



**3Q22 CEO
Presentation**
November 10, 2022



Third Quarter 2022 Highlights



Strong Consumer Metrics

- 3% Kinetic consumer service revenue growth year-over-year
- Strong fiber additions of 33K in 3Q
- 500-basis point increase in fiber customer penetration over last four quarters

Fiber Build Momentum Continues

- 64K new total locations added in 3Q with access to FTTH services
- Over 1.3 million total locations now have access to FTTH services
- On pace to reach 28% coverage of consumer household coverage by YE

WINDSTREAM
ENTERPRISE
&
WHOLESALE

Strong Revenue Trends

- Strategic Services revenue now at 28% of total Enterprise services revenue; now ~\$440 million on an annualized basis; up 13% YTD
- Wholesale revenue up 20% y-o-y; record margin of 42%

Interconnection Expense Reduction

- Total interconnection expense fell by over 5% y-o-y on an annualized basis; legacy-TDM related expenses fell by 6% y-o-y
- Still \$928 million in annualized interconnection expense

2022 Windstream Priorities



Grow our Kinetic
Fiber Broadband
Customers & Network



Accelerate
Enterprise Strategic
Revenue



Continue TDM
Network Fast
Track Exit



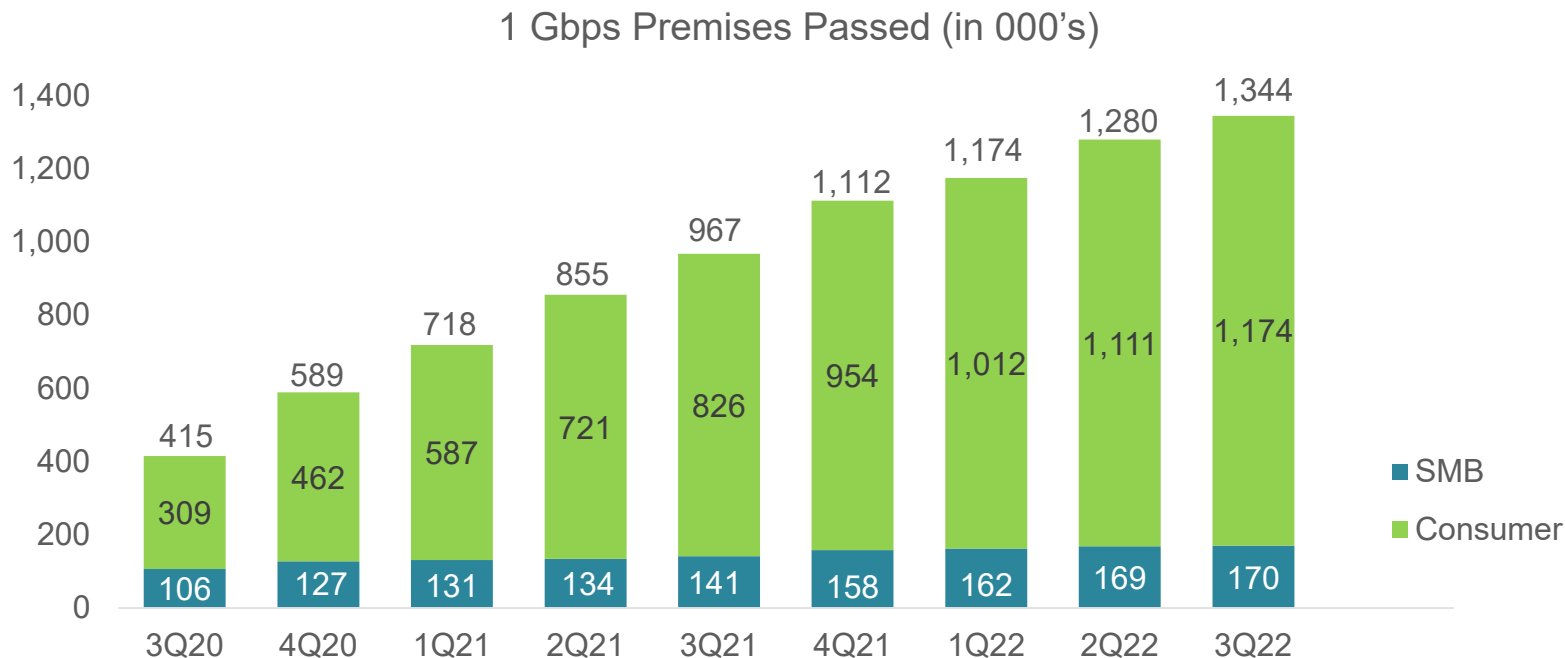
Expand Our
Wholesale Fiber
Footprint



Increase
Net Promoter
Scores

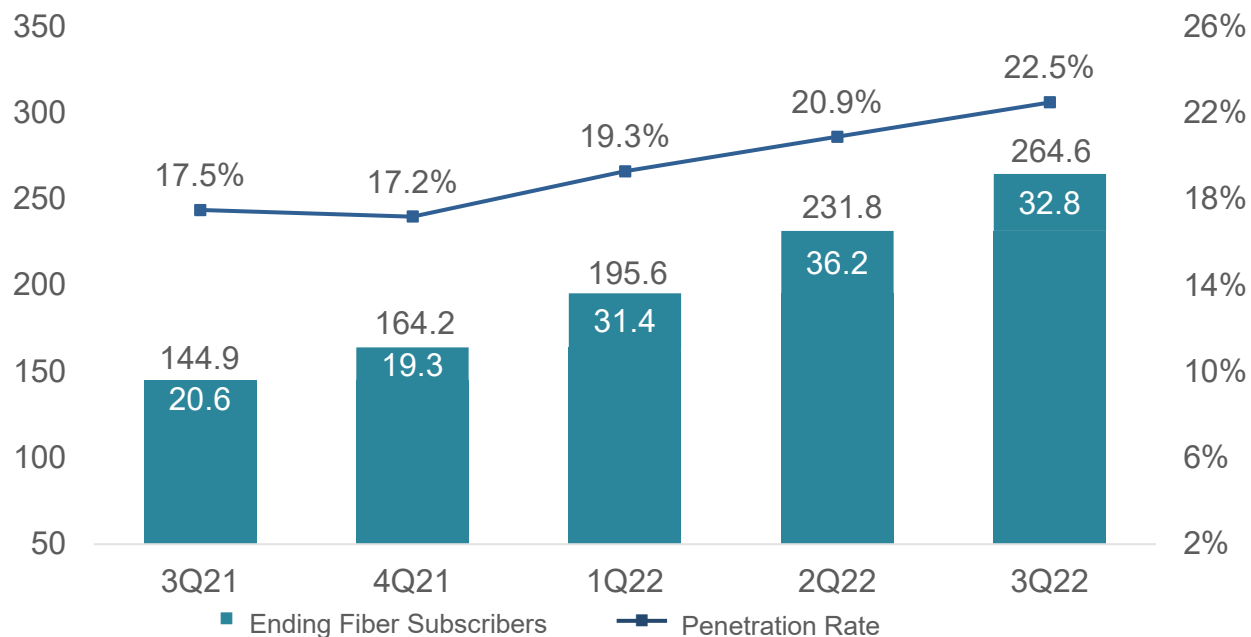
1 Gbps Broadband Expansion Acceleration

64K 1 Gbps Consumer Premises Constructed in 3Q



Next-Gen Broadband Adds Continue to Accelerate

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



Consumer Subscriber counts in 000's

Ended 3Q with

265K

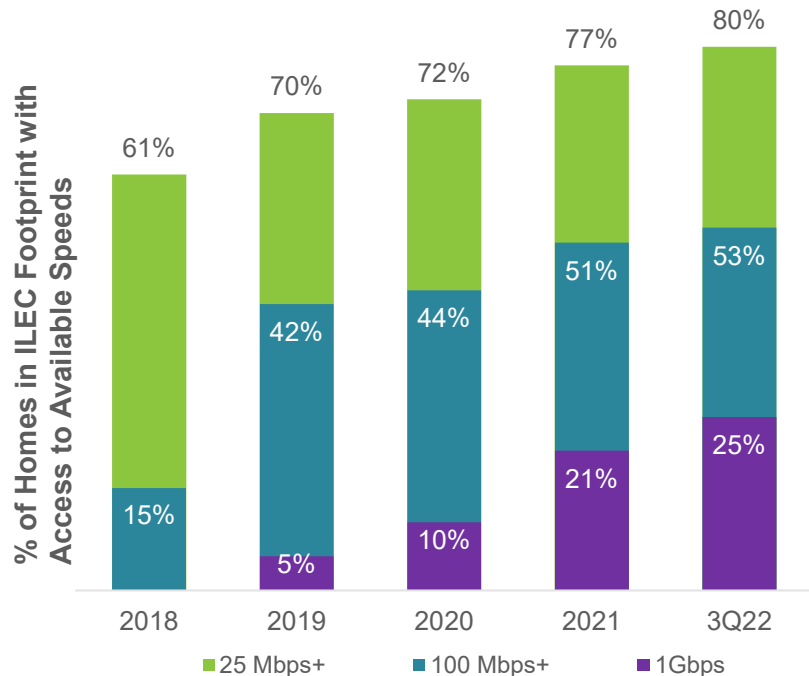
Consumers on
1G capable facilities,
up 33K from 2Q22

22.5%

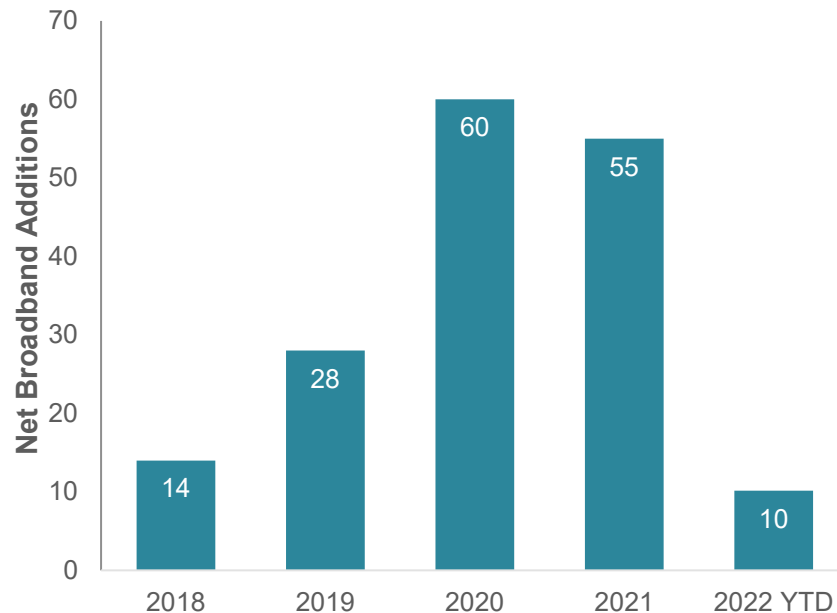
Penetration

Enhanced Speed Driving Market Share Gains

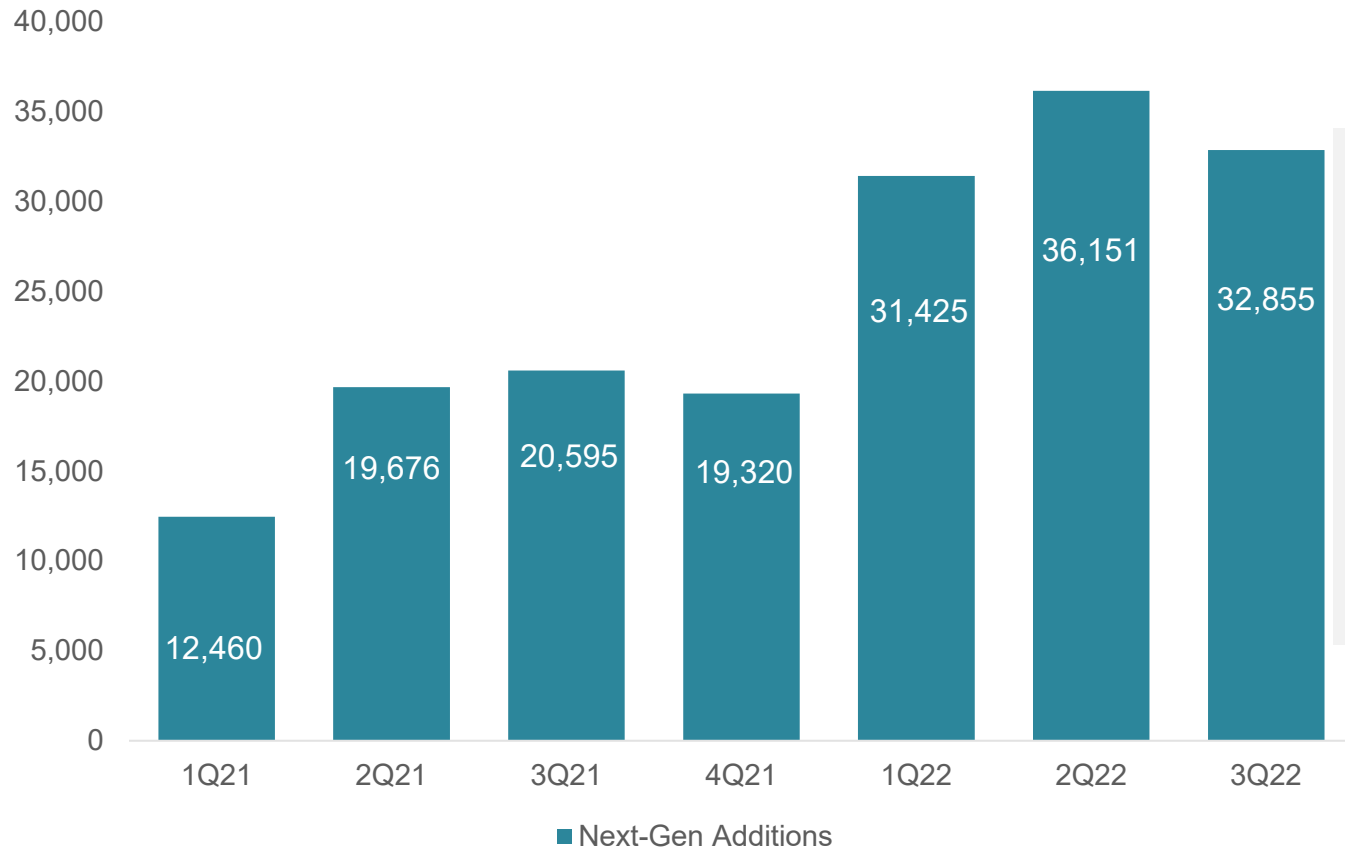
Increased Access to High-Speed Broadband...



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



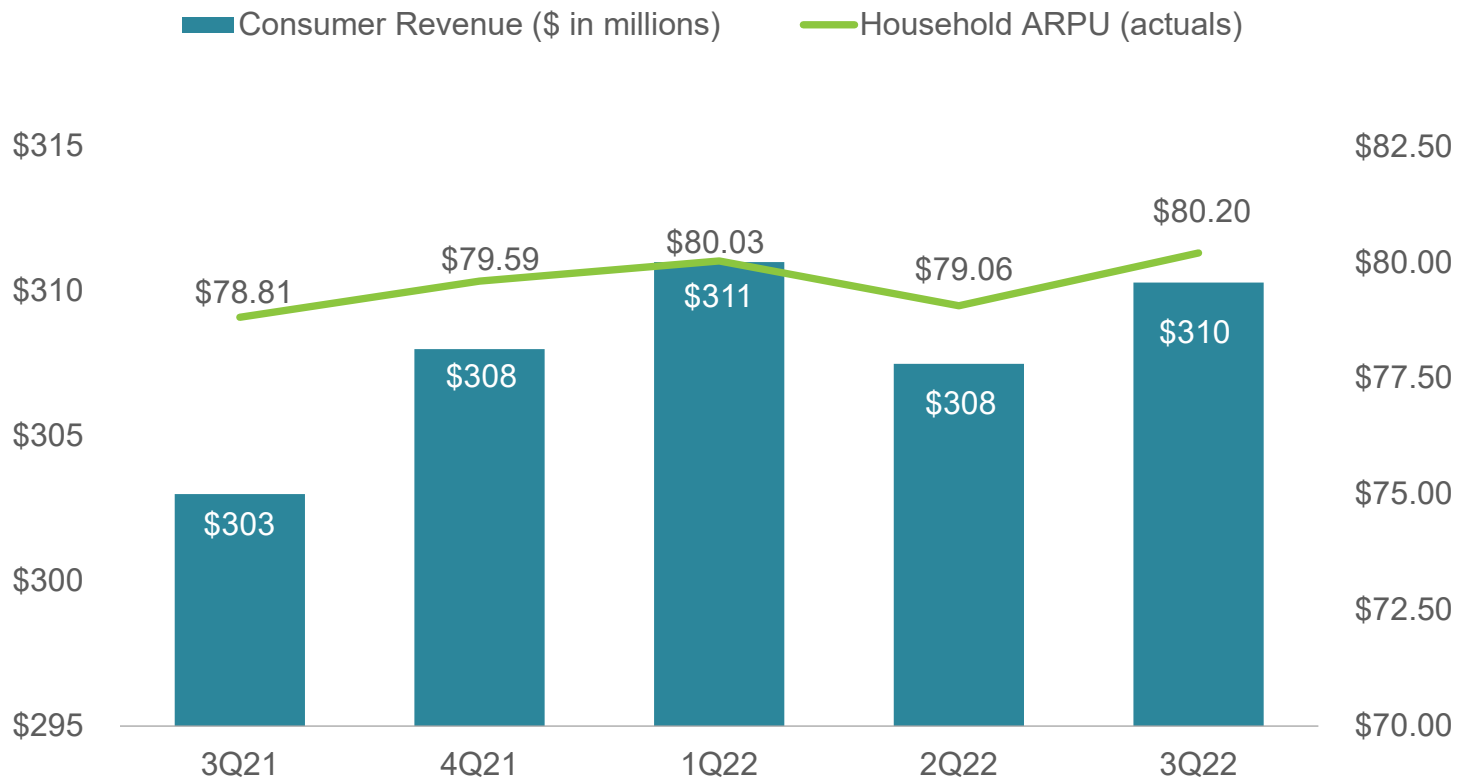
Kinetic Next-Gen Net Subscriber Additions



- Over 100,000 next-generation subscribers added YTD
- Almost doubling prior-year net adds YTD
- 22.5% of all broadband subscribers are now on next-generation facilities; up from 12.6% a year ago



Healthy ARPU Continues to Drive Revenue Trends

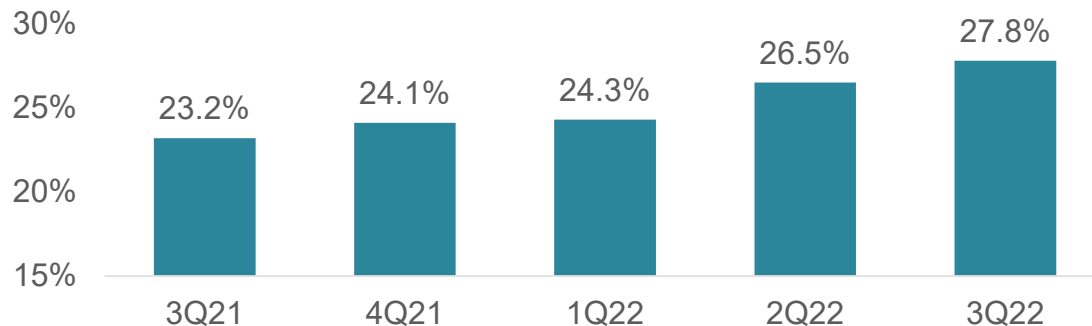


Enterprise Strategic Revenue Growth Continues

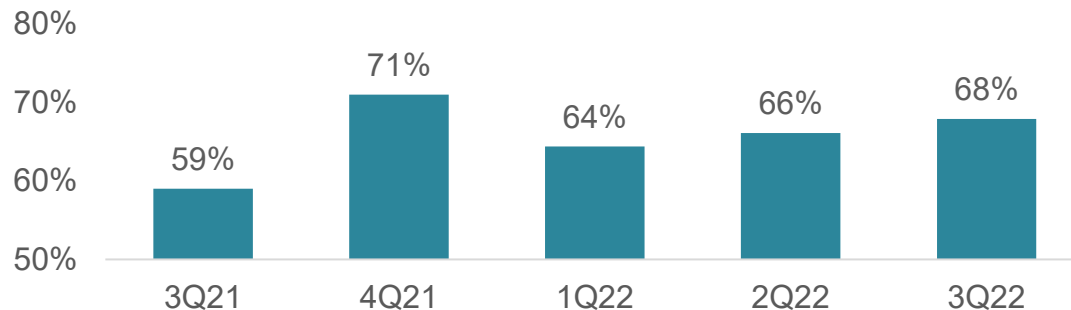
WINDSTREAM ENTERPRISE

- Cloud services, increasing bandwidth demand & software enabled networks fueling Strategic Revenue growth
- 3Q22 Annualized Strategic Product Revenue is ~\$440M and growing 13% YTD, while total Strategic Revenues are now over 27% of Service Revenues ⁽¹⁾
- Strategic sales 68% of total Enterprise sales in quarter

Strategic Revenue % of Total Service Revenue



Strategic Sales as % of Total Sales



(1) Excludes Switched access and End user surcharges

Windstream Wholesale Continues to Pace Industry

20% Revenue Growth Y-O-Y; 40%+ Contribution Margin Growth Y-O-Y

Windstream Wholesale
Leads Industry With
Managed Spectrum Offering

fast & flexible



Windstream Wholesale customer
portal to offer faster, deeper
insights into network performance

fast & flexible



Windstream partners with
Coherent, Nokia for industry first
in 400 Gig networking

fast & flexible



- Among the first providers to offer nationwide availability of Managed Spectrum, a new network architecture solution that empowers customers to deliver high capacity with increased flexibility, reduced costs and faster development times.
- Announced launch of industry-leading customer portal offering real-time multi-layer network data and a suite of self-service tools.
- Completed full integration of 400-Gbps into mass market Nokia routers, accelerating ICON and ICON-Edge network strategy & creating a best-in-class option for both high-power optics support in combination with services delivery needed for metro aggregation.

Significant Interconnection Cost Reductions

TDM Retirement Accelerates Cost Reduction and Improve Customer Experience

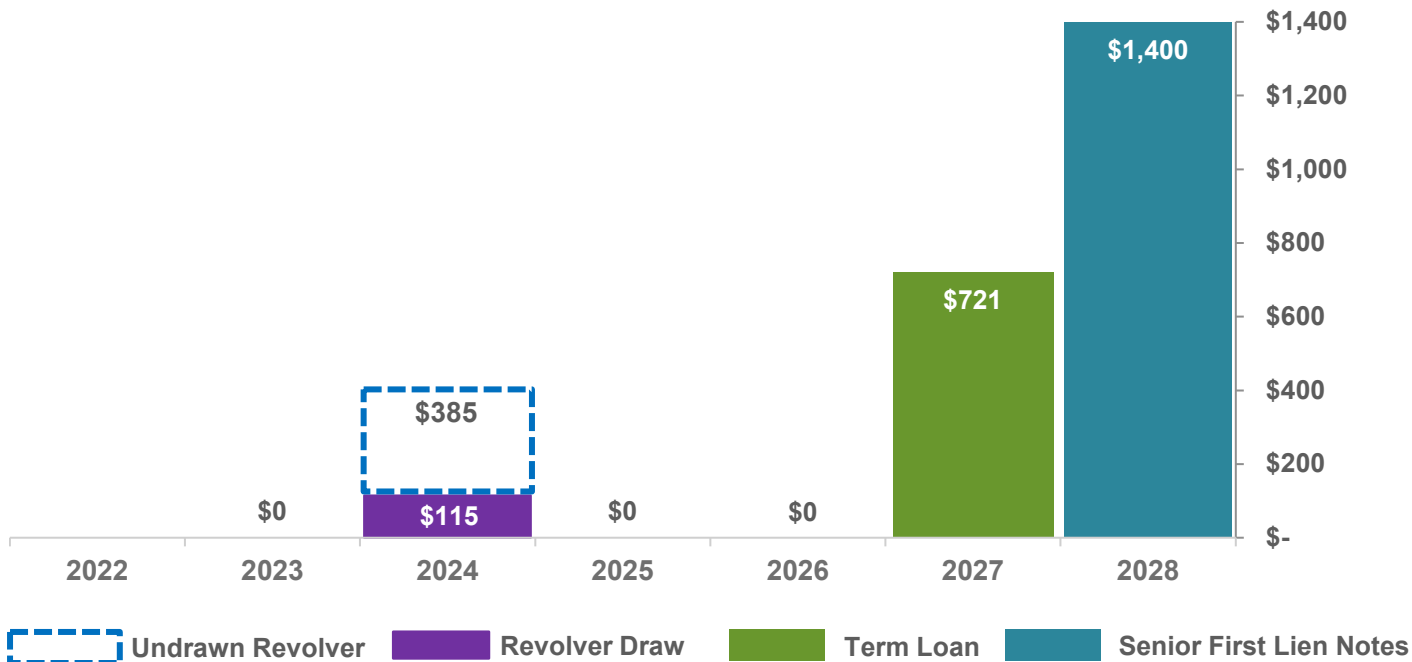
Interconnection Expenses (in millions)

	3Q21 Annualized	3Q22 Annualized	YoY Change %
TDM	\$ 209	\$ 180	(14.2%)
IP/Ethernet	281	271	(3.3%)
Last Mile Access	490	451	(8.0%)
TDM	80	76	(4.7%)
IP/Ethernet	34	33	(3.6%)
Network Access	114	109	(4.4%)
Voice/Other	26	21	(18.8%)
Total Interconnect ⁽¹⁾	\$ 631	\$ 582	(7.8%)
Network Real Estate	\$ 217	\$ 222	2.3%
Colocation	57	51	(10.4%)
Network Facilities Expense	274	273	(0.4%)
Fiber Expense	71	73	3.6%
Total Network Facilities & Fiber Expense	\$ 345	\$ 346	0.4%
Total Interconnect, Network Facilities & Fiber Expense	\$ 976	\$ 928	(4.9%)

- 3Q22 annualized run-rate of ~\$928M in interconnection, network facility and fiber expenses; annualized decline of ~5%
- Approximately \$529 million of Legacy TDM-related expense including Network Facility expense; annualized decline of ~6%
- Year two of 3-year program to migrate CLEC TDM customers to newer technologies; moving from circuit-level to market-level optimization
- The focus on market-level TDM removal will enable greater reductions in network real estate and collocation expenses

Strong Balance Sheet with No Near-Term Maturities

Debt Maturity as of September 30, 2022



\$338M

Net Liquidity
as of September 30, 2022

2.42x

Net Debt to
Adjusted EBITDA

85%

Fixed Interest Rate
for Total Debt

Available capacity under credit facility excludes outstanding letters of credit of \$79.3 million of which \$59.3 million was issued to Universal Service Administrative Company as a condition for Windstream receiving RDOF funding.

Opportunistic Kinetic Fiber Builds in Partnership with Government Entities



\$441M

Project Cost

142,895

Total Locations

\$295M

Funding

\$1.0K

Net Cost / Location

- Kinetic PPP has secured various wins over the last 12 to 18 months
- High penetration opportunity when building fiber as the likelihood of an overbuilder is low due to the cost to build without funding

WIN Fully Owns and Operates Substantial Assets

Kinetic Fully Owned and Operated Metrics		E&W Owned & Operated
Broadband Consumers ⁽¹⁾	Fiber Broadband Consumers ⁽¹⁾	Fiber Route Miles ⁽¹⁾
231k (19.7%)	94k (35.6%)	84k (75.0%)
Fiber Households Today ⁽¹⁾	Fiber Households – Build Plan ⁽¹⁾	Windstream Owns 100GB POPs
366k (31.2%)	654k (26.3%)	1,346 (100.0%)
Total Consumer Revenues ⁽²⁾	Kinetic Owned Assets ⁽³⁾	E&W Owned Assets ⁽³⁾
\$214M	\$2.3B	\$1.1B

(1) Metric represents number and percentage of Windstream total not associated or encumbered by Uniti Master Lease Agreements as of September 30, 2022.

(2) Consumer Revenues for FY 2021 that are not within in-footprint ILEC markets governed by Uniti ILEC Master Lease Agreement.

(3) Kinetic and E&W Owned Assets represent net PP&E as of December 31, 2021, for Windstream owned assets.

Uniti Lease Summary

Favorable Cash Payments To Uniti Through Initial Term With Significant Step Down Of Rent At Renewal

Initial Term: Uniti settlement and GCI payments result in lower cash transferred to Uniti through initial term than stated rent

- NPV of initial term @ 9%⁽¹⁾ of ~\$3B or 4.5x stated gross rent

Renewal Rent: Renewal rent is calculated through set formula in Exhibit E of Master Lease Agreements (MLAs), the same formula used to calculate the \$650M annual rent in the initial term starting 2015

- Original 2015 Fair Market Value (FMV) of Leased Assets was ~\$7.5B, of which ~\$4B or ~54% was Copper
- Majority of \$4B copper network is being replaced with fiber through \$1.75B GCI Program
- Over 50% of CLEC MLA assets transferred to Uniti as part of the settlement will be removed from CLEC MLA at renewal
 - In addition, Uniti will be responsible for pro rata share of CLEC network maintenance and operating costs in renewal periods. In total, adjustments expected to make current \$120 million CLEC MLA payment a net cash inflow to Windstream at renewal
- Results in lower FMV in 2030 and leased asset base with longer useful life resulting in less depreciation and lower rent payments

Original 2015 FMV	(-) Copper Network	(+) GCI Program	(-) CLEC Removed	2030E FMV
~\$7.5B	(~\$3.5B)	\$1.75B	(~\$0.8B)	~\$4.9B

Uniti Lease Net Cash Transferred

(In Millions)	For the FYE 12/31					
	2021	2022	2023	2024	2025	2026
Gross MLA Rent	\$ 666	\$ 669	\$ 672	\$ 676	\$ 679	\$ 682
Settlement Payments ⁽²⁾	(191)	-	(98)	(98)	(74)	-
GCI Reimbursement	(221)	(238)	(225)	(225)	(175)	(175)
GCI Rent	1	15	35	54	73	90
Net GCI Reimbursement	(220)	(222)	(190)	(171)	(102)	(85)
Net Cash Payments	\$ 254	\$ 446	\$ 384	\$ 407	\$ 504	\$ 597
Comparison To Stated Rent	(411)	(222)	(288)	(269)	(175)	(85)

Renewal Rent

Exhibit E Rent Calculation		Renewal Rent Sensitivity			
Initial Term	Renewal Term	2030 Fair Market Value			
Fair Lease Rate ⁽³⁾	10.35%				
Term (Months)	180				
Beginning Fair Market Value	\$ 7,450				
Ending Residual Value	(2,465)				
PV (FMV – Residual Value)	\$ 4,985				
Annual Rent Payment	\$ 650				
Asset Useful Life ⁽⁴⁾	22 Years				
		2030 Fair Market Value			
			\$3,900	\$4,900	\$5,900
Useful Life	25 Years	\$ 189	\$ 237	\$ 285	
	30 Years	157	197	238	
	35 Years	135	169	204	
		2030 Fair Market Value			
			\$3,900	\$4,900	\$5,900
Fair Lease Rate	7.0%	\$ 154	\$ 193	\$ 232	
	8.0%	157	197	238	
	9.0%	161	202	243	

1) Aligned to discount rate on Uniti settlement payments.

2) Uniti prepaid FY22 settlement payments in 4Q21 for ~\$93M.

3) Renewal lease rate aligned to GCI rent rate.

4) Renewal leased asset remaining useful life aligned to Uniti 10-K fiber useful life.

Uniti Public Messaging On Lease Renewal

Uniti's Statement	Documented Inconsistency
<p>"Reflects Windstream disclosure adjusted to methodology <u>consistent with ...the appraisal report received in 2015, including discounting the residual value correctly</u>"</p> <ul style="list-style-type: none"> - Uniti 4Q21 Earnings Presentation 	<p>"The uninflated residual value (RV) of each Distribution System at the end of the Lease Term (15 years) ... from the Valuation Date was calculated by taking the replacement cost new at the Lease Term and depreciating the assets based on their effective age plus another 15 years"</p> <ul style="list-style-type: none"> - 2015 "Big Four" valuation report definition of residual value. <u>Residual value was not discounted in 2015 appraisal report</u>
<p>"The rent was originally set at \$650 [million] in 2015 and then it was <u>reset to the same number just last year using two exhaustive valuation analyses</u>"</p> <ul style="list-style-type: none"> - Uniti BAML Conference, November 30, 2021 	<p>"Aggregate rent of ILEC Lease and CLEC Lease to be <u>equivalent to the rent payments under the current Master Lease</u> through the initial term as set forth on Schedule C"</p> <ul style="list-style-type: none"> - Rent was set forth in Settlement Agreement filed April 20, 2020, before any valuation work was started by either party. Both parties completed their own 2020 appraisal. Neither party participated in nor has seen the other party's 2020 valuation report
<p>"The CLEC fiber rights Uniti received as part of the settlement agreement <u>were not utilized</u>"</p> <ul style="list-style-type: none"> - Uniti 4Q21 Earnings Call 	<p>"Windstream (i) granted to Uniti exclusive rights to use 1.8 million fiber strand miles leased by Windstream under the CLEC MLA, which fiber strands are either unutilized or <u>utilized</u> under certain dark fiber infeasible rights of use"</p> <ul style="list-style-type: none"> - Uniti 2021 10-K. Per CLEC MLA, transferred CLEC MLA strands comprise 63% of CLEC MLA utilized strands documented in Schedule 2.1-XX



Uniti Fair Market Value and Non-Discounted Uninflated Residual Value Guidance Results in 2030 Annual Cash Rent Less Than \$300 Million

Discounting Residual Value is not consistent with IRS Guidelines, Residual Value Definition In True Lease
Nor The Methodology Used To Set \$650M Rent Payment

<i>Note: Per Uniti 4Q 2021 Earnings</i>	"Windstream View" Estimated Values & Methodology	"Windstream View" Adjusted Per Unit	"Uniti View" (Partial Use of GCI)	"Uniti View" (Full Use of GCI)
2030 Fair Market Value	\$4.9 Billion	\$5.7 Billion	\$6.7 Billion	\$7.2 Billion
2035 Residual Value (Discounted Per Unit)	\$4.1 Billion (Non-Discounted)	\$3.2 Billion	\$3.7 Billion	\$3.9 Billion
2030 Fair Lease Rate	8.0%	8.0%	9.2%	9.2%
Uniti Stated 2030 Annual Cash Rent	\$197 Million	~\$600M Million	~\$750 Million	>\$800 Million
Revised 2030 Annual Cash Rent Consistent With Residual Value Definition per Exhibit E Of Master Lease Agreements and IRS Guidelines				
2035 Residual Value (Not Discounted ⁽¹⁾)	No Change	\$4.8 Billion	\$5.9 Billion	\$6.2 Billion
Corrected 2030 Annual Cash Rent	\$197 Million	\$225 Million	\$211 Million	\$257 Million

(1) "2035 Residual Value (Non-Discounted)" is calculated as the future value of the "2035 Residual Value (Discounted Per Unit)" using the 2030 Fair Lease Rate over a 5-year period.

Residual Value is Defined Term In Master Leases That Must Align To IRS Guidelines

Overview of Exhibit E Calculation and Terms

Fair Market Rental Formula

Fair Market Rental = PMT (rate, nper, pv, [fv],[type])

rate = Fair Lease Rate

nper = Renewal Term

pv = Fair Market Value – Residual Value

fv = 0

type = 1 (lease payment due at beginning of period)

Residual Value: The uninflated **FUTURE** value of the Appraised Facility as of the expiration date of Renewal Term, but in any case, shall be based on IRS guidelines and methods consistent with that of lease transactions

Original 2015 “Big Four” Valuation Analysis

- 2015 Fair Market Value: \$7.45 Billion
- 2030 Uninflated Residual Value: \$2.465 Billion (33% of FMV)
- Fair Lease Rate of 10.35%
- Results in annual lease payment of \$650M**
- “Uninflated Residual Value” Definition: The uninflated residual value (RV) of each Distribution System at the end of the Lease Term (15 years) ... from the Valuation Date was calculated by taking the replacement cost new at the Lease Term and depreciating the assets based on their effective age plus another 15 years
- If you assume that the 2030 Uninflated Residual Value of \$2.465B used to calculate the \$650M rental payment was a discounted value consistent with Uniti’s stated methodology, then the implied non-discounted Uninflated Residual Value would have been \$11.6B, representing an increase in value of more than 50% over the 15-year term for a predominantly copper asset in an analysis that assumed no inflation nor improvements (i.e. $\$11.6B = \$2,465M * (1 + 10.35\%/12)^{180}$)

Initial Term

Fair Lease Rate	10.35%
Term (Months)	180
Beginning Fair Market Value	\$ 7,450
Ending Residual Value	(2,465)
PV (FMV – Residual Value)	\$ 4,985
Annual Rent Payment	\$ 650