



Communications Sales & Leasing To Acquire Tower Cloud

June 20, 2016 11:30 AM EDT

Advances CS&L's diversification strategy

Extensive fiber-to-the-tower network in the Southeast

Small cell and dark fiber network provider

LITTLE ROCK, Ark., June 20, 2016 (GLOBE NEWSWIRE) -- Communications Sales & Leasing, Inc. ("CS&L" or the "Company") (Nasdaq:CSAL) announced today that it has entered into a definitive agreement to acquire privately-held Tower Cloud, Inc. ("Tower Cloud") for \$230 million in cash and stock. Tower Cloud is a leading provider of data transport services, with a particular focus on providing infrastructure solutions to the wireless and enterprise sectors, including fiber-to-the-tower backhaul, small cell networks, and dark fiber deployments. Tower Cloud's fiber network currently consists of 90,000 fiber strand miles in service across the southeastern United States, with 181,000 fiber strand miles awarded for future deployment for the major wireless carriers.

"Tower Cloud significantly expands our backhaul network and greatly accelerates our entry into the high growth small cell and dark fiber businesses," said Kenny Gunderman, President and Chief Executive Officer of CS&L. "We continue to grow our wireless carrier relationships across all asset classes and are seeing an increasing number of opportunities arise as carriers densify their networks and look toward the deployment of 5G and related technologies."

This transaction provides substantial benefits, including:

- **Expands national wireless carrier relationships.** Over 90% of Tower Cloud's revenues are from national wireless carriers. The acquisition of Tower Cloud advances CS&L's diversification strategy by increasing its exposure to the national wireless carriers with long term contractual revenues.
- **Accelerates CS&L's small cell and dark fiber businesses.** Tower Cloud's recent dark fiber and small cell awards with national wireless carriers will accelerate the Company's initiatives in this mission critical infrastructure class. Tower Cloud is currently constructing dark fiber routes in Florida and Georgia with total contractual revenues of \$175 million.
- **Substantial operational synergies.** CS&L expects to achieve annual run-rate cost synergies of \$6 million within three years after closing by combining the operations of PEG Bandwidth ("PEG") and Tower Cloud. In addition, our sales and product platform should result in significant potential as CS&L leverages its combined sales organizations, and capitalizes on bundling and cross sale opportunities for the full suite of infrastructure solutions.
- **Quality assets in 15 markets.** Tower Cloud is a leading provider of communications infrastructure services across 15 markets in the southeastern United States and has achieved strong success as evidenced by significant revenue growth over the last five years. The Tower Cloud footprint complements PEG's network coverage and will grow CS&L's network to encompass 4.2 million fiber strand miles.

CS&L is a leading strategic capital partner and a unique REIT investment platform in the rapidly evolving communications infrastructure industry. This acquisition advances the Company's ability to meet the demands of customers across towers, small cells, data centers and fiber assets.

Transaction Terms and Approvals

Under the terms of the agreement, Tower Cloud shareholders will receive initial consideration of \$230 million, subject to customary closing adjustments, including \$180 million of cash and the issuance of 1.9 million shares of CS&L common stock. In addition, Tower Cloud shareholders may receive additional consideration contingent upon Tower Cloud achieving certain defined operational and financial milestones.

The Company intends to fund the cash portion of the transaction through cash on hand and borrowings under its revolving credit facility.

The transaction is subject to regulatory approvals and other customary terms and conditions. The transaction is expected to close by early fourth quarter of 2016.

ADVISORS

J.P. Morgan and Stephens Inc. served as financial advisors to CS&L, and Davis Polk & Wardwell LLP served as legal counsel to CS&L. Raymond

James & Associates served as exclusive financial advisor to Tower Cloud and Hanson Bridgett LLP served as legal counsel to Tower Cloud.

CONFERENCE WEBCAST

CS&L will hold a conference call today to discuss this transaction at 10:00 AM Eastern Time (9:00 AM Central Time). The dial-in number for the conference call is (844) 513-7153 (or (508) 637-5603 for international callers) and the conference ID is 36246865. The conference call will be webcast live and can be accessed on the Company's website at www.cslreit.com. A replay of the webcast will be available following the call on the Company's website or by calling (855) 859-2056 (or (404) 537-3406 for international callers) and the conference ID is 36246865, beginning on June 20, 2016 at approximately 2:00 pm Eastern Time and will remain available for 14 days.

ABOUT CS&L

CS&L (Nasdaq:CSAL), an internally managed real estate investment trust, is engaged in the acquisition and construction of mission critical communications infrastructure, and is a leading provider of wireless infrastructure solutions for the communications industry. CS&L currently owns 3.9 million fiber strand miles, 85 wireless towers, and other communications real estate throughout the United States and Mexico. Additional information about CS&L can be found on its website at www.cslreit.com.

FORWARD LOOKING STATEMENTS

Certain statements in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended from time to time. Those forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations including, without limitation, statements regarding CS&L's expectations with respect to the proposed transaction with Tower Cloud.

Words such as "anticipate(s)," "expect(s)," "intend(s)," "estimate(s)," "foresee(s)," "plan(s)," "believe(s)," "may," "will," "would," "could," "should," "seek(s)" and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could lead to actual results differing materially from those projected, forecasted or expected. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained. Factors which could materially alter our expectations with regard to the proposed transaction with Tower Cloud include, among other things, the possibility that the terms of the transaction as described in this press release are modified; the risk that the transaction agreements may be terminated prior to expiration; risks related to satisfying the conditions to the transactions, including timing (including possible delays) and receipt of regulatory approvals from various governmental entities (including any conditions, limitations or restrictions placed on these approvals) and the risk that one or more governmental entities may deny approval; the risk that we may be unable to properly integrate Tower Cloud or achieve synergy savings; and the risk that it cannot obtain or renew contracts on anticipated terms.

CS&L expressly disclaims any obligation to release publicly any updates or revisions to any of the forward looking statements set forth in this release to reflect any change in its expectations or any change in events, conditions or circumstances on which any statement is based.

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Communications Sales & Leasing Inc.