
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

Current Report

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

Date of Report (Date of earliest event reported) July 31, 2025

Windstream Parent, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

333-281068
(Commission
File Number)

99-2892631
(I.R.S. Employer
Identification No.)

4005 Rodney Parham Road, Little Rock, Arkansas
(Address of principal executive offices)

72212
(Zip Code)

(501) 748-7000
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

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

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

Securities registered pursuant to Section 12(b) of the Act: None

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

Emerging growth company ☐

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

Item 8.01 Other Events.

As previously disclosed, on May 3, 2024, Windstream Holdings II, LLC (“Windstream Holdings”) entered into an Agreement and Plan of Merger, by and between Windstream Holdings and Uniti Group Inc. (“Uniti”), as amended by Amendment No. 1 to the Agreement and Plan of Merger, dated as of July 17, 2024 (as it may be further amended and/or restated from time to time, the “Merger Agreement”). Upon the terms and subject to the conditions set forth in the Merger Agreement and following a pre-closing reorganization of Windstream Holdings, an affiliate of Windstream Holdings identified as “Merger Sub” in the Merger Agreement will merge with and into Uniti (the “Merger”), with Uniti surviving the Merger, with the result that both of Uniti and Windstream Holdings’ successor by merger (referred to below) will be indirect wholly owned subsidiaries of Windstream Parent, Inc. (“Parent”). In connection with the Merger, Parent will be renamed Uniti Group Inc.

On April 23, 2025, Windstream Holdings completed a reorganization (the “Windstream F-Reorganization”) intended to qualify as a reorganization under Section 368(a)(1)(F) of the Internal Revenue Code. As part of the reorganization, New Windstream, LLC (“Windstream”) elected to be treated as a corporation for U.S. federal income tax purposes. Through a series of wholly owned subsidiaries, Windstream formed New Windstream Holdings II, LLC, an indirect wholly owned subsidiary of Windstream, and effected the merger of Windstream Holdings with and into New Windstream Holdings II, LLC, with New Windstream Holdings II, LLC surviving. In connection with the Windstream F-Reorganization, the equityholders of Windstream Holdings received equity interests in Windstream and holders of certain warrants in Windstream Holdings received corresponding warrants in Windstream. As a result of the reorganization, Windstream Holdings became the indirectly wholly owned subsidiary of Windstream.

In connection with the Merger, Parent is filing this Current Report on Form 8-K to provide (i) the unaudited financial statements and related notes of Windstream as of June 30, 2025 and December 31, 2024 and for the three and six months ended June 30, 2025 and 2024 and (ii) the related management’s discussion and analysis of financial condition and results of operations of Windstream, attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and incorporated herein by reference.

The information contained in Exhibits 99.1 and 99.2 to this Current Report on 8-K updates and supplements the disclosure contained in Parent’s prospectus filed pursuant to Rule 424(b)(3) relating to the Merger, as filed with the Securities and Exchange Commission (the “SEC”) on February 12, 2025 (the “Windstream Prospectus”), and in Parent’s registration statement on Form S-4 (File No. 333-281068), as amended (the “Windstream Registration Statement”), which was declared effective by the SEC on February 12, 2025. Exhibits 99.1 and 99.2 shall be deemed incorporated by reference into the Windstream Prospectus and the Windstream Registration Statement. To the extent that the information in this Form 8-K differs from or updates information contained in the Windstream Prospectus or the Windstream Registration Statement, the information in this Current Report on Form 8-K shall supersede or supplement the information in the Windstream Prospectus or the Windstream Registration Statement.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements included in or incorporated by reference into this communication that are not historical facts constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the rules, regulations and releases of the SEC. These forward-looking statements are subject to risks and uncertainties, and actual results might differ materially from those discussed in, or implied by, the forward-looking statements. Forward-looking statements are based on the current beliefs and expectations of the managements of Uniti and Windstream and are subject to significant risks and uncertainties outside of their control. Words such as “believes,” “anticipates,” “estimates,” “expects,” “plans,” “intends,” “aims,” “potential,” “will,” “would,” “could,” “considered,” “likely,” “estimate” and variations of these words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Windstream Registration Statement.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on future circumstances that may or may not occur. Actual results may differ materially from the current beliefs and expectations of the management of Uniti and Windstream depending on a number of factors affecting their businesses and risks associated with the successful execution of the Merger and the integration and performance of New Uniti following the Merger. In evaluating these forward-looking statements, you should carefully consider the risks described in other reports that New Uniti and Uniti file with the SEC. Factors which could have a material adverse effect on operations and future prospects or which could cause events or circumstances to differ from the forward-looking statements include, but are not limited to: the Exchange Ratio being based on pre-determined ownership percentages meaning that it will not be adjusted if there is a decrease in Windstream's value prior to the Merger, and therefore Uniti stockholders cannot be sure of the value of the consideration they will receive in the Merger, if completed; the Exchange Ratio being dependent upon the amount of then outstanding Uniti Common Stock and Windstream units at the Closing, which means that the Exchange Ratio will not be determined until immediately prior to the Closing; the Merger being subject to conditions, including conditions that may not be satisfied or waived on a timely basis or at all, and which if delayed or not satisfied may prevent, delay or jeopardize the Closing, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the Merger; the termination of the Merger Agreement, which could negatively impact Uniti and Windstream and, in certain circumstances, could require Uniti to pay certain termination fees or expense reimbursement to Windstream; the uncertainty that Uniti will be able to obtain sufficient cash to pay the Closing Cash Payment for the Merger in a timely manner or at all; stockholder litigation, which could prevent or delay the Closing or otherwise negatively impact each of Uniti's and Windstream's businesses and operations; the significant transaction costs that Uniti and Windstream will incur in connection with the Merger; the possibility that the Merger may distract Uniti's and Windstream's respective management teams from their other responsibilities and the Merger Agreement may limit each of Uniti's ability and Windstream's ability to pursue new opportunities; the possibility that the Merger, including uncertainty regarding the Merger, may cause third parties to delay or defer decisions concerning Uniti and Windstream and could adversely affect Uniti's and Windstream's ability to effectively manage their respective businesses; business uncertainties while the Merger is pending, which may negatively impact Uniti's ability and Windstream's ability to attract and retain personnel; the unaudited pro forma condensed combined financial information in the Windstream Prospectus which are presented for illustrative purposes only and may not be reflective of New Uniti's operating results or financial condition following the Closing; our stock price, which may fluctuate significantly; insider control over New Uniti that could limit your ability to influence the outcome of key transactions, including a change of control; certain provisions of Delaware law and our certificate of incorporation and bylaws that may deter third parties from acquiring us; the fact that we do not anticipate paying any cash dividends in the foreseeable future; competition and overbuilding in consumer service areas and competition in business markets, which could reduce market share and adversely affect New Uniti's results of operations and financial condition; risks related to pro forma consolidated indebtedness, which could materially and adversely affect New Uniti's financial position, including reducing funds available for other business purposes and reducing our operational flexibility; the possibility that our reliance on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business, and further, cybersecurity incidents could have a material adverse effect on our business, our results of operations and financial condition; rapid changes in technology, which could affect our ability to compete; the possibility that continuous increases in broadband usage may cause network capacity limitations, resulting in service disruptions or reduced capacity for customers; risks related to New Uniti's operations, which will require sufficient access to liquidity to fund cash needs; if funds are not available when needed, this could affect service to customers and growth opportunities and have a material adverse impact on the business and financial position; risks related to the potential of New Uniti being prohibited from participating in government programs, which could cause results of operations to be materially and adversely affected; risks related to New Uniti being subject to various forms of regulation from the FCC and state regulatory commissions, which limit pricing flexibility for regulated voice and high-speed Internet products, subject New Uniti to service quality, service reporting and other obligations and expose New Uniti to the reduction of revenue from changes to the USF, the inter-carrier compensation system, or access to interconnection with competitors' facilities; risks related to the possible impact of tariffs, including trade tariffs, and trade disputes; risks related to New Uniti's business being subject to other government regulations and changes in current or future laws, regulations, rules, federal executive orders or state or federal mandates could restrict its ability to operate in the manner currently contemplated; and additional factors discussed in the Windstream Registration Statement and in Part I, Item 1A "*Risk Factors*" of Uniti's Annual Report on Form 10-K for the year ended December 31, 2024, as well as those described in Windstream's and Uniti's subsequent filings with the SEC. Forward-looking statements speak only as of the date of this communication. Except as required by law, Uniti, Windstream and New Uniti expressly disclaim any obligation to update or revise any forward-looking statements to reflect any change in expectations or any change in events, conditions or circumstances on which any such statement is based.

Where to Find Additional Information

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. This communication may be deemed to be solicitation material in respect of the proposed merger between Windstream and Uniti (the “proposed transaction”). In connection with the proposed transaction, Windstream filed a registration statement on Form S-4, containing a proxy statement/prospectus, with the SEC on February 12, 2025 and Uniti filed a proxy statement with the SEC on February 12, 2025. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE REGISTRATION STATEMENT, PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders are able to obtain copies of the registration statement and proxy statement/prospectus (when available) as well as other filings containing information about Windstream and Uniti, without charge, at the SEC’s website, <http://www.sec.gov>. Copies of the registration statement and proxy statement/prospectus and each company’s other filings with the SEC may also be obtained free of charge from the respective companies. Copies of documents filed with the SEC by Windstream will be made available free of charge on Windstream’s investor relations website at <https://investor.windstream.com/>. Copies of documents filed with the SEC by Uniti will be made available free of charge on Uniti’s investor relations website at <https://investor.uniti.com/>.

Item 9.01 Financial Statements and Exhibits

Exhibits

<u>99.1</u>	<u>Financial Statements of New Windstream, LLC</u>
<u>99.2</u>	<u>Management's Discussion and Analysis of New Windstream, LLC</u>
104	Inline XBRL for the cover page of this Current Report on Form 8-K

SIGNATURES

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

WINDSTREAM PARENT, INC.

Date: July 31, 2025

By: /s/ Drew Smith

Name: Drew Smith

Title: Chief Financial Officer and Treasurer

New Windstream, LLC**Table of Contents**

	<u>Page No.</u>
Condensed Consolidated Financial Statements (Unaudited):	
Condensed Consolidated Statements of Operations	2
Condensed Consolidated Statements of Comprehensive (Loss) Income	3
Condensed Consolidated Balance Sheets	4
Condensed Consolidated Statements of Cash Flows	5
Condensed Consolidated Statements of Equity	6
Notes to Unaudited Condensed Consolidated Financial Statements	7

NEW WINDSTREAM, LLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Millions, except per unit amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues and sales:				
Service revenues	\$ 851.4	\$ 915.7	\$ 1,731.4	\$ 1,892.4
Sales revenues	16.9	10.6	26.7	34.5
Total revenues and sales	868.3	926.3	1,758.1	1,926.9
Costs and expenses:				
Cost of services (exclusive of depreciation and amortization included below)	526.1	574.6	1,079.0	1,164.7
Cost of sales	15.8	8.7	26.3	25.1
Selling, general and administrative	144.5	163.4	295.8	336.9
Depreciation and amortization	183.2	200.8	369.9	408.5
Net loss (gain) on asset retirements and dispositions	3.5	(9.7)	(25.1)	(31.4)
Gain on sale of operating assets	(1.2)	—	(27.0)	(103.2)
Merger expenses	5.3	10.1	8.5	14.8
Total costs and expenses	877.2	947.9	1,727.4	1,815.4
Operating (loss) income	(8.9)	(21.6)	30.7	111.5
Other income, net	4.7	0.8	8.7	1.5
Interest expense	(58.2)	(52.8)	(116.4)	(106.4)
(Loss) income before income taxes	(62.4)	(73.6)	(77.0)	6.6
Income tax benefit (expense)	5.8	13.7	3.6	(6.8)
Net loss	\$ (56.6)	\$ (59.9)	\$ (73.4)	\$ (0.2)
Loss per unit:				
Basic	\$ (0.62)	\$ (0.66)	\$ (0.81)	\$ (0.00)
Diluted	\$ (0.62)	\$ (0.66)	\$ (0.81)	\$ (0.00)
Weighted average units outstanding:				
Basic	90.7	90.7	90.6	90.6
Diluted	90.7	90.7	90.6	90.6

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

NEW WINDSTREAM, LLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	\$ (56.6)	\$ (59.9)	\$ (73.4)	\$ (0.2)
Other comprehensive (loss) income:				
Designated interest rate swaps:				
Change in fair value in the period	(1.2)	2.2	(4.0)	9.1
Net unrealized gains included in interest expense	(0.9)	(1.7)	(1.9)	(3.4)
De-designated interest rate swaps:				
Amortization of net unrealized gains	(1.5)	(2.0)	(2.9)	(3.9)
	(3.6)	(1.5)	(8.8)	1.8
Income tax benefit (expense)	0.9	0.4	2.2	(0.4)
Change in interest rate swaps	(2.7)	(1.1)	(6.6)	1.4
Postretirement plan:				
Amounts included in net periodic benefit cost:				
Amortization of net actuarial gains	(0.2)	(0.2)	(0.4)	(0.4)
Amortization of prior service credits	(0.2)	(0.2)	(0.4)	(0.4)
	(0.4)	(0.4)	(0.8)	(0.8)
Income tax benefit	0.1	0.1	0.3	0.2
Change in postretirement plan	(0.3)	(0.3)	(0.5)	(0.6)
Other comprehensive (loss) income	(3.0)	(1.4)	(7.1)	0.8
Comprehensive (loss) income	\$ (59.6)	\$ (61.3)	\$ (80.5)	\$ 0.6

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

NEW WINDSTREAM, LLC
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Millions, except number of common units)	June 30, 2025	December 31, 2024
Assets		
Current Assets:		
Cash and cash equivalents	\$ 163.4	\$ 349.0
Restricted cash	5.3	5.3
Accounts receivable, net of allowance for credit losses of \$19.0 and \$20.7, respectively	344.9	310.1
Inventories	131.0	136.8
Prepaid expenses	145.6	130.6
Other current assets	128.2	190.1
Total current assets	918.4	1,121.9
Intangible assets, net	237.0	245.9
Property, plant and equipment, net	3,764.8	3,812.6
Operating lease right-of-use assets	3,084.4	3,287.9
Other assets	95.1	96.4
Total Assets	\$ 8,099.7	\$ 8,564.7
Liabilities and Equity		
Current Liabilities:		
Current portion of operating lease obligations	\$ 598.7	\$ 527.2
Accounts payable	141.3	183.5
Advance payments	135.1	137.6
Accrued taxes	49.7	52.3
Accrued interest	45.6	44.1
Other current liabilities	298.7	447.4
Total current liabilities	1,269.1	1,392.1
Long-term debt	2,673.4	2,672.0
Long-term operating lease obligations	2,807.9	3,053.6
Deferred income taxes	157.4	166.2
Other liabilities	361.6	371.3
Total liabilities	7,269.4	7,655.2
Commitments and Contingencies (See Note 12)		
Equity:		
Equity units	1,464.3	1,463.0
Additional paid-in-capital	6.8	6.8
Accumulated other comprehensive income	6.7	13.8
Accumulated deficit	(647.5)	(574.1)
Total equity	830.3	909.5
Total Liabilities and Equity	\$ 8,099.7	\$ 8,564.7

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

NEW WINDSTREAM, LLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Millions)	Six Months Ended June 30,	
	2025	2024
Cash Flows from Operating Activities:		
Net loss	\$ (73.4)	\$ (0.2)
Adjustments to reconcile net loss to net cash provided from operations:		
Depreciation and amortization	369.9	408.5
Gain on sale of operating assets	(27.0)	(103.2)
Net gain on asset retirements and dispositions	(25.1)	(31.4)
Provision for estimated credit losses	14.6	24.5
Deferred income taxes	(6.5)	(2.3)
Other, net	8.2	6.1
Changes in operating assets and liabilities, net		
Accounts receivable	(49.3)	(7.3)
Inventories	1.9	17.6
Prepaid expenses	(15.0)	(2.0)
Other current assets	87.6	(84.0)
Other assets	(0.4)	(2.0)
Accounts payable	(54.1)	(70.6)
Advance payments	(2.5)	(21.5)
Accrued interest	1.5	(0.7)
Accrued taxes	(2.5)	6.1
Other current liabilities	(166.7)	34.7
Other liabilities	(0.7)	7.2
Operating lease assets and lease obligations	29.4	35.7
Other, net	3.6	7.8
Net cash provided from operating activities	93.5	223.0
Cash Flows from Investing Activities:		
Capital expenditures	(445.2)	(450.0)
Uniti funding of growth capital expenditures	175.0	196.7
Capital expenditures funded by government grants	(43.8)	(56.0)
Grant funds received for broadband expansion	11.1	33.5
Proceeds from sale of operating assets	27.0	103.5
Proceeds from liquidation of non-marketable investment	—	9.2
Other, net	0.8	3.6
Net cash used in investing activities	(275.1)	(159.5)
Cash Flows from Financing Activities:		
Proceeds of debt issuances	—	215.0
Repayments of debt	—	(218.7)
Proceeds from the issuance of warrants under rights offering	164.3	—
Repurchase of common units under tender offer	(163.0)	—
Debt issuance costs	(2.3)	—
Payments under finance leases	(2.6)	(5.5)
Other, net	(0.4)	(2.8)
Net cash used in financing activities	(4.0)	(12.0)
Net (decrease) increase in cash, cash equivalents and restricted cash	(185.6)	51.5
Cash, Cash Equivalents and Restricted Cash:		
Beginning of period	354.3	50.2
End of period	\$ 168.7	\$ 101.7
Supplemental Cash Flow Disclosures:		
Interest paid, net of interest capitalized	\$ 111.1	\$ 103.1
Income taxes refunded, net	\$ 2.9	\$ 4.6
Right-of-use assets obtained in exchange for operating lease obligations	\$ 81.5	\$ 77.6
Change in accounts payable and other current liabilities for purchases of property and equipment	\$ (21.3)	\$ 19.9

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

NEW WINDSTREAM, LLC
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

(Millions)	Equity Units	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance at December 31, 2024	\$ 1,463.0	\$ 6.8	\$ 13.8	\$ (574.1)	\$ 909.5
Net loss	—	—	—	(16.8)	(16.8)
Other comprehensive loss, net of tax:					
Change in postretirement plan	—	—	(0.2)	—	(0.2)
Change in designated interest rate swaps	—	—	(2.8)	—	(2.8)
Amortization of net gains on de-designated interest rate swaps	—	—	(1.1)	—	(1.1)
Comprehensive loss	—	—	(4.1)	(16.8)	(20.9)
Balance at March 31, 2025	\$ 1,463.0	\$ 6.8	\$ 9.7	\$ (590.9)	\$ 888.6
Net loss	—	—	—	(56.6)	(56.6)
Other comprehensive loss, net of tax:					
Change in postretirement plan	—	—	(0.3)	—	(0.3)
Change in designated interest rate swaps	—	—	(1.6)	—	(1.6)
Amortization of unrealized gain on de-designated interest rate swap	—	—	(1.1)	—	(1.1)
Comprehensive loss	—	—	(3.0)	(56.6)	(59.6)
Issuance of warrants under rights offering	324.6	—	—	—	324.6
Exchange of common units for warrants under rights offering	(160.3)	—	—	—	(160.3)
Repurchase of common units under tender offer	(163.0)	—	—	—	(163.0)
Balance at June 30, 2025	\$ 1,464.3	\$ 6.8	\$ 6.7	\$ (647.5)	\$ 830.3

(Millions)	Equity Units	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance at December 31, 2023	\$ 1,463.0	\$ 22.8	\$ 18.9	\$ (362.9)	\$ 1,141.8
Net income	—	—	—	59.7	59.7
Other comprehensive income, net of tax:					
Change in postretirement plan	—	—	(0.3)	—	(0.3)
Change in designated interest rate swaps	—	—	4.0	—	4.0
Amortization of net gains on de-designated interest rate swap	—	—	(1.5)	—	(1.5)
Comprehensive income	—	—	2.2	59.7	61.9
Equity-based compensation	—	1.4	—	—	1.4
Taxes withheld on vested and settled restricted common units	—	(0.5)	—	—	(0.5)
Balance at March 31, 2024	\$ 1,463.0	\$ 23.7	\$ 21.1	\$ (303.2)	\$ 1,204.6
Net loss	—	—	—	(59.9)	(59.9)
Other comprehensive loss, net of tax:					
Change in postretirement plan	—	—	(0.3)	—	(0.3)
Change in designated interest rate swaps	—	—	0.4	—	0.4
Amortization of net gains on de-designated interest rate swap	—	—	(1.5)	—	(1.5)
Comprehensive loss	—	—	(1.4)	(59.9)	(61.3)
Reclassification of equity awards	—	(15.6)	—	—	(15.6)
Equity-based compensation	—	0.5	—	—	0.5
Taxes withheld on vested and settled restricted common units	—	(0.3)	—	—	(0.3)
Balance at June 30, 2024	\$ 1,463.0	\$ 8.3	\$ 19.7	\$ (363.1)	\$ 1,127.9

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

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Preparation of Interim Financial Statements:

Organizational Structure Following Internal Reorganization – Prior to an internal reorganization completed on April 23, 2025, as further discussed below, Windstream Holdings II, LLC (“Holdings”), a Delaware limited liability company, was the parent company, and together with its consolidated subsidiaries, was the reporting entity. On April 23, 2025, an internal reorganization was completed with Holdings merging with and into New Windstream Holdings II, LLC (“New Windstream Holdings II”), a Delaware limited liability company, with New Windstream Holdings II as the surviving entity of the merger and an indirect subsidiary of New Windstream, LLC (“New Windstream,” “the Company,” “we,” or “our”). New Windstream is a privately held Delaware limited liability company with no publicly registered debt or equity securities. Prior to the internal reorganization, New Windstream was a wholly owned subsidiary of Holdings.

In connection with this internal reorganization, Holdings’ existing equityholders received on a one-for-one basis common units of New Windstream and warrants exchangeable for common units of New Windstream. In addition, New Windstream assumed any outstanding awards under the 2020 Management Incentive Plan (“MIP”). New Windstream has elected to be treated as a corporation for United States of America (“U.S.”) federal income tax purposes.

As successor to Holdings, New Windstream Holdings II succeeded to Holdings’ obligation as guarantor and as “Holdings” under the Windstream Credit Agreement. Windstream Services, LLC (“Services” or the “Borrower”) is a wholly owned subsidiary of New Windstream Holdings II.

The internal reorganization did not result in a change in the reporting entity, other than New Windstream becoming the parent company and legal issuer of the Company’s outstanding common units and warrants. Accordingly, New Windstream, together with its consolidated subsidiaries, including New Windstream Holdings II, (collectively, “Windstream”), is the reporting entity for all periods presented in the accompanying unaudited consolidated financial statements and notes thereto. The change in equity has been retrospectively reflected in the computation of loss per unit for all periods presented.

Completion of Rights Offering and Tender Offer – On September 26, 2024, Windstream commenced a rights offering (the “Windstream Rights Offering”) pursuant to which all Windstream equityholders were offered the right to purchase pre-funded warrants of Windstream at a subscription price of \$13 per warrant (the “Rights Offering Warrants”). The Rights Offering Warrants have substantially the same terms as the outstanding units of Windstream (including a right of first refusal and transfer restrictions). Each Rights Offering Warrant entitles the holder to purchase one common unit of Windstream for less than \$.01 per common unit. Concurrently with the commencement of the Windstream Rights Offering, Windstream launched a tender offer (the “Windstream Tender Offer”) pursuant to which Windstream offered to purchase all outstanding units of Windstream from Windstream equityholders at a purchase price of \$13 per common unit.

On April 8, 2025, Windstream completed the Windstream Rights Offering and Windstream Tender Offer. The proceeds from the Windstream Rights Offering were used to fund the Windstream Tender Offer. Immediately following the completion of the Windstream Rights Offering and Windstream Tender Offer, there were 65,733,236 common units and 24,971,924 Rights Offering Warrants outstanding, including 12,328,956 Rights Offering Warrants issued in a non-cash exchange for common units on a one-for-one basis to our largest equityholder concurrent with the completion of the Windstream Rights Offering.

Description of Business – Windstream’s quality-first approach connects customers to new opportunities and possibilities by leveraging its nationwide network to deliver a full suite of advanced communications services. We provide fiber-based broadband to residential and business customers in eighteen states, managed cloud communications and security services for large enterprises and government entities across the U.S., and tailored waves and transport solutions for carriers, content providers and large cloud computing and storage service providers in the U.S. and Canada. Our operations are organized into three business segments: Kinetic, Managed Services and Wholesale. The Kinetic segment serves consumer and business customers in markets in which we are the incumbent local exchange carrier (“ILEC”) and provides services over network facilities operated by us. Managed Services and Wholesale segments serve business and wholesale customers in markets in which we are a competitive local exchange carrier (“CLEC”) and provide services over network facilities primarily leased from other carriers. As further discussed in Note 10, effective April 1, 2025, we completed certain changes to our previous business segment structure to better reflect the individual financial performance of our business segments. See Notes 5 and 10 for additional information regarding the Company’s business segments.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Preparation of Interim Financial Statements, Continued:

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions have been eliminated, as applicable. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. (“U.S. GAAP”) have been condensed or omitted consistent with the interim reporting requirements of a public business entity and the Company’s debt agreements. The accompanying unaudited condensed consolidated balance sheet as of December 31, 2024 was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. In the opinion of management, all adjustments, consisting of normal, recurring adjustments, necessary for a fair statement of the Company’s results of operations for, and financial condition as of the end of, the interim periods have been made in the preparation of the accompanying unaudited condensed consolidated financial statements. The results for the interim periods are not necessarily indicative of results for the full year. For a more complete discussion of significant accounting policies and certain other information, this report should be read in conjunction with the Company’s 2024 annual audited financial statements issued on March 3, 2025.

The preparation of financial statements in accordance with U.S. 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 unaudited condensed consolidated financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the condensed consolidated financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying unaudited condensed consolidated financial statements, and such differences could be material.

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. These reclassifications did not impact previously reported net income or comprehensive income.

Lessor Arrangements – Certain service offerings to customers include equipment leases. The Company also leases its network facilities to other service providers and enters into arrangements with third parties to lease unused or underutilized portions of its network. These leases meet the criteria for operating lease classification. Operating lease income was \$38.6 million and \$73.7 million for the three and six-month periods ended June 30, 2025, respectively, as compared to \$36.3 million and \$72.9 million for the three and six-month periods ended June 30, 2024, respectively, and is included in service revenues in the condensed consolidated statements of operations.

Periodically, the Company enters into indefeasible right of use (“IRU”) arrangements that grant exclusive access to and unrestricted use of specific dark fiber assets and for which the terms of the arrangements are for a major part of the assets’ remaining economic life. These IRU arrangements meet the criteria for sales-type lease classification. There were no fiber sales during the first quarter of 2025. Comparatively, during the first quarter of 2024, the Company recognized sales revenue of \$16.0 million, cost of sales of \$7.6 million and gross profit of \$8.4 million related to these IRU arrangements. While the Company entered into IRU arrangements in the second quarter of 2025 and 2024, the effects of these sales-type lease transactions were immaterial to the Company’s reported results of operations for those periods.

Government Assistance – The Company receives federal and state governmental assistance in the form of subsidies and grants for either the construction of long-lived assets used in providing broadband service or to help offset the high cost of providing service to rural markets. In absence of specific U.S. GAAP related to the accounting for government grants applicable to for-profit entities, the Company considered the application of other authoritative accounting guidance by analogy and concluded that International Accounting Standard 20 – Accounting for Government Grants and Disclosures of Government Assistance (“IAS 20”) was the most appropriate authoritative guidance for recording and classifying federal and state governmental assistance received by the Company.

Under IAS 20, the accounting for government grants should be based on the nature of the expenditures which the grant is intended to compensate and should be recognized when there is reasonable assurance that the Company has met the requirements of the applicable program and there is reasonable assurance that the funding will be received. Grants that compensate Windstream for the cost of acquiring or constructing long-lived assets are recognized as a reduction in the cost of the related asset. If Windstream receives the grant funding upfront in advance of completing the related construction project, the Company establishes a liability for the portion of the grant funds received but not yet spent. The liability is then relieved on a pro rata basis as construction occurs and capital expenditures are incurred. Included in other current liabilities were \$0.8 million and \$3.3 million as of June 30, 2025 and December 31, 2024, respectively, for funding received but not yet spent.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Preparation of Interim Financial Statements, Continued:

Conversely, if Windstream incurs capital expenditures prior to receiving the grant funds, the Company records a receivable equal to the amount of capital expenditures incurred to be funded by the grant. Included in other current assets were \$93.4 million and \$63.3 million as of June 30, 2025 and December 31, 2024, respectively, for funding not yet received.

Gain on Sale of Operating Assets – In March 2024, the Company sold certain of its unused IPv4 addresses for \$104.3 million and received \$103.5 million in cash, net of broker fees. Including other transaction-related expenses, the Company recognized a pretax gain of \$103.2 million from the sale. In February 2025, the Company completed sales of additional unused IPv4 addresses and received \$25.8 million in proceeds, net of broker fees. During the second quarter of 2025, the Company sold additional unused IPv4 addresses and received \$1.2 million in aggregate cash proceeds, net of broker fees. For the transactions completed in the first half of 2025, the Company recognized pretax gains equal to the amount of the proceeds received.

Net Loss (Gain) on Asset Retirements and Dispositions – In conjunction with the Company's ongoing initiatives to migrate substantially all of its CLEC customers from time-division multiplexing ("TDM") network equipment to newer technologies, replace existing ILEC copper cable with fiber optic cable, and reduce the number of leased colocation sites, the Company retired certain property, plant and equipment, primarily consisting of TDM equipment and copper cable. Upon retirement, the Company wrote-off the remaining net book value of the related assets and recorded pretax losses totaling \$2.5 million and \$6.5 million for the three and six-month periods ended June 30, 2025, respectively, as compared to \$4.5 million and \$6.3 million for the three and six-month periods ended June 30, 2024, respectively. The Company also realized aggregate pretax net losses from the disposal of vehicles and other assets of \$1.0 million and \$1.7 million for the three and six-month periods ended June 30, 2025, respectively. Comparatively, the Company realized pretax net gains from the disposal of vehicles and other assets of \$0.3 million for the three-month period ended June 30, 2024, while on an aggregate basis, gains from the disposal of vehicles and other assets netted to zero during the six-month period ended June 30, 2024.

Windstream has received and expects to receive funds for capital expenditures to expand the availability and affordability of residential broadband service via direct grants or through the formation of public private partnerships. These funds are accounted for as a reduction of the gross cost of the related capital expenditures. Under the master lease agreements, Uniti Group, Inc. ("Uniti") reimburses Windstream for growth capital improvements ("GCIs") on a gross basis. GCIs initially funded by Windstream and for which reimbursement from Uniti has been requested, but not yet received are reflected as tenant capital improvements ("TCIs") in property, plant and equipment, net and become the property of Uniti when placed in service. When reimbursements for GCIs are received from Uniti, the related TCIs are derecognized and become leased assets under the master lease agreements. Differences in the amount of the GCI reimbursements and the carrying value of the TCIs are recognized as gains. During 2025, the Company recorded pretax gains related to GCI reimbursements that exceeded the carrying value of TCIs at the time of reimbursement of \$33.3 million, all of which were recognized in the first quarter. Comparatively, during the three and six-month periods ended June 30, 2024, the Company recorded pretax gains of \$14.5 million and \$37.7 million, respectively, related to GCI reimbursements that exceeded the carrying value of TCIs at the time of reimbursement.

Provision for Income Taxes – During the three and six-month periods ended June 30, 2025, the Company recognized income tax benefits of \$5.8 million and \$3.6 million, respectively, as compared to an income tax benefit of \$13.7 million and income tax expense of \$6.8 million for the same periods in 2024. The income tax benefit recorded in the three and six-month periods of 2025 reflected the loss before taxes in each period. The income tax benefit recorded in the three-month period of 2025 attributable to the pretax loss was partially offset by non-discrete tax expense of \$7.7 million related to the increase in the valuation allowance for nondeductible interest expense and discrete tax expense of \$1.3 million for nondeductible expenses associated with the Merger. The income tax benefit recorded in the six-month period of 2025 attributable to the pretax loss was partially offset by non-discrete tax expense of \$12.2 million related to the increase in the valuation allowance for nondeductible interest expense, discrete tax expense of \$2.1 million for nondeductible expenses associated with the Merger, and discrete tax expense of \$6.6 million related to the sale of the IPv4 addresses. Comparatively, the income tax benefit recorded in the three-month period ended June 30, 2024 attributable to the pretax loss was partially offset by discrete tax expense of \$3.7 million for nondeductible transaction costs associated with the Merger. The income tax expense recorded in the six-month period ended June 30, 2024 included discrete tax expense of \$25.6 million related to the sale of the IPv4 addresses. Inclusive of the non-discrete and the discrete items, our effective tax rate was 9.3 percent and 4.7 percent for the three and six-month periods ended June 30, 2025, as compared to 18.6 percent and 103.0 percent in the same periods in 2024.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Preparation of Interim Financial Statements, Continued:

On July 4, 2025, the U.S. enacted new tax legislation formally titled “An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14” (“the Act”), commonly referred to as the One Big Beautiful Bill Act (“OBBBA”). Changes in tax laws may affect recorded deferred tax assets and deferred tax liabilities and our effective tax rate in the future. We continue to evaluate the impacts the new legislation will have on the Company’s consolidated financial statements. At this time, we cannot quantify the effects the Act will have on our consolidated results of operations, financial position and cash flows.

Recently Issued Authoritative Guidance

Income Taxes – In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures (“ASU 2023-09”). The standard intends to improve transparency about income tax information primarily through changes to the tax rate reconciliation and income taxes paid disclosures. ASU 2023-09 will require entities on an annual basis to disclose a tabular rate reconciliation using both percentages and dollar amounts that includes specific categories of reconciling items and to provide additional information for reconciling items that meet a specified quantitative threshold. ASU 2023-09 also requires entities to disclose on an annual basis the amount of income taxes paid (net of refunds received) disaggregated by federal, state and foreign jurisdictions and for individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, which is January 1, 2025 for the Company, with early adoption permitted. The amendments in ASU 2023-09 are to be applied on a prospective basis, although retrospective application is permitted. The Company is currently in the process of evaluating the impacts of this guidance to the income tax disclosures included within its consolidated financial statements.

Disaggregation of Expenses – In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income (Topic 220) - Expense Disaggregation Disclosures (“ASU 2024-03”). This update requires public business entities to provide more detailed disclosure in the notes to the financial statements of certain categories of expenses, such as purchases of inventory, employee compensation, depreciation, and intangible asset amortization, that are components of existing captions presented on the face of the statement of operations. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The amendments in ASU 2024-03 may be applied either prospectively or retrospectively. The Company is currently evaluating the impact that ASU 2024-03 will have on its financial statement presentation and disclosures.

2. Debt:

Debt was as follows:

(Millions)	June 30, 2025	December 31, 2024
Issued by Services:		
Senior secured 2024 term loan - variable rate, due October 1, 2031	\$ 500.0	\$ 500.0
Senior first lien notes - 8.250%, due October 1, 2031	2,200.0	2,200.0
Senior secured revolving credit facility - variable rate, due January 23, 2027	—	—
Unamortized net premium on long-term debt (a)	28.3	30.1
Unamortized debt issuance costs (a)	(54.9)	(58.1)
	2,673.4	2,672.0
Less current portion	—	—
Total long-term debt	\$ 2,673.4	\$ 2,672.0

(a) Amounts are amortized using the interest method over the life of the related debt instrument.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2. Debt, Continued:

Refinancing Transactions – In October and December 2024, Services and Windstream Escrow Finance Corp. (collectively, the “Co-Issuers”), each a subsidiary of Windstream, completed refinancing transactions which included the issuance of \$2.2 billion of 8.250 percent senior first lien senior first lien notes due October 1, 2031 (the “2031 Notes”), as well as a new \$500.0 million first lien term loan (the “2024 Term Loan”), also maturing on October 1, 2031. Net proceeds from the debt issuances were used to fully repay borrowings outstanding under the Credit Agreement consisting of a \$706.0 million secured first lien term loan facility (the “Term Loan”) and a \$250.0 million super senior incremental term loan (“Incremental Term Loan”), both of which were due in 2027, and to fully repay \$1.4 billion aggregate principal 7.750 percent senior first lien notes due August 15, 2028 (the “2028 Notes”). The remaining net proceeds will be used for general corporate purposes to invest in the Company’s network and other capital expenditures.

The 2031 Notes are guaranteed on a senior secured basis by certain of the Co-Issuers’ direct and indirect wholly-owned domestic subsidiaries. The indenture governing the 2031 Notes contains provisions that allow for the collapse of Uniti’s and Windstream’s separate debt silos (the “Post-Closing Reorganization”) upon the closing of the anticipated merger between Uniti and Windstream (“the Merger”). The 2031 Notes will not be registered under the Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws. As such, the 2031 Notes may not be offered or sold in the U.S. absent registration or an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws.

The 2024 Term Loan matures on October 1, 2031, and bears interest based on a floating rate plus a margin (which at Services’ election, may be the base rate plus 3.750 percent or the adjusted term Secured Overnight Financing Rate (“SOFR”) rate plus 4.75 percent (as defined in the Credit Agreement), with a floor for the adjusted term SOFR rate of 0.0 percent). For the three and six-month periods ended June 30, 2025, the variable interest rate on the 2024 Term Loan ranged from 9.16 percent to 9.21 percent, and the weighted average rate on amounts outstanding on the 2024 Term Loan was 9.17 percent and 9.18 percent, respectively.

Upon completion of the above refinancing transactions, all outstanding indebtedness of Windstream permit the Post-Closing Reorganization, and as of June 30, 2025, there are no maturities of long-term debt prior to October 1, 2031.

Credit Agreement – Pursuant to the Credit Agreement, by and between the Borrower, Holdings, JPMorgan Chase Bank, N.A., as Administrative and Collateral Agent, and Lender Parties, dated September 21, 2020 (the “Credit Agreement”), the Borrower has access to a “first out” senior secured revolving credit facility in an aggregate committed amount of up to \$475.0 million, which matures on January 23, 2027. The proceeds of loans extended under the credit facilities may be used (i) for working capital and other general corporate purposes (ii) to pay transaction costs, professional fees and other obligations and expenses incurred in connection with the credit facilities, and (iii) for permitted acquisitions, capital expenditures and transaction costs.

Loans under the amended senior secured revolving credit facility will bear interest, at the option of the Borrower, at a rate equal to SOFR plus a 0.10 percent credit spread adjustment with a floor of 1.00 percent plus a margin of 3.25 percent per annum or a base rate plus 2.25 percent subject to two step downs of 25 basis points each based on the achievement of certain first lien secured leverage ratios.

During the six-month period ended June 30, 2025, there were no new borrowings under the senior secured revolving credit facility. Comparatively, during the six months ended June 30, 2024, Services borrowed \$215.0 million under the senior secured revolving credit facility and repaid all of these borrowings by the end of the period. Considering letters of credit of \$147.1 million, the amount available for borrowing under the senior secured revolving credit facility was \$327.9 million as of June 30, 2025.

The variable interest rate on borrowings outstanding under the senior secured revolving credit facility ranged from 10.50 percent to 10.75 percent, and the weighted average rate on amounts outstanding was 10.74 percent for both the three and six-month periods ended June 30, 2024.

Prior to their repayments during the fourth quarter of 2024 discussed above, the variable interest rate on the Incremental Term Loan ranged from 9.42 percent to 9.46 percent, and the weighted average rate on amounts outstanding was 9.43 percent for both the three and six-month periods ended June 30, 2024, while the variable interest rate on the Term Loan ranged from 11.67 percent to 11.71 percent, and the weighted average rate on amounts outstanding on the Term Loan was 11.68 percent for both the three and six-month periods ended June 30, 2024.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2. Debt, Continued:

Debt Covenants and Compliance

The amended Credit Agreement includes usual and customary negative covenants for loan agreements of this type, including covenants limiting Borrower and its restricted subsidiaries' (other than certain covenants therein which are limited to subsidiary guarantors) ability to, among other things, incur additional indebtedness, create liens on assets, make investments, loans or advances, engage in mergers, consolidations, sales of assets and acquisitions, pay dividends and distributions and make payments in respect of certain material payment subordinated indebtedness, in each case subject to customary exceptions for loan agreements of this type. The amended Credit Agreement also includes certain customary representations and warranties, affirmative covenants and events of default, including, but not limited to, payment defaults, breaches of representations and warranties, covenant defaults, certain events under Employee Retirement Income Security Act ("ERISA"), unstayed judgments in favor of a third party involving an aggregate liability in excess of a certain threshold, change of control, specified governmental actions having a material adverse effect or condemnation or damage to a material portion of the collateral.

The terms of the Amended Credit Agreement and indenture for the 2031 Notes include customary covenants that, among other things, require the Company to maintain certain financial ratios and restrict its ability to incur additional indebtedness. These financial ratios include a maximum leverage ratio of 3.25 to 1.0 and a maximum first lien secured leverage ratio of 2.25 to 1.0 for the Amended Credit Agreement. For the indenture for the 2031 Notes, these financial ratios include a maximum leverage ratio of 3.50 to 1.0 and a maximum first lien secured leverage ratio of 2.25 to 1.0. As of June 30, 2025, the Company was in compliance with all of its debt covenants.

As legally structured, the Merger will not trigger a change in control under the amended Credit Agreement or the 2031 Notes Indenture, and accordingly, will not affect the Company's compliance with its debt covenants (see Note 11 for further discussion of the Merger).

Certain properties of the Company are pledged as collateral to secure long-term debt obligations of Services. The obligations under Services' senior secured credit facility and indenture governing the 2031 Notes are secured by liens on all of the personal property assets and the related operations of the Company's subsidiaries who are guarantors of the senior secured credit facility and 2031 Notes.

Interest Expense

Interest expense was as follows:

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Interest expense - long-term debt	\$ 60.1	\$ 58.3	\$ 120.2	\$ 118.2
Interest expense - finance leases and other	3.2	2.8	6.4	5.2
Effects of interest rate swaps	(2.3)	(3.7)	(4.7)	(7.3)
Less capitalized interest expense	(2.8)	(4.6)	(5.5)	(9.7)
Total interest expense	\$ 58.2	\$ 52.8	\$ 116.4	\$ 106.4

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. Derivatives:

Set forth below is information related to interest rate swap agreements:

(Millions)	June 30, 2025	December 31, 2024
Designated portion, measured at fair value:		
Other current assets	\$ 3.2	\$ 7.7
Other current liabilities	\$ 0.7	\$ 0.1
Other liabilities	\$ 5.7	\$ 1.5
Accumulated other comprehensive (loss) income	\$ (2.0)	\$ 3.9
De-designated portion, unamortized value		
Accumulated other comprehensive (loss) income	\$ (0.1)	\$ 2.8

Changes in derivative instruments were as follows for the six-month periods ended June 30:

(Millions)	2025	2024
Designated interest rate swaps:		
Changes in fair value, net of tax	\$ (3.0)	\$ 6.9
Reclassification of unrealized gains, net of tax	\$ (1.4)	\$ (2.6)
De-designated interest rate swaps:		
Reclassification of net unrealized gains, net of tax	\$ (2.2)	\$ (2.9)

As of June 30, 2025, the Company expects to recognize net gains of \$1.1 million, net of taxes, in interest expense during the next twelve months for interest settlements related to its interest rate swap agreements.

Derivative instruments are accounted for in accordance with authoritative guidance for recognition, measurement and disclosures about derivative instruments and hedging activities, including when a derivative or other financial instrument can be designated as a hedge. This guidance requires recognition of all derivative instruments at fair value as either assets or liabilities, depending on the rights or obligations under the related contracts, and accounting for the changes in fair value based on whether the derivative has been designated as, qualifies as and is effective as a hedge. Changes in fair value of cash flow hedges are recorded as a component of other comprehensive (loss) income in the current period. In the event a cash flow hedge is no longer highly effective, it will be de-designated and changes in fair value will be recognized in earnings in the current period.

Services enters into interest rate swap agreements to mitigate its exposure to the variability in cash flows on a portion of its floating-rate debt, consisting of the \$500.0 million 2024 Term Loan and borrowings under the senior secured revolving credit facility. As of June 30, 2025 and December 31, 2024, Services was party to two pay fixed, receive variable interest rate swap agreements with the same bank counterparty. The variable rate received resets on the first day of the floating rate calculation period specified in the respective interest rate swap agreements. Services has designated both swaps as cash flow hedges of the interest rate risk inherent in borrowings outstanding under the Credit Agreement due to changes in the benchmark interest rate.

The first swap has a notional value of \$300.0 million matures on October 31, 2025, and the variable rate received was the one-month U.S. Dollar Secured Overnight Financing Rate fallback rate ("USD-SOFR") rate (not subject to a floor). In May 2023, Services amended the interest rate swap agreement which changed the fixed interest rate paid to 1.1422 percent.

The second swap was initially entered into by Services effective October 31, 2023, and had a notional value of \$200.0 million and matured on October 31, 2026. The fixed rate paid was 4.7030 percent and the variable rate received was the one-month USD-SOFR rate (not subject to a floor).

In conjunction with the October 2024 debt refinancing transactions discussed in Note 2, on October 7, 2024, Services extended the maturity of the \$200.0 million pay fixed, receive variable interest rate swap agreement from October 31, 2026 to October 31, 2029. In completing this blend and extend transaction, the fixed rate paid decreased from 4.7030 percent to 4.1730 percent. The variable rate received and notional value of the amended swap were the same as the original swap.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. Derivatives, Continued:

As a result of the May 2023 and October 2024 transactions, Services discontinued hedge accounting for the original swaps. Because Windstream concluded that it was probable that the original hedged transactions (future interest payments) would still occur, the risk of the variability of future cash flows was not eliminated upon discontinuation of hedge accounting. Accordingly, unrealized gains and losses deferred in accumulated other comprehensive income related to the discontinued hedging relationships were frozen and are being amortized from accumulated other comprehensive income to interest expense on a straight-line basis over the remaining contractual term of the original swaps.

All or a portion of the change in fair value of the interest rate swap agreements recorded in accumulated other comprehensive income may be recognized in earnings in certain situations. If Services extinguishes all of its variable rate debt, or a portion of its variable rate debt such that the outstanding notional amount of the swaps exceeds the outstanding notional amount of variable rate debt, all or a portion of the change in fair value of the swaps may be recognized in earnings. In addition, the change in fair value of the swaps may be recognized in earnings if the Company determines it is no longer probable that it will have future variable rate cash flows to hedge against. The Company has assessed the counterparty risk and determined that no substantial risk of default exists as of June 30, 2025, because the counterparty is a bank with a current credit rating at or above A, as determined by Moody's Ratings, Standard & Poor's Corporation and Fitch Ratings.

The swap agreements with the bank counterparty contain cross-default provisions whereby if Services were to default on certain indebtedness and that indebtedness were to be accelerated, it could result in the counterparty terminating the outstanding swap agreements with Services. Were such a termination to occur, the party that was in a liability position under the applicable swap at the time of such termination would be required to pay the value of the swap, as determined in accordance with the terms of the applicable swap agreement, to the other party. Services' obligations to its swap counterparty are secured under the Credit Agreement and Services does not post any separate collateral to the bank counterparty to its interest rate swap agreements.

Balance Sheet Offsetting

Services is party to master netting arrangements, which are designed to reduce credit risk by permitting net settlement of transactions, with counterparties. For financial statement presentation purposes, the Company does not offset assets and liabilities under these arrangements.

The following table presents the Company's derivative assets subject to an enforceable master netting arrangement as of June 30, 2025 and December 31, 2024.

(Millions)	Gross Amount of Assets Presented in the Condensed Consolidated Balance Sheets	Gross Amount Not Offset in the Condensed Consolidated Balance Sheets			Net Amount
		Financial Instruments	Cash Collateral Received		
June 30, 2025:					
Interest rate swaps	\$ 3.2	\$ (3.2)	\$ —	\$ —	\$ —
December 31, 2024:					
Interest rate swaps	\$ 7.7	\$ (1.6)	\$ —	\$ —	\$ 6.1

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. Derivatives, Continued:

Information pertaining to derivative liabilities was as follows:

Millions	Gross Amount of Liabilities Presented in the Condensed Consolidated Balance Sheets	Gross Amount Not Offset in the Condensed Consolidated Balance Sheets		Net Amount
		Financial Instruments	Cash Collateral Received	
June 30, 2025:				
Interest rate swaps	\$ 6.4	\$ (3.2)	\$ —	\$ 3.2
December 31, 2024:				
Interest rate swaps	\$ 1.6	\$ (1.6)	\$ —	\$ —

4. Fair Value Measurements:

Fair value of financial and non-financial assets and liabilities is defined as an exit price, representing the amount that would be received to sell an asset or transfer a liability in an orderly transaction between market participants. Authoritative guidance defines the following three tier hierarchy for assessing the inputs used in fair value measurements:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Observable inputs other than quoted prices in active markets for identical assets or liabilities
- Level 3 - Unobservable inputs

The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority is given to unobservable inputs (level 3 measurement). Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires management judgment and may affect the determination of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Financial instruments consist primarily of cash, cash equivalents, restricted cash, accounts receivable, accounts payable, interest rate swaps and long-term debt. With respect to the Company's financial instruments, the carrying amount of cash, restricted cash, accounts receivable and accounts payable has been estimated by management to approximate fair value due to the relatively short period of time to maturity for those instruments. The fair value of cash equivalents, interest rate swaps and long-term debt is measured on a recurring basis.

Non-financial assets and liabilities, including property, plant and equipment, intangible assets and asset retirement obligations, are measured at fair value on a non-recurring basis. No event occurred during the six-month period ended June 30, 2025 requiring any non-financial asset and liability to be subsequently recognized at fair value.

The fair value of cash equivalents, interest rate swaps and long-term debt was as follows:

(Millions)	June 30, 2025	December 31, 2024
Recorded at Fair Value in the Financial Statements:		
Cash equivalents - Level 1 (a)	\$ 94.5	\$ 272.4
Interest rate swap assets - Level 2	\$ 3.2	\$ 7.7
Interest rate swap liabilities - Level 2	\$ 6.4	\$ 1.6
Not Recorded at Fair Value in the Financial Statements:		
Long-term debt - Level 2 (b)	\$ 2,808.4	\$ 2,778.5

(a) Cash equivalents are highly liquid, actively traded money market funds with next day access.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. Fair Value Measurements, Continued:

- (b) Recognized at carrying value of \$2,728.3 million and \$2,730.1 million, excluding unamortized debt issuance costs, at June 30, 2025 and December 31, 2024, respectively.

The fair value of interest rate swaps is determined based on the present value of expected future cash flows using the applicable observable, quoted swap rates (USD-SOFR) for the full term of the swaps and incorporating credit valuation adjustments to appropriately reflect both Services' own non-performance risk and non-performance risk of the respective counterparties. As of June 30, 2025 and December 31, 2024, the adjustment to the fair value of the interest rate swaps to reflect non-performance risk was immaterial.

The fair value of the 2031 Notes was based on observed market prices in an inactive market, while the fair value of the 2024 Term Loan was based on current market interest rates applicable to the respective debt instrument.

During 2025, there were no assets or liabilities measured at fair value for purposes of the fair value hierarchy using significant unobservable inputs (level 3). There were no transfers within the fair value hierarchy during the six-month period ended June 30, 2025.

5. Revenues:

Revenues from contracts with customers are accounted for under Accounting Standards Codification ("ASC") Topic 606 - Revenues from Contracts with Customers ("ASC 606") and are earned primarily through the provisioning of telecommunications and other services and through the sale of equipment to customers and contractors. Revenues are also earned from leasing arrangements, federal and state Universal Service Fund ("USF") programs and other regulatory-related sources and activities.

Consumer service revenues are generated from the provisioning of broadband and voice services to consumers. Fiber subscriber consumer revenues consist of recurring products and services for fiber consumer broadband customers, which includes some cable customers with 1-Gigabyte per second ("Gbps") service. All non-recurring revenues are included in digital subscriber line ("DSL") subscriber and other revenues. Business service revenues are earned from providing managed communications services, integrated voice and data services, advanced data and traditional voice and long-distance services to large, mid-market and small business customers. Managed Services revenues consist of recurring software solutions and network connectivity products. Software solutions include Secure Access Service Edge ("SASE"), Unified Communications as a Service ("UCaaS"), OfficeSuite UC®, and associated network access products and services. SASE includes Software Defined Wide Area Network ("SD-WAN") and Security Service Edge ("SSE"). Network connectivity products consist of dynamic Internet protocol, dedicated Internet access, multi-protocol label switching services, integrated voice and data, long distance and other managed services. Managed Services also include TDM voice and data services. Wholesale revenues include revenues from other communications services providers for special access circuits and fiber connections, voice and data transport services, and wireless backhaul services.

Service revenues also include switched access revenues, amounts received from the Rural Digital Opportunity Fund ("RDOF"), federal and state USF revenues, end user surcharges and revenues from providing other miscellaneous services.

Sales revenues include sales of various types of communications equipment and products to customers including selling network equipment to contractors on a wholesale basis. Managed Services product sales include high-end data and communications equipment which facilitate the delivery of advanced data and voice services to business customers. Sales revenues also include amounts recognized from sales-type leases for fiber where control of the fiber has transferred to the customer.

Accounts Receivable – Accounts receivable consist principally of amounts billed and currently due from customers and are generally unsecured and due within 30 days. The amounts due are stated at their net estimated realizable value. An allowance for credit losses is maintained to provide for the estimated amount of receivables that will not be collected. Concentration of credit risk with respect to accounts receivable is limited because a large number of geographically diverse customers make up our customer base. Due to varying customer billing cycle cut-offs, management must estimate service revenues earned but not yet billed at the end of each reporting period. Included in accounts receivable are unbilled revenues related to communication services and product sales of \$18.5 million and \$20.3 million at June 30, 2025 and December 31, 2024, respectively.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

5. Revenues, Continued:

Accounts receivable consists of the following as of:

(Millions)	June 30, 2025	December 31, 2024
Accounts receivable	\$ 363.9	\$ 330.8
Less: Allowance for credit losses	(19.0)	(20.7)
Accounts receivable, net	\$ 344.9	\$ 310.1

Activity in the allowance for credit losses consisted of the following:

(Millions)	
Balance as of December 31, 2024	\$ 20.7
Provision for estimated credit losses	6.8
Write-offs, net of recovered accounts	(6.5)
Balance as of March 31, 2025	\$ 21.0
Provision for estimated credit losses	7.8
Write-offs, net of recovered accounts	(9.8)
Balance as of June 30, 2025	\$ 19.0

Contract Balances – Contract assets include unbilled amounts, which result when revenue recognized exceeds the amount billed to the customer and the right to payment is not just subject to the passage of time. Contract assets principally consist of discounts and promotional credits given to customers. The current and noncurrent portions of contract assets are included in other current assets and other assets, respectively, in the accompanying condensed consolidated balance sheets.

Contract liabilities consist of services billed in excess of revenue recognized. The changes in contract liabilities are primarily related to customer activity associated with services billed in advance, the receipt of cash payments and the satisfaction of performance obligations. Amounts are classified as current or noncurrent based on the timing of when the Company expects to recognize revenue. The current portion of contract liabilities is included in advance payments while the noncurrent portion is included in other liabilities.

Contract assets and liabilities from contracts with customers were as follows at:

(Millions)	June 30, 2025	December 31, 2024
Contract assets (a)	\$ 52.6	\$ 57.9
Contract liabilities (b)	\$ 185.9	\$ 192.4

(a) Included \$29.2 million and \$32.0 million in other current assets and \$23.4 million and \$25.9 million in other assets as of June 30, 2025 and December 31, 2024, respectively.

(b) Included \$117.5 million and \$120.5 million in advance payments and \$68.4 million and \$71.9 million in other liabilities as of June 30, 2025 and December 31, 2024, respectively.

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues recognized included in the opening contract liability balance	\$ 5.2	\$ 6.8	\$ 99.8	\$ 108.5

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

5. Revenues, Continued:

Remaining Performance Obligations – Remaining performance obligations represent services the Company is required to provide to customers under bundled or discounted arrangements, which are satisfied as services are provided over the contract term. Certain contracts provide customers the option to purchase additional services or usage-based services. The fees related to the additional services or usage-based services are recognized when the customer exercises the option, typically on a month-to-month basis. In determining the transaction price allocated, the Company does not include these non-recurring fees and estimates for usage, nor does it consider arrangements with an original expected duration of less than one year.

Remaining performance obligations reflect recurring charges billed, adjusted for discounts and promotional credits and revenue adjustments. At June 30, 2025, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately \$1.8 billion for contracts with original expected durations of more than one year remaining. The Company expects to recognize approximately 22 percent, 36 percent, and 23 percent of our remaining performance obligations as revenue during the remainder of 2025, 2026 and 2027, respectively, with the remaining balance thereafter.

Revenue by Category – Windstream disaggregates its revenues from contracts with customers based on the business segment and class of customer to which products and services are provided because management believes that doing so best depicts the nature, amount and timing of the Company’s revenue recognition. As further discussed in Note 10, effective April 1, 2025, we completed certain changes to our previous business segment structure which included shifting governmental customers and all reseller and wholesale broadband revenues, as well as shifting wholesale customers with the majority of their service locations residing in ILEC markets from Wholesale to Kinetic. Prior period revenue by category information has been recast to conform with the current year presentation.

Revenues disaggregated by category were as follows:

(Millions)	Three Months Ended June 30, 2025			
	Kinetic	Managed Services	Wholesale	Total
Category:				
Consumer:				
Fiber subscriber	\$ 113.6	\$ —	\$ —	\$ 113.6
DSL subscriber and other	167.9	—	—	167.9
Managed Services:				
Managed Services	—	196.0	—	196.0
TDM	—	12.6	—	12.6
Business services	102.9	—	—	102.9
Switched access	3.5	—	—	3.5
Wholesale	92.0	—	69.0	161.0
Total service revenues accounted for under ASC 606	479.9	208.6	69.0	757.5
Sales revenues	14.6	0.5	1.8	16.9
Total revenues and sales accounted for under ASC 606	494.5	209.1	70.8	774.4
Other revenues (a)	69.1	8.4	16.4	93.9
Total revenues and sales	\$ 563.6	\$ 217.5	\$ 87.2	\$ 868.3

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

5. Revenues, Continued:

(Millions)	Six Months Ended June 30, 2025			
	Kinetic	Managed Services	Wholesale	Total
Category:				
Consumer:				
Fiber subscriber	\$ 216.7	\$ —	\$ —	\$ 216.7
DSL subscriber and other	342.5	—	—	342.5
Managed Services:				
Managed Services	—	405.9	—	405.9
TDM	—	33.2	—	33.2
Business services	209.3	—	—	209.3
Switched access	6.7	—	—	6.7
Wholesale	194.1	—	141.3	335.4
Total service revenues accounted for under ASC 606	969.3	439.1	141.3	1,549.7
Sales revenues	24.2	0.7	1.8	26.7
Total revenues and sales accounted for under ASC 606	993.5	439.8	143.1	1,576.4
Other revenues (a)	138.6	17.4	25.7	181.7
Total revenues and sales	\$ 1,132.1	\$ 457.2	\$ 168.8	\$ 1,758.1

(Millions)	Three Months Ended June 30, 2024			
	Kinetic	Managed Services	Wholesale	Total
Category:				
Consumer:				
Fiber subscriber	\$ 89.0	\$ —	\$ —	\$ 89.0
DSL subscriber and other	198.6	—	—	198.6
Managed Services:				
Managed Services	—	218.1	—	218.1
TDM	—	28.2	—	28.2
Business services	116.3	—	—	116.3
Switched access	4.0	—	—	4.0
Wholesale	108.7	—	58.0	166.7
Total service revenues accounted for under ASC 606	516.6	246.3	58.0	820.9
Sales revenues	7.9	0.4	2.3	10.6
Total revenues and sales accounted for under ASC 606	524.5	246.7	60.3	831.5
Other revenues (a)	71.4	10.6	12.8	94.8
Total revenues and sales	\$ 595.9	\$ 257.3	\$ 73.1	\$ 926.3

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

5. Revenues, Continued:

(Millions)	Six Months Ended June 30, 2024			
	Kinetic	Managed Services	Wholesale	Total
Category:				
Consumer:				
Fiber subscriber	\$ 174.8	\$ —	\$ —	\$ 174.8
DSL subscriber and other	407.0	—	—	407.0
Managed Services:				
Managed Services	—	456.8	—	456.8
TDM	—	60.8	—	60.8
Business services	236.7	—	—	236.7
Switched access	8.3	—	—	8.3
Wholesale	228.5	—	126.8	355.3
Total service revenues accounted for under ASC 606	1,055.3	517.6	126.8	1,699.7
Sales revenues	15.5	0.7	18.3	34.5
Total revenues and sales accounted for under ASC 606	1,070.8	518.3	145.1	1,734.2
Other revenues (a)	144.5	22.6	25.6	192.7
Total revenues and sales	\$ 1,215.3	\$ 540.9	\$ 170.7	\$ 1,926.9

- (a) Other service revenues primarily consist of operating lease income (excluded from Consumer, Managed Services and Wholesale), end user surcharges, funding from the RDOF and state USF.

Deferred Contract Acquisition and Fulfillment Costs – Direct incremental costs to acquire a contract, consisting of sales commissions and direct incremental costs to fulfill a contract consisting of labor and materials consumed for activities associated with the provision, installation and activation of services, including costs to implement customized solutions, are deferred and recognized in operating expenses using a portfolio approach over the estimated life of the customer, which ranges from 36 to 48 months. Determining the amount of costs to fulfill a contract requires management judgment. In determining costs to fulfill, consideration is given to periodic time studies, management estimates and statistics from internal information systems.

Deferred contract acquisition and fulfillment costs are classified as current or noncurrent based on the timing of when the Company expects to recognize the expense. The current and noncurrent portions of deferred contract acquisition and fulfillment costs are included in prepaid expenses and other assets, respectively, in the accompanying condensed consolidated balance sheets. Amortization of deferred contract acquisition costs and amortization of deferred fulfillment costs are included in selling, general and administrative expenses and costs of services, respectively, in the accompanying condensed consolidated statements of operations.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

5. Revenues, Continued:

The following table presents the deferred contract acquisition and fulfillment costs included on our condensed consolidated balance sheets:

(Millions)	June 30, 2025	December 31, 2024
Deferred Contract Acquisition Costs:		
Prepaid expenses	\$ 36.8	\$ 41.6
Other assets	31.9	33.3
Total deferred contract acquisition costs	\$ 68.7	\$ 74.9
Deferred Contract Fulfillment Costs:		
Prepaid expenses	\$ 15.9	\$ 13.9
Other assets	12.7	13.2
Total deferred contract fulfillment costs	\$ 28.6	\$ 27.1

Amortization of deferred contract acquisition costs was \$12.7 million and \$26.1 million for the three and six-month periods ended June 30, 2025, respectively, as compared to \$15.9 million and \$32.8 million for the three and six-month periods ended June 30, 2024, respectively. Amortization of deferred contract fulfillment costs was \$4.3 million and \$8.7 million for the three and six-month periods ended June 30, 2025, respectively, as compared to \$4.8 million and \$9.6 million for the three and six-month periods ended June 30, 2024, respectively.

6. Employee Benefit Plans:

The Company maintains a non-contributory qualified defined benefit pension plan. Future benefit accruals for all eligible non-bargaining employees covered by the pension plan have ceased. The components of pension income were as follows:

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Benefits earned during the period (a)	\$ 0.5	\$ 0.4	\$ 0.9	\$ 0.8
Interest cost on benefit obligation (b)	7.4	7.3	14.9	14.6
Expected return on plan assets (b)	(7.8)	(7.8)	(15.7)	(15.6)
Net periodic pension income	\$ 0.1	\$ (0.1)	\$ 0.1	\$ (0.2)

(a) Included in cost of services and selling, general and administrative expense.

(b) Included in other income, net.

On March 24, 2025, the Company made in cash a voluntary contribution to the qualified pension plan of \$21.0 million that was allocated to the 2024 plan year. The Company's annual minimum funding requirements to the qualified pension plan for the 2025 plan year total \$18.0 million, of which \$13.5 million will be contributed in 2025 and the remaining \$4.5 million will be contributed in January 2026. On April 15, 2025, the Company made in cash its first required quarterly employer contribution for the 2025 plan year of \$4.5 million. As discussed in Note 13, on July 15, 2025, the Company made in cash its second required quarterly employer contribution for the 2025 plan year of \$4.5 million. The amount and timing of future contributions to the pension plan are dependent upon a myriad of factors including future investment performance, changes in future discount rates and changes in the demographics of the population participating in the plan.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

6. Employee Benefit Plans, Continued:

The Company also sponsors an employee savings plan under section 401(k) of the Internal Revenue Code. The plan covers substantially all salaried employees and certain bargaining unit employees. Participating employees receive employer matching contributions up to a maximum of 4.0 percent of employee pre-tax contributions to the plan for employees contributing up to 5.0 percent of their eligible pre-tax compensation. The employer matching contribution is calculated and funded in cash to the plan each pay period with an annual true-up to be made as soon as administratively possible after the end of the year. Contributions to the plan during the first half of 2025 were \$12.8 million and included the annual 2024 true-up contribution. Comparatively, contributions to the plan during the same period of 2024 were \$13.2 million and included the annual 2023 true-up contribution.

Excluding amounts capitalized, expense attributable to the employer matching contribution under the plan recorded for the three and six-month periods ended June 30, 2025 was \$5.1 million and \$12.1 million, respectively, as compared to \$5.6 million and \$13.1 million for the three and six-month periods ended June 30, 2024, respectively. Expense related to the employee savings plan is included in cost of services and selling, general and administrative expenses in the condensed consolidated statements of operations.

7. Equity-Based Compensation Plan:

Under the MIP, the Company was authorized to issue up to a maximum of 10.0 million of equity-based awards to certain directors, officers, executives and other key management employees. Awards granted under the MIP included time-based restricted common units, performance-based options and performance-based restricted common units. On May 2, 2024, the Board of Managers (the “Board”) terminated the MIP with respect to the granting of any new equity awards. In conjunction with this action, participants in the MIP currently employed by the Company and current members of the Board agreed to settle all issued and outstanding time-based restricted units for cash consideration of \$13 per unit payable on or about May 2, 2025. The termination of the MIP also accelerated the vesting by shortening the remaining service period for 87,500 time-based restricted units to May 2, 2025. In addition, participants in the MIP currently employed by the Company also agreed to forfeit all performance-based restricted units and performance-based options previously granted to them in exchange for other cash consideration payable upon consummation of the Merger.

The changes to the issued and outstanding time-based restricted units due to the termination of the MIP were accounted for as a modification of the original awards and a change in their classification from equity to liability awards because the awards would be settled in cash in lieu of common units. As of the modification date, the fair value for all unvested and vested unsettled time-based restricted units was remeasured based on the \$13 cash consideration per unit. No incremental compensation expense resulted from the remeasurement of the modified awards, nor did the modifications change the expectation that the unvested time-based restricted units would ultimately vest. Due to the change in classification of the awards, \$15.6 million was reclassified from additional paid in capital to other current liabilities, representing the modified fair value of the pro rata portion of the requisite service period completed by former participants in the MIP currently employed by the Company and current members of the Board. Amounts remaining in additional paid in capital as of June 30, 2025, represent compensation expense previously recognized for time-based restricted units that had vested and were settled in common units.

Time-based restricted unit activity was as follows for the period from January 1, 2025 through May 2, 2025:

	(Thousands) Number of Units	Weighted Average Fair Value Per Unit
Non-vested as of December 31, 2024	175.0	\$ 13.15
Vested	(175.0)	\$ 13.15
Non-vested as of May 2, 2025	—	—

Compensation expense recognized for the time-based restricted units was \$0.3 million and \$1.0 million for the three and six-month periods ended June 30, 2025, respectively, as compared to \$1.5 million and \$3.0 million for the three and six-month periods ended June 30, 2024, respectively.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

7. Equity-Based Compensation Plan, Continued:

The Company settled all vested time-based restricted common units held by Board members and current management employees on April 25, 2025 and May 2, 2025, respectively. In aggregate, the Company settled 1,500,306 vested time-based restricted common units for total cash consideration of \$19.5 million, using available cash on hand.

Options and Performance Units – As of June 30, 2025, there were 2.5 million unvested performance-based options and 0.7 million unvested performance-based restricted common units held by former employees of the Company that had been granted under the MIP. Under the terms of the grant awards, the options and restricted common units are subject to both time and performance vesting conditions. The awards time vested ratably from the date of grant through September 21, 2024. The percentage of the award vested is dependent upon the increase in equity value subsequent to emergence measured upon a change in control or liquidity event. The options include an exercise price of \$12.50 and the maximum term for each option granted is 10 years.

A summary of non-vested performance-based options and performance-based restricted common units held by former management employees of the Company was as follows:

	Stock Options		Performance Units	
	(Thousands) Number of Units	Weighted Average Fair Value Per Unit	(Thousands) Number of Units	Weighted Average Fair Value Per Unit
Non-vested as of December 31, 2024	2,538.6	\$ 4.37	761.6	\$ 6.13
Forfeited	(70.5)	\$ 4.41	(21.2)	\$ 6.15
Non-vested as of June 30, 2025	2,468.1	\$ 4.37	740.4	\$ 6.13

Because the vesting of the options and performance units are subject to both a service and performance condition, no compensation expense is recognized related to these awards until it is probable that a change in control or liquidity event will occur. At such time, the cost of the options and performance units based on the grant-date fair value will be recognized immediately as compensation expense. As of June 30, 2025, total unrecognized compensation expense for non-vested options and performance units was \$10.8 million and \$4.5 million, respectively, and was equal to the aggregate grant date fair value of the unvested awards.

For participants in the MIP formerly employed by the Company, the performance conditions of the options and performance units will be measured as of the closing date of the Merger. As of June 30, 2025, there were 593,346 common units held by former employees of the Company. As further discussed in Note 13, on July 15, 2025, the Company settled substantially all of the common units, options and performance units held by former employees of Windstream.

8. Accumulated Other Comprehensive Income:

Accumulated other comprehensive income balances, net of tax, were as follows:

(Millions)	June 30, 2025	December 31, 2024
Postretirement plan	\$ 8.3	\$ 8.8
Unrealized net holding (losses) gains on interest rate swaps:		
Designated portion	(1.5)	2.9
De-designated portion	(0.1)	2.1
Accumulated other comprehensive income	\$ 6.7	\$ 13.8

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

8. Accumulated Other Comprehensive Income, Continued:

Changes in accumulated other comprehensive income balances, net of tax, were as follows:

(Millions)	Unrealized Net Holding Gains (Losses) on Interest Rate Swaps	Postretirement Plan	Total
Balance as of December 31, 2024	\$ 5.0	\$ 8.8	\$ 13.8
Other comprehensive loss before reclassifications	(3.0)	—	(3.0)
Amounts reclassified from accumulated other comprehensive income (see table below)	(3.6)	(0.5)	(4.1)
Balance as of June 30, 2025	<u>\$ (1.6)</u>	<u>\$ 8.3</u>	<u>\$ 6.7</u>

Reclassifications out of accumulated other comprehensive income were as follows:

Details about Accumulated Other Comprehensive Income Components	(Millions) Amount Reclassified from Accumulated Other Comprehensive Income				Affected Line Item in the Condensed Consolidated Statements of Operations
	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
	2025	2024	2025	2024	
Designated interest rate swaps:					
Recognition of net unrealized gains	\$ (0.9)	\$ (1.7)	\$ (1.9)	\$ (3.4)	Interest expense
De-designated interest rate swaps:					
Amortization of net actuarial gains	(1.5)	(2.0)	(2.9)	(3.9)	Interest expense
	(2.4)	(3.7)	(4.8)	(7.3)	(Loss) income before income taxes
	0.6	0.9	1.2	1.8	Income tax benefit (expense)
	(1.8)	(2.8)	(3.6)	(5.5)	Net loss
Postretirement plan:					
Amortization of net actuarial gains	(0.2)	(0.2)	(0.4)	(0.4)	Other income, net
Amortization of prior service credits	(0.2)	(0.2)	(0.4)	(0.4)	Other income, net
	(0.4)	(0.4)	(0.8)	(0.8)	(Loss) income before income taxes
	0.1	0.1	0.3	0.2	Income tax benefit (expense)
	(0.3)	(0.3)	(0.5)	(0.6)	Net loss
Total reclassifications for the period, net of tax	\$ (2.1)	\$ (3.1)	\$ (4.1)	\$ (6.1)	Net loss

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

9. Loss Per Unit:

The Company computes basic loss per unit by dividing net loss applicable to common units by the weighted average number of common units and warrants outstanding during each period. Diluted loss per unit is computed by dividing net loss applicable to common units by the weighted average number of common units and warrants and includes the effect of potentially dilutive securities, if their effect is not anti-dilutive. Because the warrants are convertible into common units for nominal additional consideration, the warrants are included in the number of outstanding units for both basic and diluted loss per unit.

Prior to the termination of the MIP previously discussed in Note 7, potentially dilutive securities included incremental shares issuable upon vesting of time-based restricted common units. Unvested time-based restricted common units were included in the computation of dilutive per unit amounts using the treasury stock method.

The Company has also issued performance-based options and performance-based restricted common units as part of its equity-based compensation plan. For these performance-based awards, the right to receive dividend equivalent distributions is forfeited if the awards do not vest and therefore are considered non-participating securities under the two-class method until the performance conditions have been satisfied. Because vesting of these performance-based awards is conditioned upon the occurrence of a change in control or liquidity event, they are excluded in the computation of diluted (loss) earnings per unit until it is probable that a change in control or liquidity event will occur.

A reconciliation of net loss and number of units used in computing basic and diluted loss per unit was as follows:

(Millions, except per unit amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Basic and diluted loss per unit:				
Numerator:				
Net loss attributable to common units	\$ (56.6)	\$ (59.9)	\$ (73.4)	\$ (0.2)
Denominator:				
Basic and diluted units outstanding				
Weighted average common units outstanding	68.1	90.7	79.3	90.6
Weighted average warrants outstanding	22.6	—	11.3	—
Weighted average diluted units outstanding	90.7	90.7	90.6	90.6
Basic and diluted loss per unit:				
Net loss	\$ (0.62)	\$ (0.66)	\$ (0.81)	\$ (0.00)

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

10. Business Segments:

The Company's segments are determined based on the current organizational and management structure in place and the internal financial information regularly reviewed and used by the chief operating decision maker ("CODM") for making operating decisions and assessing performance. Our Chief Executive Officer, as CODM, uses direct margin, which is computed as segment revenues and sales less segment expenses, to evaluate performance and allocate operating and capital resources, primarily in the annual budgeting and forecasting process and to establish performance targets for purposes of management incentive compensation. For each segment, our CODM reviews monthly sequential changes in direct margin and compares actual monthly direct margin to forecasted monthly and year-to-date financial information.

Effective April 1, 2025, we completed certain changes to our previous business segment structure to better reflect the individual financial performance of our segments, primarily consisting of establishing intercompany billing agreements for network sharing arrangements between our business units. These intercompany transactions have no impact on our consolidated results of operations as the intercompany revenues and expenses are eliminated in consolidation. In addition, we made other changes to our previous segment structure, which included: (1) shifting governmental customers and all reseller and wholesale broadband revenues, as well as shifting wholesale customers with the majority of their service locations residing in ILEC markets from Wholesale to Kinetic and (2) allocating certain shared expenses primarily to Kinetic and Wholesale, consisting of network access and facilities costs, network operations, engineering and customer operations expenses. Prior period segment information has been recast to reflect these changes for all periods presented.

For financial reporting purposes, our operating and reportable segments consist of:

Kinetic – We manage as one business our residential, business and wholesale operations in ILEC markets due to the similarities with respect to service offerings and marketing strategies. Residential customers can bundle voice, high-speed Internet and video services, to provide one convenient billing solution and receive bundle discounts. We offer a wide range of advanced Internet services, local and long-distance voice services, integrated voice and data services, and web conferencing products to our business customers. These services are equipped to deliver high-speed Internet with competitive speeds, value added services to enhance business productivity and options to bundle services to meet our business customer needs. Products and services offered to business customers also include managed cloud communications and security services. Our Kinetic wholesale operations provide network bandwidth to other telecommunications carriers, network operators, governmental entities, content providers, and large cloud computing and storage service providers. These services include network transport services to end users, Ethernet and Wave transport of up to 400 Gbps, and dark fiber and colocation services. Wholesale services also include fiber-to-the-tower connections to support the wireless backhaul market. In addition, we offer voice and data carrier services to other communications providers and to larger-scale purchasers of network capacity.

Kinetic service revenues also include revenue from federal and state USF programs, amounts received from RDOF, and certain surcharges assessed to our customers, including billings for our required contributions to federal and state USF programs. Sales revenues include sales of various types of communications equipment and products to customers, including selling network equipment to contractors on a wholesale basis.

Managed Services – We manage as one business our mid-market and large business customers located within our CLEC markets. Products and services consist of software solutions and network connectivity offerings. Software solutions include SASE, UCaaS, OfficeSuite UC®, SD-WAN and associated network access products and services. Network connectivity offerings consist of dynamic Internet protocol, dedicated Internet access, multi-protocol label switching services, integrated voice and data, long distance and other managed services, and certain surcharges assessed to customers. Managed Services also include TDM voice and data services. Product sales include high-end data and communications equipment which facilitate the delivery of advanced data and voice services to business customers.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

10. Business Segments, Continued:

Wholesale – Our wholesale operations are focused on providing network bandwidth to other telecommunications carriers, network operators, content providers, and large cloud computing and storage service providers. These services include network transport services to end users, Ethernet and Wave transport of up to 400 Gbps, and dark fiber and colocation services. Wholesale services also include fiber-to-the-tower connections to support the wireless backhaul market. In addition, we offer voice and data carrier services to other communications providers and to larger-scale purchasers of network capacity. Wholesale fiber sales revenues represent amounts recognized from sales-type leases for fiber where control of the fiber has transferred to the customer.

Segment revenues are based upon each customer's classification to an individual segment and include all services provided to that customer. Segment expenses include certain direct expenses incurred in providing services and products to segment customers and selling, general and administrative expenses that are directly associated with specific segment customers or activities. These direct expenses include network access and facilities, network operations and engineering, customer specific access costs, cost of sales, field operations, service delivery, sales and marketing, product development, licensing fees, provision for estimated credit losses, and compensation and benefit costs for employees directly assigned to the segments.

Costs related to centrally-managed administrative functions, including information technology, accounting and finance, legal, human resources and other corporate management activities are not monitored by or reported to the CODM by segment. We also do not assign to the segments depreciation and amortization expense, straight-line expense under the master lease agreements with Uniti, net loss (gain) on asset retirements and dispositions, gain on sale of operating assets or merger expenses, because these items are not monitored by or reported to the CODM at a segment level.

Interest expense has also been excluded from segment operating results because we manage our financing activities on a total company basis and have not assigned any debt or finance lease obligations to the segments. Other income, net, and income tax benefit (expense) are not monitored as a part of our segment operations and, therefore, these items also have been excluded from our segment operating results.

Capital expenditures for network enhancements and information technology-related projects benefiting Windstream as a whole are not assigned to the segments and are presented as corporate/shared capital expenditures. Asset information by segment is not monitored or reported to the CODM and therefore has not been presented. Substantially all of our customers, operations and assets are located in the U.S., and we do not have any single customer that provides more than 10 percent of our total consolidated revenues and sales.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

10. Business Segments, Continued:

The following table summarizes our segment results:

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Kinetic:				
Service revenues from external customers	\$ 549.0	\$ 588.0	\$ 1,107.9	\$ 1,199.8
Sales revenues from external customers	14.6	7.9	24.2	15.5
Total revenues and sales from external customers	563.6	595.9	1,132.1	1,215.3
Intersegment revenues (a)	12.7	15.3	26.1	31.2
Total segment revenues and sales	576.3	611.2	1,158.2	1,246.5
Compensation expenses	(111.2)	(116.8)	(223.2)	(238.0)
Non-compensation managed expenses (b)	(58.2)	(55.9)	(117.2)	(113.1)
Revenue-driven costs (c)	(44.5)	(39.4)	(83.6)	(79.7)
Network access and facilities expenses	(41.4)	(62.7)	(95.9)	(127.2)
Allocated network and customer operations expenses	(15.5)	(18.1)	(32.2)	(36.2)
Customer access (d)	(6.3)	(11.7)	(14.3)	(24.8)
Intersegment costs and expenses (e)	(35.1)	(35.1)	(70.3)	(70.2)
Direct margin	\$ 264.1	\$ 271.5	\$ 521.5	\$ 557.3
Managed Services:				
Service revenues from external customers	\$ 217.0	\$ 256.9	\$ 456.5	\$ 540.2
Sales revenues from external customers	0.5	0.4	0.7	0.7
Total revenues and sales from external customers	217.5	257.3	457.2	540.9
Intersegment revenues (f)	1.2	1.2	2.5	2.4
Total segment revenues and sales	218.7	258.5	459.7	543.3
Compensation expenses	(14.2)	(22.5)	(30.4)	(48.6)
Non-compensation managed expenses (g)	(0.8)	(1.2)	(2.6)	(2.6)
Revenue-driven costs (h)	(32.4)	(41.3)	(65.9)	(82.0)
Customer access (d)	(46.8)	(58.7)	(97.2)	(121.2)
Intersegment costs and expenses (e)	(12.8)	(15.6)	(26.4)	(31.8)
Direct margin	\$ 111.7	\$ 119.2	\$ 237.2	\$ 257.1
Wholesale:				
Service revenues from external customers	\$ 85.4	\$ 70.8	\$ 167.0	\$ 152.4
Sales revenues from external customers	1.8	2.3	1.8	18.3
Total revenues and sales from external customers	87.2	73.1	168.8	170.7
Intersegment revenues (i)	36.2	36.3	72.5	72.6
Total segment revenues and sales	123.4	109.4	241.3	243.3
Network access and facilities expenses	(43.2)	(44.1)	(86.6)	(88.5)
Compensation expenses	(9.8)	(11.8)	(20.5)	(23.6)
Non-compensation managed expenses (j)	(2.1)	(2.1)	(3.5)	(3.8)
Revenue-driven costs (k)	(5.4)	(6.1)	(7.9)	(19.3)
Allocated network and customer operations expenses	(3.8)	(4.4)	(7.9)	(8.9)
Customer access (d)	(3.1)	(2.9)	(6.2)	(6.0)
Intersegment costs and expenses (e)	(2.2)	(2.1)	(4.4)	(4.2)
Direct margin	\$ 53.8	\$ 35.9	\$ 104.3	\$ 89.0
Total segment revenues and sales from external customers	\$ 868.3	\$ 926.3	\$ 1,758.1	\$ 1,926.9
Total intersegment revenues	50.1	52.8	101.1	106.2
Total segment revenues and sales	918.4	979.1	1,859.2	2,033.1
Total segment expenses	(438.7)	(499.7)	(895.1)	(1,023.5)
Total intersegment costs and expenses	(50.1)	(52.8)	(101.1)	(106.2)
Total segment direct margin	\$ 429.6	\$ 426.6	\$ 863.0	\$ 903.4

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

10. Business Segments, Continued:

- (a) Consists of intercompany charges to Managed Services and Wholesale primarily for resale access services.
- (b) Includes advertising, contract services and fees, fleet-related expenses (e.g., leasing costs, fuel, maintenance and repair costs), and employee-related travel costs.
- (c) Includes federal and state USF fees, provision for credit losses, equipment-related shipping and refurbishment costs, and cost of sales.
- (d) Customer access expense represents the portion of interconnect costs directly assigned to the segment.
- (e) Reflects the offsetting expense effects of the intercompany billing agreements between segments.
- (f) Consists of intercompany charges to Kinetic for licensing fees related to the usage of the OfficeSuite UC© product.
- (g) Includes support agreements, contract services and fees, and employee-related travel costs.
- (h) Includes federal and state USF fees, provision for credit losses, third-party commissions, staff augmentation for professional services, product licensing fees, and cost of sales.
- (i) Consists of intercompany charges to Kinetic and Managed Services primarily for usage of network and collocation facilities owned or operated by Wholesale.
- (j) Includes advertising, contract services and fees, and employee-related travel costs.
- (k) Includes federal and state USF fees, provision for credit losses, early termination fees, and cost of fiber sales.

Capital expenditures by segment were as follows:

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Kinetic	\$ 168.2	\$ 145.8	\$ 334.8	\$ 309.7
Managed Services	7.7	13.6	17.0	31.9
Wholesale	27.6	25.8	57.9	62.9
Corporate/Shared (a)	14.0	18.9	35.5	45.5
Total	\$ 217.5	\$ 204.1	\$ 445.2	\$ 450.0

- (a) Represents capital expenditures not directly assigned to the segments and primarily consist of capital outlays for network enhancements and information technology-related projects benefiting Windstream as a whole.

The following table reconciles total segment revenues and sales to total consolidated revenues and sales:

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total segment revenues and sales	\$ 918.4	\$ 979.1	\$ 1,859.2	\$ 2,033.1
Intersegment revenues	(50.1)	(52.8)	(101.1)	(106.2)
Total consolidated revenues and sales	\$ 868.3	\$ 926.3	\$ 1,758.1	\$ 1,926.9

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

10. Business Segments, Continued:

The following table reconciles segment direct margin to consolidated net loss:

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total segment direct margin	\$ 429.6	\$ 426.6	\$ 863.0	\$ 903.4
Depreciation and amortization	(183.2)	(200.8)	(369.9)	(408.5)
Straight-line expense under master lease agreements with Uniti	(177.9)	(173.9)	(354.9)	(346.2)
Net (loss) gain on asset retirements and dispositions	(3.5)	9.7	25.1	31.4
Gain on sale of operating assets	1.2	—	27.0	103.2
Merger expenses	(5.3)	(10.1)	(8.5)	(14.8)
Unassigned shared operating expenses (a)	(69.8)	(73.1)	(151.1)	(157.0)
Other income, net	4.7	0.8	8.7	1.5
Interest expense	(58.2)	(52.8)	(116.4)	(106.4)
Income tax benefit (expense)	5.8	13.7	3.6	(6.8)
Net loss	\$ (56.6)	\$ (59.9)	\$ (73.4)	\$ (0.2)

- (a) Represents operating expenses not assigned to the segments primarily consisting of expenses related to customer support and expenses related to centrally-managed administrative functions, including information technology, accounting and finance, legal, human resources, and other corporate management activities.

11. Pending Merger:

On May 3, 2024, Windstream entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Uniti, providing for a combination of the Company and Uniti. In anticipation of the merger, Windstream formed new wholly owned subsidiaries of Holdings: New Windstream, LLC (“New Windstream”) and New Windstream Holdings II, LLC (“New Windstream Holdings II”), each a Delaware limited liability company, and Windstream Parent, Inc., a Delaware corporation. As further discussed in Note 1, on April 23, 2025, in anticipation of Closing, Windstream completed an internal reorganization (the “Pre-Closing Windstream Reorganization”), with Holdings merging with and into New Windstream Holdings II, with New Windstream Holdings II as the surviving entity of the merger and an indirect subsidiary of New Windstream. At Closing, Windstream Parent, Inc. (“New Uniti”), currently a direct subsidiary of New Windstream, will become the ultimate parent of New Windstream Holdings II (as successor to Holdings). Also on the date of Closing, an entity to be formed prior to the Closing date and an indirect wholly owned subsidiary of New Uniti identified as “Merger Sub” in the Merger Agreement will merge with and into Uniti (the “Merger”), with Uniti surviving the Merger as an indirect wholly owned subsidiary of New Uniti, such that both New Windstream Holdings II (as successor to Holdings) and Uniti will be indirect wholly owned subsidiaries of New Uniti.

Upon consummation of the Merger, New Uniti will become an integrated telecommunications company. The common stock of New Uniti (“New Uniti Common Stock”) is expected to be listed on the Nasdaq. If New Uniti elects to complete the Post-Closing Reorganization (as defined in Note 2), each of Windstream’s and Uniti’s debt will be combined into a single silo capital structure with a common parent entity. If New Uniti does not complete the Post-Closing Reorganization, the legacy Uniti and Windstream organizational structures and existing indebtedness of each company will remain separate with no cross-guarantees, and we anticipate that the existing agreements and arrangements presently in effect between Uniti and Windstream will remain in place, including our master lease agreements with Uniti, which requires Uniti to reimburse Windstream for certain GCIs.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

11. Pending Merger, Continued:

At the closing of the Merger, Uniti and Windstream equityholders are expected to hold approximately 62 percent and 38 percent, respectively, of New Uniti before giving effect to the conversion of any outstanding convertible securities or the issuance of warrants to purchase New Uniti Common Stock referenced below. In addition, at the closing of the Merger, Uniti will fund an aggregate cash payment of \$425 million (less certain transaction expenses) that will be distributed to Windstream equityholders on a pro-rata basis. Windstream equityholders will also be entitled to pro rata distributions of (i) new shares of non-voting preferred stock of New Uniti with a dividend rate of 11 percent per year for the first six years, subject to an additional 0.5 percent per year during each of the seventh and eighth year after the initial issuance and further increased by an additional 1 percent per year during each subsequent year, subject to a cap of 16 percent per year and with an aggregate liquidation preference of \$575 million, and (ii) warrants to purchase New Uniti Common Stock, with an exercise price of \$0.01 per share, subject to customary adjustments, representing in the aggregate approximately 6.9 percent of the pro forma share total of New Uniti.

Uniti and Windstream have each made customary representations and warranties and covenants in the Merger Agreement, including covenants, subject to certain exceptions, to use reasonable best efforts to conduct their respective businesses in the ordinary course during the interim period between the execution of the Merger Agreement and the consummation of the Merger (the “Interim Period”). Uniti and Windstream have each agreed to use its respective reasonable best efforts to cause the transactions contemplated by the Merger Agreement to be consummated as soon as practicable, including in connection with obtaining all approvals required to be obtained from any governmental authority or third party that are necessary, proper or advisable to consummate such transactions.

The Merger is subject to customary closing conditions, including, among others, approval by Uniti’s stockholders which occurred at a shareholder meeting on April 2, 2025, and receipt of required regulatory approvals, all of which have been received, and Windstream expects to close the Merger on August 1, 2025.

The Merger Agreement contains certain customary termination rights for each of Uniti and Windstream, including if the Merger has not been consummated on or before November 3, 2025, subject to certain extensions through no later than May 3, 2026. If the Merger Agreement is terminated, Uniti will be obligated to pay Windstream (i) out-of-pocket third-party expenses incurred in connection with the Merger, not to exceed \$25 million, if the Merger Agreement was terminated because Uniti Stockholder Approval was not obtained, (ii) a termination fee of \$55 million under specified circumstances, including termination following Uniti accepting a Superior Proposal or Windstream receiving an Adverse Recommendation Change (each as defined in the Merger Agreement) and (iii) a termination fee of \$75 million under specified circumstances, including if the Merger Agreement is terminated by Windstream due to Uniti’s failure to obtain sufficient financing or Uniti’s uncured breach of certain related representations and covenants, in circumstances where the termination fee in (ii) is not due.

12. Commitments and Contingencies:

Bankruptcy-Related Litigation

Windstream Holdings, LLC (“Old Holdings”), its directors, and certain of its executive officers are the subject of two shareholder-related lawsuits arising out of the merger with EarthLink Holdings Corp. in February 2017. Both complaints allege securities law violations and breaches of fiduciary duties related to the disclosures in the joint proxy statement/prospectus soliciting shareholder approval of the merger, which the plaintiffs allege were inadequate and misleading. The federal plaintiffs’ proof of claim was resolved on the bankruptcy docket in September 2021. Pursuant to the Company’s Plan of Reorganization, plaintiffs are limited to a recovery to the extent of any available insurance proceeds. The state plaintiff failed to submit a proof of claim and in light of the Company’s emergence from bankruptcy, Windstream believes the state case should be discharged, but the plaintiff is challenging the discharge. To the extent the state court case proceeds, applicable law provides that the plaintiff’s recovery is limited to available insurance proceeds.

In the first lawsuit, (the “Federal Case”), the federal plaintiffs’ proof of claim was resolved on the bankruptcy docket in September 2021. Pursuant to the Company’s Plan of Reorganization, the plaintiffs’ recovery is limited to the extent of any available insurance proceeds.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

12. Commitments and Contingencies, Continued:

On May 6, 2024, the parties in the Federal Case agreed to a settlement that was approved by the presiding judge on February 6, 2025, at the scheduled fairness hearing, after no objections being filed. The deadline to appeal this final order expired April 9, 2025. Windstream's directors' and officers' insurance carriers are providing full coverage for the settlement, as the Company has paid all applicable deductibles.

Key elements of the settlement include:

- The lead plaintiff concedes that none of the defendants are making any concession of liability or wrongdoing, and the defendants concede that lead plaintiff makes no concession regarding lack of merit.
- The parties agree that the settlement releases any and all shareholder claims related to the subject matter of the lawsuit against the Company and the defendants, and the claims are fully discharged.
- Upon approval by the court, the Company's insurance carriers, on behalf of the defendants, placed in escrow the settlement amount of \$85 million for distribution to class members.
- A Claims Administrator was appointed by the court and, under supervision of the Court, shall provide notice of the settlement to class members and oversee the distribution of the settlement fund.

The second lawsuit, pending in state court in Georgia (the "State Case"), was stayed in 2019. The state plaintiff failed to submit a proof of claim and in light of the Company's emergence from bankruptcy. Final approval of the settlement of the Federal Case now bars class members, including plaintiffs in the State Case, from commencing or prosecuting any of the released claims against the defendants, including the claims asserted in the State Case. Thus, Windstream filed a motion to dismiss the State Case which was granted on April 17, 2025, after no response from the plaintiff was submitted. The deadline to file an appeal was May 17, 2025. Both of these matters are now concluded.

As of March 31, 2025 and December 31, 2024, the Company had recorded a liability for the agreed upon settlement amount of \$85 million and a loss recovery insurance receivable of \$85 million for insurance proceeds deemed probable of recovery. As a result of the approved settlement, the Company derecognized both the settlement liability and related loss recovery insurance receivable during the second quarter of 2025.

Other Matters

The Company is currently involved in certain legal proceedings arising in the ordinary course of business and, as required, have accrued an estimate of the probable costs for the resolution of those claims for which the occurrence of loss is probable and the amount can be reasonably estimated. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any specific period could be materially affected by changes in its assumptions or the effectiveness of its strategies related to these proceedings. Additionally, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any specific claim or proceeding would not have a material adverse effect on the Company's financial condition, results of operations or cash flows. Legal expenses associated with loss contingencies are expensed as incurred.

NEW WINDSTREAM, LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

13. Subsequent Events:

The Company evaluated subsequent events and transactions for possible recognition or disclosure in these financial statements through July 31, 2025, the date these financial statements were available to be issued. No additional disclosures are required other than those matters that have been reflected within these consolidated financial statements.

Settlement Payment from Uniti – On July 8, 2025, the Company received from Uniti the final quarterly cash installment payment of \$24.5 million payable to Windstream, pursuant to the amended master lease agreements.

Sale of Real Estate Properties Previously Contributed to the Pension Plan – The Company leases certain real property contributed to the Pension Plan in 2014 under lease terms ranging from 10 to 20 years. The properties are managed on behalf of the Pension Plan by an independent fiduciary. Due to our ability to repurchase the properties by ceasing all but de minimis operations at the locations, control of the properties did not transfer, and the transaction was accounted for as a financing obligation, and the related properties reported as assets of the Company. On July 10, 2025, the Pension Plan sold the properties to a third party for \$76.0 million in cash. In connection with the sale, the lease agreements were assigned to the buyer and the lease terms were modified such that control of the properties transferred to the third-party buyer. No cash consideration was received by Windstream in completing the sale transaction. As a result, the Company derecognized the financing obligation and the related assets and recognized a pretax gain of approximately \$10.6 million in the third quarter of 2025. Following the sale, the lease agreements were accounted for as operating leases. Accordingly as of the sale date, the Company recorded a right-of-use asset and related liability of approximately \$37.4 million, equal to the present value of the future minimum lease payments.

Pension Plan Contribution – On July 15, 2025, the Company made in cash its required quarterly employer contribution to the qualified pension plan for the 2025 plan year of \$4.5 million.

Settlement of Common Units, Options and Performance Units – On July 15, 2025, the Company settled 572,008 common units held by former employees of the Company for total cash consideration of \$11.0 million. In conjunction with this cash settlement, the former employees also agreed to settle all outstanding options and performance units held by them for additional cash consideration of \$4.2 million. The cash settlements were funded using available cash on hand. Following these settlements, there were 21,338 common units, 32,847 options and 9,845 performance units held by former employees of the Company.

NEW WINDSTREAM, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

As further discussed below, on April 23, 2025, an internal reorganization was completed which resulted in New Windstream, LLC ("New Windstream") becoming the parent company. Accordingly, within this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), the terms "Windstream," "the Company," "we," or "our" refer to New Windstream and its subsidiaries, including Windstream Services, LLC.

The following section provides an overview of our results of operations and highlights key trends and uncertainties in our business and should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto. This discussion contains and refers to statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Such statements relate to our intent, belief or current expectations primarily with respect to our future operating, financial and strategic performance. Any such forward-looking statements are not guarantees of future performance and may involve risks and uncertainties. Actual results may differ from those contained in or implied by the forward-looking statements as a result of various factors. For more information, see "Forward-Looking Statements" at the end of this discussion for additional factors relating to such statements.

ORGANIZATIONAL STRUCTURE AND OVERVIEW

Windstream's quality-first approach connects customers to new opportunities and possibilities by leveraging its nationwide network to deliver a full suite of advanced communications services. We provide fiber-based broadband to residential and business customers in eighteen states, managed cloud communications and security services for large enterprises and government entities across the United States of America ("U.S."), and tailored waves and transport solutions for carriers, content providers and large cloud computing and storage service providers in the U.S. and Canada. Our operations are organized into three business segments: Kinetic, Managed Services and Wholesale. The Kinetic segment serves consumer and business customers in markets in which we are the incumbent local exchange carrier ("ILEC") and provides services over network facilities operated by us. Managed Services and Wholesale segments serve business and wholesale customers in markets in which we are a competitive local exchange carrier ("CLEC") and provide services over network facilities primarily leased from other carriers. Effective April 1, 2025, we completed certain changes to our previous business segment structure to better reflect the individual financial performance of our segments, primarily consisting of establishing intercompany billing agreements for network sharing arrangements between our business units. These intercompany transactions have no impact on our consolidated results of operations as the intercompany revenues and expenses are eliminated in consolidation. In addition, we made other changes to our previous segment structure, which included: (1) shifting governmental customers and all reseller and wholesale broadband revenues, as well as shifting wholesale customers with the majority of their service locations residing in ILEC markets from Wholesale to Kinetic and (2) allocating certain shared expenses primarily to Kinetic and Wholesale, consisting of network access and facilities costs, network operations, engineering and customer operations expenses. Prior period segment information has been recast to reflect these changes for all periods presented.

We evaluate performance of the segments based on direct margin, which is computed as segment revenues and sales less segment expenses. Segment revenues are based upon each customer's classification to an individual segment and include all services provided to that customer. Segment expenses include certain direct expenses incurred in providing services and products to segment customers and selling, general and administrative expenses that are directly associated with specific segment customers or activities. These direct expenses include network access and facilities, network operations and engineering, customer specific access costs, cost of sales, field operations, sales and marketing, product development, licensing fees, provision for estimated credit losses, and compensation and benefit costs for employees directly assigned to the segments.

Costs related to centrally-managed administrative functions, including information technology, accounting and finance, legal, human resources and other corporate management activities are not monitored by or reported to the chief operating decision maker ("CODM") by segment. Accordingly, these shared operating expenses are not assigned to the segments. We also do not assign to the segments depreciation and amortization expense, straight-line expense under the master leases with Uniti Group Inc. ("Uniti"), net loss (gain) on asset retirements and dispositions, gain on sale of operating assets, merger expenses, other income, net, interest expense, and income tax benefit (expense) because these items are not monitored by or reported to the CODM at a segment level. For additional information related to our segments, see "Business Segment Operating Results" section below and Note 10 to the condensed consolidated financial statements.

PENDING MERGER TRANSACTION

On May 3, 2024, Windstream entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Uniti, providing for a combination of the Company and Uniti. In anticipation of the merger, Windstream formed new wholly owned subsidiaries of Holdings: New Windstream and New Windstream Holdings II, LLC (“New Windstream Holdings II”), each a Delaware limited liability company, and Windstream Parent, Inc., a Delaware corporation. As further discussed in Note 1, on April 23, 2025, in anticipation of Closing, On April 23, 2025, Windstream completed an internal reorganization (the “Pre-Closing Windstream Reorganization”), with Holdings merging with and into New Windstream Holdings II, with New Windstream Holdings II as the surviving entity of the merger and an indirect subsidiary of New Windstream. At Closing, Windstream Parent, Inc. (“New Uniti”), currently a direct subsidiary of New Windstream, will become the ultimate parent of New Windstream Holdings II (as successor to Holdings). Also on the date of Closing, an entity to be formed prior to the Closing date and an indirect wholly owned subsidiary of New Uniti identified as “Merger Sub” in the Merger Agreement will merge with and into Uniti (the “Merger”), with Uniti surviving the Merger as an indirect wholly owned subsidiary of New Uniti, such that both New Windstream Holdings II (as successor to Holdings) and Uniti will be indirect wholly owned subsidiaries of New Uniti. Upon consummation of the Merger, New Uniti will become an integrated telecommunications company. The common stock of New Uniti (“New Uniti Common Stock”) is expected to be listed on the Nasdaq. If New Uniti elects to complete the Post-Closing Reorganization (as defined in Note 2 to the condensed consolidated financial statements), each of Windstream’s and Uniti’s debt will be combined into a single silo capital structure with a common parent entity. However, if New Uniti does not complete the Post-Closing Reorganization, the legacy Uniti and Windstream organizational structures and existing indebtedness of each company will remain separate with no cross-guarantees, and we anticipate that the existing agreements and arrangements presently in effect between Uniti and Windstream will remain in place, including our master lease agreements with Uniti, which requires Uniti to reimburse Windstream for certain growth capital improvements (“GCIs”).

At the closing of the Merger, Uniti and Windstream equityholders are expected to hold approximately 62 percent and 38 percent, respectively, of New Uniti before giving effect to the conversion of any outstanding convertible securities or the issuance of warrants to purchase New Uniti Common Stock referenced below. In addition, at the closing of the Merger, Uniti will fund an aggregate cash payment of \$425 million (less certain transaction expenses) that will be distributed to Windstream equityholders on a pro-rata basis. Windstream equityholders will also be entitled to pro rata distributions of (i) new shares of non-voting preferred stock of New Uniti with a dividend rate of 11 percent per year for the first six years, subject to an additional 0.5 percent per year during each of the seventh and eighth year after the initial issuance and further increased by an additional 1 percent per year during each subsequent year, subject to a cap of 16 percent per year and with an aggregate liquidation preference of \$575 million, and (ii) warrants to purchase New Uniti Common Stock, with an exercise price of \$0.01 per share, subject to customary adjustments, representing in the aggregate approximately 6.9 percent of the pro forma share total of New Uniti.

The Merger is subject to customary closing conditions, including, among others, approval by Uniti’s stockholders which occurred at a shareholder meeting on April 2, 2025, and receipt of required regulatory approvals, all of which have been received and Windstream expects to close the Merger on August 1, 2025. See Note 11 to the condensed consolidated financial statements for additional information regarding our pending merger with Uniti.

EXECUTIVE SUMMARY

Key financial and operational highlights for the three and six-month periods ended June 30, 2025, consisted of the following:

- We generated revenues and sales of \$868.3 million and \$1,758.1 million for the three and six-month periods ended June 30, 2025, respectively. In the second quarter, the Company reported an operating loss of \$(8.9) million and operating income of \$30.7 million for the six-month period ended June 30, 2025 and a net loss of \$(56.6) million and \$(73.4) million for the three and six-month periods ended June 30, 2025, respectively.
- Within the Kinetic segment, fiber consumer subscriber revenues increased 27 percent during the second quarter of 2025 on a year-over-year basis. We extended our fiber coverage by passing an additional 52,000 consumer premises constructed during the first half of 2025 bringing our total to approximately 1.7 million consumer premises passed or 38 percent of our Kinetic footprint. For the six-month period of 2025, our fiber consumer subscribers grew 15 percent year-over-year and fiber consumer subscriber revenues grew 23 percent for the same period, demonstrating strong adoption of our fiber product offerings. We ended the second quarter with 483,000 consumer subscribers on our fiber network, representing a 28 percent fiber consumer subscriber penetration rate (calculated as the total number of fiber consumer subscribers divided by the total number of consumer premises passed), an increase of 20 basis points sequentially.
- Within the Managed Services segment, we continued execution of our transformation strategy, which is shifting away from legacy time-division multiplexing (“TDM”) revenues and narrowing our focus to emphasize profitability for the valuable base of Managed Services customers. Service revenues for this segment decreased 15 percent in both the three and six-month periods ended June 30, 2025 primarily due to higher customer churn for legacy services, as we continued to transition customers off of TDM services.
- Our Wholesale business generated solid strategic revenue performance as service revenues increased 21 percent and 10 percent for the three and six-month periods ended June 30, 2025, respectively, highlighted by high demand from carriers, content providers and larger-scale purchasers of network capacity.

As further discussed in Note 2 to the consolidated financial statements, in October and December 2024, the Company completed refinancing transactions which included the issuance of \$2.2 billion of senior first lien notes due October 1, 2031 (the “2031 Notes”), as well as a new \$500.0 million first lien term loan (the “2024 Term Loan”), also maturing on October 1, 2031. Net proceeds from the debt issuances were used to fully repay borrowings outstanding under the Credit Agreement consisting of a \$706.0 million secured first lien term loan facility (the “Term Loan”) and a \$250.0 million super senior incremental term loan (“Incremental Term Loan”), both of which were due in 2027, and to fully repay \$1.4 billion aggregate principal 7.750 percent senior first lien notes due August 15, 2028 (the “2028 Notes”), thus improving our debt maturity profile, as well as adding additional liquidity of over \$300.0 million.

The Company reported an operating loss of \$(8.9) million in the second quarter and operating income of \$30.7 million for the six-month period ended June 30, 2025 and a net loss of \$(56.6) million and \$(73.4) million for the three and six-month periods ended June 30, 2025, respectively. The operating loss in the three-month period of 2025 primarily reflected the overall declines in service revenues further discussed below and the net loss on asset retirements and dispositions of \$3.5 million, partially offset by lower interconnections costs attributable to rate reductions and cost improvements from the continuation of network efficiency projects, decreases in depreciation and amortization expense and lower salary costs due to workforce reductions completed in 2025.

Operating income for the six-month period of 2025 was favorably impacted by a pretax gain of \$27.0 million from the sale of certain unused IPv4 addresses completed in the second quarter of 2025, the net gain on asset retirements and dispositions of \$25.1 million, lower interconnection costs attributable to rate reductions and cost improvements from the continuation of network efficiency projects, decreases in depreciation and amortization expense and lower salary costs due to workforce reductions completed in both 2025. The beneficial effects of these items on operating income in the six-month period of 2025 were partially offset by the overall decline in revenues and sales further discussed below.

OPERATING ENVIRONMENT AND TRENDS

The telecommunications industry is highly competitive. The rapid development of new technologies, services and products has eliminated many of the distinctions among wireless, cable, Internet and traditional telephone services and brought new competitors to our markets. We expect competition to remain intense as traditional and non-traditional participants seek increased market share.

In our Kinetic business, we are committed to providing our customers with exceptional service and offering faster broadband speeds and the convenience of bundling Internet, voice and video services. In 2025, we expect continued growth in our Kinetic fiber broadband customer base while experiencing declines in digital subscriber line (“DSL”) customers, primarily in lower speed areas, from the effects of competition and our existing DSL customers transitioning to our fiber-based broadband services. Our ability to deliver faster Internet speeds across our footprint should drive gains in market share and corresponding growth in consumer and business revenues. For 2025, our plan is to accelerate fiber deployment in our Kinetic footprint as we expect to nearly double the rate of our fiber builds in 2025, as compared to 2024, resulting in approximately 2 million consumer premises passed by the end of 2025. We believe that the ramp up in our internal construction hiring and training combined with the additional liquidity from our recent refinancing activities will help facilitate our accelerated fiber deployment.

For our Managed Services business, our focus remains on converting customers to our software solutions and network connectivity offerings as part of our TDM exit program to migrate our existing CLEC customers off of the TDM network. As we complete this program in 2025, we expect to experience continued declines in TDM and other revenues, as well as reductions in interconnection, network facility and fiber expenses.

Our Wholesale business leverages our nationwide network to provide high-capacity bandwidth and transport services to wholesale customers, including other telecommunications carriers, network operators, content providers, and large cloud computing and storage service providers. Our priorities for our Wholesale business include continuing to grow Wave and Ethernet sales and revenues, building and selling fiber on route expansions, and adding new customers. To improve our consolidated operating results, we are focused on growing fiber consumer subscriber revenues and managing our operating expenses.

CONSOLIDATED RESULTS OF OPERATIONS

The following table reflects the consolidated operating results for Windstream:

(Millions)	Three Months Ended June 30,		Increase (Decrease)		Six Months Ended June 30,		Increase (Decrease)	
	2025	2024	Amount	%	2025	2024	Amount	%
Revenues and sales:								
Service revenues	\$ 851.4	\$ 915.7	\$ (64.3)	(7)	\$ 1,731.4	\$ 1,892.4	\$ (161.0)	(9)
Sales revenues	16.9	10.6	6.3	59	26.7	34.5	(7.8)	(23)
Total revenues and sales	868.3	926.3	(58.0)	(6)	1,758.1	1,926.9	(168.8)	(9)
Costs and expenses:								
Cost of services	526.1	574.6	(48.5)	(8)	1,079.0	1,164.7	(85.7)	(7)
Cost of sales	15.8	8.7	7.1	82	26.3	25.1	1.2	5
Selling, general and administrative	144.5	163.4	(18.9)	(12)	295.8	336.9	(41.1)	(12)
Depreciation and amortization	183.2	200.8	(17.6)	(9)	369.9	408.5	(38.6)	(9)
Net loss (gain) on asset retirements and dispositions (a)	3.5	(9.7)	(13.2)	(136)	(25.1)	(31.4)	(6.3)	(20)
Gain on sale of operating assets (a)	(1.2)	—	1.2	*	(27.0)	(103.2)	(76.2)	(74)
Merger expenses (b)	5.3	10.1	(4.8)	(48)	8.5	14.8	(6.3)	(43)
Total costs and expenses	877.2	947.9	(70.7)	(7)	1,727.4	1,815.4	(88.0)	(5)
Operating (loss) income	(8.9)	(21.6)	(12.7)	(59)	30.7	111.5	(80.8)	(72)
Other income, net (c)	4.7	0.8	3.9	*	8.7	1.5	7.2	*
Interest expense	(58.2)	(52.8)	5.4	10	(116.4)	(106.4)	10.0	9
(Loss) income before income taxes	(62.4)	(73.6)	(11.2)	(15)	(77.0)	6.6	83.6	*
Income tax benefit (expense)	5.8	13.7	(7.9)	(58)	3.6	(6.8)	10.4	153
Net loss	\$ (56.6)	\$ (59.9)	\$ (3.3)	(6)	\$ (73.4)	\$ (0.2)	\$ 73.2	*

* Not meaningful

- (a) See corresponding sections of Note 1 to the condensed consolidated financial statements for information related to the net loss (gain) on asset retirements and dispositions and gain on sale of operating assets recorded in each period.
- (b) Merger expenses include legal, accounting, and other miscellaneous costs incurred related to the Merger. See Note 11 to the consolidated financial statements for additional information related to the Merger.
- (c) Increases reflect \$1.7 million and \$4.7 million for the three and six-month periods ended June 30, 2025, respectively, of incremental interest income on short-term investments attributable to the Company's additional liquidity following the completion of the fourth quarter 2024 debt refinancing transactions. Other income, net for both periods of 2025 also included \$2.3 million of interest income earned on the net proceeds realized from completing the rights offering and tender offer on April 8, 2025. See corresponding section of Note 1 to the condensed consolidated financial statements for additional information related to the completion of the rights offering and tender offer.

Service Revenues

The following table reflects the primary drivers of the changes in service revenues compared to the same periods a year ago:

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
	Increase (Decrease)	Increase (Decrease)
(Millions)	Amount	Amount
Increases in Wholesale service revenues (a)	\$ 14.6	\$ 14.6
Decreases in Kinetic switched access and end user surcharges (b)	(2.1)	(5.7)
Decreases in Kinetic consumer service revenues (c)	(6.8)	(24.4)
Decreases in Kinetic business services revenues (d)	(13.4)	(27.4)
Decreases in Kinetic wholesale services revenues (e)	(16.7)	(34.4)
Decreases in Managed Services revenues (f)	(39.9)	(83.7)
Net decreases in service revenues	\$ (64.3)	\$ (161.0)

- (a) Increases were primarily attributable to price increases for transport and TDM services, as well as the effect of favorable adjustments to our reserves maintained for billing disputes with other carriers for their access to our networks.
- (b) Decreases were consistent with the overall decline in Kinetic service revenues primarily due to the continued declines in DSL and business customers.
- (c) Decreases reflect a decline in DSL subscriber and other revenues of \$33.3 million and \$70.0 million for the three and six-month periods ended June 30, 2025, respectively, due to the effects of continued declines in DSL customers, discontinuation of subsidies funded by the ACP, which ended as of May 2024, and lower demand for consumer voice-only services. Windstream had received approximately \$3.0 million in monthly subsidies attributable to its ACP customer base. These decreases were partially offset by growth in fiber subscriber revenues, which increased \$26.5 million and \$45.6 million, for the three and six-month periods ended June 30, 2025, respectively, consistent with the growth in fiber consumer broadband customers.
- (d) Decreases were primarily attributable to customer churn and a decline in new sales to customers.
- (e) Decreases were primarily due to declines in facilities-based resale access revenues due to customer churn and initiatives to bring service onto our network and higher customer churn for legacy TDM and transport services.
- (f) Decreases were primarily due to higher customer churn for legacy services as we continue to transition customers off of TDM services. As a result, service revenues reflect reductions in traditional voice, long-distance and data and integrated services, as well as declines in long-distance usage.

Sales Revenues

Sales revenues include sales of various types of communications equipment and products to customers including selling network equipment to contractors on a wholesale basis. Consumer product sales include home networking equipment, computers and phones. Managed Services product sales include high-end data and communications equipment which facilitate the delivery of advanced data and voice services to business customers. Sales revenues also include amounts recognized from sales-type leases for fiber where control of the fiber has transferred to the customer. Fiber sales were \$1.8 million for both the three and six-month periods ended June 30, 2025 compared to fiber sales of \$2.3 million and \$18.3 million for the three and six-month periods ended June 30, 2024.

The following table reflects the primary drivers of the changes in sales revenues compared to the same periods a year ago:

(Millions)	Three Months Ended		Six Months Ended	
	June 30, 2025		June 30, 2025	
	Increase (Decrease)		Increase (Decrease)	
	Amount		Amount	
Increases in Kinetic product sales (a)	\$	6.7	\$	8.7
Increase in Managed Services product sales		0.1		—
Decreases in Wholesale fiber sales		(0.5)		(16.5)
Net changes in sales revenues	\$	6.3	\$	(7.8)

(a) Increases reflect higher contractor sales due to increased outsourcing of fiber construction projects to external contractors.

Cost of Services

Cost of services expense primarily consists of charges incurred for network operations, interconnection, and business taxes. Network operations charges include salaries and wages, materials, contractor costs, IT support and costs to lease certain network facilities. Interconnection expense consists of charges incurred to access the public switched network and transport traffic to the Internet, including charges paid to other carriers for access points where we do not own the primary network infrastructure. Other expenses consist of third-party costs for ancillary voice and data services, business taxes, business and financial services.

The following table reflects the primary drivers of the changes in cost of services compared to the same periods a year ago:

(Millions)	Three Months Ended		Six Months Ended	
	June 30, 2025		June 30, 2025	
	Increase (Decrease)		Increase (Decrease)	
	Amount		Amount	
Increases in straight-line rent expense under master leases with Uniti (a)	\$	4.1	\$	8.8
Decreases in federal USF expense (b)		(3.0)		(10.7)
Decreases in network and other operations (c)		(15.7)		(26.6)
Decreases in interconnection expense (d)		(33.9)		(57.2)
Net decreases in cost of services	\$	(48.5)	\$	(85.7)

(a) Increases reflect additional rent related to GCIs funded by Uniti. Under provisions of the master lease agreements, on the one-year anniversary of any GCIs funded by Uniti, the annual base rent payable by Windstream increases by an amount equal to 8.0 percent of the funding amount, subject to an annual escalator of 0.5 percent.

(b) Decreases reflect the overall decline in service revenues in both periods, as well as annual reductions in the federal Universal Service Fund (“USF”) rate effective in the third quarter of each year.

(c) Decreases were attributable to lower facility costs and decreases in salary expense resulting from workforce reductions completed in both 2025 and 2024.

(d) Decreases in interconnection expense were attributable to cost improvements from the continuation of network efficiency projects, increased legacy customer churn, and lower long-distance usage.

Cost of Sales

Cost of sales represents the associated cost of equipment. The following table reflects the primary drivers of the changes in cost of sales compared to the same periods a year ago:

(Millions)	Three Months Ended	Six Months Ended
	June 30, 2025	June 30, 2025
	Increase (Decrease)	Increase (Decrease)
	Amount	Amount
Increases in cost of sales to Kinetic customers	\$ 6.7	\$ 8.9
Changes in cost of sales to Managed Services customers	0.3	(0.2)
Changes in cost of fiber sales	0.1	(7.5)
Net increases in cost of sales	\$ 7.1	\$ 1.2

The net changes in cost of sales were consistent with the net changes in sales revenues.

Selling, General and Administrative (“SG&A”)

SG&A expenses result from sales and marketing efforts, advertising, IT support, provision for estimated credit losses, costs associated with corporate and other support functions and professional fees. These expenses include salaries, wages and employee benefits not directly associated with the provisioning of services to our customers.

The following table reflects the primary drivers of the changes in SG&A expenses compared to the same periods a year ago:

(Millions)	Three Months Ended	Six Months Ended
	June 30, 2025	June 30, 2025
	Increase (Decrease)	Increase (Decrease)
	Amount	Amount
Increases in other costs (a)	\$ 6.7	\$ 5.7
Decreases in provision for estimated credit losses (b)	(5.9)	(9.8)
Decreases in sales and marketing (b)	(2.0)	(8.6)
Decreases in compensation and benefits (c)	(17.7)	(28.4)
Net decreases in SG&A	\$ (18.9)	\$ (41.1)

- (a) Increases were primarily attributable to professional, consulting and legal fees and other miscellaneous expenses incurred in completing certain cost optimization projects.
- (b) Decreases primarily reflected improvement in non-pay customer churn.
- (c) Decreases were primarily attributable to lower advertising costs consistent with the overall year-over-year declines in service revenues.
- (d) Decreases were primarily attributable to lower salary costs due to workforce reductions completed in both 2025 and 2024.

Depreciation and Amortization

Depreciation and amortization expense includes the depreciation of property, plant and equipment and the amortization of intangible assets. Set forth below is a summary of depreciation and amortization expense compared to the same periods a year ago:

(Millions)	Three Months Ended	Six Months Ended
	June 30, 2025	June 30, 2025
	Increase (Decrease)	Increase (Decrease)
	Amount	Amount
Decreases in depreciation expense (a)	\$ (8.9)	\$ (21.6)
Decreases in amortization expense (b)	(8.7)	(17.0)
Decreases in depreciation and amortization expense	\$ (17.6)	\$ (38.6)

- (a) Decreases primarily reflect beneficial impact from no longer recording depreciation expense on assets still in service which became fully depreciated or were retired from service by the end of 2024, partially offset by incremental depreciation expense related to new additions of property, plant and equipment, and the effects of depreciating tenant capital improvements over the shorter of the estimated useful life of the asset or the remaining initial contractual term of the Uniti master leases.
- (b) Decreases reflect the use of an accelerated amortization method (sum-of-the-years-digits method) to amortize the customer relationship intangible assets. The effect of using an accelerated amortization method results in a decline in expense each period as the intangible assets amortize.

Operating (Loss) Income

The Company reported an operating loss of \$8.9 million for the three-month period ended June 30, 2025 and operating income of \$30.7 million for the six-month period ended June 30, 2025, compared to an operating loss of \$21.6 million for the three-month period ended June 30, 2024 and operating income of \$111.5 million for the for the six-month period ended June 30, 2024.

The operating loss in the three-month period of 2025 primarily reflected the overall decline in service revenues previously discussed and the net loss on asset retirements and dispositions of \$3.5 million, partially offset by lower interconnections costs attributable to rate reductions and cost improvements from the continuation of network efficiency projects, the decrease in depreciation and amortization expense noted above and lower salary costs due to workforce reductions completed in 2025 and 2024. Operating income for the six-month period of 2025 primarily reflected the pretax gain of \$27.0 million from the sale of certain unused IPv4 addresses completed in the second quarter of 2025, the net gain on asset retirements and dispositions of \$25.1 million, lower interconnection costs attributable to rate reductions and cost improvements from the continuation of network efficiency projects, the decrease in depreciation and amortization expense noted above, and lower salary costs due to workforce reductions completed in both 2025 and 2024. The beneficial effects of these items on operating income in the six-month period of 2025 were partially offset by the overall decline in revenues and sales previously discussed.

The operating loss in the three-month period of 2024 primarily reflected the overall declines in service revenues previously discussed, partially offset by the net gain on asset retirements and dispositions of \$9.7 million, lower interconnections costs attributable to rate reductions and cost improvements from the continuation of network efficiency projects, and lower salary costs due to workforce reductions completed in 2024 and 2023. Comparatively, operating income for the six-month period of 2024 primarily reflected the pretax gain of \$103.2 million from the sale of certain unused IPv4 addresses completed in March 2024, the net gain on asset retirements and dispositions of \$31.4 million, an increase in fiber sales, lower interconnection costs attributable to rate reductions and cost improvements from the continuation of network efficiency projects, and lower salary costs due to workforce reductions completed in 2024 and 2023. The beneficial effects of these items on operating income in the six-month period of 2024 were partially offset by an overall decline in service revenues compared to the same period of 2023.

Interest Expense

Set forth below is a summary of interest expense compared to the same period a year ago:

(Millions)	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025	
	Increase (Decrease)		Increase (Decrease)	
	Amount		Amount	
Increases in interest expense - long-term debt	\$	1.8	\$	2.0
Increases in interest expense - finance leases and other		0.4		1.2
Increases attributable to the effect of interest rate swaps		1.4		2.6
Increases attributable to reductions in capitalized interest expense		1.8		4.2
Increases in interest expense	\$	5.4	\$	10.0

As presented in the table above, interest expense increased \$5.4 million and \$10.0 million for the three and six-month periods ended June 30, 2025 as compared to the same periods in 2024. The increases reflect the incremental net increase in aggregate long-term debt outstanding following the completion of the fourth quarter 2024 debt refinancing transactions previously discussed. See Notes 2 and 3 to the condensed consolidated financial statements for additional information related to our long-term debt obligations and interest rate swaps.

Income Taxes

During the three and six-month periods ended June 30, 2025, the Company recognized income tax benefits of \$5.8 million and \$3.6 million, respectively, as compared to an income tax benefit of \$13.7 million and income tax expense of \$6.8 million for the same periods in 2024. The income tax benefit recorded in the three and six-month periods of 2025 reflected the loss before taxes in each period. The income tax benefit recorded in the three-month period of 2025 attributable to the pretax loss was partially offset by non-discrete tax expense of \$7.7 million related to the increase in the valuation allowance for nondeductible interest expense and discrete tax expense of \$1.3 million for nondeductible expenses associated with the Merger. The income tax benefit recorded in the six-month period of 2025 attributable to the pretax loss was partially offset by non-discrete tax expense of \$12.2 million related to the increase in the valuation allowance for nondeductible interest expense, discrete tax expense of \$2.1 million for nondeductible expenses associated with the Merger, and discrete tax expense of \$6.6 million related to the sale of the IPv4 addresses. Comparatively, the income tax benefit recorded in the three-month period ended June 30, 2024 attributable to the pretax loss was partially offset by discrete tax expense of \$3.7 million for nondeductible transaction costs associated with the Merger. The income tax expense recorded in the six-month period ended June 30, 2024 included discrete tax expense of \$25.6 million related to the sale of the IPv4 addresses. Inclusive of the non-discrete and the discrete items, our effective tax rate was 9.3 percent and 4.7 percent for the three and six-month periods ended June 30, 2025, as compared to 18.6 percent and 103.0 percent in the same periods in 2024.

In determining our quarterly provision for income taxes, the Company uses an estimated annual effective tax rate, which is based on our expected annual income, statutory rates and tax planning opportunities. Significant or unusual items are separately recognized in the quarter in which they occur.

On July 4, 2025, the U.S. enacted new tax legislation formally titled “An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14” (“the Act”), commonly referred to as the One Big Beautiful Bill Act (“OBBBA”). Changes in tax laws may affect recorded deferred tax assets and deferred tax liabilities and our effective tax rate in the future. We continue to evaluate the impacts the new legislation will have on the Company’s consolidated financial statements. At this time, we cannot quantify the effects the Act will have on our consolidated results of operations, financial position and cash flows.

BUSINESS SEGMENT OPERATING RESULTS

KINETIC

Overview

We manage as one business our residential, business and wholesale operations in ILEC markets due to the similarities with respect to service offerings and marketing strategies. Residential customers can bundle voice, high-speed Internet and video services, to provide one convenient billing solution and receive bundle discounts. We offer a wide range of advanced Internet services, local and long-distance voice services, integrated voice and data services, and web conferencing products to our business customers. These services are equipped to deliver high-speed Internet with competitive speeds, value added services to enhance business productivity and options to bundle services to meet our business customer needs. Products and services offered to business customers also include managed cloud communications and security services. Our Kinetic wholesale operations provide network bandwidth to other telecommunications carriers, network operators, governmental entities, content providers, and large cloud computing and storage service providers. These services include network transport services to end users, Ethernet and Wave transport of up to 400 Gbps, and dark fiber and colocation services. Wholesale services also include fiber-to-the-tower connections to support the wireless backhaul market. In addition, we offer voice and data carrier services to other communications providers and to larger-scale purchasers of network capacity.

Kinetic service revenues also include revenue from federal and state USF, amounts received from Rural Digital Opportunity Fund (“RDOF”), and certain surcharges assessed to our customers, including billings for our required contributions to federal and state USF programs. Sales revenues include sales of various types of communications equipment and products to customers including selling network equipment to contractors on a wholesale basis.

Results of Operations

The following table reflects the Kinetic segment results of operations:

(Millions)	Three Months Ended June 30,		Increase (Decrease)		Six Months Ended June 30,		Increase (Decrease)	
	2025	2024	Amount	%	2025	2024	Amount	%
Revenues and sales:								
Service revenues:								
Fiber subscriber	\$ 126.0	\$ 99.5	\$ 26.5	27	\$ 240.9	\$ 195.3	\$ 45.6	23
DSL subscriber and other	181.2	214.5	(33.3)	(16)	369.4	439.4	(70.0)	(16)
Total consumer (a)	307.2	314.0	(6.8)	(2)	610.3	634.7	(24.4)	(4)
Business services (b)	103.1	116.5	(13.4)	(12)	209.7	237.1	(27.4)	(12)
Wholesale (c)	92.9	109.6	(16.7)	(15)	195.9	230.3	(34.4)	(15)
RDOF funding	13.1	13.1	—	—	26.2	26.2	—	—
State USF	14.1	14.7	(0.6)	(4)	28.6	29.6	(1.0)	(3)
Switched access	3.5	4.0	(0.5)	(13)	6.7	8.3	(1.6)	(19)
End user surcharges	15.1	16.1	(1.0)	(6)	30.5	33.6	(3.1)	(9)
Intersegment revenues (d)	12.7	15.3	(2.6)	(17)	26.1	31.2	(5.1)	(16)
Total service revenues	561.7	603.3	(41.6)	(7)	1,134.0	1,231.0	(97.0)	(8)
Product sales (e)	14.6	7.9	6.7	85	24.2	15.5	8.7	56
Total revenues and sales	576.3	611.2	(34.9)	(6)	1,158.2	1,246.5	(88.3)	(7)
Compensation expense (f)	(111.2)	(116.8)	(5.6)	(5)	(223.2)	(238.0)	(14.8)	(6)
Non-compensation managed expenses	(58.2)	(55.9)	2.3	4	(117.2)	(113.1)	4.1	4
Revenue-driven costs (g)	(44.5)	(39.4)	5.1	13	(83.6)	(79.7)	3.9	5
Network access and facilities (h)	(41.4)	(62.7)	(21.3)	(34)	(95.9)	(127.2)	(31.3)	(25)
Allocated network and customer operations expenses	(15.5)	(18.1)	(2.6)	(14)	(32.2)	(36.2)	(4.0)	(11)
Customer access (i)	(6.3)	(11.7)	(5.4)	(46)	(14.3)	(24.8)	(10.5)	(42)
Intersegment costs and expenses	(35.1)	(35.1)	—	—	(70.3)	(70.2)	0.1	—
Direct margin	\$ 264.1	\$ 271.5	\$ (7.4)	(3)	\$ 521.5	\$ 557.3	\$ (35.8)	(6)

- (a) Decreases reflect a decline in DSL subscriber and other revenues of \$33.3 million and \$70.0 million for the three and six-month periods ended June 30, 2025, respectively, due to the effects of continued declines in DSL customers, discontinuation of subsidies funded by the ACP, which ended as of May 2024, and lower demand for consumer voice-only services. Windstream had received approximately \$3.0 million in monthly subsidies attributable to its ACP customer base. These decreases were partially offset by growth in fiber subscriber revenues, which increased \$26.5 million and \$45.6 million for the three and six-month periods ended June 30, 2025, respectively, consistent with the growth in fiber consumer broadband customers.
- (b) Decreases were primarily attributable to customer churn and a decline in new sales to customers.
- (c) Decreases were primarily due to declines in facilities-based resale access revenues due to customer churn and initiatives to bring service onto our network and higher customer churn for legacy TDM and transport services.
- (d) Consists of intercompany charges to Managed Services and Wholesale primarily for resale access services. Decreases primarily reflect a reduction in intercompany billings to Managed Services, consistent with the overall decline in that segment's revenues and sales from external customers.
- (e) Increases reflect higher contractor sales due to increased outsourcing of fiber construction projects to external contractors.
- (f) Decreases primarily reflect the beneficial effects of an increase in capitalized internal labor costs compared to the prior year periods consistent with the Company's accelerated deployment of fiber in our Kinetic footprint and the expansion of our workforce to augment our internal fiber construction operations.
- (g) Increases reflect higher cost of product sales consistent with the increase in contractor sales discussed in (e) above.
- (h) Decreases attributable to cost improvements from the continuation of network efficiency projects and rate reduction efforts and increased legacy customer churn, as we continue to transition customers off of TDM services.
- (i) Decreases attributable to increased customer churn and rate reduction efforts.

A summary of Kinetic broadband customers was as follows as of June 30:

(Thousands)	2025	2024	Increase (Decrease)	
			Amount	%
Fiber consumer broadband customers	483.0	418.3	64.7	15
DSL consumer broadband customers	556.5	695.7	(139.2)	(20)
Total consumer broadband customers	1,039.5	1,114.0	(74.5)	(7)

We expect continued growth in our fiber broadband customer base while experiencing declines in DSL customers, primarily in lower speed areas, from the effects of competition and our existing customers transitioning to our fiber-based broadband services. Our ability to deliver faster Internet speeds across our footprint should drive gains in market share and corresponding growth in consumer and business revenues.

MANAGED SERVICES

Overview

We manage as one business our mid-market and large business customers located within our CLEC markets. Products and services consist of software solutions and network connectivity offerings. Software solutions include Secure Access Service Edge (“SASE”), Unified Communications as a Service (“UCaaS”), OfficeSuite UC®, Software Defined Wide Area Network (“SD-WAN”) and associated network access products and services. Network connectivity offerings consist of dynamic Internet protocol, dedicated Internet access, multi-protocol label switching services, integrated voice and data, long distance and other managed services, and certain surcharges assessed to customers. Managed Services also include TDM voice and data services. Product sales include high-end data and communications equipment which facilitate the delivery of advanced data and voice services to business customers. For our Managed Services business, our focus remains on converting customers to our software solutions and network connectivity offerings as part of our TDM exit strategy to migrate the majority of our CLEC customers off of the TDM network. Accordingly, we expect to see continued declines in TDM and other revenues, including end user surcharges, while maintaining stability in revenues derived from our software solutions and network connectivity offerings.

Results of Operations

The following table reflects the Managed Services segment results of operations:

(Millions)	Three Months Ended June 30,		Increase (Decrease)		Six Months Ended June 30,		Increase (Decrease)	
	2025	2024	Amount	%	2025	2024	Amount	%
Revenues and sales:								
Service revenues:								
Managed Services (a)	\$ 196.2	\$ 218.4	\$ (22.2)	(10)	\$ 406.3	\$ 457.4	\$ (51.1)	(11)
TDM (a)	12.6	28.2	(15.6)	(55)	33.2	60.8	(27.6)	(45)
End user surcharges	8.2	10.3	(2.1)	(20)	17.0	22.0	(5.0)	(23)
Intersegment revenues	1.2	1.2	—	—	2.5	2.4	0.1	4
Total service revenues	218.2	258.1	(39.9)	(15)	459.0	542.6	(83.6)	(15)
Product sales	0.5	0.4	0.1	25	0.7	0.7	—	—
Total revenues and sales	218.7	258.5	(39.8)	(15)	459.7	543.3	(83.6)	(15)
Compensation expense (b)	(14.2)	(22.5)	(8.3)	(37)	(30.4)	(48.6)	(18.2)	(37)
Non-compensation managed expenses	(0.8)	(1.2)	(0.4)	(33)	(2.6)	(2.6)	—	—
Revenue-driven costs (c)	(32.4)	(41.3)	(8.9)	(22)	(65.9)	(82.0)	(16.1)	(20)
Customer access (d)	(46.8)	(58.7)	(11.9)	(20)	(97.2)	(121.2)	(24.0)	(20)
Intersegment costs and expenses (e)	(12.8)	(15.6)	(2.8)	(18)	(26.4)	(31.8)	(5.4)	(17)
Direct margin	\$ 111.7	\$ 119.2	\$ (7.5)	(6)	\$ 237.2	\$ 257.1	\$ (19.9)	(8)

- (a) Decreases were primarily due to higher customer churn for legacy services as we continue to transition customers off of TDM services. As a result, service revenues reflect reductions in traditional voice, long-distance and data and integrated services, as well as declines in long-distance usage.
- (b) Decreases were primarily attributable to reduced internal labor costs due to workforce reductions.
- (c) Decreases were consistent with the overall reduction in service revenues primarily attributable to customer churn and the corresponding reductions in third-party commissions, bad debt expense and federal and state USF fees.
- (d) Decreases were consistent with the overall decline in interconnect costs attributable to cost improvements from the continuation of network efficiency projects, increased legacy customer churn, and lower long-distance usage.
- (e) Decreases were consistent with the overall decline in intercompany billings from Kinetic primarily for resale access services as previously discussed.

WHOLESALE

Overview

Our wholesale operations are focused on providing network bandwidth to other telecommunications carriers, network operators, content providers, and large cloud computing and storage service providers. These services include network transport services to end users, Ethernet and Wave transport up to 400 Gigabyte per second (“Gbps”), and dark fiber and colocation services. Wholesale services also include fiber-to-the-tower connections to support the wireless backhaul market. In addition, we offer voice and data carrier services to other communications providers and to larger-scale purchasers of network capacity. Wholesale fiber sales revenues represent amounts recognized from sales-type leases for fiber where control of the fiber has transferred to the customer. Our wholesale priorities include growing Wave and Ethernet sales and revenues, building and selling fiber on route expansions, and adding new customers.

Results of Operations

The following table reflects the Wholesale segment results of operations:

(Millions)	Three Months Ended June 30,		Increase (Decrease)		Six Months Ended June 30,		Increase (Decrease)	
	2025	2024	Amount	%	2025	2024	Amount	%
Revenues and sales:								
Service revenues (a)	\$ 85.4	\$ 70.8	\$ 14.6	21	\$ 167.0	\$ 152.4	\$ 14.6	10
Intersegment revenues	36.2	36.3	(0.1)	—	72.5	72.6	(0.1)	—
Fiber sales (b)	1.8	2.3	(0.5)	(22)	1.8	18.3	(16.5)	(90)
Total revenues and sales	123.4	109.4	14.0	13	241.3	243.3	(2.0)	(1)
Network access and facilities expenses	(43.2)	(44.1)	(0.9)	(2)	(86.6)	(88.5)	(1.9)	(2)
Compensation expenses (c)	(9.8)	(11.8)	(2.0)	(17)	(20.5)	(23.6)	(3.1)	(13)
Non-compensation managed expenses	(2.1)	(2.1)	—	—	(3.5)	(3.8)	(0.3)	(8)
Revenue-driven costs (d)	(5.4)	(6.1)	(0.7)	(11)	(7.9)	(19.3)	(11.4)	(59)
Allocated network and customer operations expenses	(3.8)	(4.4)	(0.6)	(14)	(7.9)	(8.9)	(1.0)	(11)
Customer access	(3.1)	(2.9)	0.2	7	(6.2)	(6.0)	0.2	3
Intersegment costs and expenses	(2.2)	(2.1)	0.1	5	(4.4)	(4.2)	0.2	5
Direct margin	\$ 53.8	\$ 35.9	\$ 17.9	50	\$ 104.3	\$ 89.0	\$ 15.3	17

- (a) Increases were primarily attributable to price increases for transport and TDM services, as well as the effect of favorable adjustments to our reserves maintained for billing disputes with other carriers for their access to our networks.
- (b) During the second quarter, fiber sales were \$1.8 million for both the three and six-month periods ended June 30, 2025. Comparatively, during the six-month period ended June 30, 2024, the Company entered into indefeasible right of use (“IRU”) arrangements that met the criteria for sales-type lease classification. As a result, the Company recognized sales revenue of \$16.0 million, cost of sales of \$7.6 million and gross profit of \$8.4 million related to these IRU arrangements, respectively.
- (c) Decreases were primarily attributable to reduced internal labor costs due to workforce reductions.
- (d) Decrease in the six-month period of 2025 primarily reflects the corresponding reduction in cost of fiber sales, consistent with the year-over-year decline in fiber sales discussed in (b) above.

Regulatory Matters

Windstream is subject to regulatory oversight in the U.S. by the FCC and state public utility commissions, and we are also subject to regulatory oversight in Canada under the Canadian Radio-television and Telecommunications Commission. We are also subject in the U.S. to various federal and state statutes that govern the provision of telecommunications and broadband services. Windstream actively monitors and participates in regulatory proceedings and engages with federal and state lawmakers on matters that may impact its business. We cannot predict with certainty the outcome of pending federal and state proceedings relating to our operations.

Infrastructure Investment and Jobs Act Broadband Funding

In 2021, Congress passed a bipartisan infrastructure framework (the Infrastructure Investment and Jobs Act or “IIJA”), which includes \$65 billion in broadband funding to be allocated by the National Telecommunications and Information Administration (“NTIA”), with \$42.45 billion to be distributed through formula-based grants to states for broadband deployment projects in unserved and underserved areas over a five-year time frame pursuant to the Broadband Equity, Access and Deployment (“BEAD”) program. The framework also includes \$14.2 billion to address affordability challenges, as well as additional funding for middle-mile projects and digital equity programs. As part of the program, states submitted their initial proposals to NTIA, which outlined the process to challenge the classification of locations eligible for BEAD funding (in Volume I) and the competitive process to select providers for BEAD projects (in Volume II). Updated guidance from NTIA was released on June 6, 2025, which purported to streamline the program, confirm technology neutral requirements, emphasized that cost to build was of preeminent importance, and set new deadlines for application submissions and approvals. States have worked to conform their broadband programs to fall in line with the updated guidance.

While Windstream expects to participate in some way in BEAD because BEAD funding will be distributed on a competitive basis, and now may include satellite and fixed wireless awards more prominently based on updated guidance, Windstream will face increased competition in its footprint as a result of program awards due to possible overbuilding of its network areas, including where Windstream believes locations are “served” as defined by BEAD.

RDOF Funding

In 2019, the FCC announced a \$20 billion RDOF program to support rural broadband deployments. In January 2020, the FCC established two reverse-auction funding phases, with Phase I funding of \$16.0 billion and Phase II of \$4.4 billion. Phase I targeted areas that were wholly unserved by broadband speeds of at least 25-Megabytes per second (“Mbps”) download and 3-Mbps upload. After conducting an auction, \$9.2 billion was awarded in December 2020. At the time, the FCC indicated that the \$6.8 billion not awarded would be added to Phase II, but Phase II will not likely proceed, in light of the BEAD Program being administered by the Department of Commerce. Windstream was awarded \$522.8 million in support over ten years (\$52.3 million per year) for approximately 192,000 locations in eighteen states. Windstream is on track to meet the first program milestone of 40 percent completion on or before December 31, 2025.

State USF Funding

In the first half of 2025, Windstream recognized revenue from state USF programs in Texas, Pennsylvania, New Mexico, Oklahoma, South Carolina, Nebraska, Alabama, and Arkansas. These payments are intended to provide subsidies, in addition to federal USF receipts, for the high cost of operating telecommunications networks in certain areas. For the six-month period ended June 30, 2025, we recognized \$28.7 million in state USF support. Windstream participates in two USF programs in Texas, and for the six-month period ended June 30, 2025, we received \$13.4 million from the large company program and \$1.4 million from the small company program. In June 2023, the Texas Legislature passed legislation requiring companies receiving Texas USF support to complete a financial needs-based test review with the Texas Public Utilities Commission (“PUC”). Windstream completed the needs-based test review and received a final decision June 6, 2024, pursuant to which the Texas PUC approved Windstream’s continued support through December 2028 with no changes to the rates or service areas.

Windstream receives approximately \$13.2 million in annual state USF support in Pennsylvania. In August 2023, the Pennsylvania Public Service Commission (“PSC”) issued an order opening a rulemaking proceeding regarding the program. Windstream, along with the industry trade group, are actively participating in the proceeding and awaiting PSC action.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources

Windstream relies largely on operating cash flows and long-term debt to provide for its liquidity requirements. As of June 30, 2025, the Company had a working capital deficit primarily due to timing differences in the recognition of its annual operating lease obligations and required monthly payments under the master leases with Uniti. The working capital deficit is measured at a point in time and is not indicative of the Company's ability to manage cash and meet its current obligations as they become due. The Company generated positive operating cash flows in the first half of 2025 and utilized available cash to meet its short-term liquidity needs. During the first six months of 2025, there were no new borrowings under the senior secured revolving credit facility, and there were no borrowings outstanding under the revolving credit facility as of June 30, 2025. Accordingly, when considering letters of credit of \$147.1 million, the Company had access to and available borrowing capacity under its senior secured revolving credit facility of \$327.9 million as of June 30, 2025. Management has assessed the current and expected business climate, the Company's current and expected needs for funds and its current and expected sources of funds, and has determined, based on Windstream's forecasted financial results and financial condition as of June 30, 2025, that cash and cash equivalents on hand combined with cash expected to be generated from operating activities, will be sufficient to fund the Company's ongoing working capital requirements, planned capital expenditures, scheduled debt principal and interest payments, and lease payments due under the master lease agreements with Uniti for at least the next twelve months from the issuance of the condensed consolidated financial statements. The Company intends to utilize its available cash as well as the available capacity under its revolving credit facility to fund its short-term liquidity needs as they arise.

Under the master lease agreements, the Company will receive from Uniti up to \$1.75 billion in cash to fund GCIs to its network and Uniti also will pay Windstream \$400 million in quarterly cash installments over a five-year period ending in 2025, at an annual interest rate of 9.0 percent, resulting in total cash payments to be received from Uniti of approximately \$485 million over the five-year period. During the first half of 2025, the Company received from Uniti quarterly cash installment payments totaling \$49.0 million. Through June 30, 2025, the Company has received \$1.2 billion in cash from Uniti to fund GCIs and \$460.4 million in cash settlement payments. As discussed in Note 13 to the condensed consolidated financial statements, in July 2025, the Company received from Uniti the final quarterly cash installment payment of \$24.5 million payable under the master lease agreements. Windstream expects total capital expenditures to be approximately \$1.1 billion in 2025, excluding any GCI reimbursements received from Uniti.

In October and December 2024, we completed refinancing transactions which included the issuance of \$2.2 billion of senior first lien notes, as well as a new \$500.0 million first lien incremental term loan, both of which mature in 2031. Net proceeds from the debt issuance were used to fully repay borrowings outstanding under the Credit Agreement consisting of the Term Loan and Incremental Term Loan both due in 2027 and the 2028 Notes, thus improving our debt maturity profile, as well as adding additional liquidity of over \$300.0 million.

From time to time, including in the near term, Windstream may seek to opportunistically refinance or extend maturity dates of existing indebtedness through, but not limited to, tender offers, exchange offers, redemptions, open market purchases, privately negotiated purchases and new issuances.

Historical Cash Flows

The following table summarizes our cash flow activities:

(Millions)	Six Months Ended June 30,	
	2025	2024
Cash flows provided from (used in):		
Operating activities	\$ 93.5	\$ 223.0
Investing activities	(275.1)	(159.5)
Financing activities	(4.0)	(12.0)
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (185.6)	\$ 51.5

Our cash position decreased \$185.6 million in the six-month period ended June 30, 2025 and increased \$51.5 million in the six-month period ended June 30, 2024. Cash inflows in 2025 were primarily from operating activities, funding received from Uniti under the master lease agreements and proceeds from the sale of operating assets. These cash inflows were offset by cash outflows for capital expenditures, payment of debt issuance costs and amounts due under our finance lease obligations.

Cash Flows - Operating Activities

Cash provided from operations is our primary source of funds. Cash flows provided from operating activities decreased \$129.5 million in the six-month period ended of 2025, as compared to the same period in 2024, primarily due to the increased net loss incurred during the first half of 2025 compared to the same period a year ago and net unfavorable working capital changes, principally consisting of timing differences in the collection of accounts receivable and payment of trade accounts payable. In addition, cash outlays for inventory purchases increased \$15.7 million in the first half of 2025 as compared to the same period a year ago due to our continued initiatives to accelerate broadband expansion. Cash flows from operations in 2025 also included total cash consideration paid of \$19.5 million to settle all vested time-based restricted common units held by Board members and current management employees during the second quarter of 2025. See Note 7 to the condensed consolidated financial statements for additional information related to the settlement of these restricted common units.

Cash Flows - Investing Activities

Cash used in investing activities primarily consisted of capital expenditures to upgrade and expand the speed capabilities of network facilities used to service customers. Cash flows used in investing activities increased \$115.6 million in the six-month period ended June 30, 2025, as compared to the same period in 2024, primarily due to lower proceeds received from the sale of certain unused IPv4 addresses and reductions in funding received from Uniti and various state programs to fund capital expenditures, as further discussed below. Cash outlays for capital expenditures for the six-month period ended June 30, 2025 totaled \$445.2 million and were partially offset by funding received from Uniti of \$175.0 million to pay for certain growth capital improvements under the master lease agreements. Cash inflows also included \$11.1 million in grant funds received from various state programs to fund capital expenditures to expand the availability and affordability of residential broadband service. Cash outlays for capital expenditures funded by government grants totaled \$43.8 million in 2025. Cash flows from investing activities also included the receipt of \$27.0 million in cash from the sales of certain unused IPv4 addresses completed during the first half of 2025.

Comparatively, cash outlays for capital expenditures were \$450.0 million for the six-month period ended June 30, 2024, and were partially offset by funding received from Uniti of \$196.7 million to pay for certain growth capital improvements under the master lease agreements. Cash inflows also included \$33.5 million in grant funds received from various state programs to fund capital expenditures to expand the availability and affordability of residential broadband service. Cash outlays for capital expenditures funded by government grants totaled \$56.0 million in 2024. Cash flows from investing activities included the receipt of \$103.5 million in cash from the sale of certain unused IPv4 addresses completed in March 2024. The Company also received \$9.2 million in cash from the liquidation of a non-marketable investment in January 2024.

Cash Flows - Financing Activities

Cash used in financing activities totaled \$4.0 million in the six-month period ended June 30, 2025. As previously discussed, there were no new borrowings under the senior secured revolving credit facility during the first half of 2025. Debt issuance costs accrued in connection with the December 2024 refinancing transactions of \$2.3 million were paid in the first half of 2025. Principal payments related to finance leases totaled \$2.6 million in the six-month period ended June 30, 2025. Comparatively, cash provided from financing activities totaled \$12.0 million in the six-month period ended June 30, 2024. During the first half of 2024, proceeds from the issuance of debt consisted of new borrowings of \$215.0 million under the senior secured revolving credit facility, all of which were repaid through June 30, 2024. Repayments of debt in the six-month period ended June 30, 2024 also included \$3.8 million in scheduled principal payments on the Term Loan. Principal payments related to finance leases totaled \$5.5 million in the first half of 2024.

Pension and Employee Savings Plan Contributions

The Company maintains a non-contributory qualified defined benefit pension plan. Future benefit accruals for all eligible non-bargaining employees covered by the plan have ceased. On March 24, 2025, the Company made in cash a voluntary contribution to the qualified pension plan of \$21.0 million that was allocated to the 2024 plan year. The Company's annual minimum funding requirements to the qualified pension plan for the 2025 plan year total \$18.0 million, of which \$13.5 million will be contributed in 2025 and the remaining \$4.5 million will be contributed in January 2026. On April 15, 2025, the Company made in cash its required quarterly employer contribution for the 2025 plan year of \$4.5 million. On April 15, 2025, the Company made in cash its first required quarterly employer contribution for the 2025 plan year of \$4.5 million. As discussed in Note 13, on July 15, 2025, the Company made in cash its second required quarterly employer contribution for the 2025 plan year of \$4.5 million. The amount and timing of future contributions to the pension plan are dependent upon a myriad of factors including future investment performance, changes in future discount rates and changes in the demographics of the population participating in the plan.

The Company also sponsors an employee savings plan under section 401(k) of the Internal Revenue Code. The plan covers substantially all salaried employees and certain bargaining unit employees. Participating employees receive employer matching contributions up to a maximum of 4 percent of employee pre-tax contributions to the plan for employees contributing up to 5 percent of their eligible pre-tax compensation. The employer matching contribution is calculated and funded in cash to the plan each pay period with an annual true-up to be made as soon as administratively possible after the end of the year. Contributions to the plan during the first half of 2025 were \$12.8 million and included the annual 2024 true-up contribution. Comparatively, contributions to the plan during the same period of 2024 were \$13.2 million and included the annual 2023 true-up contribution.

Broadband Grant Awards and Programs

The Company receives federal and state governmental assistance in the form of grants for the construction of long-lived assets to expand the availability and affordability of residential broadband service via direct grants or through the formation of public private partnerships. As of June 30, 2025, Windstream has secured \$400.7 million in funding commitments from governmental agencies in Arkansas, Georgia, Iowa, Nebraska, New Mexico, North Carolina, Pennsylvania, Texas, and five other states, that will help us deliver fiber to approximately 170,000 locations. In completing these broadband expansion projects, Windstream expects to incur \$167.0 million of incremental capital expenditures. The Company will continue to seek out additional opportunities to obtain external funding for the expansion of 1-Gbps Internet service across its service areas either from direct grants from governmental programs or through the formation of public private partnerships.

Debt Agreements and Covenants

As further discussed in Note 2 to the condensed consolidated financial statements, the Company's long-term debt obligations as of June 30, 2025 consisted of \$2.2 billion aggregate principal amount of the 2031 Notes and \$500.0 million of borrowings under the 2024 Term Loan. The terms of the amended credit agreement and indentures for the 2031 Notes include customary covenants that, among other things, require the Company to maintain certain financial ratios and restrict its ability to incur additional indebtedness. As of June 30, 2025, the Company was in compliance with all of its debt covenants.

Contractual Obligations and Commitments

Set forth below is a summary of our material contractual obligations and commitments as of June 30, 2025:

(Millions)	Obligations by Period				
	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 years	Total
Long-term debt including current maturities (a)	\$ —	\$ —	\$ —	\$ 2,700.0	\$ 2,700.0
Interest payments on long-term debt obligations (b)	228.0	456.2	456.1	330.6	1,470.9
Leaseback of real estate contributed to pension plan (c)	5.9	12.1	12.8	23.1	53.9
Finance leases (d)	2.1	7.4	7.5	40.1	57.1
Uniti operating leases	745.6	1,565.7	1,448.7	—	3,760.0
Other operating leases (e)	95.4	139.0	62.6	33.2	330.2
Purchase obligations (f)	320.1	212.0	52.4	134.0	718.5
Other long-term liabilities and commitments (g)(h)(i) (j)	27.5	167.8	55.3	207.7	458.3
Total contractual obligations and commitments	\$ 1,424.6	\$ 2,560.2	\$ 2,095.4	\$ 3,468.7	\$ 9,548.9

(a) Excludes unamortized net premium of \$28.3 million and unamortized debt issuance costs of \$54.9 million included in long-term debt as of June 30, 2025.

(b) Variable rates on the 2024 Term Loan were calculated based on Secured Overnight Financing Rate ("SOFR"), which was 4.327 percent as of June 30, 2025.

- (c) Represents undiscounted future minimum lease payments related to the leaseback of real estate contributed to the Windstream Pension Plan, which exclude the residual value of the obligations at the end of the initial lease terms.
- (d) Finance leases include non-cancellable leases, consisting principally of leases for facilities and equipment.
- (e) Other operating leases include non-cancellable leases, consisting principally of leases for network facilities, real estate, office space and office equipment.
- (f) Purchase obligations include open purchase orders and amounts payable under non-cancellable contracts. The portion attributable to non-cancellable contracts primarily represents agreements for network capacity and software licensing.
- (g) Other long-term liabilities and commitments primarily consist of deferred income tax, pension and other postretirement benefit obligations, long-term deferred revenue, right of way and asset retirement obligations.
- (h) Excludes \$18.2 million in long-term finance lease obligations included above in finance leases. Also excludes \$57.2 million included above in leaseback of real estate contributed to pension plan.
- (i) Excludes estimated capital expenditures of approximately \$167.0 million that Windstream expects to incur in excess of funding commitments received from governmental agencies to fund the cost of fiber broadband expansion to over 170,000 locations, as previously discussed under "Broadband Grant Awards and Projects".
- (j) Includes \$14.0 million and \$0.7 million in pension and postretirement benefit obligations and current portion of interest rate swaps, respectively, that was included in other current liabilities at June 30, 2025.

See Notes 2 and 3 to the condensed consolidated financial statements and Notes 4, 5, 9 and 10 to our 2024 audited consolidated financial statements for additional information regarding certain of the obligations and commitments listed above.

Off-Balance Sheet Arrangements

The Company does not use securitization of trade receivables, affiliation with special purpose entities, variable interest entities or synthetic leases to finance its operations. Additionally, the Company has not entered into any arrangement requiring it to guarantee payment of third-party debt or to fund losses of an unconsolidated special purpose entity.

Market Risk

Market risk is comprised of three elements: interest rate risk, equity risk and foreign currency risk. Windstream has exposure to market risk from changes in interest rates, as further discussed below. Currently, the Company does not have any significant exposure to equity or foreign currency risk, and as further discussed below, the Company has effectively hedged its exposure to interest rate risk.

Interest Rate Risk

The Company is exposed to market risk through changes in variable interest rates incurred on borrowings under the amended credit agreement, consisting of the \$500.0 million 2024 Term Loan, and any borrowings outstanding under the senior secured revolving credit facility. Because there were no borrowings outstanding under the revolving credit agreement, the total variable rate debt outstanding as of June 30, 2025 was \$500.0 million.

The Company enters into interest rate swap agreements to mitigate its exposure to the variability in cash flows on a portion of its floating-rate debt obligations. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of interest rate swap activity. The Company does not enter into interest rate swap agreements, or other derivative financial instruments, for trading or speculative purposes. Management periodically reviews the Company's exposure to interest rate fluctuations and implements strategies to manage the exposure.

As of June 30, 2025, Windstream Services, LLC is party to two pay fixed, receive variable interest rate swap agreements with an aggregate notional value of \$500.0 million and mature on October 31, 2025 and October 31, 2029. As of June 30, 2025, the weighted average fixed rate paid on the interest rate swaps was 2.355 percent and the weighted average variable rate received was 4.410 percent. The interest rate swaps have been designated as cash flow hedges of the interest rate risk inherent in borrowings outstanding under its amended credit agreement due to changes in the benchmark interest rate, and accordingly, the hedging relationships are expected to be highly effective in mitigating cash flow risks resulting from changes in interest rates. When considering the interest rate swaps agreements, all of the Company's outstanding variable rate debt obligations have effectively been converted to fixed rate debt as of June 30, 2025.

Critical Accounting Policies and Estimates

The accompanying condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. Management has assessed the critical accounting policies applicable and determined the most critical accounting estimates consist of evaluating the useful lives of property, plant and equipment, accounting for pension benefits, and accounting for deferred income taxes and related tax contingencies. There were no material changes to these critical accounting policies during the first half of 2025.

Recently Adopted Authoritative Guidance

See Note 1 to the condensed consolidated financial statements for a discussion of recently issued authoritative guidance related to Income Taxes and Disaggregation of Expenses and our evaluation of the related impacts to the condensed consolidated financial statements and related disclosures.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes, and future oral and written statements by us and our management may include certain forward-looking statements. We claim the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. This report contains various forward-looking statements which represent our expectations or beliefs concerning future events, including, without limitation, our future performance, our ability to comply with the covenant in the agreements governing our indebtedness and the availability of capital and terms thereof. Statements expressing expectations and projections with respect to future matters are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We caution that these forward-looking statements involve a number of risks and uncertainties and are subject to many variables which could impact our future performance. These statements are made on the basis of management's views, estimates, projections, beliefs and assumptions, as of the time the statements are made, regarding future events and results. There can be no assurance, however, that management's expectations will necessarily come to pass. Actual future events and our results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors.

A wide range of factors could cause actual results to differ materially from those contemplated in our forward-looking statements, including, but not limited to:

- our ability to consummate the Merger with Uniti on the expected terms and according to the anticipated timeline;
- the uncertainty that Uniti will be able to obtain sufficient cash to pay the Closing Cash Payment for the Merger in a timely manner or at all;
- stockholder litigation or other legal proceedings that may be instituted related to the Merger, which could prevent or delay the Closing of the Merger or otherwise negatively impact Windstream's operations;
- the significant transaction costs that Windstream will incur in connection with the Merger;
- the possibility that the Merger may distract the management team from their other responsibilities and the Merger Agreement may limit Windstream's ability to pursue new opportunities;
- the possibility that the Merger, including business uncertainties while the Merger is pending, may cause customers, suppliers, vendors, or other stakeholders to delay or defer decisions concerning Windstream, or negatively impact Windstream's ability to attract and retain personnel, both of which could adversely impact our business operations and operating results;

- the extent, timing, and overall effects of competition and overbuilding in our markets, and increased competition in the communications business in general, including new, emerging competitors receiving, or that may receive, awards pursuant to local, state or federal broadband funding programs to expand in our footprint which could reduce our market share and adversely affect our results of operations and financial condition, especially in light of changes to the federal BEAD program emphasizing cost to build as the primary factor in awarding funding;
- the possibility that reliance on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business and that cybersecurity incidents impacting our network or systems, or the network or systems of our key suppliers, could have a material adverse effect on our business operations, financial condition and reputation;
- uncertainties regarding our eligibility, participation in, or receipt of funding under any current or future local, state, and federal broadband programs, including any remaining state and federal COVID-19 related relief programs and the federal BEAD program, and the participation requirements of any said program, including updated guidance released earlier this year related to the BEAD program;
- the possible impact of federal and state legislation, rules and regulations, trade tariffs, trade disputes, federal executive orders, federal or state mandates, or federal or state agency directives, or changes thereto, on our ability to operate in the manner currently contemplated, on the communications industry generally, or on the operations of our customers or vendors;
- unfavorable rulings by the FCC, state public service commissions or state or federal courts in current and future proceedings regarding universal service funds, intercarrier compensation, or other matters that could reduce revenues or increase expenses, including uncertainties associated with current or future federal or state broadband funding programs that are in lieu of universal service funding;
- risks and uncertainties associated with our capacity to comply with construction obligations under RDOF administered by the FCC, pursuant to which we receive \$52.3 million annually for 10 years (starting in 2022), and any penalties associated with our failure to meet construction milestones;
- the effects of the federal “Buy America” regulations that require use of domestic manufacturers for certain projects that could lead to issues with availability of supplies, goods and equipment for projects and impact our participation in certain broadband programs, including timing for completion of projects;
- our ability to make payments under the current arrangements with Uniti, which may be affected by results of our operations, changes in our cash requirements, cash tax payment obligations, or overall financial position;
- Uniti’s ability to fund, and its compliance with contractual provisions requiring funding of, payments to us under the master leases and the settlement entered into by the parties in March 2020, including annual reimbursement of growth capital improvements under the master leases through 2030 and cash settlement payments through 2025;
- risks surrounding our ability to obtain increased customer penetration levels from our network investments and accelerated network construction and the amount of capital investment necessary for these network enhancements and expansions to meet current and prospective customers’ broadband usage demand;
- new, emerging and/or competing strategic products, technologies and/or software advancements, and our ability to adopt and utilize these technologies, which could affect our ability to compete, and our customers’ willingness to adopt new, emerging products and services;
- unanticipated increases or other changes in future cash requirements, whether caused by unanticipated increases in capital expenditures, increases in pension funding requirements, or otherwise;
- earnings on pension plan investments significantly below our expected long-term rate of return for plan assets, resulting in possible cash contributions into the plan, or a significant change in the discount rate or other actuarial assumptions which could have an adverse impact on our financial position;
- that our current debt structure, or any consolidated indebtedness after any closing of the Merger with Uniti, could adversely affect our cash flow, impair our ability to raise additional capital on more favorable terms, reduce funds available for other business purposes, and reduce operational flexibility;

- for operations where we utilize facilities owned by other carriers, risks and uncertainties surrounding the availability, quality of service, pricing, and services provided by other carriers on which our services to customers depend;
- risks associated with noncompliance by us, our partners, or our subcontractors with executive orders, federal mandates, federal directives, regulations, statutes or other requirements applicable to government contracting and programs under which we receive material amounts of end-user revenue and government subsidies, which could disrupt our ability to participate in government contracting or the government programs and materially and adversely impact our operational results;
- the effects of work stoppages by our employees or employees of other communications companies or key suppliers on whom we rely for service;
- our ability to achieve the expected benefits of certain cost reduction and expense management activities, including efforts to reduce TDM interconnection expenses;
- potential risks pertaining to allegations regarding the presence of lead in telecommunication copper assets, any related regulatory developments, governmental inquiries or actions, operational impacts or costs, compliance costs, or reputational damage;
- unfavorable results of litigation, claims, and intellectual property matters asserted against us;
- possible adverse impacts to our business, to our customers' communications decisions, and to the business of our vendors, including the ability of our customers and vendors to perform under agreements with us, from cost pressures, tariffs, trade disputes, inflationary pressures, epidemics, pandemics outbreaks of contagious diseases or other public health developments, supply chain challenges or disruptions, natural disasters, terrorist acts, or armed conflicts or wars, and any adverse changes in the general economic, political or market conditions in the areas that we serve, the U.S. and globally; and
- those additional risk factors under the section titled "Risk Factors" included elsewhere in this report or in other filings by us or our related entities with the SEC, in any subsequent consolidated financial statement reports or subsequent filing with the SEC.

In addition to these factors, actual future performance, outcomes, and results may differ materially because of more general factors including, among others, general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.