



## FOR IMMEDIATE RELEASE

### **Consolidated Communications to Acquire FairPoint Communications, Inc.**

- Creates a stronger business and broadband communications provider to better serve its customers
- Doubles revenue, adjusted EBITDA and provides significant scale and resources
- Increases fiber route miles to 35,100 across 24 states
- Adds more than 3,000 lit buildings and an extensive fiber-to-the-tower footprint
- Cash flow accretive with estimated operating synergies of \$55 million and \$300 million in NOLs
- Strengthens the dividend payout ratio, while meaningfully deleveraging the balance sheet
- Company to host conference call today at 8:30 am ET/7:30 am CT

**Mattoon, Ill. – Dec. 5, 2016** — Consolidated Communications Holdings, Inc. (NASDAQ: CNSL) announced today it has entered into a definitive agreement to acquire FairPoint Communications, Inc. (NASDAQ: FRP), a business and broadband communications provider, in an all-stock merger transaction valued at approximately \$1.5 billion, including debt. The agreement and the proposed merger have been unanimously approved by the boards of directors at both companies.

“This transaction combines two companies with extensive fiber networks, complementary strategies and focus on being the leading business and broadband solutions provider,” said Bob Udell, president and chief executive officer of Consolidated Communications. “This merger positions Consolidated to leverage its extensive product and services portfolio and consultative sales approach across 24 states bringing advanced solutions and a better experience to customers. We are well positioned to ensure a smooth transition for customers and employees as we leverage a solid track record of successful integrations.”

“I am very proud of my team and our employees and all that we have accomplished in the last several years,” said Paul Sunu, chief executive officer of FairPoint. “This transaction offers a number of benefits for FairPoint’s shareholders including the enhanced scale of the combined company, the opportunity to benefit from the realization of synergies and the receipt of an attractive dividend going forward. I am confident the new combined company will accelerate our progress and bring numerous benefits to our customers, employees and shareholders. Together, FairPoint and Consolidated Communications create a highly competitive business and broadband company with a superior network to deliver a best-in-class experience to carrier, commercial and consumer customers.”

“The financial benefits associated with the combination in the form of synergies and reduced leverage provide us additional operating and strategic flexibility going forward,” Udell added. “The transaction is accretive to free cash flow in the first year, strengthening the dividend payout ratio while maintaining our current dividend policy to shareholders.”

Under the terms of the agreement, FairPoint shareholders will receive a fixed exchange ratio of 0.7300 shares of Consolidated Communications common stock for each share of FairPoint common stock. This equates to a premium of 17.3 percent to the 30-day average exchange ratio as of Dec. 2, 2016. After closing, Consolidated’s shareholders will own approximately 71.3 percent of the pro forma Company and FairPoint’s shareholders will own 28.7 percent.

On a pro forma basis, the company generated more than \$1.5 billion in revenue and \$557 million in adjusted EBITDA before synergies or \$612 million after synergies for the 12 months ending Sept. 30, 2016. The combined markets are expected to strengthen the company’s growth opportunities, enhancing its scale with a fiber-rich network that will extend across 24 states. Together, Consolidated Communications and FairPoint will expand upon the strong reputations each has built with its customers and in the communities they serve.

The transaction is expected to generate annual operating synergies of approximately \$55 million, which are expected to be achieved within two years after completion of the merger.

FairPoint, based in Charlotte, N.C., has operations in 17 states with the largest network in New England. The Company operates a robust fiber network of approximately 21,000 fiber route miles. FairPoint had approximately \$830 million in revenue for the trailing 12 months (TTM), ended Sept. 30, 2016. FairPoint has approximately 2,600 employees.

After the transaction closes, Bob Udell will continue to serve as president and chief executive officer of the Company and one director from the FairPoint Board will join the Consolidated Communications Board of Directors. The combined company will retain the Consolidated Communications name and will be headquartered in Mattoon, Ill.

#### **Dividend Practice**

Consolidated Communications' Board of Directors has declared a quarterly dividend of \$0.38738 per share consistently for 46 quarters since its initial public offering in 2005. The Consolidated Communications board of directors expects to maintain its annual dividend of \$1.55 per share after the transaction closes although future dividend payments are at the discretion of the Consolidated Communications board of directors.

#### **Debt Financing**

As of Sept. 30, 2016, FairPoint had net debt of approximately \$887 million. Pro forma for the transaction, the combined net debt of the company will be approximately \$1.8 billion, which represents a 3.8x net leverage as of Sept. 30, 2016, down from the company's prior 4.4x net leverage as of Sept. 30, 2016. Consolidated Communications has secured committed financing debt financing in conjunction with the acquisition that in addition to cash on hand, will be used to refinance FairPoint debt and pay fees and expenses associated with the transaction. Consolidated has received financing commitments from Morgan Stanley Senior Funding, Inc., MUFG, Mizuho Bank, LTD and TD Securities (USA) LLC.

#### **Approvals and Anticipated Closing**

The transaction is subject to standard closing conditions including federal and state regulatory approvals and the approval of both Consolidated Communications' and FairPoint's shareholders. The merger is expected to close by mid-2017.

#### **Advisors**

Morgan Stanley & Co. LLC acted as lead financial advisor on the transaction and rendered a fairness opinion to the Board of Directors of Consolidated Communications. Wells Fargo and Foros acted as additional financial advisors and Schiff Hardin LLP acted as legal advisor to Consolidated Communications. Evercore acted as the sole financial advisor to FairPoint and rendered a fairness opinion to the Board of Directors of FairPoint. Paul Hastings acted as legal advisor to FairPoint.

#### **Transaction Conference Call/Webcast**

Consolidated Communications will host a conference call and webcast presentation to discuss the transaction today, Monday, Dec. 5 at 8:30 am ET. The live webcast and replay can be accessed from the "Investor Relations" section of the Company's website at <http://ir.consolidated.com>. The live conference call dial-in number is 1-877-374-3981, conference ID 32185565. A telephonic replay of the conference call will be available through Dec. 12, 2016 and can be accessed by calling 855-859-2056.

#### **About Consolidated Communications**

Consolidated Communications Holdings, Inc. (Nasdaq: CNSL) is a leading broadband and business communications provider throughout its 11-state service area. Consolidated Communications leverages its advanced fiber optic network and multiple data centers to offer a wide range of communications solutions, including data, voice, video, managed services, cloud computing and wireless backhaul. Headquartered in Mattoon, IL, Consolidated Communications has been providing services in many of its markets for more than a century. [www.consolidated.com](http://www.consolidated.com).

#### **About FairPoint Communications, Inc.**

FairPoint Communications, Inc. (Nasdaq: FRP) provides advanced data, voice and video technologies to single and multi-site businesses, public and private institutions, consumers, wireless companies and wholesale re-sellers in 17 states. Leveraging an owned, fiber-based Ethernet network — with more than 21,000 route miles of fiber, including approximately 17,000 route miles of fiber in northern New England —

FairPoint has the network coverage, scalable bandwidth and transport capacity to support enhanced applications, including the next generation of mobile and cloud-based communications, such as small cell wireless backhaul technology, voice over IP, data center colocation services, managed services and disaster recovery. [www.FairPoint.com](http://www.FairPoint.com).

### **Safe Harbor**

The Securities and Exchange Commission ("SEC") encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. Certain statements in this press release are forward-looking statements and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. These forward-looking statements reflect, among other things, our current expectations, plans, strategies, and anticipated financial results. There are a number of risks, uncertainties, and conditions that may cause our actual results to differ materially from those expressed or implied by these forward-looking statements. These risks and uncertainties include a number of factors related to our business, including our ability to complete the acquisition of FairPoint and successfully integrate FairPoint's operations and realize the synergies from the acquisition, as well as a number of factors related to our business and that of FairPoint, including economic and financial market conditions generally and economic conditions in our and FairPoint's service areas; various risks to shareholders of not receiving dividends and risks to our ability to pursue growth opportunities if we continue to pay dividends according to the current dividend policy; various risks to the price and volatility of our common stock; changes in the valuation of pension plan assets; the substantial amount of debt and our ability to repay or refinance it or incur additional debt in the future; our need for a significant amount of cash to service and repay the debt and to pay dividends on the common stock; restrictions contained in our debt agreements that limit the discretion of management in operating the business; regulatory changes, including changes to subsidies, rapid development and introduction of new technologies and intense competition in the telecommunications industry; risks associated with our possible pursuit of acquisitions; system failures; losses of large customers or government contracts; risks associated with the rights-of-way for the network; disruptions in the relationship with third party vendors; losses of key management personnel and the inability to attract and retain highly qualified management and personnel in the future; changes in the extensive governmental legislation and regulations governing telecommunications providers and the provision of telecommunications services; telecommunications carriers disputing and/or avoiding their obligations to pay network access charges for use of our network; high costs of regulatory compliance; the competitive impact of legislation and regulatory changes in the telecommunications industry; and liability and compliance costs regarding environmental regulations. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements are discussed in more detail in our filings with the Securities and Exchange Commission, including our reports on Form 10-K and Form 10-Q. Many of these circumstances are beyond our ability to control or predict. Moreover, forward-looking statements necessarily involve assumptions on our part. These forward-looking statements generally are identified by the words "believe," "expect," "anticipate," "estimate," "project," "intend," "plan," "should," "may," "will," "would," "will be," "will continue" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Consolidated Communications Holdings, Inc. and its subsidiaries to be different from those expressed or implied in the forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements that appear throughout this press release. Furthermore, forward-looking statements speak only as of the date they are made. Except as required under the federal securities laws or the rules and regulations of the Securities and Exchange Commission, we disclaim any intention or obligation to update or revise publicly any forward-looking statements. You should not place undue reliance on forward-looking statements.

### **Prospectus/Proxy Statement**

This material is not a substitute for the prospectus/proxy statement Consolidated Communications and FairPoint will file with the Securities and Exchange Commission. Investors are urged to read the prospectus/proxy statement, which will contain important information, including detailed risk factors, when it becomes available. The prospectus/proxy statement and other documents which will be filed by Consolidated Communications and FairPoint with the Securities and Exchange Commission will be available free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov), or by directing a request when such a filing is made to Consolidated Communications, 121 South 17<sup>th</sup> Street, Mattoon, IL 61938, Attention: Investor Relations; or to FairPoint Communications, 521 East Morehead Street, Suite 500, Charlotte, NC 28202, Attention: Investor

Relations. A final proxy statement or proxy/prospectus statement will be mailed to shareholders of Consolidated Communications and FairPoint.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**Proxy Solicitation**

Consolidated Communications and FairPoint, and certain of their respective directors, executive officers and other members of management and employees are participants in the solicitation of proxies in connection with the proposed transactions. Information about the directors and executive officers of Consolidated Communications is set forth in the proxy statement for its 2016 annual meeting of shareholders. Information about the directors and executive officers of FairPoint is set forth in its proxy statement for its 2016 annual meeting of shareholders. Investors may obtain additional information regarding the interests of such participants in the proposed transactions by reading the prospectus/proxy statement for such proposed transactions when it becomes available.

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