

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF

Joint Application of Windstream Parent, Inc.;
Windstream Holdings II, LLC; Windstream
Kentucky East, LLC; and Windstream
Kentucky West LLC; and

Uniti Group Inc.

for Approval of a Transfer of Control

Docket No. 2024-00183

SUPPLEMENT

The Joint Applicants in this matter, by counsel, respectfully submit the following supplemental information.

Joint Applicants' June 14, 2024 application in this matter indicated that public, audited financial statements for Windstream Holdings II, LLC ("Windstream"), as well as pro forma projected financials for the combined company Windstream Parent, Inc. ("Parent"), were not yet available at the time of the submission but would be forthcoming in a future Securities and Exchange Commission ("SEC") filing in July of 2024.¹

On July 29, 2024, Parent submitted its Form S-4 to the SEC, which contains the referenced financial statements for both Windstream and for Parent. Joint Applicants now respectfully supplement their joint application to incorporate these financial statements.

The complete Form S-4 is available here:

https://www.sec.gov/Archives/edgar/data/2020795/000110465924083140/tm2412846-1_s4.htm.

¹ Joint Application, *In re Joint Application of Windstream Parent, Inc. et al. and Uniti Group Inc. for Approval of a Transfer of Control*, Docket No. 2024-00183, at 10 (Ky. Pub. Serv. Comm'n June 14, 2024) ("Joint Application").

For ease of reference, the Windstream audited financial statements (excluding notes) are excerpted and attached as Exhibit 1, and the Parent projected pro forma financial statements (excluding notes) are excerpted and attached as Exhibit 2. As demonstrated therein, Parent will continue to have more than adequate financial resources to own the Windstream Licensees and support their operations. With those resources and support, the Windstream Licensees and Uniti licensees will continue to provide services to their customers and fulfill their regulatory obligations, including the provision of reasonable service to Kentucky customers, consistent with KRS 278.020(6).

Additionally, Joint Applicants note that the ownership charts for Uniti Group Inc. included in Exhibits 1 and 2 to the Joint Application inadvertently omitted a subsidiary, ANS Connect, LLC (“ANS”). ANS does not do business in Kentucky and therefore is not pertinent to the pending Joint Application. In an abundance of caution, however, Joint Applicants are including updated ownership charts as Exhibit 3 to this Supplement.

Respectfully submitted,

/s/ M. Todd Osterloh

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DATED: August 21, 2024

EXHIBIT 1

WINDSTREAM AUDITED FINANCIALS

WINDSTREAM HOLDINGS II, LLC
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Report of Independent Registered Public Accounting Firm

To the Board of Managers and Unitholders of Windstream Holdings II, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Windstream Holdings II, LLC and its subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of operations, of comprehensive income (loss), of equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition — Service Revenues from Contracts with Customers

As described in Notes 2 and 7 to the consolidated financial statements, the Company recognizes revenues from contracts with customers primarily through the provisioning of telecommunications and other services. These services include a variety of communication and connectivity services for consumer and business customers including other carriers that use the Company’s facilities to provide services to their customers, as well as professional and integrated managed services provided to large enterprises and government customers. Service revenues are recognized over the period that the corresponding services are rendered to customers. The service revenues recognized from contracts with customers was \$3,565.8 million for the year ended December 31, 2023.

The principal consideration for our determination that performing procedures relating to recognition of service revenues from contracts with customers is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's recognition of service revenues.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing the completeness, accuracy, and occurrence of revenue recognized for a sample of service revenue transactions by obtaining and inspecting invoices, cash receipts from customers, and sales contracts, as applicable, (ii) recalculating service revenues from contracts with customers recognized based on the terms of each arrangement for a sample of transactions, and (iii) testing a sample of outstanding customer invoice balances as of December 31, 2023 by obtaining evidence of subsequent cash receipt or obtaining and inspecting source documents, such as invoices, and sales contracts.

/s/ PricewaterhouseCoopers LLP
Little Rock, Arkansas
July 28, 2024

We have served as the Company's auditor since 2006.

WINDSTREAM HOLDINGS II, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS

(Millions, except per unit amounts)	For the years ended December 31,		
	2023	2022	2021
Revenues and sales:			
Service revenues	\$3,948.0	\$4,183.8	\$4,355.8
Sales revenues	38.7	45.1	63.1
Total revenues and sales	3,986.7	4,228.9	4,418.9
Costs and expenses:			
Cost of services (exclusive of depreciation and amortization included below)	2,457.9	2,653.1	2,749.6
Cost of sales	40.4	47.8	58.6
Selling, general and administrative	747.2	747.9	667.0
Depreciation and amortization	790.8	801.4	751.5
Net (gain) loss on asset retirements and dispositions	(1.8)	51.1	35.6
Total costs and expenses	4,034.5	4,301.3	4,262.3
Operating (loss) income	(47.8)	(72.4)	156.6
Other (expense) income, net	(13.8)	(21.9)	47.9
Gain on early extinguishment of debt	—	—	10.2
Interest expense	(209.6)	(185.4)	(175.8)
(Loss) income before income taxes	(271.2)	(279.7)	38.9
Income tax benefit (expense)	61.4	62.0	(21.5)
Net (loss) income	\$ (209.8)	\$ (217.7)	\$ 17.4
(Loss) earnings per unit:			
Basic	\$ (2.33)	\$ (2.42)	\$ 0.19
Diluted	\$ (2.33)	\$ (2.42)	\$ 0.19
Weighted average units outstanding:			
Basic	90.2	90.0	90.0
Diluted	90.2	90.0	90.5

The accompanying notes are an integral part of these consolidated financial statements.

WINDSTREAM HOLDINGS II, LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Millions)	For the years ended December 31,		
	2023	2022	2021
Net (loss) income	\$(209.8)	\$(217.7)	\$17.4
Other comprehensive (loss) income:			
Designated interest rate swaps:			
Changes in fair value in the period	(0.5)	30.9	5.2
Net unrealized (gains) losses included in interest expense	(14.2)	(4.6)	0.4
De-designated interest rate swaps:			
Amortization of unrealized gain	(5.0)	—	—
	(19.7)	26.3	5.6
Income tax benefit (expense)	4.9	(6.5)	(1.4)
Change in interest rate swaps	(14.8)	19.8	4.2
Postretirement plan:			
Prior service credit recorded in the period	—	—	8.2
Change in net actuarial gain	—	2.6	6.3
Amounts included in net periodic benefit cost:			
Amortization of net actuarial gains	(0.7)	(0.6)	(0.4)
Amortization of prior service credits	(0.8)	(0.8)	(0.3)
	(1.5)	1.2	13.8
Income tax benefit (expense)	0.4	(0.3)	(3.4)
Change in postretirement plan	(1.1)	0.9	10.4
Other comprehensive (loss) income	(15.9)	20.7	14.6
Comprehensive (loss) income	<u>\$(225.7)</u>	<u>\$(197.0)</u>	<u>\$32.0</u>

The accompanying notes are an integral part of these consolidated financial statements.

WINDSTREAM HOLDINGS II, LLC
CONSOLIDATED BALANCE SHEETS

(Millions)	December 31,	
	2023	2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 44.9	\$ 112.6
Restricted cash	5.3	5.3
Accounts receivable, net of allowance for credit losses of \$22.9 and \$20.4, respectively	352.6	376.9
Inventories	186.2	236.5
Prepaid expenses	144.7	130.8
Other current assets	88.2	82.8
Total current assets	821.9	944.9
Intangible assets, net	246.0	324.0
Property, plant and equipment, net	3,924.2	3,847.6
Operating lease right-of-use assets	3,686.3	4,026.1
Other assets	93.3	128.6
Total Assets	\$8,771.7	\$9,271.2
Liabilities and Equity		
Current Liabilities:		
Current portion of long-term debt	\$ 7.5	\$ 7.5
Current portion of operating lease obligations	456.3	421.1
Accounts payable	242.7	191.9
Advance payments	164.2	147.2
Accrued taxes	58.3	75.4
Accrued interest	42.7	43.7
Other current liabilities	306.0	305.8
Total current liabilities	1,277.7	1,192.6
Long-term debt	2,319.0	2,318.9
Long-term operating lease obligations	3,455.2	3,764.3
Deferred income taxes	197.8	267.4
Other liabilities	380.2	369.7
Total liabilities	7,629.9	7,912.9
Commitments and Contingencies (See Note 16)		
Equity:		
Equity units	1,463.0	1,463.0
Additional paid-in capital	22.8	13.6
Accumulated other comprehensive income	18.9	34.8
Accumulated deficit	(362.9)	(153.1)
Total equity	1,141.8	1,358.3
Total Liabilities and Equity	\$8,771.7	\$9,271.2

The accompanying notes are an integral part of these consolidated financial statements.

WINDSTREAM HOLDINGS II, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions)	For the years ended December 31,		
	2023	2022	2021
Cash Flows from Operating Activities:			
Net (loss) income	\$ (209.8)	\$ (217.7)	\$ 17.4
Adjustments to reconcile net (loss) income to net cash provided from operations:			
Depreciation and amortization	790.8	801.4	751.5
Provision for estimated credit losses	49.6	44.8	22.9
Pension expense (income)	12.4	40.9	(46.1)
Deferred income taxes	(64.3)	(81.5)	11.6
Net (gain) loss on asset retirements and dispositions	(1.8)	51.1	35.6
Gain on early extinguishment of debt	—	—	(10.2)
Other, net	28.2	16.7	15.3
Changes in operating assets and liabilities, net			
Accounts receivable	(25.3)	(55.4)	51.5
Inventories	49.5	(91.4)	(71.9)
Prepaid expenses	(13.9)	(12.8)	(15.1)
Other current assets	6.9	(15.0)	(18.6)
Income tax receivable	—	—	9.7
Other assets	9.3	(16.9)	(38.9)
Accounts payable	49.0	22.5	(35.4)
Advance payments	17.0	7.1	2.4
Accrued interest	(1.0)	2.4	1.8
Accrued taxes	(17.1)	13.8	(1.2)
Other current liabilities	19.0	(6.5)	(8.6)
Other liabilities	(1.0)	15.9	20.2
Operating lease assets and lease obligations	65.9	(23.5)	168.7
Other, net	(1.0)	—	1.0
Net cash provided from operating activities	<u>762.4</u>	<u>495.9</u>	<u>863.6</u>
Cash Flows from Investing Activities:			
Capital expenditures	(1,058.4)	(1,080.8)	(962.8)
Uniti funding of growth capital expenditures	250.0	238.0	221.5
Capital expenditures funded by government grants	(67.9)	(52.1)	(11.5)
Grant funds received for broadband expansion	49.5	10.1	50.9
Other, net	18.8	6.1	1.7
Net cash used in investing activities	<u>(808.0)</u>	<u>(878.7)</u>	<u>(700.2)</u>
Cash Flows from Financing Activities:			
Proceeds of debt issuances	520.0	642.5	—
Repayments of debt	(527.5)	(412.5)	(7.5)
Debt issuance costs	—	(6.9)	—
Payments under finance leases	(10.2)	(10.3)	(10.6)

The accompanying notes are an integral part of these consolidated financial statements.

WINDSTREAM HOLDINGS II, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Millions)	For the years ended December 31,		
	2023	2022	2021
Other, net	(4.4)	(2.9)	(1.7)
Net cash (used in) provided from financing activities	(22.1)	209.9	(19.8)
Net (decrease) increase in cash, cash equivalents and restricted cash	(67.7)	(172.9)	143.6
Cash, Cash Equivalents and Restricted Cash:			
Beginning of period	117.9	290.8	147.2
End of period	\$ 50.2	\$ 117.9	\$ 290.8
Supplemental Cash Flow Disclosures:			
Interest paid, net of interest capitalized	\$ 203.7	\$ 173.4	\$ 168.3
Income taxes paid (refunded), net	\$ 11.6	\$ 11.7	\$ (0.4)
Change in accounts payable and other current liabilities for purchases of property and equipment	\$ (4.9)	\$ 11.9	\$ 37.8

The accompanying notes are an integral part of these consolidated financial statements.

WINDSTREAM HOLDINGS II, LLC
CONSOLIDATED STATEMENTS OF EQUITY

(Millions)	Equity Units	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Total
Balance as of December 31, 2020	\$1,463.0	\$ 1.8	\$ (0.5)	\$ 47.2	\$1,511.5
Net income	—	—	—	17.4	17.4
Other comprehensive income, net of tax:					
Change in postretirement plan	—	—	10.4	—	10.4
Change in interest rate swaps	—	—	4.2	—	4.2
Comprehensive income	—	—	14.6	17.4	32.0
Equity-based compensation	—	6.5	—	—	6.5
Balance as of December 31, 2021	\$1,463.0	\$ 8.3	\$ 14.1	\$ 64.6	\$1,550.0
Net loss	—	—	—	(217.7)	(217.7)
Other comprehensive income (loss), net of tax:					
Change in postretirement plan	—	—	0.9	—	0.9
Change in interest rate swaps	—	—	19.8	—	19.8
Comprehensive income (loss)	—	—	20.7	(217.7)	(197.0)
Equity-based compensation	—	7.9	—	—	7.9
Taxes withheld on vested and settled restricted common units and other	—	(2.6)	—	—	(2.6)
Balance as of December 31, 2022	\$1,463.0	\$ 13.6	\$ 34.8	\$ (153.1)	\$1,358.3
Net loss	—	—	—	(209.8)	(209.8)
Other comprehensive loss, net of tax:					
Change in postretirement plan	—	—	(1.1)	—	(1.1)
Change in designated interest rate swaps	—	—	(11.0)	—	(11.0)
Amortization of unrealized gain on de-designated interest rate swap	—	—	(3.8)	—	(3.8)
Comprehensive loss	—	—	(15.9)	(209.8)	(225.7)
Equity-based compensation	—	13.0	—	—	13.0
Taxes withheld on vested and settled restricted common units	—	(3.8)	—	—	(3.8)
Balance as of December 31, 2023	\$1,463.0	\$ 22.8	\$ 18.9	\$ (362.9)	\$1,141.8

The accompanying notes are an integral part of these consolidated financial statements.

EXHIBIT 2
WINDSTREAM
PARENT *PRO FORMA* FINANCIALS

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms included below shall have the same meaning as terms defined and included elsewhere in this proxy statement/prospectus, unless otherwise noted.

Introduction

The unaudited pro forma condensed combined financial information is prepared in accordance with Article 11 of Regulation S-X of the Exchange Act. The unaudited pro forma condensed combined financial information present the pro forma effects of (i) the Merger, (ii) the other transactions contemplated by the Merger Agreement, (iii) the issuance of a special grant of equity awards by Uniti in connection with the Merger Agreement (as described in the Special Equity Grants section below) and (iv) the issuance of \$300.0 million senior secured notes by Uniti (as described in the Financing section below) (collectively for purposes of this section of this proxy statement/prospectus, the “Transactions”).

The unaudited pro forma condensed combined balance sheet as of March 31, 2024 combines the unaudited historical condensed consolidated balance sheet of Uniti and the unaudited historical condensed consolidated balance sheet of Windstream on a pro forma basis as if the Transactions had been consummated on March 31, 2024.

The unaudited pro forma condensed combined statements of income for the three months ended March 31, 2024, and for the year ended December 31, 2023 give effect to the Transactions as if they had been consummated on January 1, 2023, the first day of Uniti’s fiscal year 2023, and combines the historical results of Uniti and Windstream. The unaudited pro forma condensed combined statement of income for the three months ended March 31, 2024 combines the unaudited historical condensed consolidated statements of income of Uniti and Windstream for the three months ended March 31, 2024. The unaudited pro forma condensed combined statement of income for the year ended December 31, 2023 combines the audited historical consolidated statements of income of Uniti and Windstream for the year ended December 31, 2023.

The unaudited pro forma condensed combined financial information has been presented for illustrative purposes only and is not necessarily indicative of the financial position and results of operations that would have been achieved had the Transactions occurred on the dates indicated. Further, the unaudited pro forma condensed combined financial information may not be useful in predicting the future financial condition and results of operations of the post-combination company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The unaudited pro forma adjustments represent Uniti management’s estimates based on information available as of the date of the unaudited pro forma condensed combined financial information and is subject to change as additional information becomes available and analyses are performed.

The unaudited pro forma condensed combined financial information should be read in conjunction with:

- The accompanying notes to the unaudited pro forma condensed combined financial information;
- The unaudited historical condensed consolidated financial statements of Uniti as of and for the three months ended March 31, 2024, and the related notes set forth in the [Quarterly Report on the Form 10-Q filed with the SEC on May 3, 2024](#), incorporated by reference into this proxy statement/prospectus;
- The audited historical consolidated financial statements of Uniti as of and for the year ended December 31, 2023 and the related notes set forth in the [Annual Report on the Form 10-K filed with the SEC on February 29, 2024](#), incorporated by reference into this proxy statement/prospectus;
- The unaudited historical condensed consolidated financial statements of Windstream as of and for the three months ended March 31, 2024 and the related notes, included elsewhere in this proxy statement/prospectus;
- The audited historical consolidated financial statements of Windstream for the year ended December 31, 2023 and the related notes, included elsewhere in this proxy statement/prospectus;

- Uniti’s “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” incorporated by reference in this proxy statement/prospectus; and
- The section entitled “*Windstream’s Management’s Discussion and Analysis of Financial Condition and Results of Operations*” included elsewhere in this proxy statement/prospectus.

Description of the Merger

On May 3, 2024, Uniti and Windstream entered into the Merger Agreement providing for the combination of Uniti and Windstream that will result in New Uniti becoming the parent company of both Uniti and Windstream.

Prior to the Closing, Uniti and Windstream have each agreed to undertake certain transactions in furtherance of the pre-closing reorganizations contemplated by the Merger Agreement.

On the Closing Date but prior to the Effective Time, as a result of the Internal Reorg Merger, each New Windstream LLC equityholder will receive, in exchange for such equityholder’s units and penny warrants of New Windstream LLC, its pro rata portion of (i) a number of shares of New Uniti Common Stock, (ii) shares of New Uniti Preferred Stock having an aggregate initial liquidation preference of \$575,000,000, (iii) New Uniti Warrants and (iv) the right to receive their respective pro rata portion of the Closing Cash Payment (which is contingent upon the occurrence of the Closing). For more information, see the risk factor “*There can be no assurance that Uniti will be able to obtain sufficient cash to pay the Closing Cash Payment for the Merger in a timely manner or at all.*”

Pursuant to the Merger Agreement, at the Effective Time, Merger Sub will merge with and into Uniti with Uniti continuing as the surviving company. As a result of the Merger, each issued and outstanding Uniti Common Share will automatically be (i) converted into the right to receive a number of shares of New Uniti Common Stock equal to the Exchange Ratio, without interest and subject to any withholding of taxes required by applicable law and (ii) cancelled and cease to have any rights except the right to receive the New Uniti Common Stock upon surrender thereof.

As a result of the Merger, both Uniti and Windstream will become indirect, wholly owned subsidiaries of New Uniti, Uniti stockholders will become holders of New Uniti Common Stock, and Windstream equityholders will become holders of New Uniti Common Stock, New Uniti Preferred Stock and New Uniti Warrants. See the section titled “*The Merger*” for additional information on the effects of the transactions mentioned here.

Special Equity Grants

On May 16, 2024, the Compensation Committee (the “Committee”) of the Uniti Board of Directors approved a special grant of Uniti PSU Awards (the “Special PSU Awards”) and Uniti Restricted Stock Awards (the “Special Restricted Stock Awards”) to certain Uniti executive officers and employees (the “Special Equity Grants”). The Special Restricted Stock Awards will vest as to 20%, 30% and 50% on the first, second and third anniversaries of the closing of the Merger, respectively. The Special PSU Awards will vest between 0% and 200% of the target amount based on performance over the three-year period following the closing of the Merger. These special grants are designed to create additional incentives that extend beyond the stockholder return objectives and time frame of previously granted equity awards, with the goal of driving outstanding levels of performance and value creation during the three-year period after the closing of the Merger. For more information on the Special PSU Awards and the Special Restricted Stock Awards, see “*The Merger — Interests of Uniti’s Directors and Executive Officers in the Merger — Special Equity Grants.*”

Financing

On May 17, 2024, certain subsidiaries of Uniti issued \$300.0 million aggregate principal amount of new 10.50% secured notes due 2028, and Uniti intends to use the proceeds to fund a portion of the Closing Cash Payment in connection with the Merger. For more information, see the risk factor “*There can be no assurance that Uniti will be able to obtain sufficient cash to pay the Closing Cash Payment for the Merger in a timely manner or at all.*”

Anticipated Accounting Treatment

The Merger will be accounted for as a reverse merger using the acquisition method of accounting, pursuant to ASC 805, with Windstream treated as the legal acquirer and Uniti treated as the accounting acquirer. Uniti has been determined to be the accounting acquirer primarily based on an evaluation of the following facts and circumstances:

- Uniti's existing stockholders will hold the majority (approximately 62%) voting interest in New Uniti immediately following the consummation of the Merger;
- Uniti's existing five-member board of directors will comprise the majority of the nine-member New Uniti Board;
- Uniti's existing senior management team (consisting of the President and Chief Executive Officer, Senior Vice President and Chief Financial Officer, Executive Vice President — General Counsel and Secretary, Executive Vice President — Chief Technology Officer and Senior Vice President and Chief Revenue Officer) will comprise the senior management of New Uniti;
- Uniti is the entity that will transfer cash to effectuate the Merger; and
- Upon the consummation of the Merger, New Uniti will be renamed Uniti Group Inc. and is expected to trade under the Nasdaq ticker "UNIT." See "*The Merger — Listing*" below.

ASC 805 requires the allocation of the purchase price consideration to the fair value of the identified assets acquired and liabilities assumed upon consummation of a business combination. As explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial statements, the total purchase price to acquire Windstream will be allocated to the assets acquired and liabilities assumed of Windstream based upon preliminary estimated fair values. Any excess amounts after allocating the estimated consideration to identifiable tangible and intangible assets acquired and liabilities assumed will be recorded as goodwill. The net assets of Uniti will continue to be recognized at historical cost. Because Uniti is treated as the accounting acquirer, prior period financial information presented in the New Uniti financial statements will reflect the historical activity of Uniti.

The unaudited pro forma condensed combined financial information may differ from the final purchase accounting for a number of reasons, including the fact that the estimates of fair values of certain assets and liabilities acquired are preliminary and subject to change when the formal valuation and other studies are finalized. The differences between the preliminary amounts and the final purchase accounting could have a material impact on the accompanying unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of March 31, 2024
(In thousands)

	Uniti (Historical, as Reclassified) (Note 3)	Windstream (Historical, as Adjusted) (Note 4)	Accounting Policy and Reclassification Adjustments (Note 5)	Transaction Accounting Adjustments (Note 6)	Financing Adjustments (Note 7)	Pro Forma Combined
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 43,058	\$ 112,548	\$ —	\$ (429,000) 6D	\$ 301,140 7A	\$ 27,746
Restricted cash	7,684	5,268	—	—	—	12,952
Accounts receivable, net	48,584	334,585	—	(6,242) 6D	—	376,927
Inventories	—	180,249	—	—	—	180,249
Prepaid expenses	10,680	159,091	—	(65,685) 6I	—	104,086
Other current assets	19,026	169,441	—	(832) 6D	—	187,635
Total current assets	129,032	961,182	—	(501,759)	301,140	889,595
Property, plant and equipment, net	4,042,485	3,547,599	—	(858,899) 6E	—	6,731,185
Intangible assets, net	297,689	233,304	—	839,596 6F	—	1,370,589
Goodwill	157,380	—	—	238,564 6J	—	395,944
Operating lease right-of-use assets, net	131,810	356,575	—	(13,256) 6D	—	473,429
				(1,700) 6H		
Other assets, net	111,269	93,054	—	(85,298) 6D	—	71,249
				(4,999) 6G		
				(42,777) 6I		
Deferred income tax assets, net	114,904	—	—	(114,904) 6K	—	—
Total Assets	\$4,984,569	\$5,191,714	\$ —	\$ (545,432)	\$ 301,140	\$9,931,991
LIABILITIES AND SHAREHOLDERS' DEFICIT						
Liabilities:						
Current liabilities:						
Accounts payable	\$ 8,982	\$ 194,963	\$ —	\$ 78,817 6B	\$ —	\$ 332,291
				49,682 6C		
				(153) 6D		
Accrued taxes	8,395	57,721	—	—	—	66,116
Advance payments	—	144,767	(144,767) 5A	—	—	—
Accrued interest payable	51,797	16,683	—	—	—	68,480
Dividends payable	37,048	—	—	—	—	37,048
Current portion of long-term debt	122,747	7,500	—	(100) 6G	—	130,147
Current portion of finance lease obligations	2,347	—	4,820 5B	—	—	7,167
Current portion of operating lease liabilities	12,682	95,114	—	(247) 6D	—	107,549
Deferred revenue	75,025	—	144,767 5A	(60,548) 6D	—	159,244
Other current liabilities	46,743	343,455	(4,820) 5B	(10,247) 6D	—	375,131
Total current liabilities	365,766	860,203	—	57,204	—	1,283,173

See accompanying notes to unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Balance Sheet (Continued)
As of March 31, 2024
(In thousands)

	Uniti (Historical, as Reclassified) (Note 3)	Windstream (Historical, as Adjusted) (Note 4)	Accounting Policy and Reclassification Adjustments (Note 5)		Transaction Accounting Adjustments (Note 6)	Financing Adjustments (Note 7)	Pro Forma Combined
Long-term deferred revenue	1,152,429	—	80,321	5A	(870,227)	6D	362,523
Deferred income taxes	—	216,830	—		(92,779)	6K	124,051
Intangible liabilities, net	153,724	—	—		(145,200)	6D	8,524
Settlement payable	141,043	—	—		(141,043)	6D	—
Operating lease liabilities	69,096	259,956	—		(8,533)	6D	320,519
Finance lease obligations	16,126	—	2,971	5B	—	—	19,097
Notes and other debt, net	5,537,949	2,319,169	—		(81,469)	6G	8,076,789
Other liabilities	25,919	338,293	(80,321)	5A	—	—	280,920
			(2,971)	5B	—	—	—
Total Liabilities	7,462,052	3,994,451	—		(1,282,047)	301,140	10,475,596
Shareholders' Deficit:							
Preferred stock	—	—	—		1	6D	1
Common stock	24	—	—		9	6D	24
					(9)	6M	—
Equity units	—	1,463,002	—		(1,463,002)	6L	—
Additional paid-in capital	1,223,983	23,696	—		89	6A	2,315,638
					1,091,557	6D	—
					(23,696)	6L	—
					9	6M	—
Accumulated other comprehensive income/(loss)	(167)	21,091	—		(21,091)	6L	(167)
Accumulated deficit	(3,703,597)	(310,526)	—		2,185	6A	(2,859,101)
					(78,817)	6B	—
					(49,682)	6C	—
					921,128	6D	—
					360,208	6L	—
Total shareholders' deficit	(2,479,757)	1,197,263	—		738,889	—	(543,605)
Noncontrolling interests:							
Operating partnership units	2,024	—	—		(2,024)	6A	—
Cumulative non-voting convertible preferred stock	250	—	—		(250)	6A	—
Total Shareholders' Deficit	(2,477,483)	1,197,263	—		736,615	—	(543,605)
Total Liabilities and Shareholders' Deficit	\$ 4,984,569	\$5,191,714	\$ —		\$ (545,432)	\$ 301,140	\$ 9,931,991

See accompanying notes to unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Income
For the three months ended March 31, 2024
(In thousands, except per share data)

	Uniti (Historical, as Reclassified) (Note 3)	Windstream (Historical, as Adjusted) (Note 4)	Transaction Accounting Adjustments (Note 6)	Financing Adjustments (Note 7)	Pro Forma Combined
Revenues					
Service revenues	\$ 283,604	\$ 974,947	\$ (202,798) 6HH	\$ —	\$1,055,753
Sales revenues	2,814	23,937	—	—	26,751
Total revenue	286,418	998,884	(202,798)	—	1,082,504
Operating Expenses					
Cost of services (exclusive of depreciation and amortization)	32,968	417,680	(73) 6FF	—	442,797
			(5,672) 6GG		
			(2,106) 6HH		
Cost of sales	2,230	16,366	—	—	18,596
General and administrative expense	28,133	178,275	(16,261) 6GG	—	191,073
			926 6II		
Depreciation and amortization	77,485	207,802	(124,301) 6CC	—	168,818
			7,832 6DD		
Transaction related and other costs	5,687	—	—	—	5,687
Net (gain) loss on asset retirements and dispositions	—	1,446	—	—	1,446
Net (gain) loss on sale of operating assets	(18,999)	(103,237)	—	—	(122,236)
Total operating expenses	127,504	718,332	(139,655)	—	706,181
Operating (loss) income	158,914	280,552	(63,143)	—	376,323
Interest expense, net	(123,211)	(53,591)	3,685 6EE	(7,806) 7AA	(178,958)
			1,965 6HH		
Other (expense) income, net	282	685	—	—	967
(Loss) income before income taxes	35,985	227,646	(57,493)	(7,806)	198,332
Income tax (benefit) expense	(5,363)	57,381	(14,375) 6LL	(1,952) 6LL	35,691
Net (loss) income	41,348	170,265	(43,118)	(5,854)	162,641
Net income (loss) attributable to noncontrolling interests	19	—	(19) 6AA	—	—
Net (loss) income attributable to shareholders	41,329	170,265	(43,099)	(5,854)	162,641
Participating securities' share in earnings	(436)	—	(1,294) 6JJ	—	(1,730)
Dividends declared on convertible preferred stock	(5)	—	5 6AA	—	—
Dividends accumulated on New Uniti preferred stock	—	—	(19,806) 6KK	—	(19,806)
Net (loss) income attributable to common shares	\$ 40,888	\$ 170,265	\$ (64,194)	\$ (5,854)	\$ 141,105
Earnings (loss) per common share					
Basic	\$ 0.17				\$ 0.55
Diluted	\$ 0.16				\$ 0.43
Weighted-average number of common shares outstanding					
Basic	236,901				258,660
Diluted	292,407				390,520

See accompanying notes to unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Income
For the year ended December 31, 2023
(In thousands, except per share data)

	Uniti (Historical, as Reclassified) (Note 3)	Windstream (Historical, as Adjusted) (Note 4)	Transaction Accounting Adjustments (Note 6)	Financing Adjustments (Note 7)	Pro Forma Combined
Revenues					
Service revenues	\$1,133,035	\$3,943,284	\$ (791,410)	6HH	\$4,284,909
Sales revenues	16,796	38,709	—	—	55,505
Total revenue	<u>1,149,831</u>	<u>3,981,993</u>	<u>(791,410)</u>	—	<u>4,340,414</u>
Operating Expenses					
Cost of services (exclusive of depreciation and amortization)	132,168	1,779,712	(291)	6FF	1,883,906
			(19,949)	6GG	
			(7,734)	6HH	
Cost of sales	12,108	40,381	—	—	52,489
General and administrative expense	102,732	747,249	78,817	6BB	879,118
			(58,005)	6GG	
			(161)	6HH	
			8,486	6II	
Depreciation and amortization	310,528	790,751	(436,002)	6CC	675,912
			10,635	6DD	
Goodwill impairment	203,998	—	—	—	203,998
Transaction related and other costs	12,611	—	—	—	12,611
Net (gain) loss on asset retirements and dispositions	—	25,195	—	—	25,195
Net (gain) loss on sale of operating assets	(2,164)	—	—	—	(2,164)
Total operating expenses	<u>771,981</u>	<u>3,383,288</u>	<u>(424,204)</u>	—	<u>3,731,065</u>
Operating (loss) income	<u>377,850</u>	<u>598,705</u>	<u>(367,206)</u>	—	<u>609,349</u>
Interest expense, net	(512,349)	(209,560)	14,739	6EE	(727,905)
			10,506	6HH	
Other (expense) income, net	(18,386)	(13,813)	921,128	6HH	888,929
(Loss) income before income taxes and equity in earnings from unconsolidated entities	<u>(152,885)</u>	<u>375,332</u>	<u>579,167</u>	(31,241)	<u>770,373</u>
Income tax (benefit) expense	(68,474)	100,240	144,793	6LL	168,749
Equity in earnings from unconsolidated entities	(2,662)	—	—	—	(2,662)
Net (loss) income	<u>(81,749)</u>	<u>275,092</u>	<u>434,374</u>	(23,431)	<u>604,286</u>
Net income (loss) attributable to noncontrolling interests	(36)	—	36	6AA	—
Net (loss) income attributable to shareholders	<u>(81,713)</u>	<u>275,092</u>	<u>434,338</u>	(23,431)	<u>604,286</u>
Participating securities' share in earnings	(1,207)	—	(5,922)	6JJ	(7,129)
Dividends declared on convertible preferred stock	(20)	—	20	6AA	—
Dividends accumulated on New Uniti preferred stock	—	—	(72,248)	6KK	(72,248)
Net (loss) income attributable to common shares	<u>\$ (82,940)</u>	<u>\$ 275,092</u>	<u>\$ 356,188</u>	<u>\$ (23,431)</u>	<u>\$ 524,909</u>
Earnings (loss) per common share					
Basic	\$ (0.35)				\$ 2.04
Diluted	\$ (0.35)				\$ 1.60
Weighted-average number of common shares outstanding					
Basic	236,401				257,745
Diluted	236,401				388,462

See accompanying notes to unaudited pro forma condensed combined financial information.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**Note 1. Basis of Presentation**

The unaudited pro forma condensed combined balance sheet as of March 31, 2024 assumes the Transactions were completed on March 31, 2024. The unaudited pro forma condensed combined statements of income presented for the three months ended March 31, 2024 and the year ended December 31, 2023 assume the Transactions were completed on January 1, 2023.

As described above, unaudited pro forma condensed combined financial information has been prepared with the Merger being accounted for as a reverse merger using the acquisition method of accounting, pursuant to ASC 805 with Windstream treated as the legal acquirer and Uniti treated as the accounting acquirer. Under the acquisition method of accounting, the purchase consideration will be allocated to Windstream's assets acquired and liabilities assumed based on their estimated fair values at Closing, which is currently expected to occur in the second half of 2025. Any differences between the estimated fair value of the assets acquired and liabilities assumed will be recorded to goodwill.

The process of valuing the assets and liabilities of Windstream immediately prior to the Merger, as well as evaluating accounting policies for conformity, is preliminary. Additionally, under the acquisition method of accounting, the acquirer is required to recognize the consideration transferred at fair value. Because there are shares exchanged as part of the Merger, the preliminary purchase price fluctuates with changes in Uniti's stock price. As such, the consideration will not be fixed until Closing. The actual accounting may vary based on final analyses of the valuation of assets acquired and liabilities assumed, which could be material. New Uniti will finalize the accounting for the Merger as soon as practicable within the measurement period in accordance with ASC 805, but in no event later than one year from Closing.

Both Uniti and Windstream's historical financial statements were prepared in accordance with GAAP and presented in U.S. dollars. The historical financial information of Uniti has been reclassified, as further discussed in Note 3, to align with the anticipated presentation of New Uniti. Further, the historical financial information of Windstream has been adjusted to conform to the presentation of New Uniti, as further discussed in Note 5.

Prior to the contemplated Transactions, Uniti and Windstream had several pre-existing relationships, which primarily relate to the Windstream Leases, settlement agreement and asset purchase agreement, along with various other arrangements between Uniti and Windstream. See Uniti and Windstream's historical financial statements and the related notes for additional information on the background of the pre-existing relationships between Uniti and Windstream. As part of the accounting for the Transactions, all historical pre-existing relationships between Uniti and Windstream are considered effectively settled and the related transactions and balances will become intercompany transactions under New Uniti, as such, in accordance with the guidance in ASC 805, all significant intercompany transactions and balances have been eliminated in the unaudited pro forma condensed combined financial information. Refer to Note 2 for discussion on the impact of the settlement of pre-existing relationships to estimated merger consideration, Note 4 for adjustments made to Windstream's historical financial statements to reflect the settlement of pre-existing relationships and Note 6 for adjustments made to Uniti's historical financial statements to reflect the settlement of pre-existing relationships.

The pro forma adjustments reflecting the consummation of the Transactions are based on certain currently available information and certain assumptions and methodologies that Uniti believes are reasonable under the circumstances. The unaudited condensed pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Uniti believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Transactions based on information available to Uniti's management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings or cost savings that may be associated with the Transactions.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Transactions taken

place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of New Uniti. They should be read in conjunction with the historical financial statements and notes thereto of Uniti and Windstream. The pro forma condensed combined provision for income taxes does not necessarily reflect the amounts that would have resulted had the companies filed consolidated income tax returns during the periods presented.

Note 2. Preliminary Purchase Consideration and Preliminary Purchase Price Allocation of the Merger

Estimated preliminary purchase consideration

The estimated preliminary merger consideration of \$1,311.1 million is calculated based on the fair value of the consideration expected to be transferred, which includes the estimated fair value of New Uniti Common Stock, New Uniti Preferred Stock and New Uniti Warrants to be issued, the estimated cash consideration, and the estimated effective settlement of pre-existing relationships. The calculation of the merger consideration is as follows:

	Amount (in thousands)
Estimated fair value of New Uniti Common Stock to be issued ⁽ⁱ⁾	\$ 534,894
Estimated fair value of New Uniti Preferred Stock to be issued ⁽ⁱⁱ⁾	450,082
Estimated fair value of New Uniti Warrants to be issued ⁽ⁱⁱⁱ⁾	106,591
Estimated cash consideration ^(iv)	429,000
Settlement of pre-existing relationships ^(v)	(209,442)
Total estimated merger consideration	<u>\$1,311,125</u>

- (i) Represents the estimated fair value of approximately 90.0 million shares of New Uniti Common Stock estimated to be issued to Windstream equityholders. As this Merger is accounted for as a reverse acquisition, the fair value of the common stock transferred is measured based upon: (a) the number of shares of Uniti Common Stock, as the accounting acquirer, that would theoretically have to be issued to the equityholders of Windstream to achieve the same ratio of ownership in New Uniti upon completion of the Merger, and (b) the fair value per implied share of Uniti Common Stock issued in consideration, as follows:

Windstream common units outstanding pre-close	89,996,866
Exchange Ratio*	0.6326
Implied Uniti Common Stock issued in consideration to Windstream unit holders	142,258,959
Uniti Common Stock price at July 15, 2024	\$ 3.76
Value of implied Uniti Common Stock issued in consideration	<u>\$534,893,686</u>

* The Exchange Ratio utilized is based on Exhibit I of the Merger Agreement and calculated as of May 3, 2024 and is subject to adjustments based on shares outstanding at Closing.

- (ii) Represents the estimated fair value of approximately 0.6 million shares of New Uniti Preferred Stock estimated to be issued to Windstream equityholders. The value of the Preferred Stock was estimated using a Black-Derman-Toy lattice model to account for the features of the New Uniti Preferred Stock, as well as the risk associated with the New Uniti Preferred Stock, which are captured through the risk free rate term structure and the credit risk adjusted spread.
- (iii) Represents the estimated fair value of approximately 18.0 million New Uniti Warrants estimated to be issued to Windstream equityholders. The calculated intrinsic value using the market price of Uniti Common Stock as of July 15, 2024 was considered as a reasonable proxy of the value of the New Uniti Warrants.
- (iv) Represents the estimated cash consideration to be paid, consisting of the Closing Cash Payment and other components as defined in the Merger Agreement.

- (v) Represents the effective settlement of pre-existing relationships as of March 31, 2024 between Uniti and Windstream, as discussed in Note 1.

Preliminary purchase price allocation

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of Windstream are recorded at their fair value and added to those of Uniti. The pro forma adjustments are based on estimates of the fair value of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the Merger. The allocation is dependent upon certain valuation and other studies that have not yet been finalized. Accordingly, the preliminary purchase price allocation is subject to further adjustment as additional information becomes available and as additional analyses and final valuations are completed.

The following table sets forth a preliminary allocation of the purchase consideration of the identifiable tangible and intangible assets acquired and liabilities assumed of Windstream, adjusted for reclassification alignments to that of Uniti's historical financial information, as discussed further in Note 5, and for elimination adjustments related to pre-existing relationship balances with Uniti, as discussed further in Note 4, with the excess recorded as goodwill:

	Amount (in thousands)
Cash and cash equivalents	\$ 112,548
Restricted cash and cash equivalents	5,268
Accounts receivable	334,585
Inventories	180,249
Prepaid expenses	93,406
Other current assets	169,441
Property, plant and equipment	2,688,700
Intangible assets	1,072,900
Operating lease right-of-use assets	354,875
Other assets	45,278
Total assets	<u>\$5,057,250</u>
Accounts payable	244,645
Accrued taxes	57,721
Advance payments	144,767
Accrued interest payable	16,683
Current portion of long-term debt	7,400
Current portion of operating lease liabilities	95,114
Other current liabilities	343,455
Deferred income taxes	238,955
Operating lease liabilities	259,956
Notes and other debt	2,237,700
Other liabilities	338,293
Total liabilities	<u>\$3,984,689</u>
Net assets acquired (a)	<u>\$1,072,561</u>
Estimated purchase consideration (b)	<u>\$1,311,125</u>
Estimated goodwill (b) – (a)	<u>\$ 238,564</u>

Preliminary purchase consideration noted in the table above was estimated based on Uniti Common Stock using a stock price of \$3.76, the closing price as of July 15, 2024. At this stock price, the allocation of

total estimated purchase consideration results in goodwill of \$238.6 million, as detailed in the table above. The actual merger consideration will depend on the per share price of Uniti Common Stock at the closing date of the Transactions, and therefore, will fluctuate with the market price of Uniti Common Stock until the Transactions are consummated. As a measure of sensitivity on total purchase consideration, a change of 10% to the stock price used would change the preliminary purchase consideration by approximately +/- \$64.2 million.

Preliminary property, plant and equipment assumed consists of the following:

Property, plant and equipment	Approximate Fair Value (in thousands)	Estimated Useful Lives
Land	\$ 84,800	Indefinite
Buildings and improvements	395,900	1 – 28 years
Central office equipment	946,100	4 – 7 years
Outside communications plant	683,600	1 – 23 years
Furniture, vehicles and other equipment	293,400	1 – 10 years
Construction in progress	284,900	N/A
Total property, plant and equipment	\$ 2,688,700	

In determining the estimated fair value of the tangible assets, the cost approach was used. The analysis was based on the fixed asset subledger, financial data and supplementary descriptive data provided by Windstream.

Preliminary identifiable intangibles assumed consist of the following:

Intangible assets	Approximate Fair Value (in thousands)	Estimated Useful Lives
FCC Spectrum licenses	\$ 78,900	Indefinite
IPv4 addresses	410,000	15 – 20 years
Customer relationships	475,000	8 – 10 years
Trade names	109,000	1 – 20 years
Total intangible assets	\$ 1,072,900	

For spectrum licenses, given the recency of acquisition in a competitive auction fair value was assumed to be equal to book value. Currently, there are no legal, regulatory, contractual, competitive, economic or other factors that would limit the useful life of the spectrum, and therefore, the licenses are considered indefinite-lived intangible assets. The fair value of the IPv4 addresses was determined using a “market approach,” based on observable recent auction prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets. The fair value of the customer relationships intangible was determined using an “income approach,” specifically a multi-period excess earnings approach. The fair value of the trademarks and trade names was determined using an “income approach,” specifically the relief-from-royalty method.

Preliminary assumed debt consists of Windstream’s super senior incremental term loan due February 23, 2027, senior secured term loan facility due September 21, 2027, and senior first lien notes due August 15, 2028. The fair value of assumed debt is \$2.2 billion. The fair value of the debt assumed was measured based on either observed market prices in an inactive market or based on current market interest rates applicable to the related debt instrument.

Preliminary assumed right-of-use assets were measured at an amount equal to the lease liability, adjusted by \$1.7 million for favorable or unfavorable terms of the lease when compared with market terms. In determining the fair value of leased real property, the income approach was performed on material leasehold intangibles to assess above/below market leasehold value.

Any differences between the fair value of the consideration issued and the fair value of the assets acquired and liabilities assumed are recorded as goodwill. Goodwill is not amortized to earnings, but

instead is reviewed for impairment at least annually or more frequently if indicators of impairment exist. Goodwill recognized in the Merger is not expected to be deductible for tax purposes.

The final determination of the purchase price allocation of the Merger will be based on Windstream's net assets acquired as of the Closing Date. The purchase price allocation may change materially based on the receipt of more detailed information and completion of the valuation of Windstream's net assets acquired as of the Closing Date. Therefore, the actual allocations may differ from the pro forma adjustments presented.

Note 3. Adjustments to Uniti Historical Financial Information

Uniti has previously presented unclassified financial information and New Uniti will present classified financial information. Therefore, reclassification adjustments are made below to reclassify Uniti balances in a classified format. In addition, other reclassification adjustments to disaggregate certain financial statement line items are made to conform with the expected New Uniti presentation. These reclassifications have no effect on previously reported total assets, total liabilities and total shareholders' deficit.

Presented below are the adjustments made to Uniti's balance sheet as of March 31, 2024 in order to conform with the expected New Uniti presentation:

(in thousands, except par value)	Uniti (Historical)	Adjustments to reclassify Financial Statement Presentation	Uniti (Historical, as Reclassified)
ASSETS			
Property, plant and equipment, net	\$ 4,042,485	\$ —	\$ 4,042,485
Cash and cash equivalents	43,058	—	43,058
Restricted cash and cash equivalents	7,684	—	7,684
Accounts receivable, net	48,584	—	48,584
Goodwill	157,380	—	157,380
Intangible assets, net	297,689	—	297,689
Straight-line revenue receivable	96,659	(96,659) 3A	—
Operating lease right-of-use assets, net	131,810	—	131,810
Derivative asset	1,845	(1,845) 3B	—
Other assets, net	42,471	96,659 3A 1,845 3B (29,706) 3C	111,269
Other current assets	—	19,026 3C	19,026
Prepaid expenses	—	10,680 3C	10,680
Deferred income tax assets, net	114,904	—	114,904
Total Assets	\$ 4,984,569	\$ —	\$ 4,984,569
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Liabilities:			
Accounts payable, accrued expenses and other liabilities, net	\$ 90,039	\$ (90,039) 3D	\$ —
Accounts payable	—	8,982 3D	8,982
Accrued taxes	—	8,395 3D	8,395
Other current liabilities	—	46,743 3D	46,743
Other liabilities	—	25,919 3D	25,919
Settlement payable	141,043	—	141,043
Intangible liabilities, net	153,724	—	153,724
Accrued interest payable	51,797	—	51,797
Deferred revenue	1,227,454	(1,152,429) 3E	75,025
Long-term deferred revenue	—	1,152,429 3E	1,152,429
Dividends payable	37,048	—	37,048
Operating lease liabilities	81,778	(12,682) 3F	69,096
Current portion of operating lease liabilities	—	12,682 3F	12,682
Finance lease obligations	18,473	(2,347) 3G	16,126
Current portion of finance lease obligations	—	2,347 3G	2,347
Notes and other debt, net	5,660,696	(122,747) 3H	5,537,949
Current portion of long-term debt	—	122,747 3H	122,747
Total Liabilities	7,462,052	—	7,462,052
Shareholders' Deficit:			
Preferred stock \$0.0001 par value, 50,000 shares authorized, no shares issued and outstanding	—	—	—
Common stock \$0.0001 par value, 50,000 shares authorized, issued and outstanding: 237,309 shares at March 31, 2024	24	—	24
Additional paid-in capital	1,223,983	—	1,223,983
Accumulated other comprehensive loss	(167)	—	(167)
Distributions in excess of accumulated earnings	(3,703,597)	—	(3,703,597)
Total Uniti shareholders' deficit	(2,479,757)	—	(2,479,757)
Noncontrolling interests:			
Operating partnership units	2,024	—	2,024
Cumulative non-voting convertible preferred stock, \$0.01 par value, 6 shares authorized, 3 issued and outstanding	250	—	250
Total Shareholders' Deficit	(2,477,483)	—	(2,477,483)
Total Liabilities and Shareholders' Deficit	\$ 4,984,569	\$ —	\$ 4,984,569

Presented below is Uniti's historical, as reclassified, balance sheet as of March 31, 2024 reordered to conform with the expected New Uniti presentation:

(in thousands, except par value)	Uniti (Historical, as Reclassified)
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 43,058
Restricted cash and cash equivalents	7,684
Accounts receivable, net	48,584
Prepaid expenses	10,680
Other current assets	19,026
Total current assets	129,032
Property, plant and equipment, net	4,042,485
Intangible assets, net	297,689
Goodwill	157,380
Operating lease right-of-use assets, net	131,810
Other assets, net	111,269
Deferred income tax assets, net	114,904
Total Assets	\$ 4,984,569
LIABILITIES AND SHAREHOLDERS' DEFICIT	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 8,982
Accrued taxes	8,395
Accrued interest payable	51,797
Dividends payable	37,048
Current portion of long-term debt	122,747
Current portion of finance lease obligations	2,347
Current portion of operating lease liabilities	12,682
Deferred revenue	75,025
Other current liabilities	46,743
Total current liabilities	365,766
Long-term deferred revenue	1,152,429
Intangible liabilities, net	153,724
Settlement payable	141,043
Operating lease liabilities	69,096
Finance lease obligations	16,126
Notes and other debt, net	5,537,949
Other liabilities	25,919
Total Liabilities	7,462,052
Shareholders' Deficit:	
Preferred stock \$0.0001 par value, 50,000 shares authorized, no shares issued and outstanding	—
Common stock \$0.0001 par value, 50,000 shares authorized, issued and outstanding: 237,309 shares at March 31, 2024	24
Additional paid-in capital	1,223,983
Accumulated other comprehensive loss	(167)
Distributions in excess of accumulated earnings	(3,703,597)
Total Uniti shareholders' deficit	(2,479,757)
Noncontrolling interests:	
Operating partnership units	2,024
Cumulative non-voting convertible preferred stock, \$0.01 par value, 6 shares authorized, 3 issued and outstanding	250
Total Shareholders' Deficit	(2,477,483)
Total Liabilities and Shareholders' Deficit	\$ 4,984,569

The adjustments below are made to reclassify Uniti income statement balances to align with the expected presentation of New Uniti. These reclassifications have no effect on previously reported total revenue, total costs and expenses, or net income attributable to common shares.

Presented below are the reclassification adjustments made to Uniti's income statement for the three months ended March 31, 2024:

(in thousands)	Uniti (Historical)	Adjustments to reclassify Financial Statement Presentation		Uniti (Historical, as Reclassified)
Revenues				
Uniti Leasing (Rentals)	\$ 215,992	\$ (215,992)	3AA	\$ —
Uniti Fiber (Rentals)	12,163	(12,163)	3AA	—
Uniti Leasing (Service)	1,629	(1,629)	3AA	—
Uniti Fiber (Service)	56,634	(53,820)	3AA	—
		(2,814)	3BB	
Service revenues	—	283,604	3AA	283,604
Sales revenues	—	2,814	3BB	2,814
Total revenue	<u>286,418</u>	<u>—</u>		<u>286,418</u>
Operating expenses				
Cost of services (exclusive of depreciation and amortization)	—	32,968	3CC	32,968
Cost of sales	—	2,230	3CC	2,230
Operating expense (exclusive of depreciation and amortization)	35,198	(35,198)	3CC	—
General and administrative expense	28,133	—		28,133
Depreciation and amortization	77,485	—		77,485
Transaction related and other costs	5,687	—		5,687
Gain on sale of real estate	(18,999)	18,999	3DD	—
Net (gain) loss on sale of operating assets	—	(18,999)	3DD	(18,999)
Total operating expenses	<u>127,504</u>	<u>—</u>		<u>127,504</u>
Operating (loss) income	158,914	—		158,914
Interest expense, net	(123,211)	—		(123,211)
Other (expense) income, net	282	—		282
(Loss) income before income taxes	<u>35,985</u>	<u>—</u>		<u>35,985</u>
Income tax (benefit) expense	(5,363)	—		(5,363)
Net (loss) income	41,348	—		41,348
Net (loss) income attributable to noncontrolling interests	19	—		19
Net (loss) income attributable to shareholders	41,329	—		41,329
Participating securities' share in earnings	(436)	—		(436)
Dividends declared on convertible preferred stock	(5)	—		(5)
Net (loss) income attributable to common shares	<u>\$ 40,888</u>	<u>\$ —</u>		<u>\$ 40,888</u>

Presented below are the reclassification adjustments made to Uniti's income statement for the year ended December 31, 2023:

(in thousands)	Uniti (Historical)	Adjustments to Reclassify Financial Statement Presentation	Uniti (Historical, as Reclassified)
Revenues			
Uniti Leasing (Rentals)	\$ 845,925	\$ (845,925) 3AA	\$ —
Uniti Fiber (Rentals)	65,903	(65,903) 3AA	—
Uniti Leasing (Service)	6,847	(6,847) 3AA	—
Uniti Fiber (Service)	231,156	(214,360) 3AA (16,796) 3BB	—
Service revenues	—	1,133,035 3AA	1,133,035
Sales revenues	—	16,796 3BB	16,796
Total revenue	<u>1,149,831</u>	<u>—</u>	<u>1,149,831</u>
Operating expenses			
Cost of services (exclusive of depreciation and amortization)	—	132,168 3CC	132,168
Cost of sales	—	12,108 3CC	12,108
Operating expense (exclusive of depreciation, accretion and amortization)	144,276	(144,276) 3CC	—
General and administrative expense	102,732	—	102,732
Depreciation and amortization	310,528	—	310,528
Goodwill impairment	203,998	—	203,998
Transaction related and other costs	12,611	—	12,611
Gain on sale of real estate	(2,164)	2,164 3DD	—
Net (gain) loss on sale of operating assets	—	(2,164) 3DD	(2,164)
Total operating expenses	<u>771,981</u>	<u>—</u>	<u>771,981</u>
Operating (loss) income	<u>377,850</u>	<u>—</u>	<u>377,850</u>
Interest expense, net	(512,349)	—	(512,349)
Other (expense) income, net	(18,386)	—	(18,386)
(Loss) income before income taxes and equity in earnings from unconsolidated entities	<u>(152,885)</u>	<u>—</u>	<u>(152,885)</u>
Income tax (benefit) expense	(68,474)	—	(68,474)
Equity in earnings from unconsolidated entities	(2,662)	—	(2,662)
Net (loss) income	<u>(81,749)</u>	<u>—</u>	<u>(81,749)</u>
Net (loss) income attributable to noncontrolling interests	(36)	—	(36)
Net (loss) income attributable to shareholders	<u>(81,713)</u>	<u>—</u>	<u>(81,713)</u>
Participating securities' share in earnings	(1,207)	—	(1,207)
Dividends declared on convertible preferred stock	(20)	—	(20)
Net (loss) income attributable to common shares	<u>\$ (82,940)</u>	<u>\$ —</u>	<u>\$ (82,940)</u>

Adjustments to Uniti's Historical Balance Sheet

- A.** Represents the reclassification of Uniti's Straight-line revenue receivable to Other assets, net.
- B.** Represents the reclassification of Uniti's Derivative asset to Other assets, net.
- C.** Represents the reclassification of Uniti's current portion of other assets from Other assets, net to Other current assets and Prepaid expenses.
- D.** Represents the reclassification of Uniti's Accounts payable, accrued expenses and other liabilities, net to Accounts payable, Accrued taxes, Other current liabilities, and Other liabilities.
- E.** Represents the reclassification of Uniti's noncurrent portion of deferred revenue from Deferred revenue to Long-term deferred revenue.
- F.** Represents the reclassification of Uniti's current portion of operating lease liabilities from Operating lease liabilities to Current portion of operating lease liabilities.
- G.** Represents the reclassification of Uniti's current portion of finance lease obligations from Finance lease obligations to Current portion of finance lease obligations.
- H.** Represents the reclassification of Uniti's current portion of notes and other debt from Notes and other debt, net to Current portion of long-term debt.

Adjustments to Uniti's Historical Statements of (Loss) Income

- AA.** Represents the reclassification of Uniti's rental and service revenues from Uniti Leasing (Rentals), Uniti Fiber (Rentals), Uniti Leasing (Service) and Uniti Fiber (Service) to Service revenues.
- BB.** Represents the reclassification of Uniti's sales revenue from Uniti Fiber (Service) to Sales revenues.
- CC.** Represents the reclassification of Uniti's cost of services and cost of sales from Operating expense to Cost of services and Cost of sales.
- DD.** Represents the reclassification of Uniti's Gain on sale of real estate to Net (gain) loss on sale of operating assets.

Note 4. Adjustments to Windstream Historical Financial Information

Windstream's historical financial statements include certain historical balances related to pre-existing relationships with Uniti. As all historical pre-existing relationships between Uniti and Windstream will be considered effectively settled and the related transactions and balances will become intercompany transactions under New Uniti, all balances related to pre-existing relationships were identified and eliminated from the historical Windstream financial statements. The adjustments to income tax expense are estimated based on a blended statutory tax rate and do not reflect actual tax rates, as discussed further in Note 6LL.

Presented below are the adjustments made to Windstream's balance sheet as of March 31, 2024 to present Windstream's historical balances adjusted for the elimination of pre-existing relationship balances with Uniti:

(in thousands)	Windstream (Historical)	Adjustments to Eliminate Balances from Pre-Existing Relationships	Windstream (Historical, as Adjusted)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 112,548	\$ —	\$ 112,548
Restricted cash and cash equivalents	5,268	—	5,268
Accounts receivable, net	335,127	(542) 4C	334,585
Inventories	180,249	—	180,249
Prepaid expenses	159,091	—	159,091
Other current assets	170,630	(1,189) 4C	169,441
Total current assets	962,913	(1,731)	961,182
Property, plant and equipment, net	3,833,664	(272,190) 4A	3,547,599
		(13,875) 4B	
Intangible assets, net	233,304	—	233,304
Operating lease right-of-use assets, net	3,618,329	(3,261,754) 4A	356,575
Other assets, net	94,140	(1,086) 4C	93,054
Total Assets	\$8,742,350	\$(3,550,636)	\$5,191,714
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 196,915	\$ (1,952) 4C	\$ 194,963
Accrued taxes	57,721	—	57,721
Advance payments	147,982	(3,215) 4C	144,767
Accrued interest payable	16,683	—	16,683
Current portion of long-term debt	7,500	—	7,500
Current portion of operating lease liabilities	466,208	(371,094) 4A	95,114
Other current liabilities	339,296	4,159 4B	343,455
Total current liabilities	1,232,305	(372,102)	860,203
Deferred income taxes	216,830	—	216,830
Operating lease liabilities	3,394,251	(3,134,295) 4A	259,956
Notes and other debt, net	2,319,169	—	2,319,169
Other liabilities	375,227	(36,934) 4B	338,293
Total Liabilities	7,537,782	(3,543,331)	3,994,451
Shareholders' Equity:			
Common units	1,463,002	—	1,463,002
Additional paid-in capital	23,696	—	23,696
Accumulated other comprehensive income/(loss)	21,091	—	21,091
Accumulated deficit	(303,221)	(7,305) 4D	(310,526)
Total Shareholders' Equity	1,204,568	(7,305)	1,197,263
Total Liabilities and Shareholders' Equity	\$8,742,350	\$(3,550,636)	\$5,191,714

Presented below are the adjustments made to Windstream's statement of income for the three months ended March 31, 2024 to present Windstream's historical balances adjusted for the elimination of pre-existing relationship balances with Uniti:

(in thousands)	Windstream (Historical)	Adjustments to Eliminate Balances from Pre-Existing Relationships	Windstream (Historical, as Adjusted)
Revenues			
Service revenues	\$ 976,679	\$ (1,081) 4BB (651) 4CC	\$ 974,947
Sales revenues	23,937	—	23,937
Total revenue	<u>1,000,616</u>	<u>(1,732)</u>	<u>998,884</u>
Operating expenses			
Cost of services (exclusive of depreciation and amortization)	590,092	(172,284) 4AA (128) 4CC	417,680
Cost of sales	16,366	—	16,366
General and administrative expense	178,275	—	178,275
Depreciation and amortization	207,802	—	207,802
Net (gain) loss on asset retirements and dispositions	(21,730)	23,176 4AA	1,446
Gain on sale of operating assets	(103,237)	—	(103,237)
Total operating expenses	<u>867,568</u>	<u>(149,236)</u>	<u>718,332</u>
Operating income	133,048	147,504	280,552
Interest expense, net	(53,591)	—	(53,591)
Other income, net	685	—	685
Income before income taxes	80,142	147,504	227,646
Income tax expense	20,505	36,876	57,381
Net income	<u>\$ 59,637</u>	<u>\$ 110,628</u>	<u>\$ 170,265</u>

Presented below are the adjustments made to Windstream's statement of income for the year ended December 31, 2023 to present Windstream's historical balances adjusted for the elimination of pre-existing relationship balances with Uniti:

(in thousands)	Windstream (Historical)	Adjustments to Eliminate Balances from Pre-Existing Relationships	Windstream (Historical, as Adjusted)
Revenues			
Service revenues	\$3,947,975	\$ (3,023) 4BB	\$3,943,284
		(1,668) 4CC	
Sales revenues	38,709	—	38,709
Total revenue	<u>3,986,684</u>	<u>(4,691)</u>	<u>3,981,993</u>
Operating expenses			
Cost of services (exclusive of depreciation and amortization)	2,457,934	(677,108) 4AA	1,779,712
		(1,114) 4CC	
Cost of sales	40,381	—	40,381
General and administrative expense	747,249	—	747,249
Depreciation and amortization	790,751	—	790,751
Net (gain) loss on asset retirements and dispositions	(1,780)	26,975 4AA	25,195
Total operating expenses	<u>4,034,535</u>	<u>(651,247)</u>	<u>3,383,288</u>
Operating (loss) income	(47,851)	646,556	598,705
Interest expense, net	(209,560)	—	(209,560)
Other expense, net	(13,813)	—	(13,813)
(Loss) income before income taxes	(271,224)	646,556	375,332
Income tax (benefit) expense	(61,399)	161,639	100,240
Net (loss) income	<u>\$ (209,825)</u>	<u>\$ 484,917</u>	<u>\$ 275,092</u>

Adjustments to Windstream's Historical Financial Information

- A/AA.** Represents the elimination of the pre-existing relationship related to the Windstream Leases.
- B/BB.** Represents the elimination of the pre-existing relationship related to the asset purchase agreement.
- C/CC.** Represents the elimination of the pre-existing relationship related to other immaterial agreements between Uniti and Windstream.
- D.** Represents the net impact to accumulated deficit related to the elimination of pre-existing relationships between Uniti and Windstream in Note 4A, Note 4B, and Note 4C above.

Note 5. Accounting Policies and Reclassifications

As part of the preparation of these unaudited pro forma condensed combined financial statements, Uniti's management performed a preliminary accounting policy comparison between Uniti and Windstream, and no material differences in policies were noted. Upon Closing, New Uniti's management will perform a comprehensive review of Uniti and Windstream's accounting policies. As a result of the review, New Uniti's management may identify additional differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of New Uniti.

As part of the preparation of these unaudited pro forma condensed combined financial statements, the following reclassifications were made to align Windstream's financial statement presentation to New Uniti's expected financial statement presentation:

Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

- A. Represents the reclassification of Windstream's deferred revenue from Advance payments and Other liabilities to Deferred revenue and Long-term deferred revenue, respectively.
- B. Represents the reclassification of Windstream's finance lease liabilities from Other current liabilities and Other liabilities to Current portion of finance lease obligations and Finance lease obligations, respectively.

Note 6. Adjustments to the Unaudited Pro Forma Condensed Combined Financial Information***Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet***

The pro forma adjustments included in the unaudited pro forma condensed combined balance sheet as of March 31, 2024 are as follows:

- A. Represents the settlement and extinguishment of historical noncontrolling interest operating partnership units and noncontrolling interest preferred stock, respectively, as part of the pre-closing Uniti restructuring.
- B. Represents an adjustment to record Uniti's estimated to-be incurred transaction costs related to the Transactions for banker fees, legal fees, advisory services, and accounting and other professional fees.
- C. Represents an adjustment to record Windstream's estimated to-be incurred transaction costs related to the Transactions for banker fees, legal fees, advisory services, and accounting and other professional fees.
- D. Represents the estimated total merger consideration, consisting of (i) issuance of approximately 90.0 million shares of New Uniti Common Stock with an estimated fair value of \$534.9 million, (ii) issuance of approximately 0.6 million shares of New Uniti Preferred Stock with an estimated fair value of \$450.1 million, (iii) issuance of approximately 18.0 million New Uniti Warrants with an estimated fair value of \$106.6 million, and (iv) cash consideration of \$429.0 million, offset by (v) \$209.4 million related to the settlement of pre-existing relationships between Uniti and Windstream. The New Uniti Preferred Stock and New Uniti Warrants have been recognized as equity instruments upon consummation of the Transactions.

As discussed in Note 2, all historical pre-existing relationships between Uniti and Windstream will be considered effectively settled and the related transactions and balances will become intercompany transactions under New Uniti. Accordingly, all balances related to pre-existing relationships with Windstream on Uniti's historical financial statements were identified and effectively settled. The adjustment to accumulated deficit represents the net gain recognized by Uniti as a result of the settlement of the off-market component of the asset purchase agreement, adjusted for amounts previously recognized for the Windstream Leases and asset purchase agreement between Uniti and Windstream.

- E. Represents the fair value adjustment to Windstream's property, plant, and equipment in connection with the application of the acquisition method of accounting, as discussed in Note 2 above.
- F. Represents the fair value adjustment to Windstream's intangible assets in connection with the application of the acquisition method of accounting, as discussed in Note 2 above.
- G. Represents the fair value adjustment to Windstream's debt assumed in connection with the application of the acquisition method of accounting, as discussed in Note 2 above. This includes the elimination of historical Windstream's unamortized debt issuance costs and discount balances associated with the assumed Windstream debt. The fair value adjustments included adjustments to current debt, long-term debt, and unamortized debt issuance costs capitalized in assets.
- H. Represents the adjustment to Windstream's operating right-of-use assets in connection with the application of the acquisition method of accounting, as discussed in Note 2 above.

- I.** Represents the elimination of Windstream’s historical deferred commissions and deferred costs to fulfill in connection with the application of the acquisition method of accounting.
- J.** Represents the preliminary estimate of goodwill based on the preliminary purchase price allocation, as discussed in Note 2 above.
- K.** Represents the deferred tax impact associated with the adjustments to Windstream assumed net assets including incremental differences in book and tax basis created from the preliminary purchase price allocation resulting from the step up in fair value of Windstream net assets. The deferred tax balance is offset by the netting of Uniti historical deferred tax asset. Deferred taxes are determined using a blended statutory tax rate based on jurisdictions where income is generated. The effective tax rate of the combined company following the Transactions could be significantly different depending on post-acquisition activities, including the geographical mix of income. This determination is preliminary and subject to change based upon the final determination of the closing date fair value.
- L.** Represents the elimination of Windstream’s historical equity balances, adjusted for Windstream’s estimated to-be incurred transaction costs, as discussed in Note 6C above.
- M.** Represents the exchange of Uniti Common Stock for New Uniti Common Stock.

Adjustments to the Unaudited Pro Forma Condensed Combined Statement of Income

The pro forma adjustments included in the unaudited pro forma condensed statement of income for the three months ended March 31, 2024 and year ended December 31, 2023 are as follows:

- AA.** Represents the adjustment to remove allocation of historical net income attributed to noncontrolling interest and to remove dividends declared on Uniti’s historical convertible preferred stock as part of the pre-closing Uniti restructuring, as described in Note 6A above.
- BB.** Represents the total estimated to-be incurred transaction costs for Uniti to be recognized in the statement of income for the year ended December 31, 2023, as discussed in Note 6B above. This is a non-recurring item.
- CC.** Represents an adjustment to depreciation expense related to property, plant and equipment acquired, as described in Note 6E above, based on the estimated useful lives.
- DD.** Represents an adjustment to amortization expense related to intangible assets acquired, as described in Note 6F above, based on the estimated useful lives.
- EE.** Represents an adjustment to interest expense recorded to amortize the fair value adjustment to assumed debt, as described in Note 6G above, over the remaining life of the debt instruments.
- FF.** Represents an adjustment to operating lease expense as a result of the adjustment to assumed right-of-use asset, as described in Note 6H above.
- GG.** Represents the reversal of historical amortization expense for deferred commission and deferred costs to fulfill related to the elimination in Note 6I above.
- HH.** Represents the elimination of Uniti historical balances from the pro forma income statement related to pre-existing relationships between Uniti and Windstream, as discussed in Note 1. The income statement impact of the pre-existing relationships is primarily related to Service revenues Uniti recognized from Windstream, as well as interest and Cost of services.

Uniti also recognized a net gain as a result of the settlement of pre-existing relationships between Uniti and Windstream, as described in Note 6D above. This is a non-recurring item.
- II.** Represents the recognition of stock-based compensation expense related to the Uniti Special Restricted Stock Awards issued as part of the Special Equity Grants. Fair value of Uniti Special Restricted Stock Awards is estimated using the Uniti Common Stock price as of the grant date.
- JJ.** Represents the allocation of net income attributable to participating securities. Uniti Restricted

Stock Awards are considered participating securities as they receive non-forfeitable rights to dividends at the same rate as Uniti Common Stock.

KK. Represents the dividends accumulated plus accretion of the carrying value on New Uniti Preferred Stock, in accordance with the underlying terms.

LL. Represents the income statement impact to tax from the adjustments. A blended statutory tax rate of 25% was utilized for all adjustments. The blended statutory tax rate is based on the jurisdictions in which the assets are located and is not necessarily indicative of the effective tax rate of New Uniti following the Transactions, which could be significantly different depending on post-acquisition activities, including the geographical mix of income.

Note 7. Financing Adjustments

As described above, on May 17, 2024, Uniti issued \$300.0 million aggregate principal amount of new 10.50% secured notes due 2028 and intends to use the proceeds to fund a portion of the Closing Cash Payment.

The following financing adjustments were made to the unaudited pro forma condensed combined financial statements:

Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

A. Represents proceeds received from the \$300.0 million of new debt issued by Uniti, net of debt issuance costs. The debt proceeds are reflective of the 103% premium at which the notes were issued.

Adjustments to the Unaudited Pro Forma Condensed Combined Statement of Income

AA. Represents estimated interest expense based on the stated interest rate of 10.5%, including the amortization of debt issuance costs and premium, related to the adjustment in Note 7A above.

Note 8. Earnings per Share

Represents the net earnings per share ("EPS") calculated using the Uniti historical weighted average shares outstanding and the issuance of additional shares in connection with the Transactions. As the Transactions are being reflected as if they had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net income per share assumes that the shares issuable relating to the Merger and other Transactions have been outstanding for the entire period presented.

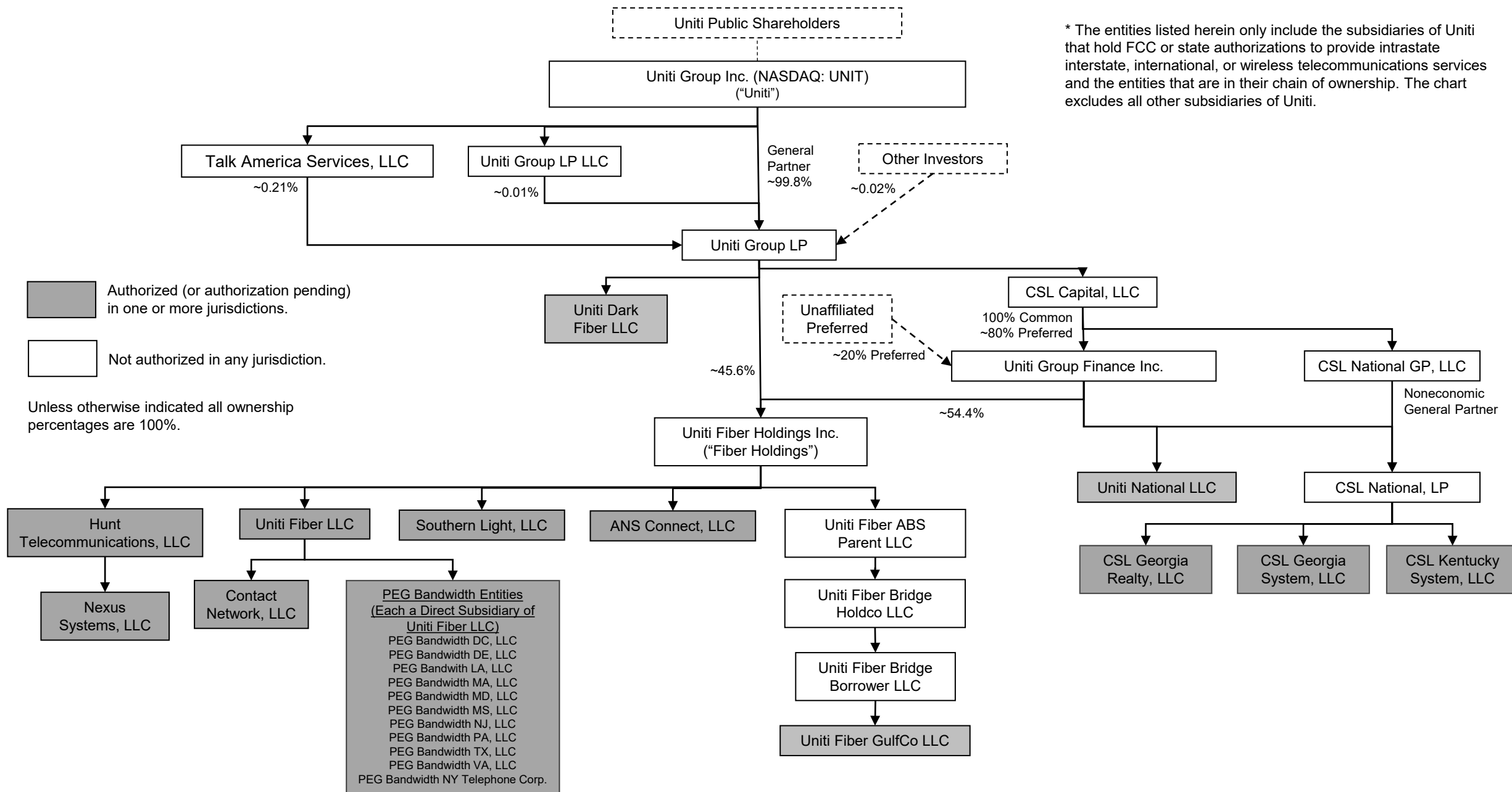
in thousands, except per share data	For the three months ended March 31, 2024	For the year ended December 31, 2023
Basic – Numerator:		
Pro forma net income attributable to common shares	\$ 141,105	\$ 524,909
Total	\$ 141,105	\$ 524,909
Basic – Denominator:		
Historical Uniti weighted average shares outstanding (basic) (converted to New Uniti Common Stock) ⁽¹⁾	149,870	149,554
Shares issued to historical Uniti operating unit holders pursuant to the pre-closing Uniti restructuring	24	24
Shares of New Uniti Common Stock to be issued to Windstream equityholders	89,997	89,997
New Uniti Warrants to be issued per the Merger Agreement ⁽²⁾	17,964	17,964
Weighted average shares of Special Restricted Stock Awards vested into New Uniti Common Stock	805	206
Total	258,660	257,745
Diluted – Numerator:		
Pro forma net income attributable to common shares	\$ 141,105	\$ 524,909
Plus: adjustment for participating securities' share in earnings	363	1,526
Plus: adjustment for New Uniti Preferred Stock dividends	19,806	72,248
Plus: adjustment for assumed conversion of historical Uniti 2027 convertible notes and exchangeable notes	7,022	23,090
Total	\$ 168,296	\$ 621,773
Diluted – Denominator:⁽³⁾		
Historical Uniti weighted average shares outstanding (diluted) (converted to New Uniti Common Stock) ⁽¹⁾⁽⁴⁾	184,985	183,526
Shares issued to historical Uniti operating unit holders pursuant to the pre-closing Uniti restructuring	24	24
Shares of New Uniti Common Stock to be issued to Windstream equityholders	89,997	89,997
New Uniti Warrants to be issued per the Merger Agreement	17,964	17,964
Additional shares from assumed conversion of New Uniti Preferred Stock to be issued per the Merger Agreement (converted to New Uniti Common Stock)	96,745	96,745
Weighted average shares of Special Restricted Stock Awards vested into New Uniti Common Stock	805	206
Total	390,520	388,462
Pro forma net income per share attributable to common stock:		
Basic	\$ 0.55	\$ 2.04
Diluted ⁽⁵⁾	\$ 0.43	\$ 1.60

-
- (1) Historical Uniti weighted average shares outstanding are converted into New Uniti Common Stock by applying the Exchange Ratio.
 - (2) In accordance with ASC Topic 260, Earnings Per Share, shares issuable for little to no consideration should be included in the number of outstanding shares used for basic EPS. The New Uniti Warrants, which are considered participating securities, are penny warrants and therefore are included in the denominator of basic EPS.
 - (3) To determine the dilutive impact, Uniti applied the if-converted method for Uniti's historical exchangeable notes and 2027 convertible notes and the New Uniti Preferred Stock, and applied the two-class method for the participating Uniti Special Restricted Stock Awards as it was more dilutive than the treasury stock method.
 - (4) For the year ended December 31, 2023, the historical Uniti weighted average shares outstanding was further adjusted to include the dilutive effect of Uniti's historical exchangeable notes and 2027 convertible notes. The potential common shares related to Uniti's historical exchangeable notes and 2027 convertible notes were historically excluded from the computation of earnings per share, as their effect would have been antidilutive.
 - (5) For the three months ended March 31, 2024 and for the year ended December 31, 2023, there were no antidilutive securities which were excluded from diluted EPS.

EXHIBIT 3
AMENDED UNITI
ORGANIZATION CHART

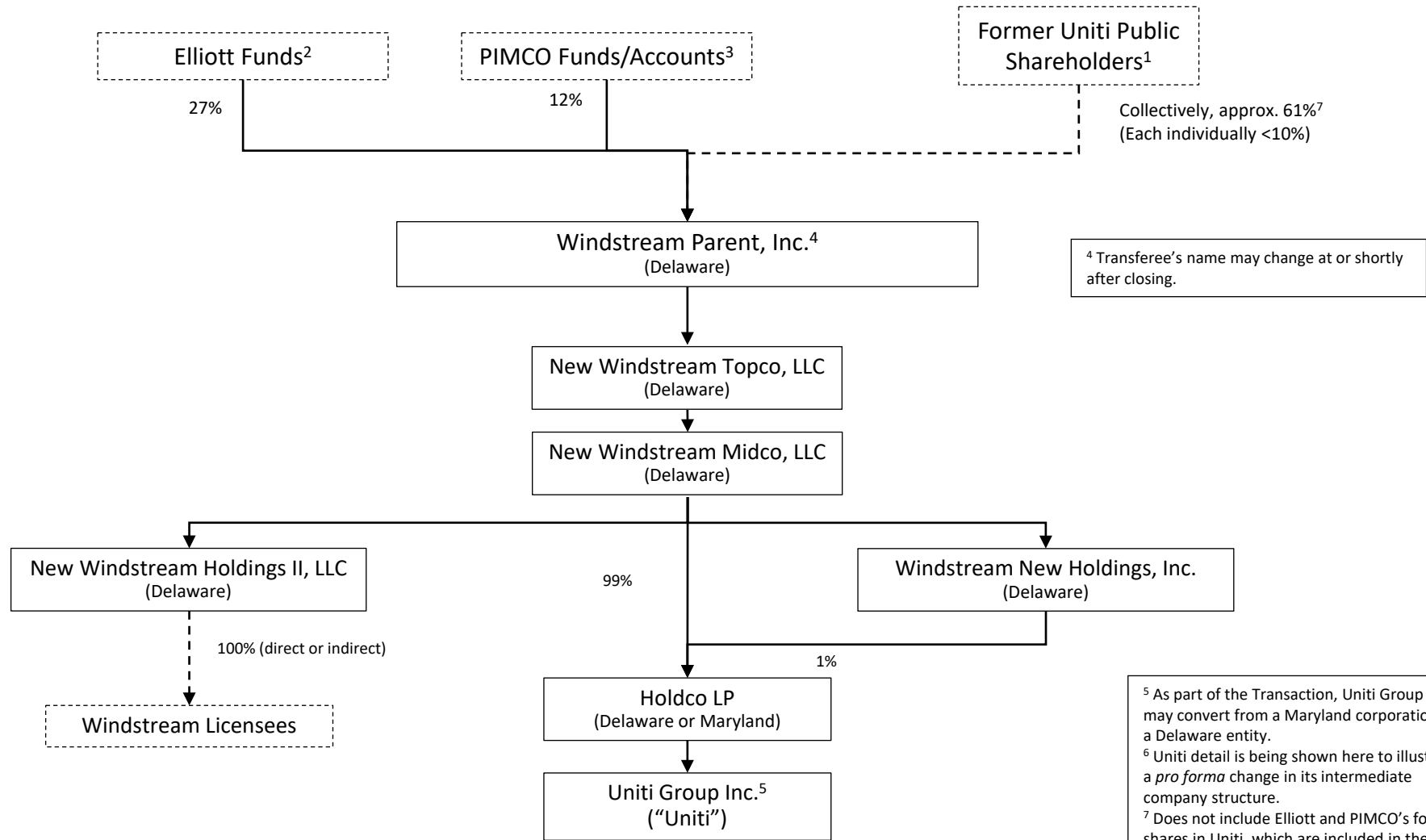
Current Corporate Organization Chart of Uniti Group Inc. Regulated Subsidiaries*

* The entities listed herein only include the subsidiaries of Uniti that hold FCC or state authorizations to provide intrastate interstate, international, or wireless telecommunications services and the entities that are in their chain of ownership. The chart excludes all other subsidiaries of Uniti.



Post-Transaction Transferee Structure

Exhibit 3



* All ownership calculations based on estimates as of Apr. 24, 2024.
 * All interests are 100% voting and equity unless stated otherwise.
¹ Former Windstream shareholders (including Elliott Funds and PIMCO/Accounts) and Uniti shareholders will hold 42% and 58% of Windstream Parent, Inc. ("Transferee") respectively (after giving effect to certain issuances of securities of Transferee and excluding certain other securities to properly apportion dilution).
² In addition to common stock, Elliott Funds will hold warrants exercisable for an additional 5% common stock in Transferee.
³ In addition to common stock, PIMCO Funds will hold warrants exercisable for an additional 2% common stock in Transferee.

⁴ Transferee's name may change at or shortly after closing.

⁵ As part of the Transaction, Uniti Group Inc. may convert from a Maryland corporation to a Delaware entity.
⁶ Uniti detail is being shown here to illustrate a *pro forma* change in its intermediate company structure.
⁷ Does not include Elliott and PIMCO's former shares in Uniti, which are included in their expected ownership of Transferee.

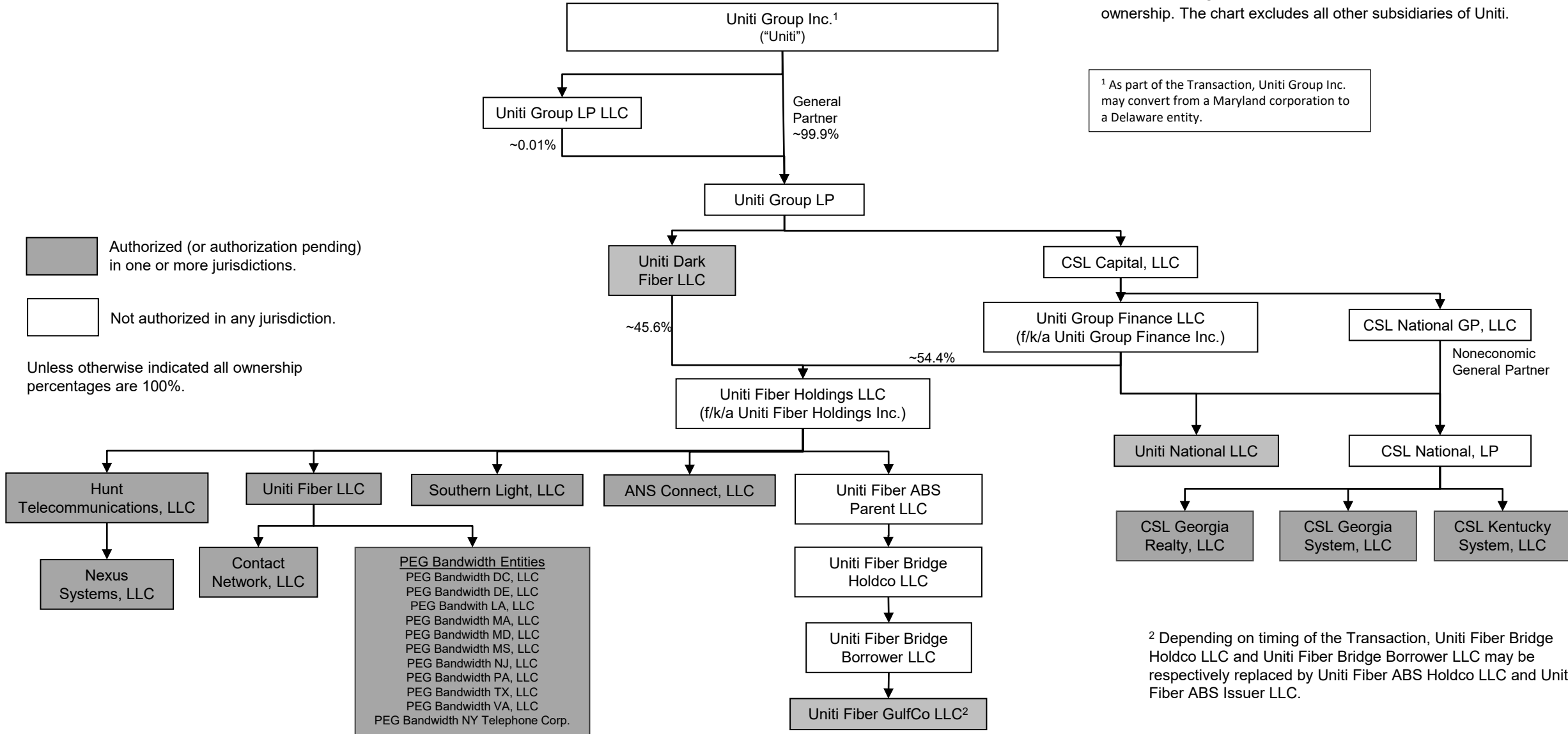
(see Page 2 for Regulated Subsidiaries of Uniti⁶)

Post-Transaction Corporate Organization Chart of Uniti Regulated Subsidiaries*

(see Page 1 for Ownership of Uniti)

* The entities listed herein only include the regulated subsidiaries of Uniti and the entities that are in their chain of ownership. The chart excludes all other subsidiaries of Uniti.

¹ As part of the Transaction, Uniti Group Inc. may convert from a Maryland corporation to a Delaware entity.



Authorized (or authorization pending) in one or more jurisdictions.

Not authorized in any jurisdiction.

Unless otherwise indicated all ownership percentages are 100%.

² Depending on timing of the Transaction, Uniti Fiber Bridge Holdco LLC and Uniti Fiber Bridge Borrower LLC may be respectively replaced by Uniti Fiber ABS Holdco LLC and Uniti Fiber ABS Issuer LLC.