

FRONTIER COMMUNICATIONS CORP

Form 10-Q

November 07, 2013

FRONTIER COMMUNICATIONS CORPORATION

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-11001

FRONTIER COMMUNICATIONS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3 High Ridge Park
Stamford, Connecticut

06-0619596
(I.R.S. Employer Identification No.)

06905

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(Address of principal executive offices) (Zip Code)

(203) 614-5600

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's Common Stock as of October 25, 2013 was 999,547,000.

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(\$ in thousands)

	(Unaudited) September 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 660,997	\$ 1,326,532
Accounts receivable, less allowances of \$85,663 and \$93,267, respectively	472,223	533,704
Restricted cash	9,260	15,408
Prepaid expenses	64,492	66,972
Income taxes and other current assets	116,564	144,587
Total current assets	1,323,536	2,087,203
Restricted cash	11,612	27,252
Property, plant and equipment, net	7,289,567	7,504,896
Goodwill	6,337,719	6,337,719
Other intangibles, net	1,291,954	1,542,739
Other assets	239,026	233,822
Total assets	\$ 16,493,414	\$ 17,733,631
LIABILITIES AND EQUITY		
Current liabilities:		
Long-term debt due within one year	\$ 257,910	\$ 560,550
Accounts payable	231,451	338,148
Advanced billings	139,504	146,317
Accrued other taxes	73,409	66,342
Accrued interest	203,383	209,327
Other current liabilities	219,234	232,836
Total current liabilities	1,124,891	1,553,520
Deferred income taxes	2,297,447	2,357,210
Pension and other postretirement benefits	1,022,765	1,055,058

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Other liabilities	254,953	266,625
Long-term debt	7,887,296	8,381,947
Equity:		
Shareholders' equity of Frontier:		
Common stock, \$0.25 par value (1,750,000,000 authorized shares, 999,517,000 and 998,410,000 outstanding, respectively, and 1,027,986,000 issued, at September 30, 2013 and December 31, 2012)	256,997	256,997
Additional paid-in capital	4,317,473	4,639,563
Retained earnings	108,285	63,205
Accumulated other comprehensive loss, net of tax	(438,779)	(483,576)
Treasury stock	(337,914)	(368,593)
Total shareholders' equity of Frontier	3,906,062	4,107,596
Noncontrolling interest in a partnership	-	11,675
Total equity	3,906,062	4,119,271
Total liabilities and equity	\$ 16,493,414	\$ 17,733,631

The accompanying Notes are an integral part of these Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION (Continued)

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(\$ in thousands, except for per-share amounts)

(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2013	2012	2013	2012
Revenue	\$ 1,185,278	\$ 1,252,469	\$ 3,581,207	\$ 3,779,300
Operating expenses:				
Network access expenses	103,955	102,051	320,467	333,053
Other operating expenses	549,141	572,348	1,624,655	1,663,842
Depreciation and amortization	285,701	298,416	887,225	962,763
Pension settlement costs	40,309	-	40,309	-
Integration costs	-	4,458	-	68,204
Total operating expenses	979,106	977,273	2,872,656	3,027,862
Gain on sale of Mohave partnership interest	-	-	14,601	-
Operating income	206,172	275,196	723,152	751,438
Investment income	382			