

# Frontier-AT&T Connecticut Transaction Overview

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*frontier*<sup>®</sup>

# Frontier-AT&T Connecticut Transaction

- Frontier to acquire from AT&T the stock of The Southern New England Telephone Company (“SNET”) and its long distance and calling card affiliate SNET America, Inc. (“SAI”) for \$2 billion in cash.
  - Expands Frontier’s ILEC operations from 27 to 28 states.
  - ILEC territory covers the vast majority of CT (with the exception of a small area in southern CT).
- Follows Frontier’s successful 2010 transaction with Verizon.
  - That conversion covered operations across 14 states and was completed approximately one year ahead of schedule.

# Frontier-AT&T Connecticut Transaction

- Frontier to acquire SNET's ILEC, retail broadband and video operations in Connecticut.
  - Approximately 900,000 access lines.
  - Approximately 415,000 broadband.
  - Approximately 180,000 video customers.
- SAI has a limited number of long distance customers in numerous states, as well as calling card customers.
- Post-transaction, Frontier will have approximately 16,900 employees operating across 28 states

# The Transaction Will Increase Competition

- Frontier presently has no local exchange, broadband or video operations in Connecticut.
- Post-transaction, Frontier will compete with the wireless, enterprise and CLEC operations that AT&T will retain in the state.

# Benefits for Connecticut Customers

- Frontier will deepen its existing roots and active community involvement in Connecticut, where it has been headquartered for more than 65 years.
  - Currently employs more than 200 personnel in CT, including most of the company's senior leadership; presence will grow with the addition of about 2700 SNET employees.
- SNET will become an integral part of Frontier's core business and strategies.
  - CT customers will retain the advantages of service from a large company while gaining the close working relationships of a small company.
  - Frontier will increase investment in the 48% of the state that is rural.
- Frontier will focus on customer service and service quality, maintain and continue to invest in existing facilities and operations.
  - Existing customers to receive substantially the same services on the same terms and conditions, plus Frontier's branded products (stand alone broadband and computer security).
  - The transfer will be coordinated and subject to pre-planning and testing to ensure a smooth transition.

# Frontier Will Be a Stronger Carrier Nationwide

- The transaction will result in a larger and more robust carrier.
  - Improves Frontier's overall financial flexibility and stability.
  - Helps ensure over the long term that Frontier will have the financial capability to:
    - increase broadband investment and penetration and
    - provide better service.

# Substantial Synergies and Cost Savings

- Frontier expects to realize annual operating expense savings of \$200 million by:
  - Consolidating various administrative and accounting functions and network support systems,
  - Reducing corporate overhead, and
  - Increasing the company's overall purchasing power and economies of scale.