

NEW DIRECTIONS NEW CHOICES

New Opportunities For Telecommunications Customers.



A Letter To The Community From Rochester Tel President and CEO, Ron Bittner

These are exciting times ...
for our industry in general and
for Rochester Tel in particular.

For many years, Rochester Tel has been ranked among the largest and most innovative telecommunications companies in America. Now as we begin a new year, we are initiating a bold plan for the future. *Rochester Telephone will open the door to competition for local telephone service in the Rochester, N.Y. market.* We are the first telephone company in the nation to initiate such a plan for full open local competition.

Moving to an open market is our response to competition, which has already changed our industry for the better. From long distance to cellular services, competition in our business is the way of the future. Our plan will allow customers, for the first time, to choose their local service company. We envision this will result in a broader selection of products and services for Rochester customers.

We plan to restructure the local telephone company, Rochester Telephone, into two separate companies in Rochester to meet the needs of both customers and competitors. One company, which will be regulated by the New York State Public Service Commission, will act as a wholesale network company. It will let competitors use our network and provide them with dial tone and other services to resell to area customers.

Our second company will be a competitive retail company. It will offer a full range of services from simple dial tone to enhanced telephone products. It will compete directly with other companies for customers in the Rochester market.

A Holding Company will also be formed to serve as a parent for the Rochester Telephone Operations and all Rochester Tel subsidiaries. This new structure will give us the flexibility to operate in today's competitive environment.

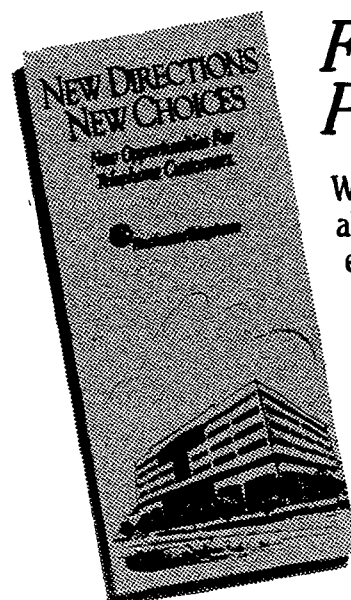
Having more choices will benefit customers. Quite simply, you'll have the chance to comparison shop among several local telephone companies who will offer you a wide variety of new products and services.

Generally, competition drives prices down and quality up. A perfect example is the recent competition in long distance. Customer choice has actually resulted in the cost of long distance calls coming down by approximately 45% in the last 10 years.

You won't need to choose until next year. Our plan must first be approved by the Public Service Commission. We hope they'll do that in the next several months. Then it will take another six or seven months for us to complete our restructuring and for competitors to enter the marketplace. During that period, you'll receive product and service information that should help you compare companies.

We're excited about this plan for the future. Over the past ten years, we've grown dramatically to 45 companies in 23 states. And we've invested heavily in Rochester to provide our area customers with the highest quality digital network, superior service and some of the lowest rates available in New York State.

We're proud to be headquartered here. We believe we've served this community well. And we're convinced that this new direction will mean new choices and new opportunities, which above all, benefit you, our customers.



**For A Free
Pamphlet!**

We expect you'll have questions about this step. We'll make every effort to provide answers upfront ... starting with a free pamphlet that addresses this topic in detail. I encourage you to call for yours today.

**CALL
1-800-836-2343**

Ron Bittner

President and Chief Executive Officer

