FRONTIER COMMUNICATIONS CORP
Form 424B2
May 17, 2012
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 17, 2012

PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 10, 2012

$500,000,000

Frontier Communications Corporation

% Senior Notes due 2021

We are offering $500,000,000 aggregate principal amount of our % Senior Notes due 2021. We will pay interest on the notes semi-annually in arrears on and of each year, commencing on , 2012. The notes will mature on , 2021. Interest will accrue from , 2012.

We may, at our option, redeem some or all of the notes at any time, by paying a make-whole premium, plus accrued and unpaid interest, if any, to the date of the redemption. Upon the occurrence of a change of control triggering event (as defined), we will be required to offer to repurchase the notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

The notes will be our senior obligations. The notes will rank equally with all of our other unsecured senior indebtedness from time to time outstanding.

The notes will not be listed on any exchange or quoted on any automated dealer quotation system. Currently, there is no public market for the notes.

Investing in the notes involves risks. See Supplemental Risk Factors beginning on page S-9 for a discussion of factors that you should consider carefully before investing in the notes.

	Price to Public(1)	Underwriting Discounts and Commissions	Proceeds to Frontier
Per Note	%	%	%
Total	$	$	$

(1) Plus accrued interest, if any, from , 2012, if settlement occurs after that date.

Delivery of the notes in book-entry form through The Depository Trust Company will be made on or about , 2012.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Deutsche Bank Securities

Barclays

Morgan Stanley

RBS

Co-Managers

Citigroup **Credit Suisse** **J.P. Morgan**

Mitsubishi UFJ Securities **TD Securities** **Goldman, Sachs & Co.** **RBC Capital Markets** **Raymond James**

The date of this prospectus supplement is , 2012.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering.

If the description of this offering or the notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement. You should also read and consider the additional information under the captions Where You Can Find More Information and Incorporation by Reference in this prospectus supplement and the accompanying prospectus.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus and in any free writing prospectus with respect to the offering filed by us with the Securities and Exchange Commission. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to the offering filed by us with the Securities and Exchange Commission and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

The underwriters are offering to sell, and are seeking offers to buy, the notes only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the notes and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

As used in this prospectus supplement and the accompanying prospectus, unless the context otherwise requires, references to we, us, our, Frontier and the Company refer to Frontier Communications Corporation and its subsidiaries. References to the Acquired Business refer to the defined assets and liabilities of the local exchange business and related landline activities of Verizon Communications Inc. (Verizon), which we acquired in connection with the Transaction (as defined below), in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, West Virginia and Wisconsin and in portions of California bordering Arizona, Nevada and, including Internet access and long distance services and broadband video provided to designated customers in such areas. References to the Transaction refer to our acquisition of the Acquired Business from Verizon, which closed on July 1, 2010.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

The risk that the growth opportunities from the Transaction may not be fully realized or may take longer to realize than expected;

The effects of greater than anticipated competition requiring new pricing, marketing strategies or new product or service offerings and the risk that we will not respond on a timely or profitable basis;

Reductions in the number of our access lines that cannot be offset by increases in broadband subscribers and sales of other products and services;

The effects of competition from cable, wireless and other wireline carriers;

Our ability to maintain relationships with customers, employees or suppliers;

The effects of ongoing changes in the regulation of the communications industry as a result of federal and state legislation and regulation, or changes in the enforcement or interpretation of such legislation and regulation;

The effects of any unfavorable outcome with respect to any current or future legal, governmental or regulatory proceedings, audits or disputes;

The effects of changes in the availability of federal and state universal funding to us and our competitors;

Our ability to adjust successfully to changes in the communications industry and to implement strategies for growth;

Continued reductions in switched access revenues as a result of regulation, competition or technology substitutions;

Our ability to effectively manage service quality in our territories and meet mandated service quality metrics;

Our ability to successfully introduce new product offerings, including our ability to offer bundled service packages on terms that are both profitable to us and attractive to customers;

Changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles or regulations;

Our ability to effectively manage our operations, operating expenses and capital expenditures, and to repay, reduce or refinance our debt;

The effects of changes in both general and local economic conditions on the markets that we serve, which can affect demand for our products and services, customer purchasing decisions, collectability of revenues and required levels of capital expenditures related to new construction of residences and businesses;

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

The effects of increased medical and pension expenses and related funding requirements;

Changes in income tax rates, tax laws, regulations or rulings, or federal or state tax assessments;

The effects of state regulatory cash management practices that could limit our ability to transfer cash among our subsidiaries or dividend funds up to the parent company;

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

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

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

Adverse changes in the credit markets or in the ratings given to our debt securities by nationally accredited ratings organizations, which could limit or restrict the availability, or increase the cost, of financing;

Limitations on the amount of capital stock that we can issue to make acquisitions or to raise additional capital until July 2012;

Our indemnity obligation to Verizon for taxes which may be imposed upon them as a result of changes in ownership of our stock may discourage, delay or prevent a third party from acquiring control of us during the two-year period ending July 2012 in a transaction that stockholders might consider favorable;

Our ability to pay dividends on our common shares, which may be affected by our cash flow from operations, amount of capital expenditures, debt service requirements, cash paid for income taxes and liquidity; and

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

Any of the foregoing events, or other events, could cause financial information to vary from management s forward-looking statements included in this prospectus supplement and the accompanying prospectus. You should consider these important factors, as well as the risk factors set forth in this prospectus supplement and the accompanying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2011, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus, in evaluating any statement made in or incorporated by reference in this prospectus supplement and the accompanying prospectus. For the foregoing reasons, we caution you against relying on any forward-looking statements. We undertake no obligation to update or revise these forward-looking statements, except as required by law.

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SUMMARY

This summary highlights information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus.

Our Company

We are a communications company providing services predominantly to rural areas and small and medium-sized towns and cities in the U.S. We generated revenues of approximately $5.2 billion for the fiscal year ended December 31, 2011 and approximately $1.3 billion for the three months ended March 31, 2012. We operate in 27 states with approximately 5.2 million access lines, 1.8 million broadband subscribers and 0.6 million video subscribers as of March 31, 2012.

Incorporated in November 1935, we are the fourth largest incumbent local exchange carrier in the United States based on number of access lines. Our business is with both residential and business customers and we provide the last mile of telecommunications services to customers in these markets.

We offer a broad portfolio of high-quality communications services for residential and business customers in each of our markets. These include services traditionally associated with local telephone companies, as well as other services such as long distance, Internet access, broadband-enabled services and video services. We offer these services both á la carte and, increasingly, as bundled packages which are purposely designed to simplify customer purchasing decisions and to provide the customer with pricing discounts. We also offer incentives and promotions such as gifts to influence customers to purchase or retain certain services. We also enhance customer retention by offering one-, two- and three-year price protection plans under which customers commit to a term in exchange for predictable pricing or other incentives and promotions. We are staffed locally with skilled technicians and supervisory personnel, which enables us to provide efficiently and reliably an array of communications services to meet our customers needs. Our call center operations and field technicians are staffed with 100% U.S.-based personnel.

Our mission is to be the leader in providing communications services to residential and business customers in our markets. We are committed to delivering innovative and reliable products and solutions with an emphasis on convenience, service and customer satisfaction. We believe that our local management structure, 100% U.S.-based customer service and innovative product positioning will continue to differentiate us from our competitors in the markets in which we compete.

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Concurrent Debt Tender Offer

On May 17, 2012, we commenced a $500.0 million tender offer for certain of our outstanding debt securities (the Tender Offer). Pursuant to the Tender Offer and not this prospectus supplement or the accompanying prospectus, we are offering to purchase for cash as many of our (i) 8.25% Senior Notes due 2014 (the 2014 Notes), of which $600.0 million are currently outstanding, as we can purchase for aggregate consideration of $446.0 million (the 2014 Notes Sublimit) and (ii) 7.875% Senior Notes due 2015 (the April 2015 Notes), of which $500.0 million are currently outstanding, as we can purchase with aggregate consideration of $500.0 million less amounts applied to purchase the 2014 Notes. Proceeds will be applied (i) first, to purchase 2014 Notes, subject to the 2014 Notes Sublimit, validly tendered by the Early Tender Date (as defined below), promptly following the Early Tender Date, (ii) second, to purchase 2014 Notes, subject to the 2014 Notes Sublimit, tendered after the Early Tender Date and by the Expiration Date (as defined below), promptly following the Expiration Date, and (iii) third, to purchase April 2015 Notes, whether tendered by the Early Tender Date or the Expiration Date, promptly following the Expiration Date, subject to the limits described above.

The price per $1,000 aggregate principal amount of 2014 Notes accepted for purchase will be $1,095.00, plus an early tender premium of $20 for 2014 Notes tendered on or before the close of business on May 31, 2012 (as may be extended, the Early Tender Date). The price per $1,000 aggregate principal amount of April 2015 Notes accepted for purchase will be $1,071.25, plus an early tender premium of $20 for April 2015 Notes tendered by the Early Tender Date. The Tender Offer will expire at 9:00 a.m. on June 15, 2012, unless extended by us pursuant to the terms of the Tender Offer (the Expiration Date).

We will use the net proceeds of this offering, together with cash on hand, if necessary, to purchase our outstanding debt securities pursuant to the Tender Offer. See Use of Proceeds. The successful completion of this offering is an express condition to our obligation to purchase securities tendered pursuant to the Tender Offer, but the completion of the Tender Offer is not a condition to the sale of the notes offered pursuant to this prospectus supplement and the accompanying prospectus. If the Tender Offer is terminated for any reason (other than the termination of this offering), we intend to use the proceeds of this offering for general corporate purposes and for the selective purchase of our outstanding debt. Such purchases may be made in open market or privately negotiated transactions, through one or more additional tender or exchange offers, pursuant to redemption terms applicable to our debt, or otherwise.

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The Offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The sections entitled Description of the Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus contain more detailed descriptions of the terms and conditions of the notes and the indenture governing the notes. In this subsection, we, us and our refer only to Frontier Communications Corporation and not to any of our subsidiaries.

Issuer	Frontier Communications Corporation
Notes Offered	$500,000,000 aggregate principal amount of % Senior Notes due 2021.
Maturity Date	, 2021.
Interest	We will make interest payments on the notes semi-annually in arrears on and of each year, beginning on , 2012. Interest will accrue from , 2012.
Ranking	The notes will be our senior unsecured obligations and will rank:

- equal in right of payment to all of our existing and future senior unsecured indebtedness;
- effectively junior to all of our existing and future senior secured indebtedness (all of which is currently at our subsidiaries) to the extent of the assets securing such indebtedness;
- effectively junior to all existing and future indebtedness and other liabilities and commitments of our subsidiaries (including trade payables and capital lease obligations); and
- senior in right of payment to all of our existing and future subordinated indebtedness, if any.

As of March 31, 2012, we and our subsidiaries had approximately $8.3 billion of indebtedness. At such date, the notes would have ranked effectively junior to (i) approximately $10.1 million of senior secured indebtedness to the extent of the assets securing such indebtedness (all of which would have been at our subsidiaries) and (ii) approximately $1,078.3 million of liabilities of our subsidiaries, including approximately $296.1 million of indebtedness (including the secured indebtedness) and $57.2 million with respect to a sale and leaseback transaction accounted for as a secured financing obligation and excluding deferred income tax liabilities and intercompany liabilities.

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	The indenture governing the notes will not restrict the amount of debt we may incur, including senior debt, which will be pari passu with the notes, except that the indenture will limit, subject to important qualifications, the amount of debt our subsidiaries may incur. The notes will rank effectively junior to any existing and such additional subsidiary debt.
Optional Redemption	At any time, we may redeem some or all of the notes by paying a specified make-whole premium set forth under Description of the Notes Optional Redemption.
Covenants	We will issue the notes under an indenture and supplemental indenture, which we refer to collectively as the indenture, between us and The Bank of New York Mellon, as trustee. The indenture will include covenants that limit our ability and each of our subsidiaries ability to: incur indebtedness at our subsidiaries; create liens; and merge or consolidate with other companies. These covenants are subject to important exceptions and qualifications. In addition, we and each of our subsidiaries will not be subject to the covenant described under Description of the Notes Covenants Limitation on Subsidiary Indebtedness, including any limitation on indebtedness of subsidiaries, at any time after the notes achieve investment grade ratings by S&P and Moody s. See Description of the Notes Termination of Certain Covenants.
Change of Control	Following a change of control and ratings decline (as defined herein), we will be required to offer to purchase all of the notes at a purchase price equal to 101% of their respective principal amounts, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the Notes Repurchase of Notes upon a Change of Control Triggering Event.
Absence of Established Market for the Notes	The notes are a new issue of securities. There is currently no established trading market for the notes, and we do not intend to apply for the notes to be listed on any securities exchange or to arrange for any quotation system to quote them. The underwriters have advised us that they intend to make a market in the notes. The underwriters are not obligated, however, to make a market in the notes and any such market-making may be discontinued by the underwriters in their discretion at any time without notice.

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	Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. See Underwriting.
Use of Proceeds	The net proceeds from the offering will be approximately $ million. We will use the net proceeds from the sale of the notes, together with cash on hand, if necessary, to purchase our 2014 Notes and April 2015 Notes in the Tender Offer, subject to the limits as set forth under Summary Concurrent Tender Offer. If the Tender Offer is terminated for any reason (other than the termination of this offering), or if any net proceeds remain after application of the net proceeds as described above, we intend to use such proceeds of this offering for general corporate purposes and for the selective purchase of our outstanding debt. See Use of Proceeds.
Risk Factors	Your investment in the notes will involve risks. You should consider carefully all of the information set forth in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to this offering filed by us with the Securities and Exchange Commission and the documents incorporated by reference herein and, in particular, you should evaluate the risks in this prospectus supplement under Supplemental Risk Factors and in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding whether to purchase any notes in this offering.
Conflicts of Interest	Because one or more of the underwriters or their affiliates may receive more than 5% of the net proceeds from the sale of the notes, a conflict of interest may be deemed to exist under FINRA Rule 5121. Therefore, the offering will be made in compliance with such rule. See Conflicts of Interest in this prospectus supplement.
Governing Law	The notes will be governed by the laws of the State of New York.
Trustee	The Bank of New York Mellon.

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Summary Historical Consolidated Financial Information of Frontier

The following tables present our summary historical consolidated financial and operating information for the periods indicated. The summary statements of operations information for the three months ended March 31, 2012 and 2011 and the selected balance sheet data as of March 31, 2012 have been derived from our unaudited interim consolidated financial statements incorporated by reference into this prospectus supplement and the accompanying prospectus. In the opinion of our management, all adjustments considered necessary for a fair presentation of the interim March 31, 2012 and 2011 financial information have been included. The summary historical consolidated financial information as of December 31, 2011 and 2010 and for each of the three fiscal years in the three-year period ended December 31, 2011 is derived from our audited historical consolidated financial statements incorporated by reference into this prospectus supplement and the accompanying prospectus. The summary historical consolidated financial information as of December 31, 2009 is derived from our audited historical consolidated financial statements not included or incorporated by reference into this prospectus supplement and the accompanying prospectus. The operating data below is unaudited for all periods. Our operating results for the three months ended March 31, 2012 are not necessarily indicative of the results to be expected for any future periods.

This information is only a summary and should be read in conjunction with our management s discussion and analysis of financial condition incorporated by reference into this prospectus supplement and the accompanying prospectus and results of operations and the historical consolidated financial statements and notes thereto referred to above.

($ in thousands)	Three Months Ended March 31, 2012 (unaudited)	Three Months Ended March 31, 2011 (unaudited)	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Statements of Operations Information:					
Revenue	$ 1,268,054	$ 1,346,697	$ 5,243,043	$ 3,797,675	$ 2,117,894
Operating income	$ 208,458	$ 250,593	$ 899,621	$ 771,998	$ 606,165
Income from continuing operations	$ 30,490	$ 56,196	$ 157,608	$ 155,717	$ 123,181
Net income attributable to common shareholders of Frontier	$ 26,768	$ 54,711	$ 149,614	$ 152,673	$ 120,783
Other Financial Data:					
Capital expenditures(1)	$ 224,253	$ 209,112	$ 824,839	$ 577,879	$ 255,965
Adjusted EBITDA(2)	$ 619,834	$ 626,437	$ 2,485,567	$ 1,853,271	$ 1,148,874

($ in thousands)	As of March 31, 2012 (unaudited)	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009
Balance Sheet Data:				
Total assets	$ 17,218,250	$ 17,429,768	$ 17,890,230	$ 6,878,255
Long-term debt	$ 7,614,392	$ 8,205,841	$ 7,983,614	$ 4,794,129
Total shareholders equity of Frontier	$ 4,387,261	$ 4,455,137	$ 5,196,740	$ 327,611
Operating Data:				
Access lines	5,164,828	5,266,916	5,745,718	2,117,512
Broadband subscribers	1,775,853	1,764,160	1,718,959	635,947
Video subscribers	561,878	557,527	531,446	172,961

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(1) Includes capital expenditures related to integration activities of $15,731 and $5,578 for the three months ended March 31, 2012 and 2011, respectively, and $76,478, $96,991 and $24,999 for the years ended December 31, 2011, 2010 and 2009, respectively.

(2) Adjusted EBITDA is a non-GAAP financial measure which we define as operating income plus depreciation and amortization, as adjusted to add back acquisition and integration costs, non-cash pension/OPEB costs and severance and early retirement costs. A reconciliation of the differences between Adjusted EBITDA and the most comparable financial measure calculated and presented in accordance with GAAP is included in the table that follows. Adjusted EBITDA is, by definition, not a measure of financial performance under GAAP and is not an alternative to operating income or net income reflected in the statement of operations or to cash flow, as reflected in the statement of cash flows, and it is not necessarily indicative of cash available to fund all cash needs. Adjusted EBITDA as used by us may not be comparable to similarly titled measures of other companies.

We believe that presentation of Adjusted EBITDA provides useful information to investors regarding our financial condition and results of operations because Adjusted EBITDA, when used in conjunction with related GAAP financial measures, (i) provides a more comprehensive view of our core operations and ability to generate cash flow, (ii) provides investors with the financial analytical framework upon which management bases financial, operational, compensation and planning decisions and (iii) presents measurements that investors and rating agencies have indicated to management are useful to them in assessing us and our results of operations.

Management uses Adjusted EBITDA to (i) assist in analyzing our underlying financial performance from period to period, (ii) evaluate the financial performance of our business units, (iii) analyze and evaluate strategic and operational decisions, (iv) establish criteria for compensation decisions, and (v) assist management in understanding our ability to generate cash flow and, as a result, to plan for future capital and operational decisions. Management uses Adjusted EBITDA in conjunction with related GAAP financial measures. We believe that Adjusted EBITDA is meaningful and useful for the reasons outlined above.

While we utilize Adjusted EBITDA in managing and analyzing our business and financial condition and believe it is useful to management and to investors for the reasons described above, Adjusted EBITDA has certain shortcomings. Management compensates for the shortcomings of Adjusted EBITDA by utilizing it in conjunction with comparable GAAP financial measures. The information presented in this section should be read in conjunction with the consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

The following are the components of Adjusted EBITDA for each of the years in the three-year period ended December 31, 2011 and for the three months ended March 31, 2012 and 2011.

	Three Months Ended March 31,		**Year Ended December 31,**		
($ in thousands)	**2012**	**2011**	**2011**	**2010**	**2009**
	(unaudited)				
Operating income	$ 208,458	$ 250,593	$ 899,621	$ 771,998	$ 606,165
Depreciation and amortization					