>

In thousands of dollars	Years Ended December 31,	1
<S>		<C>
Integrated Services:		

Revenue	
Commercial	$ 981,
Consumer	239,
Carrier	641,
Exited business-Prepaid	
Total Revenue	1,863,
Cost of Access	1,191,
Gross Margin	671,
Selling, General and Administrative Expense	471,
Depreciation and Amortization	110,
Operating Income:	
Operating Income Before Other Charges	89,
Other Charges	(6,
Total Operating Income (Loss)	$ 83,
Capital Expenditures	$ 487,
Total Assets	$1,740,
Local Communications Services:	
Revenue	$ 701,
Costs and Expenses	334,
Depreciation and Amortization	112,
Operating Income:	
Operating Income Before Other Charges	254,
Other Charges	
Total Operating Income	$ 254,
Capital Expenditures	$ 153,
Total Assets	$1,033,
Corporate Operations and Other:	
Revenue	$ 28,
Costs and Expenses	45,
Depreciation and Amortization	2,
Operating Loss:	
Operating Loss Before Other Charges	(20,
Other Charges	
Total Operating Loss	$ (20,
Capital Expenditures	$ 55,
Total Assets	$ 284,
Consolidated:	
Revenue	$2,593,
Costs and Expenses	2,043,
Depreciation and Amortization	225,
Operating Income:	
Operating Income Before Other Charges	323,
Other Charges	(6,
Total Operating Income	$ 317,
Capital Expenditures	$ 696,
Total Assets	$3,058,

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF INCOME
<TABLE>
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In thousands of dollars, except per share data Years Ended December 31,	1998
<S>	<C>
Revenue	
Integrated Services	$ 1,863,120
Local Communications	701,935
Corporate Operations and Other	28,503
Total Revenue	2,593,558
Costs and Expenses	
Operating expenses	1,982,008
Depreciation and amortization	225,806
Taxes other than income taxes	61,820
Other charges	6,528
Total Costs and Expenses	2,276,162
Operating Income	317,396
Interest expense	55,318
Other income:	
Gain on sale of assets	20,378
Equity earnings from unconsolidated wireless interests	16,711
Interest income	5,084
Other income (expense)	2,852
Income Before Taxes and Cumulative Effect of Changes in Accounting Principles	307,103
Income tax expense	129,560
Income Before Cumulative Effect of Changes in Accounting Principles	177,543
Cumulative effect of changes in accounting principles	(1,755)
Consolidated Net Income	175,788
Dividends on preferred stock	(1,005)
Basic Income Applicable to Common Stock	$ 174,783
Diluted earnings adjustment	360
Diluted Income Applicable to Common Stock	$ 175,143
Basic Earnings Per Common Share	
Income before cumulative effect of changes in accounting principles	$ 1.03
Cumulative effect of changes in accounting principles	(.01)
Basic Earnings Per Common Share	$ 1.02
Average Shares Outstanding	170,626
Diluted Earnings Per Common Share	

Income before cumulative effect of changes in accounting principles	$	1.02
Cumulative effect of changes in accounting principles		(.01)
Diluted Earnings Per Common Share	$	1.01
Average Shares Outstanding		173,941

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEETS

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In thousands of dollars, except share data December 31,		199
<S>		<C>
ASSETS		
Current Assets		
Cash and cash equivalents	$	85,14
Accounts receivable (less allowance for uncollectibles of $37,956, $25,100 and $31,519, respectively)		422,72
Materials and supplies		9,92
Deferred income taxes		13,32
Prepayments and other		35,56
Total Current Assets		566,67
Property, plant and equipment, net		1,677,55
Goodwill and customer base, net		484,01
Deferred and other assets		330,49
Total Assets	$	3,058,74
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$	449,04
Dividends payable		38,50
Debt due within one year		9,46
Taxes accrued		26,12
Other liabilities		44,55
Total Current Liabilities		567,69
Long-term debt		1,350,82
Deferred income taxes		40,04
Deferred employee benefits obligation		81,92
Total Liabilities		2,040,48
Shareholders' Equity		
Preferred stock		18,77
Common stock, par value $1.00, authorized 300,000,000 shares; 171,635,518 shares, 170,503,300 shares, and 168,649,955 shares issued in 1998, 1997, and 1996		171,63
Capital in excess of par value		578,94
Retained earnings		274,87
Accumulated other comprehensive income:		
Minimum pension liability adjustment and other		(4,24

- ---

1,039,97

Less-

Treasury stock, 10,849 shares in 1998 and 1997 and 6,375 shares in 1996, at cost 23

Unearned compensation 21,48

- ---

Total Shareholders' Equity 1,018,25

- ---

Total Liabilities and Shareholders' Equity $ 3,058,74

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</TABLE>

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

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In thousands of dollars Years Ended December 31,

- ---

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Operating Activities

Net income

- ---

Adjustments to reconcile net income to net cash provided by operating activities:

Other charges

Cumulative effect of changes in accounting principles

Depreciation and amortization

Gain on sale of assets

Equity earnings from unconsolidated wireless interests

Other, net

Changes in operating assets and liabilities, exclusive of impacts of dispositions and acquisitions:

(Increase) decrease in accounts receivable

Decrease (increase) in material and supplies

Decrease (increase) in prepayments and other current assets

Increase in deferred and other assets

Increase (decrease) in accounts payable

(Decrease) increase in taxes accrued and other current liabilities

Increase (decrease) in deferred employee benefits obligation

Increase in deferred income taxes

- ---

Total adjustments

- ---

Net cash provided by operating activities

- ---

Investing Activities

Expenditures for property, plant and equipment

Deposits for capital projects

Proceeds from asset sales

Investment in cellular partnerships

Purchase of companies, net of cash acquired

- ---

Net cash used in investing activities

- ---

Financing Activities
Proceeds from issuance of long-term debt
Repayments of debt
Dividends paid
Issuance of common stock
Other financing activities

Net cash provided by (used in) financing activities

Net Increase (Decrease) in Cash and Cash Equivalents
Cash and Cash Equivalents at Beginning of Year

Cash and Cash Equivalents at End of Year

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
<TABLE>
<CAPTION>

In thousands of dollars	Preferred Stock	Common Stock	Capital In Excess of Par	Retained Earnings	A C
<S>	<C>	<C>	<C>	<C>	
Balance, January 1, 1996	$22,769	$160,754	$418,848	$317,575	
Comprehensive Income:					
Net income				190,187	
Minimum pension liability adjustment and other (net of tax of $261)					
Comprehensive Income					
Acquisitions		1,645	19,984		
Redemptions	(158)		53		
Exercise of stock options		5,482	27,355		
Exercise of warrants		87	131		
Restricted stock plan activity, net		100	4,089		
Tax benefit from exercise of stock options			48,531		
Common and preferred dividends				(141,416)	
Equity offering of pooled subsidiary		574	3,675		
Other		7	345	(695)	
Balance, December 31, 1996	$22,611	$168,649	$523,011	$365,651	$
Comprehensive Income:					
Net income				31,801	
Minimum pension liability adjustment and other (net of tax of $868)					
Comprehensive Income					
Acquisitions		616	8,146		
Redemptions	(2,485)		(13)		

Exercise of stock options		162	752		
Exercise of warrants		44	65		
Restricted stock plan activity, net		190	3,933		
Incentive stock plan, net			4,964		
Tax benefit from exercise of stock options			982		
Common and preferred dividends				(144,470)	
Purchases for acquisition					
Equity offering of pooled subsidiary		813	8,215		
Other		29	368	60	
Balance, December 31, 1997	$20,126	$170,503	$550,423	$253,042	$
Comprehensive Income:					
Net income				175,788	
Minimum pension liability adjustment and other (net of tax of $365)					
Comprehensive Income					
Redemptions	(1,356)		(102)		
Exercise of stock options		548	7,885		
Restricted stock plan activity, net		344	15,847		
Incentive stock plan, net					
Tax benefit from exercise of stock options			4,505		
Common and preferred dividends				(153,522)	
Other		241	388	(438)	
Balance, December 31, 1998	$18,770	$171,636	$578,946	$274,870	$

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Description of Business and Organization-Frontier Corporation ("Frontier" or "the Company"), headquartered in Rochester, New York, is a leading provider of integrated telecommunications services, including Internet IP and data applications, long distance, local telephone and wireless, to more than two million business, carrier and targeted residential customers nationwide, in Canada and the United Kingdom. It is one of the largest long distance carriers and local exchange service providers in the United States. The Company provides domestic and international voice, data products and video and audio communications, digital distribution services, Internet service and other communications products to primarily small to mid-sized business customers and targeted consumer markets.

Consolidation-The consolidated financial information includes the accounts of Frontier and its majority-owned subsidiaries after elimination of all significant intercompany transactions. Investments in entities in which the Company does not have a controlling interest are accounted for using the equity method.

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Materials and Supplies-Materials and supplies are stated at the lower of cost or market, based on weighted average unit cost.

Property, Plant and Equipment-The investment in property, plant and equipment is recorded at cost. Improvements that significantly add to productive capacity or extend useful life are capitalized. Maintenance and repairs are expensed as incurred. The Company's provision for depreciation of property, plant and equipment is based on the straight-line method using estimated service lives of the various classes of plant. The range of service lives for buildings is 10 to 40 years. The range of service lives for local and fiber service lines is 12 to 25 years, central office equipment and switching facilities is 3 to 20 years, station equipment is 10 to 21 years and for office equipment and other is 2 to 20 years.

The cost of depreciable telephone property units (assets of the Local Communications segment) retired, plus removal costs, less salvage is charged to accumulated depreciation. When non-telephone property, plant and equipment is retired or sold, the resulting gain or loss is recognized currently as an element of other income.

Goodwill and Customer Base-The excess of the cost of companies purchased over the net assets acquired is amortized using a straight-line basis over 7 to 40 years. The purchase price of customer bases acquired is amortized using a straight-line basis over principally 5 to 7 years. Accumulated amortization is $142.8 million, $131.6 million, and $106.5 million at the end of 1998, 1997 and 1996, respectively.

Investment in Cellular Partnerships-Financial results for the Company's cellular joint venture with Bell Atlantic Corporation have been reported using the equity method of accounting. Accordingly, Frontier's 50% share of the joint venture's earnings is reflected in the "Other income" section of the Consolidated Statements of Income. The partnership investment balances of $83.5 million in 1998, $69.3 million in 1997, and $58.6 million in 1996 are included in "Deferred and other assets" in the Consolidated Balance Sheets.

Impairment of Long-Lived Assets-In the event that facts and circumstances indicate that the carrying amount of a long-lived asset may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow is required.

Accounts Payable-Accounts payable includes trade accounts payable and an estimated accrual for long distance cost of access.

Fair Value of Financial Instruments-Cash and cash equivalents are valued at their carrying amounts, which are reasonable estimates of fair value. The fair value of long-term debt is estimated using rates currently available to the Company for debt with similar terms and maturities. The fair value of all other financial instruments approximates cost as stated.

Federal Income Taxes-Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are anticipated to be in effect when those differences are expected to reverse. Income tax benefits of tax

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deductions related to common stock transactions with the Company's stock option plans are recorded directly to capital in excess of par value.

The Company provides a valuation allowance for its deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Revenue Recognition-Customers are billed as of monthly cycle dates. Revenue is recognized as service is provided net of an estimate for uncollectible accounts.

Fiber Exchange Agreements-In connection with its optronics network expansion, the company has entered into various agreements to sell or exchange fiber usage rights. Sales of fiber usage rights are recorded as unearned revenue. Revenue is recognized over the terms of the related agreements. Non-monetary exchanges of fiber usage rights (swaps of fiber usage with other long distance carriers) are recorded at the cost of the asset transferred or, if applicable, the fair value of the asset received.

Market Risk Disclosure-As of December 31, 1998, the Company does not have any significant concentration of business transacted with a particular customer, supplier or lender that could, if suddenly eliminated, severely impact its operations. However, a portion of the Company's revenues is derived from services provided to others in the telecommunications industry, mainly resellers of long distance telecommunications service. Accordingly, the Company periodically performs ongoing credit evaluations of its larger customers' financial condition to limit credit risk to the extent possible.

The Company is also exposed to market risk from changes in interest rates on long-term debt obligations that impact the fair value of these obligations. The Company's policy is to manage interest rates through the use of a combination of fixed and variable rate debt, and to periodically use interest rate swaps to manage its risk profile.

Cash Flows-For purposes of the Statements of Cash Flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The tax benefit realized from the exercise of stock options of $4.5 million, $1.0 million, and $48.5 million for 1998, 1997 and 1996, respectively, is reflected as an adjustment to capital in excess of par value and taxes accrued.

Actual interest paid was $53.8 million in 1998, $59.6 million in 1997, and $49.7 million in 1996. Actual income taxes paid were $64.2 million in 1998, $61.3 million in 1997, and $70.1 million in 1996. Interest costs associated with the construction of capital assets, including the nationwide optronics network project, are capitalized. Total amounts capitalized during 1998, 1997 and 1996 were $18.2 million, $13.4 million, and $6.2 million, respectively.

Reclassifications-Certain reclassifications have been made to previously reported balances for 1996 and 1997 to conform to the 1998 presentation.

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2. Acquisitions, Mergers and Divestitures

Acquisitions and Mergers

On February 27, 1998, the Company acquired GlobalCenter Inc. (renamed "Frontier GlobalCenter, Inc." or "GlobalCenter"), a leading provider in digital distribution, Internet and data services headquartered in Sunnyvale, California. Under the terms of the merger agreement, the Company acquired all of the outstanding shares of GlobalCenter. The total shares issued by the Company to effect the merger were 6.4 million. At the time of the merger, GlobalCenter had 1.1 million stock options and warrants outstanding as converted into Frontier equivalents. This transaction was accounted for using the pooling of interests method of accounting and, accordingly, historical information has been restated to include GlobalCenter.

<PAGE>

<TABLE>
<CAPTION>

Combined and separate results of Frontier Corporation and GlobalCenter

In Millions	Frontier Corporation	Gl
<S>	<C>	<
One month ended January 31, 1998		
Revenues	$ 205.5	
Net income (loss)	$ 14.7	
Year ended December 31, 1997		
Revenues	$ 2,352.9	
Net income (loss)	$ 54.6	
Year ended December 31, 1996		
Revenues	$ 2,575.6	
Net income (loss)	$ 209.9	

</TABLE>

In November 1997, the Company, through GlobalCenter, acquired Voyager Networks, Inc. ("Voyager"), a New York City-based provider of content management and distribution services. The Company issued .6 million shares of Frontier equivalent common stock in exchange for all of Voyager's issued and outstanding shares of common stock. Additionally, .1 million outstanding options for common stock of Voyager, as converted into Frontier equivalents, were assumed by the Company in connection with the acquisition. This transaction was accounted for as a purchase.

In May 1997, the Company, through GlobalCenter, merged with ISI, Inc. ("ISI"), a Sunnyvale, California-based provider of web hosting and digital distribution services. The Company issued 1.7 million shares of Frontier equivalent common stock in exchange for all of ISI's issued and outstanding voting stock. Additionally, .1 million outstanding options for common stock of ISI, as converted into Frontier equivalents, were assumed by the Company in connection with the merger. The ISI merger was accounted for as a pooling of interests and, accordingly, the Company's consolidated financial statements have been restated for all periods prior to the merger to include the accounts and operations of ISI.

In February 1997, the Company completed its purchase of R.G. Data Incorporated (renamed "Frontier Network Systems Corp." or "FNSC"), a privately held upstate New York based computer and data networking equipment and services company. A total of 110,526 shares of Frontier common stock held in treasury were reissued in exchange for all of the shares of R. G. Data Incorporated. The treasury shares were acquired through open market purchases. This transaction was accounted for as a purchase.

In December 1996, the Company, through GlobalCenter, merged with GCIS, Inc. ("GCIS"), a Sunnyvale, California-based provider of business Internet management services. The Company issued 1.6 million shares of Frontier equivalent common stock in exchange for all of the issued and outstanding voting stock of GCIS. Additionally, .1 million outstanding options for the common stock of GCIS, as converted into Frontier equivalents, were assumed by the Company in connection with the merger. This transaction was accounted for as a purchase.

In March 1996, the Company acquired a 55 percent interest in the New York RSA No. 3 Cellular Partnership ("RSA No. 3"). RSA No. 3 is a provider of cellular mobile telephone service in the New York State Rural Service Area No. 3, which encompasses much of the Southern Tier area of New York State. The Company's interest in RSA No. 3 is managed by Frontier Cellular, a 50/50 owned joint venture with Bell Atlantic, and the operating results are reported using the equity method of accounting. The Company paid $25.3 million in cash for its interest in RSA No. 3.

Divestitures

During November 1998, the Company sold certain non-strategic investments. The sales resulted in an after-tax gain of $3.0 million.

In April 1998, the Company completed the sale of Minnesota Southern Cellular Telephone Company ("Minnesota RSA No. 10"), a wholly owned cellular partnership, and certain other properties. The sale of these properties resulted in a combined pre-tax gain of $15.2 million and an after-tax gain of $2.9 million. The income tax effect on these gains of $12.3 million is primarily impacted by the sale of Minnesota RSA No. 10 which resulted in nondeductible goodwill.

On December 9, 1997, the Company completed the sale of a portion of its retail prepaid calling card business to SmarTalk Teleservices Inc. for $36.6 million. The net proceeds from this sale were offset by costs necessary to phase out the remainder of the Company's prepaid business.

<PAGE>

On January 31, 1997, the Company completed the sale of its 69.5% equity interest in the South Alabama Cellular Communications Partnership. The sale resulted in a pre-tax gain of $18.8 million.

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3 . Other Charges

In the first quarter of 1998, the Company recorded a pre-tax charge of $6.5 million associated with the acquisition of GlobalCenter. These charges included investment banker, legal fees and other direct costs and were subsequently liquidated in 1998.

In October 1997, the Company recorded a pre-tax charge of $86.8 million consisting of a restructuring charge of $43.0 million and a provision for asset and lease impairments of $43.8 million. The restructuring charge was primarily associated with a workforce reduction, program cancellations and the exiting of certain product lines. During 1997, the Company reduced its work force by approximately 700 positions, or 8%, and the restructuring charge of $43.0 million was subsequently liquidated during 1998. The provision for asset and lease impairments primarily relates to long term assets and certain lease obligations the Company is in the process of disposing of, or exiting.

In March 1997, the Company recorded a $96.6 million pre-tax charge primarily related to the write-off of certain leased network facilities no longer required as a result of the migration of the Company's major carrier customer's one-plus traffic volume to other networks and the Company's overall network integration efforts. The Company completed the decommissioning of these redundant facilities during the first quarter of 1998.

In December 1996, the Company, through GlobalCenter, recorded a pre-tax charge of $18.9 million related to the write-off of in-process product development costs associated with the 1996 merger with GCIS, an Internet management services company.

In November 1996, the Company recorded a $48.8 million pre-tax charge. This charge included $28.0 million for the curtailment of certain Company pension plans and a $20.8 million charge primarily to write-off unrecoverable product development costs for its conference calling product line.

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4. Property, Plant and Equipment

<TABLE>
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Major classes of property, plant, and equipment are summarized below:

In thousands of dollars	At December 31,	1998

<S> <C> <C>

Land and buildings	$ 111,948	$ 11
Local and fiber service lines	857,699	81
Central office equipment	677,380	61
Station equipment	43,293	4
Switching facilities and optronics network	720,019	41
Office equipment and other	370,959	26
Plant under construction	424,153	17
Less: Accumulated Depreciation	1,527,892	1,39
	$1,677,559	$1,04

</TABLE>

Depreciation expense was $189.8 million, $167.7 million and $147.6 million for the years ending December 31, 1998, 1997 and 1996, respectively.

<PAGE>

5. Long-Term Debt

<TABLE>
<CAPTION>

In thousands of dollars	At December 31, 1998	
<S>	<C>	
Frontier Communications of Minnesota, Inc.		
Senior Notes, 7.61%, due 2003	$35,000	
Rural Utilities Service Debt, 2%-9% due 1999 to 2026	50,313	
	85,313	(a)
Debentures		
10.46% convertible, due 2008	5,300	(b)
9%, due 2021	100,000	
	105,300	
9% Senior Subordinated Notes, due 2003	-	(c)
Medium-term notes, 7.51% - 9.3%, due 2000 to 2004	219,000	
8.25% Notes, due 2011	-	
7.25% Notes, due 2004	300,000	
6.25% 12-2 Putable Notes ("PATS"), due 1999	100,000	
6.00% 15-5 Putable Notes, due 2013	200,000	(f)
Revolving Credit Agreements	197,719	(g)
Capitalized lease obligations	12,519	
Other debt	136,914	(h)
Sub-total	1,356,765	(i)
Less: Discount/(Premium) on long-term debt	(3,522)	
Current portion of long-term debt	9,466	
Total Long-Term Debt	$1,350,821	

</TABLE>

(a) Certain assets of the Local Communications Services' segment are pledged as security.

(b) The debenture is convertible into common stock at any time after October 26, 1998 at $10.5375 per share. A total of 502,966 shares of common stock are reserved for such conversion.

(c) The Company exercised its option to call the remaining balance of its 9% 2003 Senior Subordinated Notes in May 1998.

(d) In December 1997, the Company entered into an interest rate hedge agreement that effectively converts $200.0 million of the Company's 7.25% fixed-rate notes due May 2004 into a floating rate based on a "basket" London Interbank Offered Rate ("LIBOR") index rate plus 2.88%. The agreement expires in May 2004 and caps the floating rate the Company pays at 7.25% through November 1999 and 9.00% through May 2004. Interest expense and the related cash flows under the agreement are accounted for on an accrual basis. The Company periodically enters into such agreements to balance its floating rate and fixed rate obligations to insulate against interest rate risk and maximize savings.

(e) The Company issued $100.0 million face value of putable notes in December, 1997 as a 144A offering. These notes have an initial maturity of two years, at which time the notes will be either put back to the Company for redemption or effectively remarketed by the trust as 10 year debt, depending on the interest rate environment at that time. In the event that the notes are put back for redemption in 1999, the Company intends to finance this obligation through available credit facilities and unused commitments extending beyond one year; therefore, the obligation is classified as long-term debt.

(f) The Company issued $200.0 million face value of putable notes in September 1998. These notes may be put back to the Company in October 2003, depending on the interest rate environment at that time.

(g) The Company has credit facilities totaling $475.0 million which are available through commercial paper borrowings or through draws under Revolving Credit Agreements. At December 31, 1998, the Company had outstanding $197.7 million in commercial paper issuances. Commercial paper is classified as long-term debt as the Company intends to refinance the debt through continued short-term borrowing or available credit facilities with unused commitments extending beyond one year. The Company

<PAGE>

established a $275.0 million three-year revolving credit facility and a $200 million 364 day facility in November 1998 with a group of ten commercial banks. The Agreements are unsecured and have commitment fees of .09 percent per year on the entire commitment, with interest on amounts drawn down based upon LIBOR plus .16 percent.

(h) This amount includes the Company's obligation to pay $136.9 million related to its optronics network build ($57.9 million) and other capital initiatives ($79.0 million), which is classified as long-term as the Company intends to finance this obligation through available credit facilities and unused commitments extending beyond one year.

(i) In accordance with FAS 107, "Disclosures about Fair Value of Financial Instruments," the Company estimates that the fair value of the debt, based on rates currently available to the Company for debt with similar terms and remaining maturities, is $1.41 billion, as compared to the carrying value of $1.36 billion.

At December 31, 1998, aggregate debt maturities were:

<TABLE>
<CAPTION>

In thousands of dollars	1999	2000	2001
<S>	<C>	<C>	<C>
	$9,466	$16,942	$273,355

</TABLE>

6. Income Taxes

<TABLE>
<CAPTION>

The provision for income taxes consists of the following:

In thousands of dollars Years Ended December 31,	1998
<S>	<C>
Federal:	
Current	$ 64,057
Deferred	47,144
	111,201
State:	
Current	11,327
Deferred	7,032
	18,359
Total income taxes	$129,560

</TABLE>

The reconciliation of the federal statutory income tax rate with the effective income tax rate reflected in the financial statements is as follows:

<TABLE>
<CAPTION>

In thousands of dollars Years Ended December 31,	1998
<S>	<C>
Federal income tax expense at statutory rate	35.0%

State income tax (net of federal benefit)	3.9
Net operating loss carryforwards	(1.1)
Research and development costs	-
Goodwill amortization	3.4
Other	1.0
Total income tax	42.2%

</TABLE>

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<PAGE>

<TABLE>
<CAPTION>

Deferred tax liabilities (assets) are comprised of the following at December

In thousands of dollars	1998	
<S>	<C>	<C>
Accelerated depreciation	$121,038	$ 11
Research and development costs	9,376	
Other	36,924	1
Gross deferred tax liabilities	167,338	13
Basis adjustment - purchased telephone companies	(25,296)	(2
Employee benefits obligation	(15,498)	(1
Net operating loss carryforwards	(54,589)	(5
Acquisition related and other charges	(20,255)	(4
Bad debt expense	(3,486)	(
Other	(40,927)	(3
Gross deferred tax assets	(160,051)	(18
Valuation allowance	19,439	2
Total deferred tax assets	(140,612)	(15
Net deferred tax liabilities (assets)	$ 26,726	$ (2

</TABLE>

Certain of the Company's acquired subsidiaries have tax net operating losses and alternative tax net operating loss carryforwards ("NOLs") which can be utilized annually to offset separate company future taxable income. Under the provisions of Internal Revenue Code Section 382, the utilization of carryforwards is presently limited. The Company's NOLs begin to expire in 2004. As a result of the annual limitation and the difficulty in predicting their utilization beyond a period of three years, the Company has established valuation allowances for the NOL carryforwards. Because certain of the NOL carryforwards were acquired in purchase acquisitions and the related valuation allowance was recorded using purchase accounting, $7.0 million of this valuation allowance, if subsequently recognized, would be allocated to reduce goodwill.

7. Service Pensions and Benefits

The Company has contributory and noncontributory plans providing for service pensions and certain death benefits for substantially all employees. In 1995 and 1996, defined benefit plans sponsored by the Company were frozen. On an annual basis, contributions are remitted to the trustees to ensure proper funding of the plans.

The majority of the Company's pension plans have plan assets that exceed accumulated benefit obligations. There are certain plans, however, with accumulated benefit obligations which exceed plan assets. The following tables summarize the funded status of the Company's pension plans and the related amounts that are primarily included in "Deferred and other assets" in the Consolidated Balance Sheets.

<PAGE>

<TABLE>
<CAPTION>

In thousands of dollars	1998
<S>	<C>
Change in Benefit Obligation	
Benefit obligation at beginning of year	$487,702
Service cost	162
Interest cost	32,820
Actuarial loss (gain)	14,663
Benefits paid	(36,085)
Curtailments	-
Special termination benefits	-
Benefit obligation at end of year	$499,262
Change in Plan Assets	
Fair value of plan assets at beginning of year	$550,866
Actual return on plan assets	73,667
Employer contribution	2,000
Benefits paid	(36,085)
Fair value of plan assets at end of year	$590,448
Funded status	91,186
Unrecognized net transition asset	(1,479)
Unrecognized prior service cost	9,916
Unrecognized net gain	(66,702)
Adjustment required to recognize minimum liability	(5,632)
Prepaid benefit cost, net	$ 27,289

<CAPTION>

The net periodic pension cost consists of the following:

In thousands of dollars Years Ended December 31,	1998
<S>	<C>

Service cost	$ 162	$
Interest cost on projected benefit obligation	32,820	3
Expected return on plan assets	(47,174)	(8
Net amortization and deferral	(4,110)	4
Amount expensed due to curtailment	-	
Net periodic pension (benefit) cost	$(18,302)	$ (

<CAPTION>

The following rates and assumptions were used to calculate the projecte

<S> Years Ended December 31,	<C> 1998
Weighted average discount rate	6.8%
Rate of salary increase	5.0%
Expected return on plan assets	9.5%

</TABLE>

The projected benefit obligation and accumulated benefit obligation for the pension plans with accumulated benefit obligations in excess of plan assets were $25.8 million and $25.2 million, respectively, as of December 31, 1998, $24.6 million and $24.1 million, respectively, as of December 31, 1997, and $14.9 million and $13.8 million, respectively, as of December 31, 1996. As of December 31, 1998, 1997 and 1996, the fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets was zero.

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The Company's funding policy is to make contributions for pension benefits based on actuarial computations which reflect the long-term nature of the pension plan. However, under FAS 87, "Employers' Accounting for Pensions," the development of the projected benefit obligation essentially is computed for financial reporting purposes and may differ from the actuarial determination for funding due to varying assumptions and methods of computation. The Company changed its assumptions used in 1998 and 1997. These changes in assumptions did not have a material effect on pension expense in the respective years.

In 1997, the Company recognized a curtailment loss of $6.9 million related to the restructuring of the workforce. In 1996, the Company recognized a curtailment loss of $28.0 million reflecting the enhancement and freezing of defined benefit plans sponsored by Frontier Corporation, primarily for certain bargaining unit employees.

The Company also sponsors a number of defined contribution plans. The most significant plan covers non-bargaining employees, who can elect to make contributions through payroll deduction. Effective January 1, 1996, the Company provides a contribution of .5 percent of gross compensation in common stock for every employee eligible to participate in the plan. The common stock used for matching contributions is purchased on the open market by the plan's trustee. The Company also provides 100% matching contributions in its common stock up to three percent of gross compensation, and may, at the discretion of the Management Benefit Committee, provide additional matching contributions based upon Frontier's financial results. The total cost recognized for all defined contribution plans was $9.7 million for 1998, $8.8 million for 1997, and $8.4 million for 1996.

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8. Postretirement Benefits Other Than Pensions

The Company provides health care and life insurance benefits to most employees. Plan assets consist principally of life insurance policies and money market instruments. In adopting FAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", the Company elected to defer the recognition of the accrued obligation of $125.0 million over a period of twenty years. During 1996, the Company amended its health care benefits plan to cap the cost absorbed by the Company for health care and life insurance for its bargaining unit employees who retire after December 31, 1996. The effect of this amendment was to reduce the December 31, 1996 accumulated postretirement obligation by $11.2 million. Additionally, during 1996, special termination benefits were offered to certain employees with 25 years of service or more who were already entitled to reduced or full retirement benefits and who voluntarily terminated their employment with the Company prior to December 31, 1996.

<TABLE>
<CAPTION>

The status of the plans is as follows:

December 31, 1998	1998
<S>	<C>
Change in Benefit Obligation	
Benefit obligation at beginning of year	$ 118,587
Service cost	671
Interest cost	8,080
Amendments	412
Actuarial loss	9,473
Special termination benefit	-
Benefits paid	(7,473)
Benefit obligation at end of year	$ 129,750
Change in Plan Assets	
Fair value of plan assets at beginning of year	$ 5,039
Actual return on plan assets	79
Employer contribution	6,786
Benefits paid	(7,473)
Fair value of plan assets at end of year	$ 4,431
Funded status	$(125,319)
Unrecognized transition obligation	73,292
Unrecognized prior service cost	1,516
Unrecognized net loss (gain)	2,196
Accrued benefit cost	$ (48,315)

</TABLE>

<PAGE>

<TABLE>
<CAPTION>

The components of the estimated postretirement benefit cost are as foll

In thousands of dollars Years Ended December 31,	1998
<S>	<C>
Service cost	$ 671
Interest on accumulated postretirement benefit obligation	8,080
Amortization of transition obligation	5,294
Return on plan assets	(447)
Amortization of prior service cost	165
Amortization of gains and losses	(1,259)
Special termination benefit	-
Net postretirement benefit cost	$12,504

<CAPTION>

The following assumptions were used to value the postretirement benefit

Years Ended December 31,	1998
<S>	<C>
Weighted average discount rate	6.8%
Expected return on plan assets	9.5%
Rate of salary increase	5.0%
Assumed rate of increase in cost of covered health care benefits	6.4%

</TABLE>

Increases in health care costs were assumed to decline consistently to a rate of 5.0% by 2006 and remain at that level thereafter. If the health care cost trend rates were increased by one percentage point, the accumulated postretirement benefit health care obligation as of December 31, 1998 would increase by $10.0 million while the sum of the service and interest cost components of the net postretirement benefit health care cost for 1998 would increase by $.7 million. If the health care cost trend rates were decreased by one percentage point, the accumulated postretirement benefit health care obligations as of December 31, 1998 would decrease by $9.4 million while the sum of the service and interest cost components of the net postretirement benefit health care cost for 1998 would decrease by $.7 million.

The Company changed its assumptions used in 1998 and 1997 for the weighted average discount rate. This change in assumption did not have a material effect on the 1998 or 1997 postretirement expense.

<PAGE>

9. Earnings Per Share

The Company adopted the provisions of FAS 128, "Earnings Per Share" effective December 31, 1997. This statement simplifies the standards for computing earnings per share previously found in Accounting Principles Board ("APB") Opinion No. 15, "Earnings Per Share", and makes them comparable to international earnings per share ("EPS") standards. Basic EPS excludes the effect of common stock equivalents and is computed by dividing income available to common shareholders by the weighted average of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could result if securities or other contracts to issue common stock were exercised or converted into common stock. Historical earnings per share have been restated to conform with the provisions of FAS 128.

<TABLE>
<CAPTION>
In thousands of dollars, except per share data

Years Ended December 31,	1998	
<S>	<C>	<C>
Basic Earnings Per Share		
Income Applicable to Common Stock	$174,783	
Average Common Shares Outstanding	170,626	
Basic Earnings Per Common Share	$1.02	
Diluted Earnings Per Share		
Income Applicable to Common Stock	$174,783	
Interest Expense on Convertible Debentures (1)	360	
	$175,143	
Average Common Shares Outstanding	170,626	
Options and Warrants	2,812	
Convertible Debentures (1)	503	
	173,941	
Diluted Earnings Per Common Share	$1.01	

(1) Convertible debentures are anti-dilutive in 1997.
</TABLE>

10. Stock Option Plans and Other Common Stock Transactions

The Company has stock option plans for its directors, executives and certain employees. The exercise price for all plans is the fair market value of the stock on the date of the grant. The options expire ten years from the date of the grant. The options vest over a period from one to three years. The maximum number of shares which may be granted under the executive plan is limited to one percent of the number of issued shares, including treasury shares, of the Company's common stock during any calendar year. The maximum number of shares which may be granted under the employee plan is a total of 8,000,000 shares over a 10 year period. The maximum number of shares which may be granted under the directors plan is 1,000,000 shares. In connection with the GlobalCenter merger, the Company assumed all the outstanding options of GlobalCenter. The plans provide for discretionary grants of stock options which are subject to the passage of time and continued employment restrictions.

<PAGE>

<TABLE>
<CAPTION>

Information with respect to options under the above plans follows:

<S>	Shares <C>
Outstanding at January 1, 1996	8,441,386
Granted in 1996	3,165,878
Cancelled in 1996	(800,329)
Exercised in 1996	(5,481,681)
Outstanding at December 31, 1996	5,325,254
Granted in 1997	4,679,587
Cancelled in 1997	(1,529,340)
Exercised in 1997	(162,421)
Outstanding at December 31, 1997	8,313,080
Granted in 1998	4,884,020
Cancelled in 1998	(855,618)
Exercised in 1998	(547,467)
Outstanding at December 31, 1998	11,794,015

</TABLE>

At December 31, 1998, 5,466,372 shares were available for future grant.

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations in accounting for its plans. Accordingly, no compensation expense has been recognized for its stock-based compensation plans other than for restricted stock awards and for GlobalCenter stock options issued with an exercise price below fair market value. During 1997, the Company recorded deferred compensation of $5.0 million related to the majority of these options which represents the difference between the exercise price of the options and the fair market value at the time of issuance. As of December 31, 1998 and 1997, the Company recognized related compensation expense of $0.8 million and $2.0 million. The remaining balance will continue to be amortized over the four year term of these options.

During 1996 the Company adopted the disclosure requirements of FAS 123, "Accounting for Stock-Based Compensation". In accordance with FAS 123, the Company has elected not to recognize compensation cost related to stock options with exercise prices equal to the market price at the date of issuance. If the Company had elected to recognize compensation cost based on the fair value of the options at grant date as prescribed by FAS 123, the following results would have occurred using the Black-Scholes option valuation model:

<TABLE>

<CAPTION>

In thousands of dollars, except per share data Years Ended December 31,	1998	
<S>	<C>	<
Post-Tax Compensation Cost	$ 14,038	
Pro Forma Net Income	$161,750	
Pro Forma Basic EPS	$ 0.95	
Pro Forma Diluted EPS	$ 0.93	
Fair Value of Options Granted	$ 7.77	
Volatility	33.9%	
Dividend Yield	3.3%	
Risk-Free Interest Rates	4.2% to 6.7%	5.7%

</TABLE>

Due to the difference in vesting requirements in each of the plans, the expected lives of the options range from 5 to 7 years. Forfeitures are recognized as they occur.

<PAGE>

<TABLE>
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	Options Outstanding	
Range Of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life
<S>	<C>	<C>
$1 - $5	630,512	7.79
$12 - $20	1,278,981	7.23
$21 - $50	9,884,522	8.25

<CAPTION>

	Options Exercisable
Range Of Exercise Prices	Number Exercisable
<S>	<C>
$1 - $5	178,241
$12 - $20	683,285

$21 - $50	3,124,776

</TABLE>

Restricted Stock Plan

The Company has 691,669 shares of common stock outstanding as of December 31, 1998 under its Management Stock Incentive Plan. The stock issued under this plan ("Restricted Stock") is subject to the achievement of certain performance goals, the passage of time and continued employment restrictions. Participants in the plan may earn, without cost to them, Frontier common stock over three years. Shareholders' equity reflects unearned compensation for the unvested stock awarded. During 1998, the Company recognized related compensation expense of $5.9 million, net of cancellations, and $1.6 million during 1997. The Company did not recognize compensation expense for restricted stock granted prior to 1997 as the market price of the common stock was significantly below the vesting prices.

<PAGE>

11. Preferred Stock

<TABLE>
<CAPTION>

In thousands of dollars, except share data December 31,	1998
<S>	<C>
Frontier Corporation-850,000 shares authorized; par value $100	
5.00% Series-redeemable at $101 per share	
Shares outstanding	95,276
Amount outstanding	$ 9,527
5.65% Series-redeemable at $101 per share	
Shares outstanding	48,219
Amount outstanding	$ 4,822
4.60% Series-redeemable at $101 per share	
Shares outstanding	41,514
Amount outstanding	$ 4,151
Frontier Communications of New York, Inc. 40,000 shares authorized; par value $100	
5.875% Series A-redeemable at par	
Shares outstanding	-
Amount outstanding	-
7.80% Series B-redeemable at $100.80-$105.00 per share	
Shares outstanding	-
Amount outstanding	-
Frontier Communications of AuSable Valley, Inc. 4,000 shares authorized; par value $100	
5.50% Series-redeemable at par	
Shares outstanding	2,702
Amount outstanding	$ 270
Total shares outstanding	187,711
Total amount outstanding	$ 18,770

</TABLE>

Effective January 1, 1997, the Company redeemed all of the outstanding preferred stock of its wholly-owned subsidiary, Frontier Communications of New York, Inc. at approximately par value.

At the special meeting in December 1994, Frontier shareholders authorized 4,000,000 shares of a new class of preferred stock, having a par value of $100.00 per share and designated as Class A Preferred Stock. This class of stock will rank junior to the cumulative preferred stock as to dividends and distributions, and upon the liquidation, dissolution or winding up of the Company. As of December 31, 1998, no shares of this class have been issued.

On April 9, 1995, the Board of Directors adopted a Shareholders' Rights Plan (the "Plan"). This Plan provides for a dividend distribution on each outstanding common share of a right to purchase one one-hundredth of a share of Series A Junior Participating Class A Preferred Stock. The rights are designed to protect shareholders in the event of an unsolicited offer or initiative to acquire Frontier which the Board does not believe is fair to shareholders. The rights become exercisable under certain circumstances to purchase Frontier common stock at one-half market value.

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12. New Accounting Pronouncements

The Company adopted the provisions of FAS 130, "Reporting Comprehensive Income" as of January 1, 1998. This statement establishes standards for reporting and displaying of comprehensive income and its components. This statement requires reporting, by major components and as a single total, the change in net assets during the period from nonshareholder sources. Adoption of this standard did not materially impact the Company's consolidated financial position, results of operations or cash flow.

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-up Activities" ("SOP 98-5") which requires that start-up costs be expensed as incurred. The Company adopted the provisions of SOP 98-5 in 1998. Accordingly, $1.8 million, net of applicable income taxes of $.8 million of unamortized start-up costs at December 31, 1997, have been expensed in the accompanying Consolidated Statements of Income and is reported as a cumulative effect of a change in accounting principle. These start-up costs are primarily related to product development costs associated with new business ventures.

On June 17, 1998, the Financial Accounting Standards board issued FAS 133, "Accounting for Derivative Instruments and Hedging Activities" effective for fiscal years beginning after June 15, 1999. This statement standardizes the accounting for derivatives and hedging activities and requires that all derivatives be recognized in the statement of financial position as either assets or liabilities at fair value. Changes in the fair value of derivatives that do not meet the hedge accounting criteria are to be reported in earnings. Adoption of this standard is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

Effective January 1, 1996, the Company adopted FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". FAS 121 requires that certain long-lived assets and identifiable intangibles be written down to fair value whenever an impairment review indicates that the carrying value cannot be recovered on an undiscounted cash flow basis. The statement also requires that certain long-lived assets and identifiable intangibles to be disposed of be reported at fair value less selling costs. The Company's adoption of this standard resulted in a non-cash charge of $8.0 million (net of a tax benefit of $4.4 million) and is reported as a cumulative effect of a change in accounting principle. The charge represents the cumulative adjustment required by FAS 121 to remeasure the carrying amount of certain assets held for disposal as of January 1, 1996. These assets held for disposal consist principally of telephone switching equipment in the Company's Local Communications Services segment as a result of management's commitment, in late 1995, to a central office switch consolidation project primarily at Frontier Telephone of Rochester and Frontier Communications of New York subsidiaries.

- ---

13. Major Customer

The Company's revenues include the impact of a major carrier customer whose revenues comprised approximately 3%, 4%, and 15% of consolidated revenues in 1998, 1997 and 1996, respectively.

- ---

14. Commitments, Contingencies And Other

Operating Environment-The Company has evolved from being a provider of local and long distance services in certain areas of the country to being a nationwide provider of integrated communications services. As a result, the Company has formidable competitors of greater size and expects that, over time and due to the lifting of regulatory restrictions, there will be more entrants into the long distance business and its local markets.

Legal Matters-The Company and a number of its subsidiaries in the normal course of business are party to a number of judicial, regulatory and administrative proceedings. The Company's management does not believe that any material liability will be imposed as a result of any of these matters.

Leases and License Agreements-The Company leases buildings, land, office space, fiber optic network, computer hardware and other equipment, and has license agreements for rights-of-way for the construction and operation of a fiber optic communications system.

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<PAGE>

Total rental expense amounted to $133.9 million in 1998, $156.5 million in 1997, and $164.7 million in 1996.

Minimum annual rental commitments under non-cancelable operating leases and license agreements in effect on December 31, 1998 were as follows:

<TABLE>
<CAPTION>

In thousands of dollars

Years	Buildings	Equipmen

<S>	<C>	<C>
1999	$ 18,417	$2,33
2000	16,893	1,83
2001	15,666	28
2002	14,882	12
2003	14,118	
2004 and thereafter	48,450	
Total	$128,426	$4,57

</TABLE>

Other Matters-In connection with the Company's capital program, certain commitments have been made for the purchase of material and equipment. Total capital expenditures for 1999 are currently projected to be consistent with 1998. In October 1996, construction began on the optronics network. At December 31, 1998 and 1997, the Company has recorded $114.0 million and $238.2 million, respectively, of deposits for the optronics network and other projects which are included in the "Deferred and other assets" caption in the Consolidated Balance Sheets.

Under the Company's Open Market Plan, dividend payments to the parent company are temporarily prohibited until Frontier Telephone of Rochester, Inc. ("FTR") receives clearance from the New York State Public Service Commission that service requirements are being met. Cash restricted for dividend payments by FTR, as of December 31, 1998, was approximately $53.0 million.

15. Business Segment Information

Effective December 31, 1998, the Company has adopted the provisions of FAS 131, " Disclosures about Segments of an Enterprise and Related Information." This statement establishes annual and interim reporting standards for an enterprise's business segments and related disclosures about its products, services, geographic areas and major customers. Adoption of this statement had no impact on the Company's consolidated financial position, results of operations or cash flows. Comparative information for earlier years has been restated.

The Company reports its operating results in three segments: Integrated Services, Local Communications Services and Corporate Operations and Other. The Company's majority interest in certain wireless properties are consolidated under Corporate Operations and Other. The change in the definition of the Company's segments has been made to better reflect the changing scope of the businesses in which Frontier operates.

Revenues and sales, operating income, depreciation, construction and identifiable assets by business segment are set forth in the Business Segment Information on page 22.

16. Quarterly Data (Unaudited)

<TABLE>
<CAPTION>

1998 In thousands of dollars, except per share data	Quarter 1st		2nd	3rd
<S>	<C>		<C>	<C>
Revenues	$631,998		$648,316	$658,208
Operating Income	68,014	(1)	80,835	81,155
Income before taxes and cumulative effect of changes in accounting principles	59,131	(1)	89,199	75,638
Consolidated Net Income	33,914	(1)	45,908	45,757
Earnings per share:				
Basic	$.20		$.27	$.27
Diluted	$.20		$.26	$.26
Market Price:				
High	$33.44		$33.00	$36.75
Low	$24.44		$28.31	$24.13

<CAPTION>

1997 In thousands of dollars, except per share data	Quarter 1st		2nd	3rd
<S>	<C>		<C>	<C>
Revenues	$577,576		$590,116	$606,521
Operating (Loss) Income	(28,566)	(3)	74,019	64,871
Income (loss) before taxes and cumulative effect of changes in accounting principles	(18,108)	(3)	66,335	58,162
Consolidated Net (Loss) Income	(15,902)	(3)	39,334	32,451
(Loss) earnings per share:				
Basic	$(.10)		$.23	$.19
Diluted	$(.10)	(5)	$.23	$.19
Market Price:				
High	$23.25		$20.50	$24.19
Low	$17.75		$15.38	$19.00

</TABLE>

(1) Includes a pre-tax charge of $6.5 million comprised of investment banker, legal fees and other direct costs associated with the acquisition of GlobalCenter.

(2) As a result of rounding, the total of the four quarters' earnings does not equal the earnings per share for the year.

(3) Includes a pre-tax charge of $96.6 million primarily related to the write-off of certain leased network costs no longer necessary to support long distance traffic volumes.

(4) Includes a pre-tax charge of $86.8 million primarily related to the divestiture of certain product lines and businesses.

(5) Due to the net loss incurred, the earnings per share calculation excludes common stock equivalents.

(6) Convertible debentures are anti-dilutive in 1997.

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Frontier Local Services Inc.

Attachment F

Biographies of Senior Executive Team

Frontier Local Services Inc.

Biographies of Senior Executive Team

JOSEPH P. CLAYTON

Chief Operating Officer

Joseph P. Clayton is President and Chief Operating Officer of Frontier Corporation. In this position, he is responsible for the day-to-day operation of this $2.5 billion telecommunications company. In addition, Mr. Clayton works with Frontier's executive management team on the company's vision and strategic direction and serves on Frontier's Board of Directors.

Prior to this position, Mr. Clayton served as Executive V.P. of Marketing and Sales for the Americas and Asia for Thomson Consumer Electronics, the largest electronics company in the United States. During his tenure, Mr. Clayton was responsible for product development, sales and distribution of Thomson's RCA, ProScan and GE brands of consumer electronics products.

With a background of more than 24 years of experience in the consumer electronics industry, Mr. Clayton has served in numerous management positions for RCA, GE and Thomson including Senior Vice President of television division, Vice President of video product management and General Manager of Merchandising and Market Development.

Mr. Clayton holds a master's degree in Marketing and Management from Indiana University in Bloomington, and is a Magna Cum Laude graduate with a bachelor's degree in Business Administration and Economics from Bellarmine College in Louisville, Kentucky. He is on the Board of Directors for the Indianapolis Chamber of Commerce, the Dean's Advisory Board for Indiana University School of Business, is former chairman of the Consumer Electronics Group for the Electronics Industries Association, and is a trustee of Bellarmine College.

JEREMIAH T. CARR
President
Frontier Operations

Jerry Carr manages Frontier Corporation's combined local and long distance operations which includes 34 local exchange companies, a growing C-LEC or competitive local service operation and the fifth largest long distance operations in the country. He also oversees the Company's audio and video conferencing, customer service, provisioning, billing, call centers and international operations.

Carr was given responsibility for the sale and provisioning of integrated communications solutions to the Frontier Telephone Group in May 1995, leading the management of 34 telephone companies in 13 states. He has been the senior executive for the Company's telephone operations since 1992.

Carr was president of Frontier Network Systems, Inc. from January 1991 to February 1992. In this capacity, he reconfigured the organization and increased the focus on the mid-to-large customer markets. Before that, he was general manager of the New York State Region for Telecommunications Services, where he was responsible for the operation of Frontier Communications International Inc., Frontier Network Systems, Inc., and Anixter-Rotelcom. He oversaw the creation of Frontier Cellular in 1985 and served as its president in 1989.

Carr joined Rochester Telephone in 1969. In the 1970's, a period of revolutionary change for the company, Carr chaired the development of programs that paved the way for customer ownership-sale-in-place, bill unbundling, and inside wire sales -- and created new revenue opportunities for the company.

Carr holds a bachelor's degree from St. Bonaventure University and a master's degree in business administration from the William E. Simon Graduate School at the University of Rochester. He serves on the Board of the American Red Cross, the Rochester Visitor's Association, the United Way of Greater Rochester, and Geva Theater. Carr also served as the 1996 United Way area chairman and received the Catholic Family Center 1997 "Man of the Year" award.

ROBERT L. BARRETT
Executive Vice President
Frontier Network Systems and Services

Robert Barrett joined Frontier in 1996 as President of Frontier Network Systems and Services, with responsibility for all network operations, information technology and engineering. In addition, he directs the development of a company-wide full service platform, combining network, customer service and billing on one integrated system. Mr. Barrett is also responsible for two wholly owned subsidiaries: Confer Tech International, the audio and video teleconferencing group and LinkUSA, the principal provider of calling card and prepaid technology to Frontier.

Most recently, Mr. Barrett was Executive Vice President and Chief Technology Officer at Columbus, Ohio-based Banc One Corporation, one of the 10 largest bank holding companies in the U.S. His career at Banc One also included serving as President of Banc One Services Corporation, the technology subsidiary comprised of information systems, bank operations and conversions, client services, administrative services, financial card services and advanced technology.

Before moving to Banc One, Mr. Barrett was Senior Vice President of Allnet Communications Services. In this position, he was in charge of operations, billing, customer service, sales support, engineering and technology and was instrumental in the development of the Allnet billing platform, recognized as one of the most flexible in the telecommunications industry. Before joining Allnet, Mr. Barrett was chairman and CEO for the information technologies and telecommunications subsidiaries of Clark Equipment Company. Prior to joining Clark, he worked in the information systems area of General Motors Corporation.

Mr. Barrett holds a bachelor's degree from Michigan State University.

JOSEPH ENIS
Treasurer

Joe Enis was elected treasurer of Frontier Corporation in December 1994. In this position, he is responsible for commercial banking relationships, capital structure planning, risk management, cash management, pension fund management, taxes and long distance credit and collections.

Mr. Enis joined Frontier in June 1994 as director of finance with eighteen years of broad financial experience in multi-industry environments. Most recently he was treasurer for National Service Industries in Atlanta, Georgia, a lighting, textile rental and specialty chemicals company. Prior to that he held the treasurer position at Cyclops Industries in Pittsburgh, Pennsylvania, a manufacturer of specialty steels and curtainwall systems. He has also held financials positions at Bid Bud Tractors in Havre, Montana and at J. I. Case Company in Racine, Wisconsin.

Mr. Enis is a summa cum laude graduate of the University of Wisconsin with both an M.B.A. and a B.B.A. degree in finance. He is currently a member of the Financial Executives Institute, the National Association of Corporate Treasurers, and the Association for Corporate Growth. Mr. Enis serves on the board of directors of the Rochester Rehabilitation Center and on the board of trustees of the Seneca Zoo Society.

Frontier - Executive Biographies, candid.

JAMES G. DOLE
Vice President and Controller

Jim Dole is vice president and controller for Frontier Corporation. In this position, he manages financial statements, budgets, product line, P&L's, credit and collections, and financial accountability for all operations.

Previous, Dole was vice president of long distance business development for Frontier. In this position, he provided financial oversight of the long distance business segment and directed responsibility for sales administration and international business development. In 1992, Dole became vice president of corporate development and directed Frontier's acquisition and development program. During his tenure, Frontier positioned itself as the 5th largest long distance provider through a series of long distance and enhanced services acquisitions in 1995. Dole was also involved in the corporate strategic planning process from 1994 - 1996.

Dole joined the company in 1986 as part of the telecommunications services business planning group, and became manager in 1988. In 1990, he was named financial and human resources director for the group overseeing accounting, business planning, human resources and corporate training and development. In 1991, he was named vice president of financial and human resources for telecommunications services. A year later he was named corporate business development director, responsible for coordinating business planning activities company-wide, including acquisition activities in regulated and non-regulated areas. Prior to joining Frontier, Dole worked in Marine Midland Bank's commercial banking sector.

Dole earned a bachelors of science in finance and economics from the State University of New York at Albany and a master's degree in business administration from the William E. Simon Graduate School at the University of Rochester.

Frontier Corporation

frontier

180 South Clinton Avenue
Rochester, NY 14646

February 17, 1999

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37219-0412
(615) 741-3939

RE: Frontier Local Services Inc.
Application for Certificate to Provide Competing Local Telecommunications Services

Dear Sir or Madame:

Enclosed for filing are the original and ten (10) copies of the above-referenced application of Frontier Local Services Inc. for authority to provide competing local telecommunications services in Tennessee.

Also enclosed is our check in the amount of $50.00 for the application filing fee.

Please acknowledge receipt of this filing by returning, date-stamped, the extra copy of this cover letter in the self-addressed, stamped envelope enclosed for this purpose.

If any questions arise regarding this filing, please do not hesitate to call me at (407) 740-8575. Thank you for your assistance.

Sincerely,

C. M. Wightman

Connie Wightman
Consultant to FLSI

cc: Michael J. Nighan
File FLSI - TN

TNL9900