FRONTIER COMMUNICATIONS CORP
Form 424B5
September 05, 2014
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-181299

CALCULATION OF REGISTRATION FEE

Title of each class of securities offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
6.250% Senior Notes due 2021	$775,000,000	$99,820
6.875% Senior Notes due 2025	$775,000,000	$99,820
Total	$1,550,000,000	$199,640

(1) Calculated in accordance with Rule 457(r), under the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 10, 2012

Frontier Communications Corporation

$775,000,000 6.250% Senior Notes due 2021

$775,000,000 6.875% Senior Notes due 2025

We are offering $775,000,000 aggregate principal amount of our 6.250% Senior Notes due 2021 (the 2021 notes) and $775,000,000 aggregate principal amount of our 6.875% Senior Notes due 2025 (the 2025 notes). The 2021 notes and the 2025 notes are collectively referred to herein as the notes. We will pay interest on the 2021 notes semi-annually in arrears on March 15 and September 15 of each year, commencing March 15, 2015. We will pay interest on the 2025 notes semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2015. The 2021 notes will mature on September 15, 2021. The 2025 notes will mature on January 15, 2025. Interest on the notes will accrue from September 17, 2014.

We may, at our option, redeem some or all of the notes of a series at any time, by paying a make-whole premium, or at par on or after the date that is three months prior to the maturity date of such series, in each case 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 each series of notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

The notes are being issued to fund a portion of the purchase price for the AT&T Transaction (as defined herein). This offering is not conditioned upon, and will be consummated before, the closing of the AT&T Transaction. Upon the closing of this offering, we will deposit the net proceeds from this offering into an escrow account. If the AT&T Transaction is not consummated on or before August 17, 2015 or the stock purchase agreement relating to the AT&T Transaction is terminated prior to such date, we will be required to redeem all of the notes of each series at a redemption price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of redemption. See Description of the Notes Escrow of Proceeds; Mandatory Redemption.

Each series of notes will be our senior obligations. Each series of notes will rank equally with the other series and with all of our other unsecured senior indebtedness from time to time outstanding.

The notes of each series are not and will not be listed on any exchange or quoted on any automated dealer quotation system. Currently, there is no public market for either series of notes.

Investing in the notes involves risks. See Supplemental Risk Factors beginning on page S-14 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(1)
Per 2021 Note	100%	2.0%	98.0%
2021 Total	$ 775,000,000	$ 15,500,000	$ 759,500,000
Per 2025 Note	100%	2.0%	98.0%
2025 Total	$ 775,000,000	$ 15,500,000	$ 759,500,000
Total	$ 1,550,000,000	$ 31,000,000	$ 1,519,000,000

(1) Plus accrued interest from September 17, 2014, if settlement occurs after that date.

Delivery of the notes will be made in book-entry form through the facilities of The Depository Trust Company on or about September 17, 2014.

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

J.P. Morgan **Citigroup** **Morgan Stanley**

Co-Managers

Barclays **Credit Suisse** **Deutsche Bank Securities** **RBS**

The date of this prospectus supplement is September 3, 2014.

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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 this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering and some of which is superseded by the information in this prospectus supplement.

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 otherwise indicated (including, without limitation, as expressly provided under Description of the Notes) or the context otherwise requires, references to we, us, our, Frontier and the Company refer to Frontier Communications Corporation and its subsidiaries and not include the Connecticut Operations (as defined below).

Pursuant to the Stock Purchase Agreement (as defined herein), we have agreed to acquire all of the issued and outstanding capital stock of The Southern New England Telephone Company and SNET America, Inc. (collectively the transferred companies) from AT&T Inc. (AT&T) in connection with the AT&T Transaction (as defined below). Prior to the closing of the AT&T Transaction, (i) AT&T will transfer to the transferred companies certain assets and cause the transferred companies to assume certain liabilities relating to the business to be acquired and (ii) the transferred companies will transfer to AT&T certain assets, and AT&T will assume certain liabilities of the transferred companies, to be retained by AT&T following the closing (the transferred companies, after giving effect to such transactions, being referred to as the Connecticut Operations). References to the AT&T Transaction refer to our prospective acquisition of the Connecticut Operations from AT&T pursuant to the Stock Purchase Agreement, which we expect to close in the fourth quarter of 2014.

We expect that delivery of the notes will be made against payment therefor on or about the closing date specified on the cover page of this prospectus supplement, which will be the tenth business day following the date of pricing of the notes (this settlement cycle being referred to as T+10). Under Rule 15c6-1 of the Securities and Exchange Commission under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding six business days will be required, by virtue of the fact that the notes initially will settle in T+10, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of notes who wish to trade notes on the date of pricing or the next succeeding six business days should consult their own advisor.

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

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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 or 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:

- Our ability to complete the AT&T Transaction on the terms or timeline currently contemplated, or at all;

- The ability to successfully integrate the Connecticut Operations into our existing operations and the diversion of management s attention from ongoing business and regular business responsibilities to effect such integration;

- The effects of increased expenses or unanticipated liabilities incurred due to activities related to the AT&T Transaction;

- The risk that the cost savings from the AT&T Transaction may not be fully realized or may take longer to realize than expected or that our actual integration costs may exceed our estimates;

- The sufficiency of the assets to be acquired from AT&T to enable the combined company to operate all aspects of the Connecticut Operations;

- Failure to enter into or obtain, or delays in entering into or obtaining, certain agreements and consents necessary to operate the Connecticut Operations as planned;

- The failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals for the AT&T Transaction;

- Disruption from the AT&T Transaction making it more difficult to maintain relationships with customers or suppliers of the Connecticut Operations;

- Our debt and debt service obligations, which will increase following this offering and the AT&T Transaction;

- The effects of greater than anticipated competition from cable, wireless and other wireline carriers that could require us to implement 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 voice customers that we cannot offset with increases in broadband subscribers and sales of other products and services;

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 service funding or other subsidies to us and our competitors;

Our ability to successfully adjust 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;

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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;

The effects of 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, products and service offerings, including the lack of assurance that our network improvements in speed and capacity will be sufficient to meet or exceed the capabilities and quality of competing networks;

The effects of increased medical expenses (including as a result of the impact of the Patient Protection and Affordable Care Act) and pension and postemployment expenses, such as retiree medical and severance costs, and related funding requirements;

The effects of changes in income tax rates, tax laws, regulations or rulings, or federal or state tax assessments;

Our ability to successfully renegotiate union contracts;

Changes in pension plan assumptions and/or the value of our pension plan assets which could require us to make increased contributions to the pension plan in 2014 and beyond;

The effects of economic downturns that 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 to us;

Our cash flow from operations, amount of capital expenditures, debt service requirements, cash paid for income taxes and liquidity may affect our payment of dividends on our common shares;

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; and

The effects of severe weather events such as hurricanes, tornadoes, ice storms or other natural or man-made disasters, which may increase our operating expenses or adversely impact customer revenue.

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, the accompanying prospectus and any free writing prospectus with respect to the offering filed by us with the Securities and Exchange Commission. You should consider these important factors, as well as the risk factors set forth 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 in our Annual Report on Form 10-K for the year ended December 31, 2013, 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 the largest communications company providing services predominantly to rural areas and small and medium-sized towns and cities in the United States. We generated revenues of approximately $4.8 billion for the fiscal year ended December 31, 2013 and approximately $2.3 billion for the six months ended June 30, 2014. We currently operate in 27 states, with approximately 3.0 million customers, 1.9 million broadband connections and 0.4 million video subscribers as of June 30, 2014. Following the consummation of the AT&T Transaction, we will commence operations in the State of Connecticut and operate in 28 states overall. As of June 30, 2014, we had approximately 13,900 employees.

Incorporated in November 1935, we are the fourth largest incumbent local exchange carrier in the United States. Our business is with both residential and business customers, and we provide the last mile of communications 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. Our product portfolio includes voice services, Internet access, broadband-enabled services and video services. We offer these services both on a standalone basis and as bundled packages that are purposely designed to simplify customer purchasing decisions and to provide the customer with pricing discounts. Periodically, we offer selective incentives and promotions to influence customers to purchase or retain certain services. We are staffed locally with skilled technicians and supervisors, which enables us to provide an array of communications services to meet our customers needs. Our call center operations and field technicians are staffed with 100% U.S.-based employees.

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 engagement structure, 100% U.S. based workforce and innovative product positioning will continue to differentiate us from our competitors in the markets in which we compete.

The AT&T Transaction

On December 16, 2013, we entered into an agreement (such agreement as amended on August 13, 2014 and as may be further amended, the Stock Purchase Agreement) to acquire the wireline properties of AT&T in Connecticut for a purchase price of $2.0 billion in cash. Upon completion of the AT&T Transaction, we will operate AT&T s wireline business and statewide fiber network that provides services to residential, commercial and wholesale customers in Connecticut, making Connecticut our largest market. We will also acquire AT&T s U-verse® video and satellite TV customers in Connecticut. The Connecticut Operations generated revenues of approximately $1.4 billion and net income of approximately $237.6 million for the fiscal year ended December 31, 2013, and revenues of approximately $679.8 million and net income of approximately $54.5 million for the six months ended June 30, 2014. As of June 30, 2014, the Connecticut Operations had approximately 875,000 voice, 415,000 broadband and 215,000 video connections. The AT&T Transaction will add approximately 2,700 employees to our Company, a majority of whom are represented by the Communications Workers of America. The consummation of the AT&T Transaction is subject to the satisfaction of certain conditions, including review or approval by various federal and state regulatory agencies and other closing conditions. We expect the AT&T Transaction to close in the fourth quarter of 2014. See Description of the AT&T Transaction.

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On January 29, 2014, we entered into a bridge loan agreement (the Bridge Loan Agreement) among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, pursuant to which the lenders have agreed at closing of the AT&T Transaction to provide to us an unsecured bridge loan facility for up to $1.9 billion (the Bridge Facility) for the purposes of funding (i) substantially all of the purchase price for the AT&T Transaction and (ii) the fees and expenses incurred in connection with the transactions contemplated by the Stock Purchase Agreement. Pursuant to the Bridge Loan Agreement, if and to the extent we do not, or are unable to, raise debt yielding up to $1.9 billion in gross cash proceeds on or prior to the closing of the AT&T Transaction, we will draw down up to $1.9 billion in aggregate principal amount of loans under the Bridge Facility, less the amount of debt, including the notes offered hereby and borrowings under the CoBank AT&T Transaction Facility (as defined herein), raised by us on or prior to the closing of the AT&T Transaction. The Bridge Facility was downsized by $350.0 million following the execution of the CoBank AT&T Transaction Facility and the remainder of the Bridge Facility will be terminated upon consummation of this offering.

If the AT&T Transaction is not consummated on or before August 17, 2015 (the Trigger Date) or the Stock Purchase Agreement is terminated prior to the Trigger Date, we will be required to redeem all of the notes of each series at a redemption price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of redemption. See Description of the Notes Escrow of Proceeds; Mandatory Redemption.

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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 indentures 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	$775,000,000 aggregate principal amount of 6.250% Senior Notes due 2021.
	$775,000,000 aggregate principal amount of 6.875% Senior Notes due 2025.
Maturity Date	2021 notes: September 15, 2021.
	2025 notes: January 15, 2025.
Interest	We will pay interest on the 2021 notes semi-annually in arrears on March 15 and September 15 of each year, commencing March 15, 2015. Interest on the 2021 notes will accrue from September 17, 2014.
	We will pay interest on the 2025 notes semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2015. Interest on the 2025 notes will accrue from September 17, 2014.
Ranking	The notes of each series 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 June 30, 2014, we and our subsidiaries had approximately $7.9 billion of indebtedness. As of June 30, 2014, the notes would have ranked effectively junior to (i) approximately $32.4 million of senior secured indebtedness to the extent of the assets securing such indebtedness ($8.7 million of which was at our subsidiaries) and (ii) approximately $1,038.1 million of liabilities of our subsidiaries, including approximately $258.7 million of indebtedness (including the $8.7 million of secured indebtedness referenced above), $79.4 million with respect to a sale and leaseback transaction accounted for

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as a secured financing obligation and capital lease obligations of $24.3 million, and excluding deferred income tax liabilities and intercompany liabilities.

On June 2, 2014, we entered into a new $750.0 million senior unsecured revolving credit facility and terminated our previously existing revolving credit facility. As of the date of this prospectus supplement, we had not made any borrowings under the new revolving credit facility. In addition, on June 2, 2014, we entered into a credit agreement in respect of the CoBank AT&T Transaction Facility (as defined herein), which provides for a delayed single draw of up to $350.0 million to fund a portion of the purchase price for the AT&T Transaction. See Description of Other Indebtedness. Borrowings under these facilities will rank equally with the notes offered hereby.

The indentures 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 each 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 of a series by paying a specified make-whole premium set forth under Description of the Notes Optional Redemption, or at par on or after the date that is three months prior to the maturity date of such series, in each case plus accrued and unpaid interest, if any, to the date of redemption.

Escrow of Proceeds; Mandatory Redemption

The completion of this offering will occur prior to, and is not conditioned upon, the consummation of the AT&T Transaction. Upon the closing of this offering, we will deposit the net proceeds from this offering into an escrow account. We intend to use the escrowed proceeds to fund a portion of the purchase price for the AT&T Transaction. If the AT&T Transaction is not consummated on or before the Trigger Date or the Stock Purchase Agreement is terminated prior to the Trigger Date, we will be required to redeem all of the notes of each series at a redemption price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of redemption, and, in such event, the escrowed proceeds will be applied to fund a portion of such redemption price. See Description of the Notes Escrow of Proceeds; Mandatory Redemption.

Covenants

We will issue each series of notes under a separate supplemental indenture, supplementing the base indenture between us and The Bank of New York Mellon, as trustee. References to the indenture mean the base indenture, as so supplemented, related to the applicable series of notes. Each indenture will include covenants that limit our ability and each of our subsidiaries ability to:

incur indebtedness at our subsidiaries;

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- 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 of a series achieves investment grade ratings by S&P and Moody s, notwithstanding that such notes may later fail to maintain an investment grade rating by either S&P or Moody s. See Description of the Notes Termination of Certain Covenants.

Change of Control	Following a Change of Control and Ratings Decline (each as defined herein), we will be required to offer to purchase all of the notes of each series 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	Each series of notes is a new issue of securities. There is currently no established trading market for either series of 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 either series of notes and any such market-making may be discontinued by the underwriters in their discretion at any time without notice. Accordingly, there can be no assurance as to the development or liquidity of any market for either series of notes. See Underwriting.
Use of Proceeds	The net proceeds from the offering, after deducting underwriting discounts and commissions and before deducting estimated expenses, will be approximately $1,519.0 million. Pending consummation of the AT&T Transaction, the net proceeds from this offering will be deposited into an escrow account. We intend to use the net proceeds from this offering, together with proceeds from the CoBank AT&T Transaction Facility and cash on hand, to fund the purchase price for the AT&T Transaction. If the AT&T Transaction is not consummated on or before the Trigger Date or the Stock Purchase Agreement is terminated prior to the Trigger Date, we will be required to redeem all of the notes at a redemption price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of redemption. See Description of the Notes Escrow of Proceeds; Mandatory Redemption and 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

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	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, 2013, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding whether to purchase any notes in this offering.
Governing Law	The notes will be governed by the laws of the State of New York.
Trustee; Escrow Agent	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 six months ended June 30, 2014 and 2013 and the summary balance sheet data as of June 30, 2014 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 June 30, 2014 and 2013 financial information have been included. The summary historical consolidated financial information as of December 31, 2013 and 2012 and for each of the three fiscal years in the three-year period ended December 31, 2013 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, 2011 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 six months ended June 30, 2014 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 and results of operations incorporated by reference into this prospectus supplement and the accompanying prospectus and the historical consolidated financial statements and notes thereto referred to above.

($ in thousands)	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
	(unaudited)				
Statements of Operations Information:					
Revenue	$ 2,301,311	$ 2,395,929	$ 4,761,576	$ 5,011,853	$ 5,243,043
Total Operating expenses	$ 1,850,944	$ 1,893,550	$ 3,795,456	$ 4,024,685	$ 4,343,422
Gain on sale of Mohave partnership interest		$ 14,601	$ 14,601		
Operating income	$ 450,367	$ 516,980	$ 980,721	$ 987,168	$ 899,621
Income from continuing operations	$ 76,954	$ 12,323	$ 115,478	$ 153,314	$ 157,608
Net income attributable to common shareholders of Frontier	$ 76,954	$ 9,680	$ 112,835	$ 136,636	$ 149,614
Other Financial Data:					
Capital expenditures(1)	$ 302,170	$ 326,522	$ 634,685	$ 802,504	$ 824,839
Adjusted EBITDA(2)	$ 1,036,500	$ 1,119,218	$ 2,238,155	$ 2,395,846	$ 2,485,567

($ in thousands)	As of June 30, 2014	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
	(unaudited)			
Balance Sheet Data:				
Total assets	$ 16,179,278	$ 16,635,484	$ 17,733,631	$ 17,448,319
Long-term debt	$ 7,650,833	$ 7,873,667	$ 8,381,947	$ 8,224,392

Total shareholders equity of Frontier	$ 3,943,150	$ 4,055,481	$ 4,107,596	$ 4,455,137
Operating Data:				
Customers	3,026,281	3,074,280	3,173,169	3,413,666
Broadband subscribers	1,931,521	1,866,670	1,754,422	1,731,020
Video subscribers	393,901	385,353	346,627(3)	527,565

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(1) Includes capital expenditures related to integration activities in connection with the AT&T Transaction of $41,575 for the six months ended June 30, 2014 and the businesses acquired from Verizon Communications Inc. in 2010 of $54,097 and $76,478 for the years ended December 31, 2012 and 2011, respectively.

(2) Adjusted EBITDA is a non-GAAP (as defined below) financial measure which we define as operating income plus depreciation and amortization, as adjusted to add back acquisition and integration costs, non-cash pension/pension and other postretirement benefit (OPEB) costs, severance costs, pension settlement costs and gains/losses on the sale of certain assets. A reconciliation of the differences between Adjusted EBITDA and the most comparable financial measure calculated and presented in accordance with accounting principles generally accepted in the United States of America (GAAP) is set forth below. Adjusted EBITDA is 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.

Our 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. 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.

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The following are the components of Adjusted EBITDA for each of the years in the three-year period ended December 31, 2013 and for the six months ended June 30, 2014 and 2013.

($ in thousands)	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
	(unaudited)				
Operating income	$ 450,367	$ 516,980	$ 980,721	$ 987,168	$ 899,621
Depreciation and amortization	554,870	601,524	1,169,500	1,266,807	1,403,175
	1,005,237	1,118,504	2,150,221	2,253,975	2,302,796