

**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): August 27, 2021

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.)

10802 Executive Center Drive
Benton Building Suite 300
Little Rock, Arkansas
(Address of principal executive offices)

72211
(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”) is furnishing this Current Report on Form 8-K to provide certain financial information of Windstream Holdings II, LLC, successor in interest to Windstream Holdings, Inc., and consolidated subsidiaries (collectively, “Windstream”) regarding the period ended June 30, 2021. The financial information was provided to the Company by Windstream; the Company did not assist in the preparation or review of this financial 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.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Select Windstream financial information regarding the period ended June 30, 2021
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.

Date: August 27, 2021

UNITI GROUP INC.

By: /s/ Daniel L. Heard

Name: Daniel L. Heard

Title: Executive Vice President – General Counsel and Secretary



2Q21 Earnings Presentation

August 16, 2021



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 2021 financial and certain operational trends and our ability to successfully execute our 2021 company priorities supporting the guidance; anticipated net Kinetic broadband subscriber growth and higher speeds, including 1 Gbps speed availability, along with speed expansion to more households and businesses within our service areas; network expansion opportunities generally and related to funding from various future broadband programs and the Rural Digital Opportunity Fund; improved Enterprise contribution margin and acceleration of, and opportunities related to, Enterprise strategic sales and services; overall revenue growth and contribution margin trends in our business units; wholesale network and customer expansion opportunities for 2021; statements concerning the Master Lease arrangements with Uniti Group, Inc. ("Uniti"), including growth capital improvement reimbursements; expectations regarding expense management activities, including 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 current or future adverse economic, political or market conditions related to epidemics, pandemics, or other outbreaks of contagious diseases, including the current COVID-19 pandemic, and the impact of these conditions on our business operations and financial position, including the ability of our customers or our employees to conduct work in the normal course of business; risk and uncertainties relating to any continuing impact of our restructuring process on our ability to achieve our 2021 financial and operational goals and guidance parameters in light of the continuation of certain restructuring matters, including third party actions, claims or motions in the Chapter 11 process or on appeal until the court docket is closed; that the expected benefits of cost reduction and expense management activities are not realized or adversely affect our sales and operational activities or are otherwise disruptive to our business and personnel; further adverse changes in economic conditions in our markets unrelated to the COVID-19 pandemic; the impact of new, emerging, or competing technologies and our ability to utilize these technologies to provide services to our customers; general U.S. and worldwide economic conditions and related uncertainties; and the effect of any changes in federal or state governmental regulations or statutes. 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



Tony Thomas
Chief Executive Officer



Bob Gunderman
Chief Financial Officer



Drew Smith
Treasurer



Chris King
VP, Investor Relations



Second Quarter 2021 Highlights

Sequential Revenue Growth

6th Consecutive Quarter of Kinetic consumer revenue growth

Kinetic and Wholesale sequential services revenue growth

Enterprise Strategic revenue growth of over 15% y-o-y

Consumer broadband growth of **9,500 subscribers** in 2Q21 and **23K YTD**

60,000 net subscriber adds estimated for 2021

Kinetic average revenue per household up 3.5% y-o-y

Kinetic consumer revenue growth up 5.1% y-o-y

Adjusted EBITDAR of \$424M

Adjusted EBITDAR growth both sequentially (for third consecutive quarter) and year-over-year

Consolidated adjusted EBITDAR margin of 37.8% up ~250 bps y-o-y

Consolidated cash expenses down 8.3% YTD

1 Gbps & Interconnection Progress

Constructed 134K new locations with 1 Gbps capabilities in 2Q; 124K consumer customers on 1Gbps facilities, a 20K increase in the quarter

Total interconnection expense fell by over 13% year-over-year on an annualized basis; legacy-TDM related expenses fell by ~16% y-o-y

2021 Priorities Accelerate Path to Growth



Expand 1 Gig
Broadband

- \$1.75 billion 5-year fiber program begins in earnest this year to push high-quality and cost-effective 1 Gbps designs and builds



Improving Enterprise
Revenue Trends

- Capture new revenue opportunities through the strength of our products, operational improvements, talented sales and support teams



Fast Track
TDM Exit

- Initiate 3-year plan to migrate the majority of our CLEC customers off of the TDM network, which will improve customer experience while lowering cost structure



Maintain Product &
Software Leadership

- Continue to maintain our best-in-class product portfolio across OfficeSuite, SD-WAN, optical networks and our digital experience



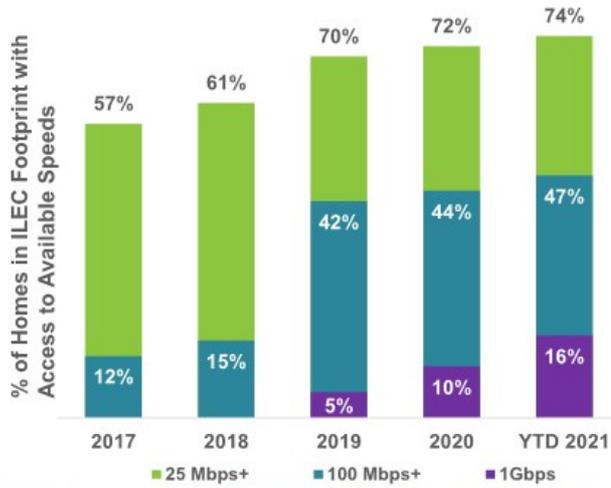
Consistently Deliver
Excellent Customer
Experiences

- Continue to deliver excellent customer service levels through technology upgrades to improve efficiencies



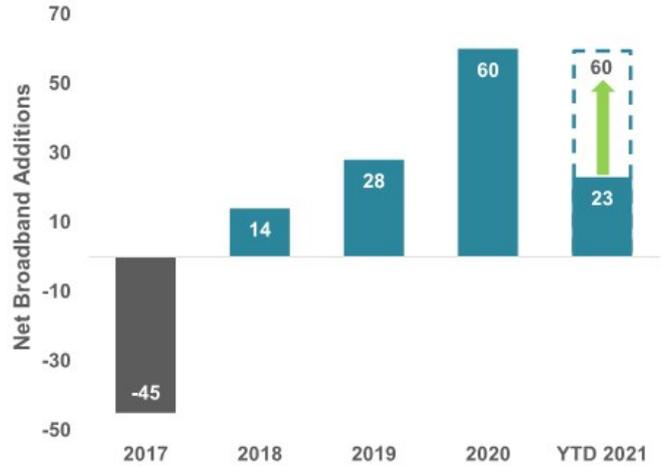
Enhanced Kinetic Broadband Speed Capabilities Driving Market Share Gains

Increased Access to High-Speed
Broadband...



...is Producing Significant Market Share
Growth over Multi-Year Period

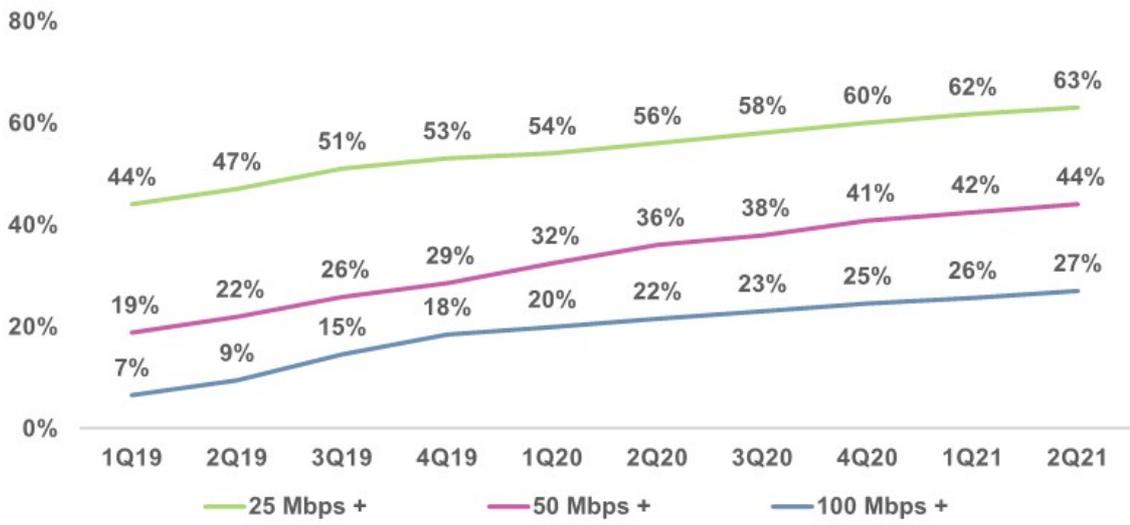
On Track to Achieve Full Year 2021 Target





Consumers Enjoying Faster Speed Tiers

Consumer Speed Distribution of 25, 50 and 100 Mbps



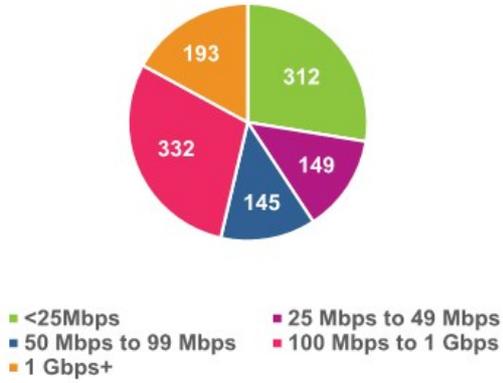
kinetic
by windstream.



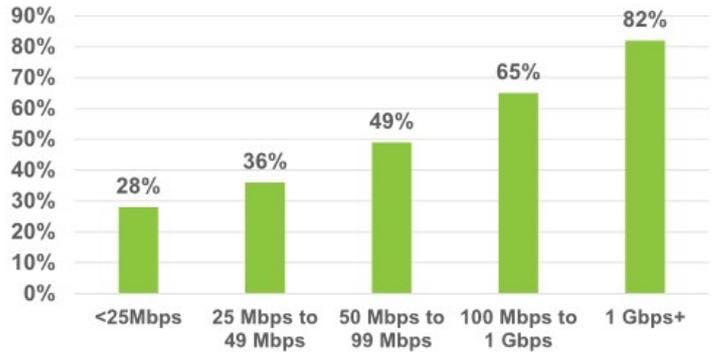
More Speed Available to Activate

Across all speed tiers, only 48% of Kinetic Consumers are on max speed available

Max Speed Available by Customer Count
(in thousands)



% of Customers Upgrade Eligible by Speed Tier



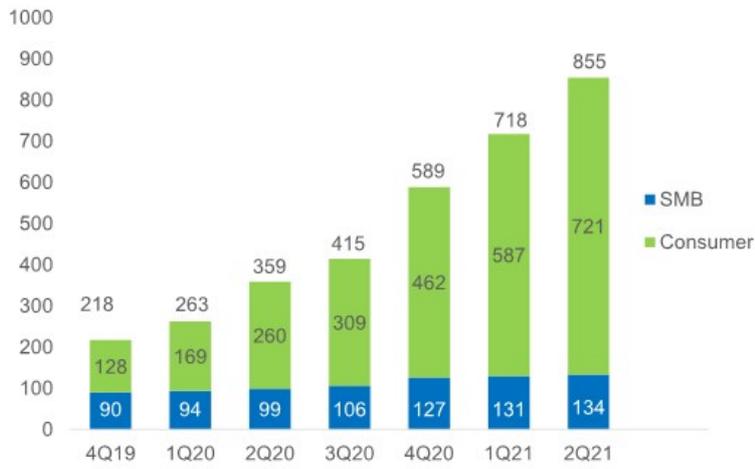


1 Gbps Broadband Expansion Acceleration

134K 1 Gbps Consumer Premises Constructed in 2Q

Strong Adoption of New 1 Gbps Facilities

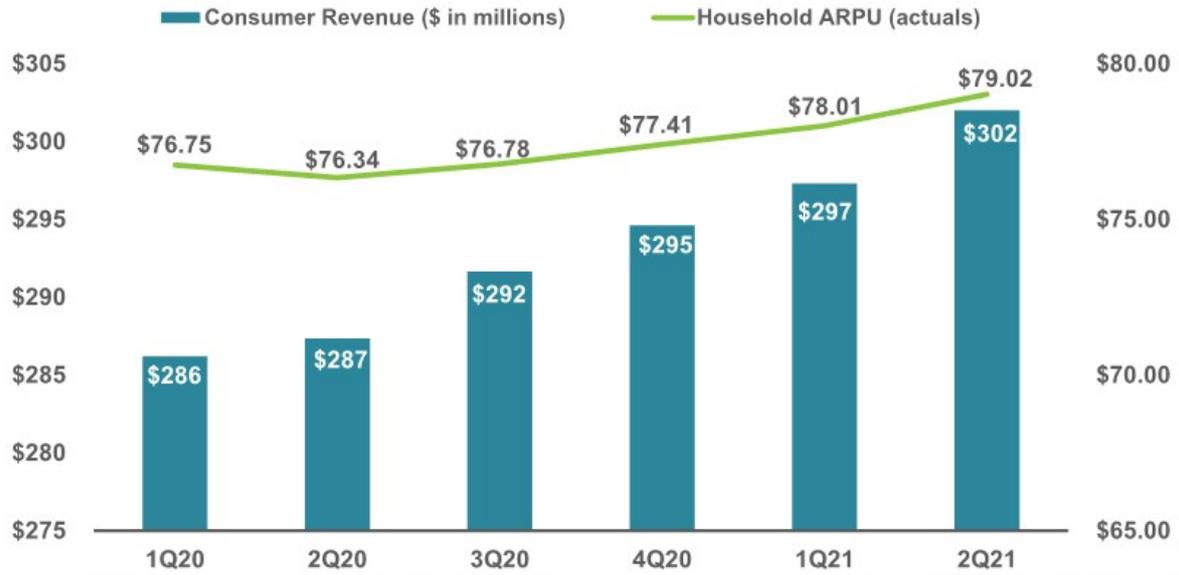
1 Gbps Premises Passed (in 000's)



- Ended 2Q with 124K Consumers on 1G capable facilities
- Represents a 17.2% penetration



Strong Consumer Revenue Results Driven by Customer Growth and Stable ARPU





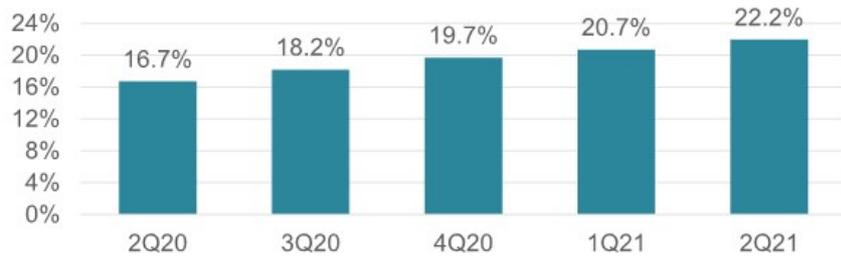
Enterprise Strategic Revenue Growth Continues

Strategic product revenue is \$390M annualized

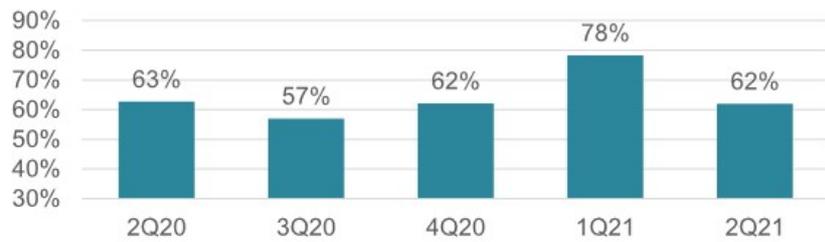
WINDSTREAM ENTERPRISE

- Cloud services, increasing bandwidth demand & software enabled networks fueling Strategic Revenue growth
- 2Q21 Annualized Strategic Product Revenue is \$390M and growing 15% YoY while total Strategic Revenues are now over 22% of Service Revenues ⁽¹⁾
- Strategic sales 62% of total Enterprise sales in quarter

Strategic Revenue % of Total Service Revenue



Strategic Sales as % of Total Sales



⁽¹⁾ Excludes Switched access and End user surcharges



2Q21 Financial Results

Unaudited Adjusted Pro Forma Results of Operations (non-GAAP)

Financial Overview ⁽¹⁾								
(Dollars in Millions)	2020				2020	2021		
	Q1	Q2	Q3	Q4	YE	Q1	Q2	
Revenue								
Kinetic	\$ 555	\$ 550	\$ 553	\$ 549	\$ 2,208	\$ 546	\$ 555	
Enterprise	544	533	516	496	2,089	481	471	
Wholesale	73	75	75	73	295	76	76	
Segment Service Revenue	1,172	1,157	1,144	1,119	4,591	1,103	1,101	
Product Sales	21	20	18	15	74	15	20	
Total Revenue and Sales	\$ 1,193	\$ 1,177	\$ 1,161	\$ 1,134	\$ 4,665	\$ 1,118	\$ 1,121	
Contribution Margin								
Kinetic	\$ 322	\$ 314	\$ 302	\$ 311	\$ 1,249	\$ 314	\$ 312	
Enterprise	92	100	85	84	361	91	90	
Wholesale	33	31	31	35	130	37	46	
Segment Contribution Margin	\$ 446	\$ 445	\$ 418	\$ 430	\$ 1,739	\$ 442	\$ 447	
Shared Expenses	31	29	31	26	118	25	24	
Adjusted EBITDAR	\$ 415	\$ 416	\$ 387	\$ 404	\$ 1,622	\$ 417	\$ 424	
Adjusted EBITDAR Margin %	34.8%	35.3%	33.3%	35.6%	34.8%	37.3%	37.8%	
Segment Contribution Margin %								
Kinetic	56.6%	55.6%	53.4%	55.5%	55.3%	56.2%	55.3%	
Enterprise	16.6%	18.6%	16.2%	16.8%	17.1%	18.8%	19.0%	
Wholesale	44.9%	41.6%	42.1%	47.6%	44.0%	48.8%	54.0%	

(1) All periods revised to present our historical revenues and the computations of Adjusted EBITDAR to exclude revenues from customer contracts and fiber asset sales sold to Uthit in conjunction with our emergence from restructuring



Significant Interconnection Cost Reduction Opportunities Remain

TDM Retirement to Accelerate Cost Reduction and Improve Customer Experience

Interconnection Expenses (in millions) ⁽¹⁾				
	2Q20	2Q21	YoY Change	
	Annualized	Annualized	%	
TDM	\$ 299	\$ 230	(23.1%)	
IP/Ethernet	317	286	(9.8%)	
Last Mile Access	616	\$ 516	(16.3%)	
TDM	116	\$ 80	(30.6%)	
IP/Ethernet	36	\$ 35	(2.7%)	
Network Access	152	\$ 116	(23.9%)	
Voice/Other	29	\$ 29	(3.1%)	
Total Interconnect Access	\$ 798	\$ 660	(17.3%)	
Network Real Estate	\$ 174	\$ 170	(2.5%)	
Colocation	105	103	(1.7%)	
Network Facilities Expense	279	273	(2.2%)	
Fiber Expense	64	58	(8.7%)	
Total Network Facilities & Fiber Expense	\$ 343	\$ 331	(3.4%)	
Total Interconnect	\$ 1,141	\$ 991	(13.1%)	

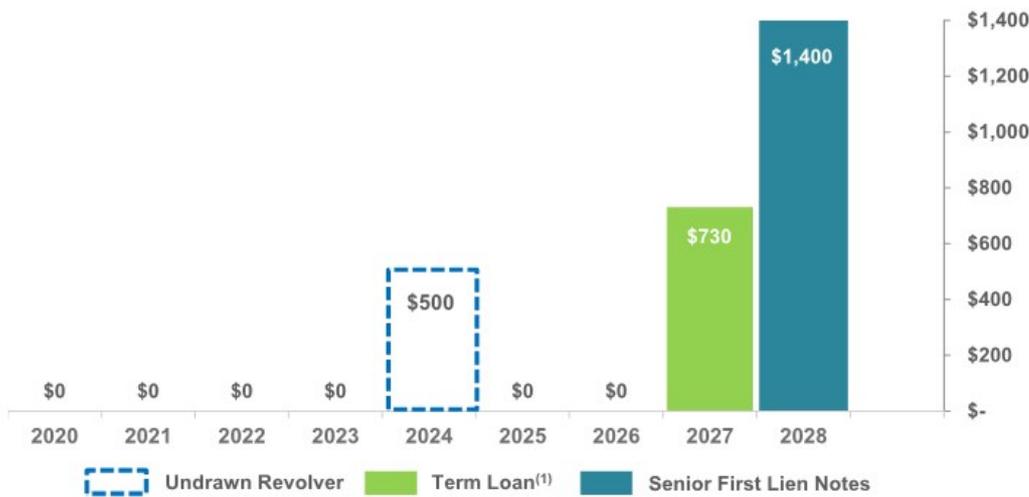
- 2Q21 annualized run-rate of ~\$990M in interconnection, network facility and fiber expenses; annualized decline of over 13%
- Approximately \$583 million of Legacy TDM-related expense including Network Facility expense; annualized decline of 16%
- Launched 3-year program to migrate CLEC TDM customers 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 collocation expenses

(1) Expenses Include Recurring Interconnection, Network Facilities and Fiber Expenses Only



Strong Balance Sheet with No Near-Term Maturities

Debt Maturity as of June 30, 2021



\$646M

Net Liquidity
as of June 30, 2021

1.91x

Net Debt to
Adjusted EBITDA

89%

Fixed Interest Rate
for Total Debt



2021 Financial and Operational Guidance

- Adjusted EBITDAR down ~ 1% from 2020 level
- Capex flat from 2020 level; anticipate ~\$200-\$225 million of Uniti GCI funding
- ~\$170 million in cash interest; minimal cash taxes
- Broadband Net Adds of ~ 60,000
- Low single-digit Kinetic consumer revenue growth y-o-y



Contents:

- Quarterly supplemental schedules (Pro Forma)

Supplemental Financial Information



Windstream Holdings II, LLC ("Windstream", "we", "us", "our") has presented in this Investor Supplement unaudited pro forma adjusted results, which excludes revenues from customer contracts and sales of fiber assets transferred to Uniti Group, Inc. ("Uniti") in conjunction with our emergence from bankruptcy, as further discussed below. Our adjusted pro forma results also exclude depreciation and amortization, straight-line expense under the master leases with Uniti, equity-based compensation expense, restructuring charges, and certain other costs. We have also presented certain measures of our operating performance, on an pro forma adjusted basis, that reflects the impact of the cash payment due under the master leases with Uniti.

Our business operations are organized into three segments: Kinetic, Enterprise and Wholesale. The Kinetic business unit primarily serves customers in markets in which we are the incumbent local exchange carrier ("ILEC") and provides services over network facilities operated by us. The Enterprise and Wholesale business units primarily serve customers in markets in which we are a competitive local exchange carrier ("CLEC") and provide services over network facilities primarily leased from other carriers. During the second quarter of 2021, we completed the migration of certain enterprise customers to our primary billing system. As a result of this migration, the classification of certain enterprise revenues changed from Advanced IP/TDM and Other to Strategic revenues. We also reclassified recurring fees billed to customers from Other to Advanced IP/TDM. Prior period revenue information for Enterprise has been revised to reflect these classification changes.

On September 21, 2020, Windstream Holdings, Inc., Windstream Services, LLC together with each of their direct and indirect subsidiaries, collectively the Debtors, emerged from bankruptcy pursuant to a court approved plan of reorganization. In connection with the reorganization, a new legal entity, Windstream Holdings II, LLC was formed and became the successor reporting entity post-emergence. Windstream Holdings II, LLC is a private company with no publicly registered debt or equity securities. Although generally accepted accounting principles in the United States of America ("U.S. GAAP") requires us to present our operating results for periods prior to September 21, 2020 separate and apart from our operating results for periods subsequent to September 21, 2020, we have presented combined quarterly and year-to-date operating results for fiscal year 2020 in this Investor Supplement. Management believes that this combined presentation provides more meaningful comparisons to historical periods for each of our key performance metrics of revenues, contribution margin, Adjusted EBITDA, Adjusted EBITDAR, Adjusted Free Cash Flow and Adjusted Capital Expenditures and is useful in identifying current business trends.

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 PRO FORMA ADJUSTED RESULTS OF OPERATIONS (NON-GAAP)
QUARTERLY SUPPLEMENTAL INFORMATION
for the quarterly periods in the years 2021 and 2020
(in millions)

ADJUSTED RESULTS OF OPERATIONS:	2021			2020				
	Total	2nd Qtr	1st Qtr	Total	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Revenue and sales								
Service revenue	\$ 2,284.7	\$ 1,101.3	\$ 1,105.2	\$ 4,591.3	\$ 1,118.6	\$ 1,143.6	\$ 1,157.4	\$ 1,171.7
Product and fiber sales	38.3	39.7	14.6	73.7	15.4	17.8	19.5	21.5
Total revenue and sales	<u>2,323.0</u>	<u>1,121.2</u>	<u>1,119.8</u>	<u>4,665.0</u>	<u>1,134.0</u>	<u>1,161.4</u>	<u>1,176.9</u>	<u>1,193.2</u>
Costs and expenses								
Cost of services	1,065.0	530.6	534.4	2,304.9	560.4	585.7	578.2	580.6
Cost of sales	35.0	15.8	17.2	78.5	15.6	19.5	21.7	21.5
Selling, general and administrative	390.7	351.1	149.4	688.2	154.1	169.2	161.1	175.9
Costs and expenses	<u>1,490.7</u>	<u>897.5</u>	<u>701.0</u>	<u>3,071.6</u>	<u>730.1</u>	<u>774.4</u>	<u>761.0</u>	<u>778.0</u>
Adjusted EBITDAR (A)	848.3	423.5	416.8	1,623.5	403.9	386.7	415.9	415.0
Cash payment under master leases with Unit	(332.2)	(166.4)	(165.8)	(662.3)	(165.9)	(165.8)	(165.0)	(165.0)
Cash received from Unit per settlement agreement	49.0	24.5	24.5	24.5	24.5	-	-	-
Adjusted EBITDA (B)	<u>\$ 565.1</u>	<u>\$ 281.6</u>	<u>\$ 275.5</u>	<u>\$ 985.7</u>	<u>\$ 262.5</u>	<u>\$ 220.9</u>	<u>\$ 250.9</u>	<u>\$ 250.0</u>
Margins (C)								
Adjusted EBITDAR margin	37.3%	37.8%	37.3%	34.8%	35.8%	33.3%	35.3%	34.8%
Adjusted EBITDA margin	24.9%	25.3%	24.6%	21.1%	23.3%	19.0%	21.3%	21.0%
Adjusted Capital Expenditures	\$ 599.8	\$ 291.8	\$ 298.0	\$ 1,600.1	\$ 254.9	\$ 240.1	\$ 247.7	\$ 232.4
Adjusted Free Cash Flow (D)	\$ 59.5	\$ 58.3	\$ 1.2	\$ (157.8)	\$ 29.1	\$ (59.9)	\$ (68.5)	\$ (18.5)
Debt Leverage Ratio:								
As of 6/30/2021								
Long-term debt, including current maturities (E)	\$ 2,130.7							
Add: Capital lease obligations	55.4							
Less: Cash and cash equivalents	(175.8)							
Net debt	<u>\$ 1,985.9</u>							
Twelve Months Ended 6/30/2021								
Adjusted EBITDA	\$ 1,641.5							
Net leverage ratio (F) - computed as (I)/(J)	<u>1.91x</u>							
Available liquidity as of June 30, 2021:								
Cash and cash equivalents	\$ 176.8							
Available capacity under credit facility (G)	409.2							
Available liquidity	<u>\$ 586.0</u>							

(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 Unit, equity-based compensation expense, restructuring charges, and certain other costs.
 (B) Adjusted EBITDA is Adjusted EBITDAR after the cash payment due under the master leases with Unit including incremental cost for growth capital improvements funded by Unit and cash received from Unit per the settlement agreement.
 (C) Margins are calculated by dividing the respective profitability measure by total revenue and sales.
 (D) Adjusted Free Cash Flow is Adjusted EBITDA less adjusted capital expenditures and cash paid for interest on long-term debt obligations plus funding received from Unit for growth capital expenditures and adjusted for cash (paid) refunded for income.
 (E) Long-term debt, including current maturities excluding unsecured 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.
 See page 27 for computations of Adjusted EBITDAR, Adjusted EBITDA, Adjusted Free Cash Flow and Adjusted Capital Expenditures.



Supplemental Financial Information

WINDSTREAM HOLDINGS II, LLC
 UNAUDITED PRO FORMA ADJUSTED RESULTS OF OPERATIONS (NON-GAAP)
 QUARTERLY SUPPLEMENTAL INFORMATION - REVENUE SUPPLEMENT
 for the quarterly periods in the years 2021 and 2020
 (In millions)

Service revenues:	2021			2020				
	Total	2nd Qtr	1st Qtr	Total	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Klastic:								
High-speed Internet bundles	\$ 552.2	\$ 279.0	\$ 273.2	\$ 1,047.2	\$ 269.3	\$ 264.8	\$ 258.1	\$ 255.0
Voice only	39.6	19.4	20.2	89.6	21.4	22.2	22.7	23.3
Video and miscellaneous	7.6	3.7	3.9	23.0	3.9	4.6	6.6	7.9
Consumer	599.4	302.1	297.3	1,159.8	294.6	291.6	287.4	286.2
Small business	135.9	68.2	67.7	275.5	67.2	68.3	69.0	71.0
Large business	82.0	40.4	41.6	177.6	41.9	43.4	45.4	46.9
Wholesale	122.3	61.9	60.4	251.1	62.2	61.9	62.7	64.3
Switched access	10.6	5.3	5.3	22.4	5.6	5.6	5.8	5.4
CAF Phase II funding	87.7	43.8	43.9	175.5	43.9	43.9	43.8	43.9
State USF	19.5	10.2	9.3	75.1	15.3	20.0	19.9	19.9
End user surcharges	43.5	22.6	20.9	70.7	18.7	18.7	16.2	17.1
Klastic	1,100.9	554.5	546.4	2,207.7	549.4	553.4	550.2	554.7
Enterprise:								
Advanced IP/TDM (A)	594.4	295.5	288.9	1,346.1	311.2	325.5	348.1	361.3
Strategic (B)	190.6	97.6	93.0	346.0	91.4	87.7	84.7	82.2
Other (C)	104.5	47.5	57.0	275.1	61.9	69.3	73.3	70.6
Switched access	7.9	4.0	3.9	20.0	4.5	5.1	4.8	5.6
End user surcharges	54.5	26.1	28.4	101.4	27.3	28.0	21.7	24.4
Enterprise	951.9	470.7	481.2	2,088.6	496.3	515.6	532.6	544.1
Wholesale:								
Core wholesale (D)	151.7	76.2	75.5	294.6	72.8	74.5	74.5	72.8
End user surcharges	0.2	0.1	0.1	0.4	0.1	0.1	0.1	0.1
Wholesale	151.9	76.3	75.6	295.0	72.9	74.6	74.6	72.9
Total service revenues	2,204.7	1,101.5	1,103.2	4,591.3	1,118.6	1,145.6	1,157.4	1,171.7
Product sales:								
Klastic product sales	22.1	10.4	11.7	49.8	10.5	11.3	14.3	13.7
Enterprise product sales	4.2	1.3	2.9	23.9	4.9	6.2	5.2	7.6
Wholesale fiber sales	8.0	8.0	-	-	-	-	-	-
Total product and fiber sales	34.3	19.7	14.6	73.7	15.4	17.5	19.5	21.3
Total revenues and sales	\$ 2,239.0	\$ 1,121.2	\$ 1,117.8	\$ 4,665.0	\$ 1,134.0	\$ 1,163.1	\$ 1,176.9	\$ 1,193.0

- (A) Advanced IP/TDM revenues consist of dynamic Internet protocol, dedicated Internet access, multi-protocol label switching services, integrated voice and data, long distance, managed services, and time-division multiplexing ("TDM") voice and data services.
- (B) Strategic revenues consist of Software Defined Wide Area Network ("SD-WAN"), Unified Communications as a Service ("UCaaS"), OfficeSite, and associated network access products and services.
- (C) Other revenues primarily consist of state-funded long-distance revenues and resale revenues.
- (D) Core wholesale revenues primarily include revenues from providing fiber connections, data transport and wireless backhaul services.

Supplemental Financial Information



WINDSTREAM HOLDINGS II, LLC
 UNAUDITED PRO FORMA ADJUSTED RESULTS OF OPERATIONS (NON-GAAP)
 QUARTERLY SUPPLEMENTAL INFORMATION
 for the quarterly periods in the years 2021 and 2020
 (In millions)

	2021			2020				
	Total	2nd Qtr	1st Qtr	Total	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Kinetic								
Revenues and sales:								
Service revenues	\$ 596.4	\$ 302.1	\$ 297.3	\$ 1,159.8	\$ 294.6	\$ 301.6	\$ 287.4	\$ 284.3
Product sales	22.1	10.4	11.7	49.8	10.5	11.3	14.3	13.7
Total Consumer	621.5	312.5	309.0	1,209.6	305.1	302.9	301.7	298.0
Small business	135.9	68.2	67.7	275.5	67.2	68.3	69.0	71.0
Large business	82.0	40.4	41.6	177.6	41.9	43.4	45.4	46.9
Wholesale	122.3	61.9	60.4	251.1	62.3	61.9	62.7	64.3
Switched access	10.6	5.3	5.3	22.4	5.6	5.6	5.8	5.4
CAF Phase II funding	87.7	43.8	43.9	175.5	43.9	43.9	43.8	43.9
State USF	19.5	10.2	9.3	75.1	15.3	20.0	19.9	19.9
End user surcharges	43.5	22.6	20.9	70.7	18.7	18.7	16.2	17.1
Total revenues and sales	1,123.0	564.9	558.1	2,257.5	559.9	564.7	564.5	568.4
Costs and expenses	496.9	252.7	244.2	1,009.0	249.1	262.9	250.5	246.5
Kinetic contribution margin	\$ 626.1	\$ 312.2	\$ 313.9	\$ 1,248.5	\$ 310.8	\$ 301.8	\$ 314.0	\$ 321.9
Kinetic contribution margin %	55.8%	55.3%	56.2%	55.3%	55.5%	53.4%	55.6%	56.6%
Kinetic retail contribution margin (A)	\$ 538.4	\$ 268.4	\$ 270.0	\$ 1,073.0	\$ 266.9	\$ 257.9	\$ 270.2	\$ 278.0
Kinetic retail contribution margin %	52.0%	51.5%	52.5%	51.5%	51.7%	49.5%	51.9%	53.0%
Enterprise								
Revenues and sales:								
Service revenues	\$ 951.9	\$ 470.7	\$ 481.2	\$ 2,088.6	\$ 496.3	\$ 515.6	\$ 532.6	\$ 544.1
Product sales	4.2	1.3	2.9	23.9	4.9	6.2	5.2	7.6
Total revenues and sales	956.1	472.0	484.1	2,112.5	501.2	521.8	537.8	551.7
Costs and expenses	775.2	382.3	392.9	1,751.7	416.9	437.1	437.6	460.1
Enterprise contribution margin	\$ 180.9	\$ 89.7	\$ 91.2	\$ 360.8	\$ 84.3	\$ 84.7	\$ 100.2	\$ 91.6
Enterprise contribution margin %	18.9%	19.0%	18.8%	17.1%	16.8%	16.2%	18.6%	16.6%
Wholesale								
Revenues and sales:								
Service revenues	\$ 151.9	\$ 76.3	\$ 75.6	\$ 295.0	\$ 72.9	\$ 74.6	\$ 74.6	\$ 72.9
Fiber sales	8.0	8.0	-	-	-	-	-	-
Total revenues and sales	159.9	84.3	75.6	295.0	72.9	74.6	74.6	72.9
Costs and expenses	77.5	38.8	38.7	165.2	38.2	43.2	43.6	40.2
Wholesale contribution margin	\$ 82.4	\$ 45.5	\$ 36.9	\$ 129.8	\$ 34.7	\$ 31.4	\$ 31.0	\$ 32.7
Wholesale contribution margin %	51.5%	54.0%	48.8%	44.0%	47.6%	42.1%	41.6%	44.9%

(A) Excludes CAF Phase II funding

Supplemental Financial Information



WINDSTREAM HOLDINGS II, LLC
 UNAUDITED PRO FORMA ADJUSTED RESULTS OF OPERATIONS (NON-GAAP)
 QUARTERLY SUPPLEMENTAL INFORMATION
 for the quarterly periods in the years 2021 and 2020
 (In millions)

	2021			2020				
	Total	2nd Qtr.	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Total segment revenues and expenses								
Revenues and sales:								
Service revenues	\$ 2,204.7	\$ 1,101.5	\$ 1,103.2	\$ 4,591.3	\$ 1,118.6	\$ 1,143.6	\$ 1,157.4	\$ 1,171.7
Product and fiber sales	34.3	19.7	14.6	73.7	15.4	17.5	19.5	21.3
Total segment revenues and sales	2,239.0	1,121.2	1,117.8	4,665.0	1,134.0	1,161.1	1,176.9	1,193.0
Total segment costs and expenses	1,349.6	673.8	675.8	2,925.9	704.2	743.2	731.7	746.8
Segment contribution margin	\$ 889.4	\$ 447.4	\$ 442.0	\$ 1,739.1	\$ 429.8	\$ 417.9	\$ 445.2	\$ 446.2
Segment contribution margin %	39.7%	39.9%	39.5%	37.3%	37.9%	36.0%	37.8%	37.4%
Consolidated revenues and sales								
Service revenues	\$ 2,204.7	\$ 1,101.5	\$ 1,103.2	\$ 4,591.3	\$ 1,118.6	\$ 1,143.6	\$ 1,157.4	\$ 1,171.7
Product and fiber sales	34.3	19.7	14.6	73.7	15.4	17.5	19.5	21.3
Consolidated revenues and sales	\$ 2,239.0	\$ 1,121.2	\$ 1,117.8	\$ 4,665.0	\$ 1,134.0	\$ 1,161.1	\$ 1,176.9	\$ 1,193.0
Consolidated costs and expenses								
Segment costs and expenses	\$ 1,349.6	\$ 673.8	\$ 675.8	\$ 2,925.9	\$ 704.2	\$ 743.2	\$ 731.7	\$ 746.8
Shared expenses (B)	49.1	23.9	25.2	117.6	25.9	31.2	29.3	31.2
Consolidated costs and expenses	\$ 1,398.7	\$ 697.7	\$ 701.0	\$ 3,043.5	\$ 730.1	\$ 774.4	\$ 761.0	\$ 778.0
Consolidated								
Adjusted EBITDAR	\$ 840.3	\$ 423.5	\$ 416.8	\$ 1,621.5	\$ 403.9	\$ 386.7	\$ 415.9	\$ 415.0
Adjusted EBITDAR margin	37.5%	37.8%	37.3%	34.8%	35.6%	33.3%	35.3%	34.8%

(B) Shared expenses are not allocated to the segments and primarily consist of accounting and finance, information technology, legal, human resources, investor relations, and outsourcing 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
 for the quarterly periods in the years 2021 and 2020
 (Units in thousands, Dollars in millions, except per unit amounts)

	2021			2020				
	Total	2nd Qtr.	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Kinetic Operating Metrics:								
Households served	1,276.1	1,276.1	1,272.7	1,268.0	1,268.0	1,269.3	1,262.7	1,247.2
Net household additions (losses)	8.1	3.4	4.7	29.1	(1.3)	6.6	15.5	8.3
YOY change in households served	1.1%	1.1%	2.0%	2.3%	2.3%	2.5%	1.5%	-0.3%
Average revenue per household served per month	\$ 78.53	\$ 79.02	\$ 78.01	\$ 77.11	\$ 77.41	\$ 76.78	\$ 76.34	\$ 76.75
High-speed Internet customers								
Net customer additions	1,131.9	1,131.9	1,122.4	1,109.3	1,109.3	1,102.3	1,089.4	1,067.3
YOY change in high-speed Internet	22.6	9.5	13.1	60.0	7.0	12.9	22.1	18.0
YOY change in high-speed Internet	3.9%	3.9%	5.2%	5.7%	5.7%	6.0%	5.3%	3.4%
Average revenue per high-speed Internet customer per month	\$ 82.13	\$ 82.51	\$ 81.61	\$ 80.85	\$ 81.18	\$ 80.55	\$ 79.78	\$ 80.32
Service Revenues Used in Average Revenue Per Month								
Computations Above (per page 3):								
Kinetic consumer service revenues	\$ 599.4	\$ 302.1	\$ 297.3	\$ 1,159.8	\$ 294.6	\$ 291.6	\$ 287.4	\$ 286.2
High-speed Internet bundle revenues	\$ 552.2	\$ 279.0	\$ 273.2	\$ 1,047.2	\$ 269.3	\$ 264.8	\$ 258.1	\$ 255.0
Enterprise:								
Strategic sales as a percentage of total Enterprise sales (A)	70.4%	61.9%	78.3%	62.7%	62.1%	57.0%	62.7%	68.5%
Total Capital Expenditures:								
Claims settlements at emergence	\$ -	\$ -	\$ -	\$ (20.3)	\$ -	\$ (20.3)	\$ -	\$ -
Adjusted Capital Expenditures	\$ 509.8	\$ 251.8	\$ 258.0	\$ 1,001.1	\$ 274.9	\$ 246.1	\$ 247.7	\$ 232.4
Adjusted Capital Expenditures by Segment:								
Kinetic	\$ 339.3	\$ 165.6	\$ 173.7	\$ 674.6	\$ 183.4	\$ 160.9	\$ 173.5	\$ 156.8
Enterprise	105.0	52.0	53.0	201.9	55.7	46.6	49.8	49.8
Wholesale	65.5	34.2	31.3	124.6	35.8	38.6	24.4	25.8
Adjusted Capital Expenditures	\$ 509.8	\$ 251.8	\$ 258.0	\$ 1,001.1	\$ 274.9	\$ 246.1	\$ 247.7	\$ 232.4

(A) Enterprise strategic sales consist of SD-WAN, UCaaS, OfficeSuite and associated network access products and services.

Supplemental Financial Information



WINDSTREAM HOLDINGS II, LLC
UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED RESULTS (NON-GAAP)
QUARTERLY SUPPLEMENTAL INFORMATION
for the quarterly periods in the years 2021 and 2020
(In millions)

	2021			2020				
	Total	2nd Qtr	1st Qtr	Total	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
ADJUSTED FREE CASH FLOW:								
Operating income (loss)	\$ 148.7	\$ 75.0	\$ 73.7	\$ 87.4	\$ 71.9	\$ (23.4)	\$ 24.8	\$ 14.1
Depreciation and amortization	338.6	181.5	177.1	829.4	164.5	212.4	219.9	232.6
EBITDA	507.3	256.5	250.8	916.8	236.4	189.0	244.7	246.7
Adjustments:								
Straight-line expense under master leases with Uniti	317.5	158.8	158.7	662.4	158.0	167.3	168.3	168.8
Cash payment under master leases with Uniti	(332.2)	(166.4)	(165.8)	(662.3)	(165.9)	(165.8)	(165.6)	(165.0)
Cash received from Uniti per settlement agreement	49.0	24.5	24.5	24.5	24.5	-	-	-
Revenues related to customer contracts and fiber assets sold to Uniti	-	-	-	(23.9)	-	(7.6)	(8.4)	(7.9)
Restructuring charges	4.4	2.4	2.0	19.0	2.6	4.4	5.6	6.4
Other costs (A)	7.8	4.1	3.7	44.1	5.2	33.2	5.3	0.4
Equity-based compensation	3.3	1.7	1.6	3.1	1.7	0.4	0.4	0.6
Adjusted EBITDA	557.1	281.6	275.5	963.7	262.5	230.9	250.3	250.0
Adjusted Capital Expenditures	(580.8)	(281.8)	(258.0)	(1,001.1)	(274.8)	(246.1)	(247.7)	(232.4)
Unit funding of growth capital expenditures	92.1	49.4	42.7	84.7	55.6	29.1	-	-
Cash paid for interest on long-term debt obligations	(84.2)	(15.9)	(68.3)	(224.1)	(14.1)	(65.7)	(70.3)	(76.0)
Cash paid/refunded for income taxes, net	4.3	(5.0)	9.3	(1.0)	-	(0.1)	(0.8)	(0.1)
Adjusted Free Cash Flow	\$ 99.5	\$ 58.5	\$ 17.2	\$ (157.8)	\$ 29.1	\$ (59.9)	\$ (68.5)	\$ (58.5)
COMPUTATION OF ADJUSTED EBITDA:								
Operating income (loss)	\$ 148.7	\$ 75.0	\$ 73.7	\$ 87.4	\$ 71.9	\$ (23.4)	\$ 24.8	\$ 14.1
Depreciation and amortization expense	338.6	181.5	177.1	829.4	164.5	212.4	219.9	232.6
Straight-line expense under master leases with Uniti	317.5	158.8	158.7	662.4	158.0	167.3	168.3	168.8
Revenues related to customer contracts and fiber assets sold to Uniti	-	-	-	(23.9)	-	(7.6)	(8.4)	(7.9)
Restructuring charges	4.4	2.4	2.0	19.0	2.6	4.4	5.6	6.4
Other costs (A)	7.8	4.1	3.7	44.1	5.2	33.2	5.3	0.4
Equity-based compensation	3.3	1.7	1.6	3.1	1.7	0.4	0.4	0.6
Adjusted EBITDAR	840.3	425.5	416.8	1,621.5	403.9	386.7	415.9	415.0
Cash payment under master leases with Uniti	(332.2)	(166.4)	(165.8)	(662.3)	(165.9)	(165.8)	(165.6)	(165.0)
Cash received from Uniti per settlement agreement	49.0	24.5	24.5	24.5	24.5	-	-	-
Adjusted EBITDA	\$ 557.1	\$ 281.6	\$ 275.5	\$ 963.7	\$ 262.5	\$ 230.9	\$ 250.3	\$ 250.0
(A) Other costs for the periods presented consist of the following:								
	2021			2020				
	Total	2nd Qtr	1st Qtr	Total	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Spent commitment penalties (1)	\$ -	\$ -	\$ -	\$ 24.0	\$ -	\$ 22.8	\$ 0.8	\$ 0.4
Professional, legal and consulting fees - post-bankruptcy (2)	8.9	4.6	4.3	10.1	10.1	-	-	-
COVID-19 incremental expenses (3)	(1.1)	(0.5)	(0.6)	10.0	(4.9)	10.4	4.5	-
Other costs	7.8	4.1	3.7	44.1	5.2	33.2	5.3	0.4

- (1) Reverse for penalties attributable to not meeting certain spent commitments under discount plans with other carriers.
(2) Post-emergence costs associated with the Chapter 11 Cases, as well as consulting fees incurred on certain cost optimization projects.
(3) COVID-19 related costs primarily consist of non-cash accrued vacation pay (inclusive of fourth quarter 2020 run-up) attributable to a one-time benefit permitting employees to carry over up to 40 hours of annual vacation to 2021 and pay premiums for kinetic field technicians. Amounts in 2021 primarily reflect the amortization of the 2020 carryover accrued vacation pay.