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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-36708

**Uniti Group Inc.**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of  
incorporation or organization)

**2101 Riverfront Drive, Suite A  
Little Rock, Arkansas**

(Address of principal executive offices)

**46-5230630**

(I.R.S. Employer  
Identification No.)

**72202**

(Zip Code)

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

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 27, 2023, the registrant had 238,583,101 shares of common stock, \$0.0001 par value per share, outstanding.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements as defined under U.S. federal securities law. Forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations, including, but not limited to, statements regarding: our expectations regarding the settlement we have entered into with Windstream Holdings, Inc. (together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, "Windstream"); the future prospects and financial health of Windstream; our expectations about our ability to maintain our status as a real estate investment trust (a "REIT"); our expectations regarding the effect of the COVID-19 pandemic on our results of operations and financial condition, including the potential need to perform an interim goodwill analysis and report an impairment charge related thereto; our expectations regarding the effect of tax-related legislation on our tax position; our expectations regarding the future growth and demand of the telecommunication industry, future financing plans, business strategies, growth prospects, operating and financial performance, and our future liquidity needs and access to capital; expectations regarding future deployment of fiber strand miles and small cell networks and recognition of revenue related thereto; expectations regarding levels of capital expenditures; expectations regarding the deductibility of goodwill for tax purposes; expectations regarding reclassification of accumulated other comprehensive income (loss) related to derivatives to interest expense; expectations regarding the amortization of intangible assets; and expectations regarding the payment of dividends.

Words such as "anticipate(s)," "expect(s)," "intend(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 have a material adverse effect on our operations and future prospects or which could cause actual results to differ materially from our expectations include, but are not limited to:

- the future prospects of our largest customer, Windstream, following its emergence from bankruptcy;
- adverse impacts of the COVID-19 pandemic, inflation and higher interest rates on our employees, our business, the business of our customers and other business partners and the global financial markets;
- the ability and willingness of our customers to meet and/or perform their obligations under any contractual arrangements entered into with us, including master lease arrangements;
- the ability and willingness of our customers to renew their leases with us upon their expiration, our ability to reach agreement on the price of such renewal or ability to obtain a satisfactory renewal rent from an independent appraisal, and the ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we replace an existing tenant;
- the availability of and our ability to identify suitable acquisition opportunities and our ability to acquire and lease the respective properties on favorable terms or operate and integrate the acquired businesses;
- our ability to generate sufficient cash flows to service our outstanding indebtedness and fund our capital funding commitments;
- our ability to access debt and equity capital markets;
- the impact on our business or the business of our customers as a result of credit rating downgrades and fluctuating interest rates;
- our ability to retain our key management personnel;
- our ability to maintain our status as a REIT;
- changes in the U.S. tax law and other federal, state or local laws, whether or not specific to REITs;
- covenants in our debt agreements that may limit our operational flexibility;
- the possibility that we may experience equipment failures, natural disasters, cyber-attacks or terrorist attacks for which our insurance may not provide adequate coverage;
- the risk that we fail to fully realize the potential benefits of or have difficulty in integrating the companies we acquire;

- other risks inherent in the communications industry and in the ownership of communications distribution systems, including potential liability relating to environmental matters and illiquidity of real estate investments; and
- additional factors discussed in Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A “Risk Factors” of this Quarterly Report on Form 10-Q and in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K, as well as those described from time to time in our future reports filed with the U.S. Securities and Exchange Commission (the “SEC”).

Forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except in the normal course of our public disclosure obligations, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.

**Uniti Group Inc.**  
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**PART I—FINANCIAL INFORMATION**
**Item 1. Financial Statements.**

**Uniti Group Inc.**  
**Condensed Consolidated Balance Sheets**

(Thousands, except par value)	(Unaudited)	
	March 31, 2023	December 31, 2022
<b>Assets:</b>		
Property, plant and equipment, net	\$ 3,855,189	\$ 3,754,547
Cash and cash equivalents	70,346	43,803
Accounts receivable, net	53,594	42,631
Goodwill	361,378	361,378
Intangible assets, net	327,402	334,846
Straight-line revenue receivable	74,654	68,595
Operating lease right-of-use assets, net	85,551	88,545
Other assets	78,364	77,597
Investment in unconsolidated entities	38,337	38,656
Deferred income tax assets, net	43,384	40,631
<b>Total Assets</b>	<b>\$ 4,988,199</b>	<b>\$ 4,851,229</b>
<b>Liabilities and Shareholders' Deficit:</b>		
<b>Liabilities:</b>		
Accounts payable, accrued expenses and other liabilities	\$ 125,832	\$ 122,195
Settlement payable (Note 13)	229,610	251,098
Intangible liabilities, net	164,418	167,092
Accrued interest payable	72,726	121,316
Deferred revenue	1,226,389	1,190,041
Dividends payable	35,855	2
Operating lease liabilities	64,045	66,356
Finance lease obligations	16,186	15,520
Notes and other debt, net	5,377,313	5,188,815
Total liabilities	7,312,374	7,122,435
Commitments and contingencies (Note 13)		
<b>Shareholders' Deficit:</b>		
Preferred stock, \$0.0001 par value, 50,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.0001 par value, 500,000 shares authorized; issued and outstanding: 236,427 shares at March 31, 2023 and 235,829 at December 31, 2022	24	24
Additional paid-in capital	1,212,137	1,210,033
Distributions in excess of accumulated earnings	(3,538,683)	(3,483,634)
Total Uniti shareholders' deficit	(2,326,522)	(2,273,577)
Noncontrolling interests:		
Operating partnership units	2,097	2,121
Cumulative non-voting convertible preferred stock, \$0.01 par value, 6 shares authorized, 3 issued and outstanding	250	250
Total shareholders' deficit	(2,324,175)	(2,271,206)
<b>Total Liabilities and Shareholders' Deficit</b>	<b>\$ 4,988,199</b>	<b>\$ 4,851,229</b>

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

**Uniti Group Inc.**  
**Condensed Consolidated Statements of Income (Loss)**  
**(unaudited)**

(Thousands, except per share data)	Three Months Ended March 31,	
	2023	2022
<b>Revenues:</b>		
Leasing	\$ 210,808	\$ 204,641
Fiber Infrastructure	79,014	73,393
Total revenues	289,822	278,034
<b>Costs and Expenses:</b>		
Interest expense, net	148,863	96,172
Depreciation and amortization	76,775	71,457
General and administrative expense	28,433	23,870
Operating expense (exclusive of depreciation and amortization)	35,068	34,976
Transaction related and other costs	2,788	1,714
Other expense (income), net	20,179	(398)
Total costs and expenses	312,106	227,791
<b>(Loss) income before income taxes and equity in earnings from unconsolidated entities</b>		
	(22,284)	50,243
Income tax benefit	(2,412)	(2,071)
Equity in earnings from unconsolidated entities	(661)	(544)
<b>Net (loss) income</b>	<b>(19,211)</b>	<b>52,858</b>
Net (loss) income attributable to noncontrolling interests	(9)	128
<b>Net (loss) income attributable to shareholders</b>	<b>(19,202)</b>	<b>52,730</b>
Participating securities' share in earnings	(247)	(331)
Dividends declared on convertible preferred stock	(5)	(5)
<b>Net (loss) income attributable to common shareholders</b>	<b>\$ (19,454)</b>	<b>\$ 52,394</b>
<b>(Loss) income per common share:</b>		
Basic	\$ (0.08)	\$ 0.22
Diluted	\$ (0.08)	\$ 0.21
<b>Weighted-average number of common shares outstanding:</b>		
Basic	236,090	235,046
Diluted	236,090	267,304

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

**Uniti Group Inc.**  
**Condensed Consolidated Statements of Comprehensive Income**  
**(unaudited)**

(Thousands)	Three Months Ended March 31,	
	2023	2022
Net (loss) income	\$ (19,211)	\$ 52,858
Other comprehensive income:		
Interest rate swap termination	—	2,830
Other comprehensive income	—	2,830
Comprehensive (loss) income	(19,211)	55,688
Comprehensive (loss) income attributable to noncontrolling interest	(9)	135
<b>Comprehensive (loss) income attributable to shareholders</b>	<b>\$ (19,202)</b>	<b>\$ 55,553</b>

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

**Uniti Group Inc.**  
**Condensed Consolidated Statements of Shareholders' Deficit**  
**(unaudited)**

For the three months ended March 31,

(Thousands, except share data)	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Accumulated Earnings	Noncontrolling Interest - OP Units	Noncontrolling Interest - Non-voting Preferred Shares	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount						
Balance at December 31, 2021	—	\$ —	234,779,247	\$ 23	\$ 1,214,830	\$ (9,164)	\$ (3,333,481)	\$ 13,893	\$ 125	\$ (2,113,774)
Net income	—	—	—	—	—	—	52,730	128	—	52,858
Other comprehensive income	—	—	—	—	—	2,823	—	7	—	2,830
Common stock dividends declared (\$0.15 per share)	—	—	—	—	—	—	(35,905)	—	—	(35,905)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(82)	—	(82)
Cumulative non-voting convertible preferred stock	—	—	—	—	—	—	(125)	—	125	—
Exchange of noncontrolling interest	—	—	157,733	—	3,158	—	—	(3,158)	—	—
Payments related to tax withholding for stock-based compensation	—	—	—	—	(1,525)	—	—	—	—	(1,525)
Stock-based compensation	—	—	331,686	—	3,312	—	—	—	—	3,312
Issuance of common stock - employee stock purchase plan	—	—	29,324	—	264	—	—	—	—	264
Balance at March 31 2022	—	\$ —	235,297,990	\$ 23	\$ 1,220,039	\$ (6,341)	\$ (3,316,781)	\$ 10,788	\$ 250	\$ (2,092,022)
Balance at December 31, 2022	—	\$ —	235,829,485	\$ 24	\$ 1,210,033	\$ —	\$ (3,483,634)	\$ 2,121	\$ 250	\$ (2,271,206)
Net (loss) income	—	—	—	—	—	—	(19,202)	(9)	—	(19,211)
Common stock dividends declared (\$0.15 per share)	—	—	—	—	—	—	(35,847)	—	—	(35,847)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(15)	—	(15)
Payment for settlement of common stock warrant	—	—	—	—	(56)	—	—	—	—	(56)
Termination of bond hedge option	—	—	—	—	59	—	—	—	—	59
Payments related to tax withholding for stock-based compensation	—	—	—	—	(1,343)	—	—	—	—	(1,343)
Stock-based compensation	—	—	530,861	—	3,130	—	—	—	—	3,130
Issuance of common stock - employee stock purchase plan	—	—	66,904	—	314	—	—	—	—	314
Balance at March 31, 2023	—	\$ —	236,427,250	\$ 24	\$ 1,212,137	\$ —	\$ (3,538,683)	\$ 2,097	\$ 250	\$ (2,324,175)

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



**Uniti Group Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited)**

(Thousands)	Three Months Ended March 31,	
	2023	2022
<b>Cash flow from operating activities</b>		
Net (loss) income	\$ (19,211)	\$ 52,858
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	76,775	71,457
Amortization of deferred financing costs and debt discount	4,963	4,514
Loss on extinguishment of debt, net	31,187	—
Interest rate swap termination	—	2,830
Deferred income taxes	(2,754)	(3,664)
Equity in earnings of unconsolidated entities	(661)	(544)
Distributions of cumulative earnings from unconsolidated entities	980	980
Cash paid for interest rate swap settlement	—	(3,144)
Straight-line revenues and amortization of below-market lease intangibles	(9,427)	(11,022)
Stock-based compensation	3,130	3,312
Loss (gain) on asset disposals	(422)	663
Accretion of settlement obligation	3,017	2,876
Other	—	(318)
Changes in assets and liabilities:		
Accounts receivable	(10,963)	(2,814)
Other assets	6,553	157
Accounts payable, accrued expenses and other liabilities	(68,605)	(54,920)
Net cash provided by operating activities	14,562	63,221
<b>Cash flow from investing activities</b>		
Capital expenditures	(114,981)	(94,728)
Proceeds from sale of other equipment	607	379
Net cash used in investing activities	(114,374)	(94,349)
<b>Cash flow from financing activities</b>		
Repayment of debt	(2,263,662)	—
Proceeds from issuance of notes	2,600,000	—
Dividends paid	(9)	(105)
Payments of settlement payable	(24,505)	—
Borrowings under revolving credit facility	140,000	85,000
Payments under revolving credit facility	(253,000)	(60,000)
Finance lease payments	(452)	(280)
Payments for financing costs	(26,688)	—
Payment for settlement of common stock warrant	(56)	—
Termination of bond hedge option	59	—
Costs related to the early repayment of debt	(44,303)	—
Employee stock purchase program	314	264
Payments related to tax withholding for stock-based compensation	(1,343)	(1,525)
Net cash provided by financing activities	126,355	23,354
Net increase (decrease) in cash and cash equivalents	26,543	(7,774)
Cash and cash equivalents at beginning of period	43,803	58,903
Cash and cash equivalents at end of period	\$ 70,346	\$ 51,129

Non-cash investing and financing activities:			
Property and equipment acquired but not yet paid	\$	13,049	\$ 13,338
Tenant capital improvements		81,592	38,669

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

**Uniti Group Inc.**  
**Notes to the Condensed Consolidated Financial Statements**  
**(unaudited)**

**Note 1. Organization and Description of Business**

Uniti Group Inc. (the “Company,” “Uniti,” “we,” “us,” or “our”) was incorporated in the state of Maryland on September 4, 2014. We are an independent internally managed real estate investment trust (“REIT”) engaged in the acquisition, construction and leasing of mission critical infrastructure in the communications industry. We are principally focused on acquiring and constructing fiber optic, copper and coaxial broadband networks and data centers. We manage our operations focused on our two primary lines of business: Uniti Fiber and Uniti Leasing.

The Company operates through a customary “up-REIT” structure, pursuant to which we hold substantially all of our assets through a partnership, Uniti Group LP, a Delaware limited partnership (the “Operating Partnership”) that we control as general partner. The up-REIT structure is intended to facilitate future acquisition opportunities by providing the Company with the ability to use common units of the Operating Partnership as a tax-efficient acquisition currency. As of March 31, 2023, we are the sole general partner of the Operating Partnership and own approximately 99.96% of the partnership interests in the Operating Partnership.

**Note 2. Basis of Presentation and Summary of Significant Accounting Policies**

The accompanying Condensed Consolidated Financial Statements include all accounts of the Company and its wholly-owned and/or controlled subsidiaries, including the Operating Partnership. Under the Accounting Standards Codification 810, *Consolidation* (“ASC 810”), the Operating Partnership is considered a variable interest entity and is consolidated in the Condensed Consolidated Financial Statements of Uniti Group Inc. because the Company is the primary beneficiary. All material intercompany balances and transactions have been eliminated.

ASC 810 provides guidance on the identification of entities for which control is achieved through means other than voting rights (“variable interest entities” or “VIEs”) and the determination of which business enterprise, if any, should consolidate the VIEs. Generally, the consideration of whether an entity is a VIE applies when either: (1) the equity investors (if any) lack (i) the ability to make decisions about the entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; (2) the equity investment at risk is insufficient to finance that entity’s activities without additional subordinated financial support; or (3) the equity investors have voting rights that are not proportionate to their economic interests and substantially all of the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. The Company consolidates VIEs in which it is considered to be the primary beneficiary. The primary beneficiary is defined as the entity having both of the following characteristics: (1) the power to direct the activities that, when taken together, most significantly impact the VIE’s performance; and (2) the obligation to absorb losses and right to receive the returns from the VIE that would be significant to the VIE.

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information set forth in the Accounting Standards Codification (“ASC”), as published by the Financial Accounting Standards Board (“FASB”), and with the applicable rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. Operating results from any interim period are not necessarily indicative of the results that may be expected for the full fiscal year. The accompanying Condensed Consolidated Financial Statements and related notes should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K filed with the SEC on February 28, 2023, as amended by Amendment No. 1 thereto filed on Form 10-K/A with the SEC on March 29, 2023 (the “Annual Report”). Accordingly, significant accounting policies and other disclosures normally provided have been omitted from the accompanying Condensed Consolidated Financial Statements and related notes since such items are disclosed in our Annual Report.

**Concentration of Credit Risks**—Prior to September 2020, we were party to a long-term exclusive triple-net lease (the “Master Lease”) with Windstream Holdings, Inc. (together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, “Windstream”) pursuant to which a substantial portion of our real property was leased to Windstream and from which a substantial portion of our leasing revenues were derived. On September 18, 2020, Uniti and Windstream

bifurcated the Master Lease and entered into two structurally similar master leases (collectively, the "Windstream Leases"), which amended and restated the Master Lease in its entirety. The Windstream Leases consist of (a) a master lease (the "ILEC MLA") that governs Uniti owned assets used for Windstream's incumbent local exchange carrier ("ILEC") operations and (b) a master lease (the "CLEC MLA") that governs Uniti owned assets used for Windstream's consumer competitive local exchange carrier ("CLEC") operations. Revenue under the Windstream Leases provided 66.0% and 66.9% of our revenue for the three months ended March 31, 2023 and 2022, respectively. Because a substantial portion of our revenue and cash flows are derived from lease payments by Windstream pursuant to the Windstream Leases, there could be a material adverse impact on our consolidated results of operations, liquidity, financial condition and/or ability to pay dividends and service debt if Windstream were to default under the Windstream Leases or otherwise experiences operating or liquidity difficulties and becomes unable to generate sufficient cash to make payments to us.

We monitor the credit quality of Windstream through numerous methods, including by (i) reviewing credit ratings of Windstream by nationally recognized credit agencies, (ii) reviewing the financial statements of Windstream that are required to be delivered to us pursuant to the Windstream Leases, (iii) monitoring news reports regarding Windstream and its business, (iv) conducting research to ascertain industry trends potentially affecting Windstream, (v) monitoring Windstream's compliance with the terms of the Windstream Leases and (vi) monitoring the timeliness of its payments under the Windstream Leases.

As of the date of this Quarterly Report on Form 10-Q, Windstream is current on all lease payments. We note that in August 2020, Moody's Investor Service assigned a B3 corporate family rating with a stable outlook to Windstream in connection with its post-emergence exit financing. At the same time, S&P Global Ratings assigned Windstream a B- issuer rating with a stable outlook. Both ratings remain current as of the date of this filing. In order to assist us in our continuing assessment of Windstream's creditworthiness, we periodically receive certain confidential financial information and metrics from Windstream.

#### Recently Adopted Accounting Pronouncements

In March 2022, the FASB issued Accounting Standards Update ("ASU") 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* ("ASU 2022-02"), which eliminates the accounting guidance for troubled debt restructurings and requires the disclosure of current-period gross write-offs of financing receivables and net investment in leases by year of origination. The Company adopted ASU 2022-02 on January 1, 2023, and the adoption had no impact on the Company's consolidated financial statements.

In December 2022, the FASB issued Accounting Standards Update ("ASU") 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848* ("ASU 2022-06"), which provides additional relief for contract modifications completed after the December 31, 2022 LIBOR sunset date. The amendment allows for a deferral until December 31, 2024. The Company adopted ASU 2022-06 at issuance, and the adoption had no impact on the Company's consolidated financial statements.

**Note 3. Revenues**
Disaggregation of Revenue

The following table presents our revenues disaggregated by revenue stream.

(Thousands)	Three Months Ended March 31,	
	2023	2022
<i>Revenue disaggregated by revenue stream</i>		
Revenue from contracts with customers		
Fiber Infrastructure		
Lit backhaul	\$ 19,522	\$ 19,438
Enterprise and wholesale	22,576	20,935
E-Rate and government	13,891	14,276
Other	748	661
Fiber Infrastructure	\$ 56,737	\$ 55,310
Leasing	1,165	1,159
Total revenue from contracts with customers	57,902	56,469
Revenue accounted for under leasing guidance		
Leasing	209,643	203,482
Fiber Infrastructure	22,277	18,083
Total revenue accounted for under leasing guidance	231,920	221,565
<b>Total revenue</b>	<b>\$ 289,822</b>	<b>\$ 278,034</b>

At March 31, 2023 and December 31, 2022, lease receivables were \$35.5 million and \$26.2 million, respectively, and receivables from contracts with customers were \$17.9 million and \$16.1 million, respectively.

Contract Assets (Unbilled Revenue) and Liabilities (Deferred Revenue)

Contract assets primarily consist of unbilled construction revenue where we are utilizing our costs incurred as the measure of progress of satisfying our performance obligation. Contract assets are reported within accounts receivable, net on our Condensed Consolidated Balance Sheets. When the contract price is invoiced, the related unbilled receivable is reclassified to trade accounts receivable, where the balance will be settled upon the collection of the invoiced amount. Contract liabilities are generally comprised of upfront fees charged to the customer for the cost of establishing the necessary components of the Company's network prior to the commencement of use by the customer. Fees charged to customers for the recurring use of the Company's network are recognized during the related periods of service. Upfront fees that are billed in advance of providing services are deferred until such time the customer accepts the Company's network and then are recognized as service revenues ratably over a period in which substantive services required under the revenue arrangement are expected to be performed, which is the initial term of the arrangement. During the three months ended March 31, 2023, we recognized revenues of \$0.6 million which was included in the December 31, 2022 contract liabilities balance.

The following table provides information about contract assets and contract liabilities accounted for under ASC 606.

(Thousands)	Contract Assets	Contract Liabilities
Balance at December 31, 2022	\$ 173	\$ 8,699
Balance at March 31, 2023	\$ 69	\$ 10,217

Transaction Price Allocated to Remaining Performance Obligations

Performance obligations within contracts to stand ready to provide services are typically satisfied over time or as those services are provided. Contract liabilities primarily relate to deferred revenue from upfront customer payments. The deferred revenue is recognized, and the liability reduced, over the contract term as the Company completes the performance obligation. As of March 31, 2023, our future revenues (i.e., transaction price related to remaining performance obligations) under contract accounted for under ASC 606 totaled \$544.4 million, of which \$461.1 million is related to contracts that are currently being invoiced and have an average remaining contract term of 2.3 years, while \$83.3 million represents our backlog for sales bookings which have yet to be installed and have an average contract term of 5.4 years. We do not disclose the value of unsatisfied performance obligations for contracts that have an original expected duration of one year or less.

**Note 4. Leases***Lessor Accounting*

We lease communications towers, ground space, colocation space and dark fiber to tenants under operating leases. Our leases have initial lease terms ranging from less than one year to 35 years, most of which include options to extend or renew the leases for less than one year to 20 years (based on the satisfaction of certain conditions as defined in the lease agreements), and some of which may include options to terminate the leases within one to six months. Certain lease agreements contain provisions for future rent increases. Payments due under the lease contracts include fixed payments plus, for some of our leases, variable payments.

The components of lease income for the three months ended March 31, 2023 and 2022 respectively, are as follows:

(Thousands)	Three Months Ended March 31,	
	2023	2022
Lease income - operating leases	\$ 231,920	\$ 221,565

Lease payments to be received under non-cancellable operating leases where we are the lessor for the remainder of the lease terms as of March 31, 2023 are as follows:

(Thousands)	March 31, 2023 <sup>(1)</sup>
2023	\$ 583,407
2024	797,561
2025	799,672
2026	801,051
2027	801,727
Thereafter	2,318,910
Total lease receivables	\$ 6,102,328

<sup>(1)</sup> Total future minimum lease payments to be received include \$5.2 billion relating to the Windstream Leases.

The underlying assets under operating leases where we are the lessor are summarized as follows:

(Thousands)	March 31, 2023	December 31, 2022
Land	\$ 26,549	\$ 26,549
Building and improvements	346,636	346,093
Poles	299,799	296,941
Fiber	3,638,160	3,529,835
Equipment	437	437
Copper	3,972,704	3,964,439
Conduit	89,963	89,963
Tower assets	1,397	1,397
Finance lease assets	28,126	28,126
Other assets	10,434	10,434
	<u>8,414,205</u>	<u>8,294,214</u>
Less: accumulated depreciation	(5,586,881)	(5,542,726)
Underlying assets under operating leases, net	<u>\$ 2,827,324</u>	<u>\$ 2,751,488</u>

Depreciation expense for the underlying assets under operating leases where we are the lessor for the three months ended March 31, 2023 and 2022, respectively, is summarized as follows:

(Thousands)	Three Months Ended March 31,	
	2023	2022
Depreciation expense for underlying assets under operating leases	\$ 45,206	\$ 43,187

#### Lessee Accounting

We have commitments under operating leases for communications towers, ground space, colocation space, dark fiber and buildings. We also have finance leases for dark fiber and automobiles. Our leases have initial lease terms ranging from less than one year to 30 years, most of which include options to extend or renew the leases for less than one year to 20 years, and some of which may include options to terminate the leases within one to six months. Certain lease agreements contain provisions for future rent increases. Payments due under the lease contracts include fixed payments plus, for some of our leases, variable payments.

As of March 31, 2023, we have short term lease commitments amounting to approximately \$3.1 million.

Future lease payments under non-cancellable leases as of March 31, 2023 are as follows:

(Thousands)	Operating Leases	Finance Leases
2023	\$ 12,340	\$ 2,103
2024	14,031	2,616
2025	11,346	2,562
2026	8,663	2,562
2027	6,103	2,444
Thereafter	45,502	12,708
Total undiscounted lease payments	<u>\$ 97,985</u>	<u>\$ 24,995</u>
Less: imputed interest	(33,940)	(8,809)
Total lease liabilities	<u>\$ 64,045</u>	<u>\$ 16,186</u>

**Note 5. Investments in Unconsolidated Entities**
*Fiber Holdings*

BB Fiber Holdings LLC (“Fiber Holdings”) was primarily established to develop fiber networks as real estate property for long-term investment. On July 1, 2020, the Company completed the sale of an ownership stake in the entity that controls the Company’s Midwest fiber network assets (the “Propco”). Fiber Holdings has a 47.5% ownership in the Propco that is under a long-term, triple net lease with our joint venture partner. Our ownership interest in Fiber Holdings represents approximately a 20% economic interest in the Propco. The Company’s current investment and maximum exposure to loss as a result of its involvement with Fiber Holdings, an equity method unconsolidated entity, was approximately \$38.3 million as of March 31, 2023. The Company has not provided financial support to Fiber Holdings.

**Note 6. Fair Value of Financial Instruments**

FASB ASC 820, *Fair Value Measurements*, establishes a hierarchy of valuation techniques based on the observability of inputs utilized in measuring assets and liabilities at fair values. This hierarchy establishes market-based or observable inputs as the preferred source of values, followed by valuation models using management assumptions in the absence of market inputs. The three levels of the hierarchy are as follows:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the assessment date;

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

**Level 3** – Unobservable inputs for the asset or liability.

Our financial instruments consist of cash and cash equivalents, accounts and other receivables, our outstanding notes and other debt, settlement payable, interest and dividends payable.

The following table summarizes the fair value of our financial instruments at March 31, 2023 and December 31, 2022:

(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
<b>At March 31, 2023</b>				
<b>Liabilities</b>				
Senior secured notes - 10.50%, due February 15, 2028	\$ 2,531,945	\$ —	\$ 2,531,945	\$ —
Senior secured notes - 4.75%, due April 15, 2028	444,560	—	444,560	—
Exchangeable senior notes - 4.00%, due June 15, 2024	111,751	—	111,751	—
Convertible senior notes - 7.50% due December 1, 2027	230,215	—	230,215	—
Senior unsecured notes - 6.50%, due February 15, 2029	680,003	—	680,003	—
Senior unsecured notes - 6.00%, due January 15, 2030	415,342	—	415,342	—
Senior secured revolving credit facility, variable rate, due December 10, 2024	74,992	—	74,992	—
Settlement payable	211,725	—	211,725	—
<b>Total</b>	<b>\$ 4,700,533</b>	<b>\$ —</b>	<b>\$ 4,700,533</b>	<b>\$ —</b>



(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
<b>At December 31, 2022</b>				
<b>Liabilities</b>				
Senior secured notes - 7.875%, due February 15, 2025	\$ 2,208,319	\$ —	\$ 2,208,319	\$ —
Senior secured notes - 4.75%, due April 15, 2028	469,740	—	469,740	—
Exchangeable senior notes - 4.00%, due June 15, 2024	127,024	—	127,024	—
Senior unsecured notes - 6.50% , due February 15, 2029	759,917	—	759,917	—
Senior unsecured notes - 6.00%, due January 15, 2030	467,401	—	467,401	—
Convertible senior notes - 7.50%, due December 1, 2027	297,765	—	297,765	—
Senior secured revolving credit facility, variable rate, due December 10, 2024	187,981	—	187,981	—
Settlement payable	232,350	—	232,350	—
<b>Total</b>	<b>\$ 4,750,497</b>	<b>\$ —</b>	<b>\$ 4,750,497</b>	<b>\$ —</b>

The carrying value of cash and cash equivalents, accounts and other receivables, and accounts, interest and dividends payable approximate fair values due to the short-term nature of these financial instruments.

The total principal balance of our outstanding notes and other debt was \$5.48 billion at March 31, 2023, with a fair value of \$4.49 billion. The estimated fair value of our outstanding notes and other debt was based on available external pricing data and current market rates for similar debt instruments, among other factors, which are classified as Level 2 inputs within the fair value hierarchy.

Uniti is required to make \$490.1 million of cash payments to Windstream in equal installments over 20 consecutive quarters beginning October 2020 (the "Settlement Payable"). [See Note 13](#). The Settlement Payable was initially recorded at fair value, using the present value of future cash flows. The future cash flows are discounted using discount rate input based on observable market data. Accordingly, we classify inputs used as Level 2 in the fair value hierarchy. As of March 31, 2023, the remaining Settlement Payable is \$229.6 million and is reported on our Condensed Consolidated Balance Sheets. There have been no changes in the valuation methodologies used since the initial recording.

## Note 7. Property, Plant and Equipment

The carrying value of property, plant and equipment is as follows:

(Thousands)	Depreciable Lives	March 31, 2023	December 31, 2022
Land	Indefinite	\$ 28,963	\$ 28,845
Building and improvements	3 - 40 years	363,913	363,077
Poles	30 years	299,799	296,941
Fiber	30 years	4,556,716	4,434,506
Equipment	5 - 7 years	426,127	399,473
Copper	20 years	3,972,704	3,964,439
Conduit	30 years	89,963	89,963
Tower assets	20 years	5,361	5,619
Finance lease assets	(1)	74,585	73,487
Other assets	15 - 20 years	10,436	10,436
Corporate assets	3 - 7 years	15,266	14,883
Construction in progress	(1)	56,387	46,508
		9,900,220	9,728,177
Less accumulated depreciation		(6,045,031)	(5,973,630)
Net property, plant and equipment		<u>\$ 3,855,189</u>	<u>\$ 3,754,547</u>

<sup>(1)</sup> See our Annual Report for property, plant and equipment accounting policies.

Depreciation expense for the three months ended March 31, 2023 and 2022 was \$69.3 million and \$64.0 million, respectively.

## Note 8. Derivative Instruments and Hedging Activities

### Exchangeable Notes Hedge Transactions

On June 25, 2019, concurrently with the pricing of the Exchangeable Notes, and on June 27, 2019, concurrently with the exercise by the initial purchasers involved in the offering of the Exchangeable Notes (the "Initial Purchasers") of their option to purchase additional Exchangeable Notes, Uniti Fiber Holdings Inc., the issuer of the Exchangeable Notes, entered into exchangeable note hedge transactions with respect to the Company's common stock (the "Note Hedge Transactions") with certain of the Initial Purchasers or their respective affiliates (collectively, the "Counterparties"). The Note Hedge Transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the Exchangeable Notes, the same number of shares of the Company's common stock that initially underlie the Exchangeable Notes in the aggregate and are exercisable upon exchange of the Exchangeable Notes. The Note Hedge Transactions have an initial strike price that corresponds to the initial exchange price of the Exchangeable Notes, subject to anti-dilution adjustments substantially similar to those applicable to the Exchangeable Notes. The Note Hedge Transactions will expire upon the maturity of the Exchangeable Notes, if not earlier exercised. The Note Hedge Transactions are intended to reduce potential dilution to the Company's common stock upon any exchange of the Exchangeable Notes and/or offset any cash payments Uniti Fiber is required to make in excess of the principal amount of exchanged Exchangeable Notes, as the case may be, in the event that the market value per share of the Company's common stock, as measured under the Note Hedge Transactions, at the time of exercise is greater than the strike price of the Note Hedge Transactions.

The Note Hedge Transactions are separate transactions, entered into by Uniti Fiber Holdings Inc. with the Counterparties, and are not part of the terms of the Exchangeable Notes. Holders of the Exchangeable Notes will not have any rights with respect to the Note Hedge Transactions. The Note Hedge Transactions meet certain accounting criteria under GAAP, are recorded in additional paid-in capital on our Condensed Consolidated Balance Sheets and are not accounted for as derivatives that are remeasured each reporting period.

### Warrant Transactions

On June 25, 2019, concurrently with the pricing of the Exchangeable Notes, and on June 27, 2019 concurrently with the exercise by the Initial Purchasers of their option to purchase additional Exchangeable Notes, the Company entered into warrant transactions to sell to the Counterparties warrants (the “Warrants”) to acquire, subject to anti-dilution adjustments, up to approximately 27.8 million shares of the Company’s common stock in the aggregate at an exercise price of approximately \$16.42 per share. The initial maximum number of shares of the Company’s common stock that could be issued pursuant to the Warrants was approximately 55.5 million. The maximum number of shares of the Company’s common stock that could be issued pursuant to the Warrants has subsequently decreased due to the partial unwind agreements that the Company entered into with the Counterparties in connection with each repurchase of Exchangeable Notes. The Company offered and sold the Warrants in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. If the market value per share of the Company’s common stock, as measured under the Warrants, at the time of exercise exceeds the strike price of the Warrants, the Warrants will have a dilutive effect on the Company’s common stock unless, subject to the terms of the Warrants, the Company elects to cash settle the Warrants. The Warrants will expire over a period beginning in September 2024.

The Warrants are separate transactions, entered into by the Company with the Counterparties, and are not part of the terms of the Exchangeable Notes. Holders of the Exchangeable Notes will not have any rights with respect to the Warrants. The Warrants meet certain accounting criteria under GAAP, are recorded in additional paid-in capital on our Condensed Consolidated Balance Sheets and are not accounted for as derivatives that are remeasured each reporting period.

### **Note 9. Goodwill and Intangible Assets and Liabilities**

Changes in the carrying amount of goodwill occurring during the three months ended March 31, 2023 are as follows:

(Thousands)	Fiber Infrastructure	Total
Goodwill at December 31, 2022	\$ 672,878	\$ 672,878
Accumulated impairment charges as of December 31, 2022	(311,500)	(311,500)
Balance at December 31, 2022	\$ 361,378	\$ 361,378
Goodwill at March 31, 2023	\$ 672,878	\$ 672,878
Accumulated impairment charges as of March 31, 2023	(311,500)	(311,500)
Balance at March 31, 2023	\$ 361,378	\$ 361,378

(Thousands)	March 31, 2023		December 31, 2022	
	Original Cost	Accumulated Amortization	Original Cost	Accumulated Amortization
<b>Finite life intangible assets:</b>				
Customer lists	\$ 416,104	\$ (134,443)	\$ 416,104	\$ (128,728)
Contracts	52,536	(16,417)	52,536	(14,776)
Underlying Rights	10,497	(875)	10,497	(787)
Total intangible assets	\$ 479,137		\$ 479,137	
Less: accumulated amortization	(151,735)		(144,291)	
Total intangible assets, net	<u>\$ 327,402</u>		<u>\$ 334,846</u>	
<b>Finite life intangible liabilities:</b>				
Below-market leases	\$ 191,154	(26,736)	\$ 191,154	(24,062)
<b>Finite life intangible liabilities:</b>				
Below-market leases	\$ 191,154		\$ 191,154	
Less: accumulated amortization	(26,736)		(24,062)	
Total intangible liabilities, net	<u>\$ 164,418</u>		<u>\$ 167,092</u>	

As of March 31, 2023, the remaining weighted average amortization period of the Company's intangible assets was 14.0 years.

Amortization expense for the three months ended March 31, 2023 and 2022 was \$7.4 million and \$7.4 million, respectively. Amortization expense is estimated to be \$29.8 million for the full year of 2023, \$29.7 million in 2024, \$29.7 million in 2025, \$29.7 million in 2026, and \$29.7 million for 2027.

We recognize the amortization of below-market leases in revenue. Revenue related to the amortization of the below-market leases for the three months ended March 31, 2023 and 2022 was \$2.7 million and \$2.7 million, respectively. As of March 31, 2023, the remaining weighted average amortization period of the Company's intangible liabilities was 16.7 years. Revenue due to the amortization of the below-market leases is estimated to be \$10.7 million for the full year of 2023, \$10.7 million in 2024, \$10.7 million in 2025, \$10.7 million in 2026, and \$10.7 million in 2027.

#### Note 10. Notes and Other Debt

All debt, including the senior secured credit facility and notes described below, are obligations of the Operating Partnership and/or certain of its subsidiaries as discussed below. The Company is, however, a guarantor of such debt.

Notes and other debt are as follows:

(Thousands)	March 31, 2023	December 31, 2022
Principal amount	\$ 5,484,442	\$ 5,262,373
Less unamortized discount, premium and debt issuance costs	(107,129)	(73,558)
Notes and other debt less unamortized discount, premium and debt issuance costs	<u>\$ 5,377,313</u>	<u>\$ 5,188,815</u>

Notes and other debt at March 31, 2023 and December 31, 2022 consisted of the following:

(Thousands)	March 31, 2023		December 31, 2022	
	Principal	Unamortized Discount, Premium and Debt Issuance Costs	Principal	Unamortized Discount, Premium and Debt Issuance Costs
Senior secured notes - 7.875% due February 15, 2025 (discount is based on imputed interest rate of 8.38%)	\$ —	\$ —	\$ 2,250,000	\$ (22,239)
Senior secured notes - 10.50% due February 15, 2028 (discount is based on imputed interest rate of 11.06%)	2,600,000	(54,994)	—	—
Senior secured notes - 4.75%, due April 15, 2028 (discount is based on imputed interest rate of 5.04%)	570,000	(7,337)	570,000	(7,654)
Exchangeable senior notes - 4.00%, due June 15, 2024 (discount is based on imputed interest rate of 4.77%)	122,942	(1,107)	137,873	(1,501)
Convertible senior notes - 7.50%, due December 1, 2027 (discount is based on imputed interest rate of 8.29%)	306,500	(9,362)	306,500	(9,768)
Senior unsecured notes - 6.00% due January 15, 2030 (discount is based on imputed interest rate of 6.27%)	700,000	(10,234)	700,000	(10,535)
Senior unsecured notes - 6.50%, due February 15, 2029 (discount is based on imputed interest rate of 6.83%)	1,110,000	(17,641)	1,110,000	(18,245)
Senior secured revolving credit facility, variable rate, due December 10, 2024	75,000	(6,454)	188,000	(3,616)
<b>Total</b>	<b>\$ 5,484,442</b>	<b>\$ (107,129)</b>	<b>\$ 5,262,373</b>	<b>\$ (73,558)</b>

At March 31, 2023, notes and other debt included the following: (i) \$75.0 million under the Revolving Credit Facility (as defined below) pursuant to that certain credit agreement, dated as of April 24, 2015, by and among the Operating Partnership, Uniti Group Finance 2019 Inc. and CSL Capital, LLC (hereinafter, the “Borrowers”), the guarantors party thereto, Bank of America, N.A., as administrative agent, collateral agent, swing line lender and an L/C issuer and certain other lenders named therein (the “Credit Agreement”); (ii) \$2.6 billion aggregate principal amount of 10.50% Senior Secured Notes due 2028 (the “February 2028 Secured Notes”); (iii) \$570.0 million aggregate principal amount of 4.75% Senior Secured Notes due April 15, 2028 (the “April 2028 Secured Notes”); (iv) \$1.1 billion aggregate principal amount of 6.50% Senior Unsecured Notes due February 15, 2029 (the “2029 Notes”); (v) \$122.9 million aggregate principal amount of the Exchangeable Notes; (vi) \$700.0 million aggregate principal amount of 6.00% Senior Secured Notes due January 15, 2030 (the “2030 Notes”); and (vii) \$306.5 million aggregate principal amount of 7.50% Convertible Senior Notes due 2027 (the “Convertible 2027 Notes” and, together with the February 2028 Secured Notes, April 2028 Secured Notes, 2029 Notes, 2030 Notes and the Exchangeable Notes, the “Notes”). The terms of the Notes are as described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

#### Credit Agreement

On March 24, 2023, the Borrowers, each a subsidiary of Uniti Group Inc., entered into Amendment No. 8 (the “Amendment”) to the Credit Agreement.

The Amendment extends the maturity of the \$500 million revolving credit facility to, upon receipt of routine regulatory approvals, September 24, 2027 (the “Revolving Credit Facility”). The Amendment also transitioned the Revolving Credit Facility from LIBOR to Term SOFR, and in connection with that change, set the credit spread adjustment to ten basis points for all interest periods. All obligations under the Credit Agreement are guaranteed by (i) the Company and (ii) certain of the Operating Partnership’s subsidiaries (the “Subsidiary Guarantors”) and are secured by substantially all of the assets of the Borrowers and the Subsidiary Guarantors.

The Borrowers are subject to customary covenants under the Credit Agreement, including an obligation to maintain a consolidated secured leverage ratio, as defined in the Credit Agreement, not to exceed 5.00 to 1.00. We are permitted, subject to customary conditions, to incur other indebtedness, so long as, on a pro forma basis after giving effect to any such indebtedness, our consolidated total leverage ratio, as defined in the Credit Agreement, does not exceed 6.50 to 1.00 and, if such debt is secured, our consolidated secured leverage ratio, as defined in the Credit Agreement, does not exceed 4.00 to 1.00. In addition, the Credit Agreement contains customary events of default, including a cross default provision whereby the failure of the Borrowers or certain of their subsidiaries to make payments under other debt obligations, or the occurrence of certain events affecting those other borrowing arrangements, could trigger an obligation to repay any amounts outstanding under the Credit Agreement. In particular, a repayment obligation could be triggered if (i) the Borrowers or certain of their subsidiaries fail to make a payment when due of any principal or interest on any other indebtedness aggregating \$75.0 million or more, or (ii) an event occurs that causes, or would permit the holders of any other indebtedness aggregating \$75.0 million or more to cause, such indebtedness to become due prior to its stated maturity. As of March 31, 2023, the Borrowers were in compliance with all of the covenants under the Credit Agreement.

A termination of either Windstream Lease would result in an “event of default” under the Credit Agreement if a replacement lease is not entered into within ninety (90) calendar days and we do not maintain pro forma compliance with a consolidated secured leverage ratio, as defined in the Credit Agreement, of 5.00 to 1.00.

Borrowings under the Revolving Credit Facility bear interest at a rate equal to either a base rate plus an applicable margin ranging from 2.75% to 3.50% or a Term SOFR rate plus an applicable margin ranging from 3.75% to 4.50% in each case, calculated in a customary manner and determined based on our consolidated secured leverage ratio. We are required to pay a quarterly commitment fee under the Revolving Credit Facility equal to 0.50% of the average amount of unused commitments during the applicable quarter (subject to a step-down to 0.40% per annum of the average amount of unused commitments during the applicable quarter upon achievement of a consolidated secured leverage ratio not to exceed a certain level), as well as quarterly letter of credit fees equal to the product of (A) the applicable margin with respect to Term SOFR borrowings and (B) the average amount available to be drawn under outstanding letters of credit during such quarter.

### Secured Notes

On February 14, 2023, The Operating Partnership, CSL Capital, LLC, Uniti Group Finance 2019 Inc. and Uniti Fiber Holdings Inc. (collectively, the “Issuers”) issued \$2.6 billion aggregate principal amount of the February 2028 Secured Notes. The Issuers used the net proceeds from the offering to fund the redemption in full of the Issuers’ outstanding 7.875% senior secured notes due 2025 (the “2025 Secured Notes”), to repay outstanding borrowings under the Revolving Credit Facility and to pay any related premiums, fees and expenses in connection with the foregoing. On February 14, 2023, the Issuers deposited the full redemption price for the 2025 Secured Notes with the trustee and satisfied and discharged their respective obligations with respect to the indenture governing the 2025 Secured Notes at such time. During the three months ended March 31, 2023, we recognized a \$32.3 million loss on the extinguishment of the 2025 Secured Notes within interest expense, net on the Condensed Consolidated Statements of Income (Loss), which included \$10.3 million of non-cash interest expense for the write off of the unamortized discount and deferred financing costs and \$22.0 million of cash interest expense for the redemption premium.

The February 2028 Secured Notes were issued at an issue price of 100% of their principal amount pursuant to an indenture, dated as of February 14, 2023 (the “February 2028 Secured Notes Indenture”), among the Issuers, the guarantors named therein (collectively, the “Guarantors”) and Deutsche Bank Trust Company Americas, as trustee and as collateral agent. The February 2028 Secured Notes mature on February 15, 2028 and bear interest at a rate of 10.50% per year. Interest on the February 2028 Secured Notes is payable on March 15 and September 15 of each year, beginning on September 15, 2023.

The Issuers may redeem the February 2028 Secured Notes, in whole or in part, at any time prior to September 15, 2025 at a redemption price equal to 100% of the principal amount of the February 2028 Secured Notes redeemed plus accrued and unpaid interest thereon, if any, to, but not including, the redemption date, plus an applicable “make whole” premium described in the February 2028 Secured Notes Indenture.

Thereafter, the Issuers may redeem the February 2028 Secured Notes in whole or in part, at the redemption prices set forth in the February 2028 Secured Notes Indenture. In addition, prior to February 15, 2025, the Issuers may, on one or more occasions, redeem up to 10% of the aggregate principal amount of the February 2028 Secured Notes in any twelve month period at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to, but not including, the applicable redemption date. Notwithstanding the foregoing, the Issuers may not use the proceeds

of any offering of Additional Notes (as defined in the February 2028 Secured Notes Indenture) with a price to investors equal to or in excess of 103% to finance any such optional redemption. Further, at any time on or prior to September 15, 2025, up to 40% of the aggregate principal amount of the February 2028 Secured Notes may be redeemed with the net cash proceeds of certain equity offerings at a redemption price of 110.50% of the principal amount plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date; provided that at least 60% of aggregate principal amount of the originally issued February 2028 Secured Notes remains outstanding. If certain changes of control of the Operating Partnership occur, holders of the February 2028 Secured Notes will have the right to require the Issuers to offer to repurchase their Notes at 101% of their principal amount plus accrued and unpaid interest, if any, to, but not including, the repurchase date.

The February 2028 Secured Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company and on a senior secured basis by each of the Operating Partnership's existing and future domestic restricted subsidiaries (other than the Issuers) that guarantees indebtedness under the Company's senior secured credit facilities and existing secured notes (the "Subsidiary Guarantors"). In addition, the Issuers will use commercially reasonable efforts to obtain necessary regulatory approval to allow certain non-guarantor subsidiaries of the Company to guarantee the February 2028 Secured Notes, including by making filings to obtain such approval within 60 days of the issuance of the February 2028 Secured Notes. The guarantees are subject to release under specified circumstances, including certain circumstances in which such guarantees may be automatically released without the consent of the holders of the February 2028 Secured Notes.

The February 2028 Secured Notes and the related guarantees are the Issuers' and the Subsidiary Guarantors' senior secured obligations and rank equal in right of payment with all of the Issuers' and the Subsidiary Guarantors' existing and future unsubordinated obligations; effectively senior to all unsecured indebtedness of the Issuers and the Subsidiary Guarantors, including the Company's existing senior unsecured notes, to the extent of the value of the collateral securing the February 2028 Secured Notes; effectively equal with all of the Issuers' and the Subsidiary Guarantors' existing and future indebtedness that is secured by first-priority liens on the collateral (including indebtedness under the Company's senior secured credit facilities and existing secured notes); senior in right of payment to any of the Issuers' and Subsidiary Guarantors' subordinated indebtedness; and structurally subordinated to all existing and future liabilities (including trade payables) of the Company's subsidiaries (other than the Issuers) that do not guarantee the February 2028 Secured Notes.

The February 2028 Secured Notes Indenture contains customary high yield covenants limiting the ability of the Operating Partnership and its restricted subsidiaries to: incur or guarantee additional indebtedness; incur or guarantee secured indebtedness; pay dividends or distributions on, or redeem or repurchase, capital stock; make certain investments or other restricted payments; sell assets; transfer material intellectual property to unrestricted subsidiaries; enter into transactions with affiliates; merge or consolidate or sell all or substantially all of their assets; and create restrictions on the ability of the Issuers and their restricted subsidiaries to pay dividends or other amounts to the Issuers. These covenants are subject to a number of important and significant limitations, qualifications and exceptions. The Indenture also contains customary events of default.

#### Exchangeable Notes

On March 21, 2023, the Company repurchased approximately \$15.0 million of the Exchangeable Notes for total cash consideration of \$13.7 million. During the three months ended March 31, 2023, we recorded a \$1.1 million gain on extinguishment of debt, net within interest expense on our Condensed Consolidated Statements of Income (Loss), which included \$0.1 million of non-cash interest expense for the write off of the unamortized discount and deferred financing costs. In connection with these repurchases, the Company entered into partial unwind agreements with the Counterparties to unwind a portion of the Note Hedge Transactions and the Warrants described above (see Note 8).

#### Deferred Financing Cost

Deferred financing costs were incurred in connection with the issuance of the Notes and the Revolving Credit Facility. These costs are amortized using the effective interest method over the term of the related indebtedness and are included in interest expense in our Condensed Consolidated Statements of Income. For the three months ended March 31, 2023 and 2022, we recognized \$4.8 million and \$4.3 million, respectively, of non-cash interest expense related to the amortization of deferred financing costs.

## Note 11. Earnings Per Share

Our time-based restricted stock awards are considered participating securities as they receive non-forfeitable rights to dividends at the same rate as common stock. As participating securities, we included these instruments in the computation of earnings per share under the two-class method described in FASB ASC 260, *Earnings per Share* (“ASC 260”).

We also have outstanding performance-based restricted stock units that contain forfeitable rights to receive dividends. Therefore, the awards are considered non-participating restrictive shares and are not dilutive under the two-class method until performance conditions are met.

The dilutive effect of the Exchangeable Notes and the Convertible 2027 Notes is calculated by using the “if-converted” method. This assumes an add-back of interest, net of income taxes, to net income attributable to shareholders as if the securities were converted at the beginning of the reporting period (or at time of issuance, if later) and the resulting common shares included in number of weighted average shares. The dilutive effect of the Warrants ([see Note 8](#)) is calculated using the treasury-stock method. During the three months ended March 31, 2023 and 2022, the Warrants were excluded from diluted shares outstanding because the exercise price exceeded the average market price of our common stock for the reporting period.

The following sets forth the computation of basic and diluted earnings per share under the two-class method:

(Thousands, except per share data)	Three Months Ended March 31,	
	2023	2022
<b>Basic earnings per share:</b>		
Numerator:		
Net (loss) income attributable to shareholders	\$ (19,202)	\$ 52,730
Less: Income allocated to participating securities	(247)	(331)
Dividends declared on convertible preferred stock	(5)	(5)
Net (loss) income attributable to common shares	\$ (19,454)	\$ 52,394
Denominator:		
Basic weighted-average common shares outstanding	236,090	235,046
Basic (loss) earnings per common share	\$ (0.08)	\$ 0.22

(Thousands, except per share data)	Three Months Ended March 31,	
	2023	2022
<b>Diluted earnings per share:</b>		
Numerator:		
Net (loss) income attributable to shareholders	\$ (19,202)	\$ 52,730
Less: Income allocated to participating securities	(247)	(331)
Dividends declared on convertible preferred stock	(5)	(5)
Impact on if-converted dilutive securities	—	2,994
Net (loss) income attributable to common shares	\$ (19,454)	\$ 55,388
Denominator:		
Basic weighted-average common shares outstanding	236,090	235,046
Effect of dilutive non-participating securities	—	1,226
Impact on if-converted dilutive securities	—	31,032
Weighted-average shares for dilutive earnings per common share	236,090	267,304
Dilutive (loss) earnings per common share	\$ (0.08)	\$ 0.21

For the three months ended March 31, 2023, 1,053,189 non-participating securities were excluded from the computation of earnings per share, as their performance conditions have not been met, and 54,748,359 potential common shares related to the Exchangeable Notes and the Convertible Notes were excluded from the computation of earnings per share, as their effect would have been anti-dilutive.



## **Note 12. Segment Information**

Our management, including our chief executive officer, who is our chief operating decision maker, manages our operations as two reportable segments, in addition to our corporate operations, which include:

*Leasing:* Represents the operations of our leasing business, Uniti Leasing, which is engaged in the acquisition and construction of mission-critical communications assets and leasing them to anchor customers on either an exclusive or shared-tenant basis, in addition to the leasing of dark fiber on our existing dark fiber network assets that we either constructed or acquired. While the Leasing segment represents our REIT operations, certain aspects of the Leasing segment are also operated through taxable REIT subsidiaries.

*Fiber Infrastructure:* Represents the operations of our fiber business, Uniti Fiber, which is a leading provider of infrastructure solutions, including cell site backhaul and dark fiber, to the telecommunications industry.

*Corporate:* Represents our corporate office and shared service functions. Certain costs and expenses, primarily related to headcount, insurance, professional fees and similar charges, that are directly attributable to operations of our business segments are allocated to the respective segments.

Management evaluates the performance of each segment using Adjusted EBITDA, which is a segment performance measure we define as net income determined in accordance with GAAP, before interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense and the impact, which may be recurring in nature, of transaction and integration related costs, costs associated with Windstream's bankruptcy, costs associated with litigation claims made against us, costs associated with the implementation of our enterprise resource planning system, executive severance costs, costs related to the settlement with Windstream, amortization of non-cash rights-of-use assets, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, including early tender and redemption premiums and costs associated with the termination of related hedging activities, gains or losses on dispositions, changes in the fair value of contingent consideration and financial instruments, and other similar or infrequent items (although we may not have had such charges in the periods presented). Adjusted EBITDA includes adjustments to reflect the Company's share of Adjusted EBITDA from unconsolidated entities. The Company believes that net income, as defined by GAAP, is the most appropriate earnings metric; however, we believe that Adjusted EBITDA serves as a useful supplement to net income because it allows investors, analysts and management to evaluate the performance of our segments in a manner that is comparable period over period. Adjusted EBITDA should not be considered as an alternative to net income as determined in accordance with GAAP.

Selected financial data related to our segments is presented below for the three months ended March 31, 2023 and 2022:

(Thousands)	Three Months Ended March 31, 2023			
	Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	\$ 210,808	\$ 79,014	\$ —	\$ 289,822
Adjusted EBITDA	\$ 204,966	\$ 33,674	\$ (7,439)	\$ 231,201
Less:				
Interest expense				148,863
Depreciation and amortization	44,173	32,586	16	76,775
Transaction related and other costs				2,788
Other, net				20,513
Stock-based compensation				3,130
Income tax benefit				(2,412)
Adjustments for equity in earnings from unconsolidated entities				755
Net loss				\$ (19,211)

(Thousands)	Three Months Ended March 31, 2022			
	Leasing	Fiber Infrastructure	Corporate	Subtotal of Reportable Segments
Revenues	\$ 204,641	\$ 73,393	\$ —	\$ 278,034
Adjusted EBITDA	\$ 198,973	\$ 31,459	\$ (5,643)	\$ 224,789
Less:				
Interest expense				96,172
Depreciation and amortization	42,102	29,319	36	71,457
Transaction related and other costs				1,714
Other, net				361
Stock-based compensation				3,312
Income tax benefit				(2,071)
Adjustments for equity in earnings from unconsolidated entities				986
Net income				\$ 52,858

### Note 13. Commitments and Contingencies

In the ordinary course of our business, we are subject to claims and administrative proceedings, none of which we believe are material or would be expected to have, individually or in the aggregate, a material adverse effect on our business, financial condition, cash flows or results of operations.

#### Windstream Commitments

Following the consummation of our settlement agreement with Windstream, including entry into the Windstream Leases, we are obligated to make \$490.1 million of cash payments to Windstream in equal installments over 20 consecutive quarters beginning in October 2020, and Uniti may prepay any installments due on or after the first anniversary of the settlement agreement (discounted at a 9% rate). On October 14, 2021, the Company prepaid four installments for a total of \$92.9 million. As of March 31, 2023, the Company has made payments totaling \$239.9 million.

Further, beginning in October 2020, we became obligated to reimburse Windstream for up to an aggregate of \$1.75 billion for certain growth capital improvements in long-term fiber and related assets made by Windstream (“Growth Capital Improvements”) through 2029. Uniti’s reimbursement commitment for Growth Capital Improvements does not require Uniti to reimburse Windstream for maintenance or repair expenditures (except for costs incurred for fiber replacements to the property leased under the competitive local exchange carrier master lease agreement, up to \$70 million during the term), and each such reimbursement is subject to underwriting standards. Uniti’s total annual reimbursement commitments for the Growth Capital Improvements under both Windstream Leases (and under separate equipment loan facilities) were limited to \$225 million in 2022, and are limited to \$225 million per year in 2023 and 2024; \$175 million per year in 2025 and 2026; and \$125 million per year in 2027 through 2029. If the cost incurred by Windstream (or the successor tenant under a Windstream Lease) for Growth Capital Improvements in any calendar year exceeds the annual limit for such calendar year, Windstream (or such tenant, as the case may be) may submit such excess costs for reimbursement in any subsequent year and such excess costs shall be funded from the annual commitment amounts in such subsequent period. In addition, to the extent that reimbursements for Growth Capital Improvements funded in any calendar year during the term is less than the annual limit for such calendar year, the unfunded amount in any calendar year will carry-over and may be added to the annual limits for subsequent calendar years, subject to an annual limit of \$250 million in any calendar year. During the three months ended March 31, 2023, Uniti reimbursed \$67.5 million of Growth Capital Improvements, of which \$35.1 million represented the reimbursement of capital improvements completed in 2022 that were previously classified as tenant funded capital improvements. As of the date of this Quarterly Report on Form 10-Q, we have reimbursed a total of \$642.0 million of Growth Capital Improvements. Upon reimbursement, the Company reduced the unamortized portion of deferred revenue related to these capital improvements and capitalized the difference between the cash provided to Windstream and the unamortized deferred revenue as a lease incentive. This lease incentive, which is \$0.7 million and reported within other assets on our Condensed Consolidated Balance Sheets as of March 31, 2023, will be amortized as a reduction to revenue over the initial term of the Windstream Leases.

Starting on the first anniversary of each installment of reimbursement for a Growth Capital Improvement, the rent payable by Windstream under the applicable Windstream Lease will increase by an amount equal to 8.0% (the “Rent Rate”) of such installment of reimbursement. The Rent Rate will thereafter increase to 100.5% of the prior Rent Rate on each anniversary of each reimbursement. In the event that the tenant’s interest in either Windstream Lease is transferred by Windstream under the terms thereof (unless transferred to the same transferee), or if Uniti transfers its interests as landlord under either Windstream Lease (unless to the same transferee), the reimbursement rights and obligations will be allocated between the ILEC MLA and the CLEC MLA by Windstream, provided that the maximum that may be allocated to the CLEC MLA following such transfer is \$20 million per year. If Uniti fails to reimburse any Growth Capital Improvement reimbursement payment or equipment loan funding request as and when it is required to do so under the terms of the Windstream Leases, and such failure continues for thirty (30) days, then such unreimbursed amounts may be applied as an offset against the rent owed by Windstream under the Windstream Leases (and such amounts will thereafter be treated as if Uniti had reimbursed them).

Uniti and Windstream have entered into separate ILEC and CLEC Equipment Loan and Security Agreements (collectively “Equipment Loan Agreement”) in which Uniti will provide up to \$125 million (limited to \$25 million in any calendar year) of the 1.75 billion of Growth Capital Improvements commitments discussed above in the form of loans for Windstream to purchase equipment related to network upgrades or to be used in connection with the Windstream Leases. Interest on these loans will accrue at 8% from the date of the borrowing. All equipment financed through the Equipment Loan Agreement is the sole property of Windstream; however, Uniti will receive a first-lien security interest in the equipment purchased with the loans.

## Other Litigation

Beginning on October 25, 2019, several purported shareholders filed separate putative class actions in the U.S. District Court for the Eastern District of Arkansas against the Company and certain of our officers, alleging violations of the federal securities laws based on claims that the defendants improperly failed to disclose the risk that our spin-off from Windstream (the "Spin-Off") and entry into the Master Lease violated certain debt covenants of Windstream. On March 12, 2020, the U.S. District Court for the Eastern District of Arkansas consolidated the Shareholder Actions and appointed lead plaintiffs and lead counsel in the consolidated cases under the caption *In re Uniti Group Inc. Securities Litigation* (the "Class Action"). On May 11, 2020, lead plaintiffs filed a consolidated amended complaint in the Class Action. The consolidated amended complaint seeks to represent investors who acquired the Company's securities between April 20, 2015 and February 15, 2019. The Class Action asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 10b-5 promulgated thereunder, alleging that the Company made materially false and misleading statements by allegedly failing to disclose, among other things, the risk that the Spin-Off and entry into the Master Lease violated certain debt covenants of Windstream and/or the risk that the Master Lease purportedly could be recharacterized as a financing instead of a "true lease." The Class Action seeks class certification, unspecified monetary damages, costs and attorneys' fees and other relief. On July 10, 2020, defendants moved to dismiss the consolidated amended complaint. On April 1, 2021, the court issued an order denying defendants' motion to dismiss. On April 15, 2021, defendants filed a motion for reconsideration of the order or, in the alternative, for certification of an appeal of the decision to the Eighth Circuit. On October 25, 2021, plaintiffs filed a motion for class certification, which defendants opposed. On December 22, 2021, the court issued an order denying defendants' motion for reconsideration or, in the alternative, certification of an appeal. On March 25, 2022, the parties reached an agreement to settle the Class Action, on behalf of a settlement class, for \$38.9 million, to be funded entirely by the Company's insurance carriers. On June 17, 2022, the parties signed a stipulation of settlement and plaintiffs moved for preliminary approval of the settlement. The court granted preliminary approval on July 20, 2022. The court granted final approval on November 7, 2022. In accordance with ASC 450, we recorded \$38.9 million of settlement expense within general and administrative expense within our Condensed Consolidated Statements of Income during the first quarter of 2022 and accounts payable, accrued expenses and other liabilities, net within our Condensed Consolidated Balance Sheets as of March 31, 2022. Additionally, we recorded the probable insurance recovery of \$38.9 million as a reduction to general and administrative expense during the three months ended March 31, 2022 within our Condensed Consolidated Statements of Income, and other assets within Condensed Consolidated Balance Sheets as of March 31, 2022.

On August 17, 2021, two purported shareholders filed a derivative action on behalf of Uniti in the Circuit Court for Baltimore City, Maryland, under the caption *Mayer et al. v. Gunderman et al.*, 24-C-21-003488 (the "Mayer Derivative Action"). The Mayer Derivative Action names Kenneth Gunderman and Mark Wallace as defendants and the Company as a nominal defendant and asserts claims for breach of fiduciary duty and unjust enrichment. The complaint alleges that the individual defendants caused the Company to issue certain false and misleading statements relating to the Spin-Off and/or the Master Lease. In particular, as in the Shareholder Actions, the complaint alleges, among other things, that defendants failed to disclose the risk that the Spin-Off and entry into the Master Lease violated certain debt covenants of Windstream and/or the risk that the Master Lease purportedly could be recharacterized as a financing instead of a "true lease." The complaint seeks unspecified damages, unspecified equitable relief, and related costs and fees. On December 23, 2021, the court entered a joint stipulation to stay the Mayer Derivative Action, including the time for the defendants to respond to the complaint, pending the outcome of the Class Action.

On February 11, 2022, a purported shareholder filed a derivative action on behalf of Uniti in the federal District Court for the District of Maryland, under the caption *Guzzo et al. v. Gunderman et al.*, 1:22-cv-00366-GLR (the "Guzzo Derivative Action"). The complaint names Kenneth Gunderman, Mark Wallace, Francis Frantz, David Solomon, Jennifer Banner, and Scott Bruce as defendants and the Company as a nominal defendant and asserts claims for contribution against Gunderman and Wallace if the Company is found to be liable for violations of the federal securities laws in the Class Action and claims against all the individual defendants for breaches of fiduciary duty, waste of corporate assets, and unjust enrichment. The allegations in the Guzzo Derivative Action are similar to those in the Mayer Derivative Action and the Class Action. The complaint seeks unspecified damages, equitable relief, and related costs and fees. On March 16, 2022, the court entered a joint stipulation to stay the Guzzo Derivative Action, including the time for the defendants to respond to the complaint, pending the outcome of the Class Action.

On March 3, 2023, the parties to the Mayer and Guzzo Derivative Actions signed a stipulation of settlement agreeing to settle the actions in exchange for non-monetary damages, and also agreeing to an award of attorney's fees and expenses to plaintiffs' counsel in both actions in the amount of \$0.8 million. On March 3, 2023, plaintiff's counsel in the Mayer Derivative Action sought preliminary approval of the settlement, which the court presiding over the action granted on March 23, 2023. The settlement remains subject to final court approval, and a final hearing on the settlement is scheduled in the Mayer Derivative Action for May 9, 2023.

We maintain insurance policies that would provide coverage to various degrees for potential liabilities arising from the legal proceedings described above.

Under the terms of the tax matters agreement entered into on April 24, 2015 by the Company, Windstream Services, LLC and Windstream (the “Tax Matters Agreement”), in connection with the Spin-Off, we are generally responsible for any taxes imposed on Windstream that arise from the failure of the Spin-Off and the debt exchanges to qualify as tax-free for U.S. federal income tax purposes, within the meaning of Section 355 and Section 368(a)(1)(D) of the Code, as applicable, to the extent such failure to qualify is attributable to certain actions, events or transactions relating to our stock, indebtedness, assets or business, or a breach of the relevant representations or any covenants made by us in the Tax Matters Agreement, the materials submitted to the IRS in connection with the request for the private letter ruling or the representations provided in connection with the tax opinion. We believe that the probability of us incurring obligations under the Tax Matters Agreement are remote; and therefore, we have recorded no such liabilities in our Condensed Consolidated Balance Sheets as of March 31, 2023.

#### Note 14. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component is as follows for the three months ended March 31, 2023 and 2022:

(Thousands)	Three Months Ended March 31,	
	2023	2022
Cash flow hedge changes in fair value:		
Balance at beginning of period attributable to shareholders	\$ (30,353)	\$ (30,353)
Balance at end of period attributable to shareholders	(30,353)	(30,353)
Interest rate swap termination:		
Balance at beginning of period attributable to shareholders	30,353	21,189
Amounts reclassified from accumulated other comprehensive income	—	2,830
Balance at end of period	30,353	24,019
Less: Other comprehensive income attributable to noncontrolling interest	—	7
Balance at end of period attributable to shareholders	30,353	24,012
Accumulated other comprehensive loss at end of period	\$ —	\$ (6,341)

#### Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following management’s discussion and analysis of financial condition and results of operations describes the principal factors affecting the results of our operations, financial condition, and changes in financial condition for the three months ended March 31, 2023. This discussion should be read in conjunction with the accompanying Condensed Consolidated Financial Statements, and the notes thereto set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on February 28, 2023, as amended by Amendment No. 1 thereto filed on Form 10-K/A with the SEC on March 29, 2023 (the “Annual Report”).

##### Overview

##### Company Description

Uniti Group Inc. (the “Company”, “Uniti”, “we”, “us” or “our”) is an independent, internally managed real estate investment trust (“REIT”) engaged in the acquisition and construction of mission critical infrastructure in the communications industry. We are principally focused on acquiring and constructing fiber optic, copper and coaxial broadband networks and data centers.

On April 24, 2015, we were separated and spun-off (the “Spin-Off”) from Windstream Holdings, Inc. (“Windstream Holdings” and together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, “Windstream”) pursuant to which Windstream contributed certain telecommunications network assets, including fiber and copper networks and other real estate (the “Distribution Systems”) and a small consumer competitive local exchange carrier (“CLEC”) business (the “Consumer CLEC Business”) to Uniti and Uniti issued common stock and indebtedness and paid cash

obtained from borrowings under Uniti's senior credit facilities to Windstream. In connection with the Spin-Off, we entered into a long-term exclusive triple-net lease (the "Master Lease") with Windstream, pursuant to which a substantial portion of our real property is leased to Windstream and from which a substantial portion of our leasing revenues are currently derived. In connection with Windstream's emergence from bankruptcy, Uniti and Windstream bifurcated the Master Lease and entered into two structurally similar master leases (collectively, the "Windstream Leases"), which amended and restated the Master Lease in its entirety. The Windstream Leases consist of (a) a master lease (the "ILEC MLA") that governs Uniti owned assets used for Windstream's incumbent local exchange carrier ("ILEC") operations and (b) a master lease (the "CLEC MLA") that governs Uniti owned assets used for Windstream's CLEC operations.

Uniti operates as a REIT for U.S. federal income tax purposes. As a REIT, the Company is generally not subject to U.S. federal income taxes on income generated by its REIT operations, which includes income derived from the Windstream Leases. We have elected to treat the subsidiaries through which we operate our fiber business, Uniti Fiber, certain aspects of our leasing business, Uniti Leasing, certain aspects of our former towers business, and Talk America Services, LLC, which operated our former Consumer CLEC Business, as taxable REIT subsidiaries ("TRSs"). TRSs enable us to engage in activities that result in income that does not constitute qualifying income for a REIT. Our TRSs are subject to U.S. federal, state and local corporate income taxes.

The Company operates through a customary up-REIT structure, pursuant to which we hold substantially all of our assets through a partnership, Uniti Group LP, a Delaware limited partnership (the "Operating Partnership"), that we control as general partner. This structure is intended to facilitate future acquisition opportunities by providing the Company with the ability to use common units of the Operating Partnership as a tax-efficient acquisition currency. As of March 31, 2023, we are the sole general partner of the Operating Partnership and own approximately 99.96% of the partnership interests in the Operating Partnership. In addition, we have undertaken a series of transactions to permit us to hold certain assets through subsidiaries that are taxed as REITs, which may also facilitate future acquisition opportunities.

We aim to grow and diversify our portfolio and tenant base by pursuing a range of transaction structures with communication service providers, including (i) sale-leaseback transactions, whereby we acquire existing infrastructure assets from third parties, including communication service providers, and lease them back on a long-term triple-net basis; (ii) leasing of dark fiber and selling of lit services on our existing fiber network assets that we either constructed or acquired; (iii) whole company acquisitions, which may include the use of one or more TRSs that are permitted under the tax laws to acquire and operate non-REIT businesses and assets subject to certain limitations; (iv) capital investment financing, whereby we offer communication service providers a cost efficient method of raising funds for discrete capital investments to upgrade or expand their network; and (v) mergers and acquisitions financing, whereby we facilitate mergers and acquisition transactions as a capital partner, including through operating company-property company ("OpCo-PropCo") structures.

## **Segments**

We manage our operations as two reportable business segments, in addition to our corporate operations, which include:

**Leasing Segment:** Represents the operations of our leasing business, Uniti Leasing, which is engaged in the acquisition and construction of mission-critical communications assets and leasing them to anchor customers on either an exclusive or shared-tenant basis, in addition to the leasing of dark fiber on our existing fiber network assets that we either constructed or acquired. While the Leasing segment represents our REIT operations, certain aspects of the Leasing segment are also operated through TRSs.

**Fiber Infrastructure Segment:** Represents the operations of our fiber business, Uniti Fiber, which is a leading provider of infrastructure solutions, including cell site backhaul and dark fiber, to the telecommunications industry.

**Corporate Operations:** Represents our corporate office and shared service functions. Certain costs and expenses, primarily related to headcount, information technology systems, insurance, professional fees and similar charges, that are directly attributable to operations of our business segments are allocated to the respective segments.

We evaluate the performance of each segment based on Adjusted EBITDA, which is a segment performance measure we define as net income determined in accordance with GAAP, before interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense and the impact, which may be recurring in nature, of transaction and integration related costs, costs associated with Windstream's bankruptcy, costs associated with litigation claims made against us, costs associated with the implementation of our enterprise resource planning system, executive

severance costs, costs related to the settlement with Windstream, amortization of non-cash rights-of-use assets, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, including early tender and redemption premiums and costs associated with the termination of related hedging activities, gains or losses on dispositions, changes in the fair value of contingent consideration and financial instruments, and other similar or infrequent items (although we may not have had such charges in the periods presented). Adjusted EBITDA includes adjustments to reflect the Company's share of Adjusted EBITDA from unconsolidated entities. For more information on Adjusted EBITDA, see "Non-GAAP Financial Measures." Detailed information about our segments can be found in Note 12 to our accompanying Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

## Significant Business Developments

### Secured Notes Offering

On February 14, 2023, the Operating Partnership, Uniti Fiber Holdings Inc., Uniti Group Finance 2019 Inc. and CSL Capital, LLC (collectively the "Issuers") issued \$2.6 billion aggregate principal amount of the 10.50% Secured Notes due February 2028 (the "February 2028 Secured Notes"). The Issuers used the net proceeds from the offering to fund the redemption in full of the Issuers' outstanding 7.875% senior secured notes due 2025 (the "2025 Secured Notes"), to repay outstanding borrowings under the Revolving Credit Facility and to pay any related premiums, fees and expenses in connection with the foregoing. On February 14, 2023, the Issuers deposited the full redemption price for the 2025 Secured Notes with the trustee and satisfied and discharged their respective obligations with respect to the indenture governing the 2025 Secured Notes at such time. During the three months ended March 31, 2023, we recognized a \$32.3 million loss on the extinguishment of the 2025 Secured Notes within interest expense, net on the Condensed Consolidated Statements of Income (Loss), which included \$10.3 million of non-cash interest expense for the write off of the unamortized discount and deferred financing costs and \$22.0 million of cash interest expense for the redemption premium.

The February 2028 Secured Notes were issued at an issue price of 100% of their principal amount pursuant to an indenture, dated as of February 14, 2023 (the "February 2028 Secured Notes Indenture"), among the Issuers, the guarantors named therein (collectively, the "Guarantors") and Deutsche Bank Trust Company Americas, as trustee and as collateral agent. The February 2028 Secured Notes mature on February 15, 2028 and bear interest at a rate of 10.50% per year. Interest on the February 2028 Secured Notes is payable on March 15 and September 15 of each year, beginning on September 15, 2023.

The Issuers may redeem the February 2028 Secured Notes, in whole or in part, at any time prior to September 15, 2025 at a redemption price equal to 100% of the principal amount of the February 2028 Secured Notes redeemed plus accrued and unpaid interest thereon, if any, to, but not including, the redemption date, plus an applicable "make whole" premium described in the February 2028 Secured Notes Indenture.

Thereafter, the Issuers may redeem the February 2028 Secured Notes in whole or in part, at the redemption prices set forth in the February 2028 Secured Notes Indenture. In addition, prior to February 15, 2025, the Issuers may, on one or more occasions, redeem up to 10% of the aggregate principal amount of the February 2028 Secured Notes in any twelve month period at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to, but not including, the applicable redemption date. Notwithstanding the foregoing, the Issuers may not use the proceeds of any offering of Additional Notes (as defined in the February 2028 Secured Notes Indenture) with a price to investors equal to or in excess of 103% to finance any such optional redemption. Further, at any time on or prior to September 15, 2025, up to 40% of the aggregate principal amount of the February 2028 Secured Notes may be redeemed with the net cash proceeds of certain equity offerings at a redemption price of 110.50% of the principal amount plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date; provided that at least 60% of aggregate principal amount of the originally issued February 2028 Secured Notes remains outstanding. If certain changes of control of the Operating Partnership occur, holders of the February 2028 Secured Notes will have the right to require the Issuers to offer to repurchase their Notes at 101% of their principal amount plus accrued and unpaid interest, if any, to, but not including, the repurchase date.

The February 2028 Secured Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company and on a senior secured basis by each of the Operating Partnership's existing and future domestic restricted subsidiaries (other than the Issuers) that guarantees indebtedness under the Company's senior secured credit facilities and existing secured notes (the "Subsidiary Guarantors"). In addition, the Issuers will use commercially reasonable efforts to obtain necessary regulatory approval to allow certain non-guarantor subsidiaries of the Company to guarantee the February 2028 Secured Notes, including by making filings to obtain such approval within 60 days of the issuance of the February 2028 Secured Notes. The guarantees are subject to release under specified circumstances,

including certain circumstances in which such guarantees may be automatically released without the consent of the holders of the February 2028 Secured Notes.

The February 2028 Secured Notes and the related guarantees are the Issuers' and the Subsidiary Guarantors' senior secured obligations and rank equal in right of payment with all of the Issuers' and the Subsidiary Guarantors' existing and future unsubordinated obligations; effectively senior to all unsecured indebtedness of the Issuers and the Subsidiary Guarantors, including the Company's existing senior unsecured notes, to the extent of the value of the collateral securing the February 2028 Secured Notes; effectively equal with all of the Issuers' and the Subsidiary Guarantors' existing and future indebtedness that is secured by first-priority liens on the collateral (including indebtedness under the Company's senior secured credit facilities and existing secured notes); senior in right of payment to any of the Issuers' and Subsidiary Guarantors' subordinated indebtedness; and structurally subordinated to all existing and future liabilities (including trade payables) of the Company's subsidiaries (other than the Issuers) that do not guarantee the February 2028 Secured Notes.

The February 2028 Secured Notes Indenture contains customary high yield covenants limiting the ability of the Operating Partnership and its restricted subsidiaries to: incur or guarantee additional indebtedness; incur or guarantee secured indebtedness; pay dividends or distributions on, or redeem or repurchase, capital stock; make certain investments or other restricted payments; sell assets; transfer material intellectual property to unrestricted subsidiaries; enter into transactions with affiliates; merge or consolidate or sell all or substantially all of their assets; and create restrictions on the ability of the Issuers and their restricted subsidiaries to pay dividends or other amounts to the Issuers. These covenants are subject to a number of important and significant limitations, qualifications and exceptions. The Indenture also contains customary events of default.

#### Exchangeable Notes

On March 21, 2023, the Company repurchased approximately \$15.0 million of the Exchangeable Notes for total cash consideration of \$13.7 million. During the three months ended March 31, 2023, we recorded a \$1.1 million gain on extinguishment of debt, net within interest expense on our Condensed Consolidated Statements of Income (Loss), which included \$0.1 million of non-cash interest expense for the write off of the unamortized discount and deferred financing costs.

#### Amendments to Credit Agreement

On March 24, 2023, we entered into an amendment (the "Eighth Amendment") to our Credit Agreement (as defined below). Pursuant to the Eighth Amendment, upon receipt of routine regulatory approvals, commitments from existing lenders under the Credit Agreement's Revolving Credit Facility (as defined below) have been extended to September 24, 2027. The Eighth Amendment also transitioned the Revolving Credit Facility from LIBOR to Term SOFR, and in connection with that change, set the credit spread adjustment to ten basis points for all interest periods.



## Results of Operations

### Comparison of the three months ended March 31, 2023 and 2022

The following table sets forth our results of operations expressed as dollars and as a percentage of total revenues for the periods indicated:

(Thousands)	Three Months Ended March 31,			
	2023		2022	
	Amount	% of Revenues	Amount	% of Revenues
<b>Revenues:</b>				
Leasing	\$ 210,808	72.7%	\$ 204,641	73.6%
Fiber Infrastructure	79,014	27.3%	73,393	26.4%
Total revenues	289,822	100.0%	278,034	100.0%
<b>Costs and Expenses:</b>				
Interest expense, net	148,863	51.4%	96,172	34.5%
Depreciation and amortization	76,775	26.5%	71,457	25.7%
General and administrative expense	28,433	9.8%	23,870	8.6%
Operating expense (exclusive of depreciation and amortization)	35,068	12.1%	34,976	12.6%
Transaction related and other costs	2,788	1.0%	1,714	0.6%
Other expense (income), net	20,179	7.0%	(398)	(0.1)%
Total costs and expenses	312,106	107.7%	227,791	81.9%
<b>(Loss) income before income taxes and equity in earnings from unconsolidated entities</b>	(22,284)	(7.6)%	50,243	18.1%
Income tax benefit	(2,412)	(0.8)%	(2,071)	(0.7)%
Equity in earnings from unconsolidated entities	(661)	(0.2)%	(544)	(0.2)%
<b>Net (loss) income</b>	(19,211)	(6.6)%	52,858	19.0%
Net (loss) income attributable to noncontrolling interests	(9)	(0.0)%	128	0.1%
<b>Net (loss) income attributable to shareholders</b>	(19,202)	(6.6)%	52,730	18.9%
Participating securities' share in earnings	(247)	(0.1)%	(331)	(0.1)%
Dividends declared on convertible preferred stock	(5)	(0.0)%	(5)	(0.0)%
<b>Net (loss) income attributable to common shareholders</b>	\$ (19,454)	(6.7)%	\$ 52,394	18.8%

The following tables set forth revenues, Adjusted EBITDA and net income of our reportable segments for the three months ended March 31, 2023 and 2022:

(Thousands)	Three Months Ended March 31, 2023			Subtotal of Reportable Segments
	Leasing	Fiber Infrastructure	Corporate	
Revenues	\$ 210,808	\$ 79,014	\$ —	\$ 289,822
Adjusted EBITDA	\$ 204,966	\$ 33,674	\$ (7,439)	\$ 231,201
Less:				
Interest expense				148,863
Depreciation and amortization	44,173	32,586	16	76,775
Transaction related and other costs				2,788
Other, net				20,513
Stock-based compensation				3,130
Income tax benefit				(2,412)
Adjustments for equity in earnings from unconsolidated entities				755
Net loss				\$ (19,211)

(Thousands)	Three Months Ended March 31, 2022			Subtotal of Reportable Segments
	Leasing	Fiber Infrastructure	Corporate	
Revenues	\$ 204,641	\$ 73,393	\$ —	\$ 278,034
Adjusted EBITDA	\$ 198,973	\$ 31,459	\$ (5,643)	\$ 224,789
Less:				
Interest expense				96,172
Depreciation and amortization	42,102	29,319	36	71,457
Transaction related and other costs				1,714
Other, net				361
Stock-based compensation				3,312
Income tax benefit				(2,071)
Adjustments for equity in earnings from unconsolidated entities				986
Net income				\$ 52,858

### Summary of Operating Metrics

	Operating Metrics March 31,		
	2023	2022	% Increase / (Decrease)
<b>Operating metrics:</b>			
Leasing:			
Fiber strand miles	5,380,000	4,910,000	9.6%
Copper strand miles	230,000	230,000	0.0%
Fiber Infrastructure:			
Fiber strand miles	2,880,000	2,760,000	4.3%
Customer connections	27,693	26,631	4.0%

### Revenues

	Three Months Ended March 31,			
	2023		2022	
(Thousands)	Amount	% of Consolidated Revenues	Amount	% of Consolidated Revenues
<b>Revenues:</b>				
Leasing	\$ 210,808	72.7%	\$ 204,641	73.6%
Fiber Infrastructure	79,014	27.3%	73,393	26.4%
Total revenues	\$ 289,822	100.0%	\$ 278,034	100.0%

**Leasing** – Leasing revenues are primarily attributable to rental revenue from leasing our Distribution Systems to Windstream pursuant to the Windstream Leases (and historically, the Master Lease). Under the Windstream Leases, Windstream is responsible for the costs related to operating the Distribution Systems, including property taxes, insurance, and maintenance and repair costs. As a result, we do not record an obligation related to the payment of property taxes, as Windstream makes direct payments to the taxing authorities. The initial term of the Windstream Leases expires on April 30, 2030. Annual rent under the Windstream Leases for the full year 2023 is \$672.2 million and is subject to annual escalation at a rate of 0.5%. For a description of the Windstream Leases, see “Liquidity and Capital Resources— Windstream Leases” below.

The rent for the first year of each renewal term will be an amount agreed to by us and Windstream. While the agreement requires that the renewal rent be “Fair Market Rent,” if we are unable to agree, the renewal Fair Market Rent will be determined by an independent appraisal process. Commencing with the second year of each renewal term, the renewal rent will increase at an escalation rate of 0.5%.

Pursuant to the Windstream Leases, Windstream (or any successor tenant under a Windstream Lease) has the right to cause Uniti to reimburse up to an aggregate \$1.75 billion for certain growth capital improvements in long-term value accretive fiber and related assets made by Windstream (or the applicable tenant under the Windstream Lease) to certain ILEC and CLEC properties (the “Growth Capital Improvements” or “GCIs”). Uniti’s total annual reimbursement commitments to Windstream for the Growth Capital Improvements is discussed below in “Liquidity and Capital Resources—Windstream Leases.”

Starting on the first anniversary of each installment of reimbursement for a Growth Capital Improvement, the rent payable by Windstream under the applicable Windstream Lease will increase by an amount equal to 8.0% (the “Rent Rate”) of such installment of reimbursement. The Rent Rate will thereafter increase to 100.5% of the prior Rent Rate on each anniversary of each reimbursement. In the event that the tenant’s interest in either Windstream Lease is transferred by Windstream under the terms thereof (unless transferred to the same transferee), or if Uniti transfers its interests as landlord under either Windstream Lease (unless to the same transferee), the reimbursement rights and obligations will be allocated between the ILEC MLA and the CLEC MLA by Windstream, provided that the maximum that may be allocated to the CLEC MLA following such transfer is \$20 million per year. If Uniti fails to reimburse any Growth Capital Improvement reimbursement

payment or equipment loan funding request as and when it is required to do so under the terms of the Windstream Leases, and such failure continues for thirty (30) days, then such unreimbursed amounts may be applied as an offset against the rent owed by Windstream under the Windstream Leases (and such amounts will thereafter be treated as if Uniti had reimbursed them).

The Windstream Leases provide that tenant funded capital improvements (“TCIs”), defined as maintenance, repair, overbuild, upgrade or replacement to the Distribution Systems, including without limitation, the replacement of copper distribution systems with fiber distribution systems, automatically become property of Uniti upon their construction by Windstream. We receive non-monetary consideration related to TCIs as they automatically become our property, and we recognize the cost basis of TCIs that are capital in nature as real estate investments and deferred revenue. We depreciate the real estate investments over their estimated useful lives and amortize the deferred revenue as additional leasing revenues over the same depreciable life of the TCI assets. TCIs exclude Growth Capital Improvements as and when reimbursed by Uniti.

(Thousands)	Three Months Ended March 31,			
	2023		2022	
	Amount	% of Segment Revenues	Amount	% of Segment Revenues
<b>Leasing revenues:</b>				
Windstream Leases:				
Cash revenue				
Cash rent	\$ 167,500	79.5%	\$ 166,667	81.5%
GCI revenue	6,429	3.0%	1,929	0.9%
Total cash revenue	173,929	82.5%	168,596	82.4%
Non-cash revenue				
TCI revenue	11,369	5.4%	10,407	5.1%
GCI revenue	3,604	1.7%	3,841	1.9%
Other straight-line revenue	2,240	1.1%	3,085	1.5%
Total non-cash revenue	17,213	8.2%	17,333	8.5%
Total Windstream revenue	191,142	90.7%	185,929	90.9%
Other services	19,666	9.3%	18,712	9.1%
Total Leasing revenues	\$ 210,808	100.0%	\$ 204,641	100.0%

The increase in TCI revenue is attributable to continued investment by Windstream. As of March 31, 2023 and 2022, the total amount invested in TCIs by Windstream since the inception of the Windstream Leases and Master Lease was \$1.1 billion and \$994.4 million, respectively.

The increase in GCI revenue is attributable to Uniti’s continued reimbursement of Growth Capital Improvements. During the three months ended March 31, 2023, Uniti reimbursed \$67.5 million of Growth Capital Improvements. Subsequent to March 31, 2023, Windstream requested, and we reimbursed \$30.2 million of qualifying Growth Capital Improvements. As of the date of this Quarterly Report on Form 10-Q, we have reimbursed a total of \$642.0 million of Growth Capital Improvements.

We recognized \$19.7 million and \$18.7 million of revenues from other services including non-Windstream triple-net leasing and dark fiber indefeasible rights of use (“IRU”) arrangements for the three months ended March 31, 2023 and 2022, respectively. The increase is primarily driven by revenues from new customer arrangements.

Because a substantial portion of our revenue and cash flows are derived from lease payments by Windstream pursuant to the Windstream Leases, there could be a material adverse impact on our consolidated results of operations, liquidity, financial condition and/or ability to maintain our status as a REIT and service debt if Windstream were to become unable to generate sufficient cash to make payments to us.

We monitor the credit quality of Windstream through numerous methods, including by (i) reviewing credit ratings of Windstream by nationally recognized credit agencies, (ii) reviewing the financial statements of Windstream that are required to be delivered to us pursuant to the Windstream Leases, (iii) monitoring new reports regarding Windstream and

its business, (iv) conducting research to ascertain industry trends potentially affecting Windstream, (v) monitoring Windstream's compliance with the terms of the Windstream Leases and (vi) monitoring the timeliness of its payments under the Windstream Leases.

As of the date of this Quarterly Report on Form 10-Q, Windstream is current on all lease payments. Moody's Investor Service's current corporate family rating for Windstream is B3 with a stable outlook. S&P Global Ratings' current issuer rating for Windstream is B- with a stable outlook. In addition, in order to assist us in our continuing assessment of Windstream's creditworthiness, we periodically receive certain confidential financial information and metrics from Windstream.

*Fiber Infrastructure* – Fiber Infrastructure revenues for the three months ended March 31, 2023 and 2022 consisted of the following:

(Thousands)	Three Months Ended March 31,			
	2023		2022	
	Amount	% of Segment Revenues	Amount	% of Segment Revenues
<b>Fiber Infrastructure revenues:</b>				
Lit backhaul services	\$ 19,522	24.7%	\$ 19,438	26.5%
Enterprise and wholesale	22,576	28.6%	20,935	28.5%
E-Rate and government	13,891	17.6%	14,276	19.5%
Dark fiber and small cells	22,277	28.2%	18,083	24.6%
Other services	748	0.9%	661	0.9%
Total Fiber Infrastructure revenues	<u>\$ 79,014</u>	<u>100.0%</u>	<u>\$ 73,393</u>	<u>100.0%</u>

For the three months ended March 31, 2023, Fiber Infrastructure revenues totaled \$79.0 million as compared to \$73.4 million for the three months ended March 31, 2022. Fiber Infrastructure revenues increased \$5.6 million, primarily due to an increase in non-recurring dark fiber and small cells revenues of \$3.7 million related to one-time cancellations and an increase in recurring enterprise and wholesale revenues of \$2.3 million related to increased internet services and customer connections, partially offset by a decrease of \$0.7 million non-recurring enterprise and wholesale revenues driven by decreased equipment and installation sales.

**Interest Expense, net**

(Thousands)	Three Months Ended March 31,		
	2023	2022	Increase / (Decrease)
<b>Interest expense, net:</b>			
<b>Cash:</b>			
Senior secured notes	\$ 93,188	\$ 51,066	42,122
Senior unsecured notes	35,647	31,988	3,659
Senior secured revolving credit facility - variable rate	2,734	2,602	132
Interest rate swap termination	—	2,830	(2,830)
Other	369	356	13
Total cash interest	131,938	88,842	43,096
<b>Non-cash:</b>			
Amortization of deferred financing costs and debt discount	4,963	4,514	449
Write off of deferred financing costs and debt discount	10,412	—	10,412
Accretion of settlement payable	3,017	2,876	141
Capitalized interest	(198)	(60)	(138)
Gain on extinguishment of debt	(1,269)	—	(1,269)
Total non-cash interest	16,925	7,330	9,595
Total interest expense, net	\$ 148,863	\$ 96,172	\$ 52,691

Interest expense for the three months ended March 31, 2023 increased \$52.7 million compared to the three months ended March 31, 2022. The increase is primarily attributable to a loss on extinguishment of debt of \$32.3 million on the 2025 Secured Notes, which included \$10.3 million of non-cash interest expense for the write off of the unamortized discount and deferred financing costs and \$22.0 million of cash interest expense for the redemption premium, an increase in cash interest of \$23.9 million, and a decrease in interest rate swap termination of \$2.8 million.

**Depreciation and Amortization Expense**

(Thousands)	Three Months Ended March 31,		
	2023	2022	Increase / (Decrease)
<b>Depreciation and amortization expense by segment:</b>			
<b>Depreciation expense</b>			
Leasing	\$ 42,443	\$ 40,372	\$ 2,071
Fiber Infrastructure	26,871	23,602	3,269
Corporate	16	36	(20)
Total depreciation expense	69,330	64,010	5,320
<b>Amortization expense</b>			
Leasing	1,730	1,730	—
Fiber Infrastructure	5,715	5,717	(2)
Total amortization expense	7,445	7,447	(2)
Total depreciation and amortization expense	\$ 76,775	\$ 71,457	\$ 5,318

**Leasing** – Leasing depreciation expense increased \$2.1 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily due to asset additions since March 31, 2022.

**Fiber Infrastructure** – Fiber Infrastructure depreciation expense increased \$3.3 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily due to asset additions since March 31, 2022.

### General and Administrative Expense

General and administrative expenses include compensation costs, including stock-based compensation awards, professional and legal services, corporate office costs and other costs associated with administrative activities of our segments.

(Thousands)	Three Months Ended March 31,			
	2023		2022	
	Amount	% of Consolidated Revenues	Amount	% of Consolidated Revenues
<b>General and administrative expense by segment:</b>				
Leasing	\$ 3,417	1.2%	\$ 3,303	1.2%
Fiber Infrastructure	15,709	5.4%	12,646	4.6%
Corporate	9,307	3.2%	7,921	2.8%
Total general and administrative expenses	\$ 28,433	9.8%	\$ 23,870	8.6%

**Leasing** – Leasing general and administrative expense increased \$0.1 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, which is primarily due to an increase in personnel expenses of \$0.3 million.

**Fiber Infrastructure** – Fiber Infrastructure general and administrative expense increased \$3.1 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, which is primarily due to an increase in personnel expenses of \$1.2 million, an increase in professional and regulatory fees of \$0.5 million, an increase in insurance expenses of \$0.4 million, and an increase in advertising expenses of \$0.3 million.

**Corporate** – Corporate general and administrative expense increased \$1.4 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, which is primarily due to an increase in personnel expenses of \$1.2 million.

### Operating Expense

Operating expense consists of network related costs, such as dark fiber and tower rents, lit service and maintenance expense and costs associated with our construction activities.

(Thousands)	Three Months Ended March 31,			
	2023		2022	
	Amount	% of Consolidated Revenues	Amount	% of Consolidated Revenues
<b>Operating expense by segment:</b>				
Leasing	\$ 5,073	1.8%	\$ 4,867	1.8%
Fiber Infrastructure	29,995	10.2%	30,109	10.8%
Total operating expenses	\$ 35,068	12.0%	\$ 34,976	12.6%

**Leasing** – Leasing operating expense increased \$0.2 million for the three months ended March 31, 2023 and as compared to the three months ended March 31, 2022, which is primarily driven by increased leased asset costs of \$0.3 million.

**Fiber Infrastructure** – Fiber Infrastructure operating expenses remained consistent for the three months ended March 31, 2023 compared to the three months ended March 31, 2022.

### Transaction Related and Other Costs

Transaction related and other costs during the three months ended March 31, 2023 and 2022 included incremental acquisition, pursuit, transaction and integration costs (including unsuccessful acquisition pursuit costs). For the three months ended March 31, 2023, we incurred \$2.8 million of transaction related and other costs, compared to \$1.7 million of such costs during the three months ended March 31, 2022.

**Other Expense (Income), net**

Other expense for the three months ended March 31, 2023 totaled \$20.2 million, which included \$20.6 million of costs related to the issuance of the February 2028 Secured Notes.

**Income Tax Benefit**

The income tax benefit recorded for the three months ended March 31, 2023 and 2022, respectively, is related to the tax impact of the following:

(Thousands)	Three Months Ended March 31,	
	2023	2022
<b>Income tax benefit</b>		
Pre-tax loss (Fiber Infrastructure)	\$ (2,775)	\$ (3,812)
Other undistributed REIT taxable income	363	1,160
REIT state and local taxes	—	538
Other	—	43
Total income tax benefit	<u>\$ (2,412)</u>	<u>\$ (2,071)</u>

**Non-GAAP Financial Measures**

We refer to EBITDA, Adjusted EBITDA, Funds From Operations (“FFO”) (as defined by the National Association of Real Estate Investment Trusts (“NAREIT”)) and Adjusted Funds From Operations (“AFFO”) in our analysis of our results of operations, which are not required by, or presented in accordance with, accounting principles generally accepted in the United States (“GAAP”). While we believe that net income, as defined by GAAP, is the most appropriate earnings measure, we also believe that EBITDA, Adjusted EBITDA, FFO and AFFO are important non-GAAP supplemental measures of operating performance for a REIT.

We define “EBITDA” as net income, as defined by GAAP, before interest expense, provision for income taxes and depreciation and amortization. We define “Adjusted EBITDA” as EBITDA before stock-based compensation expense and the impact, which may be recurring in nature, of incremental acquisition, pursuit, transaction and integration costs (including unsuccessful acquisition pursuit costs), costs associated with Windstream’s bankruptcy, costs associated with litigation claims made against us, and costs associated with the implementation of our enterprise resource planning system, (collectively, “Transaction Related and Other Costs”), costs related to the settlement with Windstream, goodwill impairment charges, executive severance costs, amortization of non-cash rights-of-use assets, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, including early tender and redemption premiums and costs associated with the termination of related hedging activities, gains or losses on dispositions, changes in the fair value of contingent consideration and financial instruments, and other similar or infrequent items (although we may not have had such charges in the periods presented). Adjusted EBITDA includes adjustments to reflect the Company’s share of Adjusted EBITDA from unconsolidated entities. We believe EBITDA and Adjusted EBITDA are important supplemental measures to net income because they provide additional information to evaluate our operating performance on an unleveraged basis. In addition, Adjusted EBITDA is calculated similar to defined terms in our material debt agreements used to determine compliance with specific financial covenants. Since EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, they should not be considered as alternatives to net income determined in accordance with GAAP.

Because the historical cost accounting convention used for real estate assets requires the recognition of depreciation expense except on land, such accounting presentation implies that the value of real estate assets diminishes predictably over time. However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that uses historical cost accounting for depreciation could be less informative. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. FFO is defined by NAREIT as net income attributable to common shareholders computed in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization and impairment charges, and includes adjustments to reflect the Company’s share of FFO from unconsolidated entities. We compute FFO in accordance with NAREIT’s definition.



The Company defines AFFO, as FFO excluding (i) Transaction Related and Other Costs; (ii) costs related to the litigation settlement with Windstream, accretion on our settlement obligation, and gains on prepayment of our settlement obligation as these items are not reflective of ongoing operating performance; (iii) goodwill impairment charges; (iv) certain non-cash revenues and expenses such as stock-based compensation expense, amortization of debt and equity discounts, amortization of deferred financing costs, depreciation and amortization of non-real estate assets, amortization of non-cash rights-of-use assets, straight line revenues, non-cash income taxes, and the amortization of other non-cash revenues to the extent that cash has not been received, such as revenue associated with the amortization of TCIs; and (v) the impact, which may be recurring in nature, of the write-off of unamortized deferred financing fees, additional costs incurred as a result of the early repayment of debt, including early tender and redemption premiums and costs associated with the termination of related hedging activities, executive severance costs, taxes associated with tax basis cancellation of debt, gains or losses on dispositions, changes in the fair value of contingent consideration and financial instruments and similar or infrequent items less maintenance capital expenditures. AFFO includes adjustments to reflect the Company’s share of AFFO from unconsolidated entities. We believe that the use of FFO and AFFO, and their respective per share amounts, combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and analysts, and makes comparisons of operating results among such companies more meaningful. We consider FFO and AFFO to be useful measures for reviewing comparative operating performance. In particular, we believe AFFO, by excluding certain revenue and expense items, can help investors compare our operating performance between periods and to other REITs on a consistent basis without having to account for differences caused by unanticipated items and events, such as transaction and integration related costs. The Company uses FFO and AFFO, and their respective per share amounts, only as performance measures, and FFO and AFFO do not purport to be indicative of cash available to fund our future cash requirements. While FFO and AFFO are relevant and widely used measures of operating performance of REITs, they do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance.

Further, our computations of EBITDA, Adjusted EBITDA, FFO and AFFO may not be comparable to that reported by other REITs or companies that do not define FFO in accordance with the current NAREIT definition or that interpret the current NAREIT definition or define EBITDA, Adjusted EBITDA and AFFO differently than we do.

The reconciliation of our net (loss) income to EBITDA and Adjusted EBITDA and of our net (loss) income attributable to common shareholders to FFO and AFFO for the three months ended March 31, 2023 and 2022 is as follows:

(Thousands)	Three Months Ended March 31,	
	2023	2022
<b>Net (loss) income</b>	\$ (19,211)	\$ 52,858
Depreciation and amortization	76,775	71,457
Interest expense, net	148,863	96,172
Income tax (benefit) expense	(2,412)	(2,071)
<b>EBITDA</b>	<b>\$ 204,015</b>	<b>\$ 218,416</b>
Stock based compensation	3,130	3,312
Transaction related and other costs	2,788	1,714
Other, net	20,513	361
Adjustments for equity in earnings from unconsolidated entities	755	986
<b>Adjusted EBITDA</b>	<b>\$ 231,201</b>	<b>\$ 224,789</b>

(Thousands)	Three Months Ended March 31,	
	2023	2022
<b>Net (loss) income attributable to common shareholders</b>	\$ (19,454)	\$ 52,394
Real estate depreciation and amortization	54,516	51,893
Participating securities share in earnings	247	331
Participating securities share in FFO	(247)	(658)
Real estate depreciation and amortization from unconsolidated entities	435	690
Adjustments for noncontrolling interests	(25)	(129)
<b>FFO attributable to common shareholders</b>	<b>\$ 35,472</b>	<b>\$ 104,521</b>
Transaction related and other costs	2,788	1,714
Amortization of deferred financing costs and debt discount	4,963	4,514
Write off of deferred financing costs and debt discount	10,412	—
Costs related to the early repayment of debt	51,997	—
Stock based compensation	3,130	3,312
Non-real estate depreciation and amortization	22,259	19,564
Straight-line revenues and amortization of below-market lease intangibles	(9,427)	(11,022)
Maintenance capital expenditures	(1,828)	(2,366)
Other, net	(12,661)	(8,170)
Adjustments for equity in earnings from unconsolidated entities	320	296
Adjustments for noncontrolling interests	(32)	(21)
<b>AFFO attributable to common shareholders</b>	<b>\$ 107,393</b>	<b>\$ 112,342</b>

### Liquidity and Capital Resources

Our principal liquidity needs are to fund operating expenses, meet debt service obligations, fund investment activities, including capital expenditures, and make dividend distributions. Furthermore, following consummation of our settlement agreement with Windstream, including entry into the Windstream Leases, we are obligated (i) to make \$490.1 million of cash payments to Windstream in equal installments over 20 consecutive quarters beginning in October 2020 and (ii) to reimburse Windstream for up to an aggregate of \$1.75 billion for Growth Capital Improvements in long-term value accretive fiber and related assets made by Windstream through 2029. To date, we have paid \$239.9 million of the \$490.1 million due to Windstream under the settlement agreement. Uniti's reimbursement commitment for Growth Capital Improvements does not require Uniti to reimburse Windstream for maintenance or repair expenditures (except for costs incurred for fiber replacements to the CLEC MLA leased property, up to \$70 million during the term), and each such reimbursement is subject to underwriting standards. Uniti's total annual reimbursement commitments for the Growth Capital Improvements under both Windstream Leases (and under separate equipment loan facilities) were limited to \$225 million in 2022, and are limited to \$225 million per year in 2023 and 2024; \$175 million per year in 2025 and 2026; and \$125 million per year in 2027 through 2029.

Our primary sources of liquidity and capital resources are cash on hand, cash provided by operating activities (primarily from the Windstream Leases), available borrowings under our credit agreement by and among the Operating Partnership, CSL Capital, LLC and Uniti Group Finance 2019 Inc., the guarantors party thereto, Bank of America, N.A., as administrative agent, collateral agent, swing line lender and an L/C issuer and certain other lenders named therein (the "Credit Agreement"), and proceeds from the issuance of debt and equity securities.

As of March 31, 2023, we had cash and cash equivalents of \$70.3 million and approximately \$425.0 million of borrowing availability under our Revolving Credit Facility under the Credit Agreement. Subsequent to March 31, 2023, other than \$30.2 million of Growth Capital Improvements (see "Result of Operations—Revenues" above), there have been no material outlays of funds outside of our scheduled interest and dividend payments. Availability under our Revolving Credit Facility is subject to various conditions, including a maximum secured leverage ratio of 5.0:1. In addition, if we incur debt

under our Revolving Credit Facility or otherwise such that our total leverage ratio exceeds 6.5:1, our Revolving Credit Facility would impose significant restrictions on our ability to pay dividends. See “—Dividends.”

(Thousands)	Three Months Ended March 31,	
	2023	2022
<b>Cash flow from operating activities:</b>		
Net cash provided by operating activities	\$ 14,562	\$ 63,221

Cash provided by operating activities is primarily attributable to our leasing activities, which includes the leasing of mission-critical communications assets to anchor customers on either an exclusive or shared-tenant basis, in addition to the leasing of dark fiber network assets to the telecommunications industry. Cash used in operating activities includes compensation and related costs, interest payments, and other changes in working capital. Net cash provided by operating activities was \$14.6 million and \$63.2 million for the three months ended March 31, 2023 and 2022, respectively. The decrease in net cash provided by operating activities during the three months ended March 31, 2023 is primarily attributable to increases in cash interest expense and other costs related to the issuance of the February 2028 Secured Notes, and changes in working capital, including the timing of interest payments associated with debt activities occurring in 2023.

(Thousands)	Three Months Ended March 31,	
	2023	2022
<b>Cash flow from investing activities:</b>		
Capital expenditures	\$ (114,981)	\$ (94,728)
Proceeds from sale of other equipment	607	379
Net cash used in investing activities	\$ (114,374)	\$ (94,349)

Net cash used in investing activities increased \$20.0 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily driven by an increase in Growth Capital Improvements of \$19.3 million, which we classify as success-based capital expenditures. Capital expenditures are primarily related to our Uniti Fiber and Uniti Leasing businesses for deployment of network assets, as described below under “—Capital Expenditures.”

(Thousands)	Three Months Ended March 31,	
	2023	2022
<b>Cash flow from financing activities:</b>		
Repayment of debt	\$ (2,263,662)	\$ —
Proceeds from issuance of notes	2,600,000	—
Dividends paid	(9)	(105)
Payments of settlement payable	(24,505)	—
Borrowings under revolving credit facility	140,000	85,000
Payments under revolving credit facility	(253,000)	(60,000)
Finance lease payments	(452)	(280)
Payments for financing costs	(26,688)	—
Payment for settlement of common stock warrant	(56)	—
Termination of bond hedge option	59	—
Costs related to the early repayment of debt	(44,303)	—
Employee stock purchase program	314	264
Payments related to tax withholding for stock-based compensation	(1,343)	(1,525)
Net cash provided by financing activities	\$ 126,355	\$ 23,354

Net cash provided by financing activities was \$126.4 million for the three months ended March 31, 2023, which was primarily related to the proceeds from issuance of the February 2028 Secured Notes of \$2.6 billion, offset by the repayment of the 2025 Secured notes of \$2.3 billion, repayment of the settlement payable of \$24.5 million, costs related to the early repayment of the 2025 Secured Notes of \$44.3 million, payments for financing costs related to the February 2028 Secured Notes of \$26.7 million, net borrowings under the Revolving Credit Facility of \$113.0 million, and payments related to tax

withholding for stock-based compensation of \$1.3 million. Net cash provided by financing activities was \$23.4 million for the three months ended March 31, 2022, which was primarily driven by net borrowings of \$25.0 million under the Revolving Credit Facility.

#### Windstream Leases

The initial term of the Windstream Leases expires on April 30, 2030. The aggregate initial annual rent under the Windstream Leases is \$663.0 million. The Windstream Leases contain cross-guarantees and cross-default provisions, which will remain effective as long as Windstream or an affiliate is the tenant under both of the Windstream Leases and unless and until the landlords under the ILEC MLA are different from the landlords under the CLEC MLA. The Windstream Leases permit Uniti to transfer its rights and obligations and otherwise monetize or encumber the Windstream Leases, together or separately, so long as Uniti does not transfer interests in either Windstream Lease to a Windstream competitor.

Beginning in October 2020, pursuant to the Windstream Leases, Windstream (or any successor tenant under a Windstream Lease) has the right to cause Uniti to reimburse up to an aggregate \$1.75 billion of Growth Capital Improvements through 2029. Uniti's reimbursement commitment for Growth Capital Improvements does not require Uniti to reimburse Windstream for maintenance or repair expenditures (except for costs incurred for fiber replacements to the CLEC MLA leased property, up to \$70 million during the term), and each such reimbursement is subject to underwriting standards. Uniti's total annual reimbursement commitments for the Growth Capital Improvements under both Windstream Leases (and under separate equipment loan facilities) were limited to \$225 million in 2022, and are limited to \$225 million in 2023 and 2024; \$175 million per year in 2025 and 2026; and \$125 million per year in 2027 through 2029. If the cost incurred by Windstream (or the successor tenant under a Windstream Lease) for Growth Capital Improvements in any calendar year exceeds the annual limit for such calendar year, Windstream (or such tenant, as the case may be) may submit such excess costs for reimbursement in any subsequent year and such excess costs shall be funded from the annual commitment amounts in such subsequent period. In addition, to the extent that reimbursements for Growth Capital Improvements funded in any calendar year during the term is less than the annual limit for such calendar year, the unfunded amount in any calendar year will carry-over and may be added to the annual limits for subsequent calendar years, subject to an annual limit of \$250 million in any calendar year.

Starting on the first anniversary of each installment of reimbursement for a Growth Capital Improvement, the rent payable by Windstream under the applicable Windstream Lease will increase by an amount equal to 8.0% (the "Rent Rate") of such installment of reimbursement. The Rent Rate will thereafter increase to 100.5% of the prior Rent Rate on each anniversary of each reimbursement. In the event that the tenant's interest in either Windstream Lease is transferred by Windstream under the terms thereof (unless transferred to the same transferee), or if Uniti transfers its interests as landlord under either Windstream Lease (unless to the same transferee), the reimbursement rights and obligations will be allocated between the ILEC MLA and the CLEC MLA by Windstream, provided that the maximum that may be allocated to the CLEC MLA following such transfer is \$20 million per year. If Uniti fails to reimburse any Growth Capital Improvement reimbursement payment or equipment loan funding request as and when it is required to do so under the terms of the Windstream Leases, and such failure continues for thirty (30) days, then such unreimbursed amounts may be applied as an offset against the rent owed by Windstream under the Windstream Leases (and such amounts will thereafter be treated as if Uniti had reimbursed them).

Uniti and Windstream have entered into separate ILEC and CLEC Equipment Loan and Security Agreements (collectively "Equipment Loan Agreement") in which Uniti will provide up to \$125 million (limited to \$25 million in any calendar year) of the \$1.75 billion of Growth Capital Improvements commitments discussed above in the form of loans for Windstream to purchase equipment related to network upgrades or to be used in connection with the Windstream Leases. Interest on these loans will accrue at 8% from the date of the borrowing. All equipment financed through the Equipment Loan Agreement is the sole property of Windstream; however, Uniti will receive a first-lien security interest in the equipment purchased with the loans. No such loans have been made as of March 31, 2023.

#### UPREIT Operating Partnership Units

Our UPREIT structure enables us to acquire properties by issuing to sellers, as a form of consideration, limited partnership interests in our operating partnership, (commonly called "OP Units"). We believe that this structure will facilitate our ability to acquire individual properties and portfolios of properties by enabling us to structure transactions which will defer

taxes payable by a seller while preserving our available cash for other purposes, including the possible payment of dividends

**Outlook**

We anticipate continuing to invest in our network infrastructure across our Uniti Leasing and Uniti Fiber portfolios. We anticipate that we will partially finance these needs, as well as operating expenses (including our debt service obligations), from our cash on hand and cash flows provided by operating activities. As of March 31, 2023, we had \$425.0 million in borrowing availability under our Revolving Credit Facility (subject to customary borrowing conditions), however, we may need to access the capital markets to generate additional funds in an amount sufficient to fund our business operations, announced investment activities, capital expenditures, including reimbursement commitments for Growth Capital Improvements, debt service and distributions to our shareholders. We are closely monitoring the equity and debt markets and may seek to access them promptly if and when we determine market conditions are appropriate.

The amount, nature and timing of any capital markets transactions will depend on: our operating performance and other circumstances; our then-current commitments and obligations; the amount, nature and timing of our capital requirements; any limitations imposed by our current credit arrangements; and overall market conditions. These expectations are forward-looking and subject to a number of uncertainties and assumptions. If our expectations about our liquidity prove to be incorrect or we are unable to access the capital markets as we anticipate, we would be subject to a shortfall in liquidity in the future which could lead to a reduction in our capital expenditures and/or dividends and, in an extreme case, our ability to pay our debt service obligations. If this shortfall occurs rapidly and with little or no notice, it could limit our ability to address the shortfall on a timely basis.

In addition to exploring potential capital markets transactions, the Company regularly evaluates market conditions, its liquidity profile, and various financing alternatives for opportunities to enhance its capital structure. If opportunities are favorable, the Company may refinance or repurchase existing debt. However, there can be no assurances that any debt refinancing would be on similar or more favorable terms than our existing arrangements. This would include the risk that interest rates could increase and/or there may be changes to our existing covenants.

If circumstances warrant, we may take measures to conserve cash as we anticipate that it will be more difficult for us to access the capital markets at attractive rates until such uncertainty is clarified.

**Capital Expenditures**

(Thousands)	Three Months Ended March 31, 2023			Total
	Success Based	Maintenance	Non-Network	
<b>Capital expenditures</b>				
Leasing	\$ 4,147	\$ —	\$ —	\$ 4,147
Growth capital improvements	67,511	—	—	67,511
Fiber Infrastructure	41,093	1,828	402	43,323
Corporate	—	—	—	—
Total capital expenditures	\$ 112,751	\$ 1,828	\$ 402	\$ 114,981

We categorize our capital expenditures as either (i) success-based, (ii) maintenance, or (iii) corporate and non-network. We define success-based capital expenditures as those related to installing existing or anticipated contractual customer service orders. Maintenance capital expenditures are those necessary to keep existing network elements fully operational. Integration capital expenditures are those made specifically with respect to recent acquisitions that are essential to integrating acquired companies in our business. We anticipate continuing to invest in our network infrastructure across our Uniti Leasing and Uniti Fiber businesses and expect that cash on hand and cash flows provided by operating activities will be sufficient to support these investments. We have the right, but not the obligation (except for Growth Capital Improvements), to reimburse growth capital expenditures in certain of our lease arrangements where we are the lessor.

Uniti’s total annual reimbursement commitments to Windstream for the Growth Capital Improvements is discussed above in this Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in “Liquidity and Capital Resources—Windstream Leases.” Growth Capital Improvements are treated as success-based capital improvements based on the rents paid with respect to such amounts.

If circumstances warrant, we may need to take measures to conserve cash, which may include a suspension, delay or reduction in success-based capital expenditures.

## Dividends

We have elected to be taxed as a REIT for U.S. federal income tax purposes. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. In order to maintain our REIT status, we intend to make dividend payments of all or substantially all of our taxable income to holders of our common stock out of assets legally available for this purpose, if and to the extent authorized by our board of directors. Before we make any dividend payments, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service obligations. If our cash available for distribution is less than our taxable income, we could be required to sell assets or borrow funds to make cash dividends or we may make a portion of the required dividend in the form of a taxable distribution of stock or debt securities.

The following table below sets out details regarding our cash dividends on our common stock:

Period	Payment Date	Cash Dividend Per Share	Record Date
January 1, 2023 - March 31, 2023	April 14, 2023	\$ 0.15	March 31, 2023

Any dividends must be declared by our Board of Directors, which will take into account various factors including our current and anticipated operating results, our financial position, REIT requirements, conditions prevailing in the market, restrictions in our debt documents and additional factors they deem appropriate. Dividend payments are not guaranteed, and our Board of Directors may decide, in its absolute discretion, at any time and for any reason, not to pay dividends or to change the amount paid as dividends. In light of the ongoing COVID-19 pandemic, we may take further measures to conserve cash, which may include a suspension, delay or reduction in our dividend.

## Critical Accounting Estimates

We make certain judgments and use certain estimates and assumptions when applying accounting principles in the preparation of our Condensed Consolidated Financial Statements. The nature of the estimates and assumptions are material due to the levels of subjectivity and judgment necessary to account for highly uncertain factors or the susceptibility of such factors to change. We have identified the accounting for income taxes, revenue recognition, the impairment of property, plant and equipment, goodwill impairment and business combinations as critical accounting estimates, as they are the most important to our financial statement presentation and require difficult, subjective and complex judgments.

We believe the current assumptions and other considerations used to estimate amounts reflected in our accompanying Condensed Consolidated Financial Statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our Condensed Consolidated Financial Statements, the resulting changes could have a material adverse effect on our consolidated results of operations and, in certain situations, could have a material adverse effect on our financial condition.

For further information on our critical accounting estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the notes to our audited financial statements included in our Annual Report. As of March 31, 2023, there has been no material change to these estimates.

## Recent Accounting Guidance

New accounting rules and disclosures can impact our reported results and comparability of our financial statements. See Note 2 of Notes to Condensed Consolidated Financial Statements in Part I Item 1 of this Quarterly Report on Form 10-Q.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes from the information reported under Item 7A of our Annual Report.

**Item 4. Controls and Procedures.**

*Disclosure Controls and Procedures*

We have established disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2023, and based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2023.

*Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, that occurred during the quarter ended March 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II—OTHER INFORMATION****Item 1. Legal Proceedings.**

A description of legal proceedings can be found in Note 13 - Commitments and Contingencies to our Condensed Consolidated Financial Statements, included in this report at Part I, Item 1- Financial Statements, and is incorporated by reference into this Item 1.

**Item 1A. Risk Factors.**

There have been no material changes to the risk factors affecting our business that were discussed in Part I, “Item 1A. Risk Factors” in our Annual Report.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.*****Issuer Purchases of Equity Securities***

The table below provides information regarding shares withheld from Uniti employees to satisfy minimum statutory tax withholding obligations arising from the vesting of restricted stock granted under the Uniti Group Inc. 2015 Equity Incentive Plan. The shares of common stock withheld to satisfy tax withholding obligations may be deemed purchases of such shares required to be disclosed pursuant to this Item 2.

Period	Total Number of Shares Purchased	Average Price Paid per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2023 to January 31, 2023	—	\$ —	—	—
February 1, 2023 to February 28, 2023	124,702	5.68	—	—
March 1, 2023 to March 31, 2023	93,971	5.07	—	—
Total	218,673	\$ 5.42	—	—

<sup>(1)</sup> The average price paid per share is the weighted average of the fair market prices at which we calculated the number of shares withheld to cover tax withholdings for the employees.

**Item 3. Defaults Upon Senior Securities.**

None

**Item 4. Mine Safety Disclosures.**

Not Applicable

**Item 5. Other Information.**

None



**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
4.1	<a href="#">Indenture, dated as February 14, 2023, by and among Uniti Group LP, Uniti Fiber Holdings Inc., Uniti Group Finance 2019 Inc. and CSL Capital, LLC, as issuers, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee and collateral agent, governing the 10.50% Senior Secured Notes due 2028 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2023 (File No. 001-36708))</a>
4.2	<a href="#">Form of 10.50% Senior Secured Notes due 2028 (included in Exhibit 4.12 above) (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated and filed with the SEC as of February 14, 2023 (File No. 001-36708))</a>
10.1	<a href="#">Amendment No. 8 to the Credit Agreement, dated as of March 24, 2023, among Uniti Group LP, Uniti Group Finance Inc. and CSL Capital LLC, as borrowers, the guarantor party thereto, the lenders party thereto, and Bank of America, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated and filed with the SEC as of March 27, 2023 (File No. 001-36708))</a>
10.2*	<a href="#">Uniti Group Inc. 2015 Equity Incentive Plan, as amended and restated April 11, 2023</a>
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith.

**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 thereunto duly authorized.

**UNITI GROUP INC.**

Date: May 4, 2023

/s/ Paul E. Bullington

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**Paul E. Bullington**  
**Senior Vice President – Chief Financial Officer and Treasurer**  
**(Principal Financial Officer)**

Date: May 4, 2023

/s/ Travis T. Black

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**Travis T. Black**  
**Vice President – Chief Accounting Officer**  
**(Principal Accounting Officer)**

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenneth A. Gunderman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uniti Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2023

By: \_\_\_\_\_ /s/Kenneth A. Gunderman

**Kenneth A. Gunderman**  
**President and Chief Executive Officer**

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul E. Bullington, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uniti Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2023

By: \_\_\_\_\_ /s/ Paul E. Bullington

**Paul E. Bullington**  
**Senior Vice President –Chief Financial Officer**  
**and Treasurer**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Uniti Group Inc. (the "Company") for the period ending March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2023

By: \_\_\_\_\_ /s/ Kenneth A. Gunderman

**Kenneth A. Gunderman**  
**President and Chief Executive Officer**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Uniti Group Inc. (the "Company") for the period ending March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2023

By: \_\_\_\_\_ /s/ Paul E. Bullington

**Paul E. Bullington**  
**Senior Vice President – Chief Financial Officer**  
**and Treasurer**

**UNITI GROUP INC.  
2015 EQUITY INCENTIVE PLAN  
(as amended and restated effective April 11, 2023)**

**1. Purpose of the Plan.** The purpose of this 2015 Equity Incentive Plan (this “Plan”) is to attract, retain and motivate the officers, key employees, consultants and directors of Uniti Group Inc. (the “Company”) and its Affiliates and to provide to such persons incentives and rewards for superior performance and contribution.

The Plan is hereby amended and restated as of April 11, 2023.

**2. Definitions.** Capitalized terms used herein have the meanings assigned to such terms in this Section 2.

“Affiliate” means any corporation that is a Subsidiary of the Company and, for purposes other than the grant of Incentive Stock Options, any limited liability company, partnership, corporation, joint venture, or any other entity in which the Company or any such Subsidiary owns an equity interest.

“Applicable Laws” means the requirements relating to the administration of equity-based compensation plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Shares are listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under this Plan, in each case as applicable to an Award made hereunder.

“Appreciation Right” means a right granted pursuant to Section 5 or Section 9 of this Plan, and shall include both Tandem Appreciation Rights and Free-Standing Appreciation Rights.

“Award” means an award of Option Rights, Appreciation Rights, Performance Units, Performance Shares, Restricted Shares, Restricted Stock Units, or other awards granted under Section 10 of this Plan.

“Base Price” means the price to be used as the basis for determining the Spread upon the exercise of a Free-Standing Appreciation Right or a Tandem Appreciation Right.

“Board” means the Board of Directors of the Company.

“Cause” means, except as otherwise provided in an Evidence of Award: (a) the failure of the Participant to make a good faith effort to substantially perform his or her duties (other than any such failure due to the Participant’s Disability) or Participant’s insubordination with respect to a specific directive of the Participant’s supervisor or officer (or, if such Participant reports directly to the Board, the Board) to which the Participant reports directly or indirectly; (b) Participant’s dishonesty, gross negligence in the performance of the duties of his or her employment or engaging in willful misconduct, which in the case of any such gross negligence, has caused or is reasonably expected to result in direct or indirect material injury to the Company or any of its Affiliates; (c) breach by Participant of any material provision of any written agreement with the Company or any of its Affiliates or material violation of any Company policy applicable to Participant; or (d) Participant’s commission of a crime that constitutes a felony or other crime of moral turpitude or fraud. If, subsequent to Participant’s termination of employment hereunder for other than Cause, it is determined in good faith by the Company that Participant’s employment could have been terminated for Cause hereunder, Participant’s employment shall, at the election of the Company, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

“Change in Control” means, except as otherwise provided in an Evidence of Award, the occurrence of any of the following:

a. any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to any Person or group of related

Persons for purposes of Section 13(d) of the Exchange Act (a “Group”), together with any affiliates thereof;

b. the commencement of the liquidation or dissolution of the Company that occurs following the approval by the holders of capital stock of the Company of any plan or proposal for such liquidation or dissolution of the Company;

c. any Person or Group becomes the beneficial owner (within the meaning of Section 13(d) of the Exchange Act), directly or indirectly, of shares representing more than 50% of the aggregate voting power of the issued and outstanding stock entitled to vote in the election of directors, managers or trustees of the Company and such Person or Group actually has the power to vote such shares in any such election;

d. the replacement of a majority of the Board over a two-year period from the directors who constituted the Board at the beginning of such period, and such replacement shall not have been approved by a vote of at least a majority of the Board then still in office who either were members of such Board at the beginning of such period; or

e. a merger or consolidation of the Company with another entity in which holders of the Common Shares immediately prior to the consummation of the transaction hold, directly or indirectly, immediately following the consummation of the transaction, 50% or less of the common equity interest in the surviving corporation in such transaction.

Notwithstanding anything herein to the contrary, an event described above shall be considered a Change in Control hereunder only if it also constitutes a “change in control event” under Section 409A of the Code, to the extent necessary to avoid the adverse tax consequences thereunder with respect to any Award subject to Section 409A of the Code.

“Code” means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder, as such law, rules and regulations may be amended, supplemented or replaced from time to time.

“Committee” means the committee of directors appointed by the Board to administer this Plan. In the absence of a specific appointment, “Committee” means the Compensation Committee of the Board.

“Common Shares” means shares of common stock, par value \$0.0001, of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 12 of this Plan.

“Date of Grant” means the date specified by the Committee on which a grant of an Award shall become effective (which date will not be earlier than the date on which the Committee takes action with respect thereto).

“Director” means a member of the Board.

“Disability” means, except as otherwise provided in an Evidence of Award, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, provided, however, for purposes of determining the term of an Incentive Stock Option, the term Disability shall have the meaning ascribed to it under Section 22(e)(3) of the Code. The determination of whether an individual has a Disability shall be determined under procedures established by the Committee. Except in situations where the Committee is determining Disability for purposes of the term of an Incentive Stock Option within the meaning of Section 22(e)(3) of the Code, the Committee may rely on any determination that a Participant is disabled for purposes of benefits under any long-term disability plan maintained by the Company or any Affiliate in which a Participant participates, provided that the definition of disability applied under such disability plan meets the requirements of a Disability in the first sentence hereof.



“Evidence of Award” means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee which sets forth the terms and conditions of an Award. An Evidence of Award may be in an electronic medium, may be limited to a notation on the books and records of the Company and, with the approval of the Committee, need not be signed by a representative of the Company or a Participant.

“Exchange Act” means the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, as such law, rules and regulations may be amended, supplemented or replaced from time to time.

“Free-Standing Appreciation Right” means an Appreciation Right granted pursuant to Section 5 or Section 9 of this Plan that is not granted in tandem with an Option Right.

“Good Reason” means any one of the following: (a) a material diminution in Participant’s base compensation; (b) a material diminution in authority, duties, or responsibilities of Participant; (c) a material diminution in the budget over which Participant retains authority; (d) a material change in the geographic location (i.e., to a location more than 50 miles from the Participant’s primary work location prior to such change) at which Participant is required to perform services; and (e) any other action or inaction that constitutes a material breach of the Participant’s employment agreement, if any, with the Company or any Affiliate; provided, however, that for the Participant to be able to resign for “Good Reason,” the Participant must give the Company and the applicable Affiliate, if any, notice of the above conditions within 90 days after the condition first exists, the Company and/or Affiliate must not have not remedied the condition within 30 days after receiving written notice, and the Participant must resign within 60 days after the Company’s and/or Affiliate’s failure to remedy.

“Incentive Stock Options” means Option Rights that are intended to qualify as “incentive stock options” under Section 422 of the Code or any successor provision.

“Management Objectives” means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Units or Performance Shares or, when so determined by the Committee, Option Rights, Appreciation Rights, Restricted Shares and Restricted Stock Units pursuant to this Plan. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Affiliate, Subsidiary, division, department, region or function within the Company, Affiliate or Subsidiary in which the Participant is employed and may be made relative to the performance of other companies. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances (including those events and circumstances described in Section 12 of this Plan) render the Management Objectives unsuitable, the Committee may, at its discretion, modify such Management Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable.

“Market Value per Share” means, as of any particular date, (i) the closing sale price per Common Share as reported on the principal exchange on which Common Shares are then trading, or if there are no sales on such day, on the next preceding trading day during which a sale occurred, or (ii) if the Common Shares are not then-currently traded on an exchange, the fair market value of a Common Share as determined by the Committee in discretion.

“Non-Employee Director” means a member of the Board who is a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act.

“Optionee” means the optionee named in an agreement evidencing an outstanding Option Right.

“Option Price” means the purchase price payable on exercise of an Option Right.

“Option Right” means the right to purchase Common Shares upon exercise of an option granted pursuant to Section 4 or Section 9 of this Plan.

“Participant” means a person who is selected by the Committee to receive benefits under this Plan and who is at the time an officer, consultant or other key employee of the Company or any Affiliate and also includes each Non-Employee Director who receives an Award under this Plan.

“Performance Period” means, in respect of a Performance Unit or Performance Share, a period of time established pursuant to Section 6 of this Plan within which the Management Objectives relating to such Performance Share or Performance Unit are to be achieved.

“Performance Share” means a bookkeeping entry that records the equivalent of one Common Share awarded pursuant to Section 6 of this Plan.

“Performance Unit” means a bookkeeping entry that records a unit equivalent to \$1.00 awarded pursuant to Section 6 of this Plan.

“Person” means an individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

“Restricted Shares” means Common Shares granted or sold pursuant to Section 7 or Section 9 of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers referred to in such Section 7 has expired.

“Restricted Stock Units” means an Award made pursuant to Section 8 or Section 9 of this Plan.

“Restriction Period” means the period of time during which Restricted Stock Units are subject to transfer limitations under Section 8 of this Plan.

“Spread” means the excess of the Market Value of a Share on the date when an Appreciation Right is exercised, or on the date when Option Rights are surrendered in payment of the Option Price of other Option Rights, over the per share Option Price or per share Base Price provided for in the related Option Right or Free-Standing Appreciation Right, respectively.

“Subsidiary” means a “subsidiary corporation,” as that term is defined in Section 424(f) of the Code, or any successor provision.

“Tandem Appreciation Right” means an Appreciation Right granted pursuant to Section 5 or Section 9 of this Plan that is granted in tandem with an Option Right.

### 3. Shares Available Under the Plan.

a. Subject to adjustment as provided in Section 12 of this Plan, the number of Common Shares (the “Aggregate Plan Limit”) that may be issued or transferred (i) upon the exercise of Option Rights or Appreciation Rights, (ii) as Restricted Shares, (iii) in payment of Restricted Stock Units, (iv) in payment of Performance Units or Performance Shares that have been earned, (v) as Awards to Non-Employee Directors, (vi) in payment of Awards granted under Section 10 of this Plan or (vii) in payment of dividend equivalents paid with respect to Awards made under the Plan shall not exceed in the aggregate 6,000,000 Common Shares, plus any shares relating to Awards that expire, are forfeited or cancelled; provided, however, that the Aggregate Plan Limit shall be increased to 14,000,000, subject to approval of the Company’s stockholders within one year of April 11, 2023. Notwithstanding anything to the contrary contained herein: (A) Common Shares tendered in payment of the Option Price of an Option Right shall not be added to the Aggregate Plan Limit; (B) Common Shares withheld by the Company to satisfy the tax withholding obligation shall not be added to Aggregate Plan Limit; (C) Common Shares that are repurchased by the Company with Option Right proceeds shall not be added to the Aggregate Plan Limit; and (D) all Common Shares covered by an Appreciation Right, to the extent that it is exercised and settled in Common Shares, and whether or not Common Shares are actually issued to the Participant upon

exercise of the right, shall be considered issued or transferred pursuant to the Plan. Such Common Shares may be shares of original issuance or treasury shares or a combination of the foregoing.

b. If, under this Plan, a Participant has elected to give up the right to receive compensation in exchange for Common Shares based on fair market value, such Common Shares will not count against the number of shares available in Section 3(a) above.

c. Notwithstanding anything in this Section 3, or elsewhere in this Plan, to the contrary and subject to adjustment as provided in Section 12 of this Plan, (i) the aggregate number of Common Shares actually issued or transferred by the Company upon the exercise of Incentive Stock Options shall not exceed 2,000,000 Common Shares; and (ii) no Participant shall be granted Option Rights and Appreciation Rights, in the aggregate, for more than 2,000,000 Common Shares during any calendar year.

d. Notwithstanding any other provision of this Plan to the contrary, in no event shall any Participant in any calendar year receive an award of (i) Performance Shares, Restricted Shares or Restricted Stock Units that specify Management Objectives, in the aggregate, for more than 1,000,000 Common Shares or (ii) Performance Units having an aggregate maximum value as of their respective Dates of Grant in excess of \$5,000,000.

e. Notwithstanding any other provision of this Plan to the contrary, but subject to any provision accelerating vesting due to death, Disability, or qualifying termination in connection with a Change in Control, Awards granted under this Plan shall vest no earlier than the first anniversary of the Date of Grant.

**4. Option Rights.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Option Rights. Each such grant may utilize any or all of the authorizations, and shall be subject to all of the limitations, contained in the following provisions:

a. Each grant shall specify the number of Common Shares to which it pertains.

b. Each grant shall specify an Option Price per share, which may not be less than the Market Value per Share on the Date of Grant.

c. Each grant shall specify whether the Option Price shall be payable (i) in cash or by check acceptable to the Company, (ii) by the actual or constructive transfer to the Company of nonforfeitable, unrestricted Common Shares owned by the Optionee having a value at the time of exercise equal to the total Option Price, on such basis as the Committee may determine, (iii) in any other legal consideration that the Committee may deem appropriate, on such basis as the Committee may determine, or (iv) by a combination of such methods of payment.

d. To the extent permitted by law, any grant may provide for (i) deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates; (ii) payment of the Option Price, at the election of the Optionee, in installments or using a promissory note, upon terms determined by the Committee in its discretion; or (iii) any combination of such methods.

e. Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.

f. Each grant shall specify the period or periods of continuous service by the Optionee with the Company or any Affiliate that is necessary before the Option Rights or installments thereof will become exercisable and may provide for accelerated vesting of such Option Rights in the event of a Change in Control, retirement, death or Disability of the Optionee or other similar transaction or event as approved by the Committee; provided that in no event will any Option Right vest or become exercisable early solely as the result of a Change in Control.

g. Any grant of Option Rights may specify Management Objectives that must be achieved as a condition to the exercise of such rights.

h. Option Rights granted under this Plan may be (i) Incentive Stock Options, that are intended to qualify under Section 422 of the Code (or any successor to such section), (ii) “nonqualified stock options” that are not intended to so qualify, or (iii) a combination of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of “employees” under Section 3401(c) of the Code on the Date of Grant.

i. The exercise of an Option Right shall result in the cancellation on a share-for-share basis of any Tandem Appreciation Right authorized under Section 5 of this Plan.

j. No Option Right shall be exercisable more than 10 years from the Date of Grant.

k. Each grant of Option Rights shall be evidenced by an Evidence of Award which shall contain such terms and provisions, consistent with this Plan and applicable sections of the Code, as the Committee may approve.

## 5. Appreciation Rights.

a. The Committee may authorize the granting (i) to any Optionee, of Tandem Appreciation Rights in respect of Option Rights granted hereunder, and (ii) to any Participant, of Free-Standing Appreciation Rights. A Tandem Appreciation Right shall be a right of the Optionee, exercisable by surrender of the related Option Right, to receive from the Company an amount determined by the Committee, which shall be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise. Tandem Appreciation Rights may be granted at any time prior to the exercise or termination of the related Option Rights; provided, however, that a Tandem Appreciation Right awarded in relation to an Incentive Stock Option must be granted concurrently with such Incentive Stock Option. A Free-Standing Appreciation Right shall be a right of the Participant to receive from the Company an amount determined by the Committee, which shall be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise.

b. Each grant of Appreciation Rights may utilize any or all of the authorizations, and shall be subject to all of the requirements, contained in the following provisions:

(i) Any grant may specify that the amount payable on exercise of an Appreciation Right may be paid by the Company in cash, in Common Shares or in any combination thereof and may either grant to the Participant or retain in the Committee the right to elect among those alternatives.

(ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Committee at the Date of Grant.

(iii) Each grant shall specify the period or periods of continuous service by the Participant with the Company or any Affiliate that is necessary before the Appreciation Right or installments thereof will become exercisable and may provide for accelerated vesting of such Appreciation Rights in the event of a Change in Control, retirement, death or Disability of the Participant or other similar transaction or event as approved by the Committee; provided that in no event will any Appreciation Right vest or become exercisable early solely as the result of a Change in Control.

(iv) Each grant of an Appreciation Right shall be evidenced by an Evidence of Award, which shall describe such Appreciation Right, identify any related Option Right, state that such Appreciation Right is subject to all the terms and conditions of this Plan, and contain such other terms and provisions, consistent with this Plan and applicable sections of the Code, as the Committee may approve.

c. Any grant of Tandem Appreciation Rights shall provide that such Rights may be exercised only at a time when the related Option Right is also exercisable and at a time when the Spread is positive, and by surrender of the related Option Right for cancellation.

d. Regarding Free-Standing Appreciation Rights only:

(i) Each grant shall specify in respect of each Free-Standing Appreciation Right a Base Price, which shall not be less than the Market Value per Share on the Date of Grant;

(ii) Successive grants may be made to the same Participant regardless of whether any Free-Standing Appreciation Rights previously granted to the Participant remain unexercised; and

(iii) No Free-Standing Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

e. Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition to exercise such rights.

**6. Performance Units and Performance Shares.** The Committee may also authorize the granting to Participants of Performance Units and Performance Shares that will become payable to a Participant upon achievement of specified Management Objectives. Each such grant may utilize any or all of the authorizations, and shall be subject to all of the limitations, contained in the following provisions:

a. Each grant shall specify the number of Performance Units or Performance Shares to which it pertains, which number may be subject to adjustment to reflect changes in compensation or other factors.

b. The Performance Period with respect to each Performance Unit or Performance Share shall be such period of time commencing with the Date of Grant as shall be determined by the Committee at the time of grant. Each grant may provide for the earlier lapse or other modification of such Performance Period in the event of a Change in Control, retirement, or death or Disability of the Participant or other similar transaction or event as approved by the Committee.

c. Any grant of Performance Units or Performance Shares shall specify Management Objectives which, if achieved, will result in payment of the Award, and each grant may specify in respect of such specified Management Objectives a minimum acceptable level of achievement and shall set forth a formula for determining the number of Performance Units or Performance Shares that will be earned if performance is at or above the minimum level, but falls short of full achievement of the specified Management Objectives. Each grant of Performance Units or Performance Shares shall specify that, before any Performance Shares or Performance Units are earned and paid, the Committee must determine that at least the minimum level of Management Objectives has been satisfied.

d. Each grant shall specify the time and manner of payment of Performance Units or Performance Shares that have been earned. Any grant may specify that the amount payable with respect thereto may be paid by the Company to the Participant in cash, in Common Shares or in any combination thereof, and may either grant to the Participant or retain in the Committee the right to elect among those alternatives.

e. Any grant of Performance Units may specify that the amount payable or the number of Common Shares issued with respect thereto may not exceed maximums specified by the Committee at the Date of Grant. Any grant of Performance Shares may specify that the amount payable with respect thereto may not exceed a maximum specified by the Committee at the Date of Grant.

f. Each grant of Performance Units or Performance Shares shall be evidenced by an Evidence of Award, which shall contain such terms and provisions, consistent with this Plan and applicable sections of the Code, as the Committee may approve.

g. The Committee may, at the Date of Grant of Performance Shares, provide for the payment of dividend equivalents to the holder thereof on either a current or deferred or contingent basis, either in cash or in additional Common Shares. Notwithstanding the foregoing, in no event shall dividend equivalents be paid prior to the vesting of the underlying Award.

**7. Restricted Shares.** The Committee may also authorize the grant or sale of Restricted Shares to Participants. Each such grant or sale may utilize any or all of the authorizations, and shall be subject to all of the limitations, contained in the following provisions:

a. Each such grant or sale shall constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights (unless otherwise determined by the Committee), but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.

b. Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than Market Value per Share at the Date of Grant.

c. Each such grant or sale shall provide that the Restricted Shares covered by such grant or sale shall be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Code for a period to be determined by the Committee at the Date of Grant and may provide for the earlier lapse of such substantial risk of forfeiture in the event of a Change in Control, retirement, or death or Disability of the Participant or other similar transaction or event as approved by the Committee; provided that in no event will such substantial risk of forfeiture lapse early solely as the result of a Change in Control.

d. Each such grant or sale shall provide that during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares shall be prohibited or restricted in the manner and to the extent prescribed by the Committee at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture in the hands of any transferee).

e. Any grant of Restricted Shares may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such shares. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of Restricted Shares on which restrictions will terminate if performance is at or above the minimum level, but falls short of full achievement of the specified Management Objectives.

f. Any such grant or sale of Restricted Shares may require that any or all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and reinvested in additional Restricted Shares, which may be subject to the same restrictions as the underlying Award.

g. Each grant or sale of Restricted Shares shall be evidenced by an Evidence of Award, which shall contain such terms and provisions, consistent with this Plan and applicable sections of the Code, as the Committee may approve. Unless otherwise directed by the Committee, all certificates representing Restricted Shares shall be held in custody by the Company until all restrictions thereon shall have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such Shares.

**8. Restricted Stock Units.** The Committee may also authorize the grant or sale of Restricted Stock Units to Participants. Each such grant or sale may utilize any or all of the authorizations, and shall be subject to all of the requirements contained in the following provisions:

a. Each such grant or sale shall constitute the agreement by the Company to deliver Common Shares, pay an amount in cash, or pay a combination of Common Shares and cash to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the Restriction Period as the Committee may specify.

b. Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.

c. Each such grant or sale shall be subject to a Restriction Period as determined by the Committee at the Date of Grant, and may provide for the earlier lapse or other modification of such Restriction Period in the event of a Change in Control, retirement, or death or Disability of the Participant

or other similar transaction or event as approved by the Committee; provided that in no event will a Restriction Period lapse early solely as the result of a Change in Control.

d. Any grant of Restricted Stock Units may specify Management Objectives that, if achieved, will result in termination or early termination of the Restriction Period applicable to such shares. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of Restricted Stock Units on which restrictions will terminate if performance is at or above the minimum level, but falls short of full achievement of the specified Management Objectives.

e. During the Restriction Period, the Participant shall have no right to transfer any rights under his or her Award and shall have no rights of ownership in the Restricted Stock Units and shall have no right to vote them, but the Committee may, at the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on either a current or deferred or contingent basis, either in cash or in additional Common Shares. Notwithstanding the foregoing, in no event shall dividend equivalents be paid prior to the vesting of the underlying Award.

f. Each grant or sale of Restricted Stock Units shall be evidenced by an Evidence of Award, which shall contain such terms and provisions, consistent with this Plan and applicable sections of the Code, as the Committee may approve.

**9. Awards to Non-Employee Directors.** The Board may, from time to time and upon such terms and conditions as it may determine, authorize the grant or sale of Restricted Shares under Section 7 of this Plan, Restricted Stock Units under Section 8 of this Plan or other Awards under Section 10 of this Plan, or any combination of the foregoing. For clarity, the authority to grant Awards to Non-Employee Directors pursuant to this Plan rests exclusively with the Board (and, for the avoidance of doubt, not with the Committee), except to the extent expressly delegated by the Board to a committee or person(s) pursuant to Section 16. The maximum number of Common Shares subject to Awards granted during a single calendar year to any Non-Employee Director shall not exceed a total value of \$500,000 (based on the Market Value per Share on the Date of Grant).

#### **10. Other Awards.**

a. The Committee is authorized, subject to limitations under applicable law, to grant to any Participant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Shares or factors that may influence the value of Common Shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Shares, purchase rights for Common Shares, awards with value and payment contingent upon performance of the Company or business units thereof or any other factors designated by the Committee, and awards valued by reference to the book value of Common Shares or the value of securities of, or the performance of specified Subsidiaries or Affiliates or other business units of, the Company. The Committee shall determine the terms and conditions of such awards. Common Shares delivered pursuant to an award in the nature of a purchase right granted under this Section 10 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Common Shares, other awards, notes or other property, as the Committee shall determine.

b. Cash awards, as an element of or supplement to any other Award granted under this Plan, may also be granted pursuant to this Section 10 of this Plan.

c. The Committee is authorized to grant Common Shares as a bonus, or to grant Common Shares or other awards in lieu of obligations of the Company or an Affiliate to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Committee.

#### **11. Transferability.**

a. Except as otherwise determined by the Committee, no Option Right, Appreciation Right or other derivative security granted under the Plan shall be transferable by a Participant other than by will or the laws of descent and distribution. Except as otherwise determined by the Committee, Option Rights and Appreciation Rights shall be exercisable during the Optionee's lifetime only by him or her or by his or her guardian or legal representative.

b. The Committee may specify at the Date of Grant that part or all of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon payment under any grant of Performance Units or Performance Shares or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 7 of this Plan, shall be subject to further restrictions on transfer.

**12. Adjustments.** The Committee shall make or provide for such adjustments in the numbers of Common Shares covered by outstanding Option Rights, Appreciation Rights, Performance Shares, Restricted Stock Units and share-based awards described in Section 10 of this Plan granted hereunder, in the Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, and in the kind of shares covered thereby, as the Committee, in its discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, or (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets (including, without limitation, a special or large non-recurring dividend), issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all outstanding Awards under this Plan such alternative consideration (including cash) as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all Awards so replaced. The Committee may also make or provide for such adjustments in the numbers of shares specified in Section 3 of this Plan as the Committee, in its discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described in this Section 12; provided, however, that any such adjustment to the number specified in Section 3(c)(i) shall be made only if and to the extent that such adjustment would not cause any Option intended to qualify as an Incentive Stock Option to fail so to qualify. In no event shall any adjustment be required under this Section 12 if the Committee determines that such action could cause an Award to fail to satisfy the conditions of an applicable exception from the requirements of Section 409A of the Code or otherwise could subject a Participant to the additional tax imposed under Section 409A in respect of an outstanding Award.

**13. Fractional Shares.** The Company shall not be required to issue any fractional Common Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

**14. Withholding Taxes.** The Company shall have the right to deduct from any payment or benefit realized under this Plan an amount equal to the federal, state, local, foreign and other taxes which in the opinion of the Company are required to be withheld by it with respect to such payment or benefit. To the extent that the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant or other recipient make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. At the discretion of the Committee, such arrangements may include relinquishment of a portion of such benefit pursuant to procedures adopted by the Committee from time to time. The Company and a Participant or such other recipient may also make similar arrangements with respect to the payment of any taxes with respect to which withholding is not required.

**15. Foreign Employees.** In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for Awards to Participants who are foreign nationals or who are employed by the Company or any Affiliate outside of the United States of America as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to or amendments,



restatements or alternative versions of this Plan as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Corporate Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

#### 16. Administration of the Plan.

a. The Committee shall administer this Plan or delegate its authority to do so as provided in Section 16(c) hereof or, in the Board's sole discretion or in the absence of the Committee, the Board shall administer this Plan; provided that the authority to grant Awards to Non-Employee Directors pursuant to this Plan rests exclusively with the Board (and, for the avoidance of doubt, not with the Committee), and each reference in this Plan to the Committee shall be deemed, when used in the context of any Award(s) made or to be made to a Non-Employee Director, a reference to the Board. The Committee, or if no Committee has been appointed, the Board, may delegate administration of the Plan to a committee or committees of one or more members of the Board, and the term "Committee" shall apply to any such committee, person(s) to whom such authority has been delegated. The Committee shall have the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Committee shall thereafter be to the committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish, suspend or supersede the Committee at any time and revert in the Board the administration of the Plan.

b. Subject to the express provisions of the Plan, the Committee shall have plenary authority, in its discretion, to determine the individuals to whom, and the time or times at which, Awards shall be granted and the number of shares, if applicable, to be subject to each Award. In making such determinations, the Committee may take into account the nature of services rendered by the respective individuals, their present and potential contributions to the Company's success and such other factors as the Committee deems relevant. Subject to the express provisions of the Plan, the Committee shall also have plenary discretionary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective Evidence of Award (which need not be identical) and to make all other determinations necessary or advisable for the administration of the Plan. The interpretation and construction by the Committee of any provision of this Plan or of any Evidence of Award and any determination by the Board pursuant to any provision of this Plan or of any such Evidence of Award shall be final, conclusive and binding on the Company and the Participants, unless such decisions are determined by a court having jurisdiction to be arbitrary and capricious. No member of the Board or the Committee shall be liable for any such action or determination made in good faith.

c. To the extent permitted by applicable law, the Committee may delegate to one or more of its members or to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Committee, or any person(s) or committee to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee or such person or committee may have under the Plan. To the extent permitted by applicable law, the Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as the Committee: (i) designate employees to be recipients of Awards under this Plan; (ii) determine the size of any such Awards; provided, however, that (A) the Committee shall not delegate such responsibilities to any such officer for Awards granted to an employee who is an officer, Director, or more than 10% beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Committee in accordance with Section 16 of the Exchange Act; (B) the resolution providing for such authorization sets forth the total number of Common Shares such officer(s) may grant; and (iii) the officer(s) shall report periodically to the Committee, as the case may be, regarding the nature and scope of the Awards granted pursuant to the authority delegated.

d. Any authority granted to the Committee may also be exercised by the Board or another committee of the Board duly appointed for such purpose. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control. Without limiting the generality of the foregoing, to the extent the Board has delegated any authority under this Plan to another committee of the Board, such authority shall not be exercised by the Committee unless expressly permitted by the Board in connection with such delegation.

e. The Board shall have discretion to determine whether or not it intends to comply with the exemption requirements of Rule 16b-3 of the Exchange Act. Nothing herein shall create an inference that an Award is not validly granted under the Plan in the event Awards are granted under the Plan by a compensation committee of the Board that does not at all times consist solely of two or more Non-Employee Directors.

## 17. Amendments and Other Matters.

a. The Board may at any time and from time to time amend the Plan in whole or in part; provided, however, that any amendment which must be approved by the stockholders of the Company in order to comply with applicable law or the rules of the NASDAQ Global Stock Market shall not be effective unless and until such approval has been obtained. Presentation of this Plan or any amendment thereof for stockholder approval shall not be construed to limit the Company's authority to offer similar or dissimilar benefits under other plans or otherwise with or without stockholder approval. Without limiting the generality of the foregoing, the Board may amend this Plan to eliminate provisions which are no longer necessary as a result in changes in tax or securities laws or regulations, or in the interpretation thereof.

b. Neither the Board nor the Committee shall, without the further approval of the stockholders of the Company, authorize the amendment of any outstanding Option Right or Appreciation Right to reduce the Option Price or Base Price. Furthermore, without further approval of the stockholders of the Company, (i) no Option Right or Appreciation Right shall be cancelled and replaced with an Award having a lower Option Price or Base Price, (ii) no Option Right or Appreciation Right shall be cancelled in exchange for cash if the per share Option Price or per share Base Price exceeds the Market Value per Share on the date of such cancellation, and (iii) there shall be no cancellation of "underwater" Option Rights in exchange for other Awards under this Plan. This Section 17(b) is intended to prohibit the repricing of "underwater" Option Rights and Appreciation Rights and shall not be construed to prohibit the adjustments provided for in Section 12 of this Plan.

c. To the extent consistent with Section 409A of the Code, the Committee also may permit Participants to elect to defer the issuance of Common Shares or the settlement of Awards in cash under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan. The Committee also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts.

d. If permitted by Section 409A of the Code, in case of termination of employment by reason of death, Disability or normal or early retirement, or in the case of hardship or other special circumstances, of a Participant who holds an Option Right or Appreciation Right not immediately exercisable in full, or any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Performance Shares or Performance Units which have not been fully earned, or any other Awards made pursuant to Section 10 subject to any vesting schedule or transfer restriction, or who holds Common Shares subject to any transfer restriction imposed pursuant to Section 11(b) of this Plan, the Committee may, at its discretion, accelerate the time at which such Option Right, Appreciation Right or other Award may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Performance Shares or Performance Units will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such Award.

e. This Plan shall not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Affiliate, nor shall it interfere in any way with any right the Company or any Affiliate would otherwise have to terminate such Participant's employment or other service at any time.

f. To the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision shall be null and void with respect to such Option Right. Such provision, however, shall remain in effect for other Option Rights and there shall be no further effect on any provision of this Plan.

g. Subject to Section 20, this Plan shall continue in effect until the date on which all Common Shares available for issuance or transfer under this Plan have been issued or transferred and the Company has no further obligation hereunder.

h. Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right or title to any assets, funds or property of the Company or any Affiliate, including without limitation, any specific funds, assets or other property which the Company or any Affiliate may set aside in anticipation of any liability under the Plan. A Participant shall have only a contractual right to an Award or the amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Affiliate, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any Affiliate shall be sufficient to pay any benefits to any person.

i. This Plan and each Evidence of Award shall be governed by the laws of the State of Maryland, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

j. Notwithstanding any other provisions in this Plan, the Company may cancel any Award, require reimbursement of any Award by a Participant, and effect any other right of recoupment of equity or other compensation provided under the Plan in accordance with any Company policies that may be adopted and/or modified from time to time ("Clawback Policy") In addition, a Participant may be required to repay to the Company previously paid compensation, whether provided pursuant to the Plan or an Evidence of Award, in accordance with the Clawback Policy. By accepting an Award, the Participant is agreeing to be bound by the Clawback Policy, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion (including, without limitation, to comply with applicable law or stock exchange listing requirements).

k. In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

**18. Compliance with Section 409A of the Code.** Awards granted under this Plan shall be designed and administered in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A of the Code. To the extent that the Committee determines that any Award granted under the Plan is subject to Section 409A of the Code, the Evidence of Award shall incorporate the terms and conditions necessary to avoid the imposition of an additional tax under Section 409A of the Code upon a Participant. Notwithstanding any other provision of the Plan or any Evidence of Award (unless the Evidence of Award provides otherwise with specific reference to this Section), an Award shall not be granted, deferred, accelerated, extended, paid out, settled, substituted or modified under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant. Although the Company intends to administer the Plan so that awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any Award under the Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local, or non-United States law. Neither the Company, its Affiliates, nor their respective directors, officers, employees or advisers shall be liable to any Participant (or any other individual claiming a benefit through the Participant) for any tax, interest, or penalties the Participant might owe as a result of the grant, holding, vesting, exercise, or payment of any Award under the Plan. Any reference in this Plan to Section 409A of the Code will also include the applicable

proposed, temporary or final regulations, or any other guidance, issued with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

**19. Applicable Laws.** To the extent that federal laws do not otherwise control, this Plan and all determinations made and actions taken pursuant to this Plan shall be governed by the laws of Maryland, without giving effect to principles of conflicts of laws, and construed accordingly.

**20. Term and Termination.** This Plan shall terminate 10 years after the date on which was approved and adopted by the Board in 2015 and no award(s) shall be made hereunder after the expiration of such 10 year period; provided, however, that, subject to approval of the Company's stockholders within one year of April 11, 2023, the term shall be extended for an additional 10 years from the date of such stockholder approval and no award(s) shall be made hereunder after the expiration of such additional 10 year period. Awards outstanding at the termination of the Plan will continue in accordance with their terms and will not be affected by such termination.