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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2016

OR

o **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

Communications Sales & Leasing, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**46-5230630**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
10802 Executive Center Drive Benton Building Suite 300 Little Rock, Arkansas	**72211**
(Address of principal executive offices)	**(Zip Code)**

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

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No o

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a small reporting company)	Small reporting company	☐

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

As of August 5, 2016, the registrant had 153,911,063 shares of common stock, $0.0001 par value per share, outstanding.

EXPLANATORY NOTE

Prior to April 24, 2015, Communications Sales & Leasing, Inc. (the "Company," "CS&L," "we," "us" or "our") was a wholly-owned subsidiary of Windstream Holdings, Inc. ("Windstream Holdings," and together with its subsidiaries, "Windstream"). On April 24, 2015, 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 CS&L. In exchange, CS&L issued to Windstream (i) approximately 149.8 million shares of its common stock, (ii) $400.0 million aggregate principal amount of 6.00% Senior Secured Notes due April 15, 2023 (the "Senior Secured Notes"), (iii) $1.11 billion aggregate principal amount of 8.25% Senior Notes due October 15, 2023 (the "Senior Unsecured Notes" and together with the Senior Secured Notes, the "Notes") and (iv) approximately $2.0 billion in cash obtained from borrowings under CS&L's senior credit facilities. The contribution of the Distribution Systems and the Consumer CLEC Business and the related issuance of cash, debt and equity securities are referred to herein as the "Spin-Off." The Spin-Off was effective on April 24, 2015.

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: the benefits and tax treatment of the Spin-Off; future financing plans, business strategies, growth prospects and operating and financial performance; expectations regarding the impact of the acquisition of PEG Bandwidth, LLC ("PEG Bandwidth"); expectations regarding the impact and timing of the pending acquisition of Tower Cloud, Inc. ("Tower Cloud"), including expectations regarding operational synergies with PEG Bandwidth; expectations regarding future deployment of fiber strand miles and recognition of revenue related thereto; expectations regarding levels of capital expenditures; the deductibility of goodwill for tax purposes; expectations regarding the making of distributions and the payment of dividends; and compliance with and changes in governmental regulations.

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 realized. 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 ability and willingness of Windstream and other current and future customers to meet and/or perform their obligations under any contractual arrangements entered into with us, including master lease arrangements, and any of their obligations to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities;
- the ability of Windstream and other current and future customers to comply with laws, rules and regulations in the operation of the assets we lease to them;
- the ability and willingness of Windstream and other current and future customers to renew their leases with us upon their expiration, 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 business;
- our ability to generate sufficient cash flows to service our outstanding indebtedness;
- 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;
- fluctuating interest rates;
- our ability to retain our key management personnel;
- our ability to qualify or maintain our status as a real estate investment trust ("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 risk that we fail to fully realize the potential benefits of the PEG Bandwidth and Tower Cloud transactions or have difficulty integrating PEG Bandwidth or Tower Cloud;
- the possibility that the terms of the Tower Cloud transaction are modified;
- the risk that the Tower Cloud transaction agreements may be terminated prior to expiration;
- risks related to satisfying the conditions to the Tower Cloud transaction, including timing (including possible delays) and receipt of regulatory approvals from various governmental entities (including any conditions, limitations or restrictions placed on these approvals) and the risk that one or more governmental entities may deny approval;
- 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” of this Quarterly Report on Form 10-Q, in Part II, Item 1A “Risk Factors” of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 and in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2015, 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. 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.

Communications Sales & Leasing, Inc.
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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Communications Sales & Leasing, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

(Thousands, except par value)	June 30, 2016	December 31, 2015
Assets:		
Property, plant and equipment, net	$ 2,569,402	$ 2,372,651
Cash and cash equivalents	48,813	142,498
Accounts receivable, net	8,458	2,083
Goodwill	146,590	-
Intangible assets, net	47,920	10,530
Straight-line rent receivable	20,422	11,795
Other assets	10,070	3,079
Total Assets	$ 2,851,675	$ 2,542,636
Liabilities, Convertible Preferred Stock and Shareholders' Deficit:		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 20,206	$ 10,409
Accrued interest payable	26,384	24,440
Deferred revenue	148,346	67,817
Derivative liability	66,888	5,427
Dividends payable	93,208	90,507
Deferred income taxes	5,115	5,714
Capital lease obligations	48,980	-
Notes and other debt, net	3,690,186	3,505,228
Total liabilities	4,099,313	3,709,542
Commitments and contingencies (Note 13)		
Convertible preferred stock, Series A, $0.0001 par value, 88 shares authorized, issued and outstanding, $87,500 liquidation value	79,063	-
Shareholders' Deficit:		
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: 153,244 shares at June 30, 2016 and 149,862 at December 31, 2015	15	15
Additional paid-in capital	81,881	1,392
Accumulated other comprehensive loss	(66,967)	(5,427)
Distributions in excess of accumulated earnings	(1,341,630)	(1,162,886)
Total shareholders' deficit	(1,326,701)	(1,166,906)
Total Liabilities, Convertible Preferred Stock, and Shareholders' Deficit	$ 2,851,675	$ 2,542,636

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

Communications Sales & Leasing, Inc.
Condensed Consolidated Statements of Income
(unaudited)

(Thousands, except per share data)	Three Months Ended June 30, 2016	Period from April 24 - June 30, 2015	Six Months Ended June 30, 2016	Period from April 24 - June 30, 2015
Revenues:				
Leasing	$ 169,050	$ 124,172	$ 337,691	$ 124,172
Fiber Infrastructure	13,776	-	13,776	-
Consumer CLEC	5,747	4,576	11,781	4,576
Total revenues	188,573	128,748	363,248	128,748
Costs and Expenses:				
Interest expense	68,036	48,797	134,085	48,797
Depreciation and amortization	92,385	64,444	178,725	64,444
General and administrative expense	8,239	3,161	13,428	3,161
Operating expense	9,911	3,741	14,618	3,741
Transaction related costs	11,210	73	15,120	73
Total costs and expenses	189,781	120,216	355,976	120,216
(Loss) income before income taxes	(1,208)	8,532	7,272	8,532
Income tax expense	327	231	771	231
Net (loss) income	(1,535)	8,301	6,501	8,301
Participating securities' share in earnings	(402)	(325)	(757)	(325)
Dividends declared on convertible preferred stock	(438)	-	(438)	-
Amortization of discount on convertible preferred stock	(496)	-	(496)	-
Net (loss) income applicable to common shareholders	$ (2,871)	$ 7,976	$ 4,810	$ 7,976
(Loss) earnings per common share:				
Basic	$ (0.02)	$ 0.05	$ 0.03	$ 0.05
Diluted	$ (0.02)	$ 0.05	$ 0.03	$ 0.05
Weighted-average number of common shares outstanding				
Basic	150,913	149,827	150,416	149,827
Diluted	150,913	149,827	150,661	149,827
Dividends declared per common share	$ 0.60	$ 0.44	$ 1.20	$ 0.44

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

Communications Sales & Leasing, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(unaudited)

(Thousands)	Three Months Ended June 30, 2016	Period from April 24 - June 30, 2015	Six Months Ended June 30, 2016	Period from April 24 - June 30, 2015
Net (loss) income	$ (1,535)	$ 8,301	$ 6,501	$ 8,301
Other comprehensive (loss) income:				
Unrealized (loss) gain on derivative contracts	(21,019)	28,551	(61,461)	28,551
Changes in foreign currency translation	(159)	-	(79)	-
Other comprehensive (loss) income	(21,178)	28,551	(61,540)	28,551
Comprehensive (loss) gain	$ (22,713)	$ 36,852	$ (55,039)	$ 36,852

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

Communications Sales & Leasing, Inc.
Condensed Consolidated Statements of Shareholders' Deficit
(unaudited)

(Thousands, except share data)	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Accumulated Earnings	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount				
Balance at April 24, 2015	-	$ -	149,827,214	$ 15	$ -	$ -	$ 2,508,270	$ 2,508,285
Net income	-	-	-	-	-	-	8,301	8,301
Distributions to Windstream related to Spin-Off	-	-	-	-	-	-	(3,447,879)	(3,447,879)
Other comprehensive loss	-	-	-	-	-	28,551	-	28,551
Common stock dividends	-	-	-	-	-	-	(66,576)	(66,576)
Equity issuance cost	-	-	-	-	(338)	-	(118)	(456)
Stock-based compensation	-	-	4,440	-	338	-	-	338
Balance at June 30, 2015	-	$ -	149,831,654	$ 15	$ -	$ 28,551	$ (998,002)	$ (969,436)
Balance at December 31, 2015	-	$ -	149,862,459	$ 15	$ 1,392	$ (5,427)	$ (1,162,886)	$ (1,166,906)
Net income	-	-	-	-	-	-	6,501	6,501
Issuance of common stock, net of costs	-	-	3,202,160	-	79,151	-	-	79,151
Amortization of discount on convertible preferred stock	-	-	-	-	(496)	-	-	(496)
Other comprehensive loss	-	-	-	-	-	(61,540)	-	(61,540)
Common stock dividends	-	-	-	-	-	-	(182,956)	(182,956)
Convertible preferred stock dividends	-	-	-	-	-	-	(437)	(437)
Equity issuance cost	-	-	-	-	(110)	-	-	(110)
Net share settlement	-	-	-	-	(203)	-	(1,852)	(2,055)
Stock-based compensation	-	-	178,990	-	2,147	-	-	2,147
Balance at June 30, 2016	-	$ -	153,243,609	$ 15	$ 81,881	$ (66,967)	$ (1,341,630)	$ (1,326,701)

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

Communications Sales & Leasing, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

(Thousands)	Six Months Ended June 30, 2016	Period from April 24 - June 30, 2015
Cash flow from operating activities		
Net income	$ 6,501	$ 8,301
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	178,725	64,444
Amortization of deferred financing costs	3,681	1,272
Amortization of debt discount	3,926	1,366
Deferred income taxes	(599)	(292)
Straight-line rental revenues	(8,627)	(3,200)
Stock-based compensation	2,147	338
Other	(6)	35
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	485	(1,640)
Other assets	(2,104)	(1,827)
Accounts payable, accrued expenses and other liabilities	(318)	24,634
Net cash provided by operating activities	183,811	93,431
Cash flow from investing activities		
Acquisition of businesses, net of cash acquired	(316,133)	-
Consideration paid to Windstream Services, LLC	-	(1,035,029)
Capital expenditures	(9,452)	(397)
Net cash used in investing activities	(325,585)	(1,035,426)
Cash flow from financing activities		
Principal payment on debt	(11,394)	-
Dividends paid	(180,694)	-
Proceeds from issuance of Term Loans	-	1,127,000
Proceeds from issuance of Notes	148,875	-
Borrowings under revolving credit facility	321,000	-
Payments under revolving credit facility	(278,936)	-
Capital lease payments	(469)	-
Deferred financing costs	(2,998)	(29,933)
Common stock issuance, net of costs	54,836	-
Net share settlement	(2,055)	(456)
Cash in-lieu of fractional shares	-	(19)
Net cash provided by financing activities	48,165	1,096,592
Effect of exchange rates on cash and cash equivalents	(76)	-
Net (decrease) increase in cash and cash equivalents	(93,685)	154,597
Cash and cash equivalents at beginning of period	142,498	18
Cash and cash equivalents at end of period	$ 48,813	$ 154,615
Supplemental cash flow information:		
Cash paid for interest	$ 124,694	$ 24,583
Cash paid for income taxes	$ 1,827	$ -
Non-cash investing and financing activities:		
Property and equipment acquired but not yet paid	$ 1,188	$ -
Tenant capital improvements	$ 70,603	$ 6,303
Acquisition of businesses through equity consideration	$ 102,881	$ -
Issuance of notes and other debt to Windstream Services, LLC, net of deferred financing costs ($34,681)	$ -	$ 2,412,829

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

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

Note 1. Organization and Description of Business

CS&L was incorporated in the state of Maryland on September 4, 2014 as a subsidiary of Windstream. In connection with the Spin-Off, Windstream and CS&L entered into a long-term, triple-net lease (the "Master Lease") pursuant to which CS&L leases the Distribution Systems to Windstream. The assets and liabilities of the Distribution Systems and Consumer CLEC Business were recorded in our Condensed Consolidated Financial Statements on a carryover basis as of the date of the Spin-Off.

CS&L is an independent, internally managed REIT engaged in the acquisition and construction of mission critical infrastructure in the communications industry. The Company is principally focused on acquiring and constructing fiber optic broadband networks, wireless communications towers, copper and coaxial broadband networks and data centers. With the acquisition of PEG Bandwidth, LLC ("PEG Bandwidth"), the Company has also become a leading provider of infrastructure solutions including cell site backhaul and dark fiber, to the telecommunications industry. Presently, CS&L's primary source of revenue is rental revenues from leasing the Distribution Systems to Windstream Holdings pursuant to the Master Lease. CS&L intends to elect on our U.S. federal income tax return for the taxable year ending December 31, 2015 to be treated as a REIT.

The Consumer CLEC Business, which was reported as an integrated operation within Windstream prior to the Spin-Off, offers voice, broadband, long-distance, and value-added services to residential customers located primarily in rural locations. Substantially all of the network assets used to provide these services to customers are contracted through interconnection agreements with other telecommunications carriers.

We have elected to treat Talk America Services, LLC ("Talk America"), and CSL Bandwidth, Inc., the indirect, wholly-owned subsidiaries of CS&L through which we operate the Consumer CLEC Business and PEG Bandwidth's business, respectively, as taxable REIT subsidiaries effective as of the first day of CS&L's initial REIT tax year, or in the case of PEG Bandwidth, the date of acquisition.

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

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 for the year ended December 31, 2015 ("Annual Report"), filed with the SEC on March 7, 2016. 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. All material intercompany balances and transactions have been eliminated.

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
(unaudited)

Income Taxes—We currently have no liabilities for uncertain income tax positions. We have not yet filed our initial corporate tax return and therefore are not yet subject to examination.

Business Combinations—In accordance with ASC 805, *Business Combinations*, we apply the acquisition method of accounting for acquisitions meeting the definition of a business combination, where assets acquired and liabilities assumed are recorded at fair value at the date of each acquisition, and the results of operations are included with those of the Company from the dates of the respective acquisitions. Any excess of the purchase price paid by the Company over the amounts recognized for assets acquired and liabilities assumed is recorded as goodwill. The Company continues to evaluate acquisitions for a period not to exceed one year after the applicable acquisition date of each transaction to determine whether any additional adjustments are needed to the allocation of the purchase price paid for the assets acquired and liabilities assumed.

Goodwill—Goodwill is recognized for the excess of purchase price over the fair value of net assets of businesses acquired. Goodwill is reviewed for impairment at least annually. In accordance with ASC 350-20, *Intangibles-Goodwill and Other*, we evaluate goodwill for impairment between annual impairment tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Unless circumstances otherwise dictate, the annual impairment test is performed in the fourth quarter.

Property, Plant and Equipment—Property, plant and equipment is stated at original cost, net of accumulated depreciation. The Company capitalizes costs incurred in bringing property, plant and equipment to an operational state, including all activities directly associated with the acquisition, construction, and installation of the related assets it owns. The Company also enters into leasing arrangements providing for the long-term use of constructed fiber that is then integrated into the Company's network infrastructure. For each lease that qualifies as a capital lease, the present value of the lease payments, which may include both periodic lease payments over the term of the lease as well as upfront payments to the lessor, is capitalized at the inception of the lease and included in property and equipment.

Certain property, plant and equipment are depreciated using a group composite depreciation method. Under this method, when property is retired, the original cost, net of salvage value, is charged against accumulated depreciation and no immediate gain or loss is recognized on the disposition of the property. For all other property, which includes amortization of capital lease assets, depreciation is computed using the straight-line method over the estimated useful life of the respective property. When the property is retired or otherwise disposed of, the related cost and accumulated depreciation are written-off, with the corresponding gain or loss reflected in operating results.

Costs of maintenance and repairs to property, plant and equipment subject to the Master Lease are the responsibility of our tenant. Costs of maintenance and repairs to property, plant and equipment not subject to triple-net leasing arrangements are expensed as incurred.

During the quarter ended March 31, 2016, we initiated a program whereby we acquire real property interests from third parties owning land where communications infrastructure assets are located and who desired to monetize the underlying real property. These real property interests entitle us to receive rental payments from leases on our sites. The financial results of the acquired real property interests are included in the Leasing segment from the date of acquisition and were not material, individually or in the aggregate, to our results of operations. For the six months ended June 30, 2016, we invested approximately $1.7 million for the acquisition of real property interests which are recorded into real estate investments on our Condensed Consolidated Balance Sheet.

Foreign Currency Translation—The financial statements of our international subsidiaries whose functional currency is the local currency are translated into U.S. dollars using the exchange rate at the balance sheet date for assets and liabilities and the weighted average exchange rate for the applicable period for revenues, expenses, gains and losses. Translation adjustments are recorded as a separate component of comprehensive income in stockholders' equity.

Reclassifications—Certain amounts have been reclassified to conform with current year presentation. We determined that certain immaterial misclassifications existed in the supplemental guarantor information condensed consolidated statements of comprehensive income for the period from April 24, 2015 to June 30, 2015. See Note 15.

Transaction Related Costs—The Company expenses transaction related costs in the period in which they are incurred and services are received. Transaction related costs include incremental acquisition pursuit, transaction and integration costs, including unsuccessful acquisition pursuit costs. Pursuit and transaction costs include professional services (legal, accounting, advisory, regulatory, etc.), finder's fees, travel expenses, and other direct expenses associated with an acquisition. Integration costs include incremental costs

necessary to integrate an acquired business, including costs necessary to convert data, severance and retention bonuses payable to employees of an acquired business.

Recently Issued Accounting Standards—In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). The standard outlines a single comprehensive revenue recognition model for entities to follow in accounting for revenue from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive for those goods or services. ASU 2014-09 is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. Early adoption is permitted for public companies for annual periods beginning after December 15, 2016. The Company is in the process of evaluating this guidance to determine the impact it will have on our financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASC 842"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASC 842 is effective for fiscal years and interim periods beginning after December 15, 2018, and early adoption is permitted. The Company is in the process of evaluating this guidance to determine the impact it will have on our financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years and early adoption is permitted. We have adopted ASU 2016-09 effective April 1, 2016, and will reverse compensation cost of forfeited awards as they occur. At the time of adoption, we had not experienced any forfeited awards and therefore no cumulative-effect adjustment was necessary.

Note 3. Business Combinations

Summit Wireless Infrastructure, LLC

On January 22, 2016, we acquired 100% of the outstanding equity of Summit Wireless Infrastructure LLC ("Summit"). Summit builds, owns and operates telecommunication infrastructure serving wireless carriers in Mexico. Consideration given to acquire Summit included performance-based shares of common equity valued at $1.1 million, which will vest in full on the third anniversary of closing date, subject to Summit meeting certain performance targets, and the assumption of Summit's existing debt. The financial results of Summit are included in the Leasing segment from the date of acquisition and were not material, individually or in the aggregate, to our results of operations and therefore, pro forma financial information has not been presented.

PEG Bandwidth, LLC

On May 2, 2016, we acquired 100% of the outstanding equity of PEG Bandwidth, LLC ("PEG Bandwidth") for $323 million in cash, the issuance of 87,500 shares of our Series A Convertible Preferred Stock with a fair value of $78.6 million and 1 million shares of our common stock with an acquisition date fair value of $23.2 million. PEG Bandwidth is a leading provider of infrastructure solutions including cell site backhaul and dark fiber, to the telecommunications industry. The operating results from this acquisition are included in the condensed consolidated financial statements from the acquisition date. The acquisition was recorded by allocating the costs of the assets acquired based on their estimated fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the assets acquired is recorded as goodwill within our Fiber Infrastructure segment. See Note 7. The following is a summary of the estimated fair values of the assets acquired and liabilities assumed:

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
(unaudited)

	(thousands)
Property, plant and equipment	$ 292,008
Cash and cash equivalents	7,003
Accounts receivable	6,804
Other assets	5,161
Intangible assets	37,500
Accounts payable, accrued expenses and other liabilities	(8,122)
Deferred revenue	(12,700)
Capital lease obligations	(49,200)
Net assets acquired	$ 278,454
Goodwill	$ 146,590

The above purchase price allocation is considered preliminary and is subject to revision when the valuation of assets and liabilities are finalized upon receipt of the final valuation report from a third party valuation expert, and the resolution of contractual adjustments, such as working capital adjustments as contemplated in the merger agreement are completed.

The goodwill is primarily attributable to strategic opportunities that arose from the acquisition of PEG Bandwidth. The goodwill is expected to be deductible for tax purposes.

Of the $37.5 million of acquired intangible assets, $35.5 million was assigned to customer relationships (weighted average 17 year life) and $2 million was assigned to trademarks (indefinite life).

The acquired business contributed revenues of $13.8 million and operating income of $2.5 million, which excludes transaction and transition costs, to our consolidated results from the date of acquisition through June 30, 2016. We recorded transaction related costs for the three and six months ended June 30, 2016 of $6.6 million and $9.4 million, respectively, in transaction related costs on our Condensed Consolidated Statements of Income.

The following table presents the unaudited pro forma summary of our financial results as if the business combination had occurred on April 24, 2015. The pro forma results include additional depreciation and amortization resulting from purchase accounting adjustments, adjustments to amortized deferred revenue, and interest expense associated with debt used to fund the acquisition. The pro forma results do not include any anticipated synergies or other expected benefits of the acquisition. The pro forma results are not indicative of future results of operations, or results that might have been achieved had the acquisition been consummated as of April 24, 2015.

(Thousands, except per share data)	Three Months Ended June 30, 2016	Period from April 24 - June 30, 2015	Six Months Ended June 30, 2016	Period from April 24 - June 30, 2015
Pro forma revenue	$ 195,600	$ 143,067	$ 390,477	$ 143,067
Pro forma net (loss) income	(6,321)	6,225	(1,006)	6,225
Pro forma net (loss) income per share	$ (0.04)	$ 0.04	$ (0.01)	$ 0.04

Windstream Towers

On May 12, 2016, the Company completed the previously announced transaction with Windstream pursuant to which the Company acquired 32 wireless towers owned by Windstream and operating rights for 49 wireless towers previously conveyed to the Company in the Spin-Off for a purchase price of $3 million. The financial results of this tower acquisition are included in the Leasing segment from the date of acquisition and were not material, individually or in the aggregate, to our results of operations and therefore, pro forma financial information has not been presented.

Tower Cloud, Inc.

On June 20, 2016, we announced that we had entered into a definitive agreement to acquire privately-held Tower Cloud, Inc. (“Tower Cloud”) for $230 million in cash and stock. In addition to the $180 million of cash and 1.9 million shares of CS&L common stock to

be delivered at close, Tower Cloud shareholders may receive additional consideration contingent upon Tower Cloud achieving certain defined operational and financial milestones.

Tower Cloud is a leading provider of data transport services, with particular focus on providing infrastructure solutions to the wireless and enterprise sectors, including fiber-to-the-tower backhaul, small cell networks, and dark fiber deployments. The acquisition of Tower Cloud compliments our diversification strategy, will expand our national wireless carrier relationships, and accelerate our small cell and dark fiber businesses. Following the close of the transaction, which is expected to close by late third quarter 2016, Tower Cloud will be reported as a component of our Fiber Infrastructure segment, where we expect to achieve significant operational synergies with PEG Bandwidth. The transaction is subject to regulatory approvals and other customary terms and conditions.

Note 4. 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

Level 3 – Unobservable inputs for the asset or liability

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

The following table summarizes the fair value of our financial instruments at June 30, 2016 and December 31, 2015:

(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At June 30, 2016				
Liabilities				
Senior secured notes - 6.00%, due April 15, 2023	$ 561,000	$ -	$ 561,000	$ -
Senior unsecured notes - 8.25%, due October 15, 2023	1,123,875	-	1,123,875	-
Senior secured term loan B - variable rate, due October 24, 2022	2,100,168	-	2,100,168	-
Senior secured revolving credit facility, variable rate, due April 24, 2020	42,064	42,064	-	
Derivative liability	66,888	-	66,888	-
Total	$ 3,893,995	$ 42,064	$ 3,851,931	$ -

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(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At December 31, 2015				
Liabilities				
Senior secured notes - 6.00%, due April 15, 2023	$ 376,000	$ -	$ 376,000	$ -
Senior unsecured notes - 8.25%, due October 15, 2023	937,950	-	937,950	-
Senior secured term loan B - variable rate, due October 24, 2022	1,986,198	-	1,986,198	-
Derivative liability	5,427	-	5,427	-
Total	$ 3,305,575	$ -	$ 3,305,575	$ -

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 Notes and other debt was $3.82 billion at June 30, 2016, with a fair value of $3.83 billion. The estimated fair value of our 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. Derivative liabilities are carried at fair value. See Note 6. The fair value of an interest rate swap is determined based on the present value of expected future cash flows using observable, quoted LIBOR swap rates for the full term of the swap and also incorporate credit valuation adjustments to appropriately reflect both CS&L's own non-performance risk and non-performance risk of the respective counterparties. The Company has determined that the majority of the inputs used to value its derivative liabilities fall within Level 2 of the fair value hierarchy; however the associated credit valuation adjustments utilized Level 3 inputs, such as estimates of credit spreads, to evaluate the likelihood of default by the Company and its counterparties. As of June 30, 2016, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustment is not significant to the overall value of the derivatives. As such, the Company classifies its derivative liabilities valuation in Level 2 of the fair value hierarchy.

Note 5. Property, Plant and Equipment

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

(Thousands)	Depreciable Lives	June 30, 2016	December 31, 2015
Land		$ 34,008	$ 33,386
Building and improvements	3 - 40 years	312,783	313,736
Real property interests	50 years	1,714	-
Poles	13 - 40 years	229,935	228,031
Fiber	7 - 40 years	2,129,873	1,948,192
Equipment	5 - 7 years	84,330	-
Copper	7 - 40 years	3,497,682	3,475,987
Conduit	13 - 47 years	89,659	89,460
Tower assets	20 - 49 years	5,299	-
Capital lease assets	See Note 2	64,556	-
Construction in progress		10,436	4,749
		6,460,275	6,093,541
Less accumulated depreciation		(3,890,873)	(3,720,890)
Net property, plant and equipment		$ 2,569,402	$ 2,372,651

Depreciation expense for the three and six months ended June 30, 2016 was $91.2 million and $176.7 million, respectively. Depreciation expense for the period from April 24, 2015 to June 30, 2015 was $63.8 million.

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As of June 30, 2016, construction in progress includes approximately $1.5 million of in process capital projects that were transferred to us at the time of the Spin-Off. As Windstream completes these projects, amounts are reclassified to depreciable assets. All construction in progress at December 31, 2015 related to projects transferred to us at the time of the Spin-Off.

Note 6. Derivative Instruments and Hedging Activities

The Company uses derivative instruments to mitigate the effects of interest rate volatility inherent in our variable rate debt, which could unfavorably impact our future earnings and forecasted cash flows. The Company does not use derivative instruments for speculative or trading purposes.

On April 27, 2015, we entered into interest rate swap agreements to mitigate the interest rate risk inherent in our variable rate Senior Secured Term Loan B facility. These interest rate swaps are designated as cash flow hedges and have a notional value of $2.12 billion and mature on October 24, 2022. The weighted average fixed rate paid is 2.105%, and the variable rate received resets monthly to the one-month LIBOR subject to a minimum rate of 1.0%. The Company does not currently have any master netting arrangements related to its derivative contracts.

The following table summarizes the fair value and the presentation in our Condensed Consolidated Balance Sheet:

(Thousands)	Location on Condensed Consolidated Balance Sheet	June 30, 2016	December 31, 2015
Interest rate swaps	Derivative liability	$ 66,888	$ 5,427

As of June 30, 2016 and December 31, 2015, all of the interest rate swaps were valued in net unrealized loss positions and recognized as liability balances within the derivative liability balance. For the three and six months ended June 30, 2016, the amount recorded in other comprehensive income related to the unrealized loss on derivative instruments was $27 million and $73.4 million, respectively. The amount reclassified out of other comprehensive income into interest expense on our Condensed Consolidated Statement of Income for the three and six months ended June 30, 2016 was $5.9 million and $11.9 million, respectively. For the three and six months ended June 30, 2016, there was no ineffective portion of the change in fair value derivatives.

Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next twelve months, beginning July 1, 2016, we estimate that $23.6 million will be reclassified as an increase to interest expense.

Note 7. Goodwill and Intangible Assets and Liabilities

Changes in the carrying amount of goodwill occurring during the quarter ended June 30, 2016, are as follows:

(Thousands)	Fiber Infrastructure	Total
Goodwill at December 31, 2015	$ -	$ -
Goodwill associated with 2016 acquisition	146,590	146,590
Goodwill at June 30, 2016	$ 146,590	$ 146,590

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The carrying value of the intangible assets is as follows:

(Thousands)	June 30, 2016		December 31, 2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Indefinite life intangible assets:				
Trade name	$ 2,000	$ -	$ -	$ -
Finite life intangible assets:				
Customer lists	71,927	(26,007)	34,501	(23,971)
Total intangible assets	73,927		34,501	
Less: Accumulated amortization	(26,007)		(23,971)	
Total intangible assets, net	$ 47,920		$ 10,530	

Amortization expense for the three and six months ended June 30, 2016 was $1.2 million and $2.0 million, respectively. Amortization expense is estimated to be $4.3 million for the full year of 2016, $4.7 million in 2017, $4.1 million in 2018, $3.6 million in 2019, $2.9 million in 2020 and $2.5 million in 2021.

Note 8. Notes and Other Debt

Notes and other debt is as follows:

(Thousands)	June 30, 2016	December 31, 2015
Principal amount	$ 3,820,664	$ 3,639,300
Less unamortized discount and debt issuance costs	(130,478)	(134,072)
Notes and other debt less unamortized discount and debt issuance costs	$ 3,690,186	$ 3,505,228

Notes and other debt at June 30, 2016 and December 31, 2015 consisted of the following:

	June 30, 2016		December 31, 2015	
(Thousands)	Principal	Unamortized Discount and Debt Issuance Costs	Principal	Unamortized Discount and Debt Issuance Costs
Senior secured notes - 6.00%, due April 15, 2023 (discount is based on imputed interest rate of 6.29%)	$ 550,000	$ (10,383)	$ 400,000	$ (6,767)
Senior unsecured notes - 8.25%, due October 15, 2023 (discount is based on imputed interest rate of 9.06%)	1,110,000	(47,923)	1,110,000	(50,200)
Senior secured term loan B - variable rate, due October 24, 2022 (discount is based on imputed interest rate of 5.66%)	2,118,600	(72,172)	2,129,300	(77,105)
Senior secured revolving credit facility - variable rate, due April 24, 2020	42,064	-	-	-
Total	$ 3,820,664	$ (130,478)	$ 3,639,300	$ (134,072)

On April 22, 2016, the Company borrowed $321 million under our $500 million senior secured revolving credit facility maturing April 24, 2020 (the "Revolving Credit Facility") to fund the cash portion of consideration paid to acquire PEG Bandwidth and related transaction costs. See Note 3.

On June 9, 2016, we, along with our wholly-owned subsidiary CSL Capital, LLC ("CSL Capital"), co-issued $150 million aggregate principal amount of 6.00% Senior Secured Notes (the "add-on Notes") as an add-on to the Company's existing Senior Secured Notes due April 15, 2023 (the "Senior Secured Notes"). The add-on Notes were issued at an issue price of 99.25%, are subject to the same customary covenant requirements as the existing Senior Secured Notes, and are guaranteed by each of CS&L's wholly-owned domestic subsidiaries that guarantee indebtedness under CS&L's senior credit facilities. The issuance of the add-on Notes was not

registered under the Securities Act of 1933, as amended ("the Securities Act), but was exempt from registration under Rule 144A, Regulation S and other applicable exemptions of the Securities Act. Proceeds from the issuance of the add-on Notes were used to repay existing borrowings under the Revolving Credit Facility.

On April 24, 2015 we, along with CSL Capital, co-issued $400 million aggregate principal amount of Senior Secured Notes and $1.11 billion aggregate principal amount of 8.25% Senior Unsecured Notes due October 15, 2023 (the "Senior Unsecured Notes" and together with the Senior Secured Notes, the "Notes"). The Senior Secured Notes were issued at an issue price of 100% of par value, while the Senior Unsecured Notes were issued at an issue price of 97.055% of par value. The Notes are guaranteed by each of CS&L's wholly-owned domestic subsidiaries that guarantee indebtedness under CS&L's senior credit facilities. The Notes were issued to Windstream Services, LLC, a wholly-owned subsidiary of Windstream Holdings, as partial consideration for the contribution of the Distribution Systems and the Consumer CLEC Business in connection with the Spin-Off. As such, CS&L did not receive any proceeds from the issuance of the Notes. The issuance of the Notes and their exchange by Windstream Services for certain of its outstanding indebtedness were not registered under the Securities Act, but were exempt from registration under Rule 144A, Regulation S and other applicable exemptions of the Securities Act. Pursuant to a registration rights agreement entered into by the Company in connection with the sale of the Senior Unsecured Notes, the Company subsequently filed with the SEC a registration statement relating to an exchange offer pursuant to which 8.25% Senior Notes due 2023 (the "Exchange Notes") that were registered with the SEC, were offered in exchange for Senior Unsecured Notes tendered by the holders of those notes. The terms of the Exchange Notes are substantially identical to the terms of the Senior Unsecured Notes in all material respects, except that the Exchange Notes are registered under the Securities Act, and the transfer restrictions, registration rights and additional interest provision applicable to the Senior Unsecured Notes do not apply to the Exchange Notes. The exchange offer was launched on August 5, 2015, and completed on September 2, 2015, with all outstanding Senior Unsecured Notes being tendered and exchanged for Exchange Notes.

The Notes contain customary high yield covenants limiting our ability 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; enter into transactions with affiliates; merge or consolidate or sell all or substantially all of our assets; and create restrictions on the ability of CS&L, CSL Capital and our restricted subsidiaries to pay dividends. The covenants are subject to a number of important and significant limitations, qualifications and exceptions. As of June 30, 2016, we were in compliance with all of the covenants under the Notes.

In addition, on April 24, 2015, the Company and CSL Capital entered into a credit agreement (the "Credit Agreement"), which provides for a $2.14 billion Senior Secured Term Loan B facility due October 24, 2022 (the "Term Loan Facility") and the Revolving Credit Facility (together with the Term Loan Facility, the "Facilities"). The term loans under the Facilities were issued at an issue price of 98.00% of par value, bear interest at a rate equal to a Eurodollar rate, subject to a 1.0% floor, plus an applicable margin equal to 4.00%, and are subject to amortization of 1.0% per annum. The loans have been incurred by the Company and CSL Capital, are guaranteed by certain of CS&L's wholly-owned subsidiaries (the "Guarantors"), and are secured by substantially all of the assets of CS&L, CSL Capital and the Guarantors, subject to certain exceptions, which assets also secure the Senior Secured Notes. The Revolving Credit Facility bears interest at a rate equal to LIBOR plus 1.75% to 2.25% based on our consolidated secured leverage ratio, as defined in the Credit Agreement.

We 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 incremental term loan borrowings and/or increased commitments under the Credit Agreement in an aggregate amount equal to $150 million plus an unlimited amount, so long as, on a pro forma basis after giving effect to any such increases, our consolidated total leverage ratio, as defined in the Credit Agreement, does not exceed 6.50 to 1.00 and our consolidated secured leverage ratio, as defined in the Credit Agreement, does not exceed 4.00 to 1.00. As of June 30, 2016, we were in compliance with all of the covenants under the Credit Agreement.

The Company transferred $1.04 billion of cash proceeds under the Facilities to Windstream Services, the Company's parent immediately preceding the Spin-Off, as partial consideration for the contribution of the Distribution Systems and the Consumer CLEC Business in connection with the Spin-Off.

Deferred financing costs were incurred in connection with the issuance of the Notes and the Facilities. 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

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Consolidated Statement of Income. For the three months and six months ended June 30, 2016, we recognized $1.9 million and $3.7 million of non-cash interest expense related to the amortization of deferred financing costs, respectively. For the period from April 24, 2015 to June 30, 2015, we recognized $1.3 million of non-cash interest expense related to the amortization of deferred financing costs.

Note 9. Capital Stock

On May 2, 2016, we issued 1 million shares of our common stock, par value $0.0001 per share, as partial consideration for all outstanding equity interests of PEG Bandwidth. See Note 3. In addition, we issued 87,500 shares of the Company's 3% Series A Convertible Preferred Stock, $0.0001 par value ("Series A Shares"), with a liquidation value of $87.5 million. The Series A Shares are non-voting and entitle the holders to receive cumulative dividends at the rate per annum of 3.0%, payable in cash. Holders of the Series A Shares have the option to convert at any time after three years, or are mandatorily convertible after eight years at a conversion rate of 28.5714 shares of common stock per Series A Share, subject to adjustment for certain dilutive events not to exceed a conversion rate of 50.5305 shares of common stock per Series A Share. The Series A Shares provide us the option to cash or share settle, and it is our policy to settle in cash upon conversion. Upon liquidation, each holder of the Series A Shares shall be entitled to receive the liquidation preference per share of $1,000 plus an amount equal to the accumulated and unpaid dividends on such shares. The Series A Shares are recorded at inception on the condensed consolidated balance sheet as mezzanine equity at fair value determined using a Black Scholes model, as of the date of issuance. Amortization of the difference between the liquidation value and the fair value at issuance is recorded as preferred dividends and a component of shareholders' deficit.

On June 24, 2016, in connection with Windstream's disposition of a portion of its retained ownership interest in CS&L pursuant to the public offering (See Note 10), we issued 2.2 million additional shares of our common stock. The shares were sold at a public offering price of $26.01, resulting in proceeds to the Company of $54.8 million, net of underwriting discounts and commissions, which were used to repay existing borrowings under our Revolving Credit Facility.

Note 10. Related Party Transactions

In connection with the Spin-Off, we issued approximately 149.8 million shares of our common stock to Windstream Services as partial consideration for the contribution of the Distribution Systems and the Consumer CLEC Business. Windstream Holdings distributed approximately 80.4% of the CS&L shares it received to existing stockholders of Windstream Holdings and retained a passive ownership interest of approximately 19.6% of the common stock of CS&L. As a result of this ownership Windstream was deemed to be a related party.

On June 15, 2016 Windstream Holdings disposed of 14.7 million shares of our common stock, representing approximately half of its retained ownership interest, to certain creditors of Windstream in exchange for satisfaction of certain Windstream debt. The Company did not receive any proceeds resulting from the disposition of these shares.

On June 24, 2016, Windstream Holdings disposed of its remaining 14.7 million shares of our common stock as part of a public offering by Citigroup Global Markets Inc. ("Citigroup"). Prior to the closing of the offering, Windstream exchanged these shares for certain indebtedness with certain of its creditors in a debt-for-equity exchange. Following the debt-for-equity exchange, Citigroup acquired the shares from such creditors and sold the shares pursuant to the offering. The Company did not receive any proceeds resulting from the disposition of these shares.

Following Windstream's disposition of its retained interest in CS&L, Windstream is no longer deemed a related party under applicable accounting regulations. Our condensed consolidated financial statements reflect the following transactions with Windstream during the periods in which Windstream was deemed a related party:

Revenues – The Company records leasing revenue pursuant to the Master Lease. For the three and six months ended June 30, 2016, we recognized leasing revenues of $169.0 million and $337.6 million, respectively related to the Master Lease. For the period from April 24, 2015 to June 30, 2015, we recognized $124.2 million of revenue related to the Master Lease.

General and Administrative Expenses – We were party to a Transition Services Agreement ("TSA") pursuant to which Windstream and its affiliates provided, on an interim basis, various services, including but not limited to information technology services, payment processing and collection services, financial and tax services, regulatory compliance and other support services. On April 1, 2016, the TSA ceased and we incurred $19,000 of related TSA expense for the three months ended March 31, 2016. For the period from April 24, 2015 to June 30, 2015, we incurred $33,000 of such expenses.

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Operating Expenses – We are party to a Wholesale Master Services Agreement ("Wholesale Agreement") and a Master Services Agreement with Windstream related to the Consumer CLEC Business. Under the Wholesale Agreement, Windstream provides us transport services (local and long distance telecommunications service), provisioning services (directory assistance, directory listing, service activation and service changes), and repair services (routine and emergency network maintenance, network audits and network security). Under the Master Services Agreement, Windstream provides billing and collections services to CS&L. During the three months ended June 30, 2016, we incurred expenses of $3.2 million and $0.4 million related to the Wholesale Agreement and Master Services Agreement, respectively. During the six months ended June 30, 2016, we incurred expenses of $6.6 million and $0.9 million related to the Wholesale Agreement and Master Services Agreement, respectively. For the period from April 24, 2015 to June 30, 2015 we incurred expenses of $2.8 million and $0.3 million related to the Wholesale Agreement and Master Services Agreement, respectively.

Accounts Receivable – As of December 31, 2015, there were $1.7 million accounts receivable from Windstream related to the collection of Consumer CLEC Business revenues, net of amounts owed to Windstream under the Wholesale Agreement and Master Services Agreement recorded in accounts receivable on our Condensed Consolidated Balance Sheet.

Dividend Payable – At December 31, 2015, there was a $17.6 million dividend payable to Windstream related to the dividend declared on November 6, 2015, based on Windstream ownership of CS&L shares as of the December 31, 2015 record date. This amount was paid to Windstream on January 15, 2016 along with the dividends payable to all common shareholders.

Employee Matters Agreement – We are party to an Employee Matters Agreement ("Employee Matters Agreement") with Windstream that governs the respective compensation and employee benefit obligations of the Company and Windstream in connection with and following the Spin-Off. Under the Employee Matters Agreement, if requested by a Windstream employee, the Company is required to withhold shares to satisfy the employee's tax obligations arising from the recognition of income and the vesting of shares related to awards of CS&L restricted stock held by the employee that were granted in connection with the Spin-Off. In that case, the Company must pay to Windstream an amount of cash equal to the amount required to be withheld to satisfy minimum statutory tax withholding obligations or, at the request of Windstream, remit such cash directly to the applicable taxing authorities. During the six months ended June 30, 2016, we withheld 91,412 common shares to satisfy these minimum statutory tax-withholding obligations and delivered $1.9 million to Windstream for remittance to the applicable taxing authorities.

Tower Purchase – In May, 2016, we completed the previously announced transaction with Windstream to acquire 32 wireless towers owned by Windstream and operating rights for 49 wireless towers previously conveyed to the Company in the Spin-Off for a purchase price of approximately $3 million.

Lease Amendment – During the quarter ended March 31, 2016, we amended the Master Lease with Windstream (the "Master Lease Amendment") to allow for the transfer of ownership rights or exchanges of indefeasible rights of use (an "IRU") and other long term rights in certain fiber and associated assets constituting leased property under the Master Lease. We will enter into such transactions pursuant to certain fiber exchange agreements under which we will grant to a third party ownership rights in certain fiber assets or an IRU in certain fiber assets that constitute leased property under the Master Lease in exchange for CS&L receiving ownership rights in certain fiber assets or an IRU in certain fiber assets of the third party, which we will then lease to Windstream as leased property under the Master Lease. Under the terms of the Master Lease Amendment, Windstream is responsible for any taxes imposed on CS&L related to the sale, exchange or other disposition of the fiber assets delivered to a third party or the granting of rights to the leased property that arise from fiber exchange agreements. As of June 30, 2016, no such transactions have been consummated. The Master Lease Amendment also permits us to install, own and operate certain wireless communication towers, antennas and related equipment on designated portions of the leased property.

Note 11. Earnings Per Share

Our 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*.

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.

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The earnings per share impact of the Series A Share (See Note 9) is calculated using the net share settlement method, whereby the redemption value of the instrument is assumed to be settled in cash and only the conversion premium, if any, is assumed to be settled in shares. The Series A Shares provide CS&L the option to cash or share settle the instrument, and it is our policy to settle the instrument in cash upon conversion.

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 June 30, 2016	Period from April 24 - June 30, 2015	Six Months Ended June 30, 2016	Period from April 24 - June 30, 2015
Basic earnings per share:				
Numerator:				
Net (loss) income	$ (1,535)	$ 8,301	$ 6,501	$ 8,301
Less: Income allocated to participating securities	(402)	(325)	(757)	(325)
Dividends declared on convertible preferred stock	(438)	-	(438)	-
Amortization of discount on convertible preferred stock	(496)	-	(496)	-
Net (loss) income applicable to common shares	$ (2,871)	$ 7,976	$ 4,810	$ 7,976
Denominator:				
Basic weighted-average common shares outstanding	150,913	149,827	150,416	149,827
Basic (loss) earnings per common share	$ (0.02)	$ 0.05	$ 0.03	$ 0.05

(Thousands, except per share data)	Three Months Ended June 30, 2016	Period from April 24 - June 30, 2015	Six Months Ended June 30, 2016	Period from April 24 - June 30, 2015
Diluted earnings per share:				
Numerator:				
Net (loss) income	$ (1,535)	$ 8,301	$ 6,501	$ 8,301
Less: Income allocated to participating securities	(402)	(325)	(757)	(325)
Dividends declared on convertible preferred stock	(438)	-	(438)	-
Amortization of discount on convertible preferred stock	(496)	-	(496)	-
Net (loss) income applicable to common shares	$ (2,871)	$ 7,976	$ 4,810	$ 7,976
Denominator:				
Basic weighted-average common shares outstanding	150,913	149,827	150,416	149,827
Effect of dilutive non-participating securities	-	-	245	-
Weighted-average shares for dilutive earnings per common share	150,913	149,827	150,661	149,827
Dilutive (loss) earnings per common share	$ (0.02)	$ 0.05	$ 0.03	$ 0.05

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For the three months ended June 30, 2016, 283,128 non-participating securities were excluded from the computation of diluted earnings per share, as their effect would have been anti-dilutive.

Note 12. Segment Information

Subsequent to our acquisition of PEG Bandwidth on May 2, 2016 (Note 3), our management, including our chief executive officer, who is our chief operating decision maker, manages our operations as three operating business segments: Leasing, Fiber Infrastructure and Consumer CLEC. Our Leasing segment represents our REIT operations, including the results of our tower and ground lease operations and corporate expenses not directly attributable to our other operating segments. The Fiber Infrastructure segment represents the operations of the newly acquired PEG Bandwidth business, as well as corporate expenses directly attributable to the operations of that business, and the Consumer CLEC segment represents the operations of our Consumer CLEC Business and corporate expenses directly attributable to the operation of that business. We determined that each of these operating segments represents a reportable segment.

Management evaluates the performance of each segment using Adjusted EBITDA, which is a segment performance measure defined as net income determined in accordance with GAAP, before interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense, the impact, which may be recurring in nature, of transaction related expenses, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, changes in the fair value of contingent consideration and financial instruments, and other similar items.

Selected financial data related to our segments is presented below for the three months ended June 30, 2016, and for the period from April 24, 2015 to June 30, 2015:

	Three Months Ended June 30, 2016			
(Thousands)	Leasing	Fiber Infrastructure	Consumer CLEC	Subtotal of Reportable Segments
Revenues	$ 169,050	$ 13,776	$ 5,747	$ 188,573
Adjusted EBITDA	164,810	5,500	1,330	171,640
Interest expense				68,036
Depreciation and amortization	85,824	5,747	814	92,385
Transaction related costs				11,210
Stock-based compensation				1,217
Income tax expense				327
Net loss				$ (1,535)
Capital expenditures	4,627	3,401	-	8,028

	Period from April 24, 2015 to June 30, 2015		
(Thousands)	Leasing	Consumer CLEC	Subtotal of Reportable Segments
Revenues	$ 124,172	$ 4,576	$ 128,748
Adjusted EBITDA	121,349	835	122,184
Interest expense			48,797
Depreciation and amortization	63,801	643	64,444
Transaction related costs			73
Stock-based compensation			338
Income tax expense			231
Net income			$ 8,301
Capital expenditures	397	-	397

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
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Selected financial data related to our segments is presented below for the six months ended June 30, 2016:

	Six Months Ended June 30, 2016			
(Thousands)	Leasing	Fiber Infrastructure	Consumer CLEC	Subtotal of Reportable Segments
Revenues	$ 337,691	$ 13,776	$ 11,781	$ 363,248
Adjusted EBITDA	329,187	5,500	2,662	337,349
Interest expense				134,085
Depreciation and amortization	171,325	5,747	1,653	178,725
Transaction related costs				15,120
Stock-based compensation				2,147
Income tax expense				771
Net income				$ 6,501
Capital expenditures	6,051	3,401	-	9,452

Total assets by business segment as of June 30, 2016 and December 31, 2015 are as follows:

(Thousands)	June 30, 2016	December 31, 2015
Leasing	$ 2,343,690	$ 2,527,915
Fiber Infrastructure	493,263	-
Consumer CLEC	14,722	14,721
Subtotal of reportable segments	$ 2,851,675	$ 2,542,636

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.

Pursuant to the Separation and Distribution Agreement entered into with Windstream in connection with the Spin-Off, Windstream has agreed to indemnify us (including our subsidiaries, directors, officers, employees and agents and certain other related parties) for any liability arising from or relating to legal proceedings involving Windstream's telecommunications business prior to the Spin-Off, and, pursuant to the Master Lease, Windstream has agreed to indemnify us for, among other things, any use, misuse, maintenance or repair by Windstream with respect to the Distribution Systems. Windstream is currently a party to various legal actions and administrative proceedings, including various claims arising in the ordinary course of its telecommunications business, which are subject to the indemnities provided by Windstream to us.

Under the terms of the Tax Matters Agreement entered into with Windstream, 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 Internal Revenue 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 consolidated balance sheet.

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
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Note 14. Accumulated Other Comprehensive Income

Changes in accumulated other comprehensive income by component is as follows for the six months ended June 30, 2016:

(Thousands)	Currency Translation Adjustment	Changes in Fair Value of Effective Cash Flow Hedge	Total
Beginning balance at December 31, 2015	$ -	$ (5,427)	$ (5,427)
Other comprehensive loss before reclassifications	(79)	(73,385)	(73,464)
Amounts reclassified from accumulated other comprehensive income	-	11,924	11,924
Ending balance at June 30, 2016	$ (79)	$ (66,888)	$ (66,967)

Note 15. Supplemental Guarantor Information

In connection with the issuance of the Senior Secured Notes, Senior Unsecured Notes and Term Loan Facility due 2022, the Guarantors provided guarantees of that indebtedness. These guarantees are full and unconditional as well as joint and several. All property assets and related operations of the Guarantors are pledged as collateral under these obligations and the Guarantors are subject to restrictions on certain investments and payments. Subject to the terms and provisions of the debt agreements, in certain circumstances, a Guarantor may be released from its guarantee obligation including, upon the sale or transfer of any portion of its equity interest or all or substantially all its property, and upon any Guarantor being designated an Unrestricted Subsidiary, as defined in the Credit Agreement, or otherwise no longer being required to remain a Guarantor given its size or regulatory restrictions.

We have determined that certain immaterial classifications existed in the Condensed Consolidating Statements of Comprehensive Income for the period from April 24, 2015 to June 30, 2015, which impacted only CS&L with applicable offsetting adjustments in the Eliminations column. For the period from April 24, 2015 to June 30, 2015, earnings from consolidated subsidiaries, net income and comprehensive income of CS&L should have been increased from $8.6 million, ($40.5) million, and ($11.9) million to $57.4 million, $8.3 million, and $36.9 million, respectively. The condensed consolidating statement of comprehensive income for the period from April 24, 2015 to June 30, 2015 presented below includes the impact of these revisions.

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
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The following information summarizes our Condensed Consolidating Balance Sheets as of June 30, 2016 and December 31, 2015, Condensed Consolidating Statement of Comprehensive Income (Loss) for the three and six months ended June 30, 2016, and the Condensed Consolidating Statement of Cash Flows for the six months ended June 30, 2016:

	Condensed Consolidating Balance Sheet As of June 30, 2016					
(Thousands)	CS&L	CSL Capital	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets:						
Property, plant and equipment, net	$ —	$ —	$ 2,051,691	$ 517,711	$ —	$ 2,569,402
Cash and cash equivalents	799	—	44,220	3,794	—	48,813
Accounts receivable, net	—	—	6,985	1,473	—	8,458
Affiliate receivable	—	—	—	1,899	(1,899)	—
Goodwill	—	—	146,590	—	—	146,590
Intangible assets, net	—	—	37,582	10,338	—	47,920
Straight-line rent receivable	—	—	20,422	—	—	20,422
Investment in consolidated subsidiaries	2,628,156	2,628,156	336,279	326,894	(5,919,485)	-
Other assets	136	—	9,271	663	—	10,070
Total Assets	$ 2,629,091	$ 2,628,156	$ 2,653,040	$ 862,772	$ (5,921,384)	$ 2,851,675
Liabilities and Shareholders' Deficit:						
Liabilities:						
Accounts payable, accrued expenses and other liabilities	$ 63	$ —	$ 18,869	$ 1,274	$ —	$ 20,206
Accrued interest payable	26,384	26,384	—	—	(26,384)	26,384
Deferred revenue	—	—	104,516	43,830	—	148,346
Derivative liability	66,888	66,888	—	—	(66,888)	66,888
Affiliate payable	—	—	1,899	—	(1,899)	—
Dividends payable	93,208	—	—	—	—	93,208
Deferred income taxes	—	—	1,715	3,400	—	5,115
Capital lease obligations	—	—	48,980	—	—	48,980
Notes and other debt, net	3,690,186	3,690,186	—	—	(3,690,186)	3,690,186
Total liabilities	3,876,729	3,783,458	175,979	48,504	(3,785,357)	4,099,313
Convertible preferred stock	79,063	—	—	—	—	79,063
Shareholders' Deficit:						
Common stock	15	—	—	—	—	15
Additional paid-in capital	81,881	—	—	—	—	81,881
Accumulated other comprehensive income	(66,967)	(66,888)	—	(79)	66,967	(66,967)
Distributions in excess of earnings	(1,341,630)	(1,088,414)	2,477,061	814,347	(2,202,994)	(1,341,630)
Total shareholders' deficit	(1,326,701)	(1,155,302)	2,477,061	814,268	(2,136,027)	(1,326,701)
Total Liabilities, Convertible Preferred Stock, and Shareholders' Deficit	$ 2,629,091	$ 2,628,156	$ 2,653,040	$ 862,772	$ (5,921,384)	$ 2,851,675

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
(unaudited)

	Condensed Consolidating Balance Sheet As of December 31, 2015					
(Thousands)	CS&L	CSL Capital	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets:						
Property, plant and equipment, net	$ —	$ —	$ 1,839,603	$ 533,048	$ —	$ 2,372,651
Cash and cash equivalents	17	—	140,197	2,284	—	142,498
Accounts receivable, net	—	—	474	1,609	—	2,083
Affiliate receivable	—	—	151	—	(151)	—
Intangible assets, net	—	—	—	10,530	—	10,530
Straight-line rent receivable	—	—	11,795	—	—	11,795
Investment in consolidated subsidiaries	2,458,679	2,458,679	11,235	—	(4,928,593)	—
Other assets	—	—	2,781	298	—	3,079
Total Assets	$ 2,458,696	$ 2,458,679	$ 2,006,236	$ 547,769	$ (4,928,744)	$ 2,542,636
Liabilities and Shareholders' Deficit:						
Accounts payable, accrued expenses and other liabilities	$ —	$ —	$ 9,204	$ 1,205	$ —	$ 10,409
Accrued interest payable	24,440	24,440	—	—	(24,440)	24,440
Deferred revenue	—	—	44,862	22,955	—	67,817
Derivative liability	5,427	5,427	—	—	(5,427)	5,427
Affiliate payable	—	—	—	151	(151)	—
Dividends payable	90,507	—	—	—	—	90,507
Deferred income taxes	—	—	1,677	4,037	—	5,714
Notes and other debt, net	3,505,228	3,505,228	—	—	(3,505,228)	3,505,228
Total liabilities	3,625,602	3,535,095	55,743	28,348	(3,535,246)	3,709,542
Common stock	15	—	—	—	—	15
Additional paid-in capital	1,392	—	—	—	—	1,392
Accumulated other comprehensive income	(5,427)	(5,427)	—	—	5,427	(5,427)
Distributions in excess of earnings	(1,162,886)	(1,070,989)	1,950,493	519,421	(1,398,925)	(1,162,886)
Total shareholders' deficit	(1,166,906)	(1,076,416)	1,950,493	519,421	(1,393,498)	(1,166,906)
Total Liabilities and Shareholders' Deficit	$ 2,458,696	$ 2,458,679	$ 2,006,236	$ 547,769	$ (4,928,744)	$ 2,542,636

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
(unaudited)

Condensed Consolidating Statement of Comprehensive Income (Loss)
For the Three Months Ended
June 30, 2016

(Thousands)	CS&L	CSL Capital	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Leasing	$ —	$ —	$ 168,522	$ 528	$ —	$ 169,050
Fiber Infrastructure	—	—	13,776	—	—	13,776
Consumer CLEC	—	—	—	5,747	—	5,747
Total revenues	—	—	182,298	6,275	—	188,573
Costs and Expenses:						
Interest expense	66,381	66,381	1,667	(12)	(66,381)	68,036
Depreciation and amortization	—	—	70,059	22,326	—	92,385
General and administrative expense	1,200	—	6,935	104	—	8,239
Operating expense	—	—	5,482	4,429	—	9,911
Transaction related costs	—	—	11,210	—	—	11,210
Total costs and expenses	67,581	66,381	95,353	26,847	(66,381)	189,781
Earnings from consolidated subsidiaries	66,046	66,046	—	—	(132,092)	—
(Loss) income before income taxes	(1,535)	(335)	86,945	(20,572)	(65,711)	(1,208)
Income tax expense	—	—	136	191	—	327
Net (loss) income	$ (1,535)	$ (335)	$ 86,809	$ (20,763)	$ (65,711)	$ (1,535)
Comprehensive (loss) income	$ (22,713)	$ (21,354)	$ 86,809	$ (20,922)	$ (44,533)	$ (22,713)

Condensed Consolidating Statement of Comprehensive Income
For the Period from April 24 - June 30, 2015

(Thousands)	CS&L	CSL Capital	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Leasing	$ —	$ —	$ 124,172	$ —	$ —	$ 124,172
Consumer CLEC	—	—	—	4,576	—	4,576
Total revenues	—	—	124,172	4,576	—	128,748
Costs and Expenses:						
Interest expense	48,797	48,797	—	—	(48,797)	48,797
Depreciation and amortization	—	—	46,744	17,700	—	64,444
General and administrative expense	338	—	2,823	—	—	3,161
Operating expense	—	—	—	3,741	—	3,741
Transaction related costs	—	—	73	—	—	73
Total costs and expenses	49,135	48,797	49,640	21,441	(48,797)	120,216
Earnings from consolidated subsidiaries	57,436	57,436	—	—	(114,872)	—
Income (loss) before income taxes	8,301	8,639	74,532	(16,865)	(66,075)	8,532
Income tax expense	—	—	94	137	—	231
Net income (loss)	$ 8,301	$ 8,639	$ 74,438	$ (17,002)	$ (66,075)	$ 8,301
Comprehensive income (loss)	$ 36,852	$ 37,190	$ 74,438	$ (17,002)	$ (94,626)	$ 36,852

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
(unaudited)

Condensed Consolidating Statement of Comprehensive Income (Loss)
For the Six Months Ended June 30, 2016

(Thousands)	CS&L	CSL Capital	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Leasing	$ —	$ —	$ 336,797	$ 894	$ —	$ 337,691
Fiber Infrastructure	—	—	13,776	—		13,776
Consumer CLEC	—	—	—	11,781	—	11,781
Total revenues	—	—	350,573	12,675	—	363,248
Costs and Expenses:						
Interest expense	132,526	132,526	1,571	(12)	(132,526)	134,085
Depreciation and amortization	—	—	134,143	44,582	—	178,725
General and administrative expense	2,130	—	11,098	200	—	13,428
Operating expense	—	—	5,483	9,135	—	14,618
Transaction related costs	—	—	15,120	—	—	15,120
Total costs and expenses	134,656	132,526	167,415	53,905	(132,526)	355,976
Earnings from consolidated subsidiaries	141,157	141,157	—	—	(282,314)	—
(Loss) income before income taxes	6,501	8,631	183,158	(41,230)	(149,788)	7,272
Income tax expense	—	—	384	387	—	771
Net (loss) income	$ 6,501	$ 8,631	$ 182,774	$ (41,617)	$ (149,788)	$ 6,501
Comprehensive (loss) income	$ (55,039)	$ (52,830)	$ 182,774	$ (41,696)	$ (88,248)	$ (55,039)

Condensed Consolidating Statement of Comprehensive Income
For the Period from April 24 - June 30, 2015

(Thousands)	CS&L	CSL Capital	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Leasing	$ —	$ —	$ 124,172	$ —	$ —	$ 124,172
Consumer CLEC	—	—	—	4,576	—	4,576
Total revenues	—	—	124,172	4,576	—	128,748
Costs and Expenses:						
Interest expense	48,797	48,797	—	—	(48,797)	48,797
Depreciation and amortization	—	—	46,744	17,700	—	64,444
General and administrative expense	338	—	2,823	—	—	3,161
Operating expense	—	—	—	3,741	—	3,741
Transaction related costs	—	—	73	—	—	73
Total costs and expenses	49,135	48,797	49,640	21,441	(48,797)	120,216
Earnings from consolidated subsidiaries	57,436	57,436	—	—	(114,872)	—
Income (loss) before income taxes	8,301	8,639	74,532	(16,865)	(66,075)	8,532
Income tax expense	—	—	94	137	—	231
Net income (loss)	$ 8,301	$ 8,639	$ 74,438	$ (17,002)	$ (66,075)	$ 8,301
Comprehensive income (loss)	$ 36,852	$ 37,190	$ 74,438	$ (17,002)	$ (94,626)	$ 36,852

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
(unaudited)

	Condensed Consolidating Statement of Cash Flows For the Six Months Ended June 30, 2016					
(Thousands)	CS&L	CSL Capital	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net cash provided by (used in) operating activities	$ (46,656)	$ —	$ 308,096	$ 6,060	$ (83,689)	$ 183,811
Cash flow from investing activities						
Acquisition of businesses, net of cash acquired	—	—	(316,244)	111	—	(316,133)
Capital expenditures	—	—	(3,397)	(6,055)	—	(9,452)
Net cash (used in) provided by investing activities	—	—	(319,641)	(5,944)	—	(325,585)
Cash flow from financing activities						
Principal payment on debt	(11,394)	—	—	—	—	(11,394)
Dividends paid	(180,694)	—	—	—	—	(180,694)
Proceeds from issuance of Notes	148,875	—	—	—	—	148,875
Borrowings under revolving credit facility	321,000	—	—	—	—	321,000
Payments under revolving credit facility	(278,936)					(278,936)
Capital lease payments	—	—	(469)	—	—	(469)
Deferred financing costs	(2,998)	—	—	—	—	(2,998)
Common stock issuance, net of costs	54,836	—	—	—	—	54,836
Net share settlement	(2,055)	—	—	—	—	(2,055)
Intercompany transactions, net	(1,196)	—	(83,963)	1,470	83,689	—
Net cash (used in) provided by investing activities	47,438	—	(84,432)	1,470	83,689	48,165
Effect of exchange rates on cash and cash equivalents	—	—	—	(76)	—	(76)
Net increase in cash and cash equivalents	782	—	(95,977)	1,510	—	(93,685)
Cash and cash equivalents, December 31, 2015	17	—	140,197	2,284		142,498
Cash and cash equivalents, June 30, 2016	$ 799	$ —	$ 44,220	$ 3,794	$ —	$ 48,813

Communications Sales & Leasing, Inc.
Notes to the Condensed Consolidated Financial Statements – Continued
(unaudited)

	Condensed Consolidating Statement of Cash Flows For the period from April 24 - June 30, 2015					
(Thousands)	CS&L	CSL Capital	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash flow from operating activities						
Net cash (used in) provided by operating activities	$ (61,540)	$ —	$ 154,971	$ —	$ —	$ 93,431
Cash flow from investing activities						
Consideration paid to Windstream Services	(1,035,029)	—	—	—	—	(1,035,029)
Capital expenditures	—	—	(397)	—	—	(397)
Net cash used in investing activities	(1,035,029)	—	(397)	—	—	(1,035,426)
Cash flow from financing activities						
Proceeds from issuance of Term Loans	1,127,000	—	—	—	—	1,127,000
Deferred financing costs	(29,933)	—	—	—	—	(29,933)
Common stock issuance	(456)	—	—	—	—	(456)
Cash in-lieu of fractional shares	(19)	—	—	—	—	(19)
Net cash provided by investing activities	1,096,592	—	—	—	—	1,096,592
Net increase in cash and cash equivalents	23	—	154,574	—	—	154,597
Cash and cash equivalents, December 31, 2015	—	—	18	—	—	18
Cash and cash equivalents, June 30, 2015	$ 23	$ —	$ 154,592	$ —	$ —	$ 154,615

Consumer CLEC Business
Statements of Revenues and Direct Expenses
(unaudited)

(Thousands)	For the Period April 1 - April 24, 2015	For the Period January 1 - April 24, 2015
Revenues	$ 2,258	$ 10,149
Direct expenses:		
Cost of revenues	1,201	5,552
Selling, general, and administrative	7	22
Amortization	270	1,283
Total direct expenses	1,478	6,857
Revenues in Excess of Direct Expenses	$ 780	$ 3,292

The accompanying notes are an integral part of this statement of Revenues and Direct Expenses.

Consumer CLEC Business
Notes to Financial Statement

Note 1. Description of Business

Communications Sales & Leasing, Inc. (the "Company," "CS&L," "we," "us" or "our") was incorporated in the state of Delaware in February 2014 and reorganized in the state of Maryland on September 4, 2014. On April 24, 2015, in connection with the separation and spin-off of CS&L from Windstream Holdings, Inc. ("Windstream Holdings" and together with its consolidated subsidiaries "Windstream"), 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 CS&L in exchange for cash, shares of common stock of CS&L and certain indebtedness of CS&L (the "Spin-Off").

The Consumer CLEC Business, which prior to the Spin-Off had been reported as an integrated operation within Windstream, offers voice, broadband, long-distance, and value-added services to residential customers located primarily in rural locations. Substantially all of the network assets used to provide these services to customers are contracted through interconnection agreements with other telecommunications carriers. Prior to the Spin-Off, Windstream ceased accepting new residential customers in the service areas covered by the Consumer CLEC Business.

Note 2. Basis of Presentation

Subsequent to the Spin-Off, all financial results of the Consumer CLEC Business are reported within the consolidated financial statements of CS&L. The accompanying unaudited Statement of Revenues and Direct Expenses for the periods from April 1, 2015 to April 24, 2015 (the "Spin Date") and January 1, 2015 to Spin Date have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (the "SEC"), as permitted by the SEC and are not intended to be a complete presentation of results of operations of the Consumer CLEC Business. Additionally, the interim financial statement has been prepared consistent with Article 10 of Regulation S-X. The elements of the financial statement are stated in accordance with accounting principles generally accepted in the United States ("GAAP"). Certain information and footnote disclosures have been condensed or omitted as permitted by the SEC's rules and regulations. In the opinion of management, all adjustments considered necessary for a fair statement of the results of the interim period presented have been included. The results of operations for the interim period is not necessarily indicative of results for the full year.

The accompanying Statement of Revenues and Direct Expenses include all direct costs incurred in connection with the operation of the Consumer CLEC Business for which specific identification was practicable. In addition, direct costs incurred by Windstream to operate the Consumer CLEC Business for which specific identification was not practicable have been allocated based on assumptions that management believes are reasonable under the circumstances as more fully discussed in Note 4. The Statement of Revenues and Direct Expenses exclude costs that are not directly related to the Consumer CLEC Business including general corporate overhead costs, interest expense and income taxes.

Note 3. Summary of Significant Accounting Policies

Use of Estimates—The preparation of financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statement are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statement. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statement, and such differences could be material.

Revenue Recognition—Service revenues are primarily derived from providing access to or usage of leased networks and facilities. Service revenues are recognized over the period that the corresponding services are rendered to customers. Revenues derived from other telecommunications services, including broadband, long distance and enhanced service revenues are recognized monthly as services are provided. Sales of customer premise equipment and modems are recognized when products are delivered to and accepted by customers.

In assessing collectability of receivables, management considers a number of factors, including historical collection experience, aging of the accounts receivable balances and current economic conditions. When internal collection efforts on accounts have been exhausted, the accounts are written off by reducing the allowance for doubtful accounts. The provision for doubtful accounts, which is

included in cost of service, was $28,000 and $111,000 for the period from April 1, 2015 to Spin Date and the period from January 1, 2015 to Spin Date, respectively.

Recently Issued Accounting Standards—In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). The standard outlines a single comprehensive revenue recognition model for entities to follow in accounting for revenue from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive for those goods or services. ASU 2014-09 is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. Early adoption is permitted for public companies for annual periods beginning after December 15, 2016.

Subsequent Events—The accompanying financial statement of the Consumer CLEC Business was derived from the consolidated financial statements of Windstream, which issued its interim unaudited consolidated financial statements for the quarterly period ended March 31, 2015 on May 7, 2015. Accordingly, management has evaluated transactions for consideration as recognized subsequent events in the accompanying financial statement through the date of June 30, 2016.

Note 4. Allocations

As described in Note 2, the accompanying Statement of Revenues and Direct Expenses of the Consumer CLEC Business include all direct costs incurred in connection with the operation of the Consumer CLEC Business for which specific identification was practicable. In addition, certain costs incurred by Windstream to operate the Consumer CLEC Business for which specific identification was not practicable have been allocated based on revenues and sales. These allocated expenses are included in "Cost of revenues" and "Selling, general and administrative."

General and administrative costs incurred by Windstream not directly related to the Consumer CLEC Business have not been allocated to these operations. Costs not allocated include amounts related to executive management, accounting, treasury and cash management, data processing, legal, human resources and certain occupancy costs.

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 and six months ended June 30, 2016. Because we were formed in connection with the Spin-Off from Windstream Holdings on April 24, 2015, the comparable period results discussed in this section cover only the 68 day period from April 24, 2015 to June 30, 2015. As such, there are inherent limitations to period over period comparability. This discussion should be read in conjunction with the accompanying unaudited 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 for the year ended December 31, 2015, filed with the SEC on March 7, 2016.

Overview

Company Description

On April 24, 2015, CS&L completed the Spin-Off from Windstream pursuant to which Windstream contributed the Distribution Systems and the Consumer CLEC Business to CS&L and CS&L issued common stock and indebtedness and paid cash obtained from borrowings under CS&L's senior credit facilities to Windstream. In connection with the Spin-Off, we entered into the Master Lease with Windstream, pursuant to which substantially all real property currently owned by CS&L is leased to Windstream and from which substantially all of CS&L's leasing revenues are currently derived.

We are an independent, internally managed real estate investment trust engaged in the acquisition and construction of mission critical infrastructure. We currently own 3.9 million fiber strand miles, 86 wireless towers, and other communications real estate throughout the United States and Mexico. We are principally focused on acquiring and constructing fiber optic broadband networks, wireless communications towers, copper and coaxial broadband networks and data centers. With the acquisition of PEG Bandwidth, LLC ("PEG Bandwidth"), the Company has also become a leading provider of infrastructure solutions including cell site backhaul and dark fiber, to the telecommunications industry. Presently, our primary source of revenue is leasing revenue from leasing our Distributions Systems to Windstream Holdings under the Master Lease. We intend to elect to be taxed as a REIT for U.S. federal income tax purposes starting with our taxable year ending December 31, 2015.

The Consumer CLEC Business, which was reported as an integrated operation within Windstream prior to the Spin-Off, offers voice, broadband, long-distance, and value-added services to residential customers located primarily in rural locations. Substantially all of the network assets used to provide these services to customers are contracted through interconnection agreements with other telecommunications carriers.

We have elected to treat Talk America Services, LLC ("Talk America"), and CSL Bandwidth, Inc., the indirect, wholly-owned subsidiaries of CS&L through which we operate the Consumer CLEC Business and PEG Bandwidth's business, respectively, as taxable REIT subsidiaries effective as of the first day of CS&L's initial REIT tax year, or in the case of PEG Bandwidth, the date of acquisition.

We expect 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 communication service providers and lease them back on a long-term triple net basis; (ii) whole company acquisitions, which may include the use of one or more taxable REIT subsidiaries that are permitted under the tax laws to acquire non-REIT operating businesses and assets subject to certain limitations; (iii) 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 (iv) mergers and acquisitions financing, whereby we facilitate mergers and acquisition transactions as a capital partner.

Significant Quarterly Business Developments

Acquisition of PEG Bandwidth, LLC. On May 2, 2016, we completed the previously announced acquisition of PEG Bandwidth. The purchase price for all outstanding equity interests was valued at $425 million, and included $323 million of cash, issuance of one million shares of the Company's common stock, and the issuance of 87,500 shares of the Company's 3% Series A Convertible Preferred Stock. PEG Bandwidth is a leading provider of infrastructure solutions, including cell site backhaul and dark fiber, to the telecommunications industry, and has an extensive fiber network consisting of over 300,000 strand miles in the Northeast/Mid Atlantic, Illinois and South Central regions of the United States. We funded the cash portion of the transaction through cash on hand and $321 million of borrowings under our Revolving Credit Facility. This transaction diversified our portfolio and is expected to contribute approximately 10% of our consolidated annualized revenues.

Issuance of Senior Secured Notes. On June 9, 2016, we, along with our wholly-owned subsidiary CSL Capital, co-issued $150 million aggregate principal amount of 6.00% Senior Secured Notes as an add-on to the Company's existing Senior Secured Notes due April 15, 2023. The add-on Notes were issued at an issue price of 99.25%, are subject to the same customary covenant requirements as the existing Senior Secured Notes, and are guaranteed by each of CS&L's wholly-owned domestic subsidiaries that guarantee indebtedness under CS&L's senior credit facilities. The issuance of the add-on Notes was not be registered under the Securities Act of 1933, as amended (the "Securities Act"), but was exempt from registration under Rule 144A, Regulation S and other applicable exemptions of the Securities Act. Proceeds from the issuance of the add-on Notes were used to re-pay existing borrowings under the Revolving Credit Facility.

Windstream's Disposition of Retained Interest in CS&L. On June 15, 2016, Windstream Holdings disposed of 14.7 million shares of our common stock, representing approximately half of its retained ownership interest, to certain creditors of Windstream in exchange for satisfaction of certain Windstream debt. Citigroup Global Markets Inc. ("Citigroup") then acquired such shares from the creditors and as selling shareholder, sold the shares to institutional accredited investors, including funds managed by Searchlight Capital Partners, L.P. ("Searchlight"). The Company did not receive any proceeds resulting from the disposition of these shares.

In connection with the transaction, Searchlight, as lead private investor of 10 million shares of our common stock, was offered by CS&L the right to designate one member to the Company's board of directors, provided such designee is reasonably acceptable to the Company. The designation right will terminate if Searchlight's ownership drops below 5% prior to June 15, 2019 or below 8% thereafter.

On June 24, 2016, Windstream Holdings disposed of its remaining 14.7 million shares of our common stock as part of a public offering (the "Resale Offering") by Citigroup. The Company did not receive any proceeds resulting from the disposition of these shares.

In connection with the Resale Offering, we issued 2.2 million additional shares of our common stock pursuant to an overallotment option granted to the underwriters. The shares were sold at a public offering price of $26.01, resulting in proceeds to the Company of $54.8 million, net of underwriting discounts and commissions, which were used to repay existing borrowings under our Revolving Credit Facility.

Acquisition of Tower Cloud, Inc. On June 20, 2016, we announced that we had entered into a definitive agreement to acquire privately-held Tower Cloud, Inc. ("Tower Cloud") for $230 million payable in a combination of cash and stock. We intend to fund the cash portion of the transaction through cash on hand and borrowings under or Revolving Credit Facility. In addition to the $180 million of cash and 1.9 million shares of our common stock to be delivered at closing, Tower Cloud shareholders may receive additional consideration contingent upon Tower Cloud achieving certain defined operational and financial milestones following the closing of the transaction.

Tower Cloud is a leading provider of data transport services, with particular focus on providing infrastructure solutions to the wireless and enterprise sectors, including fiber-to-the-tower backhaul, small cell networks, and dark fiber deployments. Tower Cloud's network currently consists of 90,000 fiber strand miles in service across the southeastern United States, with 181,000 fiber strand miles awarded for future deployment for the major wireless carriers.

We believe the acquisition of Tower Cloud compliments our diversification strategy, will expand our national wireless carrier relationships, and will accelerate our small cell and dark fiber businesses. Closing is subject to regulatory approvals and other customary terms and conditions, which is expected to occur by the end of the third quarter of 2016. Following the close of the transaction, Tower Cloud will be reported as a component of our Fiber Infrastructure segment, where we expect to achieve significant operational synergies with PEG Bandwidth.

Addition of New Directors. On June 30, 2016, Scott G. Bruce was appointed to the Company's Board of Directors. Mr. Bruce is Managing Director of Associated Partners, LP and was appointed in connection with the completed acquisition of PEG Bandwidth, and in accordance with the terms and conditions set forth in the Agreement and Plan of Merger, dated January 7, 2016 related thereto.

On August 9, 2016, Andrew Frey was appointed to the Company's Board of Directors, increasing the size of the Company's Board from five to six members. Mr. Frey is a partner of Searchlight Capital Partners, L.P. and was appointed pursuant to the letter agreement dated June 15, 2016, between the Company and Searchlight.

Comparison of the three and six months ended June 30, 2016 to the period from April 24, 2015 to June 30, 2015

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

(Thousands)	Three Months Ended June 30, 2016	% of Revenues	Period from April 24 - June 30, 2015	% of Revenues	Six Months Ended June 30, 2016	% of Revenues
Revenues:						
Leasing	$ 169,050	89.6%	$ 124,172	96.4%	$ 337,691	93.0%
Fiber Infrastructure	13,776	7.3%	-	0.0%	13,776	3.8%
Consumer CLEC	5,747	3.0%	4,576	3.6%	11,781	3.2%
Total revenues	188,573	100.0%	128,748	100.0%	363,248	100.0%
Costs and Expenses:						
Interest expense	68,036	36.1%	48,797	37.9%	134,085	36.9%
Depreciation and amortization	92,385	49.0%	64,444	50.1%	178,725	49.2%
General and administrative expense	8,239	4.4%	3,161	2.5%	13,428	3.7%
Operating expense	9,911	5.3%	3,741	2.9%	14,618	4.0%
Transaction related costs	11,210	5.9%	73	0.1%	15,120	4.2%
Total costs and expenses	189,781	100.6%	120,216	93.4%	355,976	98.0%
(Loss) income before income taxes	(1,208)	(0.6%)	8,532	6.6%	7,272	2.0%
Income tax expense	327	0.2%	231	0.2%	771	0.2%
Net (loss) income	(1,535)	(0.8%)	8,301	6.4%	6,501	1.8%
Participating securities' share in earnings	(402)	(0.2%)	(325)	(0.3%)	(757)	(0.2%)
Dividends declared on convertible preferred stock	(438)	(0.2%)	-	0.0%	(438)	(0.1%)
Amortization of discount on convertible preferred stock	(496)	(0.3%)	-	0.0%	(496)	(0.1%)
Net (loss) income applicable to common shareholders	$ (2,871)	(1.5%)	$ 7,976	6.2%	$ 4,810	1.3%

Revenues

Leasing - Leasing revenues are primarily attributable to rental revenue from leasing our Distribution Systems to Windstream Holdings pursuant to the Master Lease. Under the Master Lease, Windstream Holdings is primarily responsible for the costs related to operating the Distribution Systems, including property taxes, insurance, and maintenance and repair costs. The Master Lease has an initial term of 15 years with four (4) five-year renewal options and encompasses properties located in 29 states. The rent under the Master Lease is an annual fixed amount of $650 million during the first three years. Commencing with the fourth year of the Master Lease and continuing for the remainder of the initial term, rent under the Master Lease is subject to annual escalation of 0.5%. Additionally, we funded $43.1 million of capital expenditures related to the Distribution System on December 29, 2015. Monthly rent paid by Windstream increased by approximately $3.5 million per year in accordance with the Master Lease effective as of the date we provided the funding. Rental revenues over the initial term of the Master Lease will be recognized in the financial statements on a straight line basis, representing approximately $670.7 million per year.

The Master Lease further provides 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 CS&L upon their construction by Windstream. We receive non-monetary consideration related to TCIs as they automatically become our property, thus 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.

For the three and six months ended June 30, 2016, we recognized $169.0 million and $337.7 million of revenue, respectively, from rents under the Master Lease. These amounts include $4.3 million and $8.6 million of straight-line revenues, respectively, and $1.3 million and $2.2 million of TCI revenue, respectively. For the 68-day period from April 24, 2015 to June 30, 2015, we recognized $124.2 million of revenues from the Master Lease, which included $3.2 million of straight-line rent revenue, and no TCI revenue.

Because a substantial portion of our revenue is derived from lease payments by Windstream pursuant to the Master Lease, there could be a material adverse impact on our consolidated results of operations, liquidity and/or financial condition if Windstream experiences operating difficulties and becomes unable to generate sufficient cash to make payments to us. In recent years, Windstream has experienced annual declines in its total revenue and sales. Accordingly, we monitor the credit quality of Windstream through numerous methods, including by (i) reviewing the credit ratings of Windstream by nationally recognized credit rating agencies, (ii)

reviewing the financial statements of Windstream that are publicly available and that are required to be delivered to us pursuant to the Master Lease, (iii) monitoring news reports regarding Windstream and its businesses, (iv) conducting research to ascertain industry trends potentially affecting Windstream, and (v) monitoring the timeliness of its lease payments.

In addition to periodic financial statements, pursuant to the Master Lease Windstream is obligated to provide us (i) a detailed consolidated budget on an annual basis and any significant revisions approved by Windstream's board of directors, (ii) prompt notice of any adverse action or investigation by a governmental authority relating to Windstream's licenses affecting the leased property, and (iii) any information we require to comply with our reporting and filing obligations with the SEC. Furthermore, pursuant to the Master Lease, we may inspect the properties leased to Windstream upon reasonable advance notice, and, no more than twice per year, we may require Windstream to deliver an officer's certificate certifying, among other things, its material compliance with the covenants under the Master Lease, the amount of rent and additional charges payable thereunder, the dates the same were paid, and any other questions or statements of fact we reasonably request.

Fiber Infrastructure – We recognized $13.8 million of revenue, approximately 80% of which was derived from lit backhaul services, from our Fiber Infrastructure segment for the three and six months ended June 30, 2016, representing the revenues from the acquired PEG Bandwidth business from the date of acquisition to June 30, 2016. At June 30, 2016, we had approximately 3,300 customer connections.

Consumer CLEC - For the three months ended June 30, 2016, we recognized $5.7 million of revenue from the Consumer CLEC Business, compared to $4.6 million for the period from April 24, 2015 to June 30, 2015. The increase is due to a full quarter of revenue during 2016, compared to 68 days of revenue during the prior year period. This increase was offset by a decrease in customer counts, as we served 41,200 customers as of June 30, 2016, a 12% decrease from 47,000 at June 30, 2015. The decrease in customers is due to the effects of competition and customer attrition. For the six months ended June 30, 2016 we recognized $11.8 million of revenue from the Consumer CLEC Business.

Interest Expense

Interest expense for the three and six months ended June 30, 2016 totaled $68.0 million and $134.1 million, respectively. Interest expense includes non-cash interest expense of $3.8 million and $7.6 million for the three and six months ended June 30, 2016, respectively, resulting from the amortization of our debt discounts and debt issuance costs. In addition, during the quarter ended June 30, 2016, we incurred $1.4 million in interest expense related to our previously undrawn Revolving Credit Facility and $400,000 related to the $150 million of newly issued add-on Senior Secured Notes. Our interest expense includes the impact of our interest rate swap agreements.

Interest expense for the period from April 24, 2015 to June 30, 2015 totaled $48.8 million, which includes non-cash interest expense of $2.6 million resulting from the amortization of our debt discounts and debt issuance costs.

Depreciation and Amortization Expense

We incur depreciation and amortization expense related to our property, plant and equipment, corporate assets and intangible assets. Charges for depreciation and amortization for the three and six months ended June 30, 2016 totaled $92.4 million and $178.7 million, respectively, which included property, plant and equipment depreciation of $91.1 million, corporate asset depreciation of $0.1 million and intangible asset amortization of $1.2 million for the three months ended June 30, 2016, and property, plant and equipment depreciation of $176.6 million, corporate asset depreciation of $0.1 million and intangible asset amortization of $2.0 million for the six months ended June 30, 2016. Charges for depreciation and amortization for the period from April 24, 2015 through June 30, 2015 totaled $64.4 million, which included property, plant and equipment depreciation of $63.8 million and intangible asset amortization of $0.6 million.

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. For the three months ended June 30, 2016, general and administrative costs totaled $8.3 million (4.4% of revenue), which includes $1.2 million of stock-based compensation expense. For the six months ended June 30, 2016, general and administrative costs totaled $13.4 million (3.7% of revenue), which includes $2.1 million of stock-based compensation expense. For the three and six months ended June 30, 2016, our general and administrative expenses included $3.4 million of expense related to the newly acquired PEG business.

For the period from April 24, 2015 to June 30, 2015, general and administrative costs totaled $3.2 million (2.5% of revenue), which includes $0.3 million of stock-based compensation expense.

Operating Expense

Operating expense for the three and six months ended June 30, 2016, totaled $9.9 million (5.3% of revenue) and $14.6 million (4.0% of revenue), respectively, and include expense related to the operation of the Consumer CLEC Business and the newly acquired PEG Bandwidth business.

Expense associated with the Consumer CLEC Business is primarily attributable to the Wholesale Master Services Agreement and the Master Services Agreement entered into between us and Windstream in connection with the Spin-Off, and also included costs arising under the interconnection agreements with other telecommunication carriers. Expense associated with the Wholesale Master Services Agreement for the three and six months ended June 30, 2016 totaled $3.2 million (1.7% of revenue) and $6.6 million (1.8% of revenue), respectively, and expense associated with the Master Services Agreement for those time periods total $0.4 million (0.2% of revenue) and $0.9 million (0.2% of revenue), respectively. Expense associated with the Consumer CLEC Business, for the period from April 24, 2015 to June 30, 2015, primarily related to the Wholesale Master Services Agreement ($2.8 million) and the Master Services Agreement ($0.3 million).

For the three and six months ended June 30, 2016, we incurred $5.4 million (2.9% and 1.5% of revenue, respectively) of operating expense related to the PEG Bandwidth business, which includes $1.4 million of tower rent expense, $1.0 million of payroll related expense, and $0.9 million of lit service expense.

Reportable Segments

Subsequent to our acquisition of PEG Bandwidth on May 2, 2016, we manage our operations as three reportable business segments: Leasing, Fiber Infrastructure and Consumer CLEC. Our Leasing segment represents our REIT operations, including the results of our tower and ground lease operations, and corporate expenses not directly attributable to other operating segments. The Fiber Infrastructure segment represents the operations of the newly acquired PEG Bandwidth business, as well as corporate expenses directly attributable to the operations of the business, and the Consumer CLEC segment represents the operations of our Consumer CLEC Business and corporate expenses directly attributable to the operation of that business. We evaluate the performance of each segment based on Adjusted EBITDA.

The following table sets forth, for the three months ended June 30, 2016, revenues and Adjusted EBITDA of our reportable segments:

	Three Months Ended June 30, 2016			
(Thousands)	Leasing	Fiber Infrastructure	Consumer CLEC	Subtotal of Reportable Segments
Revenues	$ 169,050	$ 13,776	$ 5,747	$ 188,573
Adjusted EBITDA	164,810	5,500	1,330	171,640
Interest expense				68,036
Depreciation and amortization	85,824	5,747	814	92,385
Transaction related costs				11,210
Stock-based compensation				1,217
Income tax expense				327
Net loss				$ (1,535)

The following table sets forth, for the period from April 24, 2015 to June 30, 2015, revenues and Adjusted EBITDA of our reportable segments:

	Period from April 24, 2015 to June 30, 2015		
(Thousands)	Leasing	Consumer CLEC	Subtotal of Reportable Segments
Revenues	$ 124,172	$ 4,576	$ 128,748
Adjusted EBITDA	121,349	835	122,184
Interest expense			48,797
Depreciation and amortization	63,801	643	64,444
Transaction related costs			73
Stock-based compensation			338
Income tax expense			231
Net income			$ 8,301

The following table sets forth, for the six months ended June 30, 2016, revenues and Adjusted EBITDA of our reportable segments:

	Six Months Ended June 30, 2016			
(Thousands)	Leasing	Fiber Infrastructure	Consumer CLEC	Subtotal of Reportable Segments
Revenues	$ 337,691	$ 13,776	$ 11,781	$ 363,248
Adjusted EBITDA	329,187	5,500	2,662	337,349
Interest expense				134,085
Depreciation and amortization	171,325	5,747	1,653	178,725
Transaction related costs				15,120
Stock-based compensation				2,147
Income tax expense				771
Net income				$ 6,501

The increase in the performance of our Leasing and Consumer CLEC segments for the quarter ended June 30, 2016 compared to the period from April 24 to June 30, 2015, is primarily attributable to the impact of a full quarter of activity in 2016, while there was only 68 days of activity in 2015. The results of our Fiber Infrastructure segment represent operations of our newly acquired PEG Bandwidth business from the date of acquisition to June 30, 2016.

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"), Normalized Funds From Operations ("NFFO") 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, NFFO 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 transaction related costs, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, changes in the fair value of contingent consideration and financial instruments, and other similar items. 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 applicable 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. We compute FFO in accordance with NAREIT's definition.

The Company defines NFFO, as FFO excluding the impact, which may be recurring in nature, of transaction related costs. The Company defines AFFO, as NFFO excluding (i) 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, straight line rental revenues, revenue associated with the amortization of tenant capital improvements and (ii) the impact, which may be recurring in nature, of maintenance capital expenditures, the write-off of unamortized deferred financing fees, additional costs incurred as a result of early repayment of debt, changes in the fair value of contingent consideration and financial instruments and similar items. We believe that the use of FFO, NFFO 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, NFFO 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 related costs. The Company uses FFO, NFFO and AFFO, and their respective per share amounts, only as performance measures, and FFO, NFFO and AFFO do not purport to be indicative of cash available to fund our future cash requirements. While FFO, NFFO 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, NFFO 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, NFFO and AFFO differently than we do.

The reconciliation of our net income to EBITDA and Adjusted EBITDA and of our net income applicable to common shareholders to FFO, NFFO and AFFO for the three and six months ended June 30, 2016 and for the period from April 24, 2015 to June 30, 2015 is as follows:

(Thousands)	Three Months Ended June 30, 2016	Period from April 24 - June 30, 2015	Six Months Ended June 30, 2016
Net (loss) income	$ (1,535)	$ 8,301	$ 6,501
Depreciation and amortization	92,385	64,444	178,725
Interest expense	68,036	48,797	134,085
Income tax expense	327	231	771
EBITDA	$ 159,213	$ 121,773	$ 320,082
Stock based compensation	1,217	338	2,147
Transaction related costs	11,210	73	15,120
Adjusted EBITDA	$ 171,640	$ 122,184	$ 337,349

(Thousands)	Three Months Ended June 30, 2016	Period from April 24 - June 30, 2015	Six Months Ended June 30, 2016
Net (loss) income attributable to common shareholders	$ (2,871)	$ 7,976	$ 4,810
Real estate depreciation and amortization	87,331	63,801	172,832
Participating securities share in earnings	402	325	757
Participating securities share in FFO	(402)	(352)	(770)
FFO applicable to common shareholders	$ 84,460	$ 71,750	$ 177,629
Transaction related costs	11,210	73	15,120
NFFO applicable to common shareholders	95,670	71,823	192,749
Amortization of deferred financing costs	1,863	1,272	3,681
Amortization of debt discount	1,980	1,366	3,926
Stock based compensation	1,217	338	2,147
Non-real estate depreciation and amortization	5,054	643	5,893
Straight-line rental revenue	(4,305)	(3,200)	(8,627)
Maintenance capital expenditures	(680)	-	(680)
Amortization of discount on convertible preferred stock	496	-	496
Other non-cash (revenue) expense, net	(1,692)	35	(2,509)
AFFO applicable to common shareholders	$ 99,603	$ 72,277	$ 197,076

Critical Accounting Estimates

We make certain judgments and use certain estimates and assumptions when applying accounting principles in the preparation of our 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 believe the current assumptions and other considerations used to estimate amounts reflected in our financial statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our 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 consolidated 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 on Form 10-K for the year ended December 31, 2015, filed with SEC on March 7, 2016. As of June 30, 2016, there has been no material change to these estimates.

Liquidity and Capital Resources

Our principal liquidity needs are to fund operating expenses, meet debt service requirements, fund investment activities, and make dividend distributions. Our primary sources of liquidity and capital resources are cash on hand, cash provided by operating activities (primarily arising under the Master Lease with Windstream), borrowings under our Credit Agreement, and proceeds from the issuance of debt and equity securities. As of June 30, 2016, we had approximately $506.7 million of liquidity, consisting of unrestricted cash and cash equivalents of $48.8 million and $457.9 million of unused borrowing availability under the Revolving Credit Agreement.

Cash provided by operating activities was $183.8 million for the six months ended June 30, 2016 driven by favorable changes in working capital, primarily attributable to our leasing activities.

Cash used in investing activities was $325.6 million for the six months ended June 30, 2016, which was driven by the acquisition of PEG Bandwidth ($316.1 million) and capital expenditures ($9.5 million).

Cash provided by financing activities was $48.2 million for the six months ended June 30, 2016, which primarily represents the proceeds from the add-on Notes ($148.9 million), proceeds from the sale of common stock pursuant to the overallotment option granted in connection with the Resale Offering ($54.8 million) and net borrowings under the Revolving Credit Facility ($42.1 million) related to the PEG Bandwidth transaction, partially offset by dividend payments ($180.7 million) and principal payments related to the Term Loan Facility ($10.7 million).

We anticipate our cash on hand and borrowing availability under our Revolving Credit Facility, combined with our cash flows provided by operating activities will be sufficient to fund our business operations, debt service and distributions to our shareholders over the next twelve months. However, we may take advantage of opportunities to generate additional liquidity through capital markets transactions. 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, we could be subject to a shortfall in liquidity in the future, and this shortfall may occur rapidly and with little or no notice, which would limit our ability to address the shortfall on a timely basis.

Contractual Obligations

As of June 30, 2016, we had contractual obligations and commitments as follows:

	Payments Due by Period				
(millions)	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Long-term debt[a]	$ 21.4	$ 42.8	$ 84.9	$ 3,671.6	$ 3,820.7
Interest payments on long-term debt obligations[b]	229.8	459.4	454.0	424.0	1,567.2
Operating leases	9.1	13.3	4.8	1.2	28.4
Capital Leases	5.7	10.4	10.4	55.2	81.7
Total projected obligations and commitments[c]	$ 266.0	$ 525.9	$ 554.1	$ 4,152.0	$ 5,498.0

(a) Excludes $130.5 million of unamortized discounts on long-term debt and deferred financing costs.
(b) Interest rates on our Term Loan Facility are based on our swap rates.
(c) Excludes $66.9 million of derivative liability related to interest rate swaps maturing on October 24, 2022.

Dividends

We will elect to be taxed as a REIT for U.S. federal income tax purposes beginning with our 2015 tax year. 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. We intend to make regular quarterly 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.

On July 15, 2016, we paid, to shareholders of record as of the close of business on June 30, 2016, a cash dividend on our common stock of $0.60 per share for the period from April 1, 2016 through June 30, 2016.

On April 15, 2016, we paid, to shareholders of record as of the close of business on March 31, 2016, a cash dividend on our common stock of $0.60 per share for the period from January 1, 2016 through March 31, 2016.

On January 15, 2016, we paid, to shareholders of record as of the close of business on December 31, 2015, a cash dividend on our common stock of $0.60 per share for the period from October 1, 2015 through December 31, 2015.

Capital Expenditures

We anticipate incurring total capital expenditures related to the acquired PEG Bandwidth business of $12 million to $16 million during 2016. As of June 30, 2016, we have incurred approximately $3.4 million of such expenditures.

We do not anticipate incurring significant capital expenditures on an annual basis in connection with corporate assets or operating our Consumer CLEC Business.

Recent Accounting Guidance

New accounting rules and disclosures can impact our reported results and comparability of our financial statements. These matters are described in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on March 7, 2016.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). The standard outlines a single comprehensive revenue recognition model for entities to follow in accounting for revenue from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive for those goods or services. ASU 2014-09 is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. Early adoption is permitted for public companies for annual periods beginning after December 15, 2016. The Company is the process of evaluating this guidance to determine the impact it will have on our financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASC 842"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASC 842 is effective for the fiscal years and interim periods beginning after December 15, 2018, and early adoption is permitted. The Company is in the process of evaluating this guidance to determine the impact it will have on our financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09") ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years and early adoption is permitted. We have adopted ASU 2016-09 effective April 1, 2016, and will reverse compensation cost of forfeited awards as they occur. At the time of adoption, we had not experienced any forfeited awards and therefore no cumulative-effect adjustment was necessary.

Off Balance-Sheet Arrangements

As of the date of this Quarterly Report on Form 10-Q, we do not have any off-balance sheet arrangements.

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 on Form 10-K for the year ended December 31, 2015, filed with the SEC on March 7, 2016.

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 (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 June 30, 2016. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2016.

Changes in Internal Control over Financial Reporting

The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules that generally require every company that files reports with the SEC to evaluate its effectiveness of internal controls over financial reporting. Our management is not required to evaluate the effectiveness of our internal controls over financial reporting until the filing of our 2016 Annual Report on Form 10-K, due to a transition period established by SEC rules applicable to new public companies. As a result, this Quarterly Report on Form 10-Q does not address whether there have been any changes in internal control over financial reporting. We intend to include an evaluation of our internal controls over financial reporting in our 2016 Annual Report on Form 10-K.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

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.

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 on Form 10-K for the year ended December 31, 2015 filed with the SEC on March 7, 2016, as supplemented by the supplemental risk factors related to the business of PEG Bandwidth, which we acquired on May 2, 2016, included in Part II, "Item 1A Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

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 CS&L employees to satisfy minimum statutory tax withholding obligations arising from the vesting of restricted stock granted under the Communications Sales & Leasing, 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(1)	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
April 1, 2016 to April 30, 2016	—	—	—	—
May 1, 2016 to May 31, 2016	—	—	—	—
June 1, 2016 to June 30, 2016	934	28.27	—	—
Total	934	$ 28.27	—	—

(1) The average price paid 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.

As discussed above in the section titled "Overview—Significant Quarterly Business Developments" included in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report on Form 10-Q, on June 15, 2016 in connection with Citigroup's sale of shares of our common stock to Searchlight, we entered into a letter agreement with Searchlight, pursuant to which we agreed to cause the total number of directors constituting our board of directors (the "Board") to be increased by one director and cause a designee selected by Searchlight to fill the newly created vacancy, following the completion of the Company's customary procedures for director selection. On August 9, 2016, the Board increased the size of the Board by one and appointed Andrew Frey, a partner of Searchlight, to fill the newly created vacancy. Mr. Frey is not currently expected to serve on any of the Board's committees.

Mr. Frey will be compensated for his board service in accordance with the Company's non-employee director compensation program, as is more fully described in the "Director Compensation" section of the Company's definitive proxy statement for the 2016 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on April 6, 2016.

Other than as described in this Item 5, there are no other arrangements or understandings between Mr. Frey and any other person pursuant to which he was selected to serve on the Board, nor is Mr. Frey party to any related party transactions required to be reported pursuant to Item 404(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
2.1*+	Agreement and Plan of Merger, dated as of June 20, 2016, by and among Communications Sales & Leasing, Inc., CSL Fiber Holdings LLC, Thor Merger Sub, Inc., Tower Cloud, Inc. and Shareholder Representative Services LLC, as representative of the equityholders of Tower Cloud, Inc.
2.2*	First Amendment, dated as of August 11, 2016, to the Agreement and Plan of Merger, dated as of June 20, 2016, by and among Communications Sales & Leasing, Inc., CSL Fiber Holdings LLC, Thor Merger Sub, Inc., Tower Cloud, Inc. and Shareholder Representative Services LLC, as representative of the equityholders of Tower Cloud, Inc.
10.1*	Letter Agreement between Searchlight II CLS, L.P. and Communications Sales and Leasing, Inc., dated as of June 15, 2016.
10.2*	Registration Rights Agreement by and among each of the parties listed on the signature pages thereto and Communications Sales & Leasing, Inc. dated as of June 15, 2016.
31.1*	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.
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32.1*	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.
32.2*	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.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

\+ Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission. Also, certain exhibits and schedules to this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish a supplemental copy of any such omitted exhibit or schedule to the Securities and Exchange Commission upon request but may request confidential treatment for any exhibit or schedule so furnished.

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.

COMMUNICATIONS SALES & LEASING, INC.

Date: August 11, 2016

/s/ Mark A. Wallace

Mark A. Wallace
Executive Vice President – Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 11, 2016

/s/ Blake Schuhmacher

Blake Schuhmacher
Vice President – Chief Accounting Officer
(Principal Accounting Officer)

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Exhibit 2.1

CONFIDENTIAL TREATMENT REQUESTED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND MARKED WITH "[*****]". AN UNREDACTED VERSION OF THE DOCUMENT HAS ALSO BEEN FURNISHED SEPARATELY TO THE SECURITIES AND EXCHANGE COMMISSION AS REQUIRED BY RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

dated as of

June 20, 2016

by and among

COMMUNICATIONS SALES & LEASING, INC.,

CSL FIBER HOLDINGS LLC,

THOR MERGER SUB INC.,

TOWER CLOUD, INC.,

and

SHAREHOLDER REPRESENTATIVE SERVICES LLC,

in its capacity as the Equityholders' Representative

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "**Agreement**") dated as of June 20, 2016 is made by and among Communications Sales & Leasing, Inc., a Maryland corporation ("**Parent**"), CSL Fiber Holdings LLC, a Delaware limited liability company and an indirect wholly owned Subsidiary (as defined below) of Parent ("**Purchaser**"), Thor Merger Sub Inc., a Delaware corporation and wholly owned Subsidiary of Purchaser ("**Merger Sub**"), Tower Cloud, Inc., a Delaware corporation (the "**Company**") and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative of the Equityholders as set forth herein (the "**Equityholders' Representative**").

RECITALS:

WHEREAS, the Board of Directors of each of the Company, Parent, Purchaser and Merger Sub has unanimously (i) declared that the Merger and the other transactions contemplated by this Agreement are fair, advisable and in the best interests of their respective companies and stockholders and (ii) approved this Agreement and the transactions contemplated hereby, including the Merger, upon the terms and subject to the conditions set forth herein;

WHEREAS, the Boards of Directors of each of the Company and Merger Sub has recommended to its stockholders the approval and adoption of this Agreement and the transactions contemplated hereby, including the Merger;

WHEREAS, concurrently with the execution and delivery of this Agreement, and as an inducement and condition to Parent and Purchaser's willingness to enter into this Agreement, Parent (or an Affiliate of Parent) is entering into an offer letter with the executive named on Exhibit A, which offer letter shall be effective as of, and contingent on, the Closing; and

WHEREAS, immediately following the execution and delivery of this Agreement, the Company will deliver to Purchaser the written consent of the Required Equityholders (as defined below) irrevocably adopting this Agreement and approving the Merger and the transactions contemplated by this Agreement and the other Transaction Documents and agreeing to certain matters with respect thereto (the "**Written Consent and Support Agreement**") in the form of Exhibit B hereto.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions.* The following terms, as used herein, have the following meanings:

"**280G Shareholder Approval Requirements**" has the meaning set forth in Section 5.10(a).

"**Accounting Policies**" means the accounting procedures and policies attached as Exhibit C to this Agreement and, to the extent not reflected on Exhibit C, otherwise in accordance with GAAP.

"**Accounting Referee**" has the meaning set forth in Section 2.10(c).

"**Acquired Companies**" means the Company and the Company Subsidiaries (including, from and after the Effective Time, the Surviving Corporation).

"**Acquired Company Employee**" has the meaning set forth in Section 3.20(a).

"**Action**" means any action, suit, investigation, audit (including Tax audit), litigation, arbitration, claim (including any crossclaim or counterclaim) or proceeding (including any civil, criminal, administrative, investigative or appellate proceeding).

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have correlative meanings. For the avoidance of doubt, following the Effective Time the Affiliates of Parent and the Purchaser shall include the Surviving Corporation.

"**Affiliate Contract**" has the meaning set forth in Section 3.22(a).

"**Aggregate Series A Liquidation Preference**" has the meaning set forth in Section 2.04(b).

"**Aggregate Series B Liquidation Preference**" has the meaning set forth in Section 2.04(a).

"**Agreement**" has the meaning set forth in the Preamble.

"**Allocation Schedule**" means the Allocation Schedule attached hereto as Schedule I (as updated and revised in accordance with Section 2.09(a) and Section 2.11) setting forth the following information: (i) each Equityholder's name, address and email address, (ii) the number of shares of each class and series of Company Stock held as of immediately prior to the Effective Time by each such Equityholder, (iii) the number of shares of each class and series of Company Stock subject to Company Warrants (and the strike price thereof) held as of immediately prior to the Effective Time by each such Equityholder, (iv) the number of shares of each class and series of Company Stock subject to Company Stock Options (and the exercise price thereof) held as of immediately prior to the Effective Time by each such Equityholder, (v) the Fully Diluted Common Number, (vi) each Equityholder's Pro Rata Share, (vii) a calculation of the Per Share Series A Liquidation Preference, the Per Share Series B Liquidation Preference and the Per Share Closing Cash Consideration, (viii) a calculation of the aggregate Merger Consideration to be paid to each Equityholder in respect of each such Equityholder's (A) Per Share Series A Liquidation Preference, (B) Per Share Series B Liquidation Preference, (C) Per Share Closing Cash Consideration, (D) Company Stock Options, and (E) Company Warrants, (ix) in the case of the updated Allocation Schedule delivered pursuant to Section 2.11(a), a calculation of the Merger Consideration to be paid to each Equityholder in respect of each such Equityholder's Per Share Adjustment Consideration and Per Share Escrow Release Amount, (x) in the case of any updated Allocation Schedule delivered pursuant to Section 2.15(c), a calculation of the aggregate Merger Consideration to be paid to each Equityholder in respect of each such Equityholder's Per Share Equityholders' Representative Fund Release Amount, (xi) in the case of the updated Allocation Schedule delivered pursuant to Section 2.11(a), a calculation of the aggregate Merger Consideration to be paid to each Equityholder in respect of each such Equityholder's Per Share Earn-Out Payment (for each Earn-Out Payment assuming such Earn-Out Payment becomes payable in full and the Purchaser does not elect to deliver shares of Parent Common Stock in lieu of any portion of such amount), (xii) the wire instructions of the Payments Administrator for purposes of paying the Merger Consideration pursuant to this Agreement, and (xiii) the wire instructions of the Equityholders' Representative for purposes of funding the Equityholders' Representative Fund.

"**Applicable Law**" means, with respect to any Person, any transnational, domestic or foreign federal, state or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person.

"**Audited Financial Statements**" has the meaning set forth in Section 3.07.

"**Balance Sheet**" means the audited consolidated balance sheet of the Company and its Subsidiaries as of the Balance Sheet Date.

"**Balance Sheet Date**" means the date December 31, 2015.

"**Base Cash Consideration**" means $230,000,000.

"**Base Working Capital**" means $2,670,130.

"**Business Day**" means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York, or Little Rock, Arkansas, are authorized or required by Applicable Law to close.

"**Capex Budget**" means the capital expenditure budget of the Acquired Companies set forth in Section 5.01(a)(vi) of the Company Disclosure Schedule, provided such Capex Budget may be, with Purchaser's prior written consent (not to be unreasonably withheld), (A) adjusted for timing of expenditures or (B) increased or decreased in the ordinary course of business.

"**Capitalized Lease**" means any lease required by GAAP to be classified as a capital lease on the Company's financial statements.

"**Certificate of Incorporation**" means the Second Amended and Restated Certificate of Incorporation of the Company, dated as of May 24, 2012, as amended as of April 10, 2013.

"**Certificate of Merger**" has the meaning set forth in Section 2.01(d).

"**Certificate**" has the meaning set forth in Section 2.06(d).

"**Claim**" has the meaning set forth in Section 10.03(a).

"**Closing**" has the meaning set forth in Section 2.01(c).

"**Closing Cash**" means (i) the aggregate amount of all cash and cash equivalents of the Acquired Companies (including inbound checks and outstanding inbound wire transfers) *minus* (ii) the aggregate amount of all cash or cash equivalents that are not freely usable, distributable or transferrable by the Acquired Companies, *minus* (iii) outstanding outbound checks and outstanding outbound wire transfers, in the case of each of (i), (ii) and (iii), as calculated in accordance with the Accounting Policies and as of immediately prior to the Effective Time.

"**Closing Cash Consideration**" means an amount in cash equal to (i) the Base Cash Consideration, *plus* (ii) the Estimated Adjustment Amount (for the avoidance of doubt, if the Estimated Adjustment Amount is a negative number, this will result in a reduction to the Closing Cash Consideration), *minus* (iii) the Escrow Amount, *plus* (iv) the aggregate exercise price of all In-the-Money Company Stock Options outstanding as of immediately prior to the Effective

Time, *minus* (v) the Aggregate Series A Liquidation Preference, *minus* (vi) the Aggregate Series B Liquidation Preference, *minus* (vii) the Equityholders' Representative Fund.

"**Closing Date**" has the meaning set forth in Section 2.01(c).

"**Closing Date Conditions**" has the meaning set forth in Section 2.01(c).

"**Closing Indebtedness**" means the aggregate amount of all Indebtedness of the Acquired Companies as of immediately prior to the Effective Time.

"**Closing Stock Consideration**" means, with respect to each Equityholder, the number of shares of Parent Common Stock set forth opposite such Equityholder's name on Schedule II (as updated pursuant to Section 2.04(g)) or, if less, (i) the number of shares of Parent Common Stock (rounded down to the nearest whole number) equal to the amount of Merger Consideration that would otherwise have been payable in cash at the Closing to the Payments Administrator, for the benefit of such Equityholder, *divided* by (ii) the Market Price; *provided* that, with respect to any Equityholder not listed on Schedule II, the Closing Stock Consideration shall be zero shares of Parent Common Stock; *provided* that, with respect to any Equityholder for which the Company does not have a current W-2 evidencing that such Equityholder is an "accredited investor" as that term is defined in Rule 501 of Regulation D of the Securities Act, if any Equityholder listed on Schedule II does not provide to Parent, at least 10 Business Days prior to the Closing Date, evidence reasonably satisfactory to Parent that such Equityholder is an "accredited investor" as that term is defined in Rule 501 of Regulation D of the Securities Act (including a letter from such Equityholder's independent certified public accountant certifying that such Equityholder is an "accredited investor") and a Written Consent and Support Agreement duly executed by such Equityholder, then the number of shares of Parent Common Stock set forth opposite such Equityholder's name on Schedule II shall be reduced to zero, and the number of shares of Parent Common Stock set forth opposite each other Equityholder's name on Schedule II shall be increased by such Equityholder's proportionate share of such reduction.

"**Closing Working Capital**" means the amount equal to (i) the aggregate amount of current assets of the Acquired Companies (excluding any Tax assets) *minus* (ii) the aggregate amount of current liabilities of the Acquired Companies, calculated in accordance with the Accounting Policies and as of immediately prior to the Effective Time. For the avoidance of doubt, no amounts or accruals in respect of Closing Cash (which for these purposes shall include the cash and cash equivalents described in clause (ii) of the definition thereof), Unpaid Transaction Expenses, Closing Indebtedness, Capitalized Leases, deferred revenue, or amounts receivable under Affiliate Contracts or other arrangements with Affiliates shall be reflected in Closing Working Capital. An illustrative calculation of the Closing Working Capital is attached hereto as Exhibit D; *provided* that in the event of any inconsistency between the illustrative

calculation attached as Exhibit D and the Accounting Policies, the Accounting Policies shall prevail.

"**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1985.

"**Code**" means the Internal Revenue Code of 1986.

"**Collective Bargaining Agreement**" means any written or oral agreement, memorandum of understanding or other contractual obligation between any of the Acquired Companies and any labor organization or other authorized employee representative representing Service Providers.

"**Common Merger Consideration**" has the meaning set forth in Section 2.04(c).

"**Company**" has the meaning set forth in the Preamble.

"**Company Common Stock**" means the Company's common stock, par value $0.0001 per share.

"**Company Disclosure Schedule**" means the disclosure schedules dated the date of this Agreement and delivered by the Company to Merger Sub, Purchaser and Parent in connection with the execution of this Agreement.

"**Company Insurance Policies**" has the meaning set forth in Section 3.16.

"**Company Material Adverse Effect**" means any event, change, circumstance, effect, occurrence, condition, state of facts or development that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the financial condition, business, assets or results of operations of the Acquired Companies, taken as a whole, excluding any event, change, circumstance, effect, occurrence, condition, state of facts or development to the extent arising or resulting from (A) changes, developments or conditions in financial or securities markets in jurisdictions in which the Acquired Companies operate generally or in the general economic, business, regulatory or political conditions in the jurisdictions in which the Acquired Companies operate, (B) changes, developments or conditions generally affecting the industry in which the Acquired Companies operate, (C) acts of war, hostilities, sabotage or terrorism or man-made or natural disasters or any other calamity or crisis affecting the jurisdictions in which the Acquired Companies operate; (D) changes or proposed changes in Applicable Law or GAAP or the binding interpretation or enforcement of either; (E) the public announcement or pendency of this Agreement or any of the other Transaction Documents or the transactions contemplated hereby or thereby (it being understood that this clause (E) shall not apply to a breach of any representation or warranty related to the announcement or consummation of the transactions contemplated hereby or by the other

Transaction Documents), (F) any act taken by any Acquired Company or any of their Affiliates at the written request of Parent, Purchaser or Merger Sub or (G) any failure of any of the Acquired Companies to meet, with respect to any period or periods, any internal or industry analyst projections, forecasts, estimates of earnings or revenues or business plans (but not the underlying facts or basis for such failure to meet projections, forecasts, estimates of earnings or revenues or business plans, which may be taken into account in determining whether there has been or would reasonably be expected to be a Company Material Adverse Effect if not otherwise excluded hereunder); *provided*, *however*, that if any event, change, circumstance, effect, occurrence, condition, state of facts or development described in any of clauses (A) through (D) has a disproportionate effect on the Acquired Companies, taken as a whole, relative to other participants in the industry in which the Acquired Companies operate, the disproportionate impact thereof shall be taken into account in determining whether there has been, or would reasonably be expected to be, a Company Material Adverse Effect or (ii) the ability of any Equityholder or Acquired Company to perform its obligations under, or to consummate the transactions contemplated by, this Agreement or the other Transaction Documents.

"**Company Preferred Stock**" means the Series A Preferred Stock and the Series B Preferred Stock.

"**Company Securities**" has the meaning set forth in Section 3.05(b).

"**Company Stock**" means all of the issued and outstanding shares of Company Common Stock and Company Preferred Stock.

"**Company Stock Option**" means any outstanding option or similar right to purchase Company Common Stock (whether or not vested) granted under the Company Stock Plan.

"**Company Stock Plan**" means the Tower Cloud, Inc. Amended and Restated 2007 Equity Incentive Plan.

"**Company Warrants**" has the meaning set forth in Section 2.07(d).

"**Conduit Option Agreement**" has the meaning set forth in Section 3.10(a)(ii) of the Company Disclosure Schedule.

"**Confidential Information**" has the meaning set forth in Section 8.02(c).

"**Confidentiality Agreement**" means that certain confidentiality agreement, dated as of November 3, 2015 by and between Parent and the Company.

"**Contract**" means any written or oral agreement, lease, sublease, license, contract, IRU obligation, Permit, sale or purchase order, indenture, note, bond, loan, mortgage, deed of trust,

instrument, commitment or undertaking that is or purports to be legally binding, including any exhibits, annexes, appendices or attachments thereto, and any amendments, modifications, supplements, service orders, extension or renewals.

"**Counsel**" has the meaning set forth in Section 12.13(a).

"**Covered Employee**" has the meaning set forth in Section 7.01(a).

"**Covered Tax**" means any (i) Tax described in clause (i) of the definition of "Tax" of an Acquired Company related to a Pre-Closing Tax Period, (ii) Tax described in clause (ii) or (iii) of the definition of "Tax" of an Acquired Company for the payment of any amount as a result of being party to any Tax Sharing Agreement, (iii) Tax of an Acquired Company resulting from a breach by the Company or any of the Equityholder and any of their Affiliates of any representation, covenant or agreement contained herein and (iv) the portion of any Transfer Tax to be borne by the Equityholders pursuant to Section 6.01 (but only to the extent such portion was not taken into account as a Final Unpaid Transaction Expense in the determination of the Final Adjustment Amount).

"**Damages**" has the meaning set forth in Section 10.02(a).

"**Dark Fiber Earn-Out Amount**" has the meaning set forth in Section 2.14(b).

"**Dark Fiber Earn-Out Measurement Date**" has the meaning set forth in Section 2.14(b).

"**Dark Fiber Earn-Out Measurement Period**" has the meaning set forth in Section 2.14(b).

"**Dark Fiber Contracts**" means those certain route orders identified on Section 1.01(a) of the Company Disclosure Schedule.

"**Dark Fiber Master Contracts**" means the Master Dark Fiber IRU Agreement and the Master Colocation and Maintenance Agreement, both dated effective as of November 17, 2014, as described on Section 1.01(a) of the Company Disclosure Schedule.

"**DGCL**" means the Delaware General Corporation Law.

"**Disregarded Shares**" has the meaning set forth in Section 2.04(d).

"**Dissenting Shares**" has the meaning set forth in Section 2.05(a).

"**Earn-Out Dispute**" has the meaning set forth in Section 2.14(j)(ii).

"**Earn-Out Dispute Notice**" has the meaning set forth in Section 2.14(j)(i).

"**Earn-Out Measurement Date Payment**" has the meaning set forth in Section 2.14(e).

"**Earn-Out Payment**" has the meaning set forth in Section 2.14(a).

"**Easements**" means all servitudes, easements, licenses, rights of way, pole attachments and similar agreements providing rights to real estate for access, parking, location, maintenance, repair and replacement of cables, utilities, utility lines, wires, anchors and other property.

"**End Date**" has the meaning set forth in Section 11.01(b).

"**Effective Time**" has the meaning set forth in Section 2.01(d).

"**Employee Plan**" means any (i) "employee benefit plan" as defined in Section 3(3) of ERISA, (ii) compensation, employment, consulting, severance, termination protection, change in control, transaction bonus, retention or similar plan, agreement, arrangement, program or policy or (iii) other plan, agreement, arrangement, program or policy providing for compensation, bonuses, profit-sharing, equity or equity-based compensation or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangement), medical, dental, vision, prescription or fringe benefits, life insurance, relocation or expatriate benefits, perquisites, disability or sick leave benefits, employee assistance program, workers' compensation, supplemental unemployment benefits or post-employment or retirement benefits (including compensation, pension, health, medical or insurance benefits), in each case whether or not written (x) that is sponsored, maintained, administered, contributed to or entered into by any of the Acquired Companies or any of their respective ERISA Affiliates for the current or future benefit of any current or former Service Provider or (y) for which any of the Acquired Companies has any direct or indirect liability. For the avoidance of doubt, a Collective Bargaining Agreement shall constitute an agreement for purposes of clauses (ii) and (iii).

"**Environmental Laws**" means any Applicable Law relating to human health or safety, the environment or any pollutants, contaminants, wastes, chemicals, or any other toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substances, wastes or materials, including the terms of any Environmental Permit.

"**Environmental Permits**" means all Permits required by Environmental Laws for the business of the Acquired Companies as currently conducted.

"**Environmental Release**" means any release, spill, leak, pumping, pouring, emitting, emptying, discharge, injection, escape, leaching, dumping, placing, discarding, abandonment, disposal, deposit, dispersing or migration into or through the environment.

"**Equityholder**" means a Stockholder, Warrant Holder or Option Holder, in each case immediately prior to the Effective Time.

"**Equityholder Indemnified Parties**" has the meaning set forth in Section 10.02(b).

"**Equityholders' Representative**" has the meaning set forth in the Preamble.

"**Equityholders' Representative Fund**" has the meaning set forth in Section 2.08(b).

"**Equityholders' Representative Fund Balance**" means the portion of the Equityholders' Representative Fund remaining at such time as the Equityholders' Representative determines that such funds are no longer required to be withheld in accordance with Section 2.15(c).

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**ERISA Affiliate**" with respect to an entity means any other entity that, together with such first entity, would be treated as a single employer under Section 414 of the Code.

"**Escrow Agent**" means PNC Bank, National Association (or, if they are unable or unwilling to serve, such other nationally recognized, reputable and impartial escrow agent mutually agreed by Purchaser and the Equityholders' Representative).

"**Escrow Account**" has the meaning set forth in Section 2.08(a).

"**Escrow Agreement**" has the meaning set forth in Section 8.06.

"**Escrow Amount**" has the meaning set forth in Section 2.08(a).

"**Estimate Statement**" has the meaning set forth in Section 2.09(a).

"**Estimated Adjustment Amount**" means an amount, which may be positive or negative, equal to (i) (A) Estimated Closing Working Capital *minus* (B) Base Working Capital (which, for the avoidance of doubt, shall be a negative number if Estimated Closing Working Capital is less than Base Working Capital, which will result in a reduction to the Estimated Adjustment Amount), *minus* (ii) Estimated Closing Indebtedness, *minus* (iii) Estimated Unpaid Transaction Expenses, *plus* (iv) Estimated Closing Cash.

"**Estimated Closing Cash**" has the meaning set forth in Section 2.09(a).

"**Estimated Closing Indebtedness**" has the meaning set forth in Section 2.09(a).

"**Estimated Closing Working Capital**" has the meaning set forth in Section 2.09(a).

"**Estimated Unpaid Transaction Expenses**" has the meaning set forth in Section 2.09(a).

"**Excess Parachute Payments**" has the meaning set forth in Section 5.10(a).

"**Exchange Act**" means the Securities and Exchange Act of 1934, as amended.

"**FCC**" means the Federal Communications Commission.

"**Fiber**" means fiber optic cabling and conduits (or usage rights thereto) owned or held by any of the Acquired Companies by lease, IRU or otherwise.

"**Fiber Lateral Sale Contract**" has the meaning set forth in Section 2.14(f).

"**Fiber Lateral Sale Contract Proceeds**" has the meaning set forth in Section 2.14(f).

"**Final Adjustment Amount**" means an amount, which may be positive or negative, equal to (i) (A) Final Closing Working Capital *minus* (B) Base Working Capital (which, for the avoidance of doubt, shall be a negative number if Final Closing Working Capital is less than Base Working Capital, which will result in a reduction to the Final Adjustment Amount), *minus* (ii) Final Closing Indebtedness, *minus* (iii) Final Unpaid Transaction Expenses, *plus* (iv) Final Closing Cash.

"**Final Amounts**" means each of Final Closing Working Capital, Final Unpaid Transaction Expenses, Final Closing Indebtedness, Final Closing Cash and Final Adjustment Amount.

"**Final Closing Cash**" has the meaning set forth in Section 2.11(c).

"**Final Closing Indebtedness**" has the meaning set forth in Section 2.11(c).

"**Final Closing Working Capital**" has the meaning set forth in Section 2.11(c).

"**Final Unpaid Transaction Expenses**" has the meaning set forth in Section 2.11(c).

"**Financial Statements**" has the meaning set forth in Section 3.07.

"**First Small Cell Earn-Out Amount**" has the meaning set forth in Section 2.14(c).

"**Fully Diluted Common Number**" means the sum of (i) the total number of shares of Company Stock (including Dissenting Shares, but excluding Disregarded Shares) outstanding immediately prior to the Effective Time (assuming all shares of Company Preferred Stock are converted into Company Common Stock as of such time) and (ii) the total number of shares of

Company Common Stock issuable upon the exercise in full of all In-the-Money Company Stock Options (whether or not vested) outstanding immediately prior to the Effective Time.

"**Fundamental Representations**" has the meaning set forth in Section 10.01.

"**GAAP**" means generally accepted accounting principles in the United States in effect from time to time and applied on a consistent basis.

"**Governing Documents**" means the legal document(s) by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs, including the articles or certificate of incorporation or formation, bylaws, operating agreement, limited liability company agreement, partnership agreement, shareholders' agreement, voting agreement, voting trust agreement, joint venture agreement, registration rights agreement and any similar agreement and any amendments or supplements to any of the foregoing.

"**Governmental Authority**" means any transnational, domestic or foreign federal, state or local governmental, regulatory or administrative authority (including self-regulatory authorities), department, court, agency or official, including any political subdivision thereof.

"**Government Contract**" means any Contract between any Acquired Company and any Governmental Authority, including any agency of the United States or any agency of any of its respective states or local governments, including any bid, quote, or offer for such Government Contract, and all service orders, purchase orders, delivery orders or task orders under such Government Contracts, each of which is a separate Government Contract. The term "Government Contract" also includes any Contract or subcontract (at any tier) of any Acquired Company with any other Person that arises under or pursuant to, or relates to such other Person's prime contract or subcontract under a Government Contract.

"**Hazardous Substance**" means any pollutant or contaminant or any toxic, radioactive or otherwise hazardous substance, waste or material, or any substance, waste or material having any constituent elements displaying any hazardous, toxic or radioactive characteristics, including petroleum, its derivatives, by-products and other hydrocarbons, asbestos-containing materials and any substance, waste or material regulated under any Environmental Law.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"**Indebtedness**" means, with respect to any of the Acquired Companies, all obligations (including all obligations in respect of principal, accrued interest, penalties, fees and premiums, and all prepayment premiums or penalties and other amounts that may become due as a result of the transactions contemplated hereby) of such Acquired Company (i) for borrowed money (including overdraft facilities), (ii) evidenced by notes, bonds, debentures or similar Contracts or securities, (iii) created or arising under any conditional sale or other title retention agreement

with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (iv) secured by a purchase money mortgage or other Lien to secure all or part of the purchase price of the property subject to such Lien, (v) for the deferred purchase price of assets, property, goods or services, including all seller notes and "earn-out" payments and purchase price adjustment payments, (vi) in respect of letters of credit and bankers' acceptances (to the extent drawn), (vii) for Contracts relating to interest rate protection, swap agreements, collar agreements and other hedging agreements, (viii) for all deferred revenue in excess of $25,000,000, (ix) for accrued compensation, asset retirement obligations and payables in the aggregate related thereto to the extent not set forth on the Balance Sheet, (x) in respect of forward sale and purchase agreements, (xi) in the nature of guarantees of the obligations described in clauses (i) through (x) above of any other Person. For purposes of this Agreement, "Indebtedness" does not include any (i) obligations to the extent owing from any Acquired Company solely to any other Acquired Company, (ii) amounts included in Final Unpaid Transaction Expenses or (iii) liabilities (other than in connection with any breach) pursuant to Capitalized Leases.

"**Indemnified Party**" has the meaning set forth in Section 10.03(a).

"**Indemnifying Party**" has the meaning set forth in Section 10.03(a).

"**Information Statement**" has the meaning set forth in Section 5.03.

"**In-the-Money Company Stock Option**" means an unexercised Company Stock Option (whether or not vested) with an exercise price per share of Company Common Stock that is equal to or less than the Per Share Closing Cash Consideration.

"**Intellectual Property Rights**" means any and all intellectual property and similar proprietary rights throughout the world, including (i) patents and patent applications (including all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof) registered or applied for in the United States and all other nations throughout the world, all improvements to the inventions disclosed in each such registration, patent or patent application, (ii) trademarks, service marks, trade dress, logos, domain names, rights of publicity, trade names and corporate names (whether or not registered) in the United States and all other nations throughout the world, including all registrations and applications for registration of the foregoing and all goodwill associated therewith, (iii) copyrights (whether or not registered) and registrations and applications for registration thereof in the United States and all other nations throughout the world, including all derivative works, moral rights, renewals, extensions, reversions or restorations associated with such copyrights, now or hereafter provided by law, regardless of the medium of fixation or means of expression, (iv) computer software (including source code, object code, firmware, operating systems and specifications), (v) trade secrets and

know-how, (vi) databases and data collections, and (vii) all rights to sue or recover and retain damages and costs and attorneys' fees for past, present and future infringement or misappropriation of any of the foregoing.

"**IRS**" means the U.S. Internal Revenue Service.

"**IRU**" shall mean any indefeasible rights of use granted to, leased by or held or possessed by any of the Acquired Companies' with respect to the Acquired Companies' network or infrastructure, including with respect to any of the Acquired Company's rights to use Fiber, including the dark fiber of another Person.

"**IT Assets**" means any and all computers, software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines and all other information technology equipment (including laptops and mobile devices) and systems, and all associated documentation, owned by, or licensed or leased to, any of the Acquired Companies.

"**JAMS Rules**" has the meaning set forth in Section 2.14(j)(ii).

"**Key Employee**" means any of the individuals set forth on Section 1.01(b) of the Company Disclosure Schedule.

"**knowledge**" means (i) in the case of the Company, the knowledge, after reasonable inquiry, of the individuals set forth on Section 1.01(c) of the Company Disclosure Schedule; and (ii) in the case of Purchaser or Merger Sub, the knowledge, after reasonable inquiry, of the General Counsel of Parent.

"**Leased Real Property**" has the meaning set forth in Section 3.14(b).

"**Leases**" has the meaning set forth in Section 3.14(b).

"**Letter of Transmittal**" shall have the meaning set forth in Section 2.06(b).

"**Licensed Intellectual Property Rights**" means any and all Intellectual Property Rights owned by a third party and licensed or sublicensed to any of the Acquired Companies or for which any of the Acquired Companies has obtained a covenant not to be sued.

"**Liability**" means any debt, liability or obligation of any kind, whether due or to become due, absolute or contingent, inchoate or otherwise, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, secured or unsecured, determined or determinable, or otherwise, and includes all costs and expenses relating thereto.

"**Lien**" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, deed of trust, lease or sublease, license, encumbrance or other similar adverse claim of any kind in respect of such property or asset, including any restriction on the right to vote, sell or otherwise dispose of any capital stock or other voting or equity interest. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any property or asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset.

"**Market Price**" per share of Parent Common Stock shall be $26.66 (or, in the case of Section 2.14(g), the volume weighted average closing trading price per share on the NASDAQ (or on such other exchange as the Parent Stock may be listed at such time) for the 20 trading days immediately preceding the second Business Day prior to the date of delivery).

"**Material Contracts**" has the meaning set forth in Section 3.10(b).

"**Maximum Dark Fiber Earn-Out Amount**" has the meaning set forth in Section 2.14(b).

"**Maximum Renewal Earn-Out Amount**" has the meaning set forth in Section 2.14(e).

"**Maximum Second Small Cell Earn-Out Amount**" has the meaning set forth in Section 2.14(d).

"**Maximum Series A Liquidation Preference**" means an amount equal to (i) the Base Cash Consideration, *plus* (ii) the Estimated Adjustment Amount (for the avoidance of doubt, if the Estimated Adjustment Amount is a negative number, this will result in a reduction to the Maximum Series A Liquidation Preference), *minus* (iii) the Escrow Amount, *minus* (iv) the Aggregate Series B Liquidation Preference.

"**Maximum Series B Liquidation Preference**" means an amount equal to (i) the Base Cash Consideration, *plus* (ii) the Estimated Adjustment Amount (for the avoidance of doubt, if the Estimated Adjustment Amount is a negative number, this will result in a reduction to the Maximum Series B Liquidation Preference), *minus* (iii) the Escrow Amount.

"**Merger**" has the meaning set forth in Section 2.01(a).

"**Merger Consideration**" means, collectively, the Aggregate Series A Liquidation Preference, the Aggregate Series B Liquidation Preference and the Common Merger Consideration, subject to adjustment pursuant to Section 2.04(f).

"**Merger Sub**" has the meaning set forth in the Preamble.

"**Multiemployer Plan**" means a "multiemployer plan" as defined in Section 3(37) of ERISA.

"**Option Holder**" means a holder of a Company Stock Option.

"**Order**" means any judgment, decree, injunction, ruling, award, subpoena, verdict or order of any Governmental Authority or arbitrator.

"**Out-of-the-Money Company Stock Option**" means a Company Stock Option that is not an In-the-Money Company Stock Option.

"**Overpayment Amount**" has the meaning set forth in Section 2.11(b)(i).

"**Owned Intellectual Property Rights**" means all Intellectual Property Rights owned by any of the Acquired Companies.

"**Owned Real Property**" has the meaning set forth in Section 3.14(a).

"**Parent**" has the meaning set forth in the Preamble.

"**Parent Common Stock**" means a share of Parent's common stock, par value $0.0001 per share.

"**Parent Indemnified Parties**" has the meaning set forth in Section 10.02(a).

"**Parent Material Adverse Effect**" means any event, change, circumstance, effect, occurrence, condition, state of facts or development that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the ability of Parent, Purchaser or Merger Sub to perform its obligations under, or to consummate the transactions contemplated by, this Agreement or the other Transaction Documents.

"**Parent SEC Reports**" means Parent's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and Parent's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2016.

"**Parent Welfare Plan**" has the meaning set forth in Section 7.01(c).

"**Payments Administrator**" means Acquiom Clearinghouse LLC, a Delaware limited liability company (or, if it is unable or unwilling to serve, such other reputable paying agent designated by the Equityholders' Representative and reasonably acceptable to Purchaser).

"**Payments Agreement**" has the meaning set forth in Section 2.06(a).

"**Payoff Letters**" has the meaning set forth in Section 5.07.

"**PBGC**" means the Pension Benefit Guaranty Corporation.

"**Per Share Adjustment Consideration**" means an amount in cash equal to the quotient of (i) the Underpayment Amount, if any, less any applicable fees, costs or expenses (including the fees of Raymond James & Associates, Inc. and the Payments Administrator), and (ii) the Fully Diluted Common Number.

"**Per Share Equityholders' Representative Fund Release Amount**" means an amount in cash equal to the quotient of (i) the Equityholders' Representative Fund Balance, if any, less any applicable fees, costs or expenses (including the fees of Raymond James & Associates, Inc. and the Payments Administrator), and (ii) the Fully Diluted Common Number.

"**Per Share Escrow Release Amount**" means an amount in cash equal to the quotient of (i) the amount remaining in the Escrow Account after giving effect to Section 2.11(b)(i) and Section 2.11(b)(ii), if any, less any applicable fees, costs or expenses (including the fees of Raymond James & Associates, Inc. and the Payments Administrator), and (ii) the Fully Diluted Common Number.

"**Per Share Closing Cash Consideration**" means an amount in cash equal to the quotient of (i) the Closing Cash Consideration and (ii) the Fully Diluted Common Number.

"**Per Share Earn-Out Payments**" means an amount in cash equal to the quotient of (i) the amount of cash paid to the Payments Administrator pursuant to Section 2.14(g) in respect of any Earn-Out Payment, if any, less any applicable fees, costs or expenses (including the fees of Raymond James & Associates, Inc. and the Payments Administrator) and (ii) the Fully Diluted Common Number.

"**Per Share Series A Liquidation Preference**" has the meaning set forth in Section 2.04(b).

"**Per Share Series B Liquidation Preference**" has the meaning set forth in Section 2.04(a).

"**Permits**" means each license, franchise, permit, certificate, approval or other similar authorization issued by a Governmental Authority affecting, or relating to, the assets or business of the Acquired Companies.

"**Permitted Liens**" means (i) Liens for Taxes not yet due or, if due, being contested in good faith and for which adequate accruals or reserves have been established on the Balance Sheet; (ii) mechanic's, materialman's, carrier's, repairer's and other similar Liens arising or

incurred in the ordinary course of business and not yet due and payable or, if due and payable, are being contested in good faith and for which adequate accruals or reserves have been established on the Balance Sheet; (iii) (x) zoning, building codes and other land use laws regulating the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Authority having jurisdiction over such real property which, individually or in the aggregate, have not and would not reasonably be expected to materially and adversely affect the conduct of the business thereon as currently conducted; (y) easements, covenants, rights-of-way and other similar restrictions of record which, individually or in the aggregate, have not and would not reasonably be expected to materially and adversely affect the conduct of the business thereon as currently conducted; and (z) Liens encumbering the real property of any third party owner, landlord or developer over which the Acquired Companies have Easement rights or tenant's or other occupancy rights and subordination or similar agreements relating thereto so long as the matters contemplated by this clause (iii) do not materially interfere with the conduct of the business by the Acquired Companies as currently conducted on any such real property; (iv) the terms and conditions of any lease or Easement agreement which the Acquired Companies are party to, including any statutory landlord's lien, which terms and conditions are customary for similar leases or Easements negotiated on commercially reasonable terms (other than in connection with any breach or default thereunder); (v) in respect of Intellectual Property, non-exclusive licenses of Intellectual Property granted in the ordinary course of business consistent with past practice; (vi) Liens that will be released or extinguished at the Closing, without any Liability to any Acquired Company, (vii) Liens to the extent specifically disclosed in the most recent Audited Financial Statements; (viii) Liens which do not materially detract from the value, materially interfere with any present or intended use or materially and adversely affect the marketability of any such property or assets; (ix) Liens created pursuant to the terms of any Capitalized Leases, so long as such Liens (x) serve only to secure the payment of obligations arising thereunder and (y) are incurred in the ordinary course of business consistent with past practice and not in connection with any breach of the terms thereof and (x) Liens created pursuant to the terms of the Dark Fiber Master Contracts or similar Material Contracts set forth on Section 3.10(a) of the Disclosure Schedule, so long as such Liens (x) do not materially interfere with the rights of use granted to or held by the Acquired Companies thereunder and (y) are incurred in the ordinary course of business consistent with past practice and not in connection with any breach of the terms of any such Contract.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Governmental Authority.

"**Post-Closing Statement**" has the meaning set forth in Section 2.10(a).

"**Post-Closing Tax Period**" means any Tax period beginning after the Closing Date and, with respect to a Straddle Tax Period, the portion of such Tax period beginning after the Closing Date.

"**Pre-Closing Tax Period**" means any Tax period ending on or before the Closing Date and, with respect to a Straddle Tax Period, the portion of such Tax period ending on the Closing Date.

"**Pro Rata Share**" means, with respect to each Equityholder, a fraction (expressed as a percentage) (i) the numerator of which is the sum of (A) the total number of shares of Company Common Stock held by such Equityholder (on an as-converted basis with respect to any shares of Company Preferred Stock held by such Equityholder) and (B) the total number of shares of Company Common Stock issuable upon the exercise in full of all In-the-Money Company Stock Options (whether or not vested), in each case immediately prior to the Effective Time, and (ii) the denominator of which is the Fully Diluted Common Number; *provided* that in all cases the aggregate Pro Rata Shares of all Equityholders shall equal 100%.

"**Prospectus**" means the prospectus included in any registration statement of Parent filed with, or to be filed with, the SEC under the rules and regulations promulgated under the Securities Act, including the related prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits attached to or incorporated in and all other material incorporated by reference in such registration statement.

"**Purchaser**" has the meaning set forth in the Preamble.

"**Registrable Securities**" means (a) the shares of Parent Common Stock comprising the Closing Stock Consideration and delivered in connection with any Earn-Out Payment pursuant to Section 2.14(g) and (b) any other securities issued or issuable with respect to any of the securities described in the foregoing clause (a) by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation, amalgamation and other reorganization; *provided* that the term "Registrable Securities" shall exclude any security (i) the offering and sale of which has been registered effectively under the Securities Act and which has been sold in accordance with an effective registration statement, (ii) that has been sold by a Stock Recipient in a transaction or transactions exempt from the registration and prospectus delivery requirements of the Securities Act under Section 4(a)(1) thereof (including transactions pursuant to Rule 144) and Parent has delivered a new certificate or other evidence of ownership for such security not bearing the legend required pursuant to this Agreement and such security is not subject to any stop-transfer order or other restriction on transfer, (iii) that is eligible for sale by a Stock Recipient without limitation as to volume or manner of sale pursuant to Rule 144 or (iv) issued to any Person who has not delivered to Purchaser, within 72 hours following the date hereof, a Written Consent and Support Agreement duly executed by such Person.

"**Regular Shelf Suspension**" has the meaning set forth in Section 8.08(b).

"**REIT Qualifying Property**" means all assets or properties (or portions thereof) of any of the Acquired Companies that constitute "real estate assets" within the meaning of Section 856(c)(4) of the Code (including all rights to use "dark fiber" granted to or held, leased or possessed by any of the Acquired Companies).

"**Renewal Baseline Amount**" has the meaning set forth in Section 2.14(e).

"**Renewal Billing Amount**" has the meaning set forth in Section 2.14(e).

"**Renewal Earn-Out Amount**" has the meaning set forth in Section 2.14(e).

"**Renewal Earn-Out Measurement Date**" has the meaning set forth in Section 2.14(e).

"**Renewal Earn-Out Measurement Period**" has the meaning set forth in Section 2.14(e).

"**Renewal Sites**" has the meaning set forth in Section 2.14(e).

"**Representative**" has the meaning set forth in Section 5.02.

"**Representative Losses**" has the meaning set forth in Section 2.15(d).

"**Required Equityholders**" means the Equityholders set forth on Schedule III.

"**Required Interim Financial Statements**" has the meaning set forth in Section 5.09(a).

"**Required Governmental Approvals**" shall mean the requests for consent, approval, authorization or waiver or notifications required to be filed with any Governmental Authority in connection with the transactions contemplated hereby as set forth on Schedule IV.

"**Required Stockholder Vote**" means the affirmative vote or consent of (i) a majority of the issued and outstanding shares of Company Stock (on an as-converted basis with respect to any shares of Company Preferred Stock held by such Equityholder (including those issuable upon the exercise in full of all Company Warrants)), and (ii) at least 62% of the issued and outstanding shares of Company Preferred Stock (voting together as a single class).

"**R&W Insurance**" means the insurance coverage provided pursuant to the representations and warranties insurance policy arranged by Purchaser in connection with this Agreement.

"**Second Small Cell Earn-Out Measurement Date**" has the meaning set forth in Section 2.14(d).

"**Second Small Cell Earn-Out Measurement Period**" has the meaning set forth in Section 2.14(d).

"**Second Small Cell Earn-Out Amount**" has the meaning set forth in Section 2.14(d).

"**Securities Act**" means the Securities Act of 1933.

"**Series A Preferred Stock**" means the Company's preferred stock, par value $0.0001 per share, designated Series A Preferred Stock.

"**Series B Preferred Stock**" means the Company's preferred stock, par value $0.0001 per share, designated Series B Preferred Stock.

"**Service Provider**" means any director, officer, employee or individual independent contractor of any of the Acquired Companies.

"**Shelf Registration Statement**" has the meaning set forth in Section 8.08(a).

"**Shelf Suspension**" has the meaning set forth in Section 8.08(b).

"**Significant Counterparty**" has the meaning set forth in Section 3.10(d).

"**Small Cell Customer**" means Verizon Wireless, AT&T, T-Mobile, Sprint, or any other wireless carrier, internet service provider or commercial or governmental customer.

"**Small Cell Nodes**" means fiber or other broadband services delivered to, or provision of space on a pole or other infrastructure for, (i) a radio access node that combine antennas, radios, and processing units in a single form factor, (ii) a radio access node containing a combination of antenna and remote radio unit, (iii) access nodes of an indoor or outdoor distributed antenna systems (DAS), (iv) access nodes of a carrier-grade Wi-Fi system with comparable economics to the nodes described in the foregoing clauses (i) through (iii), (v) other radio access nodes commonly referred to in the wireless industry as "small cell", CRAN (including CRAN hubs) or "mini-macro", or (vi) access nodes utilizing unlicensed spectrum for the provision of broadband services, but excluding point-to-point wireless solutions, with comparable economics to the nodes described in the foregoing clauses (i) through (iii); *provided* that multiple Small Cell Nodes sharing the same pole or other infrastructure shall be counted separately only if the Contract with the relevant Small Cell Customer is not for a multi-radio solution sold as a single service; *provided*, *further*, Small Cell Nodes shall not include any Small Cell Nodes owned by, or in the backlog under any Contract with, (x) Parent or any of its Subsidiaries as of the Effective Time or (y) any Person acquired by Parent or any of its Subsidiaries as of the time such Person is acquired by Parent or any such Subsidiary.

"**Stock Recipient**" has the meaning set forth in Section 8.08(a).

"**Stockholder**" means any Person who holds one or more shares of Company Stock (other than Disregarded Shares) immediately prior to the Effective Time.

"**Straddle Tax Period**" means a Tax period that begins on or before the Closing Date and ends thereafter.

"**Subsidiary**" means, with respect to any Person, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions (or, if there are no such voting securities or voting interests, of which at least a majority of the equity interests) is directly or indirectly owned or controlled by such Person. Unless context otherwise requires, the term Subsidiary as used in this Agreement shall relate to Subsidiaries of the Company.

"**Subsidiary Securities**" has the meaning set forth in Section 3.06(c).

"**Surviving Corporation**" has the meaning set forth in Section 2.01(a).

"**Tax**" means (i) any tax, governmental fee or other like assessment or charge of any kind whatsoever (including withholding on amounts paid to or by any Person and any payment required to be made to any Governmental Authority pursuant to an escheat, unclaimed property or similar Applicable Law), together with any interest, penalty, addition to tax or additional amount (including penalties for failure to file or late filing any return, report or other filing), and any liability for any of the foregoing as transferee, (ii) in the case of any of the Acquired Companies, liability for the payment of any amount of the type described in clause (i) as a result of being or having been before the Effective Time a member of an affiliated, consolidated, combined or unitary group, or a party to any agreement or arrangement, as a result of which liability of an Acquired Company to a Taxing Authority is determined or taken into account with reference to the activities of any Person other than an Acquired Company and (iii) liability of an Acquired Company for the payment of any amount as a result of being party to any Tax Sharing Agreement.

"**Tax Asset**" means any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute that could be carried forward or back to reduce Taxes (including deductions and credits related to alternative minimum Taxes).

"**Tax Grant**" means any Tax exemption, Tax holiday or reduced Tax rate granted by a Taxing Authority with respect to any of the Acquired Companies that is not generally available to Persons without specific application therefor.

"**Tax Return**" means any Tax return, statement, report, election, declaration, disclosure, schedule or form (including any estimated tax or information return or report) filed or required to be filed with any Taxing Authority.

"**Tax Sharing Agreement**" means any agreement or arrangement (whether or not written) entered into prior to the Closing binding any of the Acquired Companies that provides for the allocation, apportionment, sharing or assignment of any Tax liability or benefit, or the transfer or assignment of income, revenues, receipts, or gains for the purpose of determining any Person's Tax liability.

"**Taxing Authority**" shall mean any Governmental Authority responsible for the imposition or collection of any Tax.

"**Telecommunications Law**" means any Applicable Law administered by the FCC or any comparable state or local Applicable Law relating to the provision of telecommunications services administered by a public utility commission or analogous regulator in any United States state or the District of Columbia regulating the telecommunications industry and having authority over any of the Acquired Companies and/or any of the property, assets or business of any of the Acquired Companies.

"**Third-Party Claim**" has the meaning set forth in Section 10.03(b).

"**Top Customers**" has the meaning set forth in Section 3.10(a)(iv)(A).

"**Top Vendors**" has the meaning set forth in Section 3.10(a)(v).

"**Top Fiber Providers**" has the meaning set forth in Section 3.10(d).

"**Transaction Documents**" means this Agreement, the Written Consent and Support Agreements, the Payments Agreement, the Escrow Agreement and the Letters of Transmittal.

"**Transaction Expenses**" means (A) all costs, fees and expenses incurred by any of the Acquired Companies at or prior to the Effective Time related to the transactions contemplated by this Agreement or any of the other Transaction Documents (or any other sale process conducted or pursued by any of the Acquired Companies), whether payable prior to, at or after the Closing, including (i) costs, fees and expenses of investment bankers (including the brokers referred to in Section 3.18), attorneys, accountants and other consultants and advisors, (ii) all retention, change of control, transaction or similar bonuses, compensation and/or severance payments incurred or payable by any of the Acquired Companies in connection with the transactions contemplated hereby (including the employer portion of any payroll, employment or similar Taxes related thereto) and (iii) all costs, fees and expenses incurred as a result of (or that would be incurred as a result of) the termination of any Affiliate Contract as contemplated hereby, (B) the cost of any

directors' and officers' insurance policy procured by any of the Acquired Companies related to the transactions contemplated hereby, (C) 50% of all Transfer Taxes, (D) 50% of all out-of-pocket costs and expenses incurred by the parties hereto or any of their Affiliates in connection with the preparation and submission of any filings or notices to any Governmental Authority, including in respect of any Required Governmental Approvals, (E) 50% of the R&W Insurance policy premium, (F) 50% of all fees, costs and expenses of the Escrow Agent (G) the employer portion of any payroll, employment or similar Taxes associated with any payment in respect of Company Stock Options, (H) the fees, costs and expenses of the Equityholders' Representative and (I) all fees, costs and expenses of the Payments Administrator.

"**Transfer Tax**" means any transfer, documentary, sales, use, stamp, registration, value added or other similar Tax (including any penalties and interest) arising in connection with the transactions contemplated by this Agreement.

"**Unaudited Financial Statements**" has the meaning set forth in Section 3.07.

"**Uncertificated Shares**" has the meaning set forth in Section 2.06(d).

"**Underpayment Amount**" has the meaning set forth in Section 2.11(b)(ii).

"**Unpaid Transaction Expenses**" means the aggregate amount of Transaction Expenses that are unpaid immediately prior to the Effective Time.

"**Unusual Shelf Suspension**" has the meaning set forth in Section 8.08(b).

"**WARN**" means the Worker Adjustment and Retraining Notification Act and any comparable foreign, state or local law.

"**Warrant Holder**" means a holder of a Company Warrant.

"**Written Consent and Support Agreement**" has the meaning set forth in the Recitals.

Section 1.02. *Other Definitional and Interpretative Provisions.* The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein, including the Company Disclosure Schedule, are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed

to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. The word "will" shall be construed to have the same meaning and effect as the word "shall." The word "or" when used in this Agreement is not exclusive. References to any statute, rule, regulation, law or Applicable Law shall be deemed to refer to all Applicable Laws as amended or supplemented from time to time and to any rules, regulations and interpretations promulgated thereunder. References to any Contract are to that Contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; *provided* that with respect to any Contract listed (or required to be listed) on any schedules hereto, or any Contract required to be disclosed by any Transaction Document, all amendments, modifications, supplements, extensions and renewals thereto must also be listed on the appropriate schedule and copies thereof disclosed. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. The parties have participated jointly in the negotiation and drafting of this Agreement and each has been represented by counsel of its choosing and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE 2
THE MERGER

Section 2.01. *The Merger*. (a) At the Effective Time, and upon the terms and subject to the conditions set forth in this Agreement, Purchaser, Merger Sub and the Company shall cause Merger Sub to be merged with and into the Company in accordance with the applicable provisions of the DGCL (the "**Merger**"), whereupon the separate existence of Merger Sub shall cease, and the Company shall continue as the surviving corporation (the "**Surviving Corporation**").

(b) From and after the Effective Time, the effect of the Merger shall be as provided in this Agreement and the applicable provisions of the DGCL and the Surviving Corporation shall possess all of the rights, powers, privileges and franchises and be subject to all of the obligations, liabilities, restrictions and disabilities of the Company and Merger Sub, all as provided under the DGCL.

(c) Subject to the provisions of Article 9, the closing of the Merger (the "**Closing**") shall take place (i) in New York City at the offices of Davis Polk & Wardwell LLP, 450

Lexington Avenue, New York, New York, 10017, or remotely by the exchange of documents and signatures (or their electronic counterparts), on the fifth Business Day following the date on which all of the conditions set forth in Article 9 have been satisfied or, to the extent permissible, waived by the party or parties entitled to the benefit of such conditions (other than those conditions that by their nature are to be satisfied at the Closing (the "**Closing Date Conditions**"), but subject to the satisfaction of, or, to the extent permissible, waiver by the party or parties entitled to the benefit of, the Closing Date Conditions), or (ii) at such other place, at such other time or on such other date as Purchaser and the Company may mutually agree. The date on which the Closing actually occurs is referred to in this Agreement as the "**Closing Date**".

(d) Prior to the Closing, the Company and Merger Sub shall prepare, and at the Closing, the Company shall file, or cause to be filed, with the Secretary of State of the State of Delaware, a certificate of merger relating to the Merger in substantially the form of Exhibit E (the "**Certificate of Merger**") and any other appropriate documents, in each case as approved by Purchaser, executed in accordance with the relevant provisions of the DGCL (including Section 251 of the DGCL) and, on the Closing Date or as soon as practicable thereafter, shall make all other filings or recordings required under the DGCL. The Merger shall become effective at such time (the "**Effective Time**") as the Certificate of Merger is duly filed with the Secretary of State of the State of Delaware (or at such other later time as may be agreed by Purchaser and the Company and specified in the Certificate of Merger).

Section 2.02. *Certificate of Incorporation and Bylaws of the Surviving Corporation*.

(a) At the Effective Time, the certificate of incorporation of the Company shall be amended as of the Effective Time to read in its entirety in the form of the certificate of incorporation attached hereto as Exhibit F hereto, and, as so amended, shall become the certificate of incorporation of the Surviving Corporation until thereafter amended in accordance with the applicable provisions of the DGCL and such certificate of incorporation.

(b) The parties hereto shall take all actions necessary so that the bylaws of the Company in effect immediately prior to the Effective Time shall, from and after the Effective Time, be amended in their entirety in the form of the bylaws of Merger Sub as in effect immediately prior to the Effective Time (except that all references to the name of Merger Sub shall be changed to refer to the name of the Company), until thereafter amended in accordance with the applicable provisions of the DGCL, the certificate of incorporation of the Surviving Corporation and such bylaws.

Section 2.03. *Directors and Officers of the Surviving Corporation*.

(a) At the Effective Time, by virtue of the Merger, the directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation immediately after the Effective Time, each to hold office in accordance with the certificate of

incorporation and bylaws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and bylaws of the Surviving Corporation.

(b) At the Effective Time, by virtue of the Merger, the officers of Merger Sub immediately prior to the Effective Time shall be the officers of the Surviving Corporation immediately after the Effective Time, each to hold office in accordance with the certificate of incorporation and bylaws of the Surviving Corporation until their respective successors are duly appointed or until their earlier death, resignation or removal in accordance with the certificate of incorporation and bylaws of the Surviving Corporation.

Section 2.04. *Conversion of Shares*. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Purchaser, Merger Sub, the Company or the holders of any of the following securities:

(a) except for Disregarded Shares and Dissenting Shares, each share of Series B Preferred Stock issued and outstanding immediately prior to the Effective Time shall be converted into and shall become the right to receive (i) the Series B Original Issue Price (as defined in the Certificate of Incorporation) plus an amount equal to all cumulative dividends accrued and unpaid (including all Accruing Dividends (as defined in the Certificate of Incorporation) then accrued) on such share of Series B Preferred Stock plus all other declared and unpaid dividends on such shares (with respect to each share of Series B Preferred Stock, the "**Per Share Series B Liquidation Preference**", and with respect to all shares of Series B Preferred Stock, the "**Aggregate Series B Liquidation Preference**"); *provided* that the Aggregate Series B Liquidation Preference shall in no event exceed the Maximum Series B Liquidation Preference, and the Per Share Series B Liquidation Preference shall be proportionately reduced as necessary to give effect to the same, and (ii) a portion of the Common Merger Consideration as provided in Section 2.04(c), and as of the Effective Time, all such shares of Series B Preferred Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist and shall thereafter represent only the right to receive the portion of the Merger Consideration to be paid to the holders of Series B Preferred Stock in accordance with this Agreement;

(b) except for Disregarded Shares and Dissenting Shares, each share of Series A Preferred Stock issued and outstanding immediately prior to the Effective Time shall be converted into and shall become the right to receive (i) the Series A Original Issue Price (as defined in the Certificate of Incorporation) plus an amount equal to all cumulative dividends accrued and unpaid (including all Accruing Dividends (as defined in the Certificate of Incorporation) then accrued) on such share of Series A Preferred Stock plus all other declared and unpaid dividends on such shares (with respect to each share of Series A Preferred Stock, the "**Per Share Series A Liquidation Preference**", and with respect to all shares of Series A

Preferred Stock, the "**Aggregate Series A Liquidation Preference**"); *provided* that the Aggregate Series A Liquidation Preference shall in no event exceed the Maximum Series A Liquidation Preference, and the Per Share Series A Liquidation Preference shall be proportionately reduced as necessary to give effect to the same, and (ii) a portion of the Common Merger Consideration as provided in Section 2.04(c), and as of the Effective Time, all such shares of Series A Preferred Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist and shall thereafter represent only the right to receive the portion of the Merger Consideration to be paid to the holders of Series A Preferred Stock in accordance with this Agreement;

(c) except for Disregarded Shares and Dissenting Shares, each share of Company Stock issued and outstanding immediately prior to the Effective Time shall be converted into and shall become the right to receive (i) the Per Share Closing Cash Consideration, (ii) the Per Share Adjustment Consideration, (iii) the Per Share Escrow Release Amount, (iv) Per Share Equityholders' Representative Fund Release Amount and (v) the Per Share Earn-Out Payments (collectively for all Company Stock other than Disregarded Shares and Dissenting Shares, the "**Common Merger Consideration**"), and as of the Effective Time, all such shares of Company Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist and shall thereafter represent only the right to receive the portion of the Merger Consideration to be paid to the holders of Company Stock in accordance with this Agreement;

(d) each share of Company Stock held by the Company (including as treasury stock) (collectively, the "**Disregarded Shares**") immediately prior to the Effective Time shall be canceled without any conversion thereof and shall cease to exist, and no consideration shall be delivered or receivable with respect thereto;

(e) each share of capital stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation, with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Corporation; and

(f) notwithstanding the foregoing, (i) in lieu of a portion of the Merger Consideration that would otherwise have been payable in cash at the Closing to the Payments Administrator, for the benefit of the Equityholders listed on Schedule II, Parent shall deliver to each Equityholder listed on Schedule II the number of shares of Parent Common Stock set forth opposite such Equityholder's name on Schedule II as provided in Section 2.06(c) and (ii) the amount of the Merger Consideration that would otherwise have been payable in cash at the Closing to the Payments Administrator, for the benefit of the Equityholders listed on Schedule II, shall be reduced by an amount equal to the Market Price multiplied by the Closing Stock Consideration to which each such Equityholder is entitled.

(g) At least 15 Business Days prior to the Closing Date, the Company shall deliver to Parent and Purchaser an updated version of Schedule II reflecting only the number of shares of Parent Common Stock to be issued to each Equityholder listed therein, which updated version of Schedule II shall provide for Parent Common Stock with a Market Price of $50,000,000 to be issued to one or more Equityholders who (i) have current W-2s on file with the Company evidencing that such Equityholders are "accredited investors" as that term is defined in Rule 501 of Regulation D of the Securities Act or deliver evidence reasonably satisfactory to Parent that such Equityholders are "accredited investors" (including a letter from each such Equityholder's independent certified public accountant certifying that such Equityholder is an "accredited investor") and (ii) have delivered to Parent a Written Consent and Support Agreement duly executed by each such Equityholder.

Section 2.05. *Dissenters' Rights*. (a) Notwithstanding the foregoing provisions of this Agreement to the contrary, other than as provided in this Section 2.05(a), any shares of Company Stock that are issued and outstanding immediately prior to the Effective Time and are held by a holder who (i) has duly and validly demanded appraisal of such shares in connection with the Merger in accordance with DGCL and (ii) as of the Effective Time, has not effectively withdrawn or lost such appraisal rights (through failure to perfect or otherwise) (such shares, the "**Dissenting Shares**") shall not be converted into or represent the right to receive any portion of the Merger Consideration, but instead shall be converted into the right to receive only such consideration as may be determined to be due with respect to such Dissenting Shares under DGCL. From and after the Effective Time, the Dissenting Shares shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and a holder of Dissenting Shares shall not be entitled to exercise any of the voting rights or other rights of a stockholder of the Surviving Corporation. Parent and Purchaser shall be entitled to retain any Merger Consideration that otherwise would have been paid or delivered in respect of the Dissenting Shares pending resolution of the claims of such holders, and, subject to Section 2.05(b), no Equityholder shall be entitled to any portion of such retained Merger Consideration.

(b) Notwithstanding the provisions of Section 2.05(a), if any holder of shares of Company Stock who has duly and validly demanded appraisal of such shares in connection with the Merger in accordance with DGCL effectively withdraws or loses such appraisal rights (through failure to perfect or otherwise), then such shares shall no longer be Dissenting Shares and, as of the later of the Effective Time and the occurrence of such withdrawal or loss, such shares shall automatically be converted into the right to receive the applicable portion of the Merger Consideration, payable with respect to such shares pursuant to and in accordance with this Agreement.

(c) The Company shall give Purchaser prompt written notice of the receipt of any written notice of any demand for appraisal or intent to demand appraisal for any shares of Company Stock, withdrawals of such demands, and any other instruments served pursuant to

DGCL and received by the Company, the Payments Administrator or the Equityholders' Representative that relate to any such demand for appraisal. Notwithstanding anything in this Agreement to the contrary, Purchaser shall have the right and opportunity to participate in and direct all negotiations and proceedings with respect to any demand or threatened demand for appraisal in connection with the Merger, including those that take place prior to the Effective Time; *provided* that Purchaser shall not settle any such demand for appraisal without the prior written approval of the Equityholders' Representative, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 2.06. *Surrender and Payment*. (a) As promptly as practicable after the date of this Agreement, Purchaser and the Equityholders' Representative shall enter into a payments administration agreement with the Payments Administrator (the "**Payments Agreement**"), on terms and conditions reasonably satisfactory to Purchaser, pursuant to which the Payments Administrator will agree to serve as payments administrator in connection with the transactions contemplated hereby.

(b) As promptly as practicable after the date of this Agreement, the Company shall cause the Payments Administrator to deliver, or cause to be delivered, to each holder of record of Company Stock a letter of transmittal in substantially the form attached hereto as Exhibit G (the "**Letter of Transmittal**"), to be completed and delivered by each Equityholder to effect the exchange of such Equityholder's Company Stock for the payment of the portion of the Merger Consideration payable or deliverable pursuant to Section 2.04 in respect of each share of Company Stock represented thereby, without any interest thereon.

(c) At the Closing, Parent, Purchaser or Merger Sub shall deliver or cause to be delivered (i) by wire transfer of immediately available funds to the Payments Administrator, for the benefit of the Equityholders entitled thereto, an amount in cash equal to the Aggregate Series A Liquidation Preference, the Aggregate Series B Liquidation Preference and the aggregate Per Share Closing Cash Consideration to be paid to the Equityholders in respect of the Certificates and the Uncertificated Shares in accordance with Section 2.04 and the Allocation Schedule, as reduced by the Market Price of the aggregate Closing Stock Consideration as provided in Section 2.04(f) and (ii) to each Equityholder listed on Schedule II the number of shares of Parent Common Stock set forth opposite such Equityholder's name on Schedule II (as modified pursuant to the terms of this Agreement).

(d) Upon (i) surrender to the Payments Administrator of a certificate representing shares of Company Stock ("**Certificate**"), together with a properly completed and duly executed Letter of Transmittal or (ii) receipt by the Payments Administrator of such evidence of transfer as the Payments Administrator may reasonably require in the case of a book-entry transfer of uncertificated shares of Company Stock ("**Uncertificated Shares**"), an Equityholder whose shares of Company Stock have been converted into the right to receive the applicable portion of

the Merger Consideration shall be entitled (A) to promptly receive from the Payments Administrator the Per Share Series A Liquidation Preference, if any, the Per Share Series B Liquidation Preference, if any, and the Per Share Closing Cash Consideration, if any, payable for each such share of Company Stock represented by such Certificate or for each such Uncertificated Share pursuant to Section 2.04, as reduced by the Market Price of such Equityholder's Closing Stock Consideration as provided in Section 2.04(f), (B) to promptly receive from the Payments Administrator such Equityholder's Closing Stock Consideration, if any, and (C) to receive from the Payments Administrator the remainder of the Merger Consideration payable or deliverable, as applicable, for each such share in the manner and at (or promptly following) the times paid or delivered to the Payments Administrator, for the benefit of the Equityholders entitled thereto, as set forth in this Agreement and the Escrow Agreement. Until so surrendered or transferred, as the case may be, each such Certificate or Uncertificated Share (other than Dissenting Shares) shall represent after the Effective Time for all purposes only the right to receive the applicable portion of the Merger Consideration and the Certificate or Uncertificated Share shall be canceled and cease to exist.

(e) If any portion of the Merger Consideration is to be paid to a Person other than the Person in whose name the surrendered Certificate or the transferred Uncertificated Share is registered, it shall be a condition to such payment that (i) either such Certificate shall be properly endorsed or shall otherwise be in proper form for transfer or such Uncertificated Share shall be properly transferred and (ii) the Person requesting such payment shall pay to Purchaser any transfer or other Taxes required as a result of such payment to a Person other than the registered holder of such Certificate or Uncertificated Share or establish to the satisfaction of Purchaser that such Tax has been paid or is not payable.

(f) After the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers of shares of Company Stock. If, after the Effective Time, Certificates or Uncertificated Shares are presented to Parent, the Purchaser, the Surviving Corporation or the Payments Administrator, they shall be canceled and exchanged for the Merger Consideration in accordance with this Agreement, including the procedures set forth in this Article 2.

(g) After the Effective Time and pending surrender and exchange of any Person's Certificate(s) or Uncertificated Shares, a holder's Certificate(s) or Uncertificated Shares shall be deemed for all purposes to evidence only such holder's right to receive from the Payments Administrator the portion of the Merger Consideration into which such Company Shares shall have been converted by the Merger, and each holder of a Certificate or Uncertificated Share shall look only to the Payments Administrator for payment or delivery of the portion of the Merger Consideration payable pursuant to Section 2.04 and the other amounts payable pursuant to this Agreement, in each case, in respect of such Company Shares, and may surrender such Certificate or transfer such Uncertificated Share to the Payments Administrator and (subject to applicable

abandoned property, escheat and similar Applicable Laws) receive in exchange therefor the portion of the Merger Consideration payable pursuant to Section 2.04 and the other amounts payable pursuant to this Agreement.

(h) Except as required by Applicable Law, no dividends or other distributions with respect to capital stock of the Surviving Corporation with a record date after the Effective Time shall be paid to any Equityholder (whether surrendered or unsurrendered).

(i) All consideration paid in respect of the surrender or exchange of shares of Company Stock in accordance with the terms hereof shall be deemed to be in full satisfaction of all rights pertaining to such shares of Company Stock. If, after the Effective Time, Certificates or Uncertificated Shares are presented to the Surviving Corporation for any reason, they shall be canceled and submitted to the Payments Administrator for exchange as provided in this Section 2.06.

(j) Notwithstanding anything to the contrary, except as expressly provided in Section 10.02(b) (but subject to the limitations set forth in Article 10), in no event shall the aggregate amount required to be paid by Parent and Purchaser pursuant to this Agreement (including pursuant to Section 2.04, Section 2.06, Section 2.07, Section 2.08, Section 2.11 and Section 2.14) exceed (i) the Base Cash Consideration, *plus* (ii) the Final Adjustment Amount (which may be a negative number) *plus* (iii) to the extent payable, the Earn-Out Amounts.

Section 2.07. *Company Stock Options and Company Warrants*. (a) As of the Effective Time, each In-the-Money Company Stock Option (whether vested or unvested) that is outstanding as of immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of Parent, Purchaser, Merger Sub, the Company, any Option Holder or any other Person, be cancelled in exchange for the right to receive a portion of the Merger Consideration, without interest, equal to (A) the excess, if any, of (1) the Per Share Closing Cash Consideration over (2) the exercise price with respect to such In-the-Money Company Stock Option, (B) the Per Share Adjustment Consideration, (C) the Per Share Escrow Release Amount, (D) the Per Share Earn-Out Payments and (E) the Per Share Equityholders' Representative Fund Release Amount, in each case, when, as and if payable pursuant to this Agreement. As of the Effective Time, each Company Stock Option that is not an In-the-Money Company Stock Option shall be cancelled for no consideration.

(b) Parent and Purchaser agree that, to the extent permitted by the terms of the Company Stock Plan and the other Employee Plans, the Company may provide Option Holders with an opportunity to exercise no later than the date that is 10 Business Days prior to the Closing Date any outstanding Company Stock Options (whether vested or unvested), so long as in each case (i) such Company Stock Options are settled in shares of Company Common Stock (and not, for clarity, in cash or other property) and (ii) the Company and each Option Holder

settle in full their respective obligations in connection with such exercise, including by paying to the Company the applicable exercise price, no later than the date that is 10 Business Days prior to the Closing Date.

(c) Prior to the Effective Time, and subject to the reasonable review and approval of Purchaser, the Company shall have taken all actions necessary or advisable to effect the transactions anticipated by this Section 2.07 under the Company Stock Plan or any other Employee Plan, or any other Contracts (whether written or oral, formal or informal) relating thereto, including by delivering all required notices and obtaining any required consents necessary to effectuate the provisions of this Agreement.

(d) In accordance with the terms of each warrant to purchase shares of the Company's capital stock (collectively, the "**Company Warrants**"), the Company shall ensure that each Company Warrant is either exercised in full or terminated prior to the Effective Time with no further Liability or obligation, directly or indirectly, of any kind thereunder on the part of any of the Acquired Companies, Parent or Purchaser. Promptly following the date hereof, the Company shall give notice to each Warrant Holder of an outstanding unexercised Company Warrant that (i) such Company Warrants will not be assumed in connection with the transactions contemplated by this Agreement, (ii) in accordance with the terms of the applicable Company Warrant such Warrant Holder shall have a certain period of time upon receipt of such notice (which period of time will expire no later than the date that is 10 Business Days prior to the Closing Date) to exercise such Warrant Holder's Company Warrants, including, if applicable, by net exercise, and (iii) any Company Warrants not exercised within the time period set forth in such notice will be canceled for no consideration.

(e) Notwithstanding anything herein to the contrary, any Merger Consideration required to be paid under this Agreement (whether by Parent, Purchaser the Surviving Corporation, the Escrow Agent or otherwise) to an Equityholder in respect of Company Stock Options (i) shall be subject to any withholding in accordance with Section 2.13 and (ii) if such Equityholder is an employee of any Acquired Company immediately prior to the Effective Time, shall, at Parent's election, be made to (as directed by Parent), or withheld by, Parent or the Surviving Corporation for remittance to such Equityholder through Parent's, Purchaser's or the Surviving Corporation's normal payroll or treasury functions, and the amount of Merger Consideration required to be delivered to the Payments Administrator shall be reduced by such amounts.

(f) It is the intent of the parties hereto that Out-of-the-Money Company Stock Options participate in any Earn-Out Payment to the extent that the Out-of-the-Money Company Stock Options would have been In-the-Money Company Stock Options if such Earn-Out Payment and all prior Earn-Out Payments had been included in the Merger Consideration paid on the Closing Date. Promptly after the date hereof, Parent, Purchaser and the Company will work in good faith

to implement a plan, which may be in the form of an amendment to this Agreement, to give effect to this Section 2.07(f) by providing for a portion of the amounts otherwise payable to holders of Company Stock hereunder to be paid to the holders of such Out-of-the-Money Company Stock Options if such Company Stock Options become In-the-Money Company Stock Options as a result of any Earn-Out Payments. Between the date hereof and the Closing Date, Parent, Purchaser and the Company will discuss in good faith alternatives to the 280G waiver and shareholder approval process described in Section 5.10 to allow certain Company executives to exercise their Company Stock Options.

Section 2.08. *Deposit of the Escrow Amount and Equityholders' Representative Fund*. (a) At or immediately following the Closing, Parent shall deposit, or cause to be deposited, with the Escrow Agent, $2,500,000 (the "**Escrow Amount**") by wire transfer of immediately available funds into a dedicated account established pursuant to the Escrow Agreement (the "**Escrow Account**") for disbursement pursuant to this Agreement and Escrow Agreement. Notwithstanding anything to the contrary herein, the portion of the Escrow Amount deposited with the Escrow Agent pursuant to this Section 2.08(a) in respect of any Dissenting Shares shall be returned to Parent (or one of its designated Affiliates) upon written demand to the Escrow Agent, which demand may be made by Parent at any time after the date that is 180 days after the Effective Time, provided that the holders of the applicable Dissenting Shares have not previously withdrawn or lost appraisal rights under the DGCL, and the Equityholders' Representative shall cooperate in providing the Escrow Agent with joint written instructions to effect the foregoing.

(b) At or immediately following the Closing, Parent shall deposit, or cause to be deposited, with the Equityholders' Representative, $300,000 (the "**Equityholders' Representative Fund**") by wire transfer of immediately available funds into a segregated account designated by the Equityholders' Representative (and set forth in the Allocation Schedule) to be held by the Equityholders' Representative in accordance with the terms of this Agreement.

Section 2.09. *Pre-Closing Estimates; Updated Allocation Schedule.* (a) No later than five Business Days prior to the Closing Date, the Company shall prepare and furnish to Purchaser a written statement (the "**Estimate Statement**"), setting forth in reasonable detail the Company's good faith estimate of (i) Closing Working Capital ("**Estimated Closing Working Capital**"), (ii) Unpaid Transaction Expenses ("**Estimated Unpaid Transaction Expenses**"), (iii) Closing Indebtedness ("**Estimated Closing Indebtedness**"), (iv) Closing Cash ("**Estimated Closing Cash**"), (v) the Estimated Adjustment Amount, (vi) the Aggregate Series A Liquidation Preference, (vii) the Aggregate Series B Liquidation Preference and (viii) the aggregate Per Share Closing Cash Consideration, together with reasonable supporting documentation therefor, and an updated Allocation Schedule (using the same calculations and following the same methodologies set forth on Schedule I). Purchaser may until two Business Days prior to the Closing Date provide the Company with comments to the Estimate Statement and Allocation

Schedule and the Company shall consider such comments in good faith. The Company shall provide all supporting documentation reasonably requested by Purchaser in connection with Purchaser's review of the preliminary and final Estimate Statement and Allocation Schedule.

(b) Notwithstanding anything to the contrary in this Agreement or any investigation or examination conducted, or any knowledge possessed or acquired, by or on behalf of Parent, Purchaser, Merger Sub, the Surviving Corporation or any of their respective Affiliates, it is expressly acknowledged and agreed that the preparation of the Allocation Schedule and the allocation set forth therein are the sole responsibility of the Equityholders and that Parent, Purchaser, Merger Sub and their respective Affiliates shall be entitled to rely on the Allocation Schedule, without any obligation to investigate or verify the accuracy or correctness thereof, and to make payments in accordance therewith and in no event shall Parent, Purchaser, Merger Sub or, after the Effective Time, the Surviving Corporation, or any of their respective Affiliates, have any Liability to any Person (including the Equityholders' Representative and each of the Equityholders) in connection with any claims relating to any alleged inaccuracy or miscalculations in, or otherwise relating to, the preparation of the Allocation Schedule and the allocation set forth therein or payments made by any Person (including Parent, Purchaser, Merger Sub, the Surviving Corporation, the Escrow Agent, and their respective Affiliates) in accordance therewith.

Section 2.10. *Post-Closing Statement.* (a) As promptly as practicable, but no later than 120 days after the Closing, Purchaser will prepare and deliver, or cause to be prepared and delivered, to the Equityholders' Representative a statement setting forth Purchaser's calculation of (i) Closing Working Capital, (ii) Unpaid Transaction Expenses, (iii) Closing Indebtedness, (iv) Closing Cash and (v) Final Adjustment Amount (the "**Post-Closing Statement**"). Following delivery of the Post-Closing Statement, the Equityholders' Representative and its representatives and agents shall be given reasonable access (including electronic access, to the extent available) as they may reasonably require to the books and records of the Surviving Corporation and reasonable access to the personnel or representatives of the Surviving Corporation and Purchaser responsible for and knowledgeable about the preparation of the Post-Closing Statement as they may reasonably require, in each case for the purpose of reviewing the Post-Closing Statement and resolving any disputes pursuant to this Section 2.10; *provided* that any such access shall be during normal business hours and without undue interruption to the business of Parent, Purchaser, the Surviving Corporation or any of their respective Affiliates, and, in the case of any work papers, subject to the auditors' and accountants' normal disclosure procedures and then only after such Person has signed a customary agreement relating to such access to work papers in form and substance reasonably acceptable to such auditors or accountants.

(b) If the Equityholders' Representative disagrees with Purchaser's calculation of any of the amounts set forth on the Post-Closing Statement, the Equityholders' Representative may,

within 30 days after receipt of the Post-Closing Statement, deliver a written notice to Purchaser disagreeing with such calculation(s) and setting forth the Equityholders' Representative's calculation of such amount(s). Any such notice of disagreement shall specify those items or amounts as to which the Equityholders' Representative disagrees, and its alternative calculations with respect to each item set forth on the Post-Closing Statement, and the Equityholders' Representative shall be deemed to have agreed with all other items and amounts contained in the Post-Closing Statement, which shall be final, binding and conclusive for all purposes hereunder. If the Equityholders' Representative fails to deliver such a written notice within such 30-day period, the Equityholders' Representative shall be deemed to have agreed to the Post-Closing Statement and items and amounts set forth therein, which shall be final, binding and conclusive for all purposes hereunder.

(c) If a notice of disagreement is duly delivered pursuant to Section 2.10(b), the Equityholders' Representative and Purchaser shall, during the 30 days following such delivery, use commercially reasonable efforts to reach agreement on the disputed items or amounts in order to determine, as may be required, the Final Amounts. If, after the expiration of such period or any mutually agreed extension thereof, the Equityholders' Representative and Purchaser are unable to reach such agreement on all such items and amounts, they shall promptly thereafter submit the remaining disputed items to Deloitte LLP (or, if such firm is unable or unwilling to act, such other independent accounting firm of nationally recognized standing as shall be mutually agreed upon in writing by Purchaser and the Equityholders' Representative) (the "**Accounting Referee**") for resolution. In making such determination, the Accounting Referee (i) shall consider only those items or amounts in the Post-Closing Statement as to which the Equityholders' Representative has disagreed and which have not been resolved prior to submission to the Accounting Referee, (ii) shall not be entitled to hold any hearings or take or order the taking of depositions or other testimony under oath and (iii) with respect to each matter submitted to it, shall not resolve such matter in a manner that is more favorable to Purchaser than the Post-Closing Statement or more favorable to the Equityholders' Representative than the notice of disagreement. The Accounting Referee is not authorized to, and shall not, make any other determination including (A) any determination with respect to any matter included in the Post-Closing Statement or the Equityholders' Representative's notice of disagreement that was not submitted for resolution to the Accounting Referee or (B) any determination as to compliance by the Company, any Equityholder, Parent, Purchaser, Merger Sub or the Surviving Corporation with any of its covenants in this Agreement. Any disputes not within the scope of the disputes to be resolved by the Accounting Referee pursuant to this Section 2.10(c) (as well as any disputes about the scope of disputes to be resolved by the Accounting Referee pursuant to this Section 2.10(c)) shall be resolved pursuant to Section 12.07.

(d) The Accounting Referee shall deliver to the Equityholders' Representative and Purchaser, as promptly as practicable and no later than 90 days after its appointment, a written report setting forth such determination which shall be final and binding upon the Equityholders'

Representative, the Equityholders and Purchaser absent fraud or manifest error. The dispute resolution by the Accounting Referee under this Section 2.10 shall constitute an expert determination and shall not constitute an arbitration. The fees and expenses of the Accounting Referee shall be borne one-half by Purchaser, on the one hand, and one-half by the Equityholders' Representative (on behalf of the Equityholders), on the other hand.

(e) The Equityholders' Representative and Purchaser agree that they will cooperate and assist in the preparation and review of the Post-Closing Statement and the determination of the Final Amounts, including the making available of books, records, work papers and personnel.

Section 2.11. *Adjustment of the Merger Consideration.* (a) As soon as practicable (but in any event within five Business Days) after the final determination of the Final Amounts, the Equityholders' Representative shall deliver to Purchaser an updated Allocation Schedule, which shall be updated solely to reflect the determination of the Final Amounts and shall otherwise include the same calculations and follow the same methodologies set forth on the initial Allocation Schedule. Such updated Allocation Schedule shall also include a calculation of the Per Share Adjustment Consideration and the Per Share Escrow Release Amount, as applicable.

(b) Within five Business Days after the final determination of the Final Amounts:

(i) If (x) the Estimated Adjustment Amount exceeds (y) the Final Adjustment Amount (the amount of such excess, the "**Overpayment Amount**"), then Purchaser and the Equityholders' Representative shall deliver a joint written instruction to the Escrow Agent instructing the Escrow Agent to pay to Purchaser from the Escrow Account the Overpayment Amount and, to the extent the amount available in the Escrow Account is less than the Overpayment Amount, the amount of any Earn-Out Payment required to be paid pursuant to Section 2.14 shall be permanently set-off against and reduced by the amount of such shortfall.

(ii) If (x) the Final Adjustment Amount exceeds (y) the Estimated Adjustment Amount (the amount of such excess, the "**Underpayment Amount**"), then Purchaser shall pay, or cause to be paid, to the Payments Administrator, for the benefit of the Equityholders entitled thereto, an amount in cash, without interest, equal to the Underpayment Amount, and promptly after receipt by the Payments Administrator, Purchaser and the Equityholders' Representative will instruct the Payments Administrator to pay such amounts to the Equityholders entitled thereto in accordance with their respective Per Share Adjustment Consideration. Notwithstanding anything to the contrary herein, Purchaser shall not be required to make any payment pursuant to this Section 2.11(b)(ii) until the Equityholders' Representative delivers to Purchaser an updated Allocation Schedule reflecting the Underpayment Amount and the Per Share Adjustment Consideration.

(iii) Thereafter, Purchaser and the Equityholders' Representative shall deliver a joint written instruction to the Escrow Agent instructing the Escrow Agent to disburse to an account designated by the Payments Administrator, for the benefit of the Equityholders entitled thereto in accordance with their respective Per Share Escrow Release Amounts, any amounts remaining in the Escrow Account after giving effect to the foregoing clauses (i) and (ii) of this Section 2.11(b), and promptly after receipt by the Payments Administrator, the Purchaser and the Equityholders' Representative will instruct the Payments Administrator to pay such amounts to the Equityholders entitled thereto, except that such joint written instruction shall provide that the portion of such amount payable to Option Holders who were employees of any Acquired Company as of or prior to the Closing Date shall instead be disbursed to an account designated by Purchaser for payment to the Option Holders as provided in Section 2.07(e). Notwithstanding anything to the contrary herein, Purchaser shall not be required to give any instruction pursuant to this Section 2.11(b)(iii) until the Equityholders' Representative delivers to Purchaser an updated Allocation Schedule reflecting the Underpayment Amount or Overpayment Amount, as applicable, and the Per Share Escrow Release Amount.

(c) "**Final Closing Working Capital**", "**Final Unpaid Transaction Expenses**", "**Final Closing Indebtedness**" and "**Final Closing Cash**" mean the Closing Working Capital, the Unpaid Transaction Expenses, Closing Indebtedness and Closing Cash, in each case, (i) as shown in Purchaser's calculation delivered pursuant to Section 2.10(a), if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.10(b); or (ii) if such a notice of disagreement is delivered, (A) as agreed by Purchaser and the Equityholders' Representative pursuant to Section 2.10(c) or (B) in the absence of such agreement, as shown in the Accounting Referee's determination delivered pursuant to Section 2.10(d).

Section 2.12. *Lost Certificates*. If any Certificate shall have been lost, stolen or destroyed, upon (i) the making of an affidavit of that fact by the record holder thereof claiming such Certificate to be lost, stolen or destroyed and (ii) delivery of an otherwise duly completed and signed Letter of Transmittal in accordance with Section 2.06(d) by such record holder, such record holder shall be entitled to receive the applicable portion of the Merger Consideration in respect of the shares of Company Stock represented by such Certificate, subject to the conditions set forth in, and otherwise in accordance with, this Agreement and the Letter of Transmittal; *provided*, *however*, that Parent may, in its discretion and as a condition precedent to the payment of any Merger Consideration, require such record holder to provide a customary bond or indemnity for the benefit of Parent and its Affiliates against any claim that may be made with respect to such Certificate.

Section 2.13. *Withholding Rights.* Notwithstanding anything herein to the contrary, each of Parent, Purchaser, Merger Sub, the Surviving Corporation, the Escrow Agent and the

Payments Administrator shall be entitled to deduct and withhold from the consideration otherwise payable or deliverable to any Person pursuant to this Agreement or any other Transaction Document such amounts as it is required to deduct and withhold with respect to the making of such payment or delivery under any provision of federal, state, local or foreign Tax law. Any amounts so deducted and withheld shall be treated for all purposes of this Agreement and the other Transaction Documents as having been paid to the Person in respect of which such deduction and withholding was made.

Section 2.14. *Earn-Out Payments*.

(a) *Generally*. As additional consideration to the Equityholders hereunder, the Equityholders shall be entitled to receive additional cash payments equal to the Dark Fiber Earn-Out Amount, the First Small Cell Earn-Out Amount, the Second Small Cell Earn-Out Amount, the Renewal Earn-Out Amount and the Fiber Lateral Sale Contract Proceeds (each such payment, an "**Earn-Out Payment**") as set forth in, and at the times and subject to the terms and conditions of, this Section 2.14. Each Earn-Out Payment shall be paid as, if and when required by Section 2.14(g). For illustrative purposes only, a sample calculation of the Dark Fiber Earn-Out Amount and the Second Small Cell Earn-Out Amount is attached hereto as Exhibit H.

(b) *Dark Fiber Earn-Out*. Promptly (and in any event within 20 days) following each Dark Fiber Earn-Out Measurement Date, Parent or Purchaser shall pay, or cause to be paid, to the Payments Administrator, for the benefit of the Equityholders entitled thereto, additional consideration equal to (i) $30,000,000 (the "**Maximum Dark Fiber Earn-Out Amount**") *multiplied* by (ii) a fraction, the numerator of which is the number of sites (including customer-requested substitution sites) "accepted" (as such term is defined in the applicable Dark Fiber Contract) by customers pursuant to the Dark Fiber Contracts during the most recently completed Dark Fiber Earn-Out Measurement Period (without any duplication for sites taken into account in the determination of any previous Dark Fiber Earn-Out Amount) and the denominator of which is [*****] (the "**Dark Fiber Earn-Out Amount**"); *provided* that (i) if the number of sites "accepted" in the applicable Dark Fiber Earn-Out Measurement Period would, when taken together with the number of sites "accepted" during each preceding Dark Fiber Earn-Out Measurement Period, equal or exceed [*****], then the Dark Fiber Earn-Out Amount in respect of such Dark Fiber Earn-Out Measurement Period shall instead be equal to (A) the Maximum Dark Fiber Earn-Out Amount *minus* (B) the sum of all Dark Fiber Earn-Out Amounts previously paid pursuant to this Section 2.14(b) (without giving effect to Section 2.14(h)) and thereafter no additional amounts shall be payable pursuant to this Section 2.14(b), and (ii) the Dark Fiber Earn-Out Amount in respect of the final Dark Fiber Earn-Out Measurement Period shall be (A) the Maximum Dark Fiber Earn-Out Amount *multiplied* by a fraction, the numerator of which is the aggregate number of sites (including customer-requested substitution sites) "accepted" in each Dark Fiber Earn-Out Measurement Period, and the denominator of which is [*****], *minus* (B) the sum of all Dark Fiber Earn-Out Amounts previously paid pursuant to this Section 2.14(b)

(without giving effect to Section 2.14(h)). Notwithstanding the foregoing, the number of sites "accepted" after December 31, 2020 shall only include sites that were in backlog under Contract as of December 31, 2020, and in no event shall the aggregate amount payable pursuant to this Section 2.14(b) exceed the Maximum Dark Fiber Earn-Out Amount. For purposes of this Section 2.14(b), a "**Dark Fiber Earn-Out Measurement Date**" shall mean each of [*****], and a "**Dark Fiber Earn-Out Measurement Period**" shall mean the period from and excluding any Dark Fiber Earn-Out Measurement Date to and including the next succeeding Dark Fiber Earn-Out Measurement Date, except the initial Dark Fiber Earn-Out Measurement Period shall be the period from and including the Closing Date to and including the initial Dark Fiber Earn-Out Measurement Date; *provided*, *however*, that sites accepted under the Dark Fiber Contracts prior to the Closing Date shall be included in the Dark Fiber Earn-Out results and included in the initial Dark Fiber Earn-Out Measurement Period.

(c) *First Small Cell Earn-Out*. If, on or prior to December 31, 2020, Small Cell Customers have "accepted" (as such term is used in the applicable Contract relating to such Small Cell Node) 375 Small Cell Nodes, in the aggregate, from Parent or any of its Subsidiaries (including Surviving Corporation), then Parent or Purchaser shall pay, or cause to be paid, to the Payments Administrator, for the benefit of the Equityholders entitled thereto, additional consideration of $20,000,000 (the "**First Small Cell Earn-Out Amount**"), which shall be paid promptly (and in any event within 20 days) following the date on which the First Small Cell Earn-Out Amount has been achieved; *provided*, that in no event will the aggregate amount payable pursuant to this Section 2.14(c) exceed the First Small Cell Earn-Out Amount. For clarification purposes, Small Cell Nodes accepted by Small Cell Customers of Company after the date hereof and prior to the Closing Date shall be included in the calculation of the First Small Cell Earn-Out Amount, but Small Cell Nodes accepted prior to the date hereof shall not be included in the calculation of the First Small Cell Earn-Out Amount unless such Small Cell Nodes are listed on Section 2.14(c) of the Company Disclosure Schedule.

(d) *Second Small Cell Earn-Out*. Promptly (and in any event within 20 days) following each Second Small Cell Earn-Out Measurement Date, Parent or Purchaser shall pay, or cause to be paid, to the Payments Administrator, for the benefit of the Equityholders entitled thereto, additional consideration equal to (i) $60,000,000 (the "**Maximum Second Small Cell Earn-Out Amount**") *multiplied* by (ii) a fraction, the numerator of which is the number of Small Cell Nodes "accepted" (as such term is used in the applicable Contract relating to such Small Cell Node) by a Small Cell Customer from Parent or any of its Subsidiaries (including the Surviving Corporation) during the most recently completed Second Small Cell Earn-Out Measurement Period (without any duplication for Small Cell Nodes taken into account in the determination of any previous Second Small Cell Earn-Out Amount) and the denominator of which is 2,800 (the "**Second Small Cell Earn-Out Amount**"); *provided* that in no event will the aggregate amount payable pursuant to this Section 2.14(d) exceed the Maximum Second Small Cell Earn-Out Amount. For purposes of this Section 2.14(d), a "**Second Small Cell Earn-Out**

Measurement Date" shall mean each of December 31, 2017, June 30, 2018, December 31, 2018, June 30, 2019, December 31, 2019, June 30, 2020 and December 31, 2020, and a "**Second Small Cell Earn-Out Measurement Period**" shall mean the period from and excluding any Second Small Cell Earn-Out Measurement Date to and including the next succeeding Second Small Cell Earn-Out Measurement Date, except the initial Second Small Cell Earn-Out Measurement Period shall be the period from and including the Closing Date to and including the initial Second Small Cell Earn-Out Measurement Date. For purposes of clarification, the Small Cell Nodes that are included in the calculation of the First Small Cell Earn-Out Amount shall also be included in the calculation of the Second Small Cell Earn-Out Amount, including those accepted by Small Cell Customers of Company after the date hereof and prior to the Closing Date, but Small Cell Nodes accepted prior to the date hereof shall not be included in the calculation of the Second Small Cell Earn-Out Amount unless such Small Cell Nodes are listed on Section 2.14(c) of the Company Disclosure Schedule.

(e) *Renewal Earn-Out*. If, at any time after the date of this Agreement, but on or prior to December 31, 2020, the Company has entered into one or more Contracts with a service period of not less than [*****] from the effective date of each applicable Contract for the sites identified on Section 2.14(e) of the Disclosure Schedule (the "**Renewal Sites**") and the aggregate monthly billing rate set forth in such Contracts for the Renewal Sites (the "**Renewal Billing Amount**") equals or exceeds [*****]% of the Renewal Baseline Amount, Parent or Purchaser shall pay, or cause to be paid, to the Payments Administrator, for the benefit of the Equityholders entitled thereto, additional consideration of $20,000,000 (the "**Maximum Renewal Earn-Out Amount**"), which shall be paid promptly (and in any event within 20 days) following the date on which the Maximum Renewal Earn-Out Amount has been achieved; *provided* that Parent will permit the Company to [*****]; *provided, further*, that until the earlier of (i) December 31, 2020 or (ii) the date when the Maximum Renewal Earn-Out Amount has been paid to the Payments Administrator for the benefit of the Equityholders entitled thereto, if on any Renewal Earn-Out Measurement Date, the aggregate Renewal Billing Amount equals or exceeds [*****]% of the Renewal Baseline Amount, but is less than [*****]% of the Renewal Baseline Amount, Parent or Purchaser shall promptly (and in any event within 20 days) pay, or cause to be paid, to the Payments Administrator, for the benefit of the Equityholders entitled thereto, an amount equal to the Maximum Renewal Earn-Out Amount multiplied by a fraction, the numerator of which is equal to (x) the aggregate Renewal Billing Amount less (y) an amount equal to [*****]% of the Renewal Baseline Amount, and the denominator of which is equal to [*****]% of the Renewal Baseline Amount (the "**Earn-Out Measurement Date Payment**"); *provided* that the Earn-Out Measurement Date Payment and the Maximum Renewal Earn-Out Amount shall be reduced by the amount of all previously paid Earn-Out Measurement Date Payments. In no event will the aggregate amount payable pursuant to this Section 2.14(e), including all Earn-Out Measurement Date Payments, exceed the Maximum Renewal Earn-Out Amount. If, on any Renewal Earn-Out Measurement Date, the aggregate Renewal Billing Amount is less than [*****]% of the Renewal Baseline Amount, no amount shall be payable to or for the benefit of the Equityholders pursuant

to this Section 2.14(e). For purposes of this Section 2.14(e), a "**Renewal Earn-Out Measurement Date**" shall mean each of [*****]. For clarification purposes, if a new Contract includes a declining rate schedule, only the monthly billing rate that applies to the final period shall be used for purposes of calculating the Renewal Billing Amount. A Renewal Site shall also include, without duplication, replacement Renewal Sites as may be permitted under the terms of the applicable customer Contract (e.g., portability) but only if such replacement Renewal Site is no less profitable than the original Renewal Site (taking into account any additional cost that may be required at the replacement Renewal Site and any additional charges to customer, if any). For purposes of this Section 2.14(e), the "**Renewal Baseline Amount**" means [*****].

(f) *Fiber Lateral Sale Contract Proceeds*. In the event the proceeds in connection with the Fiber Lateral Sale Contract as more fully described in Section 2.14(f) of the Company Disclosure Schedule (the "**Fiber Lateral Sale Contract**") are paid after the Closing Date, then Parent or Purchaser shall pay, or cause to be paid, to the Payments Administrator, for the benefit of the Equityholders entitled thereto, the amount of any such proceeds received after the Closing Date by the Company, Parent, Purchaser or any Acquired Company in connection with the same (the "**Fiber Lateral Sale Contract Proceeds**") promptly (and in any event within 20 days) following receipt by the Company.

(g) *Form of Payment*. Parent and Purchaser's obligations pursuant to this Section 2.14 may be satisfied, at Parent's option, by payment of cash or a combination of cash and newly issued shares of Parent Common Stock (valued at the Market Price), in each case to the Payments Administrator, for the benefit of the Equityholders entitled thereto; *provided* that at least 50% of the aggregate amount of the Earn-Out Payments shall be satisfied in cash. The Payments Administrator shall pay or deliver (as applicable) to the Equityholders entitled thereto any Earn-Out Payments in accordance with their respective Pro Rata Shares promptly after such Earn-Out Payments are received by the Payments Administrator.

(h) *Right of Set-Off*. In addition to any other rights Parent, Purchaser and, after the Effective Time, the Surviving Corporation, may have under this Agreement, Parent, Purchaser and the Surviving Corporation shall have the right to permanently reduce, and set-off against, any Earn-Out Payment required to be paid pursuant to this Section 2.14 by the Overpayment Amount to the extent the funds available in the Escrow Account are insufficient to pay the Overpayment Amount.

(i) *Tax Treatment of Earn-Out Payments*. For U.S. federal income tax purposes, any payment of an Earn-Out Payment to the Equityholders shall, to the extent consistent with Applicable Law, be treated as additional purchase price eligible for installment sale treatment under Section 453 of the Code and any corresponding provision of foreign, state, or local law, as appropriate (subject to imputation of interest under Section 483 or Section 1274 of the Code).

(j) *Dispute Resolution*.

(i) Within 30 days of the delivery by Parent or Purchaser of any report required by Section 8.07, the Equityholders' Representative may deliver a written notice to Parent or Purchaser disputing the data, calculations or information set forth in such report (an "**Earn-Out Dispute Notice**"). Any such Earn-Out Dispute Notice shall specify those items or amounts as to which the Equityholders' Representative disagrees, and its alternative calculations with respect to each such item. If the Equityholders' Representative fails to deliver an Earn-Out Dispute Notice within such 30-day period, the Equityholders' Representative shall be deemed to have agreed to such reports and the items and amounts set forth therein, which shall be final, binding and conclusive for all purposes hereunder. Upon the delivery of an Earn-Out Dispute Notice, Parent, Purchaser and the Equityholders' Representative shall work in good faith to resolve such objections set forth in the Earn-Out Dispute Notice for a period of 30 days after the delivery of such Earn-Out Dispute Notice.

(ii) If Parent, Purchaser and the Equityholders' Representative do not reach a resolution of such objections set forth in the Earn-Out Dispute notice within such 30-day period, then Parent, Purchaser and the Equityholders' Representative shall submit the remaining objections (the "**Earn-Out Dispute**") to binding arbitration conducted in Pinellas County, Florida, in accordance with, and pursuant to, the rules of JAMS then in effect (the "**JAMS Rules**").

(iii) Any such arbitration will be conducted before a single arbitrator mutually agreed by Purchaser and the Equityholders' Representative, or, if Purchaser and the Equityholders' Representative are unable to mutually agree within 10 days of the submission of the Earn-Out Dispute to JAMS, a single arbitrator selected in accordance with the JAMS Rules. Any disputes not within the scope of the disputes to be resolved by the arbitrator pursuant to this Section 2.14(j)(iii) (as well as any disputes about the scope of disputes to be resolved by the arbitrator pursuant to this Section 2.14(j)(iii)) shall be resolved pursuant to Section 12.07.

(iv) Upon the conclusion of any arbitration proceedings hereunder, the arbitrator will render findings of fact and conclusions of law and a written opinion setting forth the basis and reasons for any decision reached and will deliver such documents to each of Parent, Purchaser and the Equityholders' Representative, along with a signed copy of the award. The arbitrator may not award punitive damages.

(v) Any judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction over the subject matter thereof. The arbitrator shall have the authority to grant any equitable and legal remedies that would be available in any

judicial proceeding instituted to resolve an Earn-Out Dispute. Said court in making the determination of whether to confirm or modify the award or remedies, can review the merits, reasoning or application of law made by the arbitrator.

(vi) The arbiter will award to the prevailing party all costs, fees and expenses related to the arbitration of the Earn-Out Dispute, including reasonable fees and expenses of attorneys, accountants, and other professionals incurred by the prevailing party.

Section 2.15. *Equityholders' Representative Fund; Exculpation and Indemnification*.

(a) The Equityholders' Representative shall be entitled to withdraw cash amounts held in the Equityholders' Representative Fund for (i) the reimbursement of out of pocket fees and expenses (including fees to legal, accounting and other advisors' fees and expenses, if applicable) incurred by the Equityholders' Representative in performing its duties under this Agreement and the ancillary agreements contemplated hereby, including the Escrow Agreement. The Equityholders' Representative Fund shall be held by the Equityholders' Representative in a segregated bank account and the Equityholders' Representative will hold the Equityholders' Representative Fund separate from its corporate funds and will not voluntarily make it available to its creditors in the event of bankruptcy. The Equityholders' shall earn no interest or earnings on the Equityholders' Representative Fund and irrevocably transfer and assign to the Equityholders' Representative any ownership right that they may otherwise have had in any such interest or earnings. For tax purposes, the Equityholders' Representative Fund will be treated as having been received and voluntarily set aside by the Equityholders at the time of Closing.

(b) The Equityholders' acknowledge that the Equityholders' Representative is not providing any investment supervision, recommendations or advice. The Equityholders' Representative shall have no responsibility or liability for any loss of principal of the Equityholders' Representative Fund other than as a result of the Equityholders' Representative's gross negligence or willful misconduct. The Equityholders' Representative is not acting as a withholding agent or in any similar capacity in connection with the Equityholders' Representative Fund, and has no tax reporting or income distribution obligations hereunder.

(c) As soon as reasonably determined by the Equityholders' Representative that the Equityholders' Representative Fund is no longer required to be withheld, the Equityholders' Representative shall deliver (i) to the Payments Administrator and Purchaser an updated Allocation Schedule, which shall be updated solely to reflect the Equityholders' Representative Fund Balance and shall otherwise include the same calculations and follow the same methodologies set forth on the initial Allocation Schedule and (ii) to the Payments Administrator, an amount in cash, without interest, equal to the Equityholders' Representative Fund Balance, and promptly after receipt by the Payments Administrator, Purchaser and the Equityholders' Representative will instruct the Payments Administrator to pay such amounts to

the Equityholders entitled thereto in accordance with their respective Per Share Equityholders' Representative Fund Release Amount.

(d) The Equityholders' Representative will incur no liability of any kind with respect to any action or omission by the Equityholders' Representative in connection with the Equityholders' Representative's services pursuant to this Agreement and the agreements ancillary hereto, except in the event of liability directly resulting from the Equityholders' Representative's gross negligence or willful misconduct. The Equityholders, severally and not jointly (based on each Equityholder's Pro Rata Share compared to the aggregate of the Pro Rata Shares of all Equityholders), will indemnify, defend and hold harmless the Equityholders' Representative from and against any and all losses, liabilities, damages, claims, penalties, fines, forfeitures, actions, fees, costs and expenses (including the fees and expenses of counsel and experts and their staffs and all expense of document location, duplication and shipment) (collectively, "**Representative Losses**") arising out of or in connection with the Equityholders' Representative's execution and performance of this Agreement and the agreements ancillary hereto, in each case as such Representative Loss is suffered or incurred; provided, that in the event that any such Representative Loss is finally adjudicated to have been directly caused by the gross negligence or willful misconduct of the Equityholders' Representative, the Equityholders' Representative will reimburse the Equityholders the amount of such indemnified Representative Loss to the extent attributable to such gross negligence or willful misconduct. If not paid directly to the Equityholders' Representative by the Equityholders, any such Representative Losses may be recovered by the Equityholders' Representative from (i) the funds in the Equityholders' Representative Fund, (ii) the amounts in the Escrow Account at such time as remaining amounts would otherwise be distributable to the Equityholders (but only after any amounts owing or that may become owing to Purchaser or any of its Affiliates from the Escrow Account have been paid), and (iii) from any Earn-Out Payments at such time as any such amounts would otherwise be distributable to the Equityholders; *provided*, that while this section allows the Equityholders' Representative to be paid from the Equityholders' Representative Fund, the Escrow Account and the Earn-Out Payments, this does not relieve the Equityholders from their obligation to promptly pay such Representative Losses as they are suffered or incurred, nor does it prevent the Equityholders' Representative from seeking any remedies available to it at law or otherwise. The Equityholders acknowledge that the Equityholders' Representative shall not be required to expend or risk its own funds or otherwise incur any financial liability in the exercise or performance of any of its powers, rights, duties or privileges or administration of its duties as the Equityholders' Representative hereunder. The foregoing indemnities will survive the Closing, the resignation or removal of the Equityholders' Representative or the termination of this Agreement.

(e) Notwithstanding anything to the contrary, in no event shall Parent, Purchaser, Merger Sub or any of their respective Affiliates (other than any Affiliates that are also Equityholders, solely in their capacity as such) have any Liability to the Equityholders'

Representative in connection with the transactions contemplated by this Agreement, including for any Representative Loss, for which the Equityholders' Representative's sole recourse shall be to the Equityholders as set forth in Section 2.15(d).

ARTICLE 3
Representations and Warranties of the Company

Subject to Section 12.03, except as set forth in the Company Disclosure Schedule, the Company represents and warrants to Parent, Purchaser and Merger Sub as of the date hereof and as of the Closing Date that:

Section 3.01. *Existence and Power*. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all corporate power and authority to own or lease its properties and to conduct its business as now conducted. The Company is duly qualified to do business as a foreign entity and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not reasonably be expected to be, individually or in the aggregate, material to the Acquired Companies, taken as a whole. The Company has all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted. The Company has prior to the date hereof made available to Purchaser and Merger Sub true and complete copies of its Governing Documents as currently in effect.

Section 3.02. *Authorization*. The execution, delivery of, and performance by the Company of its obligations under, this Agreement and the other Transaction Documents to which it is or will be a party, and the consummation of the transactions contemplated hereby and thereby, are within the Company's corporate powers and have been duly and validly authorized and approved by all necessary corporate action on the part of the Company. This Agreement has been (and each of the other Transaction Documents to which the Company is or will be a party will be at or prior to the Closing) duly executed and delivered by the Company and constitutes (or will constitute when so executed) a valid and binding agreement of the Company enforceable against it in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity). The Required Stockholder Vote is the approval or consent of the Acquired Companies or the holders of the Acquired Companies' capital stock or other equity of the Acquired Companies necessary in connection with the execution and delivery of, or the performance by the Company of its obligations under, this Agreement and the Transaction Documents to which it is or will be a party, or the consummation of the transactions contemplated hereby or thereby, and there are no votes, approvals, consents or other proceedings of the stockholders of any of the Acquired Companies or otherwise (other than those that have

been obtained prior to the execution of this Agreement) necessary in connection with the execution and delivery of, or the performance by the Company of its obligations under, this Agreement and the other Transaction Documents to which it is or will be a party, or the consummation of the transactions contemplated hereby or thereby (other than the filing and recordation of the Certificate of Merger and such other documents as required by the DGCL). The Board of Directors of the Company has unanimously (a) declared that the Merger and the other transactions contemplated by this Agreement and the other Transaction Documents are advisable, fair to and in the best interests of the Company and its stockholders, (b) approved this Agreement and the other Transaction Documents in accordance with the provisions of the DGCL, (c) directed that this Agreement and the other Transaction Documents and the Merger and the other transactions contemplated hereby and thereby be submitted to the stockholders of the Company for their adoption and approval by written consent and (d) resolved to recommend that the stockholders of the Company vote in favor of the adoption of this Agreement and the other Transaction Documents and the approval of the Merger and the other transactions contemplated hereby and thereby. The Written Consent and Support Agreement, when executed and delivered, shall constitute a valid, irrevocable and effective adoption of this Agreement and the other Transaction Documents by the Required Stockholder Vote in compliance with Applicable Law and the Company's Governing Documents. The transactions contemplated by this Agreement and the other Transaction Documents constitute a "Deemed Liquidation Event" pursuant to the Certificate of Incorporation and the Merger Consideration has been allocated in the manner specified in the Certificate of Incorporation.

Section 3.03. *Governmental Authorization.* The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby require no consent, approval, authorization or permit of, or filing with or notification to, or other action in respect of, any Governmental Authority other than (i) the filing of the Certificate of Merger with the Delaware Secretary of State in accordance with Section 2.01(d) and the DGCL, (ii) compliance with any applicable requirements of the HSR Act, (iii) the filings in respect of the Required Governmental Approvals, and receipt of the consents, approvals, waivers, licenses and authorizations contemplated thereby, (iv) any consent, approval, authorization or permit required to be obtained solely by reason of Parent's, Purchaser's or the Merger Sub's (as opposed to any other third party's) participation in the transactions contemplated by this Agreement or any Transaction Document and (v) any actions or filings the absence of which, individually or in the aggregate, would not reasonably be expected to be material to the Acquired Companies, taken as a whole, or prevent, enjoin or materially delay the consummation of the transactions contemplated by, or the performance by the Company of its obligations under, this Agreement and the other Transaction Documents.

Section 3.04. *Noncontravention*. Except as set forth on Section 3.04 of the Company Disclosure Schedule, the execution, delivery and performance by the Company of this

Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and by the other Transaction Documents do not and will not (i) violate any provision of any Governing Document of any Acquired Company, (ii) assuming compliance with the matters referred to in Section 3.03, violate any Applicable Law, (iii) result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of any Acquired Company, or (iv) require any consent from or other action by any Person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a violation or breach of, or give rise to any right of termination, modification, cancellation or acceleration of, any right or obligation of any Acquired Company or to a loss of any benefit to which any Acquired Company is entitled under any provision of any Contract of any Acquired Company, with only such exceptions, in the case of clauses (ii), (iii) and (iv), as would not, individually or in the aggregate, reasonably be expected to be material to the Acquired Companies, taken as a whole, or prevent, enjoin or materially delay the consummation of the transactions contemplated by, or the performance by the Company of its obligations under, this Agreement and the other Transaction Documents.

Section 3.05. *Capitalization*. (a) The authorized capital stock of the Company consists solely of 370,000,000 shares of Company Common Stock and 330,000,000 shares of Company Preferred Stock (of which 245,000,000 shares are designated Series A Preferred Stock and 85,000,000 shares are designated Series B Preferred Stock). As of the date hereof, there are outstanding (i) 2,013,007 shares of Company Common Stock and 330,000,000 are reserved for the purpose of effecting the conversion of Company Preferred Stock, (ii) 237,795,858 shares of Series A Preferred Stock, (iii) 76,638,875 shares of Series B Preferred Stock, (iv) Company Stock Options to purchase an aggregate of 27,709,995 shares of Company Common Stock and (v) Company Warrants to purchase an aggregate of 2,778,902 shares of Series A Preferred Stock and an aggregate of 392,073 shares of Series B Preferred Stock. Section 3.05(a) of the Company Disclosure Schedule sets forth a true and complete list of the record and beneficial owners of each share of Company Common Stock, Series A Preferred Stock, Series B Preferred Stock, Company Stock Option and Company Warrant, including in the case of each Company Stock Option and Company Warrant, the name of each record holder, the date of grant, exercise price, vesting schedule (including whether any portion of the Company Stock Option will vest as a result of the transactions contemplated by this Agreement and the other Transaction Documents), the number of shares of Company Common Stock subject to each such Company Stock Option or shares of Preferred Stock, subject to each such Company Warrant and the exercise price of each such Company Stock Option or Company Warrant, as applicable. Five Business Days prior to the Closing Date, the Company will provide Purchaser with a revised version of Section 3.05(a) of the Company Disclosure Schedule, updated as of such date. The Allocation Schedule (including any update thereto) is and will be true and correct in all respects as of the date thereof.

(b) All of the outstanding capital stock, equity interests, voting securities or other ownership interests in the Company have been duly authorized and validly issued and are fully

paid and nonassessable and have not been issued in violation of any preemptive or similar rights. Except as set forth in Section 3.05(a), there are no authorized, issued, reserved for issuance or outstanding (i) shares of capital stock, equity interests, voting securities or other ownership interests of the Company, (ii) securities of the Company convertible into or exchangeable for shares of capital stock, equity interests, voting securities or other ownership interests of the Company or (iii) options, warrants, restricted shares, restricted stock units, stock appreciation rights, performance units, contingent value rights, "phantom" stock or other similar securities or rights to acquire from the Company, or other obligation of the Company to issue, or rights relating to, any of the foregoing (the items in Sections 3.05(b)(i), 3.05(b)(ii) and 3.05(b)(iii) being referred to collectively as the "**Company Securities**"). Except as set forth in the Company's Certificate of Incorporation or on Section 3.05(b)(i) of the Company Disclosure Schedule, there are no outstanding obligations of any of the Acquired Companies to repurchase, redeem or otherwise acquire any Company Securities, and there are no voting trusts, shareholder agreements, pooling agreements, proxies or other Contracts in effect with respect to the voting or transfer of any Company Securities. Other than this Agreement or as set forth on Section 3.05(b)(ii) of the Company Disclosure Schedule, there are no agreements or other instruments relating to the issuance, sale or transfer of any Company Securities.

(c) The Company has caused to be taken all such actions as are necessary or appropriate to provide for the treatment of all Company Stock Options in accordance with Article 2.

(d) No Company Securities are owned by any Acquired Company.

Section 3.06. *Subsidiaries*. (a) Each Subsidiary of the Company is a corporation, limited liability company or other entity duly incorporated or formed, validly existing and (where applicable) in good standing under the laws of its jurisdiction of incorporation.

(b) Each Subsidiary of the Company (i) has all powers and all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, (ii) is duly qualified to do business as a foreign corporation or other entity and (iii) is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not reasonably be expected to be, individually or in the aggregate, material to the Acquired Companies, taken as a whole. Each Subsidiary of the Company, its jurisdiction of incorporation or formation, each jurisdiction where such Subsidiary is qualified to do business as a foreign entity, the number and type of any authorized, issued or outstanding Subsidiary Securities (and, with respect to issued or outstanding Subsidiary Securities, the holders thereof), is set forth on Section 3.06(b) of the Company Disclosure Schedule. The Company has prior to the date hereof provided to Purchaser true and complete copies of the Governing Documents of each of the Company's Subsidiaries

(c) All of the outstanding capital stock, equity interests, voting securities or other ownership interests in each Subsidiary of the Company is owned by the Company, directly or indirectly, free and clear of any Lien (other than Liens that will be extinguished prior to the Effective Time), and has been duly authorized and validly issued and is fully paid and nonassessable and has not been issued in violation of any preemptive or similar rights. Except as set forth on Section 3.06(b) of the Company Disclosure Schedule, there are no authorized, issued, reserved for issuance or outstanding (i) shares of capital stock, equity interests, voting securities or other ownership interests of any of the Company's Subsidiaries, (ii) securities of any of the Company's Subsidiaries convertible into or exchangeable for shares of capital stock, equity interests, voting securities or other ownership interests of any of the Company's Subsidiaries or (iii) options, warrants, restricted shares, restricted stock units, stock appreciation rights, performance units, contingent value rights, "phantom" stock or other similar securities or rights to acquire from any Acquired Company, or other obligation of any Acquired Company to issue, or rights relating to, any of the foregoing (the items in Sections 3.06(c)(i) and 3.06(c)(ii) being referred to collectively as the "**Subsidiary Securities**"). There are no outstanding obligations of any of the Acquired Companies to repurchase, redeem or otherwise acquire any Subsidiary Securities, and there are no voting trusts, shareholder agreements, pooling agreements, proxies or other Contracts in effect with respect to the voting or transfer of any Subsidiary Securities. Other than this Agreement, there are no agreements or other instruments relating to the issuance, sale or transfer of any Subsidiary Securities.

(d) Except as set forth on Section 3.06(b) of the Company Disclosure Schedule, no Acquired Company owns or controls, directly or indirectly, any capital stock, equity interests, voting securities or other ownership interests in any Person, and no Acquired Company is, directly or indirectly, a participant in any joint venture, partnership or similar arrangement.

Section 3.07. *Financial Statements*. The audited consolidated balance sheets as of December 31, 2013, 2014 and 2015, the related audited consolidated statements of income, equity, deficit and cash flows for each of the years then ended (together with the notices thereto and accompanied by unqualified opinions of the independent accountants, the "**Audited Financial Statements**"), the unaudited interim consolidated balance sheet as of March 31, 2016 and the related unaudited interim consolidated statements of operations, equity, deficit and cash flows for the three months then ended of the Acquired Companies (the "**Unaudited Financial Statements**", and together with the Audited Financial Statements, the "**Financial Statements**") fairly present, in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Acquired Companies as of the dates thereof and their consolidated results of operations, equity, deficit and cash flows for the periods then ended (subject, in the case of any Unaudited Financial Statements, to normal year-end adjustments which are not material in the aggregate and the absence of footnote disclosures and other presentation items in the case of any Unaudited Financial Statements). The Company has made available to Purchaser prior to the date hereof true and complete copies of

each of the Financial Statements. Section 3.07 of the Disclosure Schedule accurately describes the aggregate amount of any obligations of the Acquired Companies in respect of deferred revenue, deferred rent, accrued compensation, asset retirement obligations or payables related thereto as of the Balance Sheet Date and as of March 31, 2016.

Section 3.08. *Absence of Certain Changes*. (a) Since the Balance Sheet Date, the business of the Acquired Companies has been conducted in the ordinary course consistent with past practice and there has not been a Company Material Adverse Effect.

(b) From the Balance Sheet Date, there has not been any action taken by any of the Acquired Companies that, if taken during the period from the date of this Agreement through the Closing Date without Purchaser's consent, would constitute a breach of Section 5.01.

Section 3.09. *No Undisclosed Material Liabilities.* There are no Liabilities of any of the Acquired Companies of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than: (a) liabilities provided for in the Balance Sheet or expressly set forth in the notes thereto; (b) liabilities incurred in the ordinary course of business since the Balance Sheet Date and, with respect to liabilities incurred on or prior to March 31, 2016, reflected on the unaudited interim consolidated balance sheet of the Acquired Companies as of March 31, 2016; and (c) other undisclosed liabilities which, individually or in the aggregate, are not material to the Acquired Companies, taken as a whole.

Section 3.10. *Material Contracts*. (a) Section 3.10(a) of the Company Disclosure Schedule sets forth as of the date of this Agreement:

(i) (A) any lease, license, Contract or Easement (or group of related leases, licenses, Contracts or Easements) of real property or personal property under which any of the Acquired Companies is the lessee, sublessee, licensee or otherwise has rights of use or occupancy and is obligated to make payments of more than $20,000 in any 12-month period or more than $75,000 in the aggregate over the term thereof (assuming the same is renewed or extended at the unilateral option of any other Person party thereto pursuant to the terms of such agreement); and (B) any master Contract pursuant to which any of the Acquired Companies leases or licenses space at a cell tower site;

(ii) (A) any IRU; and (B) any other Contract (or group of related Contracts) pursuant to which any of the Acquired Companies use or have the right to use network infrastructure, including Fiber, conduit, space, power and other associated property necessary to operate a network, in each case, that provides (or would reasonably be expected to provide) for either (1) payments by the Acquired Companies of more than $20,000 in any 12-month period or (2) aggregate payments over the term thereof by the Acquired Companies of more than $75,000 (assuming the same is renewed or extended at

the unilateral option of any other Person party thereto pursuant to the terms of such agreement);

(iii) any Contract related to Dark Fiber Contracts;

(iv) (A) (x) any material Contract with one of the top four customers by revenue of the Acquired Companies, taken as a whole, for the year ended December 31, 2015 (the "**Top Customers**"), and (y) to the knowledge of the Company, all other Contracts with any of the customers described in clause (x); and (B) any other sales, distribution, license or other similar Contracts providing for the sale or license by any Acquired Company of materials, services, equipment or other assets that provides (or would reasonably be expected to provide) for either (1) payments to the Acquired Companies of more than $75,000 in any 12-month period or (2) aggregate payments over the term thereof to the Acquired Companies of more than $250,000 (assuming the same is renewed or extended at the unilateral option of any other Person party thereto pursuant to the terms of such agreement);

(v) (A) any Contract (or group of related Contracts) with any of the top 10 vendors that provide the Acquired Companies with equipment or telecommunications services (by dollar amount paid to such vendors by the Acquired Companies, taken as a whole, for the year ended December 31, 2015) (together with Norfolk Southern Corporation, Duraline, Goff Communications, SourceOne, Georgia Department of Transportation and American Tower, the "**Top Vendors**"); and (B) any other Contract for the purchase of materials, supplies, goods, services, equipment or other assets that provides (or would reasonably be expected to provide) for either (1) payments by the Acquired Companies of more than $20,000 in any 12-month period or (2) aggregate payments over the term by the Acquired Companies of more than $75,000 (assuming the same is renewed or extended at the unilateral option of any other Person party thereto pursuant to the terms of such agreement);

(vi) any Contracts with a Governmental Authority, any Government Contract or any currently outstanding bids, proposals or other offers related to Contracts with a Governmental Authority;

(vii) any Contracts relating to the formation, creation, governance or control of any partnership, joint venture or other similar agreement or arrangement to which any Acquired Company is a party or otherwise holds any interest in;

(viii) any Contract relating to the acquisition or disposition of any business of any Person (whether by merger, sale of stock, sale of assets or otherwise) for aggregate consideration in excess of $500,000 entered into on or after January 1, 2012 and pursuant

to which any of the Acquired Companies has any material actual, contingent or other Liabilities or obligations as of the date of this Agreement;

(ix) any Contract relating to Indebtedness;

(x) any option, license, franchise or similar Contract that is material to the Acquired Companies, taken as a whole;

(xi) any agency, dealer, sales representative, marketing or other similar Contract that is material to the Acquired Companies, taken as a whole;

(xii) any Contract that limits the freedom of the Acquired Companies to compete in any line of business or with any Person or in any area or which would so limit the freedom of Purchaser, Acquired Companies (including the Surviving Corporation) or any of their Affiliates after the Effective Time;

(xiii) any Contract that contains exclusivity or "most favored nation", "right of first offer" or "right of first refusal" obligations, that contains minimum purchase or sale obligations (including any take-or-pay Contracts) or that provides for any Acquired Company to be the exclusive or preferred provider or recipient of any product or service obligations;

(xiv) any Contract (including license agreements, research agreements, development agreements, distribution agreements, settlement agreements, consent to use agreements and covenants not to sue, but excluding licenses for commercial off the shelf computer software (including shrink wrap agreements) that are generally available on nondiscriminatory pricing terms which have an aggregate acquisition cost of $20,000 or less) granting or restricting any right to use, exploit or practice any Intellectual Property Right that is material to the Acquired Companies, taken as a whole;

(xv) any Affiliate Contract;

(xvi) any Contract relating to any Company Insurance Policies;

(xvii) any Contract (including employment agreements and agreements containing non-competition, non-solicitation or confidentiality covenants) with any Key Employee;

(xviii) any Contract providing for material indemnification by the Acquired Companies, or in favor of the Acquired Companies, other than indemnification provisions arising in the ordinary course of business consistent with past practice;

(xix) any Contract relating to the matters described in the Fiber Lateral Sale Contract or the Conduit Option Agreement; and

(xx) any other Contract (or group of Contracts) not made in the ordinary course that is material to the Acquired Companies, taken as a whole (other than those of the type described in clauses (i) through (xix) above).

(b) Each Contract disclosed (or required to be disclosed) in Section 3.10(a) of the Company Disclosure Schedule (each, a "**Material Contract**") is a valid and binding agreement of the applicable Acquired Company or Acquired Companies, as the case may be, and is in full force and effect, and none of the Acquired Companies or, to the knowledge of the Company, any other party thereto is in default or breach in any material respect under the terms of any Material Contract, and, to the knowledge of the Company, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute a breach or event of default thereunder, or would result in any Acquired Company incurring any Liability for early termination fees or repayment of any discounts. True and complete copies of each Material Contract (including, for clarity, any exhibits, annexes, appendices or attachments thereto, and any amendments, modifications, supplements, extension or renewals) have been made available to Purchaser prior to the date of this Agreement.

(c) Since the Balance Sheet Date, none of the Acquired Companies has received any written or, to the Company's knowledge, oral indication of an intention to terminate (including a termination for convenience or for cause) or, in the case of a Material Contract related to an ongoing relationship in the ordinary course of business with the other party thereto, fail to renew or extend on substantially similar terms, any Material Contract (including, for clarity, any service order under any other Material Contract) by any of the parties to any Material Contract. With respect to any Material Contract that, by its terms, would automatically renew or extend absent notice or other action by a party thereto, no such party has given any such notice or taken any such action. There is no Action pending against, or to the knowledge of the Company, threatened against any of the Acquired Companies, any present or former officer, director or employee of any of the Acquired Companies, or any Person for whom any Acquired Company may be liable with respect to a Material Contract that is by or before (or that would be by or before) any Governmental Authority or arbitrator.

(d) Section 3.10(d) of the Company Disclosure Schedule sets forth a true and complete list of the (x) Top Customers, (y) Top Vendors and (z) top 15 Fiber lessors or providers of Fiber IRUs (in each case, measured by the aggregate dollar amount paid to such Fiber lessors for the year ended December 31, 2015) of the Acquired Companies, taken as a whole (together with Allied Fiber and Summit, the "**Top Fiber Providers**", and together with the Top Customers and Top Vendors, the "**Significant Counterparties**"). Since the Balance Sheet Date, no Significant Counterparty has ceased its purchases from or sales or provision of services to or from the

Acquired Companies or, to the knowledge of the Company, threatened to cease such purchases or sales or provision of services. Since the Balance Sheet Date, (i) no Significant Counterparty has materially reduced its purchases from or sales or provision of services to or from, or has materially delayed or interrupted purchases from or provision of sales or services to or from, the Acquired Companies, as applicable, other than in the ordinary course of business, (ii) to the knowledge of the Company, no Significant Counterparty has threatened to cease or materially reduce its purchases from or sales or provision of services to or from the Acquired Companies and (iii) to the knowledge of the Company, there have been no material disputes or controversies with any Significant Counterparty.

(e) None of the Acquired Companies is party to a Contract with any of the Top Customers with substantially different pricing terms, restrictions on network usage or other material terms than such similar terms contained in the service orders, purchase orders and addendums listed on Section 3.10(a)(iv)(A) of the Company Disclosure Schedule.

(f) No Acquired Company is in violation or breach of the terms of any Government Contract; all representations and certifications made by the Acquired Companies with respect to any Government Contract were accurate and complete in all material respects as of their effective date; no reasonable basis exists to give rise to a claim for fraud in connection with any Government Contract including under the United States civil or criminal False Claims Act; the Acquired Companies have complied in all material respects with the terms and conditions of each Government Contract and related Applicable Laws including all provisions and laws regarding small business subcontracting and utilization, subcontracting plans, affirmative action, protection and security of personal data or data of a Governmental Authority, kickbacks, illegal gratuities, pricing and other provisions; the Acquired Companies have not received a cure notice, show cause notice, civil investigative demand or had a Government Contract terminated for default or convenience, have not been threatened with termination for default, or notified of a breach of contract; and none of the Acquired Companies, their respective officers, employees, or, to the knowledge of Company, agents or Representatives, is or has been suspended or debarred from doing business with any Governmental Authority, and to the knowledge of Company, there are no circumstances that would reasonably be expected to become a basis for any of the foregoing.

Section 3.11. *Tax Matters*. (a) *Filing and Payment*. Except as set forth on Section 3.11(a) of the Company Disclosure Schedule, (i) all material Tax Returns required to be filed by or on behalf of each Acquired Company have been filed when due in accordance with Applicable Law; (ii) all Acquired Company Tax Returns that have been filed were true and complete in all material respects; (iii) all Taxes shown as due and payable on any Acquired Company Tax Return have been timely paid, or withheld and remitted, to the appropriate Taxing Authority and (iv) each of the Acquired Companies has withheld and paid all material Taxes

required to have been withheld and paid by it in connection with any amounts paid or owing to any Person.

(b) *Financial Records*. Except as set forth on Section 3.11(b) of the Company Disclosure Schedule, (i) the charges, accruals and reserves for Taxes with respect to the Acquired Companies reflected on the Balance Sheet (excluding any provision for deferred income taxes) are adequate to cover Tax liabilities accruing through the Balance Sheet Date; (ii) since the Balance Sheet Date, none of the Acquired Companies has engaged in any transaction, or taken any other action, other than in the ordinary course of business, that would materially impact any Tax Asset or Tax liability of any of the Acquired Companies; and (iii) all information set forth in the Balance Sheet (including the notes thereto) relating to Tax matters is true and complete in all material respects.

(c) *Procedure and Compliance*. Except as set forth on Section 3.11(c) of the Company Disclosure Schedule, (i) all Acquired Company Tax Returns filed through the Tax year ended December 31, 2011 have been examined and closed or are Tax Returns with respect to which the applicable period for assessment under Applicable Law, after giving effect to extensions or waivers, has expired; (ii) none of the Acquired Companies (or any member of any affiliated, consolidated, combined or unitary group of which any of the Acquired Companies is or has been a member) has granted any extension or waiver of the statute of limitations period applicable to any Acquired Company Tax Return, which period (after giving effect to such extension or waiver) has not yet expired; (iii) there is no claim, audit, action, suit, proceeding or investigation now pending or threatened in writing against or with respect to any of the Acquired Companies in respect of any Tax or Tax Asset; (iv) no adjustment that would increase the Tax liability, or reduce any Tax Asset, of any of the Acquired Companies has been threatened, proposed or made by a Taxing Authority during any audit of a Pre-Closing Tax Period which could reasonably be expected to be threatened in writing, proposed or made in an audit of any subsequent Tax period; (v) there are no requests for rulings or determinations in respect of any Tax or Tax Asset pending between any of the Acquired Companies and any Taxing Authority and no Acquired Company has received a ruling with respect to any Tax or Tax Asset from any Taxing Authority; (vi) in the past five taxable years, none of the Acquired Companies has received a formal, written tax opinion with respect to any transaction relating to any of the Acquired Companies, other than a transaction in the ordinary course of business; and (vii) none of the Acquired Companies will be required to include in or for, or allocate with respect to, a Post-Closing Tax Period taxable income attributable to income economically realized in a Pre-Closing Tax Period (nor has any deduction economically attributable to a Post-Closing Tax Period been claimed in a Pre-Closing Tax Period).

(d) *Taxing Jurisdictions*. Section 3.11(d) of the Company Disclosure Schedule contains a list of all jurisdictions (whether foreign or domestic) in which any of the Acquired Companies files a Tax Return. No claim has been made by any Taxing Authority in a

jurisdiction where an Acquired Company does not file Tax Returns that such Acquired Company is or may be subject to taxation by, or required to file any Tax Return in, that jurisdiction.

(e) *Tax Sharing, Consolidation and Similar Arrangements*. Except as set forth on Section 3.11(e) of the Company Disclosure Schedule, (i) none of the Acquired Companies has been a member of an affiliated, consolidated, combined or unitary group other than one of which the Company was the common parent, or made any election or participated in any arrangement whereby any Tax liability or any Tax Asset of any of the Acquired Companies was determined or taken into account for Tax purposes with reference to or in conjunction with any Tax liability or any Tax Asset of any other Person; (ii) none of the Acquired Companies is party to any Tax Sharing Agreement; (iii) no amount of the type described in clause (ii) or (iii) of the definition of "Tax" is currently payable by any of the Acquired Companies, regardless of whether such Tax is imposed on any of the Acquired Companies; and (iv) none of the Acquired Companies has entered into any agreement or arrangement with any Taxing Authority with regard to the Tax liability of any of the Acquired Companies affecting any Tax period for which the applicable statute of limitations, after giving effect to extensions or waivers, has not expired.

(f) *Certain Agreements and Arrangements*. Except as set forth on Section 3.11(f) of the Company Disclosure Schedule, none of the Acquired Companies is a party to any understanding or arrangement described in Section 6662(d)(2)(C)(ii) of the Code, or has participated in a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4.

(g) *Property and Leases*. Except as set forth on Section 3.11(g) of the Company Disclosure Schedule, (i) none of the Acquired Companies owns an interest in real property in any jurisdiction in which a Tax is imposed, or the value of the interest is reassessed, on the transfer of an interest in real property and which treats the transfer of an interest in an entity that owns an interest in real property as a transfer of the interest in real property; and (ii) none of the property owned by any of the Acquired Companies is "tax-exempt use property" within the meaning of Section 168(h) of the Code.

(h) *Tax Exemptions*. Section 3.11(h) of the Company Disclosure Schedule contains a list of each Tax Grant. Each of the Acquired Companies has complied in all material respects with the conditions stipulated in each Tax Grant, no submissions made to any Taxing Authority in connection with obtaining any Tax Grant contained any material misstatement or omission and the transactions expressly contemplated by this Agreement will not adversely affect the eligibility of any of the Acquired Companies for any Tax Grant.

(i) At no point during the two-year period ending on the date hereof was any Acquired Company a distributing corporation of a controlled corporation in a transaction intended to be governed in whole or in part by Section 355 of the Code.

(j) Section 3.11(j) of the Company Disclosure Schedule sets forth, as of December 31, 2015, the total net operating loss available to be carried forward or back to reduce Taxes of the Company.

(k) Except as set forth on Section 3.11(k) of the Company Disclosure Schedule, no net operating loss of the Company is currently subject to a limitation under Section 382 or Section 383 of the Code (or any similar provision of the Tax laws of any jurisdiction).

Section 3.12. *Litigation*. There is no Action pending against, or to the knowledge of the Company, threatened against any of the Acquired Companies, any present or former officer, director or employee of any of the Acquired Companies, or any Person for whom any Acquired Company may be liable or any of their respective properties, by or before (or that would be by or before) any Governmental Authority or arbitrator that, if determined or resolved adversely in accordance with the plaintiff's demands, would reasonably be expected, individually or in the aggregate, to be material to the Acquired Companies, taken as a whole, or that challenges or seeks to prevent, enjoin or materially delay the consummation of the transactions contemplated by, or the performance by the Company of its obligations under, this Agreement or the Transaction Documents.

Section 3.13. *Compliance with Laws and Court Orders*. None of the Acquired Companies is in violation of, and has not since January 1, 2012 violated, and to the knowledge of the Company, is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any Applicable Law, including any Telecommunications Law, except for violations that are not and would not reasonably be expected to be, individually or in the aggregate, material to the Acquired Companies, taken as a whole. There is no Order that is or would reasonably be expected to be, individually or in the aggregate, material to the Acquired Companies, taken as whole, or that seeks to prevent, enjoin or materially delay the consummation of the transactions contemplated by, or the performance by the Company of its obligations under, this Agreement or the Transaction Documents.

Section 3.14. *Properties*. (a) Section 3.14(a) of the Company Disclosure Schedule sets forth a true and complete list of all real property owned by any Acquired Company (including the address, parcel number or other description of the location of such real property), together with the name of the record owner and a description of the present use of each such real property (the "**Owned Real Property**").

(b) Section 3.14(b) of the Company Disclosure Schedule sets forth a true and complete list of the address of each parcel of real property subject to a lease, sublease, license, easement or occupancy agreement to which any Acquired Company is a party (the "**Leased Real Property**"), the identity of the lessor, lessee and a list, as of the date of this Agreement, of all such leases, subleases, licenses and other occupancy agreements, including all amendments and supplements

thereto and guaranties thereof (collectively, "**Leases**"). The Owned Real Property and the Leased Real Property constitute all of the real property used, held for use or occupied by the Acquired Companies in connection with the conduct of the business of the Acquired Companies. Except as set forth on Section 3.14(b) of the Company Disclosure Schedule, no Owned Real Property or Leased Real Property is subleased by any Acquired Company to any third party.

(c) The Acquired Companies have good and marketable, indefeasible, fee simple title to, or, in the case of leased or licensed property and assets have valid leasehold interests or licenses in, and, in the case of Easements and IRUs, valid rights to use, all property and assets (whether real, personal, tangible or intangible), reflected on the Balance Sheet or acquired after the Balance Sheet Date, and such property, assets and rights constitute all the material property, assets and rights used to conduct the business of the Acquired Companies as presently conducted. Except as set forth on Section 3.14(c) of the Company Disclosure Schedule, none of such property, assets or rights is subject to any Lien, except Permitted Liens.

(d) The plants, buildings, structures, equipment, Fiber and personal property owned, leased, licensed or otherwise used or held for use by the Acquired Companies have no material defects, are in good operating condition and repair and have been reasonably maintained consistent with standards generally followed in the industry (giving due account to the age and length of use of same, ordinary wear and tear excepted).

(e) None of the Acquired Companies has received any written notice that any condemnation proceedings have been instituted with respect to any material real property that it owns in fee, leases or licenses.

Section 3.15. *Intellectual Property.* (a) Section 3.15(a) of the Company Disclosure Schedule contains a true and complete list of all registrations or applications for registration included in the Owned Intellectual Property Rights.

(b) The Acquired Companies own or have a valid, enforceable and sufficient right to use all Intellectual Property Rights used or held for use in, the conduct of the business of the Acquired Companies as currently conducted, except where the failure to so own or have the right to use would not, individually or in the aggregate, reasonable be expected to have a Company Material Adverse Effect. The consummation of the transactions contemplated by this Agreement will not alter, encumber, impair or extinguish any Owned Intellectual Property Rights or Licensed Intellectual Property Rights. There exist no restrictions on the transfer of the Owned Intellectual Property Rights.

(c) None of the Acquired Companies has infringed, misappropriated or otherwise violated, or is infringing, misappropriating or otherwise violating, any Intellectual Property Right of any Person. There is no claim, action, suit, investigation or proceeding pending against, or, to the knowledge of the Company, threatened against, the Acquired Companies or any present or

former officer, director or employee of the Acquired Companies (i) based upon, or challenging or seeking to deny or restrict, the rights of the Acquired Companies in any of the Owned Intellectual Property Rights or the Licensed Intellectual Property Rights, (ii) alleging that the use of the Owned Intellectual Property Rights or the Licensed Intellectual Property Rights or any services provided or processes used by the Acquired Companies conflict with, misappropriate, infringe or otherwise violate any Intellectual Property Right of any third party or (iii) alleging that the Acquired Companies have infringed, misappropriated or otherwise violated any Intellectual Property Right of any Person.

(d) None of the Owned Intellectual Property Rights has been adjudged invalid or unenforceable in whole or part, and, to the knowledge of the Company, all Owned Intellectual Property Rights and Licensed Intellectual Property Rights are valid and enforceable. The Acquired Companies are the sole and exclusive owners of all Owned Intellectual Property Rights and hold all right, title and interest in and to all Owned Intellectual Property Rights, free and clear of any Lien (other than Permitted Liens).

(e) The Acquired Companies have taken all actions reasonably necessary to maintain and protect the Owned Intellectual Property Rights that are material to the business or operations of the Acquired Companies and registered or have applications for registrations pending therefor, including payment of applicable maintenance fees and filing of applicable statements of use.

(f) To the knowledge of the Company, within the last three years, no Person has infringed, misappropriated or otherwise violated any Owned Intellectual Property Right or the Acquired Companies' rights in any Licensed Intellectual Property Right. The Acquired Companies have taken reasonable steps in accordance with normal industry practice to maintain the confidentiality of all Intellectual Property Rights that are of a confidential nature used in and material to the business or operation of the Acquired Companies and no such Intellectual Property Rights have been disclosed other than to employees, representatives and agents of the Acquired Companies all of whom are bound by written confidentiality agreements substantially in the form previously made available to Purchaser prior to the date hereof. To the knowledge of the Company, within the last three years, the Acquired Companies' have not suffered any material breaches of any such confidential Intellectual Property Rights that have resulted in the unauthorized disclosure of or loss of any such confidential Intellectual Property.

(g) The IT Assets operate and perform in all material respects in a manner that permits the Acquired Companies to conduct their business as currently conducted except where the failure to so operate and perform would not, individually or in the aggregate, reasonably be expected to have Company Material Adverse Effect. To the knowledge of the Company, the Acquired Companies have taken commercially reasonable actions, consistent with current industry standards, to protect the confidentiality, integrity and security of the IT Assets (and all information and transactions stored or contained therein or transmitted thereby) against any

unauthorized use, access, interruption, modification or corruption, including the implementation of commercially reasonable (i) data backup, (ii) disaster avoidance and recovery procedures and (iii) business continuity procedures.

(h) The Acquired Companies have at all times materially complied with all Applicable Laws relating to privacy, data protection and the collection and use of personal information and user information gathered or accessed in the course of their operations. No claims have been asserted or, to the knowledge of the Company, threatened against the Acquired Companies by any Person alleging a violation of such Person's privacy, personal or confidentiality rights under any such Applicable Laws.

Section 3.16. *Insurance Coverage*. A true and complete list of all insurance policies and fidelity bonds held by any of the Acquired Companies or their Affiliates or relating to the assets, business, operations, employees, officers or directors of any of the Acquired Companies is set forth on Section 3.16 of the Company Disclosure Schedule (the "**Company Insurance Policies**") and true and complete copies thereof have been made available to Purchaser prior to the date hereof. There are no material claims by any of the Acquired Companies pending under any Company Insurance Policy as to which coverage has been denied or disputed by the underwriters of such Company Insurance Policies or in respect of which such underwriters have reserved their rights. As of the date hereof, all premiums due and payable under all Company Insurance Policies have been timely paid in full. None of the Acquired Companies is in material default under any such policy or bond and, to the Company's knowledge, no event or circumstance has occurred that, with notice or lapse of time or both, would permit termination or modification of such policy or bond.

Section 3.17. *Licenses and Permits*. (a) Section 3.17 of the Company Disclosure Schedule sets forth, as of the date hereof, each material Permit together with the name of the Governmental Authority issuing such Permit. As of the date hereof, the Permits listed on Section 3.17 of the Company Disclosure Schedule are all of the material licenses, franchises, permits, certificates, approvals or other similar authorizations issued by a Governmental Authority required to carry on the business of the Acquired Companies as now conducted and to own the properties of the Acquired Companies, and as of the Closing Date, each Acquired Company has all of the Permits required to carry on the business of the Acquired Companies as now conducted and to own the properties of the Acquired Companies. The Permits (including, for clarity, any Permits obtained by any Acquired Company after the date hereof) are valid and in full force and effect and each of the Acquired Companies is in material compliance with, and has fulfilled and performed, in all material respects, all of its obligations with respect to the Permits held by it.

(b) None of the Acquired Companies is in material default under, and since January 1, 2012 none of the Acquired Companies has been, in material default under, any Permit held or

required to be held by it and none of such Permits have been terminated, impaired or have been terminable, in whole or in part, due to the actions or inactions of the Acquired Companies (except for terminations or impairments occurring as a result of the expiration of such Permits solely due to lapse of time in accordance with the terms thereof).

(c) Except as would be immaterial to the Acquired Companies, the appropriate Acquired Company has accurately filed all reports and paid all fees, assessments, and contributions (including, federal and state regulatory fees, contributions to state or federal universal service support mechanisms, to intrastate or interstate telecommunications relay services, to the administration of the North American Numbering Plan, and/or to the shared costs of local number portability administration) required by the Permits and Applicable Laws. Since January 1, 2012, no notices have been received by any of the Acquired Companies alleging the failure to hold any Permit required to be held by the Acquired Companies to conduct their respective businesses or own their respective assets. To the knowledge of the Company, no Permit is subject to (i) any material conditions or requirements that have not been imposed generally upon permits of the same type and (ii) any pending regulatory proceeding or judicial review before a Governmental Authority seeking to suspend, revoke, cancel or adversely modify such Permit.

Section 3.18. *Finders' Fees*. Other than Raymond James & Associates, Inc., no investment banker, broker, finder or other intermediary is entitled to any fee or commission in connection with the transactions contemplated by this Agreement or the Transaction Documents by reason of any action taken by any of the Acquired Companies prior to the Effective Time.

Section 3.19. *Environmental Matters*. Except as disclosed in Section 3.19 of the Company Disclosure Schedule:

(a) (i) no notice, demand, request for information, citation, summons or complaint has been received; (ii) no Order has been issued or is otherwise in effect; (iii) no penalty has been assessed; and (iv) no Action or review is pending, or to the knowledge of the Company, threatened, in each case, with respect to any Acquired Company (or any of their respective predecessors) that relates to any Environmental Law or Hazardous Substance reasonably likely to result in material liability of any Acquired Company;

(b) there has been no Environmental Release of any Hazardous Substance at, on, under, to, in or from (i) any location by or arising from the operations of, (ii) any property or facility now or previously owned, leased or operated by, or (iii) any property or facility to which any Hazardous Substance has been transported for disposal, recycling or treatment by or on behalf of, in each case, any Acquired Company (or any of their respective predecessors) that is reasonably likely to result in material liability under Environmental Laws of any Acquired Company;

(c) each Acquired Company (i) is and has since January 1, 2012, been in compliance with all Environmental Laws in all material respects; (ii) possesses and maintains all required Environmental Permits and is in material compliance with the terms thereof; and (iii) has timely made all appropriate filings necessary for the issuance or renewal thereof; and

(d) there is no written part of any environmental investigation, study, audit, test, review, analysis or other environmental assessment in the possession, custody or control of any of the Acquired Companies, or to the knowledge of the Company, any Equityholder, that identifies any material unresolved liability under Environmental Laws of the Acquired Companies or any of their respective legal predecessors in interest (including in respect of any property now or previously owned, leased or operated by the Acquired Companies or any of their respective legal predecessors in interest) that has not been made available to Purchaser at least five days prior to the date hereof.

Section 3.20. *Employees and Labor Matters.* (a) Section 3.20(a) of the Company Disclosure Schedule sets forth, as of the date hereof, with respect to each employee of the Acquired Companies (each, an "**Acquired Company Employee**"), such employee's (i) name, (ii) worksite, (iii) title, (iv) original date of hire and, if applicable, date of rehire, (v) date of birth, (vi) gender, (vii) whether active or on leave (and, if on leave, the nature of the leave and expected return date), (viii) whether exempt from the Fair Labor Standards Act, (ix) annual salary or wage rate, (x) most recent annual bonus and (xi) current annual bonus opportunity. Section 3.20(a) of the Company Disclosure Schedule also separately sets forth for each individual independent contractor engaged by the Acquired Companies whose annual compensation exceeds $100,000, such contractor's name, duties and rate of compensation. Five days prior to the Closing Date, the Company shall provide to Purchaser a true and complete written statement indicating any changes to the information set forth (or required to be set forth) on Section 3.20(a) of the Company Disclosure Schedule as of the Closing Date.

(b) No Key Employee has provided notice to any Acquired Company that he or she intends to resign or retire as a result of the transactions contemplated by this Agreement or otherwise within one year after the Closing Date.

(c) The Acquired Companies are, and have been since January 1, 2012, in material compliance with all Applicable Laws relating to labor and employment, including those relating to labor management relations, wages, hours, overtime, employee classification, discrimination, sexual harassment, civil rights, affirmative action, work authorization, immigration, safety and health, information privacy and security, workers compensation, continuation coverage under group health plans and the payment and withholding of Taxes.

(d) None of the Acquired Companies is, or since January 1, 2012 has been, a party to or subject to, or is currently negotiating in connection with entering into, any Collective

Bargaining Agreement, and, to the Company's knowledge, there has not been any organizational campaign, petition or other unionization activity seeking recognition of a collective bargaining unit relating to any Service Provider or any grievances or job actions involving any current or former Service Provider. The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or other employee representative body is not required for the Company to enter into this Agreement or to consummate any of the transactions contemplated hereby.

(e) There are no, and since January 1, 2012, there have not been any, labor strikes, slowdowns, stoppages, picketing, interruptions of work or lockouts pending or, to the Company's knowledge, threatened against or affecting any of the Acquired Companies. There are no material unfair labor practice complaints pending or, to the Company's knowledge, threatened against any of the Acquired Companies before the National Labor Relations Board or any other Governmental Authority or any current union representation questions involving Service Providers.

(f) The Acquired Companies are, and have been since January 1, 2012, in compliance with WARN and has no liabilities or other obligations thereunder.

(g) None of the Acquired Companies has taken any action that would reasonably be expected to cause the Parent, Surviving Corporation or any of their respective Affiliates to have any liability or other obligation following the Closing Date under WARN.

Section 3.21. *Employee Benefits*. (a) Section 3.21(a) of the Company Disclosure Schedule sets forth each Employee Plan. Prior to the date hereof, Purchaser has been furnished a true and complete copy of each Employee Plan (or description, if such plan is not written) and all amendments thereto and, as applicable, (i) all related trust agreements, insurance Contracts or other funding arrangements and amendments thereto, (ii) the current prospectus or summary plan description and all summaries of material modifications, (iii) the most recent annual report (Form 5500 including audited financial statements and, if applicable, Schedule B thereto) and actuarial valuation report prepared in connection therewith and (iv) the most recent determination or opinion letter from the Internal Revenue Service relating thereto.

(b) None of the Acquired Companies nor any of its ERISA Affiliates (nor any predecessor of any such entity) sponsors, maintains, administers or contributes to (or has any obligation to contribute to), or has in the past six years sponsored, maintained, administered or contributed to (or had any obligation to contribute to), or has or is reasonably expected to have any direct or indirect liability with respect to, any plan subject to Title IV of ERISA, including any Multiemployer Plan.

(c) With respect to any Employee Plan covered by Subtitle B, Part 4 of Title I of ERISA or Section 4975 of the Code, no non-exempt prohibited transaction has occurred that has

caused or would reasonably be expected to cause any of the Acquired Companies to incur any material liability under ERISA or the Code.

(d) None of the Acquired Companies has any current or projected liability for, and no Employee Plan provides or promises, any post-employment or post-retirement medical, dental, disability, hospitalization, life or similar benefits (whether insured or self-insured) to any current or former Service Provider (other than coverage mandated by Applicable Law, including COBRA).

(e) Each Employee Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination or opinion letter from the IRS or has applied to the IRS for such a letter within the applicable remedial amendment period or such period has not expired and, to the Company's knowledge, no circumstances exist that would reasonably be expected to result in any such letter being revoked or not being reissued or a penalty under the IRS Closing Agreement Program if discovered during an IRS audit or investigation. Each trust created under any such Employee Plan is exempt from Tax under Section 501(a) of the Code and has been so exempt since its creation.

(f) Each Employee Plan (including the Company Stock Plan and all awards thereunder) comply, and have been operated in compliance, in all material respects with the requirements of Section 409A of the Code.

(g) None of the Acquired Companies has any obligation to gross-up, indemnify or otherwise reimburse any current or former Service Provider for any tax incurred by such Service Provider, including under Section 409A or 4999 of the Code.

(h) Each Employee Plan has been maintained in all material respects in compliance with its terms and all Applicable Law, including ERISA and the Code.

(i) No action, suit, investigation, audit, proceeding or claim (other than routine claims for benefits) is pending against or involves or, to the Company's knowledge, is threatened against or threatened to involve, any Employee Plan before any court or arbitrator or any Governmental Authority, including the IRS, the Department of Labor or the PBGC.

(j) There has been no amendment to, written interpretation of or announcement (whether or not written) by any of the Acquired Companies or any of their Affiliates relating to, or change in employee participation or coverage under, any Employee Plan that would materially increase the expense of maintaining such plan above the level of expense incurred in respect thereof for the most recent fiscal year ended prior to the date hereof.

(k) Except as set forth on Section 3.21(k) of the Company Disclosure Schedule, no Employee Plan, individually or collectively, would reasonably be expected to result in the payment of any amount that would not be deductible under Section 280G of the Code.

(l) Except as set forth on Section 3.21(l) of the Company Disclosure Schedule, neither the execution of this Agreement nor the consummation of the transactions contemplated hereby (either alone or together with any other event) will (i) entitle any current or former Service Provider to any payment or benefit, including any bonus, retention, severance, retirement or job security payment or benefit, (ii) enhance any benefits or accelerate the time of payment or vesting or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, or increase the amount payable or trigger any other obligation under, any Employee Plan or (iii) limit or restrict the right of the Acquired Companies or, after the Closing, Parent, the Surviving Corporation or any of their respective Affiliates, to merge, amend or terminate any Employee Plan.

Section 3.22. *Affiliate Transactions*. (a) Other than this Agreement, the other Transaction Documents and ordinary course agreements incident to the employment of any Stockholder by the Acquired Companies, none of the Equityholders and none of the members, directors, officers, employees, Affiliates or "associates" (or members of any of their "immediate family") (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the Exchange Act (other than any of the Acquired Companies) (i) is, or has in the past three years been, involved, directly or indirectly, in any material business arrangement or other material relationship with any of the Acquired Companies (whether written or oral) (other than director, officer or employment relationships or as an equity holder of the Company), (ii) directly or indirectly owns, or otherwise has any right, title or interest in, to or under, any material property or right, tangible or intangible, that is used by any of the Acquired Companies (other than shares of the Company Stock, Company Warrants and Company Stock Options), (iii) licenses Intellectual Property (either to or from any of the Acquired Companies), (iv) has any material obligations to any of the Acquired Companies, including to purchase or sell any material tangible or intangible asset, (v) is the beneficiary of any management or other fees paid by any of the Acquired Companies, (vi) is indebted to or, in the past three years, has borrowed money from or lent money to, or is a guarantor or indemnitor of any Acquired Company (other than any such indebtedness, guarantee or indemnity that will be discharged or extinguished at or prior to Closing), or (vii) is providing, or has in the past three years provided, or been engaged to provide, any material services to any of the Acquired Companies (other than in his or her capacity as a director, officer or employee of the Acquired Companies) (any Contract related to the arrangements described in clauses (i) through (vii) hereof, including any such agreements listed (or required to be listed) on Section 3.22(a) of the Company Disclosure Schedule, an "**Affiliate Contract**"). For the avoidance of doubt, Affiliate Contracts include any "management rights" letters to which any Acquired Company is a party.

(b) Except as expressly set forth on Section 3.22(b) of the Company Disclosure Schedule, all of the Contracts set forth (or required to be set forth) on Section 3.22(a) of the Company Disclosure Schedule shall be completed, satisfied or terminated at or prior to the Effective Time, in each case without any Liability to any Acquired Company at or after the Effective Time.

Section 3.23. *Network Operations*. (a) *Overall Network*. The network of the Acquired Companies is in good working condition and is without any material defects or defects necessary to operating the business of the Acquired Companies as operated by the Acquired Companies. Section 3.23(a) of the Company Disclosure Schedule sets forth for the Acquired Companies' current operations, a true and complete list of all outage details reasonably applicable to material incidents for the 16-month period ending April 30, 2016, including any incidents in each market where the Acquired Companies failed to meet applicable "Service Level Agreements" under any Material Contract.

(b) *Fiber Network*. The description of the Fiber comprising the Acquired Companies' Fiber networks and the list of equipment and the location thereof used by the Acquired Companies to "light" such Fiber set forth in Section 3.23(b) of the Company Disclosure Schedule including in any .KMZ file referenced on such Section of the Company Disclosure Schedule and delivered in connection with execution of this Agreement) is true and complete in all material respects (subject to additional Fiber and equipment acquired after the date hereof in the ordinary course of business consistent with past practice and in compliance with the terms of this Agreement).

(c) *Network Performance*. Section 3.23(c) of the Company Disclosure Schedule sets forth a true and complete list of network availability statistics related to the network of the Acquired Companies performing services for the Acquired Company's Top Customers. The network of the Acquired Companies, including the Ethernet Virtual Connection provided thereby, provides sufficient functionality such that the Acquired Companies meet in all material respects the performance criteria defined in the "Service Level Agreements" with the customers of the Acquired Companies.

(d) *Microwave Network*. Section 3.23(d) of the Company Disclosure Schedule sets forth a true and complete list of all sites operated by the Acquired Companies as part of their microwave network. Each such microwave site operated by the Acquired Companies includes one or more licensed microwave transmit/receive facilities.

(e) *Maintenance*. The Acquired Companies have good and valid title to or otherwise have the right to use, and adequate rights of access to, all items and equipment used to operate and maintain the network of the Acquired Companies and such items and equipment are in good

operating condition and repair, free from all material defects, subject only to normal wear and tear.

(f) *Access*. The Acquired Companies have adequate rights of access to the buildings and other property served by their Fiber facilities and microwave facilities that are consistent with reasonable industry standards.

(g) *Field Service Technicians*. All field service technicians employed or engaged by the Acquired Companies are reasonably qualified to perform maintenance services in the markets where the Acquired Companies employs or engages them to provide services.

(h) *Network Monitoring Capabilities*. The Acquired Companies have provisioned and maintain remote monitoring tools capable of capturing hourly and/or daily performance data with respect to the entirety of the Acquired Companies' network. Such remote monitoring tools enable the Acquired Companies to create monthly reports as per customer specifications.

(i) *Tower Leases*. Section 3.23(i) of the Company Disclosure Schedule sets forth a true and complete list of the cell tower sites where the Acquired Companies lease or license space, which list includes the location of the cell tower and the identity of the lessor or licensor. The Acquired Companies have a good and valid leasehold interest in or license to the leased or licensed, as applicable, space at each of such tower sites.

Section 3.24. *Exclusivity of Representations*. The representations and warranties made by the Company in this Agreement are the exclusive representations and warranties made by the Company in connection with the transactions contemplated by this Agreement or the Transaction Documents. The Company hereby disclaims any other express or implied representations or warranties, including regarding any pro forma financial information, financial projections or other forward-looking statements provided by or on behalf of the Company.

ARTICLE 4
Representations and Warranties of Parent, Purchaser and Merger Sub

Subject to Section 12.03, except as disclosed in the reports, schedules, forms, statements and other documents filed by Parent with the Securities and Exchange Commission, and publicly available subsequent to January 1, 2014 and prior to the date of this Agreement (excluding any information contained in any part of any such report, schedule, form statement or other document in any section entitled "Risk Factors" or set forth in any "Forward Looking Statements" disclaimer), each of Parent, Purchaser and Merger Sub represents and warrants to the Company as of the date hereof and as of the Closing Date that:

Section 4.01. *Existence and Power*. Each of Parent, Purchaser and Merger Sub is an entity duly formed, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation and has all corporate or other organizational power and authority required to own or lease its properties and to conduct its business as now conducted, except where the failure to have such power and authority would not have a Parent Material Adverse Effect. Each of Parent, Purchaser and Merger Sub is duly qualified to do business as a foreign entity and is in good standing in each jurisdiction where such qualification is necessary, except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. Merger Sub was formed on June 16, 2016, for the sole purpose of effecting the transactions contemplated by this Agreement and the other Transaction Documents, and has had no assets or operations and has not conducted any business other than immaterial business conducted in connection with the maintenance of Merger Sub's existence, performance of this Agreement and matters incidental thereto. Each of Parent, Purchaser and Merger Sub has all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except where the failure to be so licensed would not have a Parent Material Adverse Effect.

Section 4.02. *Authorization*. The execution, delivery of, and performance by each of Parent, Purchaser and Merger Sub of their respective obligations under, this Agreement and the other Transaction Documents to which it is or will be a party, and the consummation by Parent, Purchaser and Merger Sub of the transactions contemplated hereby and thereby, are within the corporate powers of each of Parent, Purchaser and Merger Sub, and except for the adoption of this Agreement by Purchaser in its capacity as the sole stockholder of Merger Sub, have been duly authorized by all necessary corporate action on the part of each of Parent, Purchaser and Merger Sub. This Agreement has been, and each of the other Transaction Documents to which Parent, Purchaser or Merger Sub is or will be a party will be at or prior to the Effective Time, duly executed and delivered by each of Parent, Purchaser and Merger Sub to the extent a party thereto and, assuming due authorization, execution and deliver by the other parties thereto, constitutes (or will constitute) the valid and binding agreement of each of Parent, Purchaser and Merger Sub, as applicable, enforceable against Parent, Purchaser and Merger Sub, respectively, in accordance with their respective terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity). Except for the adoption of this Agreement by Purchaser in its capacity as the sole stockholder of Merger Sub, no votes, approvals or consents of the holders of any of Parent's, Purchaser's or Merger Sub's capital stock (other than any that have been obtained prior to the date hereof or that will be obtained immediately after execution of this Agreement) are necessary in connection with execution and delivery of, or the performance by Parent, Purchaser or Merger Sub of their respective obligations under, this Agreement and the Transaction Documents or the consummation by Parent, Purchaser or Merger Sub of the transactions contemplated hereby or thereby (other than the filing and recordation of the Certificate of Merger and such other documents as required by the DGCL).

Section 4.03. *Governmental Authorization*. The execution, delivery and performance by each of Parent, Purchaser and Merger Sub of this Agreement and the Transaction Documents to which it is a party and the consummation by each of Parent, Purchaser and Merger Sub of the transactions contemplated hereby and, to the extent applicable, thereby require no consent, approval, authorization or permit of, or filing with or notification to, or other action in respect of, any Governmental Authority other than (i) the filing of the Certificate of Merger with the Delaware Secretary of State in accordance with Section 2.01(d) and the DGCL; (ii) compliance with any applicable requirements of the HSR Act; (iii) the filings in respect of the Required Governmental Approvals, and receipt of the consents, approvals, waivers, licenses and authorizations contemplated thereby; (iv) any consent, approval, authorization or permit required to be obtained solely by reason of any Equityholder's or any Acquired Company's (as opposed to any other third party's) participation in the transactions contemplated by this Agreement or any Transaction Document and (v) any actions or filings the absence of which, individually or in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect.

Section 4.04. *Noncontravention*. The execution, delivery and performance by each of Parent, Purchaser and Merger Sub of this Agreement and the Transaction Documents to which it is a party and the consummation by Parent, Purchaser and Merger Sub of the transactions contemplated hereby and thereby do not and will not (i) violate any provision of any Governing Document of Parent, Purchaser or Merger Sub, (ii) assuming compliance with the matters referred to in Section 4.03, violate any Applicable Law, (iii) result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of Parent or any of its Subsidiaries, or (iv) require any consent from or other action by any Person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a violation or breach of, or give rise to any right of termination, modification, cancellation or acceleration of, any right or obligation of Parent or any of its Subsidiaries or to a loss of any benefit to which Parent or such Subsidiary is entitled under any provision of any agreement or other instrument binding upon Parent or any of its Subsidiaries with only such exceptions, in the case of clauses (ii), (iii) and (iv), as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

Section 4.05. *Financing; Parent Common Stock.* Parent has, or will have prior to the Closing, sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make payment of the aggregate Per Share Closing Cash Consideration, the aggregate Per Share Series A Liquidation Preference, the aggregate Per Share Series B Liquidation Preference, any Underpayment Amount and any Earn-Out Payments, in each case, if and when due and to perform its obligations pursuant to the Agreement in accordance with the terms and conditions contained herein. When issued in accordance with the terms hereof, the shares of Parent Common Stock to be delivered at Closing will be (i) duly authorized, validly issued, fully paid and nonassessable, (ii) free and clear of all Liens (other than Liens imposed by Applicable Law or as expressly contemplated hereby), and (iii) free and clear of any restrictions

or limitations on transfer (other than Liens imposed by Applicable Law or as expressly contemplated hereby).

Section 4.06. *Litigation*. As of the date of this Agreement, (i) there is no Action pending against, or to the knowledge of Purchaser, threatened against Parent, Purchaser or Merger Sub before any Governmental Authority or arbitrator as of the date of this Agreement that, if determined or resolved adversely in accordance with the plaintiff's demands, would, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, or (ii) seeks to prevent, enjoin or materially delay the consummation by Parent, Purchaser or Merger Sub of the transactions contemplated by, or the performance by Parent, Purchaser or Merger Sub of their respective obligations under, this Agreement and the other Transaction Documents, except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. As of the date hereof, none of Parent, Purchaser or Merger Sub is subject to any Order of any Governmental Authority that is or would reasonably be expected to have a Parent Material Adverse Effect.

Section 4.07. *Finders' Fees*. Other than J.P. Morgan Chase & Co. and Stephens Inc., no investment banker, broker, finder or other intermediary is entitled to any fee or commission in connection with the transactions contemplated by this Agreement or the Transaction Documents by reason of any action taken by any of Parent, Purchaser or Merger Sub prior to the Effective Time.

Section 4.08. *Investment Purpose*. Purchaser will be acquiring the shares of Company Stock for the purpose of investment and not with a view to, or for resale in connection with, the distribution thereof in violation of applicable federal, state or provincial securities laws.

Section 4.09. *Exclusivity of Representations*. The representations and warranties made by Parent, Purchaser and Merger Sub in this Agreement and the other Transaction Documents are the exclusive representations and warranties made by Parent, Purchaser and Merger Sub in connection with the transactions contemplated by this Agreement or the other Transaction Documents. Each of Parent, Purchaser and Merger Sub hereby disclaims any other express or implied representations or warranties.

Section 4.10. *SEC Filings.* The Parent SEC Reports complied as to form in all material respects with the requirements of the Exchange Act in effect on the date of filing. The Parent SEC Reports, when filed pursuant to the Exchange Act, did not contain any untrue statement of a material fact or omit any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE 5
COVENANTS OF THE COMPANY

Section 5.01. *Conduct of the Acquired Companies*. (a) From the date hereof until the Closing Date, except as set forth in Section 5.01 of the Company Disclosure Schedule, as otherwise expressly required by this Agreement or any other Transaction Document, as required by Applicable Law or consented to by Purchaser in writing (which consent shall not be unreasonably withheld or delayed), the Company shall and shall cause its Subsidiaries to conduct its business in the ordinary course consistent with past practice and use their commercially reasonable efforts to (i) preserve intact its present business organization, (ii) maintain in effect all Permits, (iii) keep available the services of its directors, officers and employees, (iv) maintain satisfactory relationships with its customers, lenders, suppliers, lessors, providers of IRUs and others having material business relationships with it, (v) manage its working capital (including the timing of collection of accounts receivable and of the payment of accounts payable and the management of inventory) in the ordinary course of business consistent with past practice, and (vi) continue to make capital expenditures consistent with the Capex Budget.

(b) Without limiting the generality of the foregoing, except as set forth in Section 5.01(b) of the Company Disclosure Schedule, as otherwise expressly required by this Agreement or any other Transaction Document, as required by Applicable Law or consented to by Purchaser in writing (which consent shall not be unreasonably withheld or delayed), the Company shall not and shall cause its Subsidiaries not to:

(i) adopt or propose any change to, or amend or otherwise alter, its Governing Documents (whether by merger, consolidation or otherwise);

(ii) split, combine or reclassify any shares of capital stock, equity interests, voting securities or other ownership interests of any Acquired Company or declare, set aside or pay any dividend or other distribution (whether in cash, stock or other property or any combination thereof) in respect of any Company Securities or Subsidiary Securities, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any Company Securities or any Subsidiary Securities;

(iii) (A) issue, deliver or sell, or authorize the issuance, delivery or sale of, any shares of any Company Securities or Subsidiary Securities (other than in connection with the exercise of a Company Stock Option or Company Warrant, in each case, issued and outstanding prior to the date hereof) or (B) amend any term of any Company Security or any Subsidiary Security (in each case, whether by merger, consolidation or otherwise);

(iv) incur any capital expenditures or any obligations or Liabilities in respect thereof, except for (A) those contemplated by the Capex Budget and (B) any unbudgeted capital expenditures not to exceed $100,000 individually or $500,000 in the aggregate;

(v) (A) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, properties or businesses that exceed $500,000 individually or $1,000,000 in the aggregate, other than construction materials, supplies and equipment in the ordinary course of business of the Acquired Companies in a manner that is consistent with past practice or (B) acquire any real property;

(vi) sell, lease, license or otherwise transfer or dispose of, or abandon or allow to lapse, or create or incur any Lien (other than Permitted Liens) on, any of the Acquired Company's assets, securities, properties, interests or businesses, other than sales of inventory, sales or abandonment of obsolete equipment or leases or grants of IRUs in dark fiber, in each case, in the ordinary course of business consistent with past practice;

(vii) sell, lease, license or otherwise transfer or dispose of, or abandon or permit to lapse, fail to take any action reasonably expected to be necessary to maintain, enforce or protect, or create or incur any Lien (other than Permitted Liens) on, any material Owned Intellectual Property Right or Licensed Intellectual Property Right;

(viii) make any loans, advances or capital contributions to, or investments in, any other Person other than in other wholly owned Acquired Companies;

(ix) create, incur, assume, suffer to exist or otherwise become liable with respect to any Indebtedness other than Indebtedness of up to $500,000 in the aggregate;

(x) (A) enter into, or amend or modify in any material respect, or terminate, any Material Contract or any Contract that would have been a Material Contract if such Contract were in effect, as so amended or modified, as of the date of this Agreement, or (B) otherwise waive, release or assign any material rights, claims or benefits of the Acquired Companies under any such Contract, in each case, other than in the ordinary course of business consistent with past practice; *provided* that any Material Contract or any other such Contract entered into, or any amendment or modification thereof, shall not be, or contain any terms, of the type described in Section 3.10(a)(xii), Section 3.10(a)(xiii) or Section 3.10(a)(xix);

(xi) except as required by Applicable Law or the terms of any Employee Plan as in effect on the date hereof (A) grant or increase any severance, retention or termination pay to, or enter into or amend any severance, retention, termination, employment, consulting, bonus, deferred compensation, change in control or severance agreement with, any current or former Service Provider or increase benefits payable under any existing severance or termination pay policies or employment or consulting agreements, other than payments of severance or termination payable to any employee below the level of Vice President in connection with the termination of such employee's employment for any reason other than for cause (as determined by the Company in its

reasonable discretion); *provided* that (1) such severance shall not exceed three months of such employee's then-current base salary furnished pursuant to Section 3.20(a) and (2) shall be paid prior to the Closing Date and the Company shall obtain from any such employee a release of claims prior to making such payment, (B) establish, adopt, enter into or amend any Employee Plan or Collective Bargaining Agreement, other than routine amendments to health and welfare plans relating to open enrollments that do not result in materially increased administrative costs, (C) increase the compensation, bonus or other benefits payable or provided to any current or former Service Provider, other than to increase salary or wages for employees below the level of Vice President by not more than 3.0% in the aggregate and by not more than 5.0% per employee in the ordinary course consistent with past practice and the Company's 2016 annual budget provided to Purchaser prior to the date hereof; *provided* that Purchaser will be consulted regarding any such increase before such increase is communicated to such Service Provider; (D) (x) hire any employees other than to fill vacancies arising due to terminations of employment of employees with annual salaries less than $100,000; *provided* that Purchaser will be consulted regarding any such hires prior to an offer being extended, or (y) terminate the employment of any employee with annual salary in excess of $100,000 (other than for cause or for performance reasons); or (E) grant any equity or equity-based awards to, or discretionarily accelerate the vesting or payment of any such awards held by, any current or former Service Provider;

(xii) change any of the Acquired Companies' methods of accounting, except as required by concurrent changes in GAAP, as agreed to by their independent public accountants;

(xiii) settle or compromise, or offer or propose to settle or compromise, (A) any Action involving or against any of the Acquired Companies or (B) any Action that relates to the transactions contemplated hereby;

(xiv) make or change any Tax election, change any annual Tax accounting period, adopt or change any method of Tax accounting, amend any material Tax Returns or file claims for material Tax refunds, enter any closing agreement, settle any material Tax claim, audit or assessment, or surrender any right to claim a material Tax refund, offset or other reduction in Tax liability consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment or, if it would have the effect of increasing the Tax liability or reducing any Tax Asset of any of the Acquired Companies, Purchaser or any Affiliate of Purchaser, or take any other action outside of the ordinary course of business; or

(xv) agree, resolve or commit to do any of the foregoing.

Section 5.02. *Access to Information*. From the date hereof until the Closing Date, the Company shall, and the Company shall cause its Subsidiaries to, (i) upon reasonable advance notice, give Purchaser and its Affiliates and their respective directors, officers, employees, counsel, financial advisors, auditors and other authorized representatives (such Persons, "**Representatives**") reasonable access to the offices, properties, books and records of the Acquired Companies, (ii) furnish to Purchaser and its Affiliates and their respective Representatives such financial, operating and human resources data and other information relating to the Acquired Companies as such Persons may reasonably request, including as it relates to facilitating their determination of whether any property or asset of the Acquired Companies is REIT Qualifying Property, and (iii) instruct the Representatives of the Acquired Companies to cooperate with Purchaser and its Affiliates and their respective Representatives in their investigation of the Acquired Companies. Any request for data or other information, any request for access or cooperation or any investigation pursuant to this Section 5.02 shall be made or conducted in such manner as not to (i) interfere unreasonably with the conduct of the business of the Acquired Companies, (ii) result in the loss or reduction of any attorney-client privilege of the Acquired Companies, (iii) violate any confidentiality agreement prohibiting the disclosure thereof or (iii) violate any Applicable Law; *provided* that Parent, Purchaser, Merger Sub and the Acquired Companies shall cooperate in good faith to develop substitute arrangements, to the extent reasonably possible, that do not result in the loss or reduction of such privilege, breach of such agreement or violation of such Applicable Law. No investigation by Purchaser, its Affiliates or any of their respective Representatives or other information received by Purchaser, its Affiliates or any of their respective Representatives shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Company hereunder. Nothing in this Section 5.02 shall entitle Parent, Purchaser, Merger Sub or any of their respective Affiliates or Representatives to contact any third party doing business with the Acquired Companies or access the offices, properties, books or records of any such third party other than in the ordinary course of Parent's and its Subsidiaries' business consistent with past practice and not in connection with the transactions contemplated by this Agreement.

Section 5.03. *Written Consent; Information Statement; Sale of the Company*. The Company shall use its commercially reasonable efforts to obtain a duly executed counterpart to the Written Consent and Support Agreement from each Equityholder as expeditiously as possible after the execution and delivery hereof, and the Company shall promptly deliver such executed documents to Purchaser. The materials submitted to such holders in connection with soliciting the Written Consent and Support Agreement shall include the unanimous recommendation of the Company's Board of Directors that such holders vote their shares of Company Stock in favor of the adoption of this Agreement, the Merger and the transactions contemplated hereby. If any Equityholder does not sign the Written Consent and Support Agreement by 12:00 noon, New York time, on the Business Day following the date hereof, then promptly thereafter (but in any event no later than ten days after the receipt by the Company of the Required Stockholder Vote), the Company shall prepare and deliver to each such Equityholder an information statement (the

"**Information Statement**") containing notice of the receipt of the Required Stockholder Vote and such other information as may be required to be included therein by Sections 228(e) and 262 of DGCL. The Purchaser and its counsel shall be given a reasonable opportunity to review and comment on the Information Statement and any amendment or supplement thereto before they are mailed to the Equityholders, and the Company shall consider in good faith all comments of Purchaser and its counsel in connection therewith; *provided*, *however*, that Purchaser shall in no way be responsible for any of the content of the Information Statement.

Section 5.04. *Takeover Statutes*. If any "control share acquisition," "fair price," "moratorium" or other similar antitakeover law is or may become applicable to this Agreement or the transactions contemplated hereby, the Company and its Board of Directors shall grant such approvals and take such actions as are reasonably necessary so that such transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise act to eliminate or minimize the effects of such statute or regulation on such transactions.

Section 5.05. *Affiliate Contracts*. The Company shall, and shall cause its Subsidiaries to, terminate, or cause to be terminated, all Affiliate Contracts (other than those set forth on Section 3.22(b) of the Company Disclosure Schedule) at or prior to Closing with no further Liability or obligation, directly or indirectly, of any kind thereunder on the part of any of the Acquired Companies. Prior to the Effective Time, the Company shall cause each of its Affiliates (other than the Acquired Companies) to be removed as named insureds on the Company Insurance Policies.

Section 5.06. *Resignations*. At least four Business Days prior to the Closing Date, the Company shall deliver to Purchaser a true and complete list of the directors, officers, limited liability company managers (if the manager is not the Company) and other Persons holding titles of similar important for each of the Acquired Companies. At or prior to Closing, the Company shall deliver to Purchaser the resignations of each such director, officer, limited liability company manager or other Person requested by Purchaser from their positions with the Acquired Companies effective as of the Effective Time, which resignations shall include a full release from each such Person of all claims that such Person may have against any Acquired Company or Parent, Purchaser or Merger Sub (in form and substance reasonably satisfactory to Purchaser).

Section 5.07. *Payoff Letters*. No later than three Business Days prior to the Closing Date, the Company shall deliver to Purchaser payoff letters with respect to any Indebtedness for borrowed money of any Acquired Company outstanding as of immediately prior to the Effective Time, including pursuant to that certain Amended and Restated Revolving Credit Agreement, dated as of December 3, 2014, by and among the Company, Comerica Bank, as the administrative agent, and the lenders party thereto and excluding, for clarity, the Capitalized Leases, in each case to be provided by the administrative agent, if applicable, or lenders or

creditors in respect thereof, dated within a reasonable time prior to the Closing Date, which shall, in each case, (a) set forth the aggregate amounts arising under or owing or payable thereunder and in connection therewith on the Closing Date and (b) acknowledge and agree that, upon payment of such aggregate amounts on the Closing Date, the Acquired Companies shall have paid in full all amounts arising under or owing or payable on the Closing Date thereunder and in connection therewith, and all Liens related to such Indebtedness shall be released, each in form and substance reasonably satisfactory to Purchaser (the "**Payoff Letters**"). Without limiting the foregoing, the Company shall, and shall cause each other Acquired Company to, cooperate with and take all actions reasonably requested by Purchaser in order to facilitate the termination and payoff of all of the Indebtedness of the Acquired Companies (and related release of Liens) at the Closing.

Section 5.08. *REIT Qualifying Property*. Prior to the Closing Date, the Company shall, and shall cause the other Acquired Companies to, cooperate with Parent and Purchaser to (a) identify all REIT Qualifying Property and (b) effectuate at or in connection with, and conditioned on, the Closing (and, to the extent reasonably necessary, execute such amendments to this Agreement to provide for) such transactions as are necessary to permit Purchaser or the Surviving Corporation or any of its Subsidiaries to incur indebtedness, at or after the Closing, that is secured by the REIT Qualifying Property; *provided* that (i) such cooperation shall not interfere unreasonably with the conduct of the business of the Acquired Companies and (ii) the Acquired Companies shall have no responsibility for, nor any liability with respect to, the determination of whether any property is REIT Qualifying Property.

Section 5.09. *Financial Information*. (a) As soon as reasonably practicable and no later than 40 days after the end of the applicable fiscal quarter (even if such delivery date occurs after the Closing Date), the Company shall deliver unaudited consolidated financial statements for any interim quarterly period or periods ended after the date of the Audited Financial Statements and on or prior to the Closing Date, together with interim financial statements for the same period in the prior year, which interim financial statements shall be prepared in accordance with GAAP on the same basis as the Audited Financial Statements and shall have been reviewed by the Acquired Companies' independent auditors using professional standards and procedures for conducting such reviews as required by Rule 10-01 of Regulation S-X for interim financial statements filed in a periodic report with the Securities and Exchange Commission. The interim financial statements described in the two preceding sentences are the "**Required Interim Financial Statements**". In addition, if the Closing Date does not coincide with the last day of a fiscal quarter, the Company shall deliver, or cause to be delivered, within 40 days after the end of the fiscal quarter in which the Closing Date occurs, any such financial information in it or its Affiliates' possession for the portion of such fiscal quarter ending on the Closing Date that is reasonably requested by Purchaser for purposes of preparing pro forma financial statements (which financial information need not be reviewed as set forth above).

(b) Prior to the Closing, the Company shall use its commercially reasonable efforts to cooperate with Parent and Purchaser in connection with their compliance with the federal securities laws or in connection with any financing that Parent or Purchaser intends to consummate, including (i) furnishing financial and other pertinent information relating to the Acquired Companies to the extent reasonably requested by Parent or Purchaser to assist in preparation of customary offering or information documents to be used for the completion of any such financing, (ii) participating in a reasonable number of meetings due diligence sessions, drafting sessions (including accounting due diligence sessions) and sessions with rating agencies in connection with any financing and cooperating reasonably with the any financing provider's due diligence, (iii) assisting with the preparation of (A) any customary offering documents or memoranda, bank information memoranda, prospectuses and similar documents and (B) materials for rating agency presentations and bank information memoranda and similar documents required in connection with any financing, (iv) using commercially reasonable efforts to cause its independent auditors to provide accountants' comfort letters and consents of accountants for use of their reports in connection with any filings required to be made by Parent or Purchaser pursuant to the Securities Act of 1933 or the Exchange Act, where the Audited Financial Statements are included or incorporated by reference and to participate in due diligence sessions, (v) facilitating the obtaining of guarantees, pledging of collateral and executing and delivering customary pledge and security documents or other definitive financing documents and other certificates and documents as may be reasonably requested by Parent or Purchaser, consistent with the terms of this Agreement, to obtain and perfect security interests in assets of the Acquired Companies that are intended to constitute collateral securing Parent's or Purchaser's secured credit facility; *provided* that any obligations contained in all such agreements and documents shall be executed and effective no earlier than the Closing, and (vi) providing authorization letters authorizing the distribution of information to prospective lenders or investors and containing a representation that the public side versions of such documents, if any, do not include material non-public information about the Acquired Companies or securities; *provided*, *however*, that nothing herein shall require such cooperation to the extent it would interfere unreasonably with the business or operations of the Acquired Companies. None of the Acquired Companies shall be required to take any action that would subject it to actual or potential liability, to bear any cost or expense or to pay any commitment or other similar fee or make any other payment (other than documented and reasonable out-of-pocket costs) or incur any other liability or provide or agree to provide any indemnity in connection with any financing or any of the foregoing prior to the Closing. Parent shall, promptly upon request by the Acquired Companies, reimburse the Acquired Companies for all documented and reasonable out-of-pocket costs incurred by the Acquired Companies in connection with this Section 5.09. The Acquired Companies hereby consents to the reasonable use of the Acquired Companies' logos in connection with any financing. Parent shall promptly, upon request by the Company, reimburse the Company for all reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by any of the Acquired Companies in connection with such cooperation and shall indemnify and hold harmless the Acquired Companies and their respective Affiliates and Representatives from and against any and all Damages suffered or incurred by any of them in connection with the arrangement of the financing contemplated by this Section 5.09(b) and any information used in connection therewith the provision of such cooperation pursuant to this Section 5.09, except with respect to any information provided by or on behalf of any of the Acquired Companies or Equityholders.

Section 5.10. *280G Waiver and Shareholder Approval*. To the extent that (i) any current or former Service Provider would be entitled to any payment or benefit in connection with the transactions contemplated by this Agreement and (ii) such payment or benefit would potentially constitute a "parachute payment" under Section 280G of the Code, the Company shall, prior to Closing:

(a) use its commercially reasonable efforts to obtain a binding written waiver by such Service Provider of any portion of such parachute payment that exceeds 2.99 times of such Service Provider's "base amount" within the meaning of Section 280G(b)(3) of the Code (collectively, the "**Excess Parachute Payments**") to the extent such excess is not subsequently approved pursuant to a shareholder vote in accordance with the requirements of Section 280G(b)(5)(B) of the Code (the "**280G Shareholder Approval Requirements**");

(b) use its commercially reasonable efforts to obtain a shareholder approval that satisfies the 280G Shareholder Approval Requirements in respect of the Excess Parachute Payments payable to all such Service Providers;

(c) provide to all applicable Persons all required disclosure under Section 280G(b)(5)(B)(ii) of the Code and provide Parent and its counsel a reasonable opportunity to review and comment on such disclosure before it is distributed to such Persons; and

(d) hold a vote in a manner that is intended to satisfy the 280G Shareholder Approval Requirements.

Section 5.11. *Exclusivity*. From the date hereof until the earlier of the Effective Time and the End Date, except for the transactions contemplated by this Agreement, the Company and the Equityholders shall not, and each shall cause their respective Affiliates and Representatives not to, directly or indirectly, solicit, encourage, initiate, enter into any Contract, or encourage or entertain the submission of any proposal or offer from any Person relating to the direct or indirect acquisition of any of the Acquired Companies' equity or any Company Stock or all or any material portion of the capital stock or other equity interests or assets of the Company (other than the acquisition of inventory in the ordinary course of business), whether in an acquisition structured as a merger, consolidation, exchange, sale of assets, sale of stock, or otherwise, or participate in any discussions or negotiations regarding, furnishing any information with respect to, assisting or participating in, or knowingly facilitating in any other manner any effort or attempt by any Person to do or seek any of the foregoing. The Company shall, and shall cause

its Affiliates and Representatives to, immediately cease and cause to be terminated any existing discussions or negotiations with any Person (other than Parent, Purchaser and Merger Sub) conducted heretofore with respect to any of the matters addressed in Section 5.11. In the event that any Equityholder or Acquired Company receives or becomes aware of an unsolicited proposal regarding any of the matters addressed in this Section 5.11, such Person shall promptly provide Purchaser with notice of, and all information relating to, the same.

ARTICLE 6
TAX MATTERS

Section 6.01. *Tax Matters*. (a) Parent shall cause all Transfer Taxes to be remitted to the appropriate Taxing Authority when due, and shall cause all necessary Tax Returns to be filed with respect to all such Taxes, and, if required by Applicable Law, the Equityholders will, and will cause their respective Affiliates to, join in the execution of any such Tax Returns. One half of all Transfer Taxes shall be borne by Parent, and the other half shall be borne by the Equityholders.

(b) (i) Parent shall cause to be prepared, and Parent agrees to promptly cause the Surviving Corporation to file, all U.S. federal and state income Tax Returns for the Acquired Companies that solely relate to a Pre-Closing Tax Period and are filed after the Closing Date. All costs and expenses of preparing and filing such Tax Returns shall be borne by the Equityholders' Representative (on behalf of the Equityholders). Parent shall (1) provide the Equityholders' Representative with a copy of each such Tax Return at least 35 calendar days prior to the earlier of (x) the date such Tax Return is filed and (y) the due date for filing such return (taking into account any extensions thereof) and (2) promptly deliver such additional information regarding such Tax Return as may be reasonably be requested by the Equityholders' Representative. Parent shall incorporate any reasonable revisions to such Tax Returns as are requested by the Equityholders' Representative, provided that such revisions are requested no more than 30 days after such Tax Return is delivered to the Equityholders' Representative.

(ii) Parent shall prepare or cause to be prepared and cause to be filed all Tax Returns of the Acquired Companies required to be filed following the Closing Date. To the extent that any such Tax Return includes a Pre-Closing Tax Period, and could reasonably be expected to give rise to an indemnity claim by any Parent Indemnified party under this Agreement, Parent shall (A) provide the Equityholders' Representative with a copy of each such draft Tax Return at least 35 calendar days prior to the earlier of (x) the date such Tax Return is filed and (y) the due date for filing such return (taking into account any extensions thereof) and (B) promptly deliver such additional information regarding such Tax Return as may reasonably be requested by the Equityholders' Representative. Parent shall incorporate any reasonable revisions to such

Tax Returns as are requested by the Equityholders' Representative, to the extent such revisions relate to the Pre-Closing Tax Period and provided that such revisions are requested no more than 30 days after such Tax Return is delivered to the Equityholders' Representative. Any Covered Taxes for any Tax Period with respect to which such Tax Returns were filed shall be borne by the Equityholders as provided in Article 10. To the extent permitted under Applicable Law, Parent and the Equityholders agree to cause the Acquired Companies to file all Tax Returns for the periods including the Closing Date on the basis that the relevant Tax period ended on the Closing Date.

(iii) Parent shall not, and shall not cause any of the Acquired Companies to, (A) amend any Tax Returns of any of the Acquired Companies with respect to any Pre-Closing Tax Period, or (B) make any Tax election in respect of any of the Acquired Companies that has retroactive effect to any Tax Return for a Pre-Closing Tax Period, in each such case, except (1) as permitted in paragraph (ii) of this Section 6.01(b), (2) if such action would have no effect on the liability of the Equityholders to indemnify Parent Indemnified Parties hereunder, or (3) with the prior written consent of the Equityholders' Representative (which shall not be unreasonably withheld, delayed, or conditioned).

(c) Parent and the Equityholders and their respective Affiliates shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns and any audit or other proceeding with respect to Taxes of any of the Acquired Companies. Such cooperation shall include the retention and (upon the other party's reasonable request) the provision of records and information which are reasonably relevant to any such audit or other proceeding and within such party's possession or obtainable without material cost or expense, and making employees or other representatives available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(d) For purposes of the determination of Covered Taxes in respect of a Straddle Tax Period, (x) in the case of any Taxes other than escheat, gross receipts, sales or use Taxes and Taxes based upon or related to income, Covered Taxes shall be deemed to include the amount of such Tax for the entire Straddle Tax Period multiplied by a fraction the numerator of which is the number of days in the Straddle Tax Period ending on and including the Closing Date and the denominator of which is the number of days in the entire Straddle Tax Period, and (y) in the case of any Tax based upon or related to income and any escheat, gross receipts, sales or use Tax, the definition of Covered Taxes shall be deemed to include the amount that would be payable if the relevant Straddle Tax Period ended on and included the Closing Date. The amount of any item that is taken into account only once for each taxable period (*e.g.*, the benefit of graduated Tax rates, exemption amounts, etc.) shall be allocated between the two portions of the Straddle Tax Period in proportion to the number of days in each portion.

(e) Any refund of a Covered Tax received by Parent or Acquired Companies, or any credit for an overpayment of any Covered Tax used to offset Tax liability of Parent or the Acquired Companies, shall be for the account of Equityholders, and Parent shall pay over to the Payments Administrator (for further distribution to the Equityholders) any such refund, or the amount of any such credit (net of any out of pocket expenses incurred by Parent or the Acquired Companies in obtaining such refund or credit and any Taxes of Parent or Acquired Companies attributable to such refund or credit) within 15 days after receipt or entitlement thereto.

(f) To the extent that any obligation or responsibility pursuant to Article 10 may conflict with any obligation or responsibility pursuant to this Section 6.01, the provisions of this Section 6.01 shall control.

(g) Notwithstanding anything in this Agreement to the contrary, the provisions of this Section 6.01 shall survive until 60 days after the expiration of the applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof).

ARTICLE 7
EMPLOYEE MATTERS

Section 7.01. *Employee Matters.* (a) For a period of one year following the Closing Date (or such shorter period of employment, as the case may be), Parent shall provide (or cause to be provided) to each Acquired Company Employee who is employed by the Acquired Companies on the Closing Date (each, a "**Covered Employee**"), without interruption: (i) a base salary that is no less favorable than the base salary in effect immediately prior to the Effective Time and (ii) short-term cash incentive opportunities (excluding, in each case, transaction based bonus opportunities or other extraordinary compensation arrangements under the Employee Plans) and employee benefits that are substantially comparable in the aggregate to those provided immediately prior to the Effective Time under the Employee Plans. Prior to the Closing Date, the Company shall take all actions necessary to terminate, or cause to be terminated, effective no later than immediately prior to the Closing Date, any Employee Plan that Parent requests the Company to terminate not less than 10 days prior to the Closing Date.

(b) With respect to any employee benefit plan of Parent or any of its Subsidiaries in which any Covered Employee becomes a participant following the Closing, such employee shall receive full credit for such employee's service with the Acquired Companies to the same extent that such service was recognized under an analogous plan of the Acquired Companies in which such Covered Employee participated as of immediately prior to the Effective Time for vesting and eligibility purposes (but not for benefit accrual purposes, except for vacation and severance, as applicable); provided that the foregoing shall not apply to the extent that its application would result in a duplication of benefits.

(c) In the event that any Acquired Company Employee first becomes eligible to participate in a welfare benefit plan of Parent or any of its Subsidiaries after the Effective Time (each, a "**Parent Welfare Plan**"), Parent shall, or shall cause its Subsidiaries to, use its commercially reasonable efforts to (i) waive all limitations as to preexisting conditions exclusions and all waiting periods with respect to participation and coverage requirements applicable to each Acquired Company Employee under any such Parent Welfare Plan to the same extent as such conditions and waiting periods have been waived under the applicable Employee Plans and (ii) credit each Acquired Company Employee for any co-payments, deductibles and other out-of-pocket expenses paid prior to the Closing Date under the terms of any corresponding Employee Plan in satisfying any applicable deductible, co-payment or out-of-pocket requirements for the plan year in which the Closing Date occurs under such Parent Welfare Plan.

(d) For each Covered Employee whose employment is terminated involuntarily by Parent or any of its Subsidiaries without Cause or by the Covered Employee with Good Reason within the 12-month period following the Closing Date, Parent shall pay, or cause to be paid, to each Covered Employee severance benefits, subject to a fully executed release of claims in a form reasonably determined by Parent, equal to the benefits provided on Schedule V. The term "**Cause**", as used herein, shall mean that the Covered Employee has (i) committed an act of fraud, gross negligence or willful misconduct, (ii) committed a material violation of Law materially injurious to Parent or any of its Subsidiaries or committed, without regard to the Covered Employee's employment with respect to Parent or any of its Subsidiaries, a felony, (iii) breached any fiduciary duty to Parent or any of its Subsidiaries, or (iv) unreasonably refused to perform the services reasonably requested by Parent or any of its Subsidiaries. The term "**Good Reason**", as used herein, shall mean, with respect to any Covered Employee, the occurrence of any of the below events, and such event occurs without the Covered Employee's consent: (i) a material diminution in the Covered Employee's base compensation, (ii) a material diminution in the Covered Employee's authority, duties, or responsibilities or (iii) the relocation of the Covered Employee's primary work location of more than 50 miles; *provided* that, for the avoidance of doubt, the consummation of the transactions contemplated by this Agreement shall not constitute Good Reason. In the event of any of the forgoing circumstances, the Covered Employee shall provide notice to Parent of the existence of the conditions described above within a period not to exceed 90 days of the initial existence of said condition, upon the notice of which Parent must be provided a period of at least 30 days during which it may remedy the condition. If the condition is not remedied within those 30 days and the Covered Employee voluntarily terminates within the 12-month period following the Closing Date, then such termination of employment shall be a termination of employment with Good Reason.

(e) Nothing in this Section 7.01 shall (i) be treated as an amendment of, or undertaking to amend, any Employee Plan, (ii) prohibit Parent or any of its Subsidiaries from amending any Employee Plan, (iii) require Parent or any of its Subsidiaries to continue the employment of any

Acquired Company Employee for any period of time or, subject to any applicable arrangement covering such employee, to provide such employee with any payments or benefits upon any termination of such employee's employment or (iv) confer any rights or benefits on any Person other than the parties to this Agreement.

ARTICLE 8
Additional Covenants

Section 8.01. *Efforts; Further Assurances.* (a) Subject to the terms and conditions of this Agreement, each of Parent, Purchaser, Merger Sub and the Acquired Companies will use commercially reasonable efforts to take, or cause to be taken (including, in the case of the Company, by causing the other Acquired Companies to take), all actions and to do, or cause to be done, all things necessary or desirable under Applicable Laws to consummate the transactions contemplated by this Agreement, including (i) determining whether any action by or in respect of, or filing with, any Governmental Authority (in addition to the Required Governmental Approvals) is required in connection with the consummation of the transactions contemplated by this Agreement, (ii) preparing and filing as promptly as practicable with any Governmental Authority all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents, or taking any other required action, including the filings in respect of the Required Governmental Approvals, and (iii) obtaining and maintaining all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Authority that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including the Required Governmental Approvals; *provided* that the parties hereto understand and agree that neither Parent nor any of its Affiliates shall be obligated to (and, without Purchaser's prior written consent, no Acquired Company shall) (A) enter into any settlement, undertaking, consent decree, stipulation or agreement with any Governmental Authority in connection with the transactions contemplated hereby, (B) divest, license, dispose of, transfer or otherwise hold separate (including by establishing a trust or otherwise), or take any other action (or otherwise agreeing to do any of the foregoing) with respect to, any of its, any Acquired Company's or any of their respective Affiliates' businesses, assets or properties, (C) litigate, challenge or take any action with respect to any Action by any Person, including any Governmental Authority or (D) agree to do any of the foregoing. Notwithstanding the foregoing, at the written request of Purchaser, the Company shall, and shall cause the other Acquired Companies to, agree to take any of the actions described in the previous sentence to the extent such action is conditioned upon the occurrence of the Closing. Each of Parent, Purchaser, Merger Sub and the Company agree to execute and deliver, or cause to be executed and delivered (including, the case of the Company, by causing the other Acquired Companies to execute and deliver), such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions

contemplated by this Agreement and the Transaction Documents. Each of Parent, Purchaser, Merger Sub and the Company shall promptly notify the other parties hereto of any written notice from any Governmental Authority in connection with the transactions contemplated by this Agreement or the Transaction Documents.

(b) In furtherance and not in limitation of the foregoing, as promptly after the date hereof as reasonably practicable, (i) each of Parent and the Company shall make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as promptly as practicable after the date hereof and supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable, and (ii) Purchaser shall prepare and the relevant party shall submit the filings and notices associated with the Required Governmental Approvals. Each of Parent and the Company shall furnish to the other such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission that is necessary under the HSR Act and shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, any Governmental Authority in connection with such filing or submission.

Section 8.02. *Public Announcements; Confidentiality.* (a) The parties agree to consult with each other before issuing or making (and the Company agrees to cause the other Acquired Companies to consult with Parent, Purchaser and Merger Sub), and shall mutually agree upon the content and timing of, any press release or other public statement with respect to this Agreement or the transactions contemplated hereby and, except for any press releases and public statements the making of which is or is reasonably believed to be required by Applicable Law or any listing agreement with any national securities exchange (in which case, the party proposing to issue such press release or make such public announcement shall to the extent reasonably permissible under such Applicable Law or listing agreement and reasonably practicable under the circumstances consult in good faith with the other party before issuing any such press release or making any such public announcement), will not issue any such press release or make any such public statement prior to such consultation and agreement.

(b) The terms of the Confidentiality Agreement shall continue in full force and effect up to the Effective Time in accordance with its terms (and any information shared under Section 5.02 shall be subject to the Confidentiality Agreement) and are incorporated by reference herein. Except as required by Applicable Law or any listing agreement with any national securities exchange, each party hereto shall maintain the confidentiality of the terms of this Agreement and the Transaction Documents and the transactions contemplated hereby and thereby; *provided*, that, notwithstanding anything to the contrary in this Section 8.02(b) or in Section 8.02(c), the Equityholders' Representative may communicate any Confidential Information with its

Representatives and with the Equityholders, in each case on a need-to-know basis and provided that such recipients agree to comply with the confidentiality restrictions set forth herein (or confidentiality restrictions at least as restrictive) (provided that the Equityholders' Representative shall be responsible for any such Representative's failure to comply with such restrictions). If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall continue in full force and effect.

(c) The Equityholders' Representative acknowledges that the success of the Acquired Companies after the Effective Time depends upon the continued preservation of the confidentiality of information regarding the business, operations and affairs of the Acquired Companies (including trade secrets, confidential information and proprietary materials, which may include the following categories of information and materials: methods, procedures, computer programs and architecture, databases, customer information, lists and identities, employee lists and identities, pricing information, research, methodologies, contractual forms, and other information, whether tangible or intangible, which is not publicly available generally) (collectively, the "**Confidential Information**") accessed or possessed by the Equityholders' Representative and its Affiliates and that the preservation of the confidentiality of such information by the Acquired Companies (before the Effective Time), the Equityholders, the Equityholders' Representative and their respective Affiliates is an essential premise of the transactions contemplated by this Agreement. Subject to the proviso in Section 8.02(b), the Equityholders' Representative shall hold, and shall cause its Representatives to hold, in confidence and not disclose to any other Person or use (other than (i) for or on behalf of Parent, Purchaser, Merger Sub or (ii) for the purposes of enforcing the rights of the Equityholders' Representative or the Equityholders under this Agreement and the agreements ancillary hereto), any Confidential Information. Notwithstanding the foregoing, any such Person may disclose Confidential Information as and to the extent required by Applicable Law, so long as the disclosing party uses commercially reasonable efforts to seek a protective order causing such information so disclosed to be kept confidential. For the avoidance of doubt, the Confidential Information shall include the reports provided to the Equityholders' Representative pursuant to Section 8.07.

Section 8.03. *Third-Party Notices and Consents*. Promptly following the date hereof, each of Parent, Purchaser, Merger Sub, and the Company shall cooperate with one another, and the Company shall cause the other Acquired Companies to cooperate with Parent, Purchaser and Merger Sub in determining whether any actions are required to be taken or any consents, approvals or waivers are required to be obtained from parties to any Material Contracts or other Contracts, in connection with the consummation of the transactions contemplated by this Agreement. Upon Purchaser's request, the Company shall, and shall cause the other Acquired Companies to, use commercially reasonable efforts (including by cooperating with Purchaser and its Affiliates and Representatives) in connection with the giving of notices of the transactions contemplated by this Agreement to any third parties, including pursuant to any Contracts to

which any of the Acquired Companies is a party. Prior to the Effective Time, Purchaser and the Company shall use their respective commercially reasonable efforts (and the Company shall cause the other Acquired Companies to use their respective commercially reasonable efforts) to obtain any third-party consents, waivers or novations required pursuant to the terms of any Contracts that are necessary or appropriate to operate the Acquired Companies after the Closing. Parent, Purchaser, Merger Sub and the Company shall each bear their own costs and expenses incurred in connection with obtaining any such consents; *provided* that in connection with obtaining any such third-party consent, waiver or novation, none of Parent, Purchaser, Merger Sub or any Acquired Company will be required to (and, without the written consent of Purchaser, no Acquired Company shall) make or agree to make more than a de minimis payment (one half of which shall be promptly reimbursed by Parent, Purchaser or Merger Sub upon notice from the Acquired Company) or accept any material conditions or obligations, including amendments to existing conditions and obligations.

Section 8.04. *Notices of Certain Events*. Each party hereto (other than the Equityholders' Representative) shall promptly notify the other party in writing of the occurrence of any matter or event that would cause any of the conditions set forth in Section 9.01 not to be satisfied. The Company shall promptly notify Purchaser in writing of the occurrence of any matter or event that would cause any of the conditions set forth in Section 9.02 not to be satisfied. Each of Parent, Purchaser and Merger Sub shall promptly notify the Company in writing of the occurrence of any matter or event that would cause any of the conditions set forth in Section 9.03 not to be satisfied. The Company shall promptly notify Purchaser of any notice or other communication from any Person asserting that such Person is entitled to compensation or consideration from any of Parent, Purchaser, Merger Sub, any Acquired Company or any of their respective Affiliates in connection with the transactions contemplated by this Agreement or the other Transaction Documents (other than as reflected on the Allocation Schedule). The delivery of any notice pursuant to this Section 8.04 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 8.05. *Books and Records*. For a period of six years after the Closing Date or such longer time as may be required by Applicable Law (i) Parent shall not, and shall cause its Affiliates not to, dispose of or destroy any of the books and records of the Acquired Companies in the possession of Parent or its Affiliates for periods prior to the Closing (the "Books and Records") without first offering to turn over possession thereof to the Equityholders by written notice to Equityholders' Representative at least 60 days prior to the proposed date of such disposition or destruction and (ii) upon reasonable advance notice, Parent shall, and shall cause its Affiliates to, give the Equityholders' Representatives reasonable access, during normal business hours and without undue interruption of Parent's or such Affiliate's business, to all such books and records at reasonable times, and the Equityholders' Representative shall have the right, at the Equityholders' expense, to make copies of any such books and records, but in the case of each of clauses (i) and (ii) solely to the extent (x) reasonably required by an Equityholder

in connection with any Tax audit or other action by a Governmental Authority with respect to such Equityholder's ownership of Company Stock prior to the Effective Time, (y) necessary to comply with Applicable Law and (z) related to the defense of a claim made by a third Person (other than Parent or its Affiliates). Notwithstanding anything herein to the contrary, no such access, disclosure or copying shall be permitted (i) for a purpose related to a dispute or potential dispute with Parent, the Surviving Corporation or any of their respective Affiliates, or (ii) if it would result in a loss or reduction of any attorney-client privilege, violate any confidentiality agreement or any Applicable Law; *provided* that, in the case of this clause (ii), Parent, Purchaser, Merger Sub and the Equityholders shall cooperate in good faith to develop substitute arrangements, to the extent reasonably possible, that do not result in the loss or reduction of such privilege, breach of such agreement or violation of such Applicable Law.

Section 8.06. *Escrow Agreement*. Each of the Equityholders' Representative and Purchaser (or an Affiliate of Purchaser) shall execute and deliver to one another, at the Closing, the Escrow Agreement in the form attached hereto as Exhibit I (the "**Escrow Agreement**").

Section 8.07. *Cooperation and Support Obligations of Parent, Purchaser and Company.*

(a) The parties acknowledge and agree that a material portion of the Merger Consideration is contingent upon the Company satisfying and achieving the performance milestones described in Section 2.14. In addition, Purchaser and Parent further acknowledge that a material condition of the consent of Equityholders to the terms of Section 2.14 is reliant upon the presumption that Parent and Purchaser will at all times after the Closing Date act in good faith with respect to the Earn-Out Payments and Parent and Purchaser will not take any action with the primary intent or purpose of (x) delaying or preventing any Earn-Out Payment from being earned or owed or (y) reducing the amount of any Earn-Out Payment.

(b) Subject to the oversight and discretion of the Boards of Directors of Parent and Purchaser, Parent and Purchaser shall provide the Company's management team reasonable authority to participate in the management and operation of the Company's business related to the Earn-Out Payments, including reasonably authority with respect to the business strategy, pricing, sales and marketing.

(c) After the Closing Date, Parent and Purchaser shall use commercially reasonably efforts to provide the Company with reasonable resources, liquidity and capital as may be reasonably required to enable the Company to achieve the Maximum Dark Fiber Earn-Out Amount, First Small Cell Earn-Out Amount, Maximum Second Small Cell Earn-Out Amount and the Renewal Earn-Out Amount and to allow the Company to perform its obligations pursuant to the Dark Fiber Master Contracts, in each case unless Parent determines in good faith that doing so would not be in the best interests of Parent, Purchaser and their respective shareholders. In furtherance of the foregoing, commencing on the Closing Date and continuing

until December 31, 2020 (or such earlier time as the Maximum Second Small Cell Earn-Out Amount has been paid by or on behalf of Parent or Purchaser pursuant to Section 2.14), Parent and Purchaser shall not, or cause any of their respective Subsidiaries or Affiliates to, eliminate the small cell business operations of the Company unless Parent determines in good faith that doing so would be in the best interests of Parent, Purchaser and their respective shareholders.

(d) Commencing on the Closing Date and continuing until December 31, 2021 (or such earlier time as the Maximum Dark Fiber Earn-Out Amount has been paid by or on behalf of Parent or Purchaser pursuant to Section 2.14), Parent and Purchaser shall use its commercially reasonable efforts to (i) maintain records and accounts indicating the number of sites (including customer-requested substitution sites) "accepted" (as such term is defined in the applicable Dark Fiber Contract) by customers, including all sites accepted by customer prior to the Closing Date and (ii) provide such reports to the Equityholders' Representative within 30 days following the last day of each calendar quarter.

(e) Commencing on the Closing Date and continuing until December 31, 2020 (or such earlier time as the Renewal Earn-Out Amount has been paid by or on behalf of Parent or Purchaser pursuant to Section 2.14), Parent and Purchaser shall use its commercially reasonable efforts to (i) maintain records and accounts indicating the monthly recurring revenue (as described in Section 2.14(e)) in each calendar quarter and (ii) provide such reports to the Equityholders' Representative within 30 days following the last day of each calendar quarter.

(f) Commencing on the Closing Date and continuing until December 31, 2020 (or such earlier time as the Maximum Second Small Cell Earn-Out Amount has been paid by or on behalf of Parent or Purchaser pursuant to Section 2.14), Parent and Purchaser shall use its commercially reasonable efforts (i) to maintain records and accounts indicating the number of Small Cell Nodes "accepted" (as such term is used in the applicable Contract relating to such Small Cell Node) by Small Cell Customers from Parent or any of its Subsidiaries (including the Surviving Corporation), including all Small Cell Nodes accepted by Small Cell Customers of the Company prior to the Closing Date and (ii) to provide such report to the Equityholders' Representative within 30 days following the last day of each calendar quarter.

(g) The Equityholders' Representative will be entitled to review (including the right to audit) and to make copies and extracts of any supporting documentation used by Purchaser to prepare the reports required to be provided pursuant to this Section 8.07 and sufficient to allow independent verification of the calculation or determination of the Earn-Out Payments (subject to reasonable confidentiality restrictions and to providing such assurances, releases, indemnities or other agreements as Purchaser's Representatives may customarily require in such circumstances). Any expenses incurred in connection with an audit conducted pursuant to this Section 8.07 shall be borne by the Equityholders; *provided, however*, that in the event that such

audit identifies a discrepancy that directly increases the amount required to be paid by Purchaser by more than 5%, the cost of such audit will be borne by Parent or Purchaser.

Section 8.08. *Shelf Registration Statement*. (a) Parent shall use its commercially reasonable efforts to keep its registration statement on Form S-3 (the "**Shelf Registration Statement**") continuously effective under the Securities Act in order to permit the Prospectus forming a part thereof to be usable by Equityholders who received Registrable Securities pursuant to Section 2.06(c) and Section 2.14(g) (each such Equityholder, a "**Stock Recipient**") until the date as of which there are no Registrable Securities outstanding. Without limiting the foregoing, Parent shall file on the Closing Date a Prospectus supplement naming each such Stock Recipient (subject to receipt of information reasonably requested by Parent necessary to complete such Prospectus supplement). After the Closing Date, Parent shall file a Prospectus supplement on each date when an Earn-Out Payment is made consisting of any Parent Common Stock, to a Stock Recipient pursuant to Section 2.14(g), naming each such Stock Recipient (subject to receipt of information reasonably requested by Parent necessary to complete such Prospectus supplement).

(b) If the continued use of the Shelf Registration Statement at any time would require Parent to make an Adverse Disclosure, Parent may, upon giving at least ten days' prior written notice of such action to the Equityholders' Representative, suspend use of the Shelf Registration Statement (an "**Unusual Shelf Suspension**"); *provided* that Parent shall not be permitted to exercise an Unusual Shelf Suspension (i) more than two times during any 12-month period or (ii) for a period exceeding 30 days on any one occasion. In addition, Parent may, upon giving at least ten days' prior written notice to the Equityholders' Representative, suspend the use of the Shelf Registration Statement during the regular quarterly period during which directors and officers of Parent are not permitted to trade under the insider trading policy of Parent then in effect until the expiration of such quarterly period (a "**Regular Shelf Suspension**," together with an Unusual Shelf Suspension, a "**Shelf Suspension**"); *provided* that the right of Parent to cause a Shelf Suspension shall not be applicable to holders of Registrable Securities for more than a total of 120 days during any 12-month period. In the case of a Shelf Suspension, the Stock Recipients shall suspend use of the applicable Prospectus in connection with any sale or purchase of, or offer to sell or purchase, any Registrable Securities, upon receipt of the notice referred to above. Parent shall immediately notify the Equityholders' Representative upon the termination of any Shelf Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to the Equityholders' Representative such number of copies of the Prospectus as so amended or supplemented as the Equityholders' Representative may reasonably request. Parent shall, if necessary, supplement or make amendments to the Shelf Registration Statement, if required by the registration form used by Parent for the Shelf Registration or by the instructions applicable to such registration form or by the Securities Act.

(c) Notwithstanding anything to the contrary, none of Parent, Purchaser or any of their respective Subsidiaries or Affiliates shall have any obligation to prepare any Prospectus supplement (other than a Prospectus supplement to an existing shelf registration statement to name the Equityholders as selling shareholders), participate in any due diligence, execute any agreements or certificates or deliver legal opinions or obtain comfort letters.

ARTICLE 9
CONDITIONS TO CLOSING

Section 9.01. *Conditions to Obligations of Parent, Purchaser, Merger Sub and the Company*. The obligations of Parent, Purchaser, Merger Sub and the Company to consummate the Closing are subject to the satisfaction of the following conditions (or, to the extent permitted by Applicable Law, waiver by each of (i) Parent, on behalf of Parent, Purchaser and Merger Sub, and (ii) the Company):

(a) Any applicable waiting period under the HSR Act relating to the transactions contemplated hereby shall have expired or been terminated.

(b) The Required Governmental Approvals shall have been obtained, or in the case of required notices, shall have been filed.

(c) No provision of any Applicable Law and no Order shall prohibit, restrain or make illegal the consummation of the transactions contemplated hereby or the Transaction Documents.

(d) The Required Stockholder Vote shall have been validly obtained under DGCL and the Company's Governing Documents.

Section 9.02. *Conditions to Obligation of Parent, Purchaser and Merger Sub*. The obligations of Parent, Purchaser and Merger Sub to consummate the Closing is subject to the satisfaction (or, to the extent permitted by Applicable Law, waiver by Purchaser, on behalf of itself, Parent and Merger Sub) of the following further conditions:

(a) The Company shall have performed in all material respects all of its obligations hereunder required to be performed by it prior to the Closing.

(b) (i) the representations and warranties of the Company contained in Sections 3.02 and 3.05 shall be true and correct in all respects other than (A) due to changes resulting solely from the exercise of Company Warrants or Company Stock Options outstanding as of the date hereof and in accordance with their terms as of the date hereof, or (B) in de minimis respects, at and as of the Closing Date, as if made at and

as of such date (other than such representations and warranties that by their terms address matters only as of another specified time, which shall be so true and correct only as of such time); (ii) the representations and warranties of the Company contained in Sections 3.01, 3.04(i), 3.06(a), 3.06(c), 3.11, 3.18 and 3.22 (in each case, disregarding all materiality and Company Material Adverse Effect qualifications contained therein) shall be true and correct in all material respects at and as of the Closing Date, as if made at and as of such date (other than such representations and warranties that by their terms address matters only as of another specified time, which shall be so true and correct only as of such time); and (iii) the other representations and warranties of the Company and the Equityholders contained in this Agreement and in any certificate or other writing delivered pursuant hereto (disregarding all materiality and Company Material Adverse Effect qualifications contained therein) shall be true and correct at and as of the Closing Date as if made at and as of such date (other than such representations and warranties that by their terms address matters only as of another specified time, which shall be so true and correct only as of such time), with only such exceptions as would not, individually or in the aggregate, have, or reasonably be expected to have, a Company Material Adverse Effect.

(c) Since the date of this Agreement, there shall not have occurred a Company Material Adverse Effect.

(d) Parent, Purchaser and Merger Sub shall have received a certificate duly executed by an executive officer of the Company certifying as to the satisfaction of the conditions set forth in Sections 9.02(a), 9.02(b) and 9.02(c).

(e) The Purchaser shall have received from the Company (i) a statement, signed by a responsible corporate officer under penalties of perjury and dated not more than 30 days prior to the Closing Date, that satisfies the requirements of Treasury Regulation Sections 1.897-2(h)(1) and 1.1445-2(b)(3) and confirms that the Company is not a "United States real property holding corporation" as defined in Section 897 of the Code; and (ii) proof that the Company has satisfied the requirements of Treasury Regulations Section 1.897-2(h)(2) by delivering to the IRS documentation in form and substance reasonably satisfactory to Purchaser.

(f) All third-party consents set forth in Section 9.02(f) of the Company Disclosure Schedule shall have been obtained in form and substance reasonably satisfactory to Purchaser, and shall remain in full force and effect.

(g) The Company shall have delivered to Purchaser copies of all the consents, approvals, waivers, licenses and authorizations associated with the Required

Governmental Approvals and submitted by any of the Acquired Companies to the applicable Governmental Authority.

(h) The Company shall have delivered to Purchaser, at least three Business Days prior to the Closing Date, the Payoff Letters.

(i) The Equityholders' Representative and the Escrow Agent shall have delivered to Purchaser duly executed counterparts to the Escrow Agreement.

(j) The Written Consent and Support Agreement duly executed by the Company and each of the Required Equityholders shall be in full force and effect.

(k) The Company shall have delivered to Purchaser the resignations of the directors and officers of the Acquired Companies, substantially in the form attached as Exhibit J.

(l) The Company shall have delivered to Purchaser all documents reasonably requested by Purchaser relating to the existence of the Company and the authority of the Company to execute and deliver, and perform its obligations under, this Agreement, in form and substance reasonably satisfactory to Purchaser.

(m) Purchaser shall have received, from one or more Equityholders listed on Schedule II who, taken together, will be entitled to receive at the Closing an aggregate amount of Merger Consideration in excess of $60,000,000, (i) evidence reasonably satisfactory to Parent that such Equityholders are "accredited investors" as that term is defined in Rule 501 of Regulation D of the Securities Act (including a letter from each such Equityholder's independent certified public accountant certifying that such Equityholder is an "accredited investor") and (ii) a Written Consent and Support Agreement duly executed by each such Equityholder.

(n) The Company shall have delivered to the Purchaser amendments duly executed by the Company and Knology, Inc., substantially in the form attached as Exhibit K-1, Exhibit K-2 and Exhibit K-3 hereto.

Section 9.03. *Conditions to Obligation of the Company*. The obligation of the Company to consummate the Closing is subject to the satisfaction (or, to the extent permitted by Applicable Law, waiver by the Company) of the following further conditions:

(a) Each of Parent, Purchaser and Merger Sub shall have performed in all material respects all of its respective obligations hereunder required to be performed by it at or prior to the Closing Date.

(b) The representations and warranties of Parent, Purchaser and Merger Sub contained in this Agreement and in any certificate or other writing delivered pursuant hereto (disregarding all materiality and Parent Material Adverse Effect qualifications contained therein) shall be true and correct at and as of the Closing Date as if made at and as of such date (other than such representations and warranties that by their terms address matters only as of another specified time, which shall be so true and correct only as of such time), with only such exceptions as would not, individually or in the aggregate, have, or reasonably be expected to have, a Parent Material Adverse Effect.

(c) The Company shall have received a certificate signed by an officer of Parent certifying as to Parent's, Purchaser's and Merger Sub's satisfaction of the conditions set forth in Sections 9.03(a) and 9.03(b).

(d) The Purchaser (or an Affiliate of Purchaser) and the Escrow Agent shall have delivered to the Company duly executed counterparts to the Escrow Agreement.

ARTICLE 10
SURVIVAL; INDEMNIFICATION

Section 10.01. *Survival*. The representations and warranties of the parties hereto contained in this Agreement shall not survive the Closing; *provided* that the representations and warranties of the Company contained in Sections 3.01, 3.02, 3.04(i), 3.05, 3.06(a), 3.06(c), 3.18 and 3.22 and the representations and warranties of Parent, Purchaser and Merger Sub contained in Sections 4.01, 4.02, 4.04(i) and 4.07 (collectively, the "**Fundamental Representations**") shall survive the Closing indefinitely or until the latest date permitted by Applicable Law and the representations and warranties of the Company contained in Section 3.11 shall survive the Closing until 60 days after the expiration of the applicable statute of limitations. The covenants and agreements of the parties hereto contained in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing indefinitely or for such shorter period explicitly specified therein, except that for such covenants and agreements that survive for such shorter period, breaches thereof shall survive indefinitely or until the latest date permitted by Applicable Law. Notwithstanding the preceding sentences, any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences if requisite written notice pursuant to Article 10 of the breach thereof giving rise to such right of indemnity shall have been given to Purchaser (if the indemnity is sought against Parent, Purchaser or Merger Sub) or the Equityholders' Representative (if the indemnity is sought against the Equityholders), as applicable, prior to such time.

Section 10.02. *Indemnification.* (a) Subject to the limitations set forth in this Article 10, effective at and after the Effective Time, the Equityholders (severally (based on each such Equityholder's Pro Rata Share), but not jointly) hereby indemnify Parent, Purchaser, Merger Sub, each Acquired Company (including, for clarity, the Surviving Corporation) and each of their respective officers, directors, employees, Affiliates and agents and each of their respective successors and permitted assigns (collectively, the "**Parent Indemnified Parties**") against and agrees to hold each of them harmless from any and all damage, loss, Liability, fines, penalties, claims, forfeitures, Actions, diminution in value, fees, costs and expense (including reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any Action, whether involving a Third-Party Claim or a claim solely between the parties hereto, to enforce the provisions hereof but not including punitive damages of any kind; *provided* that such damages shall be included to the extent such damages are payable by an Indemnified Party to an unaffiliated third party in connection with a Third-Party Claim) ("**Damages**"), incurred or suffered by the Surviving Corporation or any other Parent Indemnified Party arising out of or resulting from: (i) any breach of any of the Fundamental Representations made by the Company pursuant to this Agreement (determined without regard to any qualification or exception contained therein relating to materiality, Company Material Adverse Effect or similar qualification or standard); (ii) any breach of any covenant or agreement made or to be performed by any Acquired Company (at or prior to the Effective Time) pursuant to this Agreement; (iii) any Unpaid Transaction Expenses (to the extent not included in Final Unpaid Transaction Expenses); (iv) any Closing Indebtedness (to the extent not included in Final Closing Indebtedness); (v) any inaccuracy in, or claims from any Equityholder related to or arising out of, the Allocation Schedule (including any update thereto), or the treatment of any Company Stock Option or any Company Warrant pursuant to Section 2.07, including to the extent any Equityholder is entitled to receive any amounts (in its capacity as an Equityholder) in excess of the amounts (as applicable) indicated on the Allocation Schedule; (vi) any Covered Taxes; (vii) any demand for appraisal by any Equityholder or other owner of ownership interests of any Acquired Company in connection with the Merger; (viii) any Action by or on behalf of any current or former equityholder or other owner of any ownership interest in any Acquired Company (or any of their respective Affiliates, successors or assigns) in connection with the Transaction Documents, the Merger or the other transactions contemplated hereby or thereby, including any alleged breach of any duty by any officer, manager, director, Equityholder or other owner of ownership interests of any Acquired Company, or any actions or omissions by the Equityholders' Representative or the Payments Administrator, in connection with the Transaction Documents or the transactions contemplated thereby; (ix) any amounts payable by the Equityholders' Representative pursuant to indemnification obligations under the Escrow Agreement or the Payments Agreement; (x) any failure by Parent, Purchaser, any Acquired Company, or any of their respective Affiliates, to properly withhold and remit, or otherwise pay, any Taxes associated with any payment in respect of Company Warrants; or (xi) any Liabilities of any of the Company or any of its Affiliates arising out or resulting from the Fiber Lateral Sale Contract or any Contract entered into in connection therewith (including those set forth on Section 5.01(b)(x) of the Disclosure Schedule).

(b) Subject to the limitations set forth in this Article 10, effective at and after the Effective Time, Purchaser hereby indemnifies the Equityholders and each of their respective officers, directors, employees, Affiliates (other than the Acquired Companies) and agents and each of their respective successors and permitted assigns (collectively, the "**Equityholder Indemnified Parties**") against and agrees to hold each of them harmless from any and all Damages, incurred or suffered by such Equityholder Indemnified Party arising out of or resulting from: (i) any breach of any representation or warranty made by Parent, Purchaser or Merger Sub pursuant to this Agreement (determined without regard to any qualification or exception contained therein relating to materiality, Parent Material Adverse Effect or similar qualification or standard); and (ii) any breach of any covenant or agreement made or to be performed by any Acquired Company (after the Effective Time), Parent, Purchaser or Merger Sub pursuant to this Agreement.

Section 10.03. *Third-Party Claim Procedures.* (a) The party seeking indemnification under Section 10.02 (the "**Indemnified Party**") agrees to give prompt notice in writing to the party against whom indemnity is to be sought (the "**Indemnifying Party**") of the assertion of any claim or the commencement of any Action (including any Tax audit or administrative or judicial proceeding relating to Taxes) ("**Claim**") in respect of which indemnity may be sought under Section 10.02. Such notice shall set forth in reasonable detail such Claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent such failure shall have materially and adversely prejudiced the Indemnifying Party.

(b) The Indemnifying Party (or the Equityholders' Representative in the case of an indemnification claim pursuant to Section 10.02(a)) shall be entitled to participate in the defense of any Claim asserted by any third party ("**Third-Party Claim**") and, subject to the limitations set forth in this Section 10.03, shall be entitled to control and appoint lead counsel for such defense, in each case at its own expense.

(c) If the Indemnifying Party desires to assume the control of the defense of any Third-Party Claim in accordance with the provisions of this Section 10.03, the Indemnifying Party shall give written notice to the Indemnified Party within 30 days after the Indemnified Party has given written notice to the Indemnifying Party of the Third-Party Claim. If such notice is timely given, the Indemnifying Party shall be entitled to control and appoint lead counsel for such defense so long as (i) the Third-Party Claim involves only a claim for monetary damages and not any claim for an order, injunction or other equitable relief or relief for other than monetary damages against any Indemnified Party, (ii) the Indemnifying Party timely provides the Indemnified Party with

(x) evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have adequate financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder and (y) a statement that, based on the facts set forth in the notice required by Section 10.03, the Indemnifying Party would have an indemnity obligation for the Damages resulting from such Third-Party Claim, and (iii) the Third-Party Claim does not relate to or otherwise arise in connection with any criminal or regulatory Action.

(d) If the Indemnifying Party is controlling the defense of a Third-Party Claim, the Indemnifying Party shall obtain the prior written consent of the Indemnified Party before entering into any settlement, compromise or discharge of such Third-Party Claim; *provided* that the Indemnified Party shall agree to any settlement, compromise or discharge of a Third-Party Claim that the Indemnifying Party may recommend and that by its terms (i) obligates the Indemnifying Party to pay the full amount of the Damages in connection with such Third-Party Claim and the Indemnifying Party has the financial ability to pay the full amount of such Damages and which releases in full the Indemnified Party completely in connection with such Third-Party Claim, (ii) does not impose injunctive or equitable relief or require an admission of liability or wrongdoing on behalf of the Indemnified Party or any of its Affiliates and (iii) contains a full and unconditional release of the Indemnified Party and its Affiliates from all Damages and obligations with respect to such Third-Party Claim.

(e) If the Indemnifying Party does not timely deliver the notice contemplated by Section 10.03, or if such notice is given on a timely basis but any of the other conditions in Section 10.03 is unsatisfied, the Indemnified Party may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third-Party Claim. Notwithstanding anything in this Section 10.03 to the contrary, whether or not the Indemnifying Party controls the defense of a Third-Party Claim, the Indemnified Party shall not admit any liability with respect to, or settle, compromise or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed); *provided* that the Indemnified Party may admit liability with respect to, or settle, compromise or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent so long as the Indemnified Party releases, to the reasonable satisfaction of the Indemnifying Party, any claims to indemnification with respect to such Third-Party Claim pursuant to this Article 10.

(f) In circumstances where the Indemnifying Party is controlling the defense of a Third-Party Claim, the Indemnified Party shall be entitled to participate in the defense of any Third-Party Claim and to employ separate counsel of its choice for such purpose, in which case the fees and expenses of such separate counsel incurred by the Indemnified Party after such time as the Indemnifying Party assumed control pursuant to Section 10.03(b) shall be borne by the Indemnified Party; *provided* that notwithstanding the foregoing, the Indemnifying Party shall pay the fees and expenses of such separate counsel (i) incurred by the Indemnified Party prior to the

date the Indemnifying Party assumes control of the defense of the Third-Party Claim or during any period in which the Indemnifying party ceases to be eligible to maintain control of the defense of the Third-Party Claim, in either case as provided in this Section 10.03, (ii) if representation of both the Indemnifying Party and the Indemnified Party by the same counsel would create a conflict of interest or (iii) if counsel chosen by the Indemnifying Party requests a conflict wavier or other waiver from the Indemnified Party with respect to such matter.

(g) Each of the Indemnifying Party and the Indemnified Party shall cooperate, and cause its respective Affiliates to cooperate, in the defense or prosecution of any Third-Party Claim and shall promptly furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith.

Section 10.04. *Calculation of Damages.* The amount of any Damages payable under Section 10.02 by the Indemnifying Party shall be net of any amounts recovered by the Indemnified Party under applicable insurance policies (net of any costs or expenses incurred in the collection thereof, including deductibles and net of any applicable premium adjustments).

Section 10.05. *Characterization of Indemnification Payments.* To the extent permitted by Applicable Law, any amount paid pursuant to this Article 10 shall be treated as an adjustment to the Merger Consideration for Tax purposes.

Section 10.06. *Limitations.* Except in the case of fraud, bad faith or willful breach or as otherwise set forth herein, (i) the aggregate Liability of any Equityholder for Damages under this Article 10 shall not exceed the Merger Consideration actually received by such Equityholder pursuant to the Transaction Documents, (ii) the aggregate Liability of Parent, Purchaser and the Acquired Companies for Damages under this Article 10 shall not exceed the aggregate amount of Merger Consideration actually paid by Parent or Purchaser pursuant to the Transaction Documents and (iii) no Indemnifying Party shall be entitled to indemnification pursuant to this Article 10 unless and until the aggregate amount of all Damages hereunder exceeds $250,000 whereupon the Indemnified Parties shall be entitled to be indemnified only for such Damages in excess thereof. The limitation set forth in clause (iii) of the preceding sentence shall not apply to any claims pursuant to Section 10.02(a)(xi).

Section 10.07. *Exclusivity of Remedy*. Subject to Section 12.12, the parties hereto acknowledge and agree that from and after the Effective Time, the indemnification provisions in this Article 10 shall be the sole and exclusive monetary remedy of any party with respect to any and all claims arising out of breaches of representations, warranties, covenants or agreements contained in this Agreement, other than claims for fraud or as otherwise expressly provided by Section 2.14(h) or Section 2.15(d).

Section 10.08. *Mitigation*. Purchaser, the Surviving Corporation, the Equityholders, and the Equityholders' Representative shall cooperate with each other with respect to resolving any claim for Damages with respect to which one party is obligated to indemnify the other party hereunder, including by making commercially reasonably efforts to mitigate or resolve any such claim for Damages; *provided*, *however*, that no party shall be required to make such efforts if they would be detrimental in any material respect to such party.

Section 10.09. *Equityholders' Representative.* (a) By virtue of the approval and adoption of this Agreement by the Required Stockholder Vote and the delivery of the Written Consent and Support Agreement, and without further action of any Equityholder, each Equityholder shall be deemed to have irrevocably constituted and appointed Shareholder Representative Services LLC (which, by execution of this Agreement, hereby accepts such appointment) to act as the Equityholders' Representative and as the sole representative, agent and attorney-in-fact for and on behalf of the Equityholders (in their capacity as such), with full power of substitution to take all actions on behalf of the Equityholders in connection with this Agreement and the agreements ancillary hereto, including (i) to execute and deliver on behalf of the Equityholders any amendment, consent or waiver under this Agreement and the other Transaction Documents, (ii) to assert, and to agree to resolution of, all claims and disputes hereunder or thereunder, including under Section 2.10, Section 2.14 and Article 10 hereof, (iii) to retain legal counsel and other professional services, at the expense of the Equityholders, in connection with the performance by the Equityholders' Representative of this Agreement and the other Transaction Documents, (iv) to execute and deliver on the Equityholders' behalf all documents and instruments which may be executed and delivered pursuant to this Agreement and the other Transaction Documents, (v) to make and receive notices and other communications pursuant to this Agreement and the other Transaction Documents and service of process in any Action arising out of or related to this Agreement and the other Transaction Documents, (vi) to negotiate, settle or compromise any Action arising out of or related to this Agreement or the other Transaction Documents or any of the transactions hereunder or thereunder, including to take any action (or determine not to take action) in connection with the defense, prosecution, settlement, compromise or other resolution of any claim for indemnification pursuant to Article 10, and (vii) to do each and every act and exercise all rights that are either (x) necessary or appropriate in the judgment of the Equityholders' Representative for the accomplishment of the foregoing or (y) mandated or permitted by the terms of this Agreement or the other Transaction Documents. Payment by or on behalf of Parent or Purchaser to the Payments Administrator in accordance with this Agreement shall be in full satisfaction of the obligations of Parent, Purchaser and their respective Affiliates with respect to such payment.

(b) The Equityholders' Representative may resign at any time. The power of attorney granted in this Section 10.09 is coupled with an interest and is irrevocable, may be delegated by the Equityholders' Representative and shall survive the death or incapacity of each Equityholder. Such agency may be changed by the Equityholders having a majority in interest of the Pro Rata

Share of all Equityholders (excluding for such purposes the Dissenting Shares from the calculation of each Equityholder's Pro Rata Share) as of such time (including in the event of the resignation, death, disability or other incapacity of an Equityholders' Representative that is an individual), and, following the provision of notice to Parent and Purchaser, the newly appointed representative shall be the Equityholders' Representative for all purposes hereunder, and any such successor shall succeed the Equityholders' Representative as the Equityholders' Representative hereunder. Neither the removal of, nor the appointment of a successor to, the Equityholders' Representative shall affect in any manner the validity or enforceability of any actions taken or agreements, understandings or commitments entered into by the prior Equityholders' Representative, which shall continue to be effective and binding on the Equityholders. For the avoidance of doubt, any compromise or settlement of any matter by the Equityholders' Representative hereunder shall be binding on, and fully enforceable against, all Equityholders. No bond shall be required of the Equityholders' Representative.

(c) A decision, act, consent or instruction of the Equityholders' Representative hereunder shall constitute a decision, act, consent or instruction of all of the Equityholders and shall be final, binding and conclusive upon each of the Equityholders, and the Escrow Agent, Parent, Purchaser, Merger Sub and, after the Effective Time, the Surviving Corporation, may rely upon any such decision, act, consent or instruction of the Equityholders' Representative as being the decision, act, consent or instruction of each and every such Equityholder. The Parent Indemnified Parties are hereby relieved from any Liability to any Person for any acts done by them in accordance with any such decision, act, consent or instruction of the Equityholders' Representative. Each Equityholder hereby agrees that for any Action arising under this Agreement or any Transaction Document such Equityholder may be served legal process by registered mail to the address set forth in Section 12.01 for the Equityholders' Representative (or any alternative address designated to the parties in writing by the Equityholders' Representative), and that service in such manner shall be adequate and such Equityholder shall not assert any defense of claim that service in such manner was not adequate or sufficient in any court in any jurisdiction. Each Equityholder shall promptly provide written notice to the Equityholders' Representative of any change of address of such Equityholder.

(d) Without limiting the generality of the foregoing and for the avoidance of doubt, for purposes of Article 10, if any Equityholder Indemnified Party is seeking indemnification as the Indemnified Party hereunder, or indemnification is sought against any Equityholder as an Indemnifying Party hereunder, then, in either such case, the Equityholders' Representative shall act on behalf of, and receive notice on behalf of, such Equityholder; provided, that for the avoidance of doubt, the Equityholders' Representative is not responsible for payment of any indemnity amounts owed by any Equityholder.

(e) The Equityholders' Representative, solely in its capacity as the representative of the Sellers, represents and warrants to Parent, Purchaser and Merger Sub, as of the date hereof as follows:

(i) the Equityholders' Representative is a Colorado limited liability company duly organized, validly existing and in good standing under the laws of Colorado, and has all requisite limited liability company power and authority required to carry on its business in all material respects as currently conducted;

(ii) the execution and delivery of this Agreement by the Equityholders' Representative, and the performance by the Equityholders' Representative of its obligations hereunder, have been duly authorized by all necessary limited liability company action on the part of the Equityholders' Representative;

(iii) this Agreement has been duly executed and delivered by the Equityholders' Representative and this Agreement constitutes a legally valid and binding obligation of the Equityholders' Representative, enforceable against the Equityholders' Representative in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity and the laws of agency); and

(iv) the execution and delivery of the Transaction Documents to which it is (or will be) a party by the Equityholders' Representative, and the performance by the Equityholders' Representative of its obligations thereunder do not conflict with or result in a violation of the organizational documents of the Equityholders' Representative.

(f) Each Equityholder, by its acceptance of its share of the Merger Consideration payable at Closing hereunder, accepts and agrees to be bound by the provisions set forth in this Section 10.09.

ARTICLE 11
TERMINATION

Section 11.01. *Grounds for Termination*. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of the Company and Purchaser;

(b) by either the Company or Purchaser if the Closing shall not have been consummated on or before September 30, 2016 (such date, the "**End Date**"); *provided* that the right to terminate this Agreement pursuant to this Section 11.01(b) shall not be

available to Purchaser, if Parent's, Purchaser's or Merger Sub's, or to the Company, if the Company's, breach of any provision of this Agreement results in the failure of the Closing to occur by such date;

(c) by either the Company or Purchaser if there shall be any Applicable Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any nonappealable final order, decree or judgment of any Governmental Authority having competent jurisdiction;

(d) by either the Company or Purchaser if there has been a misrepresentation or breach of warranty or breach of covenant or other agreement set forth in this Agreement by Parent, Purchaser or Merger Sub (in the case of termination by the Company) or by the Company (in the case of termination by Purchaser) that would cause the condition set forth in Section 9.03(a), Section 9.03(b) or Section 9.03(c) (in the case of termination by the Company) or Section 9.02(a), Section 9.02(b), Section 9.02(c) or Section 9.02(d) (in the case of termination by Purchaser) not to be satisfied, and either (A) the relevant party is not using its commercially reasonable efforts to cure such misrepresentation or breach as promptly as practicable or (B) such condition is incapable of being satisfied by the End Date; and

(e) by Purchaser if the Company fails to deliver to Purchaser, within 72 hours following the execution and delivery of this Agreement a copy of the duly executed and delivered Written Consent and Support Agreements from each Required Equityholder.

The party desiring to terminate this Agreement pursuant to Section 11.01(b), Section 11.01(c), Section 11.01(d) or Section 11.01(e) shall give notice of such termination to the other party.

Section 11.02. *Effect of Termination*. If this Agreement is terminated as permitted by Section 11.01, such termination shall be without Liability of any party (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to any other party to this Agreement; *provided* that if such termination shall result from the willful and material breach by any party hereto of any representation or warranty or agreement contained herein, such party shall be fully liable for any and all Damages incurred or suffered by any other party as a result of such failure or breach. The provisions of this Section 11.02 and Article 12 (other than Section 12.12) shall survive any termination hereof pursuant to Section 11.01.

ARTICLE 12
MISCELLANEOUS

Section 12.01. *Notices*. All notices, requests and other communications to any party hereunder shall be in writing (including electronic mail ("**e-mail**") transmission) and shall be given,

if to Parent, Purchaser, Merger Sub or the Surviving Corporation, to:

Communications Sales & Leasing, Inc.
10802 Executive Center Drive
Benton Building, Suite 300
Little Rock, Arkansas 72211
Attention: Daniel L. Heard
E-mail: Daniel.Heard@cslreit.com

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: H. Oliver Smith
Facsimile No.: (212) 701-5636
E-mail: oliver.smith@davispolk.com

if to the Company or any Equityholder, prior to the Closing, to:

Tower Cloud, Inc.
9501 International Court North
St. Petersburg, FL 33716
Attention: Thomas W. Guard
Facsimile No.: (727) 471-5601
E-mail: tguard@towercloud.com

with a copy to:

Hanson Bridgett LLP
425 Market Street, 26th Floor
San Francisco, CA 94105
Attention: Teresa V. Pahl
Facsimile No.: (415) 995-3431
E-mail: tpahl@hansonbridgett.com

if to the Equityholders' Representative or, after the Closing to any Equityholder, to:

Shareholder Representative Services LLC
1614 15th Street, Suite 200
Denver, CO 80202
Attention: Managing Director
E-mail: deals@srsacquiom.com
Telephone: (303) 648-4085
Facsimile: (303) 623-0294

or, in each case, to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 4:00 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Section 12.02. *Amendments and Waivers*. (a) No amendment of any provision of this Agreement shall be valid unless the amendment is in writing and signed by Parent, Purchaser, the Company (or the Surviving Corporation following the Closing) and the Equityholders' Representative; *provided*, *however*, that after the receipt of the Required Stockholder Vote, no amendment to this Agreement shall be made which by Applicable Law requires further approval by the stockholders of the Company without such further approval by such stockholders. No waiver of any provision of this Agreement shall be valid unless the waiver is in writing and signed by the waiving parties.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 12.03. *Disclosure Schedule References*. The parties hereto agree that any reference in a particular Section of the Company Disclosure Schedule shall only be deemed to be an exception to (or, as applicable, a disclosure for purposes of): (a) the representations and warranties (or covenants and agreements, as applicable) of the relevant party that are contained in the corresponding Section of this Agreement and (b) any other representations and warranties (or covenants and agreements, as applicable) of such party that are contained in this Agreement, but only if the relevance of that reference as an exception to (or a disclosure for purposes of) such representations and warranties (or covenants and agreements, as applicable) would be readily apparent to a reasonable person.

Section 12.04. *Expenses*. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

Section 12.05. *Successors and Assigns*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; *provided* that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto; *provided, further*, that Parent, Purchaser and Merger Sub, or, after the Effective Time, the Surviving Corporation, as the case may be, may transfer or assign its rights and obligations under this Agreement, in whole or from time to time in part, to (i) one or more of Parent's Affiliates at any time and (ii) after the Effective Time, to any Person; *provided* that no such transfer or assignment shall relieve any such assigning party of its obligations hereunder or enlarge, alter or change any obligation of any other party hereto or due to the assigning party. Nothing in this Section 12.05 shall prejudice the Equityholders' Representative's right to resign pursuant to Section 10.09(b).

Section 12.06. *Governing Law*. This Agreement and all Actions arising out of or relating to this Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

Section 12.07. *Jurisdiction*. The parties hereto agree that any Action seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought exclusively in the Delaware Chancery Court or, if such court shall not have jurisdiction, any federal court located in the State of Delaware or other Delaware state court, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware, and each of the parties hereby irrevocably consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such Action so long as one of such courts shall have subject matter jurisdiction over such Action, and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such Action in any such court or that any such Action brought in any such court has been brought in an inconvenient forum. Process in any such Action may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 12.01 shall be deemed effective service of process on such party.

Section 12.08. *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 12.09. *Counterparts; Effectiveness; No Third-Party Beneficiaries*. This Agreement may be signed in any number of counterparts (including by electronic means), each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by each other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns.

Section 12.10. *Entire Agreement*. This Agreement, the other Transaction Documents and the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 12.11. *Severability.* If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 12.12. *Specific Performance.* The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in the courts set forth in Section 12.07, in addition to any other remedy to which they are entitled at law or in equity.

Section 12.13. *Legal Representation*.

(a) It is acknowledged and agreed by each of the Parent, Purchaser, Company and Equityholders' Representative that Hanson Bridgett LLP ("**Counsel**") has represented the Company in connection with the transactions contemplated by this Agreement. Parent, Purchaser and the Company agree that any attorney-client privilege, attorney work-product protection, and expectation of client confidence attaching as a result of Counsel's representation

of the Company in connection with the transactions contemplated by this Agreement, and all information and documents covered by such privilege or protection, shall belong to and be controlled by the Equityholders' Representative, for the Equityholders, and may be waived only by the Equityholders' Representative and not the Company, Parent or Purchaser, and shall not pass to or be claimed or used by Parent, Purchaser or the Company.

(b) Parent, Purchaser and Company acknowledge that Counsel has acted as counsel for Company and that, in the event of any post-Closing matters or disputes between the parties hereto relating to this Agreement, including any matters or disputes involving the Equityholders or the Equityholders' Representative, one or more of the Equityholders or the Equityholders' Representative may reasonably anticipate that Counsel will represent it in such matters or disputes. Parent, Purchaser and the Company consent to Counsel's representation of any Equityholder or the Equityholders' Representative in any post-Closing matter or dispute with Parent, Purchaser or the Company in which the interests of Parent, Purchaser or the Company, on the one hand, and any or all of the Equityholders or the Equityholders' Representative, on the other hand, are adverse.

(c) Notwithstanding any provision to the contrary, from and after the Effective Time, the attorney-client privilege, attorney work-product protection and expectation of client confidence involving general business matters of any of the Acquired Companies (but not, for the avoidance of doubt, to the extent relating to Counsel's representation of the Company and the Equityholders in connection with the transactions contemplated by this Agreement) are for the sole benefit of Parent, Purchaser and the Acquired Companies.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

COMMUNICATIONS SALES & LEASING, INC.

By: */s/ Kenneth A. Gunderman*
Name: Kenneth A. Gunderman
Title: President and Chief Executive Officer

CSL FIBER HOLDINGS LLC

By: */s/ Kenneth A. Gunderman*
Name: Kenneth A. Gunderman
Title: President and Chief Executive Officer

THOR MERGER SUB INC.

By: CSL FIBER HOLDINGS LLC, its sole stockholder

By: */s/ Kenneth A. Gunderman*
Name: Kenneth A. Gunderman
Title: President and Chief Executive Officer

[Signature Page to Merger Agreement]

TOWER CLOUD, INC.

By: */s/ Ronald Mudry*
Name: Ronald Mudry
Title: Chief Executive Officer

SHAREHOLDER REPRESENTATIVE SERVICES LLC,
solely in its capacity as the Equityholders' Representative

By: */s/ Sam Riffe*
Name: Sam Riffe
Title: Executive Director

[Signature Page to Merger Agreement]

EXHIBIT A

CONFIDENTIAL TREATMENT REQUESTED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND MARKED WITH "[*****]". AN UNREDACTED VERSION OF THE DOCUMENT HAS ALSO BEEN FURNISHED SEPARATELY TO THE SECURITIES AND EXCHANGE COMMISSION AS REQUIRED BY RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXHIBIT B

EXHIBIT C

EXHIBIT D

EXHIBIT E

CONFIDENTIAL TREATMENT REQUESTED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND MARKED WITH "[*****]". AN UNREDACTED VERSION OF THE DOCUMENT HAS ALSO BEEN FURNISHED SEPARATELY TO THE SECURITIES AND EXCHANGE COMMISSION AS REQUIRED BY RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXHIBIT F

EXHIBIT G

CONFIDENTIAL TREATMENT REQUESTED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND MARKED WITH "[*****]". AN UNREDACTED VERSION OF THE DOCUMENT HAS ALSO BEEN FURNISHED SEPARATELY TO THE SECURITIES AND EXCHANGE COMMISSION AS REQUIRED BY RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXHIBIT H

EXHIBIT I

CONFIDENTIAL TREATMENT REQUESTED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND MARKED WITH "[*****]". AN UNREDACTED VERSION OF THE DOCUMENT HAS ALSO BEEN FURNISHED SEPARATELY TO THE SECURITIES AND EXCHANGE COMMISSION AS REQUIRED BY RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXHIBIT J

CONFIDENTIAL TREATMENT REQUESTED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND MARKED WITH "[*****]". AN UNREDACTED VERSION OF THE DOCUMENT HAS ALSO BEEN FURNISHED SEPARATELY TO THE SECURITIES AND EXCHANGE COMMISSION AS REQUIRED BY RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXHIBIT K-1

CONFIDENTIAL TREATMENT REQUESTED. INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND MARKED WITH "[*****]". AN UNREDACTED VERSION OF THE DOCUMENT HAS ALSO BEEN FURNISHED SEPARATELY TO THE SECURITIES AND EXCHANGE COMMISSION AS REQUIRED BY RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXHIBIT K-2

EXHIBIT K-3

Exhibit 2.2

EXECUTION COPY

FIRST AMENDMENT TO
AGREEMENT AND PLAN OF MERGER

This is the First Amendment (the "**First Amendment**") to that certain Agreement and Plan of Merger dated as of June 20, 2016 (the "**Merger Agreement**") by and among Communications Sales & Leasing, Inc., CSL Fiber Holdings LLC, Thor Merger Sub Inc., Tower Cloud, Inc., and Shareholder Representative Services LLC, in its capacity as the Equityholders' Representative. The effective date of this First Amendment is August 11, 2016. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Merger Agreement.

WHEREAS, the Merger Agreement was executed by the parties hereto on June 20, 2016;

WHEREAS, pursuant to Section 12.02(a) of the Merger Agreement, the Merger Agreement may be amended in a writing signed by Parent, Purchaser, the Company (or the Surviving Corporation following the Closing) and the Equityholders' Representative; and

WHEREAS, pursuant to Section 2.07(f) of the Merger Agreement, the parties to the Merger Agreement agreed to implement a plan to permit the holders of Out-of-the-Money Company Stock Options to participate in any Per Share Adjustment Consideration, Per Share Escrow Release Amount, Per Share Equityholders' Representative Fund Release Amount, and Per Share Earn-Out Payments to the extent the Out-of-the-Money Company Stock Options held by such Equityholders would have been In-the-Money Company Stock Options if such amounts and all prior Per Share Closing Cash Consideration, Per Share Adjustment Consideration, Per Share Escrow Release Amounts, Per Share Equityholders' Representative Fund Release Amounts and Per Share Earn-Out Payments had been included in the Merger Consideration paid on the Closing Date.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree to amend the Merger Agreement as follows:

1. Section 1.01 of the Merger Agreement is hereby amended by adding the following defined term immediately following the definition of "Covered Tax":

   "**Cumulative Merger Consideration Per Common Share**" means, at any point in time, the cumulative amount of Common Merger Consideration previously paid in respect of each share of Company Common Stock issued and outstanding immediately prior to the Effective Time.

2. The definition of "Fully Diluted Common Number" set forth in Section 1.01 of the Merger Agreement is hereby amended and restated in its entirety as follows:

   "**Fully Diluted Common Number**" means, with respect to any payment of any portion of Common Merger Consideration to be paid hereunder:

   (i) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is less than or equal to $0.09, the total number of shares of Company Stock (including Dissenting Shares, but excluding Disregarded Shares) outstanding immediately prior to the Effective Time (assuming all shares of Company Preferred Stock are converted into Company Common Stock as of such time);

(ii) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.09 but less than or equal to $0.11, the sum of (A) the total number of shares of Company Stock (including Dissenting Shares, but excluding Disregarded Shares) outstanding immediately prior to the Effective Time (assuming all shares of Company Preferred Stock are converted into Company Common Stock as of such time) and (B) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.09 or less and outstanding immediately prior to the Effective Time;

(iii) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.11 but less than or equal to $0.13, the sum of (A) the total number of shares of Company Stock (including Dissenting Shares, but excluding Disregarded Shares) outstanding immediately prior to the Effective Time (assuming all shares of Company Preferred Stock are converted into Company Common Stock as of such time) and (B) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.11 or less and outstanding immediately prior to the Effective Time;

(iv) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.13 but less than or equal to $0.24, the sum of (A) the total number of shares of Company Stock (including Dissenting Shares, but excluding Disregarded Shares) outstanding immediately prior to the Effective Time (assuming all shares of Company Preferred Stock are converted into Company Common Stock as of such time) and (B) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.13 or less and outstanding immediately prior to the Effective Time;

(v) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.24 but less than or equal to $0.41, the sum of (A) the total number of shares of Company Stock (including Dissenting Shares, but excluding Disregarded Shares) outstanding immediately prior to the Effective Time (assuming all shares of Company Preferred Stock are converted into Company Common Stock as of such time) and (B) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.24 or less and outstanding immediately prior to the Effective Time; and

(vi) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.41, the sum of (A) the total number of shares of Company Stock (including Dissenting Shares, but excluding Disregarded Shares) outstanding immediately prior to the Effective Time (assuming all shares of Company Preferred Stock are converted into Company Common Stock as of such time) and (B) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.41 or less and outstanding immediately prior to the Effective Time.

For illustrative purposes only, a sample application of the Fully Diluted Common Number definition to a series of hypothetical Common Merger Consideration payments is attached hereto as Schedule IA.

3. The definition of "Pro Rata Share" set forth in Section 1.01 of the Merger Agreement is hereby amended and restated in its entirety as follows:

"**Pro Rata Share**" means, with respect to an Equityholder's entitlement to receive any portion of the Common Merger Consideration to be paid hereunder,

(i) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is less than or equal to $0.09, a fraction (expressed as a percentage) (A) the numerator of which is the total number of shares of Company Common Stock held by such Equityholder (on an as-converted basis with respect to any shares of Company Preferred Stock held by such Equityholder) immediately prior to the Effective Time, and (B) the denominator of which is the Fully Diluted Common Number;

(ii) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.09 but less than or equal to $0.11, a fraction (expressed as a percentage) (A) the numerator of which is the sum of (1) the total number of shares of Company Common Stock held by such Equityholder (on an as-converted basis with respect to any shares of Company Preferred Stock held by such Equityholder) immediately prior to the Effective Time and (2) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.09 or less and held by such Equityholder immediately prior to the Effective Time, and (B) the denominator of which is the Fully Diluted Common Number;

(iii) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.11 but less than or equal to $0.13, a fraction (expressed as a percentage) (A) the numerator of which is the sum of (1) the total number of shares of Company Common Stock held by such Equityholder (on an as-converted basis with respect to any shares of Company Preferred Stock held by such Equityholder) immediately prior to the Effective Time and (2) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.11 or less and held by such Equityholder immediately prior to the Effective Time, and (B) the denominator of which is the Fully Diluted Common Number;

(iv) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.13 but less than or equal to $0.24, a fraction (expressed as a percentage) (A) the numerator of which is the sum of (1) total number of shares of Company Common Stock held by such Equityholder (on an as-converted basis with respect to any shares of Company Preferred Stock held by such Equityholder) immediately prior to the Effective Time and (2) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.13 or less and held by such Equityholder immediately prior to the Effective Time, and (B) the denominator of which is the Fully Diluted Common Number;

(v) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.24 but less than or equal to $0.41, a fraction (expressed as a percentage) (A) the numerator of which is the sum of (1) the total number of shares of Company Common Stock held by such Equityholder (on an as-converted basis with respect to any shares of Company Preferred Stock held by such Equityholder) immediately prior to the Effective Time and (2) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.24 or less and held by such Equityholder immediately prior to the Effective Time, and (B) the denominator of which is the Fully Diluted Common Number; and

(vi) to the extent that such payment of Common Merger Consideration would result in a Cumulative Merger Consideration Per Common Share that is greater than $0.41, a fraction (expressed as a percentage) (A) the numerator of which is the sum of (1) the total number of shares of Company Common Stock held by such Equityholder (on an as-converted basis with respect to any shares of Company Preferred Stock held by such Equityholder) immediately prior to the Effective Time and (2) the total number of shares of Company Common Stock issuable upon the exercise in full of all Company Stock Options (whether or not vested) with an exercise price of $0.41 or less and held by such Equityholder immediately prior to the Effective Time, and (B) the denominator of which is the Fully Diluted Common Number;

provided that in all cases the aggregate Pro Rata Share of all Equityholders shall equal 100%.

In all other cases, including for purposes of Section 2.15(d), Section 10.02(a) and Section 10.09(b), the Pro Rata Share of any Equityholder shall equal a fraction, the numerator of which is the aggregate amount of Merger Consideration paid to such Equityholder and the denominator of which is the aggregate amount of Merger Consideration paid to all Equityholders; *provided* that in all cases the aggregate Pro Rata Share of all Equityholders shall equal 100%.

For illustrative purposes only, a sample application of the Pro Rata Share definition to a series of hypothetical Common Merger Consideration payments is attached hereto as Schedule IA.

4. Section 2.07(a) of the Merger Agreement is hereby amended and restated in its entirety as follows:

As of the Effective Time, each Company Stock Option (whether or not vested) that is outstanding as of immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of Parent, Purchaser, Merger Sub, the Company, any Option Holder or any other Person, be cancelled in exchange for the right to receive a portion of the Common Merger Consideration, without interest, equal to the Per Share Closing Cash Consideration, Per Share Adjustment Consideration, the Per Share Escrow Release Amount, the Per Share Earn-Out Payments and the Per Share Equityholders' Representative Fund Release Amount, in each case only to the extent that the share of Company Common Stock underlying such Company Stock Option is required to be included in the Fully Diluted Common Number with respect to such payment, and in each case when, as and if payable pursuant to this Agreement. For the avoidance of doubt, in no event will the (i) aggregate Per Share Adjustment Consideration exceed the Underpayment Amount, if any, (ii) aggregate Per Share Escrow Release Amount exceed the amount remaining in the Escrow Account after giving effect to Section 2.11(b)(i) and Section 2.11(b)(ii), if any, (iii) aggregate Per Share

Earn-Out Payment exceed the amount of cash required to be paid to the Payments Administrator pursuant to Section 2.14(g) in respect of any Earn-Out Payment, if any, or (iv) aggregate Per Share Equityholders' Representative Fund Release Amount exceed the Equityholders' Representative Fund Balance, if any.

5. Section 2.07(f) of the Merger Agreement is hereby deleted in its entirety.

6. The definition of "Allocation Schedule" set forth in Section 1.01 of the Merger Agreement is hereby amended and restated in its entirety as follows:

"**Allocation Schedule**" means the Allocation Schedule attached hereto as Schedule I (as updated and revised in accordance with Section 2.09(a) and Section 2.11) setting forth the following information: (i) each Equityholder's name, address and email address, (ii) the number of shares of each class and series of Company Stock held as of immediately prior to the Effective Time by each such Equityholder, (iii) the number of shares of each class and series of Company Stock subject to Company Warrants (and the strike price thereof) held as of immediately prior to the Effective Time by each such Equityholder, (iv) the number of shares of each class and series of Company Stock subject to Company Stock Options (and the exercise price thereof) held as of immediately prior to the Effective Time by each such Equityholder, (v) the Fully Diluted Common Number (or Fully Diluted Common Numbers, if applicable), (vi) each Equityholder's Pro Rata Share (or Pro Rata Shares, if applicable), (vii) a calculation of the Per Share Series A Liquidation Preference, the Per Share Series B Liquidation Preference and the Per Share Closing Cash Consideration, (viii) a calculation of the aggregate Merger Consideration to be paid to each Equityholder in respect of each such Equityholder's (A) Per Share Series A Liquidation Preference, (B) Per Share Series B Liquidation Preference, (C) Per Share Closing Cash Consideration, (D) Company Stock Options, and (E) Company Warrants, (ix) in the case of the updated Allocation Schedule delivered pursuant to Section 2.11(a), a calculation of the Merger Consideration to be paid to each Equityholder in respect of each such Equityholder's Per Share Adjustment Consideration and Per Share Escrow Release Amount, including the Fully Diluted Common Number (or Fully Diluted Common Numbers, if applicable) in respect thereof, (x) in the case of any updated Allocation Schedule delivered pursuant to Section 2.15(c), a calculation of the aggregate Merger Consideration to be paid to each Equityholder in respect of each such Equityholder's Per Share Equityholders' Representative Fund Release Amount, including the Fully Diluted Common Number (or Fully Diluted Common Numbers, if applicable) in respect thereof, (xi) in the case of the updated Allocation Schedule delivered pursuant to Section 2.11(a), a calculation of the aggregate Merger Consideration to be paid to each Equityholder in respect of each such Equityholder's Per Share Earn-Out Payment (for each Earn-Out Payment assuming such Earn-Out Payment becomes payable in full and the Purchaser does not elect to deliver shares of Parent Common Stock in lieu of any portion of such amount), including the Fully Diluted Common Number (or Fully Diluted Common Numbers, if applicable) in respect thereof, (xii) the wire instructions of the Payments Administrator for purposes of paying the Merger Consideration pursuant to this Agreement, and (xiii) the wire instructions of the Equityholders' Representative for purposes of funding the Equityholders' Representative Fund.

7. The attached Schedule IA (which is for illustrative purposes only) is hereby inserted into the Merger Agreement as Schedule IA thereto.

8. The Company represents and warrants to each of Parent, Purchaser and Merger Sub that:

a. the execution and delivery of, and the performance by the Company of its obligations under this First Amendment and the consummation of the transactions contemplated hereby, are within the Company's corporate powers and have been duly and validly authorized and approved by all necessary corporate action on the part of the Company;

b. this First Amendment has been duly executed and delivered by the Company and constitutes a valid and binding agreement of the Company enforceable against it in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity); and

c. there are no votes, approvals, consents or other proceedings of the stockholders of any of the Acquired Companies or otherwise (other than those that have been obtained prior to the execution of this First Amendment) necessary in connection with the execution and delivery of, or the performance by the Company of its obligations under, this First Amendment or the consummation of the transactions contemplated hereby.

9. Each of Parent, Purchaser and Merger Sub represent and warrant to the Company that:

a. the execution and delivery of, and the performance by each of Parent, Purchaser and Merger Sub of their respective obligations under this First Amendment and the consummation by Parent, Purchaser and Merger Sub of the transactions contemplated hereby, are within the corporate or other similar organizational powers of Parent, Purchaser and Merger Sub, as applicable, and have been duly authorized by all necessary corporate or other similar organizational action on the part of Parent, Purchaser and Merger Sub;

b. this First Amendment has been duly executed and delivered by each of Parent, Purchaser and Merger Sub and, assuming due authorization, execution and deliver by the other parties hereto, constitutes the valid and binding agreement of each of Parent, Purchaser and Merger Sub, as applicable, enforceable against Parent, Purchaser and Merger Sub, respectively, in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity); and

c. there are no votes, approvals or consents of the holders of any of Parent's, Purchaser's or Merger Sub's capital stock (other than any that have been obtained prior to the execution of this First Amendment) necessary in connection with the execution and delivery of, or the performance by Parent, Purchaser or Merger Sub of their respective obligations under, this First Amendment or the consummation by Parent, Purchaser or Merger Sub of the transactions contemplated hereby.

10. The Equityholders' Representative represents and warrants to each of the Company, Parent, Purchaser and Merger Sub that:

a. the execution and delivery of this First Amendment by the Equityholders' Representative, and the performance by the Equityholders' Representative of its obligations hereunder, have been duly authorized by all necessary limited liability company action on the part of the Equityholders' Representative;

b. this First Amendment has been duly executed and delivered by the Equityholders' Representative and this First Amendment constitutes a legally valid and binding obligation of the Equityholders' Representative, enforceable against the Equityholders' Representative in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity and the laws of agency); and

c. the execution and delivery of this First Amendment by the Equityholders' Representative, and the performance by the Equityholders' Representative of its obligations hereunder do not conflict with or result in a violation of the organizational documents of the Equityholders' Representative.

11. This First Amendment and all Actions arising out of or relating to this First Amendment shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state. The parties hereto agree that any Action seeking to enforce any provision of, or based on any matter arising out of or in connection with, this First Amendment or the transactions contemplated hereby shall be brought and resolved in accordance with Section 12.07 of the Merger Agreement.

12. This First Amendment may be executed in two or more counterparts, each of which shall be deemed an instrument, but all of which together shall constitute one and the same instrument. This First Amendment may be executed by facsimile or other electronic transmission, and such signatures shall have the same force and effect as originals. This First Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns under the Merger Agreement.

13. Each reference in the Merger Agreement (or in any and all instruments or documents provided for in the Merger Agreement or delivered or to be delivered thereunder or in connection therewith) to "this Agreement", "hereunder", "hereof", "herein", or words of like import shall, except where the context otherwise requires, be deemed a reference to the Merger Agreement as amended hereby. No reference to this First Amendment need be made in any instrument or document at any time referring to the Merger Agreement, and a reference to the Merger Agreement in any of such instruments or documents will be deemed to be a reference to the Merger Agreement as amended hereby. Except as expressly provided in this First Amendment, all provisions of the Merger Agreement remain in full force and effect and are not modified by this First Amendment, and the parties hereto hereby ratify and confirm each and every provision thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

COMMUNICATIONS SALES & LEASING, INC.

By: /s/ Daniel Heard
Name: Daniel Heard
Title: EVP, General Counsel and Secretary

CSL FIBER HOLDINGS LLC

By: /s/ Daniel Heard
Name: Daniel Heard
Title: EVP, General Counsel and Secretary

TOWER CLOUD, INC.

By: /s/ Ronald Mudry
Name: Ronald Mudry
Title: CEO

SHAREHOLDER REPRESENTATIVE SERVICES LLC, solely in its capacity as the Equityholders' Representative

By: /s/ Sam Riffe
Name: Sam Riffe
Title: Executive Director

[Signature Page to First Amendment to Merger Agreement]

Exhibit 10.1

EXECUTION VERSION

STRICTLY CONFIDENTIAL

Searchlight II CLS, L.P.
c/o Searchlight Capital Partners, L.P.
745 5th Avenue
New York, NY 10151

June 15, 2016

Communications Sales & Leasing, Inc.
10802 Executive Center Drive
Benton Building Suite 300
Little Rock, Arkansas 72211
Attention: General Counsel

Ladies and Gentlemen:

This letter agreement is being entered into in connection with the investment by Searchlight II CLS, L.P., a Delaware limited partnership (the "Purchaser") in Communications Sales & Leasing, Inc., a Maryland corporation (the "Company"), pursuant to the Common Stock Subscription Agreement, dated as of June 9, 2016 (as amended, restated or modified from time to time, the "Subscription Agreement"), by and between Citigroup Global Markets Inc., a Delaware corporation (the "Seller") and the Purchaser.

The parties to this letter agreement hereby agree as follows:

1. Board Representation; Effectiveness. Immediately following the closing of the transactions contemplated by the Subscription Agreement (the "Closing") and the completion of the Company's customary procedures for director selection, including but not limited to a background check, the completion of questionnaires and the Governance Committee process (which process the Company agrees to commence as promptly as practicable after the identification of the Purchaser Designee (as defined below)), the Company shall (a) cause the total number of directors constituting the board of directors of the Company (the "Board") to be increased by one director and (b) cause the Purchaser Designee (as defined below) to be appointed to the Board to fill such newly created directorship; provided, that such Purchaser Designee is reasonably acceptable to the Board. Notwithstanding anything to the contrary herein, this letter agreement shall be effective and shall bind the parties hereto only in the event that the Purchaser and the other investors to whom the Seller is selling shares of Common Stock pursuant to the Subscription Agreement and the other subscription agreements entered into by the Seller with such other investors on June 9, 2016 (the "Other Subscription Agreements") acquire at least 14,703,993 shares of Common Stock pursuant to the Subscription Agreement and the Other Agreements in the aggregate (the "Effectiveness Condition"). If the Effectiveness Condition is not satisfied, this letter agreement shall terminate and shall be deemed void *ab initio*.

2. Designation of Purchaser Designee. For so long as the Designation Condition (as defined below) is satisfied, the Purchaser shall have the right to designate one individual for nomination and election to the Board (such individual, the "Purchaser Designee"). For so long as the Designation Condition is satisfied, at each meeting of stockholders for the election or appointment of directors, the Company shall take all action reasonably necessary to cause (a) the Purchaser Designee to be included in the slate of nominees recommended by the Board for election, (b) the Purchaser Designee to be nominated for election as a director, (c) the Purchaser Designee's nomination for election as a director to be recommended by the Board to the stockholders, and (d) proxies or consents to be solicited by the Company in favor of the Purchaser Designee's election as a director; provided, in all such cases that such Purchaser Designee is reasonably acceptable to the Board. For purposes of this letter agreement, "Designation Condition" shall mean the Purchaser and its affiliates, collectively, (a) at all times (i) prior to June 15, 2019, beneficially own at least 5% of the issued and outstanding shares of common stock of the Company ("Common Stock") or (ii) on or after June 15, 2019, beneficially own at least 8% of the issued and outstanding shares of Common Stock and (b) are in compliance with this letter agreement.

3. Vacancies; Removal. In the event that (a) a vacancy is created at any time by the death, disability, retirement, removal or resignation of the Purchaser Designee and (b) the Designation Condition is satisfied, the Company shall cause the vacancy created thereby to be filled by a designee of the Purchaser as soon as possible after the Purchaser makes such designation; provided, that such designee is reasonably acceptable to the Board. For so long as the Designation Condition is satisfied, the Company (i) shall not, directly or indirectly, take any action to propose, encourage or facilitate the removal of any Purchaser Designee, (ii) shall recommend that stockholders vote against any such proposal, and (iii) shall solicit proxies or consents against any such proposal. In the event that Designation Condition is no longer satisfied (the "Designation Termination Date"), the Company shall no longer be obligated to cause the Purchaser Designee to be nominated for election to the Board at the next meeting of stockholders of the Company for the election of directors and from and after the Designation Termination Date, the Purchaser will have no right to designate an individual for election or appointment to the Board.

4. Notices, etc. For so long as the Purchaser Designee is a member of the Board, the Company shall cause the Purchaser Designee to be provided with such notice, documents and materials given to other members of the Board ("Other Members") at the same time and in the same manner as such notice, documents or materials are given to the Other Members, and in all cases at such time and in such manner as is provided by the organizational documents of the Company. The Purchaser Designee shall be subject to all policies, procedures, codes, rules, standards and guidelines of the Company that are applicable to Other Members and shall maintain the confidentiality of the Company's information in accordance with Company policies. The Purchaser shall cause each Purchaser Designee to provide all information reasonably requested by the Company for the completion of its procedures, codes, rules, standards and guidelines. The Company shall not establish any committee of the Board or subcommittee thereof for the principal purpose of excluding the Purchaser Designee from the ordinary deliberations or functions of the Board (except to the extent required by Company recusal policies adopted in good faith by the Board).

5. Reimbursement; D&O Insurance; Indemnification. The Company shall reimburse the Purchaser for any reasonable expenses incurred by the Purchaser Designee in connection with performing his or her duties as a member of the Board, any committee of the Board or any subcommittee of any such committee, in the same manner as, and to the extent that, the Other Members are reimbursed for such reasonable expenses. The Company shall take all actions necessary to ensure that (a) the Purchaser Designee is covered by and made a named insured under any director and officer liability insurance policies or other similar liability insurance policies that may be maintained by or on behalf of the Company and (b) the Purchaser Designee is granted the same rights to exculpation, indemnification and advancement of expenses as the Other Members under the organizational documents of the Company.

6. Stockholders Agreement. (a) From the date of this letter agreement and until six months after the later of the Designation Termination Date and the date that Purchaser Designee is no longer a director (the "Standstill End Date"), the Purchaser shall, and shall cause each of its affiliates (in each case, to the extent that it owns any Common Stock) to, be present, in person or by proxy, at each and every Company stockholder meeting, and otherwise to cause all Common Stock owned by them to be counted as present for purposes of establishing a quorum at any such meeting, and to vote or consent on any matter (including waivers of contractual or statutory rights), or cause to be voted or consented on any such matter, all such Common Stock in proportion to the votes cast by the other holders of Common Stock on such matter *provided*, *however*, that, notwithstanding anything herein to the contrary, with respect to a proposal related to an Extraordinary Transaction (an "Excluded Matter"), the Purchaser and its Affiliates may vote their shares of Common Stock beneficially owned, directly or indirectly, in the sole discretion of Purchaser or such Purchaser affiliate, as applicable. As used herein, an "Extraordinary Transaction" means any merger, consolidation, business combination, sale or acquisition of material assets, liquidation or dissolution involving the Company or a material amount of its assets or businesses (each, an "Extraordinary Transaction").

(b) From the date of this letter agreement and until the Standstill End Date, the Purchaser hereby grants, and shall cause each of its affiliates (in each case, to the extent that it owns any Common Stock) to grant, an irrevocable proxy, which shall be deemed coupled with an interest sufficient in law to support an irrevocable proxy, to the Company or its designees, to vote, with respect to any matter (including waivers of contractual or statutory rights) other than Excluded Matters, all Common Stock owned by it in proportion to the votes cast by the other holders of Common Stock on such matter; provided, that such proxy shall automatically be revoked as to a particular share of Common Stock upon any sale of such share from the Purchaser or one of its affiliates to a Person other than the Purchaser or one of its affiliates.

(c) From the date of this letter agreement and until the Standstill End Date, the Purchaser and its affiliates (the "Purchaser Group") shall not directly or indirectly (i) seek a seat on the Board whether through formal nomination procedures under the Company's Articles of Amendment and Restatement and Amended and Restated Bylaws or otherwise (except pursuant to this letter agreement and pursuant to the terms hereof), and the Purchaser Group shall not support any individual for nomination or election to the Board (except pursuant to the proportional voting requirements set forth herein); (ii) engage in proxy or written consent solicitations or contests or in any way participate in, any solicitation of any proxy, consent or other authority to vote any shares of Common Stock (it being understood that the foregoing shall

not prevent the Purchaser from submitting a revocable proxy to an officer of the Company to vote the Purchaser's shares of Common Stock in accordance with the recommendation of the Board); (iii) submit a stockholder proposal or any other agenda item at or with respect to any stockholder meeting; or (iv) exercise any other rights as a stockholder of the Company in a manner that is intended to influence or control the management, governance or policies of the Company. Notwithstanding anything to the contrary herein, nothing in this letter agreement shall be deemed to in any way restrict or limit the Purchaser Designee's action in his or her capacity as a director of the Company.

7. Amendment; Waiver. This letter agreement may be amended, supplemented or otherwise modified only by a written instrument executed by the Company and the Purchaser. Neither the failure nor delay on the part of any party hereto to exercise any right, remedy, power or privilege under this letter agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

8. Assignment. This letter agreement may not be assigned by a party without the express prior written consent of the other party; provided, however, that the Purchaser shall be entitled to assign all or a portion of its rights and obligations hereunder to any of its affiliates that are controlled by the Purchaser, control the Purchaser or are under common control with the Purchaser (other than portfolio companies) without such prior written consent; provided, further, that any such assignment shall not relieve the Purchaser of its obligations hereunder.

9. Governing Law; Jurisdiction; Waiver of Jury Trial. This letter agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts located in the City and County of New York (and the appellate courts thereof). THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY ACTION, CLAIM OR PROCEEDING ARISING OUT OF OR RELATING TO THIS LETTER AGREEMENT.

10. Specific Performance. Each party acknowledges and agrees that in the event of any breach of this letter agreement by any of them, the other parties would be irreparably harmed and could not be made whole by monetary damages. Each party accordingly agrees to waive the defense in any action for specific performance that a remedy at law would be adequate and agrees that the parties, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to specific performance of this letter agreement without the posting of a bond.

11. Entire Agreement. This letter agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. This letter agreement supersedes all other prior agreements and understandings between the parties with respect to such subject matter.

12. Counterparts. This letter agreement may be signed (including by ".pdf" or other electronic transmission) in any number of separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one letter agreement.

(*Remainder of Page Intentionally Left Blank.*)

IN WITNESS WHEREOF, the parties hereto have executed and delivered this letter agreement on the date first written above.

COMMUNICATIONS SALES & LEASING, INC.

By: /s/ Daniel Heard
Name: Daniel Heard
Title: EVP – General Counsel

SEARCHLIGHT II CLS, L.P.

By: SEARCHLIGHT II CLS GP, LLC,
Its General Partner

By: /s/ Andrew Frey
Name: Andrew Frey
Title: Authorized Officer

Exhibit 10.2

EXECUTION VERSION

Registration Rights Agreement

by and among

Each of the parties listed on the signature pages hereto,

and

Communications Sales & Leasing, Inc.

Dated as of June 15, 2016

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made as of June 15, 2016, by and among each of the parties on the signature pages hereto (the "Holders"), and Communications Sales & Leasing, Inc., a Maryland corporation ("CS&L"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Section 1.01.

RECITALS

A. Pursuant to the Subscription Agreements, each dated as of June 9, 2016 (the "Subscription Agreements"), by and among Citigroup Global Markets Inc. ("Citi") as Selling Shareholder and the Holders, the Holders have severally agreed to acquire 14,703,993 shares of common stock, par value $0.0001 per share, of CS&L (the "Common Stock") from Citi.

B. CS&L desires to grant to the Holders the Registration Rights for the Registrable Securities (as defined below), subject to the terms and conditions of this Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions.

As used in this Agreement, the following terms shall have the following meanings:

Affiliate" means, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. As used in this definition, the term "control" (including with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise; provided that, with respect to Searchlight, "Affiliate" shall not include any portfolio company of Searchlight.

"Agreement" has the meaning set forth in the preamble.

"Ancillary Filings" has the meaning set forth in Section 2.03(a)(i).

"Blackout Notice" has the meaning set forth in Section 2.01(d).

"Blackout Period" has the meaning set forth in Section 2.01(d).

"Board" means the board of directors of CS&L.

"Business Day" means any day that is not a Saturday, Sunday or other day on which banking institutions doing business in New York, New York are authorized or obligated by law or required by executive order to be closed.

"Citi" has the meaning set forth in the recitals.

"Common Stock" has the meaning set forth in the recitals.

"CS&L" has the meaning set forth in the preamble and shall include CS&L's successors by merger, acquisition, reorganization or otherwise.

"CS&L Group" means CS&L and each Subsidiary of CS&L.

"CS&L Public Sale" has the meaning set forth in Section 2.02(a).

"Demand" has the meaning set forth in Section 2.01(a).

"Disadvantageous Condition" has the meaning set forth in Section 2.01(d).

"Disadvantageous Condition Blackout Notice" has the meaning set forth in Section 2.01(d).

"Disadvantageous Condition Blackout Period" has the meaning set forth in Section 2.01(d).

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Governmental Authority" means any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

"Group" means the Holders or the CS&L Group, as applicable.

"Holder Group" means with respect to each Holder, such Holder and its Affiliates.

"Holder" means each Holder (as set forth in the preamble), so long as such Person holds any Registrable Securities, and any Permitted Transferee of such Holder, so long as such Person holds any Registrable Securities.

"Indemnifying Party" has the meaning set forth in Section 2.06(d).

"Indemnitee" has the meaning set forth in Section 2.06(d).

"Initiating Holder" has the meaning set forth in Section 2.01(a)

"Lock Up Agreement" has the meaning set forth in Section 2.04(b).

"Loss" and "Losses" have the meaning set forth in Section 2.06(a).

"Offering Confidential Information" means, with respect to a Piggyback Registration, (i) CS&L's plan to file the relevant Registration Statement and engage in the offering so registered, (ii) any information regarding the offering being registered (including the potential timing, price, number of shares, underwriters or other counterparties, selling stockholders or plan of distribution), (iii) any information contained in, or the existence of, a Blackout Notice, and (iv) any other information (including information contained in draft supplements or amendments to offering materials) provided to any Holders by CS&L (or by third parties) in connection with a Piggyback Registration; provided, that Offering Confidential Information shall not include information that (x) was or becomes generally available to the public (including as a result of the filing of the relevant Registration Statement) other than as a result of a disclosure by any Holder, (y) was or becomes available to any Holder from a source not bound by any confidentiality agreement with CS&L or (z) was otherwise in such Holder's possession prior to it being furnished to such Holder by CS&L or on CS&L's behalf.

"Other Holders" has the meaning set forth in Section 2.01(e).

"PEG Registration Rights Agreement" means that certain Stockholders' and Registration Rights Agreement, dated as of May 2, 2016, by and among CS&L and PEG Bandwith Holdings, LLC.

"Person" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Permitted Transferee" has the meaning set forth in Section 3.06.

"Piggyback Registration" has the meaning set forth in Section 2.02(a).

"Pledgee Transferee" has the meaning set forth in Section 2.01(c).

"Prospectus" means the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments, and all other material incorporated by reference in such prospectus.

"Registrable Securities" means the shares of Common Stock purchased by the Holders pursuant to the Subscription Agreements and any shares of Common Stock or other securities issued with respect to, in exchange for, or in replacement of such shares (including (i) any and all securities of CS&L into which such shares of Common Stock are converted, exchanged or substituted in any recapitalization or other capital reorganization by CS&L and (ii) any and all securities of any kind whatsoever of CS&L or any successor or permitted assign of CS&L (whether by merger, consolidation, sale of assets or otherwise) which may be issued on or after the date hereof in respect of, in conversion of, in exchange for or in substitution of, such shares of Common Stock), in each case as appropriately adjusted for any stock dividends, or other distributions, stock splits

or reverse stock splits, combinations, recapitalizations, mergers, consolidations, exchange offers or other reorganizations occurring after the date hereof; provided, that the term "Registrable Securities" excludes any security (i) the offering and Sale of which has been registered effectively under the Securities Act and which has been Sold in accordance with a Registration Statement, (ii) that has been Sold by a Holder in a transaction or transactions exempt from the registration and prospectus delivery requirements of the Securities Act under Section 4(a)(1) thereof (including transactions pursuant to Rule 144) such that the further Sale of such securities by the transferee or assignee is not restricted under the Securities Act or (iii) that has been Sold by a Holder in a transaction in which such Holder's rights under this Agreement are not, or cannot be, assigned.

"Registration" means a registration with the SEC of the offer and Sale to the public of any Registrable Securities under the Registration Statement. The terms "Register" and "Registering" shall have correlative meanings.

"Registration Expenses" means all expenses incident to the CS&L Group's performance of or compliance with this Agreement, including all (i) registration, qualification and filing fees, (ii) printing expenses, messenger, telephone and delivery expenses of the CS&L Group, (iii) internal expenses of the CS&L Group (including all salaries and expenses of employees of members of the CS&L Group performing legal or accounting duties), (iv) fees and disbursements of counsel for CS&L and customary fees and expenses for independent certified public accountants retained by the CS&L Group and (v) fees and expenses of listing any Registrable Securities on any securities exchange on which the shares of Common Stock are then listed and Financial Industry Regulatory Authority registration and filing fees. "Registration Expenses" shall exclude any fees or disbursements of any Holder or underwriter, all expenses incurred in connection with the printing, mailing and delivering of copies of any Registration Statement, any Prospectus, any other offering documents and any amendments and supplements thereto to any underwriters and dealers; any underwriting discounts, fees or commissions attributable to the offer and Sale of any Registrable Securities; any fees and expenses of the underwriters or dealer managers, the cost of preparing, printing or producing any agreements among underwriters, underwriting agreements and blue sky or legal investment memoranda, any selling agreements and any other similar documents in connection with the offering, Sale, distribution or delivery of the Registrable Securities or other shares of Common Stock to be sold, including any fees of counsel for any underwriters in connection with the qualification of the Registrable Securities or other shares of Common Stock to be Sold for offering and Sale or distribution under state securities laws, any stock transfer taxes, and out-of-pocket costs and expenses relating to any investor presentations on any "road show" presentations undertaken in connection with marketing of the Registrable Securities and any fees and expenses of any counsel to the Holders, underwriters or dealer managers.

"Registration Rights" means the rights of the Holders to cause CS&L to Register Registrable Securities pursuant to Article II.

"Registration Statement" means any registration statement of CS&L filed with, or to be filed with, the SEC under the rules and regulations promulgated under the Securities Act, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference into such

registration statement. For the avoidance of doubt, it is acknowledged and agreed that such Registration Statement may be on any form that shall be applicable, including Form S-11 or Form S-3 and may be a Shelf Registration Statement.

"Sale" means the direct or indirect transfer, sale, assignment or other disposition of a security. The terms "Sell" and "Sold" shall have correlative meanings.

"Searchlight " means Searchlight II CLS, L.P., a Delaware limited partnership, together with its controlled affiliated funds.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Shelf Registration Statement" means a Registration Statement of CS&L for an offering of Registrable Securities to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act (or similar provisions then in effect).

"Subscription Agreements" has the meaning set forth in the recitals.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (i) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (x) the total combined voting power of all classes of voting securities of such Person, (y) the total combined equity interests or (z) the capital or profit interests, in the case of a partnership, or (ii) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Trading Blackout Notice" has the meaning set forth in Section 2.01(d)

"Trading Blackout Period" has the meaning set forth in Section 2.01(d)

"Transferee" has the meaning set forth in Section 3.06.

"Underwritten Offering" means a Registration in which Registrable Securities are Sold to an underwriter or underwriters on a firm commitment basis for reoffering to the public.

"Windstream Registration Rights Agreement" means that certain Stockholder's and Registration Rights Agreement, dated as of April 24, 2015, by and among CS&L and Windstream Services, LLC.

Section 1.02 Interpretation.

In this Agreement, unless the context clearly indicates otherwise:

(a) words used in the singular include the plural, and words used in the plural include the singular;

(b) references to any Person include such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;

(c) any reference to any gender includes the other gender and the neuter;

(d) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation";

(e) the words "shall" and "will" are used interchangeably and have the same meaning;

(f) the word "or" shall have the inclusive meaning represented by the phrase "and/or";

(g) any reference to any Article, Section, Exhibit or Schedule means such Article or Section of, or such Exhibit or Schedule to, this Agreement, as the case may be, and references in any Section or definition to any clause means such clause of such Section or definition;

(h) the words "herein," "hereunder," "hereof," "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or other provision of this Agreement;

(i) any reference to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement;

(j) any reference to any law (including statutes and ordinances) means such law (including all rules and regulations promulgated thereunder) as amended, modified, codified or reenacted, in whole or in part, and in effect at the time of determining compliance or applicability;

(k) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding" and "through" means "through and including";

(l) the table of contents and titles to Articles and headings of Sections contained in this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of or to affect the meaning or interpretation of this Agreement;

(m) any portion of this Agreement obligating a party to take any action or refrain from taking any action, as the case may be, shall mean that such party shall also be obligated to cause its relevant Subsidiaries to take such action or refrain from taking such action, as the case may be;

(n) the language of this Agreement shall be deemed to be the language the parties hereto have chosen to express their mutual intent, and no rule of strict construction shall be applied against any party; and

(o) except as otherwise indicated, all periods of time referred to herein shall include all Saturdays, Sundays and holidays; provided, however, that if the date to perform the act or give any notice with respect to this Agreement shall fall on a day other than a Business Day, such act or notice may be performed or given timely if performed or given on the next succeeding Business Day.

ARTICLE II

REGISTRATION RIGHTS

Section 2.01 Registration.

(a) On or prior to 60 days following the date of this Agreement, subject to Section 2.01(d), CS&L shall file with the SEC a Shelf Registration Statement on Form S-3 (the "Registration Statement") relating to, in addition to any other securities registered thereby, the offer and sale of all Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by the Holders and set forth in the Registration Statement, and, if applicable, shall use its reasonable best efforts to cause the Registration Statement to become effective under the Securities Act.

(b) CS&L shall use its reasonable best efforts to keep the Registration Statement (or a replacement Registration Statement) continuously effective under the Securities Act in order to permit the Prospectus forming a part thereof to be usable by the Holders until the termination date as set forth in Section 3.01, subject to Section 2.01(d).

(c) Prior to the termination of this Agreement as set forth in Section 3.01, any Holders acting together which collectively hold 40% or more of the Registrable Securities held by Holders then party hereto (collectively, the "Initiating Holders") shall have the right to request that CS&L effect an offering of all or any portion of the Registrable Securities held by such Initiating Holders, by delivering a written request thereof to CS&L specifying the number of Registrable Securities such Initiating Holder wishes to register (a "Demand"); provided, that so long as Searchlight or any of its Permitted Transferees that acquired such Registrable Securities pursuant to foreclosure (a "Pledgee Transferee") holds an amount of Registrable Securities representing at least 50% of the Registrable Securities acquired by Searchlight pursuant to its Subscription Agreement, the Initiating Holders must include Searchlight or such Pledgee Transferee; provided further, that (i) Holders may not make more than two Demands during the term of this Agreement and not more than one Demand during any 365-day period (unless, with respect to any such Demand, such Demand is withdrawn prior to the launch of the offering relating to such Demand or the Demand effected pursuant thereto becomes subject to a

Blackout Period, in each case pursuant to Section 2.01(d) and is not completed), and (ii) a Holder may not make any Demand for a period of 90 days following consummation of a Piggyback Registration effected pursuant to Section 2.02 in which such Holder participated or elected not to participate. CS&L shall (i) within three days of the receipt of a Demand, give written notice of such Demand to all Holders of Registrable Securities whose Registrable Securities are included in the Registration Statement (other than the Initiating Holders) and (ii) use its reasonable best efforts to prepare and file the prospectus supplement promptly and to effectuate the offering. CS&L shall include in such Demand all Registrable Securities with respect to which CS&L receives, within the 5 days immediately following the receipt by the Holder(s) of such notice from CS&L, a request for inclusion in the Demand from the Holder(s) thereof. Each such request from a Holder of Registrable Securities for inclusion in the Demand shall also specify the aggregate amount of Registrable Securities proposed to be offered.

(d) With respect to the Registration Statement, whether filed or to be filed pursuant to this Agreement, if CS&L shall reasonably determine, upon the good faith advice of legal counsel, that maintaining the effectiveness of the Registration Statement or filing an amendment or supplement thereto (or, if the Registration Statement has yet been filed, filing the Registration Statement) or permitting its use would require the public disclosure of material nonpublic information concerning any transaction or negotiations involving CS&L or any of its consolidated Subsidiaries that would require the public disclosure of material non-public information concerning any transaction or negotiations involving CS&L or any of its consolidated subsidiaries that would materially interfere with such transaction or negotiations (a "Disadvantageous Condition"), CS&L may, for the shortest period reasonably practicable, and in any event for not more than 30 consecutive calendar days (a "Disadvantageous Condition Blackout Period"), notify the Holders whose offers and Sales of Registrable Securities are covered (or to be covered) by the Registration Statement (a "Disadvantageous Condition Blackout Notice") that the Registration Statement is unavailable for use (or will not be filed as requested). In addition, CS&L may notify the Holders whose offers and Sales of Registrable Securities are covered (or to be covered) by the Registration Statement (a "Trading Blackout Notice" and together with a Disadvantageous Condition Blackout Notice, a "Blackout Notice") that it will suspend the use of the Registration Statement during the regular quarterly period during which directors and officers of CS&L are not permitted to trade under the insider trading policy of CS&L then in effect until the expiration of such quarterly period (a "Trading Blackout Period," and each of a Trading Blackout Period or Disadvantageous Condition Blackout Period referred to as a "Blackout Period"). Upon the receipt of any Blackout Notice, the Holders shall forthwith discontinue use of the Prospectus contained in the Registration Statement; provided, that, if at the time of receipt of such Disadvantageous Condition Blackout Notice any Holder shall have Sold its Registrable Securities (or have signed a firm commitment underwriting agreement with respect to the purchase of such shares) and the Disadvantageous Condition is not of a nature that would require a post-effective amendment to the Registration Statement, then CS&L shall use its reasonable best efforts to take such action as to eliminate any restriction imposed by federal securities laws on the timely delivery of such Registrable Securities to the extent permitted under such applicable laws prior to disclosure of material information relating to such Disadvantageous Condition. When any Disadvantageous Condition as to which a Disadvantageous Condition Blackout Notice has been previously delivered shall cease to exist or any Trading Blackout Period as to which a Trading Blackout Notice has been previously delivered shall have ended, as applicable, CS&L shall as promptly as reasonably practicable

notify the Holders and take such actions in respect of the Registration Statement as are otherwise required by this Agreement. CS&L shall not impose, in any 365-day period, more than two Disadvantageous Condition Blackout Periods; such Disadvantageous Condition Blackout Periods shall not be permitted to run consecutively; and such Disadvantageous Condition Blackout Periods may not be prompted by the same Disadvantageous Condition. In addition, CS&L may not exercise Blackout Periods to suspend the use of the Registration Statement for more than 120 days collectively during any 365-day period. If CS&L declares a Blackout Period with respect to a Demand for the Registration Statement which has not yet been declared effective, (i) the Holders may by notice to CS&L withdraw the related Demand request without such Demand request counting against the number of Demand requests permitted to be made under Section 2.01(c) and (ii) the Holders shall not be responsible for any of CS&L's related Registration Expenses.

(e) If the Initiating Holder so indicates at the time of its request pursuant to Section 2.01(a), such offering of Registrable Securities shall be in the form of an Underwritten Offering, and CS&L shall include such information in the written notice to the Holders required under Section 2.01(a). In the event that the Initiating Holder intends to sell the Registrable Securities by means of an Underwritten Offering, the right of any Holder to include Registrable Securities in such registration shall be conditioned upon such Holder's participation in such Underwritten Offering and the inclusion of such Holder's Registrable Securities in the Underwritten Offering to the extent provided herein. The Holders of a majority of the outstanding Registrable Securities being included in any Underwritten Offering shall select the underwriter(s), provided that such underwriter(s) are reasonably acceptable to CS&L (it being understood and agreed that UBS Securities LLC is reasonably acceptable to CS&L). For the avoidance of doubt, no Holder is entitled to sell Registrable Securities in an Underwritten Offering except in a Demand made in accordance with Section 2.01(a).

(f) If the managing underwriter or underwriters of a proposed Underwritten Offering of Registrable Securities included in a Registration pursuant to this Section 2.01 inform(s) in writing the Holders participating in such Registration that, in its or their opinion, the number of securities requested to be included in such Registration exceeds the number that can be Sold in such offering without being reasonably likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the number of Registrable Securities to be included in such Registration shall be (i) reduced to the maximum number recommended by the managing underwriter or underwriters, and (ii) allocated first to the Initiating Holders and then to the other Holders, in each case on a pro rata basis in proportion to the number of Registrable Securities each Holder has requested to be included in such Registration; provided that the Initiating Holder may notify CS&L in writing that the Registration Statement shall be abandoned or withdrawn, in which event CS&L shall abandon or withdraw such Registration Statement. In the event the Initiating Holder notifies CS&L that such Registration Statement shall be abandoned or withdrawn prior to the filing of the Registration Statement, such Holder shall not be deemed to have requested a Demand pursuant to Section 2.01(a). If the amount of Registrable Securities to be underwritten has not been limited in accordance with the first sentence of this Section 2.01(e), CS&L and the holders of Common Stock or, if the Registrable Securities include securities other than Common Stock, the holders of securities of the same class of those securities included in the Registrable Securities, in each case, other than the Holders ("Other Holders"), may include such securities

for their own account or for the account of Other Holders in such Registration if the underwriter(s) so agree and to the extent that, in the opinion of such underwriter(s), the inclusion of such additional amount will not adversely affect the offering of the Registrable Securities included in such Registration.

Section 2.02 Piggyback Registrations.

(a) Prior to the termination of this Agreement as provided in Section 3.01, if CS&L proposes to file a Registration Statement (other than a Shelf Registration) or a Prospectus supplement filed pursuant to a Shelf Registration Statement under the Securities Act with respect to any offering of Common Stock for its own account and/or for the account of any Person (other than (i) a Registration under Section 2.01, (ii) a Registration pursuant to a Registration Statement on Form S-8 or on Form S-4 or similar form that relates to a transaction subject to Rule 145 under the Securities Act, (iii) in connection with any dividend reinvestment or similar plan, (iv) for the sole purpose of offering securities to another entity or its security holders in connection with the acquisition of assets or securities of such entity or any similar transaction or (v) a Registration in which the only Common Stock being registered is Common Stock issuable upon conversion of other securities that are also being registered) (each, a "CS&L Public Sale"), then, as soon as practicable, but in any event not less than 15 days prior to the proposed date of filing such Registration Statement, CS&L shall give written notice of such proposed filing to each Holder who owns at least 1% of CS&L's then-issued and outstanding Common Stock, and such notice shall offer such Holders the opportunity to Register under such Registration Statement or offer under such Prospectus supplement such number of Registrable Securities as each such Holder may request in writing (each, a "Piggyback Registration"). Subject to Section 2.02(b) and Section 2.02(c), CS&L shall use its commercially reasonable efforts to include in a Registration Statement or offer under a Prospectus supplement with respect to a CS&L Public Sale all Registrable Securities that are requested to be included therein within five Business Days after the receipt of any such notice; provided, however, that if at any time after giving written notice of its intention to Register any securities and prior to the effective date of the Registration Statement filed in connection with such Registration, CS&L shall determine for any reason not to Register or to delay Registration of the CS&L Public Sale, CS&L may, at its election, give written notice of such determination to each such Holder and, thereupon, (x) in the case of a determination not to Register, shall be relieved of its obligation to Register any Registrable Securities in connection with such Registration, without prejudice, however, to the rights of any Holder to request that such Registration be effected as a Demand under Section 2.01 and (y) in the case of a determination to delay Registration, shall be permitted to delay Registering any Registrable Securities for the same period as the delay in Registering such other shares of Common Stock in the CS&L Public Sale. No Registration effected under this Section 2.02 shall relieve CS&L of its obligation to effect any Demand under Section 2.01.

(b) In the case of any Underwritten Offering, each Holder shall have the right to withdraw such Holder's request for inclusion of its Registrable Securities in such Underwritten Offering pursuant to Section 2.02(a) at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to CS&L of such Holder's request to withdraw and, subject to the preceding clause, each Holder shall be permitted to withdraw all or part of such Holder's Registrable Securities from a Piggyback Registration at any time prior to the effective date thereof.

(c) If the managing underwriter or underwriters of any proposed Underwritten Offering of a class of Registrable Securities included in a Piggyback Registration informs CS&L and each Holder in writing that, in its or their opinion, the number of securities of such class that such Holder and any other Persons intend to include in such offering exceeds the number that can be Sold in such offering without being reasonably likely to have an adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be

(i) first, all securities of CS&L and any other Persons (other than CS&L's executive officers and directors) for whom CS&L is effecting the Registration, as the case may be, proposes to Sell,

(ii) second, (A) to the extent holders of securities are exercising "piggyback" registration rights under the PEG Registration Rights Agreement or the Windstream Registration Rights Agreement, securities to be sold by such holders, and (B) securities of executive officers and directors of CS&L for whom CS&L is effecting the Registration, in each case in the order set forth in, and allocated in accordance with, the PEG Registration Rights Agreement and the Windstream Registration Rights Agreement,

(iii) third, the number, if any, of Registrable Securities of such class that, in the opinion of such managing underwriter or underwriters, can be Sold without having such adverse effect, with such number to be allocated pro rata among the Holders that have requested to participate in such Registration based on the relative number of Registrable Securities of such class requested by such Holder to be included in such Sale and any other Holder who has similar "piggyback registration" rights, and

(iv) fourth, any other securities eligible for inclusion in such Registration, allocated among the holders of such securities in such proportion as CS&L and those holders may agree.

(d) After a Holder has been notified of its opportunity to include Registrable Securities in a Piggyback Registration, such Holder (i) shall treat the Offering Confidential Information as confidential information, (ii) shall not use any Offering Confidential Information for any purpose other than to evaluate whether to include its Registrable Securities (or other shares of Common Stock) in such Piggyback Registration, (iii) shall not trade while aware of such Offering Confidential Information if such information shall constitute material non-public information unless and until such information shall become public or shall cease to be material and (iv) shall not disclose any Offering Confidential Information to any Person other than such of its agents, employees, advisors and counsel as have a need to know such Offering Confidential Information, and to cause such agents, employees, advisors and counsel to comply with the requirements of this Section 2.02(d); provided, that any such Holder may disclose Offering Confidential Information if such disclosure is required by legal process, but such Holder shall cooperate with CS&L to limit the extent of such disclosure through protective order or otherwise, and to seek confidential treatment of the Offering Confidential Information.

Section 2.03 Registration Procedures.

(a) In connection with CS&L's Registration obligations under Section 2.01 and Section 2.02, CS&L shall use its reasonable best efforts to effect such Registration to permit the offer and Sale of such Registrable Securities in accordance with the intended method or methods of distribution thereof as expeditiously as reasonably practicable and, in connection therewith, CS&L shall, and shall cause the members of the CS&L Group to:

(i) prepare and file the required Registration Statement, including all exhibits and financial statements (collectively, the "Ancillary Filings") required under the Securities Act to be filed therewith, and before filing with the SEC a Registration Statement or Prospectus, or any amendments or supplements thereto, and in connection with a Demand made pursuant to Section 2.01 (A) furnish to the underwriters, if any, and to the Holders, copies of all documents prepared to be filed, which documents shall be subject to the review and comment of such underwriters and such Holders and their respective counsel, and provide such underwriters, if any, and such Holders and their respective counsel reasonable time to review and comment thereon and (B) not file with the SEC any Registration Statement or Prospectus or amendments or supplements thereto or any Ancillary Filing to which the Holders or the underwriters, if any, shall reasonably object;

(ii) prepare and file with the SEC such amendments and post-effective amendments to such Registration Statement and supplements to the Prospectus and any Ancillary Filing as may be reasonably requested by the participating Holders;

(iii) promptly notify the participating Holders and the managing underwriters, if any, and, if requested, confirm such advice in writing and provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by any member of the CS&L Group (A) when the Registration Statement or any amendment thereto has been filed or becomes effective, the applicable Prospectus or any amendment or supplement to such Prospectus has been filed, or any Ancillary Filing has been filed, (B) of any comments (written or oral) by the SEC or any request (written or oral) by the SEC or any other Governmental Authority for amendments or supplements to such Registration Statement, such Prospectus or any Ancillary Filing, or for any additional information, (C) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement, any order preventing or suspending the use of any preliminary or final Prospectus or any Ancillary Filing, or the initiation or threatening of any proceedings for such purposes, (D) in connection with a Demand made pursuant to Section 2.01 if, at any time, the representations and warranties (written or oral) in any applicable underwriting agreement cease to be true and correct in all material respects and (E) of the receipt by any member of the CS&L Group of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or Sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(iv) (A) promptly notify each participating Holder and the managing underwriter(s), if any, when CS&L becomes aware of the occurrence of any

event as a result of which the Registration Statement, the Prospectus included in the Registration Statement (as then in effect) or any Ancillary Filing contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus and any preliminary Prospectus, in light of the circumstances under which they were made) not misleading, or if for any other reason it shall be necessary during such time period to amend or supplement the Registration Statement, Prospectus or any Ancillary Filing in order to comply with the Securities Act, and (B) in either case, as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to each participating Holder and the underwriter(s), if any, an amendment or supplement to the Registration Statement, Prospectus or Ancillary Filing that will correct such statement or omission or effect such compliance;

(v) use its reasonable best efforts to prevent or obtain the withdrawal of any stop order or other order suspending the use of any preliminary or final Prospectus;

(vi) promptly (A) incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriter(s), if any, and the Holders agree should be included therein relating to the plan of distribution with respect to such Registrable Securities and (B) make all required filings of such Prospectus supplement or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(vii) furnish to each participating Holder and each underwriter, if any, without charge, as many conformed copies as such Holder or underwriter may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(viii) deliver to each participating Holder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto as such Holder or underwriter may reasonably request (it being understood that CS&L consents to the use of such Prospectus or any amendment or supplement thereto by each participating Holder and the underwriter(s), if any, in connection with the offering and Sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto) and such other documents as such participating Holder or underwriter may reasonably request in order to facilitate the Sale of the Registrable Securities by such Holder or underwriter, it being understood that no Prospectus supplement will be prepared except in connection with a Demand made pursuant to Section 2.01;

(ix) on or prior to the date on which the applicable Registration Statement is declared effective or becomes effective, use its reasonable best efforts to register or qualify, and cooperate with each participating Holder, the managing

underwriter(s), if any, and their respective counsel, in connection with the registration or qualification of, such Registrable Securities for offer and Sale under the securities or "blue sky" laws of each state and other jurisdiction of the United States as any participating Holder or managing underwriter(s), if any, or their respective counsel reasonably request, and in any foreign jurisdiction mutually agreeable to CS&L and the participating Holders, and do any and all other acts or things reasonably necessary or advisable to keep such registration or qualification in effect for so long as such Registration Statement remains in effect and so as to permit the continuance of offers and Sales and dealings in such jurisdictions for so long as may be necessary to complete the distribution of the Registrable Securities covered by the Registration Statement; provided that CS&L will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject or conform its capitalization or the composition of its assets at the time to the securities or blue sky laws of any such jurisdiction;

(x) in connection with any Sale of Registrable Securities that will result in such securities no longer being Registrable Securities, cooperate with each participating Holder and the managing underwriter(s), if any, to (A) if the Registrable Securities are certificated, facilitate the timely preparation and delivery of certificates representing Registrable Securities to be Sold and not bearing any restrictive Securities Act legends and (B) register such Registrable Securities in such denominations and such names as such participating Holder or the underwriter(s), if any, may request at least two Business Days prior to such Sale of Registrable Securities; provided that CS&L may satisfy its obligations hereunder without issuing physical stock certificates through the use of the Depository Trust Company's Direct Registration System;

(xi) in connection with a Demand made pursuant to Section 2.01, cooperate and assist in any filings required to be made with the Financial Industry Regulatory Authority Inc. (or any successor organization) and each securities exchange, if any, on which any of CS&L's securities are then listed or quoted and on each inter-dealer quotation system or trading market on which any of CS&L's securities are then quoted, and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of each such exchange, and use its reasonable best efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other Governmental Authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the Sale of such Registrable Securities;

(xii) not later than the effective date of the applicable Registration Statement, provide a CUSIP number for all Registrable Securities and provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with the Depository Trust Company; provided, that CS&L may satisfy its obligations hereunder without issuing physical stock certificates through the use of the Depository Trust Company's Direct Registration System;

(xiii) in connection with a Demand made pursuant to Section 2.01, obtain for delivery to and addressed to each participating Holder and to the underwriter(s), if any, opinions from the general counsel of CS&L, dated the effective date of the Registration Statement or, in the event of an Underwritten Offering, the date of the closing under the underwriting agreement and in each such case in customary form and content for the type of Underwritten Offering;

(xiv) in connection with a Demand made pursuant to Section 2.01 and in the form of an Underwritten Offering, obtain for delivery to and addressed to CS&L and the managing underwriter(s), if any, and, to the extent requested, each participating Holder, a comfort letter from CS&L's independent registered public accounting firm in customary form and content for the type of Underwritten Offering, dated the date of execution of the underwriting agreement and brought down to the closing, whether under the underwriting agreement, or otherwise;

(xv) use its reasonable best efforts to comply with all applicable rules and regulations of the SEC and make generally available to its security holders, as soon as reasonably practicable, but in any event no later than 90 days, after the end of the 12-month period beginning with the first day of CS&L's first quarter commencing after the effective date of the applicable Registration Statement, an earnings statement satisfying the provisions of Section 11 (a) of the Securities Act and covering the period of at least 12 months, but not more than 18 months, beginning with the first month after the effective date of the Registration Statement;

(xvi) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;

(xvii) cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of CS&L's securities are then listed or quoted and on each inter-dealer quotation system or trading market on which any of CS&L's securities are then quoted;

(xviii) in connection with a Demand made pursuant to Section 2.01, provide (A) each Holder participating in the Registration, (B) the underwriters (which term, for purposes of this Agreement, shall include any Person deemed to be an underwriter within the meaning of Section 2(a) (11) of the Securities Act), if any, of the Registrable Securities to be registered, (C) the Sale or placement agent therefor, if any, (D) counsel for such Holder, underwriters, or agent and (E) any attorney, accountant or other agent or representative retained by such Holder or any such underwriter, as selected by such Holder, in each case, the opportunity to participate in the preparation of the applicable Prospectus filed with the SEC, and each amendment or supplement thereto; and for a reasonable period prior to the filing of such Prospectus, upon execution of a customary confidentiality agreement, make available for inspection upon reasonable notice at reasonable times and for reasonable periods, by the parties referred to in clauses (A) through (E) above, all pertinent financial and other records, pertinent corporate and other documents and properties of the CS&L Group that are available to CS&L, and

cause all of the CS&L Group's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available at reasonable times and for reasonable periods to discuss the business of CS&L and to supply all information available to CS&L reasonably requested by any such Person in connection with such Prospectus as shall be necessary to enable them to exercise their due diligence or other responsibility, subject to the foregoing; provided, that in no event shall any member of the CS&L Group be required to make available any information which the Board determines in good faith to be competitively sensitive or confidential. The recipients of such information shall coordinate with one another so that the inspection permitted hereunder will not unnecessarily interfere with the CS&L Group's conduct of business. Each Holder agrees that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of CS&L or its Affiliates unless and until such information is made generally available to the public by CS&L or such Affiliate or for any reason not related to the Registration of Registrable Securities;

(xix) in connection with a Demand made pursuant to Section 2.01, cause the senior executive officers of CS&L to participate at reasonable times and for reasonable periods in the customary "road show" presentations that may be reasonably requested by the managing underwriter(s), if any, and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;

(xx) comply with all requirements of the Securities Act, Exchange Act and other applicable laws, rules and regulations, as well as all applicable stock exchange rules; and

(xxi) take all other customary steps reasonably necessary or advisable to effect the Registration and distribution of the Registrable Securities contemplated hereby;

provided that notwithstanding anything to the contrary set forth above CS&L shall have no obligation to prepare any Prospectus supplement, participate in any due diligence, execute any agreements or certificates or deliver legal opinions or obtain comfort letters except in connection with a Demand made pursuant to Section 2.01.

(b) As a condition precedent to any Registration hereunder, CS&L may require each Holder as to which any Registration is being effected to furnish to CS&L such information regarding the distribution of such securities and such other information relating to such Holder, its ownership of Registrable Securities and other matters as CS&L may from time to time reasonably request in writing. Each such Holder agrees to furnish such information to CS&L and to cooperate with CS&L as reasonably necessary to enable CS&L to comply with the provisions of this Agreement. If a Holder fails to promptly provide the requested information after prior written notice of such request and the requested information is required by applicable law to be included in the Registration Statement, CS&L shall be entitled to refuse to include for registration such Holder's Registrable Securities or other shares of Common Stock in the Registration Statement or applicable offering.

(c) Each Holder shall, as promptly as reasonably practicable, notify CS&L, at any time when a Prospectus is required to be delivered (or deemed delivered) under the Securities Act, of the occurrence of an event, of which such Holder has knowledge, relating to such Holder or its Sale of Registrable Securities thereunder requiring the preparation of a supplement or amendment to such Prospectus so that, as thereafter delivered (or deemed delivered) to the purchasers of such Registrable Securities, such Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

(d) Each Holder agrees by acquisition of such Registrable Securities, that, upon receipt of any written notice from CS&L of the occurrence of a Blackout or any event of the kind described in Section 2.03(a)(iv), such Holder will treat such notice as Offering Confidential Information and comply with Section 2.02(d), regardless of the nature of the Registration, and will forthwith discontinue Sale of Registrable Securities pursuant to such Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 2.03(a)(iv), or until such Holder is advised in writing by CS&L that the use of the Prospectus may be resumed. In the event CS&L shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice through the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus contemplated by Section 2.03(a)(iv) or is advised in writing by CS&L that the use of the Prospectus may be resumed.

Section 2.04 Underwritten Offerings.

(a) in connection with a Demand made pursuant to Section 2.01 in the form of an Underwritten Offering, if requested by the managing underwriter(s) for any such Underwritten Offering, CS&L shall enter into an underwriting agreement with such underwriter(s) for such offering, such agreement to be reasonably satisfactory in substance and form to CS&L and the underwriter(s). Such agreement shall contain such representations and warranties by CS&L and such other terms as are generally prevailing in agreements of that type. Each Holder with Registrable Securities to be included in any Underwritten Offering by such underwriter(s) shall enter into such underwriting agreement at the request of CS&L, which agreement shall contain such reasonable representations and warranties by the Holder and such other reasonable terms as are generally prevailing in agreements of that type.

(b) In the event of a CS&L Public Sale involving an offering of Common Stock or other equity securities of CS&L in an Underwritten Offering (whether in a Demand or a Piggyback Registration), each Holder participating therein hereby agrees, and, in the event of a CS&L Public Sale of Common Stock or other equity securities of CS&L in an Underwritten Offering, CS&L shall agree, and it shall cause its executive officers and directors to agree, if requested by the managing underwriter or underwriters in such Underwritten Offering or by the Holder, not to effect any Sale or distribution (including any offer to Sell, contract to Sell, short Sale or any option to purchase) of any securities (except, in each case, as part of the applicable Registration, if permitted hereunder) that are of the same type as those being Registered in

connection with such public offering and Sale, or any securities convertible into or exchangeable or exercisable for such securities, during the period beginning five days before, and ending 90 days (or such lesser period as may be permitted by CS&L or the participating Holder(s), as applicable, or such managing underwriter or underwriters) after, the effective date of the Registration Statement filed in connection with such Registration (or, if later, the date of the Prospectus), to the extent requested by such selling Person or the managing underwriter or underwriters, subject to such exceptions as are customarily provided in covenants of this type. The participating Holders and CS&L, as applicable, also agree to execute an agreement (a "Lock Up Agreement") evidencing the restrictions in this Section 2.04(b) in customary form, which form is reasonably satisfactory to CS&L or the participating Holder(s), as applicable, and the underwriter(s), as applicable; provided that such restrictions may be included in the underwriting agreement, if applicable. CS&L may impose stop-transfer instructions with respect to the securities subject to the foregoing restriction until the end of the required stand-off period. Notwithstanding any other provision of this Agreement, Holders will not be entitled to initiate a Demand pursuant to Section 2.01 during the period covered by any Lock Up Agreement if such Holders were given the opportunity to participate in an Underwritten Offering and declined to participate.

(c) No Holder may participate in any Underwritten Offering hereunder unless such Holder (i) agrees to Sell such Holder's securities on the basis provided in any underwriting arrangements approved by CS&L or other Persons entitled to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements or this Agreement.

Section 2.05 Registration Expenses Paid by CS&L.

In the case of any Registration of Registrable Securities required pursuant to this Agreement, CS&L shall pay all Registration Expenses regardless of whether the Registration Statement becomes effective; provided, however, that CS&L shall not be required to pay for any expenses of any Registration begun pursuant to Section 2.01 if the Demand request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be Registered (in which case all participating Holders shall bear such expenses pro rata in accordance with the number of Registrable Securities requested to be registered by each Holder), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one Demand to which they have the right pursuant to Section 2.01(c).

Section 2.06 Indemnification.

(a) CS&L agrees to indemnify and hold harmless, to the full extent permitted by law, each Holder whose shares are included in a Registration Statement, such Holder's Affiliates and their respective officers, directors, agents, advisors, employees and each Person, if any, who controls (within the meaning of the Securities Act or the Exchange Act) such Holder, from and against any and all losses, claims, damages, liabilities (or actions or proceedings in respect thereof, whether or not such indemnified party is a party thereto) and expenses, joint or several (including reasonable costs of investigation and legal expenses) (each, a "Loss" and collectively "Losses") arising out of or based upon (i) any untrue or alleged untrue

statement of a material fact contained or incorporated by reference in any Registration Statement under which the offering and Sale of such Registrable Securities was Registered under the Securities Act (including any final or preliminary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein), or any such statement made in any free writing prospectus (as defined in Rule 405 under the Securities Act) that CS&L has filed or is required to file pursuant to Rule 433(d) of the Securities Act or any Ancillary Filing, or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or free writing prospectus, in light of the circumstances under which they were made) not misleading; provided, that with respect to any untrue statement or omission or alleged untrue statement or omission made in any Prospectus, the indemnity agreement contained in this paragraph shall not apply to the extent that any such liability results from or arises out of (A) the fact that a current copy of the Prospectus was not sent or given to the Person asserting any such liability at or prior to the written confirmation of the Sale of the Registrable Securities concerned to such Person if it is determined by a court of competent jurisdiction in a final and non-appealable judgment that CS&L has provided such Prospectus and it was the responsibility of such Holder or its agents to provide such Person with a current copy of the Prospectus and such current copy of the Prospectus would have cured the defect giving rise to such liability, (B) the use of any Prospectus by or on behalf of any Holder after CS&L has notified such Person (x) that such Prospectus contains or incorporates by reference an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (y) that a stop order has been issued by the SEC with respect to a Registration Statement or (z) that a Disadvantageous Condition or a Blackout exists or (C) information furnished in writing by such Holder or on such Holder's behalf, in either case expressly for use in such Registration Statement, Prospectus, free writing prospectus or Ancillary Filing relating to such Holder's Registrable Securities. This indemnity shall be in addition to any liability CS&L may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any indemnified party and shall survive the Sale of such securities by such Holder.

(b) Each participating Holder whose Registrable Securities are included in a Registration Statement agrees (severally and not jointly) to indemnify and hold harmless, to the full extent permitted by law, CS&L, its directors, officers, agents, advisors, employees and each Person, if any, who controls (within the meaning of the Securities Act and the Exchange Act) CS&L from and against any and all Losses (i) arising out of or based upon information furnished in writing by such Holder or on such Holder's behalf to CS&L, in either case expressly for use in a Registration Statement, Prospectus, free writing prospectus or Ancillary Filing relating to such Holder's Registrable Securities or (ii) arising out of or based upon (A) the fact that a current copy of the Prospectus was not sent or given to the Person asserting any such liability at or prior to the written confirmation of the Sale of the Registrable Securities concerned to such Person if it is determined by a court of competent jurisdiction in a final and non-appealable judgment that it was the responsibility of such Holder or its agent to provide such Person with a current copy of the Prospectus and such current copy of the Prospectus would have cured the defect giving rise to such liability, or (B) the use of any Prospectus by or on behalf of any Holder after CS&L has notified such Person (x) that such Prospectus contains or incorporates by reference an untrue statement of a material fact or omits to state a material fact required to be stated therein or

necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (y) that a stop order has been issued by the SEC with respect to a Registration Statement or (z) that a Disadvantageous Condition or a Blackout exists. This indemnity shall be in addition to any liability the participating Holder may otherwise have. In no event shall the liability of any participating Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such holder under the Sale of the Registrable Securities giving rise to such indemnification obligation. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of CS&L or any indemnified party.

Each person entitled to indemnification under this Section 2.06 (each, an "Indemnitee") shall give notice as promptly as reasonably practicable to each party obligated to provide indemnification under this Section 2.06 (each, an "Indemnifying Party") of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an Indemnifying Party shall not relieve such Indemnifying Party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this Section 2.06. In the case of parties indemnified pursuant to Section 2.06(a), counsel to the Indemnitee shall be selected by Holders representing a majority of the Registrable Securities included in the Registration Statement, and in the case of parties indemnified pursuant to Section 2.06(b) by CS&L. An Indemnifying Party may participate at its own expense in the defense of any such action; provided, however, that counsel to the Indemnifying Party shall not (except with the consent of the Indemnitee) also be counsel to the Indemnitee. In no event shall the Indemnifying Parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances unless (i) the employment of more than one counsel has been authorized in writing by the Indemnifying Party, (ii) the Indemnitee has reasonably concluded that there are legal defenses available to it that are different from or in addition to those available to the other Indemnitees, or (iii) a conflict or potential conflict exists or may exist between such Indemnitee and the other Indemnitees, in each of which cases the Indemnifying Party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels. No Indemnifying Party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification could be sought under this Section 2.06 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each Indemnitee in form and substance reasonably satisfactory to such Indemnitees from all liability arising out of such litigation, investigation, proceeding or claim, (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any Indemnitee, and (iii) any sums payable in connection with such settlement are paid in full by the Indemnifying Party. An Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, or if there be a final judgment for the plaintiff, the Indemnifying Party shall indemnify and hold harmless such Indemnitee from and against any Losses (to the extent stated above) by reason of such settlement or final judgment. If at any time an Indemnitee shall have requested an Indemnifying Party to reimburse the Indemnitee for fees

and expenses of counsel, such Indemnifying Party agrees that it shall be liable for any settlement of the nature contemplated by this Section 2.06(c) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such Indemnifying Party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such Indemnifying Party shall not have reimbursed such Indemnified Party in accordance with such request prior to the date of such settlement.

(c) If for any reason the indemnification provided for in Section 2.06(a) or Section 2.06(b) is unavailable to an Indemnitee or insufficient to hold it harmless as contemplated by Section 2.06(a) or Section 2.06(b), then the Indemnifying Party shall contribute to the amount paid or payable by the Indemnitee as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnitee on the other hand. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. For the avoidance of doubt, the establishment of such relative fault, and any disagreements or disputes relating thereto, shall be subject to Section 3.03. Notwithstanding anything in this Section 2.06(c) to the contrary, no Indemnifying Party (other than CS&L) shall be required pursuant to this Section 2.06(c) to contribute any amount in excess of the amount by which the net proceeds received by such Indemnifying Party from the Sale of Registrable Securities in the offering to which the Losses of the Indemnitees relate (before deducting expenses, if any) exceeds the amount of any damages which such Indemnifying Party has otherwise been required to pay by reason of such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.06(c) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 2.06(c). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an Indemnitee hereunder shall be deemed to include, for purposes of this Section 2.06(c), any legal or other expenses reasonably incurred by such Indemnitee in connection with investigating, preparing to defend or defending against or appearing as a third party witness in respect of, or otherwise incurred in connection with, any such loss, claim, damage, expense, liability, action, investigation or proceeding. If indemnification is available under this Section 2.06, the Indemnifying Parties shall indemnify each Indemnitee to the full extent provided in Section 2.06(a) and Section 2.06(b) without regard to the relative fault of said Indemnifying Parties or Indemnitee. Any Holders' obligations to contribute pursuant to this Section 2.06(c) are several and not joint.

Section 2.07 Reporting Requirements; Rule 144.

Until the earlier of (a) the expiration or termination of this Agreement in accordance with its terms and (b) the date upon which the Holders cease to own any Registrable Securities, CS&L shall use its commercially reasonable efforts to be and remain in compliance with the periodic filing requirements imposed under the SEC's rules and regulations, including

the Exchange Act, and any other applicable laws or rules, and thereafter shall timely file such information, documents and reports as the SEC may require or prescribe under Sections 13, 14 and 15(d), as applicable, of the Exchange Act in order to enable the Holders to Sell Registrable Securities without registration under the Securities Act consistent with the exemptions from registration under the Securities Act provided by (i) Rule 144 or Regulation S under the Securities Act, as amended from time to time, or (ii) any similar SEC rule or regulation then in effect. From and after the date hereof through the earlier of the expiration or termination of this Agreement in accordance with its terms and the date upon which the Holders cease to own any Registrable Securities, CS&L shall forthwith upon request furnish any Holder (x) a written statement by CS&L as to whether it has complied with such requirements and, if not, the specifics thereof, (y) a copy of the most recent annual or quarterly report of CS&L and (z) such other reports and documents filed by CS&L with the SEC, as such Holder may reasonably request in availing itself of an exemption for the offering and Sale of Registrable Securities without registration under the Securities Act.

ARTICLE III

MISCELLANEOUS

Section 3.01 Term.

This Agreement shall terminate upon (i) in respect of Searchlight, (a) three months after the date that Searchlight (1) does not have a director on CS&L's board of directors, (2) does not have a right to designate a director to CS&L's board of directors, and (3) does not own Registrable Securities representing at least 3% of CS&L's issued and outstanding Common Stock, and (ii) in respect of any other Holder, upon the later of (x) six months after the date of this Agreement , and (y) the date such Holder does not own Registrable Securities representing at least 3% of CS&L's issued and outstanding Common Stock; provided, that the provisions of Section 2.05 and Section 2.06 and this Article III shall survive any such termination.

Section 3.02Counterparts; Entire Agreement; Corporate Power

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each party and delivered to each other party.

(b) This Agreement and the exhibit hereto contain the entire agreement between the parties with respect to the subject matter hereof, supersedes all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the parties with respect to such subject matter other than those set forth or referred to herein.

(c) Each of the Holders represents on behalf of itself, and CS&L represents on behalf of itself and each other member of the CS&L Group, as follows: (i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby, and (ii) this Agreement has been

duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

Section 3.03 Governing Law; Waiver of Jury Trial.

(a) This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the laws of the State of New York, including all matters of validity, construction, effect, enforceability, performance and remedies.

(b) THE PARTIES EXPRESSLY WAIVE AND FOREGO ANY RIGHT TO TRIAL BY JURY.

Section 3.04 Amendment.

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of CS&L, if such waiver, amendment, supplement or modification is sought to be enforced against CS&L, or the Holders of a majority of the Registrable Securities, if such waiver, amendment, supplement or modification is sought to be enforced against one or more Holders.

Section 3.05 Waiver of Default.

Waiver by any party of any default by the other party of any provision of this Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of such party. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 3.06 Successors, Assigns and Transferees.

(a) This Agreement and all provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. CS&L may assign this Agreement at any time in connection with a sale or acquisition of CS&L, whether by merger, consolidation, sale of all or substantially all of CS&L's assets or similar transaction, without the consent of the Holders; provided, that the successor or acquiring Person agrees in writing to assume all of CS&L's rights and obligations under this Agreement.

(b) Each Holder shall be permitted to Sell without restriction all or any portion of its Registrable Securities (1) in a transaction that is registered under the Securities Act and applicable state securities laws, or (2) upon receipt by CS&L of a legal opinion reasonably acceptable to CS&L from counsel reasonably acceptable to CS&L, or other documentation requested by CS&L, that registration under such laws is not required in connection with such offer, Sale or transfer. Upon any such Sale pursuant to clause (2) in which the Common Stock

Sold is still subject to restrictions on transfer under the Securities Act and bears a restrictive legend, the Holder shall be permitted to assign its Registration related rights and obligations under this Agreement relating to the Registrable Securities Sold; provided that (x) CS&L is given written notice prior to or at the time of such Sale stating the name and address of the transferee and identifying the securities with respect to which the Registration related rights and obligations are being Sold, and (y) the transferee executes a counterpart in the form attached hereto as Exhibit A and delivers the same to CS&L (a "Permitted Transferee"). In addition, a Holder may assign its Registration related rights under this Agreement to a Pledgee Transferee upon foreclosure; provided that (x) CS&L is given written notice prior to or at the time of such foreclosure stating the name and address of the Pledgee Transferee and identifying the securities with respect to which the Registration related rights and obligations are being Sold, and (y) the Pledgee Transferee executes a counterpart in the form attached hereto as Exhibit A and delivers the same to CS&L, in which case the Pledgee Transferee shall also be a Permitted Transferee. In all cases, the Registration related rights shall not be transferred unless the transferee thereof executes a counterpart attached hereto as Exhibit A and delivers the same to CS&L. Any transfers of Registrable Securities not made in accordance with the provisions of this Section 3.06 shall cause such securities to no longer be deemed to be Registrable Securities under this Agreement.

Section 3.07 Further Assurances.

In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable on its part under applicable laws, regulations and agreements, to consummate and make effective the transactions contemplated by this Agreement.

Section 3.08 Performance.

Each of the Holders shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by such Holder's Group. CS&L shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the CS&L Group. Each party (including its permitted successors and assigns) further agrees that it shall (a) give timely notice of the terms, conditions and continuing obligations contained in this Section 3.08 to all of the other members of its Group and (b) cause all of the other members of its Group not to take, or omit to take, any action which action or omission would violate or cause such party to violate this Agreement.

Section 3.09 Notices.

All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service), or by registered or certified mail (postage prepaid, return receipt requested) to

the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 3.09):

If to a Holder, to the address for such Holder listed on the signature page hereto.

If to CS&L, to:

Communications Sales & Leasing, Inc.
10802 Executive Center Drive
Benton Building Suite 300
Little Rock, AR 72211
Attention: General Counsel

Any party may, by notice to the other party, change the address and contact person to which any such notices are to be given.

Section 3.10 Severability.

If any provision of this Agreement or the application hereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

Section 3.11 No Reliance on Other Party.

The parties hereto represent to each other that this Agreement is entered into with full consideration of any and all rights which the parties hereto may have. The parties hereto have relied upon their own knowledge and judgment and have conducted such investigations they and their counsel have deemed appropriate regarding this Agreement and their rights in connection with this Agreement. The parties hereto are not relying upon any representations or statements made by any other party, or any such other party's employees, agents, representatives or attorneys, regarding this Agreement, except to the extent such representations are expressly set forth or incorporated in this Agreement. The parties hereto are not relying upon a legal duty, if one exists, on the part of any other party (or any such other party's employees, agents, representatives or attorneys) to disclose any information in connection with the execution of this Agreement or its preparation, it being expressly understood that no party hereto shall ever assert any failure to disclose information on the part of any other party as a ground for challenging this Agreement or any provision hereof.

Section 3.12 Windstream and PEG Registration Rights Agreements.

The rights granted to Holders hereunder are subject in all respects to the rights granted to (i) Windstream and its Affiliates under the Windstream Registration Rights Agreement and PEG and its Affiliates under the PEG Registration Rights

Agreement. Notwithstanding anything to the contrary in this Agreement, the rights so granted to the Holders hereunder shall not limit or restrict the rights of (i) Windstream or its Affiliates under the Windstream Registration Rights Agreement, or (ii) PEG or its Affiliates under the PEG Registration Rights Agreement.

Section 3.13 Mutual Drafting.

This Agreement shall be deemed to be the joint work product of the parties, and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

[*The remainder of this page has been left blank intentionally*.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date first above written.

Searchlight II CLS, L.P.
By: Searchlight II CLS GP, LLC,
its general partner

By: /s/ Andrew Frey
Name: Andrew Frey
Title: Authorized Officer

Address for Notice:

Searchlight II CLS, L.P.
c/o Searchlight Capital Partners, L.P.
745 5th Avenue
New York, NY 10151

Name: Andrew Frey
Title: Partner
Telephone: 212-293-3722
Email: afrey@searchlightcap.com

Name: Nadir Nurmohamed
Title: General Counsel
Telephone: 416-687-6591
Email: nnurmohamed@searchlightcap.com

With a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attention of Monica K. Thurmond
Telephone: 212-373-3055
Email: mthurmond@paulweiss.com

CG CORE VALUE FUND, L.P.

By: /s/ Holly L. Larkin
Name: Holly L. Larkin
Title: Chief Operating Officer

Address for Notice:

One Information Way
Ste. 405
Little Rock, AR 72202

CG CONCENTRATED POSITIONS FUND, LP

By: /s/ Holly L. Larkin
Name: Holly L. Larkin
Title: Chief Operating Officer

Address for Notice:

One Information Way
Ste. 405
Little Rock, AR 72202

GLOBAL LONG SHORT PARTNERS, MASTER LP

By: /s/ Michelle Barone
Name: Michelle Barone
Title: Authorized Signatory

Address for Notice:

Michelle Barone
200 West Street, 34th floor
New York, NY 10282
+1 212 934 0784
michelle.baron@gs.com

JANA MASTER FUND, LTD.
By: JANA Partners LLC, its Investment Manager

By: /s/ Charles Penner
Name: Charles Penner
Title: Partner and Chief Legal Officer

Address for Notice:

c/o JANA Partners LLC
767 Fifth Avenue, 8th Floor
New York, NY 10153

JANA NIRVANA MASTER FUND, LTD.
By: JANA Nirvana Capital LLC,
its General Partner

By: /s/ Charles Penner
Name: Charles Penner
Title: Authorized Signatory

Address for Notice:

c/o JANA Partners LLC
767 Fifth Avenue, 8th Floor
New York, NY 10153

P Zimmer LTD

By: /s/ Stuart J. Zimmer
Name: Stuart J. Zimmer
Title: CEO of Zimmer Partners, LP
as Investment Manager

Address for Notice:

c/o Zimmer Partners, LP
888 Seventh Avenue, 23rd Floor
New York, NY 10106

ZP MATER UTILITY FUND, LTD.

By: /s/ Stuart J. Zimmer
Name: Stuart J. Zimmer
Title: Director

Address for Notice:

c/o Zimmer Partners, LP
888 Seventh Ave, 23rd Floor
New York, New York 10106

PEG BANDWIDTH HOLDINGS, LLC

By: /s/ Scott G. Bruce
Name: Scott G. Bruce
Title: Managing Director

Address for Notice:

3 Bala Plaza East, Suite 502
Bala Cynwyd, PA 19004

Communications Sales & Leasing, Inc.

By: /s/ Daniel Heard
Name: Daniel Heard
Title: Executive Vice President, General Counsel

[*Signature Page to Registration Rights Agreement*]

Exhibit A

Form of

Agreement to be Bound

THIS INSTRUMENT forms part of the Registration Rights Agreement (the "Agreement"), dated as of June 15, 2016, by and among ach of the parties on the signature pages hereto (collectively, the "Holders"), and Communications Sales & Leasing, Inc., a Maryland corporation ("CS&L"). The undersigned hereby acknowledges having received a copy of the Agreement and having read the Agreement in its entirety, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, hereby agrees that the terms and conditions of the Agreement binding upon and inuring to the benefit of such Holder shall be binding upon and inure to the benefit of the undersigned and its successors and permitted assigns as if it were an original party to the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this _____day of _____, 20__.

_____
(Signature of transferee)

_____
Print name

_____
Number of Registrable Securities Transferred

Exhibit 31.1

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 Communications Sales & Leasing, 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 and CLEC business 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)) 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 and its Consumer CLEC Business, 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) 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

   (c) 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: August 11, 2016

By: /s/ Kenneth A. Gunderman

Kenneth A. Gunderman
President and Chief Executive Officer

Exhibit 31.2

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, Mark A. Wallace, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Communications Sales & Leasing, 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 and CLEC business 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)) 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 and its Consumer CLEC Business, 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) 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

   (c) 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: August 11, 2016

By: /s/ Mark A. Wallace

Mark A. Wallace
Executive Vice President – Chief Financial Officer
and Treasurer

Exhibit 32.1

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 Communications Sales & Leasing, Inc. (the "Company") for the period ending June 30, 2016 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: August 11, 2016

By: /s/ Kenneth A. Gunderman

Kenneth A. Gunderman
President and Chief Executive Officer

Exhibit 32.2

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 Communications Sales & Leasing, Inc. (the "Company") for the period ending June 30, 2016 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: August 11, 2016

By: /s/ Mark A. Wallace

Mark A. Wallace
Executive Vice President – Chief Financial Officer
and Treasurer