

FRONTIER COMMUNICATIONS CORP

Form 424B2

June 02, 2015

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Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-203537

The information contained 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 or a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated June 2, 2015

Prospectus supplement

(To Prospectus dated April 20, 2015)

## Frontier Communications Corporation

***\$1,750,000,000***

***17,500,000 shares of % Mandatory Convertible Preferred Stock, Series A***

We are offering 17,500,000 shares of our % Mandatory Convertible Preferred Stock, Series A, par value \$0.01 per share (the Mandatory Convertible Preferred Stock). We will receive all of the net proceeds from this offering.

Dividends on the Mandatory Convertible Preferred Stock will be payable on a cumulative basis when, as and if declared by our board of directors or an authorized committee thereof, at an annual rate of % on the liquidation preference of \$100.00 per share. We may pay declared dividends in cash or, subject to certain limitations, in shares of our common stock, par value \$0.25 per share (our common stock), or by delivery of any combination of cash and shares of our common stock, at our election, subject to certain limitations, on the last business day of each of March, June, September and December of each year, commencing on September 30, 2015 and to, and including, June 29, 2018.

Each share of the Mandatory Convertible Preferred Stock will automatically convert on June 29, 2018 (subject to postponement in certain cases, the mandatory conversion date), into between and shares of our common stock, subject to anti-dilution adjustments, depending on the average VWAP (as defined herein) per share of our common stock over the 20 consecutive trading day period beginning on, and including, the 22nd scheduled trading day immediately preceding the mandatory conversion date. At any time prior to the mandatory conversion date, holders may elect to convert all or a portion of their shares of the Mandatory Convertible Preferred Stock into shares of our common stock at the minimum conversion rate of shares of our common stock per share of the Mandatory Convertible Preferred Stock, subject to anti-dilution adjustments; *provided, however*, that if holders elect to convert any shares of the Mandatory Convertible Preferred Stock during a specified period beginning on the effective date of a fundamental change (as defined herein), such shares of the Mandatory Convertible Preferred Stock will be converted into shares of our common stock at the fundamental change conversion rate (as defined herein), and the holders will also be entitled to receive a fundamental change dividend make-whole amount and accumulated dividend amount (each as defined herein).

Concurrently with this offering, we are offering shares of our common stock in a \$750,000,000 offering (the concurrent offering). The concurrent offering is being made by means of a separate prospectus supplement and not by means of this prospectus supplement. This prospectus supplement is not an offer to sell or a solicitation of an offer to buy any securities being offered in the concurrent offering.

We intend to use the proceeds of this offering, together with the proceeds of the concurrent offering, to finance a portion of the cash consideration payable in connection with the Verizon Transaction (as defined herein) and to pay related fees and expenses. The closing of this offering and the concurrent offering are not conditioned on each other or on the closing of the Verizon Transaction which, if completed, will occur subsequent to the closing of this offering. See Summary The Verizon Transaction and Use of proceeds. If the Verizon Transaction has not closed on or prior to August 6, 2016 or if an acquisition termination event (as defined herein) occurs, we may, at our sole option, redeem the Mandatory Convertible Preferred Stock as further described herein.

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Prior to this offering, there has been no public market for the Mandatory Convertible Preferred Stock. We intend to apply to list the Mandatory Convertible Preferred Stock on the NASDAQ Global Select Market (the "NASDAQ") under the symbol "FTRPR". Our common stock is listed on the NASDAQ under the symbol "FTR". On June 1, 2015, the last reported sale price of our common stock on the NASDAQ was \$5.08 per share.

**Investing in our Mandatory Convertible Preferred Stock involves risks. See Supplemental risk factors beginning on page S-21 of this prospectus supplement as well as the risks described in Part I, Item 1A Risk Factors in our annual report on Form 10-K for the fiscal year ended December 31, 2014.**

	Per share	Total
Public offering price	\$	\$ (1)
Underwriting discounts and commissions	\$	\$ (1)
Proceeds, before expenses, to us	\$	\$ (1)

(1) Assumes no exercise of the underwriters' option to purchase additional shares described below.

We have granted the underwriters an overallotment option exercisable within a 30-day period beginning on, and including, the date of this prospectus supplement, to purchase up to 1,750,000 additional shares of Mandatory Convertible Preferred Stock from us at the public offering price, less the underwriting discounts and commissions. See "Underwriting."

**Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Mandatory Convertible Preferred Stock or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the Mandatory Convertible Preferred Stock on or about \_\_\_\_\_, 2015.

*Joint book-running managers*

**J.P. Morgan**

**BofA Merrill Lynch**

**Citigroup**

**Barclays**

*Co-managers*

**Credit Suisse**

**Morgan Stanley**

**Mizuho Securities**

**Deutsche Bank Securities**

**Goldman, Sachs & Co.**

**UBS Investment Bank**

The date of this prospectus supplement is \_\_\_\_\_, 2015

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## About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes certain matters relating to us and 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, dated April 20, 2015, gives more general information about us and the securities we may offer from time to time under our shelf registration statement, some of which may 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 securities offered hereby in the accompanying prospectus is different from the description in this prospectus supplement, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

You should read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus in their entirety, including the additional information described under [Where you can find more information](#) and [Incorporation of certain documents by reference](#) in this prospectus supplement, before deciding whether to invest in the securities offered by this prospectus supplement.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of the securities offered by this prospectus supplement.

**We have not, and the underwriters have not, authorized anyone to provide any information other than that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.**

**We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted.**

**The information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate only as of the date such information is presented regardless of the time of delivery of this prospectus supplement or the accompanying prospectus. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important that you read and consider all of the information contained in or incorporated by reference into this prospectus supplement and the information contained in the accompanying prospectus in making your investment decision.**

As used in this prospectus supplement and the accompanying prospectus, unless otherwise indicated or the context otherwise requires, references to [we](#), [us](#), [our](#), [Frontier](#) and the [Company](#) refer to Frontier Communications Corporation and its subsidiaries.

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## Cautionary note regarding forward-looking statements

Information we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus contains forward-looking statements. These forward-looking statements include, among others, statements of our plans, objectives, expectations (financial or otherwise) or intentions. Words such as expect, anticipate, intend, plan, believe, seek, see, will, would, target and expressions are intended to identify forward-looking statements.

Our forward-looking statements involve risks and uncertainties. Our actual results may differ significantly from those projected or suggested in any forward-looking statements. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Factors that might cause such a difference to occur include, but are not limited to:

risks related to the pending Verizon Transaction, including our ability to complete the Verizon Transaction, our ability to successfully integrate operations, our ability to realize anticipated cost savings, sufficiency of the assets to be acquired from Verizon (as defined herein), our ability to migrate Verizon's operations from Verizon owned and operated systems and processes to our owned and operated systems and processes successfully, failure to enter into or obtain, or delays in entering into or obtaining, certain agreements and consents necessary to operate the acquired business as planned, failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals for the acquisition, and increased expenses incurred due to activities related to the Verizon Transaction;

the ability of the Commitment Parties (as defined herein) that have provided the 8/10 Year Bridge Facility and 18 Month Bridge Facility (each as defined herein) to meet their obligations thereunder in the event we are required to draw on such bridge financing;

our ability to raise, on terms reasonable and acceptable to us, all or a portion of the financing to replace our 8/10 Year Bridge Facility and 18 Month Bridge Facility with debt and equity financing to complete the Verizon Transaction prior to the closing of such transaction, which, if the Verizon Transaction is ultimately not consummated or is delayed, could require us to pay significant interest expense, dividends and other costs in connection with the financing without achieving the expected benefits of the Verizon Transaction;

risks related to the recently-concluded Connecticut Acquisition (as defined herein), including our ability to fully realize expected cost synergies;

our ability to meet our debt and debt service obligations;

competition from cable, wireless and other wireline carriers and the risk that we will not respond on a timely or profitable basis;

our ability to successfully adjust to changes in the communications industry, including the effects of technological changes and competition on our capital expenditures, products and service offerings;

reductions in revenue from our voice customers that we cannot offset with increases in revenue from broadband and video subscribers and sales of other products and services;

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

the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks;

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

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

our ability to successfully introduce new product offerings;

the effects of changes in accounting policies or practices, including potential future impairment charges with respect to our intangible assets;

our ability to effectively manage our operations, operating expenses, capital expenditures, debt service requirements and cash paid for income taxes and liquidity, which may affect payment of dividends on our common stock;

the effects of changes in both general and local economic conditions on the markets that we serve;

the effects of increased medical expenses and pension and postemployment expenses;

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, interest rates, regulatory rules and/or the value of our pension plan assets which could require us to make increased contributions to the pension plan in 2015 and beyond;

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 ability, or increase the cost, of financing to us;

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;

the effects of severe weather events or other natural or man-made disasters, which may increase our operating expenses or adversely impact customer revenue; and

the impact of potential information technology or data security breaches or other disruptions.

Any of the foregoing events, or other events, could cause financial information to vary from management's forward-looking statements included or incorporated by reference 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, the accompanying prospectus, any free writing prospectus with respect to the offering filed by us with the SEC and in our Annual Report on Form 10-K for the year ended December 31, 2014 and our other filings under the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), parts of which are 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. Because this is a summary, it may not contain all of the information that is important to you. Before making an investment decision, you should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference, including the section entitled *Supplemental risk factors* in this prospectus supplement and *Part I, Item 1A Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2014 (as such risk factors may be updated from time to time in our public filings).*

### **Our company**

We are the fourth largest incumbent local exchange carrier ( ILEC ) in the United States, with 3.5 million customers across 28 states and approximately 17,800 employees. Our products and services include wireline voice, data and video for 3.2 million residential customers and approximately 300,000 business customers. We have transformed from a smaller rural provider of telephone services into a provider of communications and entertainment services that is diversified across rural, suburban and metropolitan markets. We generated revenues of approximately \$4.8 billion for the year ended December 31, 2014 and approximately \$1.4 billion for the three months ended March 31, 2015.

Following the consummation of the Verizon Transaction, we will operate in 29 states, passing approximately 14.6 million households, with approximately 4.6 million broadband connections, 1.8 million video connections and 7.2 million total customers. Moreover, our fiber/U-verse services will be available to more than 30% of the homes we pass. Pro forma for the Verizon Transaction and the Connecticut Acquisition, which was consummated on October 24, 2014, our total revenues for the year ended December 31, 2014 would have been approximately \$11.5 billion, approximately double our standalone operations, before giving effect to the Connecticut Acquisition and the Verizon Transaction.

We offer a broad portfolio of high-quality communications services, including voice services, Internet access, broadband-enabled services, and video services for residential and business customers in each of our markets. We offer these services both on a standalone basis and as bundled packages that are designed to simplify customer purchasing decisions and to provide the customer with attractive pricing. We have skilled technicians and supervisors staffed in our local markets. 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 enables us to adapt our offerings and marketing to the needs of local markets and that our 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 Verizon Transaction**

On February 5, 2015, we entered into a Securities Purchase Agreement (the *Verizon Purchase Agreement* ) with Verizon Communications Inc. ( *Verizon* ) to acquire, among other things, Verizon's wireline business and statewide fiber networks that provide services to residential, commercial and wholesale customers in

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California, Texas and Florida, along with certain of Verizon's FiOS customers in those states (the Verizon Transaction) for a purchase price of \$10.54 billion in cash and assumed debt, subject to certain adjustments specified in the Verizon Purchase Agreement. Pursuant to the Verizon Purchase Agreement, we will acquire all of the issued and outstanding limited liability company interests of a limited liability company to be formed by Verizon (Newco), which will hold the outstanding limited liability company interests and capital stock of Verizon Florida LLC, GTE Southwest Incorporated and Verizon California Inc. (collectively with Newco, the Verizon Transferred Companies). Prior to the closing under the Verizon Purchase Agreement, (i) Verizon will transfer to the Verizon Transferred Companies certain assets and cause the Verizon Transferred Companies to assume certain liabilities relating to the business to be acquired and (ii) the Verizon Transferred Companies will transfer to Verizon certain assets, and Verizon will assume certain liabilities of the Verizon Transferred Companies, to be retained by Verizon following the closing (the Verizon Transferred Companies, taking into account such transactions, being referred to as the Verizon Separate Telephone Operations or VSTO).

The Verizon assets complement our existing platform and position us well strategically. We believe that these assets offer attractive demographics because the operations we are acquiring from Verizon are in the three most populated states in the United States (California, Florida, and Texas) and they also have economic growth that is above the U.S. average. The network assets are high quality, with high fiber penetration approximately 54% of the footprint is FiOS-enabled allowing us to offer customers market-leading broadband speeds and very high-quality video products. The acquisition of the Verizon properties is aligned with our strategic focus on broadband as it will increase our broadband base by 2.2 million customers. We also anticipate potential for incremental growth with business customers, which we will pursue with carrier Ethernet products we have made available to business and other carrier customers within our existing footprint. We also anticipate there will be an opportunity to sell Frontier Secure, our security/technical support/identity protection suite, into customers within these new regions.

The VSTO generated operating revenues of approximately \$5.8 billion and net loss of approximately \$32 million for the fiscal year ended December 31, 2014, and operating revenues of approximately \$1.4 billion and net income of approximately \$88 million for the three months ended March 31, 2015. We would have generated, on a pro forma basis after giving effect to the Verizon Transaction and the Connecticut Acquisition, which was consummated on October 24, 2014, revenues of approximately \$11.5 billion and net loss of approximately \$126 million for the fiscal year ended December 31, 2014, and revenues of approximately \$2.8 billion and net loss of approximately \$96 million for the three months ended March 31, 2015. As of March 31, 2015, the VSTO had approximately 3.6 million voice, 2.2 million broadband and 1.2 million video connections. The Verizon Transaction will add approximately 11,000 employees to our Company. The consummation of the Verizon Transaction is subject to the satisfaction of certain conditions, including review or approval by various federal and state regulatory agencies and other closing conditions as more fully described in the Verizon Purchase Agreement. We currently expect the Verizon Transaction to close in the first half of 2016. There can be no assurance that we will be able to consummate the Verizon Transaction on a timely basis or at all. See Description of the Verizon Transaction.

On February 5, 2015, in connection with the execution of the Verizon Purchase Agreement, we entered into a commitment letter (the Commitment Letter), dated February 5, 2015, with JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc. (such financial institutions being referred to as the Commitment Parties), pursuant to which the Commitment Parties have committed to provide two bridge loan facilities, initially for a total amount of \$11.594 billion, which amount was subsequently reduced by us to \$10.850 billion, for the purposes of funding

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(i) the cash consideration for the Verizon Transaction and (ii) the fees and expenses incurred in connection with the transactions contemplated by the Verizon Purchase Agreement. The first bridge loan facility was initially in the amount of \$8.594 billion (the 8/10 Year Bridge Facility ), which amount was automatically reduced in accordance with its terms by \$744 million in connection with the effectiveness of certain amendments entered into on March 5, 2015 to our two outstanding credit agreements with CoBank, ACB and certain other lenders. The second bridge loan facility is in the amount of \$3.0 billion (the 18 Month Bridge Facility ). The commitments in respect of the 8/10 Year Bridge Facility and the 18 Month Bridge Facility will be automatically reduced, subject to certain exceptions and limitations, on a dollar-for-dollar basis by (x) the gross cash proceeds of any issuance of senior unsecured notes by Frontier (with such amounts being applied first to reduce the 8/10 Year Bridge Facility), (y) the net cash proceeds of the incurrence by Frontier of certain indebtedness for borrowed money (with such amounts being applied first to reduce the 8/10 Year Bridge Facility) and (z) the net cash proceeds from any issuance of equity by Frontier, including the proceeds from the concurrent offering and the sale of the securities in this offering (with such amounts being applied first to reduce the 18 Month Bridge Facility). The financing commitments of the Commitment Parties are currently undrawn and are subject to various conditions set forth in the Commitment Letter.

We intend to use the proceeds of this offering along with the proceeds of the concurrent offering to finance a portion of the cash consideration payable in connection with the Verizon Transaction and to pay related fees and expenses. The proceeds of this offering together with the proceeds of the concurrent offering will reduce the commitments under the 18 Month Bridge Facility. The balance of the financing in connection with the Verizon Transaction could take any of several forms or any combination of them, including but not limited to the following: (i) we may issue senior notes in the public and/or private capital markets; (ii) we may enter into one or more senior secured first lien term loan facilities; (iii) we may use cash on hand; and (iv) we may draw funds under the 18 Month Bridge Facility and the 8/10 Year Bridge Facility. We refer to the financing transactions relating to the Verizon Transactions, including this offering and the concurrent offering, as the Verizon Financing Transactions.

## **The Connecticut Acquisition**

On October 24, 2014, we acquired the wireline properties of AT&T Inc. ( AT&T ) in Connecticut by acquiring all of the issued and outstanding capital stock of The Southern New England Telephone Company and SNET America, Inc. (the Transferred AT&T Companies ) for a purchase price of \$2.0 billion in cash, excluding adjustments for working capital (the Connecticut Acquisition ), pursuant to a Stock Purchase Agreement, dated as of December 16, 2013 (the AT&T Purchase Agreement ). Prior to the closing of the Connecticut Acquisition, (i) AT&T transferred to the Transferred AT&T Companies certain assets and caused the Transferred AT&T Companies to assume certain liabilities relating to the business to be acquired and (ii) the Transferred AT&T Companies transferred to AT&T certain assets, and AT&T assumed certain liabilities of the Transferred AT&T Companies, to be retained by AT&T following the closing (the Transferred AT&T Companies, after giving effect to such transactions, are referred to herein as the Connecticut Operations ). The Company financed the Connecticut Acquisition using the net proceeds of an offering of \$1.55 billion aggregate principal amount of senior unsecured notes, borrowings of \$350 million under a term loan credit agreement and cash on hand (the Connecticut Financing Transactions ).

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*The summary below contains basic information about this offering. It does not contain all of the information you should consider in making your investment decision. You should read the entire prospectus supplement and accompanying prospectus and the information included or incorporated and deemed to be incorporated by reference herein and therein before making an investment decision. As used in this section, the terms us, we and our refer to Frontier Communications Corporation and not to any of its subsidiaries.*

<b>Issuer</b>	Frontier Communications Corporation, a Delaware corporation.
<b>Securities offered</b>	17,500,000 shares of % Mandatory Convertible Preferred Stock.
<b>Number of shares of Mandatory Convertible Preferred Stock to be outstanding after this offering</b>	17,500,000 shares (or 19,250,000 shares if the underwriters exercise their overallotment option to purchase additional shares in full).
<b>Liquidation preference</b>	\$100.00 per share of Mandatory Convertible Preferred Stock, plus accumulated but unpaid dividends.
<b>Public offering price</b>	\$ per share of the Mandatory Convertible Preferred Stock.
<b>Underwriters option</b>	We have granted the underwriters a 30-day overallotment option to purchase up to 1,750,000 additional shares of the Mandatory Convertible Preferred Stock at the public offering price, less the underwriting discounts and commissions.
<b>Dividends</b>	<p>% of the initial liquidation preference of \$100.00 for each share of Mandatory Convertible Preferred Stock per annum. Dividends will accrue and accumulate from the date of issuance and, to the extent lawful and declared by our board of directors or an authorized committee thereof, will be paid on the last business day of each of March, June, September and December in cash or, at our election (subject to certain limitations), by delivery of any combination of cash and shares of our common stock. Dividends that are declared will be payable on the dividend payment dates to the holders of record of the Mandatory Convertible Preferred Stock on the 15<sup>th</sup> calendar day of the month in which such dividend payment falls (each, a record date ).</p> <p>The dividend payable on the first dividend payment date (September 30, 2015), if declared, is expected to be \$ per share of Mandatory Convertible Preferred Stock, and on each subsequent dividend payment date, if declared, will be \$ per share of Mandatory Convertible Preferred Stock. Accumulated and unpaid dividends for any past dividend period will not bear interest. See Description of Mandatory Convertible Preferred Stock Dividends.</p> <p>If we elect to make any such payment of a declared dividend, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at the average VWAP per share of our common stock (as defined under</p>

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Description of Mandatory Convertible Preferred Stock Definitions ) over the five consecutive trading day period commencing on and including the seventh scheduled trading day immediately preceding the applicable dividend payment date (the average price ), multiplied by 97%. In no event will the number of shares of our common stock delivered in connection with any declared dividend, including any declared dividend payable in connection with a conversion, exceed a number equal to the total dividend payment divided by \$ , which amount represents 35% of the initial price (as defined below), subject to adjustment in a manner inversely proportional to any anti-dilution adjustment to each fixed conversion rate (such dollar amount, as adjusted, the floor price ). To the extent that the amount of the declared dividend exceeds the product of the number of shares of our common stock delivered in connection with such declared dividend and 97% of the average price, we will, if we are legally able to do so, pay such excess amount in cash.

The last reported sale price of our common stock on the NASDAQ on June , 2015 was \$ (the initial price ).

**Dividend payment dates**

The last business day of each of March, June, September and December of each year, commencing on September 30, 2015 and to, and including, the mandatory conversion date.

**Ranking**

The Mandatory Convertible Preferred Stock will rank with respect to dividend rights and the rights to distribution of assets upon our liquidation, dissolution or winding-up:

senior to all of our common stock and to each other class of capital stock or series of preferred stock established after the issue date of the Mandatory Convertible Preferred Stock, the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Mandatory Convertible Preferred Stock as to dividend rights and/or rights to distribution of assets upon our liquidation, dissolution or winding-up;

equally with any class of capital stock or series of preferred stock established after the issue date, the terms of which expressly provide that such class or series will rank equally with the Mandatory Convertible Preferred Stock as to dividend rights and/or rights to distribution of assets upon our liquidation, dissolution or winding-up, in each case without regard to whether dividends accrue cumulatively or non-cumulatively;

junior to each class of capital stock or series of preferred stock established after the issue date, the terms of which expressly provide that such class or series will rank senior to the Mandatory Convertible Preferred Stock as to dividend rights and/or rights to distribution of assets upon our liquidation, dissolution or winding-up; and

junior to our and our subsidiaries existing and future indebtedness (including trade payables).

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For information concerning the ranking of the Mandatory Convertible Preferred Stock, see Description of Mandatory Convertible Preferred Stock Ranking.

In addition, the Mandatory Convertible Preferred Stock, with respect to dividend rights or rights to distribution of assets upon our liquidation, winding-up or dissolution, will be structurally subordinated to existing and future indebtedness of our subsidiaries.

As of March 31, 2015, on a pro forma basis to give effect to the Verizon Transaction and the other events described under Unaudited pro forma condensed combined financial information, we would have had a total of approximately \$18.6 billion of outstanding indebtedness, including long-term debt, short-term debt and long-term financial obligations. We have the ability to, and may incur, additional indebtedness in the future. See Unaudited pro forma condensed combined financial information.

**Acquisition termination redemption** If the Verizon Transaction has not closed on or before 5:00 p.m. (New York City time) on August 6, 2016, the Verizon Purchase Agreement is terminated or if we determine in our reasonable judgment that the Verizon Transaction will not occur, we may, at our option, in our sole discretion, give notice of acquisition termination redemption to the holders of the shares of Mandatory Convertible Preferred Stock. If we provide such notice, then, on the acquisition termination redemption date (as defined herein), we will be required to redeem the shares of Mandatory Convertible Preferred Stock, in whole but not in part, at a redemption amount per share of Mandatory Convertible Preferred Stock equal to the acquisition termination make-whole amount described herein.

If redeemed, we will pay the acquisition termination make-whole amount in cash unless the acquisition termination share price described herein is greater than the initial price. If the acquisition termination share price is greater than the initial price, we will pay the acquisition termination make-whole amount in shares of our common stock and cash, unless we elect, subject to certain limitations, to pay cash or shares of our common stock in lieu of such amounts. See Description of Mandatory Convertible Preferred Stock Acquisition termination redemption.

Other than pursuant to the provisions described in this prospectus supplement, the shares of Mandatory Convertible Preferred Stock will not be redeemable by us. See Description of Mandatory Convertible Preferred Stock Acquisition termination redemption.

**Mandatory Conversion Date** June 29, 2018.

**Mandatory conversion** Unless previously converted as described under Description of Mandatory Convertible Preferred Stock Conversion rights Early conversion at the option of the holder or Description of Mandatory Convertible Preferred Stock Conversion rights Early conversion at the option of the holder upon a



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fundamental change or redeemed as described under Description of Mandatory Convertible Preferred Stock Acquisition termination redemption, on the mandatory conversion date (subject to postponement in certain cases), each then outstanding share of the Mandatory Convertible Preferred Stock will automatically convert into a number of shares of our common stock based on the conversion rate described below. See Description of Mandatory Convertible Preferred Stock Conversion rights Mandatory conversion.

If we declare a dividend for the dividend period ending on the mandatory conversion date, we will pay such dividend to the holders presenting the Mandatory Convertible Preferred Stock for conversion. If, prior to the mandatory conversion date, we have not declared and paid all or any portion of the accumulated dividends on the Mandatory Convertible Preferred Stock, the conversion rate will be adjusted so that holders receive an additional number of shares of our common stock equal to the amount of such accumulated dividends (such amount, the additional conversion amount ) divided by the greater of the floor price and 97% of the average price with respect to the dividend payment date falling on June 29, 2018. To the extent that the additional conversion amount exceeds the product of the number of additional shares and 97% of the average price, we will, if we are legally able to do so, declare and pay such excess amount in cash pro rata to the holders of the Mandatory Convertible Preferred Stock. The conversion rate for each share of the Mandatory Convertible Preferred Stock will be not more than \_\_\_\_\_ shares of our common stock and not less than \_\_\_\_\_ shares of our common stock (the maximum conversion rate and minimum conversion rate, respectively), depending on the applicable market value (as defined below) of our common stock, subject to certain anti-dilution adjustments.

**Mandatory conversion rate**

The applicable market value of our common stock is the average VWAP per share of our common stock for the 20 consecutive trading day period commencing on and including the 22nd scheduled trading day immediately preceding June 29, 2018.

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The following table illustrates the conversion rate per share of the Mandatory Convertible Preferred Stock, subject to adjustment as described under Description of Mandatory Convertible Preferred Stock Conversion rights Conversion rate adjustments, in this prospectus supplement, based on the applicable market value of our common stock on the mandatory conversion date (subject to postponement in certain cases):

<b>Applicable Market Value of our Common Stock on the Mandatory Conversion Date</b>	<b>Conversion Rate Per Share of the Mandatory Convertible Preferred Stock</b>
Less than or equal to \$ (which is the initial price).	shares of our common stock.
Greater than \$ and less than \$ (the threshold appreciation price ).	Between and shares, determined by dividing \$ by the applicable market value of our common stock.
Equal to or greater than the threshold appreciation price.	shares of our common stock.

**Early conversion at the option of the holder** At any time prior to June 29, 2018, other than during a fundamental change conversion period (as defined below), a holder of shares of the Mandatory Convertible Preferred Stock may elect to convert such holder's shares of Mandatory Convertible Preferred Stock, in whole or in part, into shares of our common stock, at the minimum conversion rate of shares of our common stock per share of the Mandatory Convertible Preferred Stock, subject to certain anti-dilution adjustments. See Description of Mandatory Convertible Preferred Stock Conversion rights Early conversion at the option of the holder in this prospectus supplement.

If, as of the effective date of any early conversion (the early conversion date ), we have not declared all or any portion of the accumulated dividends for all dividend periods ending on a dividend payment date prior to such early conversion date, the conversion rate for such early conversion will be adjusted so that holders converting their Mandatory Convertible Preferred Stock at such time receive an additional number of shares of our common stock equal to such amount of accumulated and unpaid dividends for such prior dividend periods, divided by the greater of the floor price and the average VWAP per share of our common stock over the 20 consecutive trading day period commencing on and including the 22nd scheduled trading day immediately preceding the early conversion date (the early conversion average price ). To the extent that the cash amount of the accumulated and unpaid dividends for all dividend periods ending on a dividend payment date prior to the relevant conversion date exceeds the value of the product of the number of additional shares added to the conversion rate and the early conversion average price, we will not have any obligation to pay the shortfall in cash.

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**Early conversion at the option of the holder upon a fundamental change** Upon the occurrence of a fundamental change (as defined under Description of Mandatory Convertible Preferred Stock Conversion rights Early conversion at the option of the holder upon a fundamental change ) prior to June 29, 2018, under certain circumstances we will deliver or pay to holders who convert their shares of the Mandatory Convertible Preferred Stock during the period from, and including, the effective date of the fundamental change to, but excluding, the earlier of (A) the mandatory conversion date and (B) the date selected by us that is not less than 30 and not more than 60 days after the effective date of such fundamental change (the fundamental change conversion period ), a number of shares of our common stock or, if the fundamental change also constitutes a reorganization event, units of exchange property (as defined under Description of Mandatory Convertible Preferred Stock Recapitalizations, reclassifications and changes of our common Stock), determined using the applicable fundamental change conversion rate. The fundamental change conversion rate will be determined based on the effective date of the fundamental change and the price per share of our common stock paid or deemed paid in such fundamental change (the stock price ).

Holders who convert their Mandatory Convertible Preferred Stock within the fundamental change conversion period will also receive a fundamental change dividend make-whole amount, in cash or in shares of our common stock or a combination thereof, equal to the present value (computed using a discount rate of % per annum) of all remaining dividend payments on their shares of the Mandatory Convertible Preferred Stock (excluding any accumulated and unpaid dividends for all dividend periods ending on or prior to the dividend payment date immediately preceding the effective date of the fundamental change as well as dividends accumulated to the effective date of the fundamental change) from such effective date to, but excluding, the mandatory conversion date. If we elect to pay the fundamental change dividend make-whole amount in shares of our common stock in lieu of cash, the number of shares of our common stock that we will deliver will equal (x) the fundamental change dividend make-whole amount divided by (y) the greater of the floor price and 97% of the stock price.

In addition, to the extent that, as of the effective date of the fundamental change, we have not declared any or all of the accumulated dividends on the Mandatory Convertible Preferred Stock as of such effective date (including accumulated and unpaid dividends for all dividend periods ending on or prior to the dividend payment date immediately preceding the effective date of the fundamental change as well as dividends accumulated to the effective date of the fundamental change, the accumulated dividend amount ), upon conversion, we will pay or deliver, as the case may be, such accumulated dividend amount in cash (to the extent we are legally permitted to do so) or shares of our common stock, or any combination thereof at our election, to holders who convert Mandatory Convertible Preferred Stock within the fundamental change conversion period. If we elect to pay the accumulated dividend amount in shares

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of our common stock in lieu of cash, the number of shares of our common stock that we will deliver will equal (x) the accumulated dividend amount divided by (y) the greater of the floor price and 97% of the stock price.

To the extent that the sum of the fundamental change dividend make-whole amount and accumulated dividend amount or any portion thereof paid in shares of our common stock exceeds the product of the number of additional shares we deliver in respect thereof and 97% of the stock price, we will, if we are legally able to do so, declare and pay such excess amount in cash. See Description of Mandatory Convertible Preferred Stock Conversion rights Conversion at the option of the holder upon a fundamental change Fundamental change dividend make-whole amount and accumulated dividend amount.

**Fundamental change**

A fundamental change will be deemed to have occurred, at such time after the initial issue date of the Mandatory Convertible Preferred Stock, upon: (i) any person or group (within the meaning of Sections 13(d) of the Securities Exchange Act of 1934, or Exchange Act ) filing a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of our common equity representing more than 50% of the voting power of our common equity; (ii) the consummation of any recapitalization, reclassification, change of our common stock (subject to certain exceptions), share exchange, consolidation or merger as a result of which our common stock would be converted into, exchanged for or represent solely the right to receive stock, other securities, other property or assets or any sale, lease or other transfer of all or substantially all of our assets to another person (other than in each case, a transaction in which at least 90% of the consideration received or to be received by our common stockholders consists of common stock that is listed on, or immediately after the transaction or event will be listed on, any of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market or any of their respective successors); (iii) our stockholders approve any plan for our liquidation or dissolution or (iv) our common stock (or, following a reorganization event (as defined herein), any common stock, depositary receipts or other securities representing common equity interests into which the Mandatory Convertible Preferred Stock becomes convertible in connection with such reorganization event) ceases to be listed for trading on the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market (or any of their respective successors) or another U.S. national securities exchange.

**Conversion rate adjustments**

Each of the minimum conversion rate, the maximum conversion rate, the initial price, the threshold appreciation price, the floor price, the applicable market value, the fundamental change conversion rate and the stock price for purposes of a fundamental change, among other terms, will be adjusted upon the occurrence of certain events and transactions. See Description of Mandatory Convertible Preferred Stock Conversion rights Conversion rate adjustments.

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**Voting rights**

Except as required by law or our Restated Certificate of Incorporation, as amended (our Certificate of Incorporation ), which will include the Certificate of Designations (as defined under Description of Mandatory Convertible Preferred Stock ) for the Mandatory Convertible Preferred Stock, the Mandatory Convertible Preferred Stock will have no voting rights.

Whenever, at any time or times, dividends payable on the shares of the Mandatory Convertible Preferred Stock have not been paid for an aggregate of six or more dividend periods, whether or not consecutive, the holders of the Mandatory Convertible Preferred Stock will have the right (voting separately as a class with all other parity stock upon which like voting rights have been conferred and are exercisable (voting in proportion to their respective liquidation preferences)) to elect two directors to our board of directors at the next annual meeting or special meeting of our stockholders and at each subsequent annual meeting or special meeting of our stockholders until all accumulated and unpaid dividends have been paid in full or fully set aside for payment on the Mandatory Convertible Preferred Stock.

The affirmative consent of holders of at least two-thirds in voting power of the outstanding shares of the Mandatory Convertible Preferred Stock and all other preferred stock or securities of equal ranking having similar voting rights (voting in proportion to their respective liquidation preferences) will be required for certain matters which may impact the Mandatory Convertible Preferred Stock, but not necessarily all such matters. For more information about voting rights, see Description of Mandatory Convertible Preferred Stock Voting rights.

**Use of proceeds**

We estimate that the net proceeds from this offering will be approximately \$ billion (or approximately \$ billion if the underwriters exercise their option to purchase additional shares of Mandatory Convertible Preferred Stock in full), after deducting the underwriters discounts and commissions and estimated offering expenses.

We intend to use the proceeds of this offering along with the proceeds of the concurrent offering to finance a portion of the cash consideration payable in connection with the Verizon Transaction and to pay related fees and expenses. See Description of the Verizon Transaction and Use of proceeds.

Neither this offering nor the concurrent offering is conditioned on the consummation of the Verizon Transaction, and there can be no assurance that the Verizon Transaction will be consummated on the terms described herein or at all. If the Verizon Transaction is not consummated, we intend to use the proceeds of this offering and the proceeds of the concurrent offering, net of certain fees and expenses and net of the aggregate redemption amount paid in cash if we choose to exercise our acquisition termination option to redeem all of the Mandatory Convertible Preferred Stock offered hereby, for general corporate purposes, which may include share repurchases, acquisitions or debt repayment.

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**U.S. federal income tax considerations**

The U.S. federal income tax considerations of owning and disposing of the Mandatory Convertible Preferred Stock and any common stock received upon its conversion are described in U.S. federal income tax considerations. Prospective investors are urged to consult their tax advisors regarding the tax considerations of owning and disposing of the Mandatory Convertible Preferred Stock and any common stock received upon its conversion in light of their personal investment circumstances.

**Book-entry delivery and form**

Initially, the Mandatory Convertible Preferred Stock will be represented by one or more permanent global certificates in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of DTC. See Description of Mandatory Convertible Preferred Stock Book Entry, Delivery and Form. Beneficial interests in the permanent global certificates will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.

**Listing**

We intend to apply to list the Mandatory Convertible Preferred Stock on the NASDAQ under the symbol FTRPR. Our common stock is listed on the NASDAQ under the symbol FTR.

**Concurrent offering**

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, shares of our common stock for aggregate gross proceeds to us of \$750.0 million, plus up to an additional shares of our common stock (10% of the base offering size) that the und