

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 3, 2024

Uniti Group Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-36708
(Commission
File Number)

46-5230630
(IRS Employer
Identification No.)

2101 Riverfront Drive, Suite A
Little Rock, Arkansas
(Address of principal executive offices)

72202
(Zip Code)

Registrant's telephone number, including area code: (501) 850-0820

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	UNIT	The NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure

Uniti Group Inc. (the “Company” or “Uniti”) is furnishing this Current Report on Form 8-K to provide certain financial and other information of Windstream Holdings II, LLC, successor in interest to Windstream Holdings, Inc., and its consolidated subsidiaries (collectively, “Windstream”) regarding the period ended March 31, 2024. The information furnished herein was provided to the Company by Windstream; the Company did not assist in the preparation or review of this information and makes no representation as to its accuracy.

The information contained in this Item 7.01, including the exhibit attached hereto, is being “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of Section 18 of the Exchange Act. The information in this Item 7.01 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as otherwise expressly stated in any such filing.

No Offer or Solicitation

This communication and the information contained in it are provided for information purposes only and are not intended to be and shall not constitute a solicitation of any vote or approval, or an offer to sell or solicitation of an offer to buy, or an invitation or recommendation to subscribe for, acquire or buy securities of Uniti, Windstream or the combined company (“New Uniti”) or any other financial products or securities, in any place or jurisdiction, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made in the United States absent registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or pursuant to an exemption from, or in a transaction not subject to, such registration requirements.

Additional Information and Where to Find It

Uniti and Windstream plan to file relevant materials with the SEC in connection with the contemplated transaction (the “Transaction”), including a registration statement on Form S-4 with the SEC that contains a proxy statement/prospectus and other documents. Uniti will mail the proxy statement/prospectus contained in the Form S-4 to its stockholders. This communication is not a substitute for any registration statement, proxy statement/prospectus or other documents that may be filed with the SEC in connection with the Transaction.

THE PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE TRANSACTION WILL CONTAIN IMPORTANT INFORMATION ABOUT UNITI, WINDSTREAM, NEW UNITI, THE TRANSACTION AND RELATED MATTERS. INVESTORS SHOULD READ THE PROXY STATEMENT/PROSPECTUS AND SUCH OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THE PROXY STATEMENT/PROSPECTUS AND SUCH DOCUMENTS, BEFORE THEY MAKE ANY DECISION WITH RESPECT TO THE TRANSACTION. The proxy statement/prospectus, any amendments or supplements thereto and all other documents filed with the SEC in connection with the Transaction will be available when filed free of charge on the SEC’s website (at www.sec.gov). Copies of documents filed with the SEC by Uniti will be made available free of charge on Uniti’s investor relations website (at <https://investor.uniti.com/financial-information/sec-filings>).

Participants in the Solicitation

Uniti, Windstream and their respective directors and certain of their executive officers and other employees may be deemed to be participants in the solicitation of proxies from Uniti's stockholders in connection with the Transaction. Information about Uniti's directors and executive officers is set forth in the sections titled "Proposal No. 1 Election of Directors" and "Security Ownership of Certain Beneficial Owners and Management" included in Uniti's proxy statement for its 2024 annual meeting of stockholders, which was filed with the SEC on April 11, 2024 (and which is available at <https://www.sec.gov/Archives/edgar/data/1620280/000110465924046100/0001104659-24-046100-index.htm>), the section titled "Directors, Executive Officers and Corporate Governance" included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the SEC on February 29, 2024 (and which is available at <https://www.sec.gov/ix?doc=/Archives/edgar/data/1620280/000162828024008054/unit-20231231.htm>), and subsequent statements of beneficial ownership on file with the SEC and other filings made from time to time with the SEC. Additional information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of Uniti stockholders in connection with the Transaction, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the proxy statement/prospectus and other relevant materials when they are filed with the SEC. These documents can be obtained free of charge from the sources indicated above.

Forward-Looking Statements

This communication contains forward-looking statements, including within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can often be identified by terms such as "may," "will," "appears," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of these words or other similar terms or expressions that concern expectations, strategy, plans, or intentions. However, the absence of these words or similar terms does not mean that a statement is not forward-looking. All forward-looking statements are based on information and estimates available to Uniti and Windstream at the time of this communication and are not guarantees of future performance.

Examples of forward-looking statements in this communication (made at the date of this communication unless otherwise indicated) include, among others, statements regarding our merger with Windstream and the future performance of New Uniti (together with Windstream and Uniti, the "Merged Group"), the perceived and potential synergies and other benefits of the Transaction, and expectations around the financial impact of the Transaction on the Merged Group's financials. In addition, this communication contains statements concerning the intentions, beliefs and expectations, plans, strategies and objectives of the directors and management of Uniti and Windstream for Uniti and Windstream, respectively, and the Merged Group, the anticipated timing for and outcome and effects of the Transaction (including expected benefits to shareholders of Uniti), expectations for the ongoing development and growth potential of the Merged Group and the future operation of Uniti, Windstream and the Merged Group.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement and may include statements regarding the expected timing and structure of the Transaction; the ability of the parties to complete the Transaction considering the various closing conditions; the expected benefits of the Transaction, such as improved operations, enhanced revenues and cash flow, synergies, growth potential, market profile, business plans, expanded portfolio and financial strength; the competitive ability and position of New Uniti following completion of the Transaction; and anticipated growth strategies and anticipated trends in Uniti's, Windstream's and, following the expected completion of the Transaction, New Uniti's business.

In addition, other factors related to the Transaction that contribute to the uncertain nature of the forward-looking statements and that could cause actual results and financial condition to differ materially from those expressed or implied include, but are not limited to: the satisfaction of the conditions precedent to the consummation of the Transaction, including, without limitation, the receipt of shareholder and regulatory approvals on the terms desired or anticipated; unanticipated difficulties or expenditures relating to the Transaction, including, without limitation, difficulties that result in the failure to realize expected synergies, efficiencies and cost savings from the Transaction within the expected time period (if at all); potential difficulties in Uniti's and Windstream's ability to retain employees

as a result of the announcement and pendency of the Transaction; risks relating to the value of New Uniti's securities to be issued in the Transaction; disruptions of Uniti's and Windstream's current plans, operations and relationships with customers caused by the announcement and pendency of the Transaction; legal proceedings that may be instituted against Uniti or Windstream following announcement of the Transaction; funding requirements; regulatory restrictions (including changes in regulatory restrictions or regulatory policy) and risks associated with general economic conditions.

Additional factors that could cause actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements are detailed in the filings with the SEC, including Uniti's annual report on Form 10-K, periodic quarterly reports on Form 10-Q, periodic current reports on Form 8-K and other documents filed with the SEC.

There can be no assurance that the Transaction will be implemented or that plans of the respective directors and management of Uniti and Windstream for the Merged Group will proceed as currently expected or will ultimately be successful. Investors are strongly cautioned not to place undue reliance on forward-looking statements, including in respect of the financial or operating outlook for Uniti, Windstream or the Merged Group (including the realization of any expected synergies).

Except as required by applicable law, Uniti does not assume any obligation to, and expressly disclaims any duty to, provide any additional or updated information or to update any forward-looking statements, whether as a result of new information, future events or results, or otherwise. Nothing in this communication will, under any circumstances (including by reason of this communication remaining available and not being superseded or replaced by any other presentation or publication with respect to Uniti, Windstream or the Merged Group, or the subject matter of this communication), create an implication that there has been no change in the affairs of Uniti or Windstream since the date of this communication.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Windstream presentation regarding the period ended March 31, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITI GROUP INC.

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President - General Counsel and Secretary

Date: May 3, 2024

1Q24 Financial Earnings

May 2, 2024



Safe Harbor Statement

This presentation includes forward-looking statements that are subject to risks and uncertainties that could cause actual future events and results to differ materially from those expressed in the forward-looking statements. Forward-looking statements are typically identified by words or phrases such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “forecast” and other words and terms of similar meaning.

Forward-looking statements include, but are not limited to, guidance regarding 2024 financial and operational results and our ability to successfully execute our 2024 company strategic goals supporting the guidance, including our quality initiatives designed to improve our customer’s experiences; anticipated Kinetic broadband subscribers and market penetration growth, including broadband additions; availability and timing of delivery of fiber broadband to customers, including fiber broadband penetration; number of households or locations that may be served generally and related to funding from various state and federal broadband programs, including future programs, public-private partnerships with government entities, the Rural Digital Opportunity Fund and the Broadband Equity and Access Deployment Program (BEAD); opportunities related to strategic sales, products, and strategic revenue growth across all of our business units; statements concerning the CLEC and ILEC Master Leases with Uniti Group, Inc.; expectations regarding expense management activities, including continuation of reduction in interconnection and access expense, and the timing and benefit of such activities; and any other statements regarding plans, objectives, expectations and intentions and other statements that are not historical facts. These statements, along with other forward-looking statements regarding Windstream’s overall business outlook, are based on estimates, projections, beliefs, and assumptions that Windstream believes are reasonable but are not guarantees of future events, performance, or results. Actual future events and results may differ materially from those expressed in these forward-looking statements as the result of a number of important factors.

Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to increased competitive pressures as state and federal broadband funding programs provide opportunities for new entrants in our markets and possible overbuilding of our network; our ability to, and the extent to which, we participate in BEAD and are able to successfully secure funding via competitive bidding processes over our competitors; loss of funding provided by the Affordable Connectivity Program that may lead to customer disconnects or other state or federal subsidy programs that are not yet permanent programs; the effect of any changes in federal or state governmental regulations or statutes, including any new regulations regarding alleged digital discrimination and net neutrality in the marketplace, oversight or enforcement activities by state or federal agencies; adverse changes in economic conditions, including the impact of foreign wars or political upheaval; risks and uncertainties from cost pressures and inflation on our customers’ communications and payment decisions; adverse economic, political or market conditions related to epidemics, pandemics, or disease outbreaks, and the impact of these conditions on our business operations and financial position and on our customers; impact of any supply chain delays or shortages on our business operations and on our customers’ ability to operate their business; that the expected benefits of cost reduction and expense management activities are not realized or adversely affect our sales and operations or are otherwise disruptive to our business and personnel; the impact of new, emerging, or competing technologies and our ability to utilize these technologies to provide services to our customers; and general U.S. and worldwide economic conditions and related uncertainties. Windstream does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Participants



Paul Sunu
Chief Executive Officer



Drew Smith
Chief Financial Officer
& Treasurer



Genesis White
VP, Investor Relations
& Assistant Treasurer

2024 Priorities



Be the **PREMIER** broadband provider

WINDSTREAM
ENTERPRISE



Be the **TRUSTED** communications and security advisor



Be the **INNOVATIVE** wholesale leader



OPERATIONS & SUPPORT

Be the **unwavering** foundation that aligns, nurtures and enables us to be our best



Prioritize quality and trust.



Do it right the first time, every time.



Give our best in everything we do.

First Quarter Highlights

Adjusted EBITDAR of \$406M⁽¹⁾, up 7% y-o-y; Completed sale of IPv4 assets for over \$100M



Strong Consumer Metrics

- 1% Kinetic consumer service revenue growth year-over-year
- Strong fiber additions of 18K in quarter
- Consumer Broadband ARPU of \$89.93 up 5% y-o-y

Fiber Build Momentum Continues

- 53K new premises added in quarter
- Approximately 1.7 million total premises now have access to FTTH services
- 35% coverage of consumer households was achieved by quarter end

WINDSTREAM
ENTERPRISE

&



Strong Strategic Revenue Trends

- Strategic & Advanced IP services revenue grew slightly y-o-y; ~85% of total Enterprise Market service revenue⁽²⁾⁽³⁾ now comes from Strategic & Advanced IP
- Wholesale Market service revenue increased 1% y-o-y

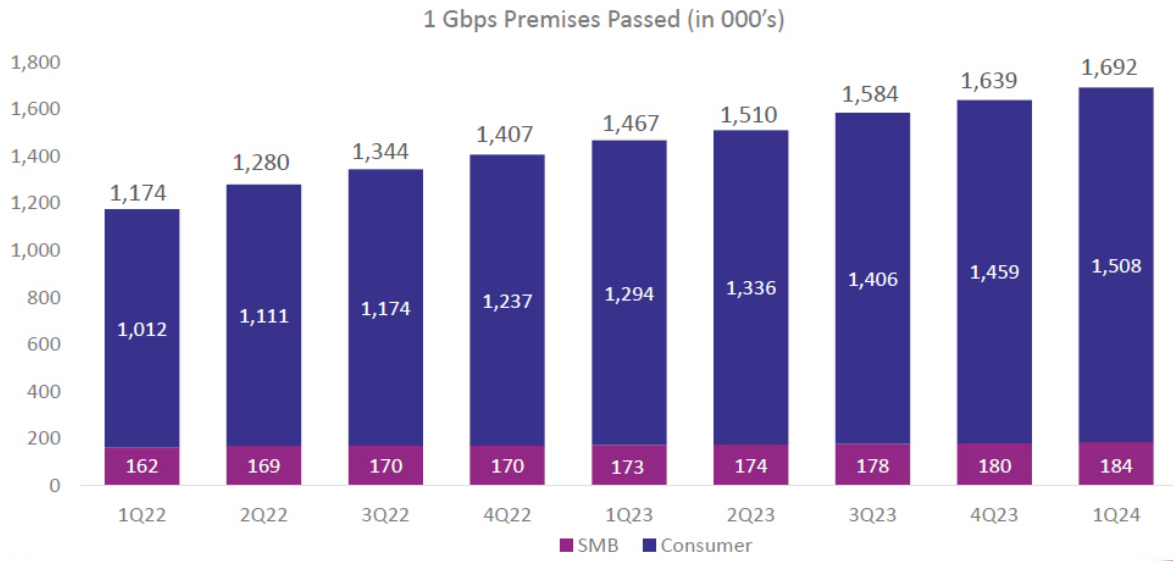
Interconnection Expense Reduction⁽²⁾

- Total interconnection expense fell by 19% y-o-y; legacy-TDM related expenses⁽⁴⁾ fell by 27% y-o-y
- Of the \$634 million in annualized interconnection expense remaining, \$303 million relates to TDM services⁽⁴⁾

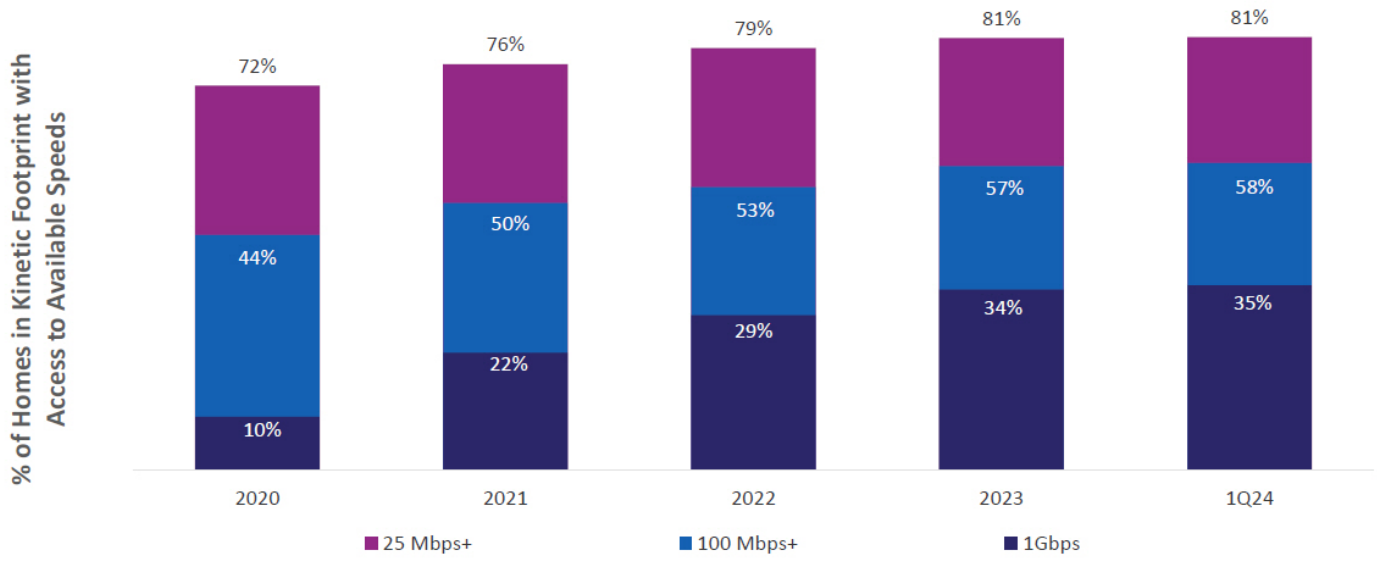
(1) Adjusted EBITDAR excluding gain on sale of IPv4 assets (2) Excludes End user surcharges; (3) Based on 1Q24 results on an annualized basis (4) Includes TDM expenses as shown on Slide 11, plus Network Facilities (excluding Fiber Expense)

Fiber Broadband Expansion Acceleration

53K 1 Gbps Premises Constructed in 1Q24

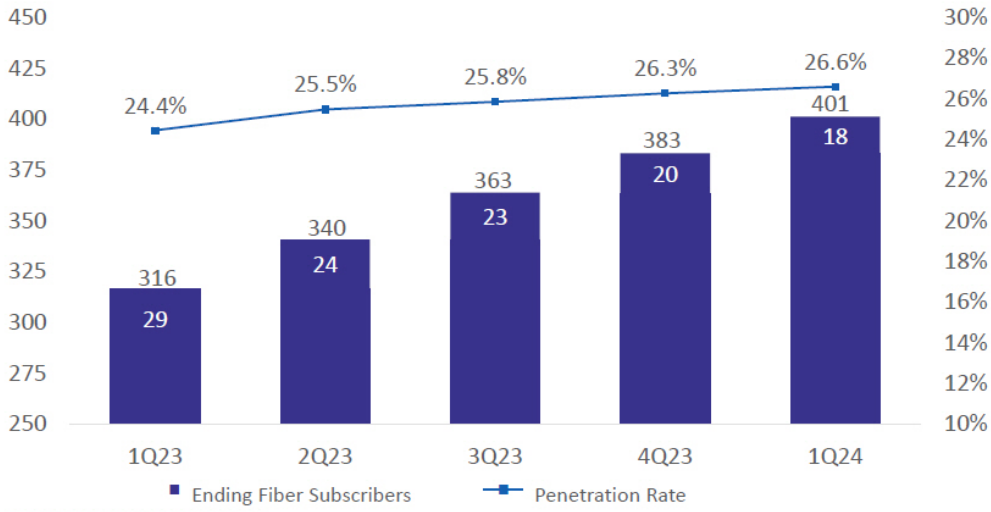


Enhanced Speeds Across All Speed Tiers



Fiber Broadband Adds Continue to Accelerate

Consumer Fiber Subscription Growth Shows Strong Adoption of New 1 Gbps Facilities



Note: Consumer Subscriber counts in 000's

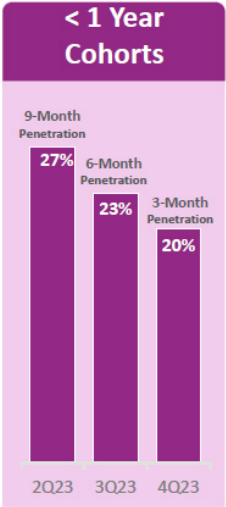
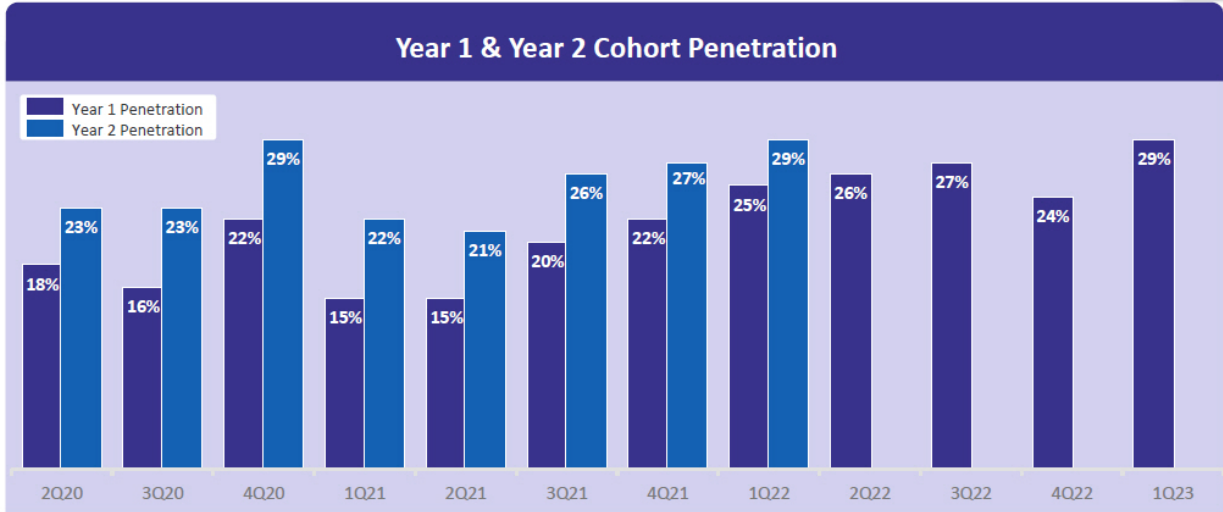
Ended 1Q with
401K
Consumers on
1G capable facilities,
up 18K from 4Q23

26.6%
Penetration

Fiber Cohort Penetration

Newest Fiber Cohorts Are Showing Strong Penetration Early

40%
Target Penetration
Over a 4 Year Period



Note: Cohort penetration reflects consumers on 1G capable facilities, within the respective cohort, at the 12-month (Year 1 Penetration) and 24-month (Year 2 Penetration) anniversary of the cohort being launched. Less than 1 Year cohort penetration is shown as of March 31, 2024, reflecting penetration at the 9-, 6- and 3-month mark for cohorts completed in the second, third and fourth quarter of 2023, respectively.

1Q24 Financial Results

Unaudited Adjusted Results of Operations (non-GAAP)

Financial Overview <i>(Dollars in Millions)</i>	2023	2023	2023	2023	2023	2024
	Q1	Q2	Q3	Q4	YE	Q1
Revenue and Sales						
Kinetic Market	\$ 536	\$ 537	\$ 530	\$ 540	\$ 2,143	\$ 547
Enterprise Market	371	338	346	314	1,369	316
Wholesale Market	113	106	115	103	437	114
Service Revenue	\$ 1,019	\$ 980	\$ 991	\$ 958	\$ 3,948	\$ 977
Product & Fiber Sales	8	11	11	9	39	24
Total Revenue and Sales	\$ 1,027	\$ 991	\$ 1,002	\$ 967	\$ 3,987	\$ 1,001
Expenses						
Direct Segment Expenses	\$ 363	\$ 358	\$ 363	\$ 337	\$ 1,421	\$ 343
Network Access & Facilities	122	119	117	108	467	101
Shared Network & Operations	89	85	84	82	340	79
Information Technology/Shared Corporate	73	69	68	60	271	71
Total Expenses	\$ 648	\$ 631	\$ 632	\$ 588	\$ 2,499	\$ 595
Adjusted EBITDAR⁽¹⁾	\$ 380	\$ 360	\$ 370	\$ 379	\$ 1,488	\$ 406
Adjusted EBITDAR Margin %	37.0%	36.3%	36.9%	39.2%	37.3%	40.6%

⁽¹⁾ 1Q24 Adjusted EBITDAR excluding gain on sale of IPv4 assets

Significant Interconnection Cost Reductions

TDM Retirement Accelerates Cost Reduction and Improves Customer Experience

Interconnection Expenses (in millions)

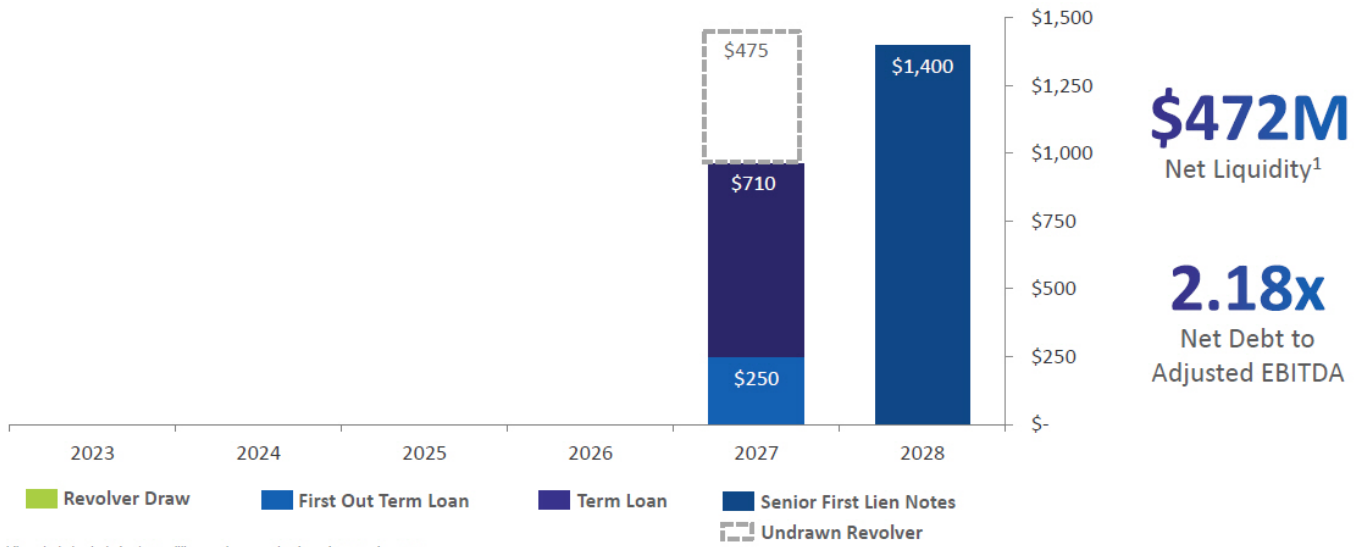
	1Q23 Annualized	1Q24 Annualized	YoY Change %
TDM	\$ 100	\$ 52	(48%)
IP/Ethernet	243	221	(9%)
Last Mile Access	\$ 344	\$ 273	(21%)
TDM	\$ 53	\$ 20	(63%)
IP/Ethernet	19	16	(15%)
Network Access	\$ 72	\$ 36	(50%)
Network Facilities (excluding Fiber Expense)	\$ 71	\$ 46	(36%)
Fiber Expense & Other	24	20	(15%)
Network Facilities Expense	\$ 95	\$ 66	(31%)
Enterprise Interconnect and Network Access & Facilities Expense	\$ 511	\$ 374	(27%)
Network Facilities (excluding Fiber Expense)	\$ 192	\$ 185	(4%)
Fiber Expense & Other	77	75	(3%)
Kinetic & Wholesale Network Facilities Expense	\$ 269	\$ 260	(3%)
Total Interconnect and Network Facilities Expense	\$ 780	\$ 634	(19%)

(1) Includes TDM expenses as shown, plus Network Facilities (excluding Fiber Expense)

- 1Q24 annualized run-rate of \$634 million in interconnection and network facilities expenses; annualized decline of 19%
- \$303 million of Legacy TDM-related expense⁽¹⁾ including Network Facility expense; annualized decline of 27%
- Continued execution of multi-year program to migrate legacy TDM customers to newer technologies, moving from circuit-level to market-level optimization
- The focus on market-level TDM removal will enable greater reductions in network real estate and colocation expenses

Strong Balance Sheet with No Near-Term Maturities

Debt Maturity as of March 31, 2024



\$472M
Net Liquidity¹

2.18x
Net Debt to
Adjusted EBITDA

¹ Net Liquidity calculation includes \$500 million revolver capacity through September 2024

Note: Available capacity under credit facility excludes outstanding letters of credit of \$140.6 million of which \$111.0 million was issued to Universal Service Administrative Company as a condition for Windstream receiving RDOF funding. The amended senior secured revolving credit facility will have \$500 million of capacity through September 21, 2024, and \$475 million of capacity through January 23, 2027.

WIN Fully Owns and Operates Substantial Assets

Kinetic Fully Owned and Operated Metrics		E&W Owned & Operated
Broadband Consumers ⁽¹⁾	Fiber Broadband Consumers ⁽¹⁾	Fiber Route Miles ⁽¹⁾
219K (20.5%)	116K (31.2%)	88K (75.0%)
Fiber Households Today ⁽¹⁾	Fiber Households – Build Plan ⁽¹⁾	Windstream Owns 100GB POPs ⁽¹⁾
448K (29.5%)	640K (35.8%)	1,338 (100.0%)
Total Consumer Revenues ⁽²⁾	Kinetic Owned Assets ⁽³⁾	E&W Owned Assets ⁽³⁾
\$229M	\$2.5B	\$1.0B

- (1) Metric represents number and percentage of Windstream total not associated or encumbered by Unifi Master Lease Agreements as of March 31, 2024
(2) Consumer Revenues for FY 2023 that are not within in-footprint ILEC markets governed by Unifi ILEC Master Lease Agreement
(3) Kinetic and E&W Owned Assets represent net PP&E, excluding CWIP, as of December 31, 2023, for Windstream owned assets

2024 Financial and Operational Guidance

<i>(all \$ in millions)</i>	2023 Results	2024 Guidance
Adjusted EBITDAR ⁽¹⁾	\$1,488M	Approximately flat y-o-y (adjusted for ACP expiration) ⁽²⁾
Capex, net ⁽³⁾	\$798M	Approximately \$700M
Unlevered Free Cash Flow ⁽⁴⁾	\$155M	Approximately \$140M
Fiber Consumer Customer Additions	96K	Similar to 2023
Fiber Premises Constructed	232K	Similar to 2023

(1) 2024 Adjusted EBITDAR guidance excludes the impact of non-core operating assets sales during the period

(2) Adjusted for expected wind-down of the Affordable Connectivity Program (ACP) in 1Q 2024. Windstream's ACP customer base currently receives ~\$3M in monthly subsidy under this program

(3) Adjusted Capex, less GCI reimbursements

(4) Total change in cash, excluding cash interest, cash taxes and debt amortization payments

Appendix

Quarterly supplemental schedules (Pro Forma)

Supplemental Financial Information

Windstream Holdings II, LLC ("Windstream", "we", "us", "our", or "the Company") has presented in this Investor Supplement unaudited adjusted results, which excludes depreciation and amortization, straight-line expense under the master leases with Uniti Group, Inc. ("Uniti"), equity-based compensation expense, and certain other costs. We have also presented certain measures of our operating performance, on an adjusted basis, that reflects the impact of the cash payment due under the master leases with Uniti.

During the first quarter of 2024, we made changes to our previous segment structure which primarily included (1) shifting business and wholesale customers with the majority of their service locations residing in ILEC markets from the Kinetic segment to the Enterprise and Wholesale segments, respectively; (2) removing intercompany revenues and expenses between our business segments; (3) eliminating the OfficeSuite business segment; and (4) reassigning certain costs and expenses from the business segments to shared expenses, primarily consisting of service delivery, customer support, engineering, and network operations as these functions are now managed on a centralized basis and are no longer managed at a business segment level. Segment costs and expenses now reflect the direct costs incurred by each segment in providing services to customers and, as a result, we now present direct margin as the measure of each segment's profitability in lieu of segment contribution margin. Direct margin is computed as segment revenues and sales less segment costs and expenses. Prior period segment information has been revised to reflect these changes. A reconciliation of previously reported to revised segment information is included within this Investor Supplement.

Subsequent to the release of our 4Q 2023 Investor Supplement, management identified and corrected an immaterial misclassification of certain equipment refurbishment costs that were previously classified as cost of sales and should have been reported as cost of services. In addition, the Company reclassified the provision for estimated credit losses from cost of services to selling, general and administrative expenses. Prior period cost and expenses information presented on page 2 has been revised to reflect these reclassifications. Total costs and expenses did not change from previously reported amounts as a result of these reclassifications.

We use Adjusted EBITDA, Adjusted EBITDAR, Adjusted Free Cash Flow and Adjusted Capital Expenditures as key measures of the operational performance of our business. Our management, including the chief operating decision-maker, consistently uses these measures for internal reporting and the evaluation of business objectives, opportunities and performance, and the determination of management compensation. Management believes that Adjusted Free Cash Flow provides investors with useful information about the ability of our core operations to generate cash flow. Because capital spending is necessary to maintain our operational capabilities, we believe that capital expenditures represents a recurring and necessary use of cash. As such, we believe investors should consider our capital spending and payments due under our master leases with Uniti when evaluating the amount of cash provided by our operating activities.

Supplemental Financial Information

WINDSTREAM HOLDINGS II, LLC
UNAUDITED ADJUSTED RESULTS OF OPERATIONS (NON-GAAP)
QUARTERLY SUPPLEMENTAL INFORMATION
for the quarterly periods in the years 2024 and 2023
(In millions)

	2024		2023			
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
ADJUSTED RESULTS OF OPERATIONS:						
Revenues and sales:						
Service revenues	\$ 976.7	\$ 3,948.0	\$ 957.8	\$ 990.8	\$ 980.0	\$ 1,019.4
Product and fiber sales	23.9	38.7	8.7	11.2	10.9	7.9
Total revenues and sales	1,000.6	3,986.7	966.5	1,002.0	990.9	1,027.3
Costs and expenses:						
Cost of services	411.9	1,758.7	408.4	441.9	446.0	462.4
Cost of sales	16.4	40.3	8.3	11.1	11.1	9.8
Selling, general and administrative	166.2	699.8	171.0	179.4	174.1	175.3
Costs and expenses	594.5	2,498.8	587.7	632.4	631.2	647.5
Adjusted EBITDAR, excluding gain on sale of operating assets	406.1	1,487.9	378.8	369.6	359.7	379.8
Gain on sale of operating assets (see note below)	103.2	-	-	-	-	-
Adjusted EBITDAR (A)	509.3	1,487.9	378.8	369.6	359.7	379.8
Cash payment under master leases with Uniti	(168.3)	(672.2)	(168.3)	(168.4)	(168.0)	(167.5)
Cash received from Uniti per settlement agreement	24.5	98.0	24.5	24.5	24.5	24.5
Adjusted EBITDA (B)	\$ 365.5	\$ 913.7	\$ 235.0	\$ 225.7	\$ 216.2	\$ 236.8
Margins (C):						
Adjusted EBITDAR margin, excluding gain on sale of operating assets	40.6%	37.3%	39.2%	36.9%	36.3%	37.0%
Adjusted EBITDAR margin	50.9%	37.3%	39.2%	36.9%	36.3%	37.0%
Adjusted EBITDA margin	36.5%	22.9%	24.3%	22.5%	21.8%	23.1%
Adjusted Capital Expenditures	\$ 245.8	\$ 1,048.4	\$ 233.6	\$ 265.8	\$ 245.9	\$ 303.1
Adjusted Free Cash Flow (D)	\$ 161.0	\$ (132.0)	\$ (14.9)	\$ (51.4)	\$ 16.5	\$ (82.2)

Note: In March 2024, the Company sold certain of its unused IPv4 addresses for \$104.3 million and received \$103.5 million in cash, net of broker fees. Including other transaction-related expenses, the Company recognized a pretax gain of \$103.2 million from the sale.

- (A) Adjusted EBITDAR is earnings before interest expense, income taxes and depreciation and amortization and is calculated as operating income (loss) excluding depreciation and amortization, straight-line expense under the master leases with Uniti, equity-based compensation expense, and certain other costs.
(B) Adjusted EBITDA is Adjusted EBITDAR after the cash payment due under the master leases with Uniti excluding additional rent paid for growth capital expenditures funded by Uniti and increased for cash.
(C) Margins are calculated by dividing the respective profitability measures by total revenues and sales.
(D) Adjusted Free Cash Flow is Adjusted EBITDA less adjusted capital expenditures, additional rent paid for growth capital expenditures funded by Uniti and cash paid for interest on long-term debt obligations plus funding received from Uniti for growth capital expenditures and adjusted for cash (paid) refunded for income taxes, net.

See page 23 for computations of Adjusted EBITDAR, Adjusted EBITDA, Adjusted Free Cash Flow and Adjusted Capital Expenditures.

Supplemental Financial Information

WINDSTREAM HOLDINGS II, LLC
UNAUDITED ADJUSTED RESULTS OF OPERATIONS (NON-GAAP)
QUARTERLY SUPPLEMENTAL INFORMATION
for the quarterly periods in the years 2024 and 2023
(In millions)

	As of 3/31/2024
Debt Leverage Ratio:	
Long-term debt, including current maturities (E)	\$ 2,359.7
Add: Capital lease obligations	23.5
Less: Cash and cash equivalents	(112.5)
Net debt	<u>\$ 2,270.7 (1)</u>
	Twelve Months Ended 3/31/2024
Adjusted EBITDA	\$ 1,042.4 (2)
Net leverage ratio (F) - computed as (1)/(2)	<u>2.18x</u>
Available liquidity as of March 31, 2024:	
Cash and cash equivalents	\$ 112.5
Available capacity under credit facility (G)	359.4
Available liquidity	<u>\$ 471.9</u>

(E) Long-term debt, including current maturities excluding unamortized debt discount.

(F) The net leverage ratio is computed by dividing net debt by Adjusted EBITDA.

(G) Available capacity under credit facility excludes outstanding letters of credit of \$140.6 million of which \$111.0 million was issued to Universal Service Administrative Company as a condition for Windstream receiving Rural Digital Opportunity Fund ("RDOF") funding.

See page 23 for computations of Adjusted EBITDAR, Adjusted EBITDA, Adjusted Free Cash Flow and Adjusted Capital Expenditures.

Supplemental Financial Information

WINDSTREAM HOLDINGS II, LLC

QUARTERLY SUPPLEMENTAL INFORMATION - REVENUE AND ADJUSTED EBITDAR SUPPLEMENT

for the quarterly periods in the years 2024 and 2023

(In millions)

	2024		2023			
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Revenues and sales:						
Kinetic Market	\$ 547.1	\$ 2,142.8	\$ 540.3	\$ 530.0	\$ 536.6	\$ 535.9
Enterprise Market	315.7	1,368.6	314.1	345.6	337.9	371.0
Wholesale Market	113.9	436.6	103.4	115.2	105.5	112.5
Total service revenues	976.7	3,948.0	957.8	990.8	980.0	1,019.4
Product and fiber sales	23.9	38.7	8.7	11.2	10.9	7.9
Total revenues and sales	1,000.6	3,986.7	966.5	1,002.0	990.9	1,027.3
Costs and expenses:						
Direct segment expenses	\$ 343.1	\$ 1,421.5	\$ 337.1	\$ 362.8	\$ 358.1	\$ 363.5
Network access and facilities	101.1	466.6	108.1	117.1	119.5	121.9
Shared network and operations	79.2	340.0	82.1	84.3	84.6	89.0
Information technology and shared corporate	71.1	270.7	60.4	68.2	69.0	73.1
Total costs and expenses	594.5	2,498.8	587.7	632.4	631.2	647.5
Adjusted EBITDAR, excluding gain on sale of operating assets	406.1	1,487.9	378.8	369.6	359.7	379.8
Gain on sale of operating assets	103.2	-	-	-	-	-
Adjusted EBITDAR	\$ 509.3	\$ 1,487.9	\$ 378.8	\$ 369.6	\$ 359.7	\$ 379.8
Adjusted EBITDAR margin, excluding gain on sale of operating assets	40.6%	37.3%	39.2%	36.9%	36.3%	37.0%
Adjusted EBITDAR margin	50.9%	37.3%	39.2%	36.9%	36.3%	37.0%

Note: The above supplemental information presents our business unit revenues and sales segmented between markets in which we are the incumbent local exchange carrier ("ILEC") and provide services to customers over network facilities operated by us (Kinetic) and those markets in which we are a competitive local exchange carrier ("CLEC") and provide services over network facilities primarily leased from other carriers (Enterprise and Wholesale). Accordingly, certain ILEC-related revenues included in Enterprise and Wholesale services revenues presented on page 20 have been reclassified and included in Kinetic service revenues presented above. This supplemental information has been presented solely for additional insight into and analysis of our operations and is not reflective of how management assesses operating performance or allocates resources to our business segments.

Supplemental Financial Information

WINDSTREAM HOLDINGS II, LLC
 QUARTERLY SUPPLEMENTAL INFORMATION - BUSINESS SEGMENTS
 for the quarterly periods in the years 2024 and 2023
 (In millions)

	2024		2023				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	
Kinetic							
Revenues and sales:							
Broadband bundles	\$ 304.8	\$ 1,207.6	\$ 303.3	\$ 300.8	\$ 303.9	\$ 299.6	
Voice and other	15.9	70.5	16.8	17.7	17.6	18.4	
Consumer	320.7	1,278.1	320.1	318.5	321.5	318.0	
Small business	43.3	168.2	42.7	42.6	41.2	41.7	
EDOF funding	13.1	52.4	13.1	13.1	13.1	13.1	
State USF	14.9	62.5	15.2	15.3	16.0	16.0	
End user surcharges	14.1	58.3	15.6	12.9	13.7	16.1	
Service revenues	406.1	1,619.5	406.7	402.4	405.5	404.9	
Product sales	7.5	30.2	6.4	7.7	8.6	7.5	
Total revenues and sales	413.6	1,649.7	413.1	410.1	414.1	412.4	
Costs and expenses	156.7	624.4	152.7	165.3	156.8	149.6	
Kinetic direct margin	\$ 256.9	\$ 1,025.3	\$ 260.4	\$ 244.8	\$ 257.3	\$ 262.8	
Kinetic direct margin %	62.1%	62.2%	63.0%	59.7%	62.1%	63.7%	
Enterprise							
Revenues and sales:							
Strategic and Advanced IP (A)	\$ 301.1	\$ 1,198.2	\$ 206.0	\$ 302.5	\$ 297.6	\$ 302.1	
TDM/Other (B)	47.2	303.2	49.8	76.7	74.3	102.4	
End user surcharges	15.1	60.4	15.7	14.3	14.0	16.4	
Service revenues	363.4	1,561.8	361.5	393.5	385.9	420.9	
Product sales	0.4	3.4	1.4	1.3	0.3	0.4	
Total revenues and sales	363.8	1,565.2	362.9	394.8	386.2	421.3	
Costs and expenses	157.0	714.1	164.8	176.7	180.1	192.5	
Enterprise direct margin	\$ 206.8	\$ 851.1	\$ 198.1	\$ 218.1	\$ 206.1	\$ 228.8	
Enterprise direct margin %	56.6%	54.4%	54.6%	55.2%	53.4%	54.3%	
Wholesale							
Revenues and sales:							
Service revenues	\$ 207.2	\$ 766.7	\$ 189.6	\$ 194.9	\$ 188.6	\$ 193.6	
Fiber sales	16.0	5.1	0.9	2.2	2.0	-	
Total revenues and sales	223.2	771.8	190.5	197.1	190.6	193.6	
Costs and expenses	39.4	83.0	19.6	30.8	31.2	31.4	
Wholesale direct margin	\$ 183.8	\$ 688.8	\$ 170.9	\$ 176.3	\$ 169.4	\$ 172.2	
Wholesale direct margin %	86.6%	89.2%	89.7%	89.4%	88.9%	88.9%	

- (A) Strategic revenues consist of recurring Secure Access Service Edge ("SASE"), Unified Communications as a Service ("UCaaS"), OfficeSuite UCx, and associated network access products and services. SASE includes both Software Defined Wide Area Network ("SD-WAN") and Security Service Edge ("SSE"). Advanced IP revenues consist of recurring dynamic Internet protocol, dedicated Internet access, multi-protocol label switching services, integrated voice and data, long distance and managed services.
- (B) TDM revenues consist of time-division multiplexing ("TDM") voice and data services. Other revenues include usage-based long-distance revenues and resale revenues as well as all non-recurring revenues.

Supplemental Financial Information

WINDSTREAM HOLDINGS II, LLC
 QUARTERLY SUPPLEMENTAL INFORMATION - BUSINESS SEGMENTS
 for the quarterly periods in the years 2024 and 2023
 (In millions)

	2024		2023			
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Total segment revenues and expenses						
Revenues and sales:						
Service revenues	\$ 976.7	\$ 3,948.0	\$ 957.8	\$ 990.8	\$ 980.0	\$ 1,019.4
Product and fiber sales	23.9	38.7	8.7	11.2	10.9	7.9
Total segment revenues and sales	1,000.6	3,986.7	966.5	1,002.0	990.9	1,027.3
Total segment costs and expenses	343.1	1,421.5	337.1	362.8	358.1	363.5
Segment direct margin	657.5	2,565.2	629.4	639.2	632.8	663.8
Segment direct margin %	65.7%	64.3%	65.1%	63.8%	63.9%	64.6%
Consolidated revenues and sales						
Service revenues	\$ 976.7	\$ 3,948.0	\$ 957.8	\$ 990.8	\$ 980.0	\$ 1,019.4
Product and fiber sales	23.9	38.7	8.7	11.2	10.9	7.9
Consolidated revenues and sales	\$ 1,000.6	\$ 3,986.7	\$ 966.5	\$ 1,002.0	\$ 990.9	\$ 1,027.3
Consolidated costs and expenses						
Segment costs and expenses	\$ 343.1	\$ 1,421.5	\$ 337.1	\$ 362.8	\$ 358.1	\$ 363.5
Shared expenses: (C)						
Network access and facilities	101.1	466.6	108.1	117.1	119.5	121.9
Shared network and operations	79.2	340.0	82.1	84.3	84.6	89.0
Information technology and shared corporate	71.1	270.7	60.4	68.2	69.0	73.1
Shared expenses	251.4	1,077.3	250.6	269.6	273.1	284.0
Consolidated costs and expenses	\$ 594.5	\$ 2,498.8	\$ 587.7	\$ 632.4	\$ 631.2	\$ 647.5
Consolidated						
Adjusted EBITDAR, excluding gain on sale of operating assets	\$ 406.1	\$ 1,487.9	\$ 378.8	\$ 369.6	\$ 359.7	\$ 379.8
Gain on sale of operating assets	103.2	-	-	-	-	-
Adjusted EBITDAR	\$ 509.3	\$ 1,487.9	\$ 378.8	\$ 369.6	\$ 359.7	\$ 379.8
Adjusted EBITDAR margin, excluding gain on sale of operating assets	40.6%	37.3%	39.2%	36.9%	36.3%	37.0%
Adjusted EBITDAR margin	50.9%	37.3%	39.2%	36.9%	36.3%	37.0%

(C) Shared expenses are not allocated to the segments and primarily consist of service delivery, customer support, engineering, network operations, information technology, accounting and finance, legal, and other corporate management activities that are centrally managed and are not monitored by management at a segment level.

Supplemental Financial Information

WINDSTREAM HOLDINGS II, LLC
 QUARTERLY SUPPLEMENTAL INFORMATION - OPERATING STATISTICS
 for the quarterly periods in the years 2024 and 2023
 (Units in thousands, Dollars in millions, except per unit amounts)

	2024		2023			
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Kinetic Operating Metrics:						
Next Gen consumer broadband customers	401.1	383.2	383.2	363.4	340.3	315.9
<i>Net customer additions</i>	17.9	96.0	19.8	23.1	24.4	28.7
DSL consumer broadband customers	722.9	752.4	752.4	784.0	814.7	846.8
<i>Net customer losses</i>	(29.5)	(126.1)	(31.6)	(30.7)	(32.1)	(31.7)
Total consumer broadband customers	1,124.0	1,135.6	1,135.6	1,147.4	1,155.0	1,162.7
<i>Net customer losses</i>	(11.6)	(30.1)	(11.8)	(7.6)	(7.7)	(3.0)
<i>Average revenue per consumer broadband customer per month</i>	\$ 89.93	\$ 87.46	\$ 88.57	\$ 87.10	\$ 87.41	\$ 85.78
Next Gen premises passed - Consumer	1,508	1,459	1,459	1,406	1,336	1,294
Service Revenues Used in Average Revenue Per Month Computations Above (per page 3):						
Broadband bundle revenues	\$ 304.8	\$ 1,207.6	\$ 303.3	\$ 300.8	\$ 303.9	\$ 299.6
Adjusted Capital Expenditures:						
Total capital expenditures	\$ 245.9	\$ 1,058.4	\$ 237.0	\$ 267.3	\$ 248.9	\$ 305.2
Reimbursement for cost to remove equipment (A)	(0.1)	(8.6)	(3.4)	(1.5)	(2.4)	(1.3)
Incremental construction equipment capital expenditures (B)	-	(1.4)	-	-	(0.6)	(0.8)
Adjusted Capital Expenditures	<u>\$ 245.8</u>	<u>\$ 1,048.4</u>	<u>\$ 233.6</u>	<u>\$ 265.8</u>	<u>\$ 245.9</u>	<u>\$ 303.1</u>
Adjusted Capital Expenditures by Segment:						
Kinetic	\$ 127.2	\$ 528.0	\$ 122.1	\$ 137.3	\$ 120.2	\$ 148.4
Enterprise	16.4	74.7	14.8	17.8	18.9	23.2
Wholesale	32.5	122.4	25.6	30.9	33.5	32.4
Shared network, information technology, and operations	69.7	323.3	71.1	79.8	73.3	99.1
Adjusted Capital Expenditures	245.8	1,048.4	233.6	265.8	245.9	303.1
Less: Unit funding of growth capital expenditures	(131.3)	(250.0)	(16.5)	(74.8)	(91.2)	(67.5)
Adjusted Capital Expenditures, Net	<u>\$ 114.5</u>	<u>\$ 798.4</u>	<u>\$ 217.1</u>	<u>\$ 191.0</u>	<u>\$ 154.7</u>	<u>\$ 235.6</u>
Capital Expenditures Intensity % (C)	12%	22%	25%	21%	17%	26%

(A) Reimbursement from the Federal Communications Commission ("FCC") for the cost to remove from our network certain equipment purchased from a Chinese manufacturer that we were required to remove by FCC order. Windstream completed the removal of this equipment in the first quarter of 2023.

(B) Consists of non-recurring capital expenditures for construction equipment to support the Company's internal engineering and fiber construction organization.

(C) Calculated as Adjusted Capital Expenditures, net, as a percentage of total revenue excluding switched access and end user surcharges, and Enterprise TDM/Other revenue.

Supplemental Financial Information

WINDSTREAM HOLDINGS II, LLC
 QUARTERLY SUPPLEMENTAL INFORMATION - NON-GAAP RECONCILIATIONS
 for the quarterly periods in the years 2024 and 2023
 (In millions)

	2024		2023			
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
ADJUSTED FREE CASH FLOW:						
Operating income (loss)	\$ 140.8	\$ (47.8)	\$ (29.1)	\$ (8.5)	\$ (12.1)	\$ 1.9
Depreciation and amortization expense	200.0	790.8	192.9	202.7	199.5	195.7
EBITDA	340.8	743.0	163.8	194.2	187.4	197.6
Adjustments:						
Straight-line expense under master leases with Uniti	172.3	677.1	171.1	170.1	168.7	167.2
Cash payment under master leases with Uniti	(168.3)	(672.2)	(168.3)	(168.4)	(168.0)	(167.5)
Cash received from Uniti per settlement agreement	24.5	98.0	24.5	24.5	24.5	24.5
Net (gain) loss on asset retirements and dispositions	(21.7)	(1.8)	6.7	(2.9)	(5.2)	(0.4)
Other costs (A)	16.5	56.6	28.9	6.7	7.2	13.8
Equity-based compensation	1.4	13.0	8.3	1.5	1.6	1.6
Adjusted EBITDA	365.5	913.7	235.0	225.7	216.2	236.8
Adjusted Capital Expenditures	(245.8)	(1,048.4)	(233.6)	(265.8)	(245.9)	(303.1)
Additional rent paid for growth capital expenditures funded by Uniti	(11.3)	(32.0)	(9.9)	(8.4)	(7.3)	(6.4)
Cash paid for interest on long-term debt obligations	(79.2)	(203.7)	(22.6)	(76.1)	(28.2)	(76.8)
Uniti funding of growth capital expenditures	131.3	250.0	16.5	74.8	91.2	67.5
Cash received for income taxes, net	0.5	(11.6)	(0.3)	(1.6)	(9.5)	(0.2)
Adjusted Free Cash Flow	\$ 161.0	\$ (132.0)	\$ (14.9)	\$ (51.4)	\$ 16.5	\$ (82.2)
COMPUTATION OF ADJUSTED EBITDA:						
Operating income (loss)	\$ 140.8	\$ (47.8)	\$ (29.1)	\$ (8.5)	\$ (12.1)	\$ 1.9
Depreciation and amortization expense	200.0	790.8	192.9	202.7	199.5	195.7
Straight-line expense under master leases with Uniti	172.3	677.1	171.1	170.1	168.7	167.2
Gain on sale of operating assets	(103.2)	-	-	-	-	-
Net (gain) loss on asset retirements and dispositions	(21.7)	(1.8)	6.7	(2.9)	(5.2)	(0.4)
Other costs (A)	16.5	56.6	28.9	6.7	7.2	13.8
Equity-based compensation	1.4	13.0	8.3	1.5	1.6	1.6
Adjusted EBITDAR, excluding gain on sale of operating assets	406.1	1,487.9	378.8	369.6	359.7	379.8
Gain on sale of operating assets	103.2	-	-	-	-	-
Adjusted EBITDAR	509.3	1,487.9	378.8	369.6	359.7	379.8
Cash payment under master leases with Uniti	(168.3)	(672.2)	(168.3)	(168.4)	(168.0)	(167.5)
Cash received from Uniti per settlement agreement	24.5	98.0	24.5	24.5	24.5	24.5
Adjusted EBITDA	\$ 365.5	\$ 913.7	\$ 235.0	\$ 225.7	\$ 216.2	\$ 236.8

(A) Other costs for the periods presented consist of the following:

	2024		2023			
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Cost initiatives (1)	\$ 4.8	\$ 12.9	\$ 4.3	\$ 1.3	\$ 3.4	\$ 3.9
Severance and benefit costs	11.7	43.7	24.6	5.4	3.8	9.9
Other costs	\$ 16.5	\$ 56.6	\$ 28.9	\$ 6.7	\$ 7.2	\$ 13.8

(1) Cost initiatives include lease termination costs, professional and consulting fees, and other miscellaneous expenses incurred in completing certain cost optimization projects.

Supplemental Financial Information

WINDSTREAM HOLDINGS II, LLC
 RECONCILIATION OF PREVIOUSLY REPORTED TO REVISED SEGMENT AND CONSOLIDATED INFORMATION
 for the year ended December 31, 2023
 (In millions)

	Kinetic	Enterprise	Wholesale	OfficeSuite	Eliminations	Total Consolidated
Revenues and sales:						
Total revenues and sales, as previously reported	\$ 2,232.9	\$ 1,415.0	\$ 445.8	\$ 23.0	\$ (130.0)	\$ 3,986.7
Customer updates (A)	(569.0)	149.2	419.8	-	-	-
Intercompany billing and OfficeSuite removal (B)	(14.2)	1.0	(93.8)	(23.0)	130.0	-
Total revenues and sales, as revised	<u>\$ 1,649.7</u>	<u>\$ 1,565.2</u>	<u>\$ 771.8</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,986.7</u>
Contribution margin:						
Contribution margin, as previously reported	\$ 1,094.3	\$ 258.7	\$ 200.9	\$ 17.9	\$ (83.9)	\$ 1,487.9
Customer updates (A)	(508.3)	114.5	393.8	-	-	-
Intercompany billing and OfficeSuite removal (B)	47.7	127.2	(152.9)	(22.0)	-	-
Shared network and operations (C)	186.3	110.1	43.6	-	(340.0)	-
Network access and facilities (C)	100.7	177.0	188.9	-	(466.6)	-
Information technology and shared corporate (D)	104.6	63.6	14.5	4.1	(186.8)	-
Direct margin	<u>\$ 1,025.3</u>	<u>\$ 851.1</u>	<u>\$ 688.8</u>	<u>\$ -</u>	<u>\$ (1,077.3)</u>	<u>\$ 1,487.9</u>

(A) Represents shift of business and wholesale customers, with the majority of their service locations residing in ILEC markets, from the Kinetic segment to the Enterprise and Wholesale segment, respectively.

(B) Represents removal of intercompany billing agreements related to network sharing arrangements between business units, as well as elimination of the OfficeSuite business segment.

(C) Represents the shift of expenses for all network and customer-facing support functions to shared expenses.

(D) Reflects reassignment of corporate and support organization costs to shared expenses as these costs are no longer managed at a business segment level.