

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Joint Application of)
Consolidated Communications Holdings,)
Inc. (“CCHI”) and Condor Holdings LLC)
 (“Condor”) for Approval of the Proposed)
Acquisition of the Common Stock of CCHI)
by Condor, and the Resulting Transfer of)
Control of Consolidated Communications of)
Kansas Company and Consolidated)
Communications of Missouri Company to)
Condor)
)

Docket No. 24-CCHT-521-ACQ

TESTIMONY OF ANDREW FREY

**Partner, Searchlight Capital Partners, L.P.
On behalf of**

CONDOR HOLDINGS LLC

1 **I. BACKGROUND AND QUALIFICATIONS.**

2 **Q1. Please state your full name and business address.**

3 A1. My name is Andrew Frey, and my business address is 745 Fifth Avenue, 26th Floor, New
4 York, NY 10151.

5 **Q2. By whom and in what capacity are you employed?**

6 A2. I am a partner at Searchlight Capital Partners, L.P., which I will refer to as "Searchlight."

7 **Q3. Please describe your educational background.**

8 A3. I received a B.S. in finance and B.A.S. in systems engineering from the University of
9 Pennsylvania.

10 **Q4. Please summarize your professional experience prior to assuming your current
11 position.**

12 A4. Before I joined Searchlight in 2011, I was a managing principal at Quadrangle Group in
13 New York, where I focused on investments in the telecommunications and technology
14 sectors. Previously, I held positions at TPG Capital in London and Blackstone in New
15 York. I began my career as an investment banking analyst in the media and
16 communications group at Lehman Brothers in New York. I currently serve as one of
17 Searchlight III CVL, L.P.'s two designees on the board of directors of CCHI and am also
18 a board member of other telecommunications companies in which one or more
19 Searchlight affiliates holds an interest.

20 **Q5. What are your duties as a partner at Searchlight?**

21 A5. As a partner at Searchlight, my duties include sourcing, conducting due diligence,
22 executing, engaging in monitoring/oversight, and managing investments for Searchlight.
23 I also help set the strategy for and manage the affairs of Searchlight and recruit and
24 manage talent.

1 **Q6. On whose behalf are you offering this testimony?**

2 A6. I am offering this testimony on behalf of Condor Holdings LLC. For ease of reference, I
3 will refer to Condor Holdings LLC as “Condor.”

4 **Q7. Have you previously testified before the Kansas Corporation Commission**
5 **(“Commission”)?**

6 A7. No. However, I have or will be submitting testimony to the California Public Utility
7 Commission, the Illinois Commerce Commission, the Maine Public Utilities
8 Commission, the New Hampshire Public Utilities Commission, the New York Public
9 Service Commission, and the Vermont Public Utility Commission in connection with the
10 transaction described herein.

11 **II. SUMMARY OF TESTIMONY.**

12 **Q8. What is the purpose of your testimony?**

13 A8. The purpose of my testimony is to provide background and support for the Joint
14 Application being filed contemporaneously with this testimony, through which Condor,
15 Consolidated Communications Holdings, Inc. (“CCHI”); Consolidated Communications
16 of Kansas Company (“Consolidated-Kansas”); and Consolidated Communications of
17 Missouri Company (“Consolidated-Missouri”) (Consolidated-Kansas and Consolidated-
18 Missouri, collectively, the “Kansas Operating Entities,” and with Condor and CCHI, the
19 “Applicants”) are seeking approval of a transfer of control of the Kansas Operating
20 Entities to Condor (the “Transaction”). Mr. Michael Shultz, Senior Vice President,
21 Regulatory & Public Policy for Consolidated Communications, is also supplying
22 testimony in support of the Joint Application, in which he provides background for the
23 Transaction, summarizes its terms, and outlines the public interest benefits that CCHI, its
24 subsidiaries, and their customers expect to derive from the Transaction. My testimony
25 complements Mr. Shultz’s testimony by providing additional background regarding
26 Condor and its immediate parent company, Searchlight III CVL, L.P. (“Searchlight III
27 CVL”), explaining Searchlight III CVL’s interest in CCHI, and confirming Searchlight

1 III CVL's extensive financial resources, which will help stabilize CCHI's financial
2 position and enhance its opportunities for further investments in infrastructure in Kansas.

3 **Q9. How is your testimony organized?**

4 A9. After the background and summary sections that I have now presented, my testimony is
5 divided into three substantive sections. First, I provide additional background regarding
6 Condor, Searchlight, and Searchlight III CVL. Second, I identify Searchlight III CVL's
7 interest in pursuing the Transaction described in the Application. Third, I provide further
8 information regarding Searchlight III CVL's intentions and objectives as an investor in
9 CCHI. Fourth, I discuss how the Transaction comports with several of the Commission's
10 merger standards, others of which are more fully addressed in Mr. Shultz's testimony.

11 **Q10. Please summarize your testimony.**

12 A10. Searchlight is a well-established, extensively capitalized private equity firm with a
13 significant portfolio of telecommunications, technology, and information services
14 holdings. Searchlight III CVL, an investment fund affiliated with Searchlight, formed
15 Condor for the purpose of acquiring CCHI and its operating company utilities, including
16 the Kansas Operating Entities. Searchlight III CVL currently holds approximately 33.8
17 percent of CCHI's common stock and 100 percent of CCHI's Series A preferred stock.
18 Searchlight III CVL is pursuing this Transaction because CCHI is well-positioned to
19 expand its presence and invest further in modern telecommunications infrastructure,
20 while preserving core revenue streams and ensuring long-term financial and operational
21 stability. Searchlight III CVL has extensive capital resources and, following the
22 acquisition, CCHI and its subsidiaries will be able to grow their networks and improve
23 the capabilities and reliability of their service platforms in Kansas and throughout the
24 country.

25 **III. BACKGROUND REGARDING CONDOR, SEARCHLIGHT, AND**

1 **SEARCHLIGHT III CVL.**

2 **Q11. What type of entity is Searchlight?**

3 A11. Searchlight, a Delaware limited partnership and registered investment adviser with the
4 United States Securities and Exchange Commission (“SEC”), is a global private equity
5 investment company whose funds invest in companies across various sectors, including
6 communications, media, consumer, and business services. Searchlight has nearly \$12
7 billion in assets under management and has significant experience working with portfolio
8 companies executing strategies that involve deploying broadband infrastructure, along
9 with a proven track record of partnering with strong management teams to drive long-
10 term value and shareholder returns.

11 **Q12. When was Searchlight formed?**

12 A12. Searchlight was founded in 2010.

13 **Q13. Who are Searchlight’s principal owners?**

14 A13. Searchlight is controlled by its general partner, Searchlight Capital Partners, LLC, a
15 Delaware limited liability company, which, in turn, has three members, Eric Zinterhofer,
16 Erol Uzumeri, and Oliver Haarmann, none of whom individually has the authority to bind
17 or otherwise unilaterally exercise control over Searchlight Capital Partners, LLC.
18 Messrs. Zinterhofer, Uzumeri, and Haarmann are also the limited partners of Searchlight.
19 There are no other limited partners of Searchlight.

20 **Q14. What is the approximate value of Searchlight’s current assets?**

21 A14. Searchlight has nearly \$12 billion in assets under management.

22 **Q15. What types of businesses are included in Searchlight’s portfolio?**

23 A15. Searchlight’s funds invest in companies across various sectors, including
24 communications, media, consumer, and business services. Searchlight has significant
25 experience working with portfolio companies that have deployed broadband
26 infrastructure, and Searchlight has a demonstrated track record of partnering with strong

1 management teams to drive long-term value.

2 **Q16. When did Searchlight III CVL assume its minority interest in CCHI?**

3 A16. In 2021, Searchlight III CVL completed an acquisition of approximately 39 million
4 shares of CCHI common stock and approximately 434,000 shares of Series A preferred
5 stock through a two-stage investment transaction approved by shareholders and
6 regulatory agencies. Upon completing the transaction in 2021, Searchlight III CVL also
7 obtained the right to nominate two directors to CCHI's Board of Directors.

8 **Q17. What is Searchlight III CVL's relationship to Condor?**

9 A17. Condor is a direct wholly owned subsidiary of Searchlight III CVL, an affiliate of
10 Searchlight. Upon completion of the Transaction, a Delaware limited partnership
11 affiliated with Searchlight that will be formed in close proximity to the closing ("SCP
12 Aggregator") will hold an equity interest in Searchlight III CVL of approximately 76.8
13 percent, and IMCPE 2020 Inc. ("IMCPE 2020"), which is controlled by British Columbia
14 Investment Management Corporation ("BCI"), will hold an equity interest in Searchlight
15 III CVL of approximately 23.2 percent. All equity and voting interests in this testimony
16 are approximate. The Searchlight-affiliated funds' current equity interest referred to
17 above is based on the price of CCHI's common stock and the liquidation preference of
18 the preferred stock as of November 13, 2023. To avoid doubt, references to "voting"
19 interests and "equity" interests refer to such interests as they are calculated through
20 successive multiplication, and not beneficial ownership as defined in SEC rules. The
21 precise percentage interests to be acquired at closing may differ immaterially from those
22 testified here due to accrual of dividends on the preferred stock over time and the amount
23 funded by the Searchlight-affiliated funds, co-investors, and BCI and its affiliates.
24 Searchlight III CVL will also be converted from a Delaware limited partnership into a
25 Delaware limited liability company prior to and in connection with the closing.

1 **Q18. Is there an affiliate relationship between Searchlight and BCI?**

2 A18. No. Searchlight and BCI are separate entities that are jointly investing in CCHI through
3 the Transaction described in the Joint Application. Searchlight and BCI have no
4 corporate affiliations or common ownership. However, investment vehicles affiliated
5 with BCI are limited partners in various Searchlight investment funds, including funds
6 that hold an interest in Searchlight III CVL.

7 **Q19. Does Condor have any current operations or financials?**

8 A19. No. Condor is a recently formed limited liability company formed for the purpose of the
9 Transaction. Condor will not hold any assets (other than equity interests of Merger Sub
10 (as defined below)) until the acquisition of CCHI is complete.

11 **III. BACKGROUND REGARDING PROPOSED ACQUISITION OF CCHI.**

12 **Q20. What was the genesis of Searchlight's interest in CCHI?**

13 A20. As noted above, Searchlight III CVL currently holds approximately 33.8 percent of
14 CCHI's common stock and 100 percent of CCHI's Series A preferred stock as a result of
15 a transaction completed in 2021. In April 2023, Searchlight and BCI issued a non-
16 binding proposal to acquire all outstanding shares of common stock of CCHI not already
17 owned by Searchlight III CVL for \$4.00 a share. CCHI formed a special committee of
18 independent and disinterested members of its Board of Directors ("the Special
19 Committee") to evaluate the proposal. Negotiations ensued in the following months, and
20 the parties ultimately agreed to a purchase price of \$4.70 per share.

21 **Q21. How will this acquisition benefit Searchlight?**

22 A21. For Searchlight III CVL, the primary purpose of the merger is to allow Condor to own all
23 of the equity interests in CCHI and to bear the rewards and risks of such ownership
24 without CCHI common stock being publicly traded or CCHI being subject to public
25 company reporting obligations. Searchlight III CVL believes that structuring the
26 Transaction in such manner is preferable to other transaction structures because it (i) will

1 enable Condor to acquire all of the shares of CCHI common stock at the same time, (ii)
2 will allow CCHI to cease to be a publicly registered and reporting company, and (iii)
3 represents an opportunity for the unaffiliated stockholders to receive the merger
4 consideration of \$4.70 per share of CCHI common stock (other than the excluded shares)
5 in cash, without interest and subject to any withholding of taxes required by applicable
6 law, in accordance with the terms and conditions of the merger agreement.

7 **Q22. Through what mechanism will the transaction be consummated?**

8 A22. Searchlight III CVL will be converted to a limited liability company and will contribute
9 its common stock of CCHI to Condor, and Condor will assign all of the issued and
10 outstanding stock of Condor Merger Sub Inc., a Delaware corporation and wholly owned
11 subsidiary of Condor (“Merger Sub”), to CCHI. Pursuant to the Agreement and Plan of
12 Merger, dated as of October 15, 2023, by and among Condor, Merger Sub, and CCHI,
13 Merger Sub will merge with and into CCHI, with CCHI continuing as the surviving
14 corporation, and all issued and outstanding common stock of CCHI (other than the
15 common stock held by Condor, treasury stock and common stock held by Merger Sub (if
16 any), and common stock held by any direct or indirect wholly owned subsidiary of CCHI
17 or Condor (other than Merger Sub) (if any)) will be converted into the right to receive
18 consideration for the merger at the price of \$4.70 per share in cash. As a result, Condor,
19 which will remain a wholly owned subsidiary of Searchlight III CVL, will own all of
20 CCHI’s issued and outstanding common stock, and Searchlight III CVL will continue to
21 hold 100 percent of CCHI’s Series A preferred stock. Condor will thus become the
22 indirect parent of the Kansas Operating Entities, and CCHI, which is currently a publicly
23 traded company (NASDAQ: CNSL), will become privately held.

24 As noted above, SCP Aggregator, an affiliate of Searchlight, will hold an equity interest
25 in Searchlight III CVL of approximately 76.8 percent, and IMCPE 2020, which is
26 controlled by BCI, will hold an equity interest in Searchlight III CVL of approximately
27 23.2 percent. Upon consummation of the Transaction, Searchlight III CVL will have a

1 nine-member board of managers that, subject to certain conditions related to the
2 percentage of common units in Searchlight III CVL held by affiliates of Searchlight and
3 BCI, respectively, will be composed of four members appointed by Searchlight or its
4 affiliates, three members appointed by BCI or its affiliates, and two independent
5 members. The independent directors will be jointly appointed by a majority of the
6 Searchlight-designated board members, on the one hand, and the BCI-designated board
7 members, on the other hand, subject to certain conditions related to the percentage of the
8 common units of Searchlight III CVL held by affiliates of Searchlight and BCI,
9 respectively.

10 **IV. THE KANSAS OPERATING ENTITIES' OPERATIONS UNDER CONDOR'S**
11 **OWNERSHIP.**

12 **Q23. Do you expect significant operational changes to be made in Kansas upon the**
13 **acquisition of the Kansas Operating Entities?**

14 A23. There will be no discernible impact from the Transaction on the day-to-day management
15 of the Kansas Operating Entities. There are no plans to change the officers and managers
16 who are guiding the companies today, subject only to changes that may occur as
17 employees come and go in the normal course of business.

18 **Q24. What long-term objectives do you expect Condor to pursue as the owner of CCHI**
19 **and its subsidiaries in Kansas?**

20 A24. By consummating the Transaction, the Kansas Operating Entities will have access to a
21 greatly expanded source of capital investments. Provided that the Transaction is
22 approved and completed in a timely manner, the Kansas Operating Entities will be in a
23 position to expand their commercial services and carrier solutions by leveraging
24 consumer fiber buildouts to provide greater access to high-speed broadband and provide
25 additional resiliency and reliability benefits for all services offered over the networks,
26 including regulated voice service.

1 **Q25. Do you expect that the Transaction will benefit Kansas consumers?**

2 A25. Yes. By stabilizing CCHI's financials and providing access to additional investment
3 capital, the Kansas Operating Entities will be more financially sound and well-positioned
4 to deliver enhanced services over their broadband-capable networks. Further, by
5 enhancing the ability of CCHI and the Kansas Operating Entities to invest in additional
6 fiber connectivity, the Transaction will improve the quality of service, as fiber that
7 replaces aging copper infrastructure is more reliable and requires less maintenance.

8 **Q26. How do you expect this acquisition to impact local communities?**

9 A26. The Transaction will create additional stability and increase capital investment in the
10 region, and this in itself will benefit local communities. Searchlight III CVL is also well
11 aware of the important partnerships that exist in the service territories that the Kansas
12 Operating Entities serve and is committed to continuing and strengthening those
13 relationships into the future.

14 **VII. MERGER STANDARDS.**

15 **Q27. Can ratepayer benefits resulting from the Transaction be quantified?**

16 A27. As Mr. Shultz explains in his testimony, CCHI intends to expand its commercial services
17 and carrier solutions by leveraging consumer fiber buildouts to further expand its
18 network. This expansion will ultimately result in the delivery of higher broadband speeds
19 and more advanced services to new and existing customers, including customers in areas
20 that are underserved by high-speed broadband today. Thus, ratepayers will see benefits
21 that can be quantified in terms of rates as well as broadband speeds and availability.

22
23 **Q28. Are there operational synergies that justify payment of a premium in excess of book
24 value?**

25 A28. Because the Transaction is a take-private transaction, it is not focused on operational
26 synergies. Condor has no current plans to change the management and operation of the
27 Kansas Operating Entities, ensuring that their managerial, technical, and operational

1 standards will be maintained.

2 **VIII. CONCLUSION.**

3 **Q29. Please summarize your testimony.**

4 A29. Condor and Searchlight are excited about the opportunity that this Transaction presents,
5 and we are committing to continuing and growing CCHI's success in Kansas.

6 Searchlight III CVL will be well positioned to provide the necessary capital for network
7 expansions and upgrades that will benefit ratepayers and local communities and provide
8 for the long-term stability of the Kansas Operating Entities going forward.

9 **Q30. Does this conclude your testimony?**

10 A30. Yes. However, I am available to answer additional questions as this proceeding moves
11 forward.

VERIFICATION

STATE OF New York §
 §
COUNTY OF New York §

I, Andrew Frey, being duly sworn on oath, state that I am a partner at Searchlight Capital Partners, L.P., that I have read the foregoing Testimony and know the contents thereof, and that the facts set forth therein are true and correct to the best of my knowledge, information, and belief.

Andrew Frey
Andrew Frey
Partner
Searchlight Capital Partners, L.P.

Sworn and subscribed before me this 23 day of January, 2024.

Diana R. Heintz
Notary Public

My commission expires _____.

DIANA R. HEINTZ
Notary Public - State of New York
No. 01HE6241289
Qualified in New York County
My Commission Expires May 16, 2027