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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

OR

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

For the transition period from _______ to _______

Commission File Number: 001-36708

Uniti Group Inc.
(Exact name of registrant as specified in its charter)

Maryland	**46-5230630**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2101 Riverfront Drive, Suite A Little Rock, Arkansas	**72202**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	UNIT	The NASDAQ Global Select Market

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

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

As of July 24, 2024, the registrant had 244,150,946 shares of common stock, $0.0001 par value per share, outstanding.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements as defined under U.S. federal securities law. Forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations, including, but not limited to, statements regarding: our expectations regarding the settlement we have entered into with Windstream Holdings, Inc. (together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, “Windstream”); expectations regarding our potential Merger (as defined herein) with Windstream; the future prospects and financial health of Windstream; our expectations about our ability to maintain our status as a real estate investment trust (a “REIT”); our expectations regarding the refinancing of and interest expense on our new ABS Loan Facility (as defined below); our expectations regarding the effect of tax-related legislation on our tax position; our expectations related to our ability to satisfy the requirements necessary to access the remaining capacity under our ABS Loan Facility; our expectations regarding the future growth and demand of the telecommunication industry, future financing plans, business strategies, growth prospects, operating and financial performance, and our future liquidity needs and access to capital; expectations regarding future deployment of fiber strand miles and small cell networks and recognition of revenue related thereto; expectations regarding levels of capital expenditures; expectations regarding the deductibility of goodwill for tax purposes; expectations regarding reclassification of accumulated other comprehensive income (loss) related to derivatives to interest expense; expectations regarding the amortization of intangible assets; expectations regarding remediation of the material weakness in our internal control over financial reporting as discussed in Part I Item 4 "Controls and Procedures" of this Quarterly Report on Form 10-Q; and expectations regarding the payment of dividends.

Words such as “anticipate(s),” “expect(s),” “intend(s),” “plan(s),” “believe(s),” “may,” “will,” “would,” “could,” “should,” “seek(s)” and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could lead to actual results differing materially from those projected, forecasted or expected. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained. Factors which could have a material adverse effect on our operations and future prospects or which could cause actual results to differ materially from our expectations include, but are not limited to:

- our and Windstream’s ability to consummate our Merger with Windstream on the expected terms or according to the anticipated timeline;
- the risk that the Merger Agreement (as defined herein) may be modified or terminated prior to its expiration, that the conditions to our Merger with Windstream may not be satisfied or the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;
- the effect of the announcement of our Merger with Windstream on relationships with our customers, suppliers, vendors, employees and other stakeholders and our operating results and the operating results of Windstream;
- the diversion of our management’s time on issues related to our Merger with Windstream;
- the risk that we fail to fully realize the potential benefits, expected synergies, efficiencies and cost savings from our Merger with Windstream within the expected time period (if at all);
- legal proceedings that may be instituted against us or Windstream following announcement of the Merger;
- the future prospects of our largest customer, Windstream, following its emergence from bankruptcy;
- adverse impacts of inflation and higher interest rates on our employees, our business, the business of our customers and other business partners and the global financial markets;
- the ability and willingness of our customers to meet and/or perform their obligations under any contractual arrangements entered into with us, including master lease arrangements;
- the ability and willingness of our customers to renew their leases with us upon their expiration, our ability to reach agreement on the price of such renewal or ability to obtain a satisfactory renewal rent from an independent appraisal, and the ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we replace an existing tenant;
- the availability of and our ability to identify suitable acquisition opportunities and our ability to acquire and lease the respective properties on favorable terms or operate and integrate the acquired businesses;

- our ability to generate sufficient cash flows to service our outstanding indebtedness and fund our capital funding commitments;
- our ability to access debt and equity capital markets;
- the impact on our business or the business of our customers as a result of credit rating downgrades and fluctuating interest rates;
- our ability to retain our key management personnel;
- our ability to maintain our status as a REIT;
- changes in the U.S. tax law and other federal, state or local laws, whether or not specific to REITs;
- covenants in our debt agreements that may limit our operational flexibility;
- the possibility that we may experience equipment failures, natural disasters, cyber-attacks or terrorist attacks for which our insurance may not provide adequate coverage;
- the risk that we fail to fully realize the potential benefits of or have difficulty in integrating the companies we acquire;
- other risks inherent in the communications industry and in the ownership of communications distribution systems, including potential liability relating to environmental matters and illiquidity of real estate investments; and
- additional factors discussed in Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A “Risk Factors” of this Quarterly Report on Form 10-Q, in Part II, Item 1A "Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 filed with the SEC on May 3, 2024, and in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K filed with the SEC on February 29, 2024, as amended by Amendment No. 1 and Amendment No. 2 thereto filed on Form 10-K/A with the SEC on March 26, 2024, and March 27, 2024, respectively as well as those described from time to time in our future reports filed with the U.S. Securities and Exchange Commission (the “SEC”).

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

Uniti Group Inc.
Table of Contents

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Uniti Group Inc.
Condensed Consolidated Balance Sheets

(Thousands, except par value)	(Unaudited) June 30, 2024	December 31, 2023
Assets:		
Property, plant and equipment, net	$ 4,092,799	$ 3,982,069
Cash and cash equivalents	118,763	62,264
Restricted cash and cash equivalents	12,728	—
Accounts receivable, net	56,654	46,358
Goodwill	157,380	157,380
Intangible assets, net	290,264	305,115
Straight-line revenue receivable	101,710	90,988
Operating lease right-of-use assets, net	128,837	125,105
Derivative asset	1,616	—
Other assets	40,699	118,117
Deferred income tax assets, net	117,780	109,128
Assets held for sale	—	28,605
Total Assets	$ 5,119,230	$ 5,025,129
Liabilities and Shareholders' Deficit:		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 87,105	$ 119,340
Settlement payable (Note 12)	118,232	163,583
Intangible liabilities, net	151,050	156,397
Accrued interest payable	142,227	133,683
Deferred revenue	1,242,165	1,273,661
Dividends payable	1,134	36,162
Operating lease liabilities	79,812	84,404
Finance lease obligations	18,110	18,110
Notes and other debt, net	5,771,809	5,523,579
Liabilities held for sale	—	331
Total liabilities	7,611,644	7,509,250
Commitments and contingencies (Note 12)		
Shareholders' Deficit:		
Preferred stock, $0.0001 par value, 50,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.0001 par value, 500,000 shares authorized; issued and outstanding: 237,353 shares at June 30, 2024 and 236,559 at December 31, 2023	24	24
Additional paid-in capital	1,228,527	1,221,824
Accumulated other comprehensive income	136	—
Distributions in excess of accumulated earnings	(3,722,066)	(3,708,240)
Total Uniti shareholders' deficit	(2,493,379)	(2,486,392)
Noncontrolling interests:		
Operating partnership units	715	2,021
Cumulative non-voting convertible preferred stock, $0.01 par value, 6 shares authorized, 3 issued and outstanding	250	250
Total shareholders' deficit	(2,492,414)	(2,484,121)
Total Liabilities and Shareholders' Deficit	$ 5,119,230	$ 5,025,129

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

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

(Thousands, except per share data)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenues:				
Revenue from rentals				
Uniti Leasing	$ 216,640	$ 210,345	$ 432,633	$ 419,987
Uniti Fiber	12,663	13,507	24,826	35,784
Total revenue from rentals	229,303	223,852	457,459	455,771
Service revenues				
Uniti Leasing	1,646	2,108	3,274	3,274
Uniti Fiber	63,998	57,738	120,632	114,475
Total service revenues	65,644	59,846	123,906	117,749
Total revenues	294,947	283,698	581,365	573,520
Costs and Expenses:				
Interest expense, net	127,475	119,689	250,686	268,552
Depreciation and amortization	78,052	77,267	155,537	154,042
General and administrative expense	25,716	23,417	53,849	51,850
Operating expense (exclusive of depreciation and amortization)	37,036	37,418	72,234	72,486
Transaction related and other costs	10,977	5,576	16,664	8,364
Gain on sale of real estate	—	—	(18,999)	—
Other (income) expense, net	(19)	(291)	(301)	19,888
Total costs and expenses	279,237	263,076	529,670	575,182
Income (loss) before income taxes and equity in earnings from unconsolidated entities	15,710	20,622	51,695	(1,662)
Income tax benefit	(2,571)	(4,357)	(7,934)	(6,769)
Equity in earnings from unconsolidated entities	—	(659)	—	(1,320)
Net income	18,281	25,638	59,629	6,427
Net income attributable to noncontrolling interests	3	12	22	3
Net income attributable to shareholders	18,278	25,626	59,607	6,424
Participating securities' share in earnings	(723)	(322)	(1,159)	(569)
Dividends declared on convertible preferred stock	(5)	(5)	(10)	(10)
Net income attributable to common shareholders	$ 17,550	$ 25,299	$ 58,438	$ 5,845
Income per common share:				
Basic	$ 0.07	$ 0.11	0.25	$ 0.02
Diluted	$ 0.07	$ 0.11	0.25	$ 0.02
Weighted-average number of common shares outstanding:				
Basic	237,347	236,429	237,121	236,260
Diluted	237,347	236,429	237,121	236,260

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

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

(Thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net income	$ 18,281	$ 25,638	$ 59,629	$ 6,427
Other comprehensive income:				
Unrealized gain on valuation of interest rate cap	529	—	173	—
Reclassification of realized interest on interest rate cap	(226)	—	(37)	—
Other comprehensive income	303	—	136	—
Comprehensive income	18,584	25,638	59,765	6,427
Comprehensive income attributable to noncontrolling interest	3	12	22	3
Comprehensive income attributable to shareholders	$ 18,581	$ 25,626	$ 59,743	$ 6,424

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

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

For the three months ended June 30,

(Thousands, except share data)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Accumulated Earnings	Noncontrolling Interest - OP Units	Noncontrolling Interest - Non-voting Preferred Shares	Total Shareholders' Deficit
Balance at March 31, 2023	—	$ —	236,427,250	$ 24	$ 1,212,137	$ —	$ (3,538,683)	$ 2,097	$ 250	$ (2,324,175)
Net income	—	—	—	—	—	—	25,626	12	—	25,638
Common stock dividends declared ($0.15 per share)	—	—	—	—	—	—	(35,813)	—	—	(35,813)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(17)	—	(17)
Payments related to tax withholding for stock-based compensation	—	—	—	—	(7)	—	—	—	—	(7)
Stock-based compensation	—	—	3,502	—	3,130	—	—	—	—	3,130
Issuance of common stock - employee stock purchase plan	—	—	—	—	—	—	—	—	—	—
Balance at June 30, 2023	—	$ —	236,430,752	$ 24	$ 1,215,260	$ —	$ (3,548,870)	$ 2,092	$ 250	$ (2,331,244)
Balance at March 31, 2024	—	$ —	237,308,699	$ 24	$ 1,223,983	$ (167)	$ (3,703,597)	$ 2,024	$ 250	$ (2,477,483)
Net income	—	—	—	—	—	—	18,278	3	—	18,281
Other comprehensive income	—	—	—	—	—	303	—	—	—	303
Common stock dividends declared ($0.15 per share)	—	—	—	—	—	—	(36,747)	—	—	(36,747)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(5)	—	(5)
Exchange of noncontrolling interest	—	—	53,662	—	1,215	—	—	(1,307)	—	(92)
Payments related to tax withholding for stock-based compensation	—	—	—	—	(68)	—	—	—	—	(68)
Stock-based compensation	—	—	(9,251)	—	3,397	—	—	—	—	3,397
Balance at June 30, 2024	—	$ —	237,353,110	$ 24	$ 1,228,527	$ 136	$ (3,722,066)	$ 715	$ 250	$ (2,492,414)

(Thousands, except share data)	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Distributions in Excess of Accumulated Earnings	Noncontrolling Interest - OP Units	Noncontrolling Interest - Non-voting Preferred Shares	Total Shareholders' Deficit
	For the six months ended June 30,									
	Shares	Amount	Shares	Amount						
Balance at December 31, 2022	—	$ —	235,829,485	$ 24	$ 1,210,033	$ —	$ (3,483,634)	$ 2,121	$ 250	$ (2,271,206)
Net income	—	—	—	—	—	—	6,424	3	—	6,427
Common stock dividends declared ($0.30 per share)	—	—	—	—	—	—	(71,660)	—	—	(71,660)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(32)	—	(32)
Payments for settlement of common stock warrant	—	—	—	—	(56)	—	—	—	—	(56)
Termination of bond hedge option	—	—	—	—	59	—	—	—	—	59
Payments related to tax withholding for stock-based compensation	—	—	—	—	(1,350)	—	—	—	—	(1,350)
Stock-based compensation	—	—	534,363	—	6,260	—	—	—	—	6,260
Issuance of common stock - employee stock purchase plan	—	—	66,904	—	314	—	—	—	—	314
Balance at June 30, 2023	—	$ —	236,430,752	$ 24	$ 1,215,260	$ —	$ (3,548,870)	$ 2,092	$ 250	$ (2,331,244)
Balance at December 31, 2023	—	$ —	236,558,601	$ 24	$ 1,221,824	$ —	$ (3,708,240)	$ 2,021	$ 250	$ (2,484,121)
Net income	—	—	—	—	—	—	59,607	22	—	59,629
Other comprehensive income	—	—	—		—	136	—	—	—	136
Common stock dividends declared ($0.30 per share)	—	—	—	—	—	—	(73,433)	—	—	(73,433)
Distributions to noncontrolling interest declared	—	—	—	—	—	—	—	(21)	—	(21)
Exchange of noncontrolling interest	—	—	53,662	—	1,215	—	—	(1,307)	—	(92)
Payments related to tax withholding for stock-based compensation	—	—	—	—	(1,583)	—	—	—	—	(1,583)
Stock-based compensation	—	—	657,800	—	6,745	—	—	—	—	6,745
Issuance of common stock - employee stock purchase plan	—	—	83,047	—	326	—	—	—	—	326
Balance at June 30, 2024	—	$ —	237,353,110	$ 24	$ 1,228,527	$ 136	$ (3,722,066)	$ 715	$ 250	$ (2,492,414)

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

Table of Contents

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

(Thousands)	Six Months Ended June 30, 2024	2023
Cash flow from operating activities		
Net income	$ 59,629	$ 6,427
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	155,537	154,042
Amortization of deferred financing costs and debt discount	10,950	9,454
Loss on extinguishment of debt, net	—	31,187
Interest rate cap amortization	720	—
Deferred income taxes	(8,652)	(8,046)
Equity in earnings of unconsolidated entities	—	(1,320)
Distributions of cumulative earnings from unconsolidated entities	—	1,969
Cash paid for interest rate cap	(2,200)	—
Straight-line revenues and amortization of below-market lease intangibles	(17,038)	(19,216)
Stock-based compensation	6,745	6,260
Loss (gain) on asset disposals	294	(172)
Gain on sale of real estate	(18,999)	—
Accretion of settlement obligation	3,660	5,776
Other	(48)	—
Changes in assets and liabilities:		
Accounts receivable	(10,296)	(391)
Other assets	7,264	967
Accounts payable, accrued expenses and other liabilities	(13,228)	12,894
Net cash provided by operating activities	174,338	199,831
Cash flow from investing activities		
Capital expenditures	(262,758)	(247,269)
Proceeds from sale of other equipment	435	1,169
Proceeds from sale of real estate	40,039	—
Proceeds from sale of unconsolidated entity	40,000	—
Net cash used in investing activities	(182,284)	(246,100)
Cash flow from financing activities		
Repayment of debt	(122,942)	(2,263,662)
Proceeds from issuance of notes	309,000	2,600,000
Dividends paid	(108,445)	(71,594)
Payments of settlement payable	(49,011)	(49,011)
Borrowings under revolving credit facility	125,000	245,000
Payments under revolving credit facility	(333,000)	(347,000)
Proceeds from ABS Loan Facility	275,000	—
Finance lease payments	(1,265)	(799)
Payments for financing costs	(15,778)	(26,955)
Payment for settlement of common stock warrant	—	(56)
Termination of bond hedge option	—	59
Costs related to the early repayment of debt	—	(44,303)
Distributions paid to noncontrolling interests	(37)	(32)
Payment for noncontrolling interest	(92)	—
Employee stock purchase program	326	314

Payments related to tax withholding for stock-based compensation	(1,583)	(1,350)
Net cash provided by financing activities	77,173	40,611
Net increase (decrease) in cash, restricted cash and cash equivalents	69,227	(5,658)
Cash, restricted cash and cash equivalents at beginning of period	62,264	43,803
Cash, restricted cash and cash equivalents at end of period	$ 131,491	$ 38,145
Non-cash investing and financing activities:		
Property and equipment acquired but not yet paid	$ 7,074	$ 14,708
Tenant capital improvements	$ 94,049	$ 78,473

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

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

Note 1. Organization and Description of Business

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

The Company operates through a customary "up-REIT" structure, pursuant to which we hold substantially all of our assets through a partnership, Uniti Group LP, a Delaware limited partnership (the "Operating Partnership") that we control as general partner. The up-REIT structure is intended to facilitate future acquisition opportunities by providing the Company with the ability to use common units of the Operating Partnership as a tax-efficient acquisition currency. As of June 30, 2024, we are the sole general partner of the Operating Partnership and own approximately 99.98% of the partnership interests in the Operating Partnership.

Our Proposed Merger with Windstream

On May 3, 2024, the Company entered into an Agreement and Plan of Merger with Windstream Holdings II, LLC (the "Merger Agreement") providing for a combination of the Company and Windstream Holdings, Inc. (together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, "Windstream") such that, following a pre-closing reorganization of Windstream and the merger of the Company into an entity formed in such reorganization (the "Merger"), both the Company and Windstream will be indirect wholly owned subsidiaries of a recently formed company that in the reorganization will become the parent company of Windstream ("New Uniti"). Following the Merger, the common stock of New Uniti ("New Uniti Common Stock") is expected to be listed on the Nasdaq.

The Merger intends to reunite Windstream's business with the underlying fiber infrastructure owned by the Company to create a premier digital infrastructure company with a strong platform for value creation. Upon consummation of our Merger with Windstream, the board of directors of New Uniti will initially comprise nine members, including five directors to be appointed by Uniti. It is expected that Uniti's existing officers will serve as initial officers of New Uniti.

At the effective time of the Merger, each share of Uniti's common stock that is issued and outstanding will automatically be cancelled and retired and converted into the right to a number of shares of New Uniti Common Stock pursuant to an exchange ratio set forth in the Merger Agreement such that the Company's and Windstream's stockholders are expected to hold approximately 62% and 38%, respectively, of the combined company 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, we 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 (the "Merger Cash Consideration"). 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% per year for the first six years, subject to an additional 0.5% per year during each of the seventh and eighth year after the initial issuance and further increased by an additional 1% per year during each subsequent year, subject to a cap of 16% 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% of the pro forma share total of New Uniti. We intend to fund the Merger Cash Consideration with cash on hand and borrowings under the Revolving Credit Facility (as defined herein).

Our Merger with Windstream is subject to customary closing conditions, including, among others, approval by our stockholders and receipt of required regulatory approvals, including the expiration or early termination of the waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976 and the receipt of approvals from the Federal Communications Commission and certain state public utility commissions. We currently expect our Merger with Windstream to close in 2025.

The foregoing summary of the Merger Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the terms and conditions of the Merger Agreement, a copy of which is attached as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on May 3, 2024.

Upon consummation of the Merger, New Uniti will become an integrated telecommunications company. Initially, the legacy Uniti and Windstream organizational structures will remain separate, and the existing agreements and arrangements presently in effect between Uniti and Windstream, such as the Windstream Leases and the settlement agreement with Windstream, which requires Uniti to fund periodic settlement payments and reimburse Windstream for certain growth capital improvements, will remain in place. In addition, we have agreed to suspend dividend payments or other distributions until the consummation of the Merger, except for the dividend paid on June 28, 2024 and those dividends reasonably required for us or our subsidiaries to maintain our status as a REIT or to avoid the payment or imposition of income or excise tax, among other customary exceptions. All Windstream debt obligations are expected to remain obligations of Windstream and our debt obligations are expected to remain as ours, with no cross-guarantees or credit support between the Company and Windstream. Finally, it is expected that, following consummation of the Merger, Uniti will cease to be a REIT for U.S. federal income tax purposes.

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

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

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

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information set forth in the Accounting Standards Codification ("ASC"), as published by the Financial Accounting Standards Board ("FASB"), and with the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. Operating results from any interim period are not necessarily indicative of the results that may be expected for the full fiscal year. The accompanying Condensed Consolidated Financial Statements and related notes should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K filed with the SEC on February 29, 2024, as amended by Amendment No. 1 and Amendment No. 2 thereto filed on Form 10-K/A with the SEC on March 26, 2024 and March 27, 2024, respectively (the "Annual Report"). Accordingly, significant accounting policies and other disclosures normally provided have been omitted from the accompanying Condensed Consolidated Financial Statements and related notes since such items are disclosed in our Annual Report.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent funds that are restricted for an obligation under the ABS Loan Facility (as defined in Note 9) to maintain three months of interest and other expenses.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents within the Condensed Consolidated Balance Sheets to the total cash and cash equivalents and restricted cash and cash equivalents within the Condensed Consolidated Statements of Cash Flows.

(Thousands)	June 30, 2024	December 31, 2023
Cash and cash equivalents	$ 118,763	$ 62,264
Restricted cash and cash equivalents	12,728	—
Cash, restricted cash and cash equivalents at end of period	$ 131,491	$ 62,264

Concentration of Credit Risks—Prior to September 2020, we were party to a long-term exclusive triple-net lease (the "Master Lease") with Windstream pursuant to which a substantial portion of our real property was leased to Windstream and from which a substantial portion of our leasing revenues were derived. On September 18, 2020, Uniti and Windstream bifurcated the Master Lease and entered into two structurally similar master leases (collectively, the "Windstream Leases"), which amended and restated the Master Lease in its entirety. The Windstream Leases consist of (a) a master lease (the "ILEC MLA") that governs Uniti owned assets used for Windstream's incumbent local exchange carrier ("ILEC") operations and (b) a master lease (the "CLEC MLA") that governs Uniti owned assets used for Windstream's consumer competitive local exchange carrier ("CLEC") operations. Revenue under the Windstream Leases provided 68.1% and 66.9% of our revenue for the six months ended June 30, 2024 and 2023, respectively. Because a substantial portion of our revenue and cash flows are derived from lease payments by Windstream pursuant to the Windstream Leases, there could be a material adverse impact on our consolidated results of operations, liquidity, financial condition and/or ability to pay dividends and service debt if Windstream were to default under the Windstream Leases or otherwise experiences operating or liquidity difficulties and becomes unable to generate sufficient cash to make payments to us.

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

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

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting—Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which requires incremental disclosures related to reportable segments. Specifically, the ASU requires disclosure of significant segment expense categories and amounts for each reportable segment. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods in fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating this guidance to determine the impact it will have on our financial statements.

Note 3. Revenues

Disaggregation of Revenue

The following table presents our revenues disaggregated by revenue stream.

(Thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenue disaggregated by revenue stream				
Revenue from contracts with customers				
Uniti Fiber				
Lit backhaul	$ 22,645	$ 19,453	$ 40,367	$ 38,975
Enterprise and wholesale	24,327	23,410	51,220	45,986
E-Rate and government	16,174	14,145	27,318	28,036
Other	852	730	1,727	1,478
Uniti Fiber	$ 63,998	$ 57,738	$ 120,632	$ 114,475
Uniti Leasing	1,646	2,108	3,274	3,274
Total revenue from contracts with customers	65,644	59,846	123,906	117,749
Revenue accounted for under leasing guidance				
Uniti Leasing	216,640	210,345	432,633	419,987
Uniti Fiber	12,663	13,507	24,826	35,784
Total revenue accounted for under leasing guidance	229,303	223,852	457,459	455,771
Total revenue	$ 294,947	$ 283,698	$ 581,365	$ 573,520

At June 30, 2024 and December 31, 2023, lease receivables were $24.5 million and $22.0 million, respectively, and receivables from contracts with customers were $28.5 million and $18.8 million, respectively.

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

Contract assets primarily consist of unbilled construction revenue where we are utilizing our costs incurred as the measure of progress of satisfying our performance obligation. Contract assets are reported within accounts receivable, net on our Condensed Consolidated Balance Sheets. When the contract price is invoiced, the related unbilled receivable is reclassified to trade accounts receivable, where the balance will be settled upon the collection of the invoiced amount. Contract liabilities are generally comprised of upfront fees charged to the customer for the cost of establishing the necessary components of the Company's network prior to the commencement of use by the customer. Fees charged to customers for the recurring use of the Company's network are recognized during the related periods of service. Upfront fees that are billed in advance of providing services are deferred until such time the customer accepts the Company's network and then are recognized as service revenues ratably over a period in which substantive services required under the revenue arrangement are expected to be performed, which is the initial term of the arrangement. During the three and six months ended June 30, 2024, we recognized revenues of $1.3 million and $2.6 million, respectively, which were included in the December 31, 2023 contract liabilities balance.

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

(Thousands)	Contract Assets	Contract Liabilities
Balance at December 31, 2023	$ 26	$ 11,109
Balance at June 30, 2024	$ 138	$ 9,780

Transaction Price Allocated to Remaining Performance Obligations

Performance obligations within contracts to stand ready to provide services are typically satisfied over time or as those services are provided. Contract liabilities primarily relate to deferred revenue from upfront customer payments. The deferred revenue is recognized, and the liability reduced, over the contract term as the Company completes the performance obligation. As of June 30, 2024, our future revenues (i.e., transaction price related to remaining performance obligations) under contract accounted for under ASC 606 totaled $624.9 million, of which $552.2 million is related to contracts that are currently being invoiced and have an average remaining contract term of 3.2 years, while $72.7 million represents our backlog for sales bookings which have yet to be installed and have an average contract term of 5.3 years. We do not disclose the value of unsatisfied performance obligations for contracts that have an original expected duration of one year or less.

Note 4. Leases

Lessor Accounting

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

The components of lease income for the three and six months ended June 30, 2024 and 2023 respectively, are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands)	2024	2023	2024	2023
Lease income - operating leases	$ 229,303	$ 223,852	$ 457,459	$ 455,771

Lease payments to be received under non-cancellable operating leases where we are the lessor for the remainder of the lease terms as of June 30, 2024 are as follows:

(Thousands)	June 30, 2024[1]
2024	$ 404,320
2025	828,753
2026	833,638
2027	834,405
2028	834,714
Thereafter	1,562,050
Total lease receivables	$ 5,297,880

[1] Total future minimum lease payments to be received include $4.5 billion relating to the Windstream Leases.

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

(Thousands)	June 30, 2024	December 31, 2023
Land	$ 26,518	$ 26,533
Building and improvements	348,550	347,700
Poles	326,387	314,488
Fiber	4,034,889	3,862,635
Equipment	437	436
Copper	3,973,190	3,974,410
Conduit	90,116	90,087
Tower assets	58	58
Finance lease assets	1,890	1,890
Other assets	10,434	10,434
	8,812,469	8,628,671
Less: accumulated depreciation	(5,770,081)	(5,690,066)
Underlying assets under operating leases, net	$ 3,042,388	$ 2,938,605

Depreciation expense for the underlying assets under operating leases where we are the lessor for the three and six months ended June 30, 2024 and 2023, respectively, is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands)	2024	2023	2024	2023
Depreciation expense for underlying assets under operating leases	$ 45,643	$ 45,639	$ 91,648	$ 90,845

Lessee Accounting

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

As of June 30, 2024, we have short term lease commitments amounting to approximately $4.1 million.

Future lease payments under non-cancellable leases as of June 30, 2024 are as follows:

(Thousands)	Operating Leases	Finance Leases
2024	$ 8,502	$ 2,002
2025	16,850	4,003
2026	13,406	3,878
2027	10,651	3,171
2028	9,022	2,453
Thereafter	100,231	9,830
Total undiscounted lease payments	$ 158,662	$ 25,337
Less: imputed interest	(78,850)	(7,227)
Total lease liabilities	$ 79,812	$ 18,110

Note 5. Fair Value of Financial Instruments

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

The following table summarizes the fair value of our financial instruments at June 30, 2024 and December 31, 2023:

(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At June 30, 2024				
Assets				
Derivative asset	$ 1,616	$ —	$ 1,616	$ —
Total	$ 1,616	$ —	$ 1,616	$ —
Liabilities				
Senior secured notes - 10.50%, due February 15, 2028 (see Note 9)	$ 2,809,315	$ —	$ 2,809,315	$ —
Senior secured notes - 4.75%, due April 15, 2028	461,636	—	461,636	—
Senior unsecured notes - 6.50%, due February 15, 2029	699,136	—	699,136	—
Senior unsecured notes - 6.00%, due January 15, 2030	414,660	—	414,660	—
Convertible senior notes - 7.50% due December 1, 2027	268,930	—	268,930	—
ABS Loan Facility, variable rate, due September 1, 2025	273,625	—	273,625	
Settlement payable	116,475	—	116,475	—
Total	$ 5,043,777	$ —	$ 5,043,777	$ —

(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At December 31, 2023				
Liabilities				
Senior secured notes - 10.50%, due February 15, 2028	$ 2,624,596	$ —	$ 2,624,596	$ —
Senior secured notes - 4.75%, due April 15, 2028	488,205	—	488,205	—
Senior unsecured notes - 6.50% , due February 15, 2029	796,125	—	796,125	—
Senior unsecured notes - 6.00%, due January 15, 2030	486,675	—	486,675	—
Exchangeable senior notes - 4.00%, due June 15, 2024	122,140	—	122,140	
Convertible senior notes - 7.50%, due December 1, 2027	301,755	—	301,755	—
Senior secured revolving credit facility, variable rate, due September 24, 2027	207,979	—	207,979	—
Settlement payable	160,550	—	160,550	—
Total	$ 5,188,025	$ —	$ 5,188,025	$ —

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

The total principal balance of our outstanding notes and other debt was $5.86 billion at June 30, 2024, with a fair value of $4.93 billion. The estimated fair value of our outstanding notes and other debt was based on available external pricing data and current market rates for similar debt instruments, among other factors, which are classified as Level 2 inputs within the fair value hierarchy.

Uniti is required to make $490.1 million of cash payments to Windstream in equal installments over 20 consecutive quarters beginning October 2020 (the “Settlement Payable”). See Note 12. The Settlement Payable was initially recorded at fair value, using the present value of future cash flows. The future cash flows are discounted using discount rate input based on observable market data. Accordingly, we classify inputs used as Level 2 in the fair value hierarchy. As of June 30, 2024, the remaining Settlement Payable is $118.2 million. There have been no changes in the valuation methodologies used since the initial recording.

Note 6. Property, Plant and Equipment

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

(Dollars in Thousands)	Depreciable Lives	June 30, 2024	December 31, 2023
Land	Indefinite	$ 30,491	$ 30,099
Building and improvements	3 - 40 years	370,191	366,490
Poles	30 years	326,387	314,489
Fiber	30 years	5,040,626	4,835,623
Equipment	5 - 7 years	475,671	460,463
Copper	20 years	3,973,190	3,974,410
Conduit	30 years	90,117	90,087
Tower assets	20 years	1,220	1,221
Finance lease assets	(1)	52,589	52,589
Other assets	15 - 20 years	10,436	10,436
Corporate assets	3 - 7 years	16,215	15,731
Construction in progress	(1)	49,146	49,771
		10,436,279	10,201,409
Less accumulated depreciation		(6,343,480)	(6,219,340)
Net property, plant and equipment		$ 4,092,799	$ 3,982,069

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

Depreciation expense for the three and six months ended June 30, 2024 was $70.6 million and $140.7 million, respectively. Depreciation expense for the three and six months ended June 30, 2023 was $69.8 million and $139.2 million, respectively.

CableSouth Transaction

In 2018, we acquired certain fiber assets from CableSouth Media, LLC (“CableSouth”) and leased back certain of those acquired assets to CableSouth pursuant to a triple-net lease.

During the fourth quarter of 2023, the Company entered into an agreement with a fund managed by Macquarie Asset Management ("MAM") pursuant to which MAM would make a structured equity investment into CableSouth in order to assist CableSouth in the acquisition of all of our previously acquired CableSouth fiber assets and the buyout of their triple-net lease for cash consideration of $40.0 million (the "CableSouth Transaction"). The Company completed the CableSouth Transaction on January 31, 2024 and recorded a $19.0 million gain on sale of real estate in the Condensed Consolidated Statements of Income (Loss).

The CableSouth Transaction is included in the results of the Uniti Leasing segment, and because the sale does not represent a strategic shift that will have a major effect on operations and financial results, it does not qualify for presentation as a discontinued operation.

Note 7. Derivative Instruments and Hedging Activities

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

On March 1, 2024, the Company entered into an interest rate cap agreement (the "ABS Loan Interest Rate Cap") related to the ABS Loan Facility (as defined in Note 9). This interest rate cap was designated as a cash flow hedge, has a notional value of $275.0 million, and effectively caps the one-month term secured overnight financing rate ("SOFR ") at 4.50%.

The following table presents the fair value of the Company’s derivatives designated as hedging instruments as of June 30, 2024 and December 31, 2023:

Table of Contents

(Thousands)	Location on Condensed Consolidated Balance Sheets	June 30, 2024	December 31, 2023
Interest rate caps	Derivative asset	$ 1,616	$ —

The following table presents the effects of the Company's derivative financial instrument on the Condensed Consolidated Statements of Income for the periods presented:

(Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
Derivatives in Cash Flow Hedging Relationships (Interest Rate Caps)	2024	2023	2024	2023
Amount of gain recognized on derivative in Other Comprehensive Income	$ 529	$ —	$ 173	$ —
Amount of gain reclassified from Accumulated Other Comprehensive Income into Interest Expense	$ 226	$ —	$ 37	$ —
Total Amount of Interest Expense Presented in the Condensed Consolidated Statements of Income	$ 127,475	$ 119,689	$ 250,686	$ 268,552

The company estimates that an additional $0.2 million will be reclassified from accumulated other comprehensive income as a decrease to interest expense over the next twelve months.

Exchangeable Notes Hedge Transactions

On June 25, 2019, concurrently with the pricing of the 4.00% Exchangeable Notes due June 15, 2024 (the "Exchangeable Notes"), and on June 27, 2019, concurrently with the exercise by the initial purchasers involved in the offering of the Exchangeable Notes (the "Initial Purchasers") of their option to purchase additional Exchangeable Notes, Uniti Fiber Holdings Inc., the issuer of the Exchangeable Notes, entered into exchangeable note hedge transactions with respect to the Company's common stock (the "Note Hedge Transactions") with certain of the Initial Purchasers or their respective affiliates (collectively, the "Counterparties"). The Note Hedge Transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the Exchangeable Notes, the same number of shares of the Company's common stock that initially underlie the Exchangeable Notes in the aggregate and are exercisable upon exchange of the Exchangeable Notes. The Note Hedge Transactions have an initial strike price that corresponds to the initial exchange price of the Exchangeable Notes, subject to anti-dilution adjustments substantially similar to those applicable to the Exchangeable Notes. The Note Hedge Transactions expired on June 15, 2024, upon the maturity and repayment of the Exchangeable Notes (see Note 9).

Warrant Transactions

On June 25, 2019, concurrently with the pricing of the Exchangeable Notes, and on June 27, 2019 concurrently with the exercise by the Initial Purchasers of their option to purchase additional Exchangeable Notes, the Company entered into warrant transactions to sell to the Counterparties warrants (the "Warrants") to acquire, subject to anti-dilution adjustments, up to approximately 27.8 million shares of the Company's common stock in the aggregate at an exercise price of approximately $16.42 per share. The initial maximum number of shares of the Company's common stock that could be issued pursuant to the Warrants was approximately 55.5 million. The maximum number of shares of the Company's common stock that could be issued pursuant to the Warrants subsequently decreased due to the partial unwind agreements that the Company entered into with the Counterparties in connection with each repurchase of Exchangeable Notes. The Warrants terminated in June 2024 and are no longer outstanding.

Capped Call Transactions

On December 7, 2022, in connection with the pricing of the 7.50% Convertible 2027 Notes due December 1, 2027 (the "Convertible 2027 Notes"), the Company entered into privately negotiated capped call transactions (the "Capped Calls") with certain financial institutions at a cost of $21.1 million. The Capped Calls cover the same number of shares of the Company's common stock that initially underlie the Convertible 2027 Notes in the aggregate. By entering into the Capped Calls, the Company expects to reduce the potential dilution to its common stock (or, in the event a conversion of the Convertible 2027 Notes is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the Convertible 2027 Notes its common stock price exceeds the conversion price of the Convertible 2027 Notes. The cap price of the Capped Calls will initially be $10.63 per share of common stock, which represents a premium of 75% over the last reported sale price of the Company's common stock of $6.075 per share on December 7, 2022 and is subject to customary anti-dilution adjustments substantially similar to those applicable to the Convertible 2027 Notes. The Company used approximately $21.1 million of the net proceeds from the offering of the Convertible 2027 Notes to pay for the cost of the Capped Calls. The Capped Calls meet the criteria for classification in equity, are not remeasured each reporting period and are included as a reduction to additional paid-in-capital within stockholders' equity.

Additionally on December 7, 2022, in connection with the Company's repurchase of the Exchangeable Notes, the Company entered into partial unwind agreements with the Counterparties to unwind a portion of the Note Hedge Transactions and the Warrants described above (collectively, the "Unwind Transactions"). In connection with the Unwind Transactions, the Company received cash as a termination payment for the portion of the Note Hedge Transactions that were unwound, and the Company delivered cash as a termination payment in respect of the portion of the Warrants that were unwound. The amount of cash that was received, which was approximately $1.2 million, and the amount of cash that was delivered to the Counterparties, which was approximately $0.5 million, were based generally on the termination values of the unwound portions of such instruments.

Note 8. Goodwill and Intangible Assets and Liabilities

Changes in the carrying amount of goodwill occurring during the six months ended June 30, 2024 are as follows:

(Thousands)	Uniti Fiber	Total
Goodwill at December 31, 2023	$ 672,878	$ 672,878
Accumulated impairment charges as of December 31, 2023	(515,498)	(515,498)
Balance at December 31, 2023	$ 157,380	$ 157,380
Goodwill at June 30, 2024	$ 672,878	$ 672,878
Accumulated impairment charges as of June 30, 2024	(515,498)	(515,498)
Balance at June 30, 2024	$ 157,380	$ 157,380

Carrying value of intangible assets and liabilities at June 30, 2024 and December 31, 2023 are as follows:

(Thousands)	June 30, 2024		December 31, 2023	
	Original Cost	Accumulated Amortization	Original Cost	Accumulated Amortization
Finite life intangible assets:				
Customer lists	$ 416,104	$ (162,935)	$ 416,104	$ (151,542)
Contracts	52,536	(24,626)	52,536	(21,343)
Underlying Rights	10,497	(1,312)	10,497	(1,137)
Total intangible assets	$ 479,137		$ 479,137	
Less: accumulated amortization	(188,873)		(174,022)	
Total intangible assets, net	$ 290,264		$ 305,115	
Finite life intangible liabilities:				
Below-market leases	$ 191,154	$ (40,104)	$ 191,154	$ (34,757)
Finite life intangible liabilities:				
Below-market leases	$ 191,154		$ 191,154	
Less: accumulated amortization	(40,104)		(34,757)	
Total intangible liabilities, net	$ 151,050		$ 156,397	

As of June 30, 2024, the remaining weighted average amortization period of the Company's intangible assets was 13.6 years, 4.3 years, and 26.3 years for customer lists, contracts, and underlying rights, respectively. As of June 30, 2024, the total remaining weighted average amortization period for total intangible assets was 13.1 years.

Amortization expense for the three and six months ended June 30, 2024 was $7.4 million and $14.9 million, respectively. Amortization expense for the three and six months ended June 30, 2023 was $7.4 million and $14.8 million, respectively. Amortization expense is estimated to be $29.7 million for the full year of 2024, $29.7 million in 2025, $29.7 million in 2026, $29.7 million in 2027, and $28.1 million for 2028.

We recognize the amortization of below-market leases in revenue. Revenue related to the amortization of the below-market leases for the three and six months ended June 30, 2024 was $2.7 million and $5.3 million, respectively. Revenue related to the amortization of the below-market leases for the three and six months ended June 30, 2023 was $2.6 million and $5.3 million, respectively. As of June 30, 2024, the remaining weighted average amortization period of the Company's intangible liabilities was 15.6 years. Revenue due to the amortization of the below-market leases is estimated to be $10.7 million for the full year of 2024, $10.7 million in 2025, $10.7 million in 2026, $10.7 million in 2027, and $10.2 million in 2028.

Note 9. Notes and Other Debt

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

Notes and other debt are as follows:

(Thousands)	June 30, 2024	December 31, 2023
Principal amount	$ 5,861,500	$ 5,617,442
Less unamortized discount, premium and debt issuance costs	(89,691)	(93,863)
Notes and other debt less unamortized discount, premium and debt issuance costs	$ 5,771,809	$ 5,523,579

Notes and other debt at June 30, 2024 and December 31, 2023 consisted of the following:

(Thousands)	June 30, 2024 Principal	June 30, 2024 Unamortized Discount, Premium and Debt Issuance Costs	December 31, 2023 Principal	December 31, 2023 Unamortized Discount, Premium and Debt Issuance Costs
Senior secured notes - 10.50% due February 15, 2028 (discount is based on imputed interest rate of 10.99%)	$ 2,900,000	$ (42,422)	$ 2,600,000	$ (48,290)
Senior secured notes - 4.75%, due April 15, 2028 (discount is based on imputed interest rate of 5.04%)	570,000	(5,687)	570,000	(6,360)
Senior unsecured notes - 6.50%, due February 15, 2029 (discount is based on imputed interest rate of 6.83%)	1,110,000	(14,454)	1,110,000	(15,761)
Senior unsecured notes - 6.00% due January 15, 2030 (discount is based on imputed interest rate of 6.27%)	700,000	(8,664)	700,000	(9,307)
Exchangeable senior notes - 4.00%, due June 15, 2024 (discount is based on imputed interest rate of 4.77%)	—	—	122,942	(427)
Convertible senior notes - 7.50%, due December 1, 2027 (discount is based on imputed interest rate of 8.29%)	306,500	(7,202)	306,500	(8,092)
ABS Loan Facility, variable rate, due September 1, 2025 (discount is based on imputed interest rate of 10.33%)	275,000	(6,263)	—	—
Senior secured revolving credit facility, variable rate, due September 24, 2027 (discount is based on imputed interest rate of 11.16%)	—	(4,999)	208,000	(5,625)
Total	$ 5,861,500	$ (89,691)	$ 5,617,442	$ (93,863)

At June 30, 2024, notes and other debt included the following: (i) no balance under the Revolving Credit Facility (as defined below) pursuant to that certain credit agreement, dated as of April 24, 2015, by and among the Operating Partnership, Uniti Group Finance 2019 Inc. and CSL Capital, LLC (hereinafter, the “Borrowers”), the guarantors party thereto, Bank of America, N.A., as administrative agent, collateral agent, swing line lender and an L/C issuer and certain other lenders named therein, as amended (the “Credit Agreement”); (ii) $275.0 million under the bridge loan and security agreement (the "ABS Loan Agreement"), a multi-draw term loan facility dated February 23, 2024, entered into by and among Uniti Fiber Bridge Borrower LLC (the “ABS Bridge Borrower”), Uniti Fiber Bridge HoldCo LLC and Uniti Fiber GulfCo LLC (together, the “ABS Bridge Loan Parties”), each an indirect subsidiary of the Company, Wilmington Trust, National Association, as administrative agent, collateral agent, account bank and verification agent, Barclays Bank PLC, as facility agent, and the lenders identified therein; (iii) $2.9 billion aggregate principal amount of 10.50% Senior Secured Notes due February 15, 2028 (the “February 2028 Secured Notes”); (iv) $570.0 million aggregate principal amount of 4.75% Senior Secured Notes due April 15, 2028 (the “April 2028 Secured Notes”); (v) $1.1 billion aggregate principal amount of 6.50% Senior Unsecured Notes due February 15, 2029 (the “2029 Notes”); (vi) $700.0 million aggregate principal amount of 6.00% Senior Secured Notes due January 15, 2030 (the “2030 Notes”); and (vii) $306.5 million aggregate principal amount of Convertible 2027 Notes and, together with the February 2028 Secured Notes, April 2028 Secured Notes, 2029 Notes, 2030 Notes and the Exchangeable Notes, the "Notes"). The terms of the Notes are as described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

Credit Agreement

The Borrowers are party to the Credit Agreement, which provides for a $500 million revolving credit facility that will mature on September 24, 2027 (the “Revolving Credit Facility”) and provides us with the ability to obtain revolving loans as well as swingline loans and letters of credit from time to time. On June 17, 2024, the Borrowers, each a subsidiary of the Company, entered into Amendment No. 9 (the “Amendment”) to the Credit Agreement. Pursuant to the Amendment, the Credit Agreement’s requirement for the Operating Partnership to use commercially reasonable efforts to maintain its status as a REIT will now terminate (i) at the end of the taxable year in which the Company’s proposed merger with Windstream is consummated or, (ii) at December 31, 2024, if the Company determines that by reason of such proposed merger, the Company will cease to qualify as a REIT for the year during which the Merger is consummated.

All obligations under the Credit Agreement are guaranteed by (i) the Company and (ii) certain of the Operating Partnership's subsidiaries (the "Subsidiary Guarantors") and are secured by substantially all of the assets of the Borrowers and the Subsidiary Guarantors.

The Borrowers are subject to customary covenants under the Credit Agreement, including an obligation to maintain a consolidated secured leverage ratio, as defined in the Credit Agreement, not to exceed 5.00 to 1.00. We are permitted, subject to customary conditions, to incur other indebtedness, so long as, on a pro forma basis after giving effect to any such indebtedness, our consolidated total leverage ratio, as defined in the Credit Agreement, does not exceed 6.50 to 1.00 and, if such debt is secured, our consolidated secured leverage ratio, as defined in the Credit Agreement, does not exceed 4.00 to 1.00. In addition, the Credit Agreement contains customary events of default, including a cross default provision whereby the failure of the Borrowers or certain of their subsidiaries to make payments under other debt obligations, or the occurrence of certain events affecting those other borrowing arrangements, could trigger an obligation to repay any amounts outstanding under the Credit Agreement. In particular, a repayment obligation could be triggered if (i) the Borrowers or certain of their subsidiaries fail to make a payment when due of any principal or interest on any other indebtedness aggregating $75.0 million or more, or (ii) an event occurs that causes, or would permit the holders of any other indebtedness aggregating $75.0 million or more to cause, such indebtedness to become due prior to its stated maturity. As of June 30, 2024, the Borrowers were in compliance with all of the covenants under the Credit Agreement.

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

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

Issuance of Senior Secured Notes

On May 17, 2024, the Operating Partnership, CSL Capital, LLC, Uniti Group Finance 2019 Inc. and Uniti Fiber Holdings Inc. (collectively, the "Issuers") completed a private offering of $300.0 million aggregate principal amount of February 2028 Secured Notes (the "Additional February 2028 Secured Notes"). The Company filed to obtain regulatory approval to enable the subsidiaries that require regulatory approval prior to guaranteeing the Additional February 2028 Secured Notes (the "Regulated Subsidiaries") to guarantee the Additional February 2028 Secured Notes, and it will use commercially reasonable efforts to obtain such approval. Upon the guarantee of the Additional February 2028 Secured Notes by each of the Regulated Subsidiaries that guarantee the Company's existing February 2028 Secured Notes, the Additional February 2028 Secured Notes are expected to be mandatorily exchanged for February 2028 Secured Notes issued as "additional notes" under the Indenture dated as of February 14, 2023 among Uniti, Uniti Group Finance, Uniti Fiber Holdings, CSL Capital, the guarantors party thereto and the trustee and collateral agent party thereto (the "2023 Indenture"). Such additional notes are expected to be part of the same series as the existing February 2028 Secured Notes issued under the 2023 Indenture, and are expected to have the same CUSIP number as, and be fungible with, the existing February 2028 Secured Notes issued under the 2023 Indenture.

The Additional February 2028 Secured Notes were issued at an issue price of 103.00% of their principal amount plus accrued interest from March 15, 2024 to, but excluding, May 17, 2024, pursuant to an Indenture, dated as of May 17, 2024 (the "2024 Indenture"), among the Issuers, the guarantors named therein (collectively, the "Guarantors") and Deutsche Bank Trust Company Americas, as trustee (in such capacity, the "Trustee") and as collateral agent. The Additional February 2028 Secured Notes mature on February 15, 2028 and bear interest at a rate of 10.50% per year. Interest on the Additional February 2028 Secured Notes is payable on March 15 and September 15 of each year, beginning on September 15, 2024.

The Issuers may redeem the Additional February 2028 Secured Notes, in whole or in part, at any time prior to September 15, 2025 at a redemption price equal to 100% of the principal amount of the Additional February 2028 Secured Notes redeemed plus accrued and unpaid interest on the Additional February 2028 Secured Notes, if any, to, but not including, the redemption date, plus an applicable “make whole” premium described in the 2024 Indenture. Thereafter, the Issuers may redeem the Additional February 2028 Secured Notes in whole or in part, at the redemption prices set forth in the 2024 Indenture. In addition, prior to February 15, 2025, the Issuers may, on one or more occasions, redeem up to 10% of the aggregate principal amount of the Additional February 2028 Secured Notes in any twelve-month period at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to, but not including, the applicable redemption date. Notwithstanding the foregoing, the Issuers may not use the proceeds of any offering of Additional Notes (as defined in the 2024 Indenture) with a price to investors equal to or in excess of 103% to finance any such optional redemption. Further, at any time on or prior to September 15, 2025, up to 40% of the aggregate principal amount of the Additional February 2028 Secured Notes may be redeemed with the net cash proceeds of certain equity offerings at a redemption price of 110.50% of the principal amount plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date; provided that at least 60% of aggregate principal amount of the originally issued Additional February 2028 Secured Notes remains outstanding. If certain changes of control of the Operating Partnership occur, holders of the Additional February 2028 Secured Notes will have the right to require the Issuers to offer to repurchase their Additional February 2028 Secured Notes at 101% of their principal amount plus accrued and unpaid interest, if any, to, but not including, the repurchase date.

The Additional February 2028 Secured Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company and on a senior secured basis by the Subsidiary Guarantors. The guarantees are subject to release under specified circumstances, including certain circumstances in which such guarantees may be automatically released without the consent of the holders of the Additional February 2028 Secured Notes.

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

The Additional February 2028 Secured Notes and the related guarantees are secured by liens on substantially all of the assets of the Issuers and the Subsidiary Guarantors, which assets also ratably secure obligations under the Company’s existing secured notes and senior secured credit facilities, in each case, subject to certain exceptions and permitted liens. The collateral does not include real property (below a specified threshold of value), but does include certain fixtures and other equipment as well as cash that we receive pursuant to our long-term exclusive triple-net leases with Windstream.

The 2024 Indenture contains customary high yield covenants limiting the ability of the Operating Partnership and its restricted subsidiaries to: incur or guarantee additional indebtedness; incur or guarantee secured indebtedness; pay dividends or distributions on, or redeem or repurchase, capital stock; make certain investments or other restricted payments; sell assets; transfer material intellectual property to unrestricted subsidiaries; enter into transactions with affiliates; merge or consolidate or sell all or substantially all of their assets; and create restrictions on the ability of the Issuers and their restricted subsidiaries to pay dividends or other amounts to the Issuers. These covenants are subject to a number of important and significant limitations, qualifications and exceptions. The 2024 Indenture also contains customary events of default.

On February 14, 2023, the Issuers completed a private offering of $2.6 billion aggregate principal amount of the February 2028 Secured Notes. The Issuers used the net proceeds from the offering to fund the redemption in full of the Issuers’ outstanding 7.875% senior secured notes due 2025 (the "2025 Secured Notes"), to repay outstanding borrowings under the Revolving Credit Facility and to pay any related premiums, fees and expenses in connection with the foregoing. On February 14, 2023, the Issuers deposited the full redemption price of $2.25 billion for the 2025 Secured Notes with the trustee and satisfied and discharged their obligations with respect to the 2025 Secured Notes at such time. During the first quarter of 2023, we recorded $32.3 million of loss on the extinguishment of the 2025 Secured Notes within interest expense, net on the Condensed Consolidation Statements of Income (Loss), which includes $10.3 million of non-cash interest expense for the write off of the unamortized discount and deferred financing costs and $22.0 million of cash interest expense for the redemption premium.

Exchangeable Notes

The Exchangeable Notes matured on June 15, 2024, and the principal balance of $122.9 million was repaid.

Asset-Backed Bridge Loan Facility

On February 23, 2024, ABS Bridge Borrower and the other ABS Bridge Loan Parties entered into the ABS Loan Agreement, which provides for a secured, multi-draw term loan facility of up to $350 million (the “ABS Loan Facility”). On March 1, 2024 (the “ABS Loan Closing Date”), the ABS Bridge Borrower made an initial drawing under the ABS Loan Facility in a principal amount of $275 million. Amounts borrowed under the ABS Loan Facility may not be reborrowed. Unless otherwise terminated pursuant to the terms of the ABS Loan Agreement, the ABS Loan Facility matures on the date that is 18 months from the ABS Loan Closing Date. The Company intends to refinance the ABS Loan Facility in full with proceeds from a long-term asset-backed securitized debt offering secured primarily by certain Uniti Fiber network assets.

Amounts outstanding under the ABS Loan Facility bear interest at a floating rate equal to, at the Company’s option, either (i) the one-month or three-month SOFR, plus a spread of 3.75% per annum or (ii) Base Rate (as defined in the ABS Loan Agreement), plus a spread of 2.75% per annum; provided that the spread will automatically increase to (a) 4.50% per annum in the case of loans bearing interest based on SOFR and 3.50% per annum in the case of loans bearing interest based on Base Rate, in each case to the extent outstanding on and after the date that is 12 months following the ABS Loan Closing Date and (b) 5.25% per annum in the case of loans bearing interest based on SOFR and 4.25% per annum in the case of loans bearing interest based on Base Rate, in each case to the extent outstanding on and after the date that is 15 months following the ABS Loan Closing Date. The Company capped SOFR interest expense at 4.50% for the duration of the ABS Loan Facility pursuant to the ABS Loan Interest Rate Cap (see Note 7).

In connection with the ABS Loan Facility, the Company formed Uniti Fiber ABS Parent LLC, an indirect subsidiary of the Company that qualifies as a bankruptcy-remote special purpose entity (“ABS Parent”), and directed the formation of the ABS Bridge Loan Parties, which are direct or indirect wholly-owned subsidiaries of ABS Parent. Each of the ABS Bridge Loan Parties is a special purpose, bankruptcy-remote, indirect subsidiary of the Company. The ABS Loan Facility is secured by equity in the ABS Bridge Borrower and substantially all of the assets of the ABS Bridge Loan Parties (subject to certain customary limited exceptions) and is non-recourse to the Company. Each of the ABS Bridge Loan Parties and ABS Parent was designated as an unrestricted subsidiary under the Credit Agreement and the applicable indentures governing the Company’s outstanding senior notes. The assets of the ABS Bridge Loan Parties will only be available for payment of the obligations arising under the ABS Loan Agreement and will not be available to pay any obligations or claims of the Company’s other creditors.

In connection with the initial funding under the ABS Loan Facility on the ABS Loan Closing Date, the Company, directly or indirectly, (i) transferred certain Uniti Fiber non-regulated and interstate customer contracts and related equipment to the ABS Bridge Loan Parties and (ii) granted an indefeasible right of use in the related fiber network assets to such ABS Bridge Loan Parties. In addition, certain of the ABS Bridge Loan Parties entered into a management agreement (the “Management Agreement”) with Uniti Fiber Holdings Inc. (in its capacity as manager thereunder, the “Manager”), pursuant to which the Manager is responsible for servicing and administering the assets securing the ABS Loan Facility and is permitted to make reimbursable servicing advances in respect of the collateral securing the ABS Loan Facility under certain circumstances.

The ABS Loan Agreement contains customary covenants limiting the ability of the ABS Bridge Loan Parties to: incur or guarantee additional indebtedness; pay dividends or distributions on, or redeem or repurchase, capital stock; make certain investments or other restricted payments; sell fiber network assets; enter into transactions with the Company and other affiliates; and create restrictions on the ability of the ABS Bridge Loan Parties to incur liens on their assets constituting collateral to secure obligations under the ABS Loan Agreement. These covenants are subject to a number of limitations, qualifications and exceptions. The ABS Loan Agreement also contains a maximum leverage financial maintenance covenant and customary events of default.

Deferred Financing Cost

Deferred financing costs were incurred in connection with the issuance of the Notes and our entry into the Revolving Credit Facility and the ABS Loan Facility. These costs are amortized using the effective interest method over the term of the related indebtedness and are included in interest expense in our Condensed Consolidated Statements of Income. For the three and six months ended June 30, 2024, we recognized $6.1 million and $11.1 million, respectively, of non-cash interest expense related to the amortization of deferred financing costs. For the three and six months ended June 30, 2023, we recognized $4.4 million and $9.2 million, respectively, of non-cash interest expense related to the amortization of deferred financing costs.

Note 10. Earnings Per Share

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

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

The dilutive effect of the Exchangeable Notes, which were repaid on June 15, 2024 (see Note 9), and the Convertible 2027 Notes is calculated by using the "if-converted" method. This assumes an add-back of interest, net of income taxes, to net income attributable to shareholders as if the securities were converted at the beginning of the reporting period (or at time of issuance, if later) and the resulting common shares included in number of weighted average shares. The dilutive effect of the Warrants (see Note 7) is calculated using the treasury-stock method. During the three and six months ended June 30, 2024 and 2023, the Warrants were excluded from diluted shares outstanding because the exercise price exceeded the average market price of our common stock for the reporting period.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands, except per share data)	2024	2023	2024	2023
Basic earnings per share:				
Numerator:				
Net income (loss) attributable to shareholders	$ 18,278	$ 25,626	$ 59,607	$ 6,424
Less: Income allocated to participating securities	(723)	(322)	(1,159)	(569)
Dividends declared on convertible preferred stock	(5)	(5)	(10)	(10)
Net income (loss) attributable to common shares	$ 17,550	$ 25,299	$ 58,438	$ 5,845
Denominator:				
Basic weighted-average common shares outstanding	237,347	236,429	237,121	236,260
Basic income (loss) earnings per common share	$ 0.07	$ 0.11	$ 0.25	$ 0.02

(Thousands, except per share data)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Diluted earnings per share:				
Numerator:				
Net income (loss) attributable to shareholders	$ 18,278	$ 25,626	$ 59,607	$ 6,424
Less: Income allocated to participating securities	(723)	(322)	(1,159)	(569)
Dividends declared on convertible preferred stock	(5)	(5)	(10)	(10)
Impact on if-converted dilutive securities	—	—	—	—
Net income (loss) attributable to common shares	$ 17,550	$ 25,299	$ 58,438	$ 5,845
Denominator:				
Basic weighted-average common shares outstanding	237,347	236,429	237,121	236,260
Effect of dilutive non-participating securities	—	—	—	—
Impact on if-converted dilutive securities	—	—	—	—
Weighted-average shares for dilutive earnings per common share	237,347	236,429	237,121	236,260
Dilutive earnings (loss) per common share	$ 0.07	$ 0.11	$ 0.25	$ 0.02

For the three and six months ended June 30, 2024, 1,412,563 non-participating securities were excluded from the computation of earnings per share, as their performance conditions have not been met. For the three and six months ended June 30, 2024, we excluded 52,910,874 and 54,070,019 potential common shares related to the Exchangeable Notes and the Convertible Notes, respectively, from the computation of earnings per share, as their effect would have been anti-dilutive. For the three and six months ended June 30, 2023, 1,053,189 non-participating securities were excluded from the computation of earnings per share, as their performance conditions have not been met. For the three and six months ended June 30, 2023, we excluded 53,455,231 and 54,082,264 potential common shares related to the Exchangeable Notes and the Convertible Notes, respectively, from the computation of earnings per share, as their effect would have been anti-dilutive.

Note 11. Segment Information

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

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

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

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

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

Selected financial data related to our segments is presented below for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30, 2024			
(Thousands)	Uniti Leasing	Uniti Fiber	Corporate	Subtotal of Reportable Segments
Revenues	$ 218,286	$ 76,661	$ —	$ 294,947
Adjusted EBITDA	$ 210,853	$ 31,091	$ (5,285)	$ 236,659
Less:				
Interest expense				127,475
Depreciation and amortization	44,613	33,425	14	78,052
Transaction related and other costs				10,977
Other, net				1,048
Stock-based compensation				3,397
Income tax benefit				(2,571)
Net income				$ 18,281

	Three Months Ended June 30, 2023			
(Thousands)	Uniti Leasing	Uniti Fiber	Corporate	Subtotal of Reportable Segments
Revenues	$ 212,453	$ 71,245	$ —	$ 283,698
Adjusted EBITDA	$ 206,552	$ 25,181	$ (3,566)	$ 228,167
Less:				
Interest expense				119,689
Depreciation and amortization	44,690	32,563	14	77,267
Transaction related and other costs				5,576
Other, net				469
Stock-based compensation				3,130
Income tax benefit				(4,357)
Adjustments for equity in earnings from unconsolidated entities				755
Net income				$ 25,638

	Six Months Ended June 30, 2024			
(Thousands)	Uniti Leasing	Uniti Fiber	Corporate	Subtotal of Reportable Segments
Revenues	$ 435,907	$ 145,458	$ —	$ 581,365
Adjusted EBITDA	$ 421,530	$ 54,929	$ (11,172)	$ 465,287
Less:				
Interest expense				250,686
Depreciation and amortization	89,593	65,917	27	155,537
Transaction related and other costs				16,664
Gain on sale of real estate				(18,999)
Other, net				2,959
Stock-based compensation				6,745
Income tax benefit				(7,934)
Net income				$ 59,629

	Six Months Ended June 30, 2023			
(Thousands)	Uniti Leasing	Uniti Fiber	Corporate	Subtotal of Reportable Segments
Revenues	$ 423,261	$ 150,259	$ —	$ 573,520
Adjusted EBITDA	$ 411,518	$ 58,855	$ (11,005)	$ 459,368
Less:				
Interest expense				268,552
Depreciation and amortization	88,862	65,150	30	154,042
Transaction related and other costs				8,364
Other, net				20,982
Stock-based compensation				6,260
Income tax benefit				(6,769)
Adjustments for equity in earnings from unconsolidated entities				1,510
Net income				$ 6,427

Note 12. Commitments and Contingencies

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

Windstream Commitments

Following the consummation of our settlement agreement with Windstream, including entry into the Windstream Leases, we are obligated to make $490.1 million of cash payments to Windstream in equal installments over 20 consecutive quarters beginning in October 2020, and Uniti may prepay any installments due on or after the first anniversary of the settlement agreement (discounted at a 9% rate). As of June 30, 2024, the Company has made payments totaling $362.4 million.

Further, beginning in October 2020, we became obligated to reimburse Windstream for up to an aggregate of $1.75 billion for certain growth capital improvements in long-term fiber and related assets made by Windstream ("Growth Capital Improvements") through 2029. Uniti's reimbursement commitment for Growth Capital Improvements does not require Uniti to reimburse Windstream for maintenance or repair expenditures (except for costs incurred for fiber replacements to the property leased under the competitive local exchange carrier master lease agreement, up to $70 million during the term), and each such reimbursement is subject to underwriting standards. Uniti's total annual reimbursement commitments for the Growth Capital Improvements under both Windstream Leases (and under separate equipment loan facilities) were limited to $225 million in 2023, and are limited to $225 million per year in 2024; $175 million per year in 2025 and 2026; and $125 million per year in 2027 through 2029. If the cost incurred by Windstream (or the successor tenant under a Windstream Lease) for Growth Capital Improvements in any calendar year exceeds the annual limit for such calendar year, Windstream (or such tenant, as the case may be) may submit such excess costs for reimbursement in any subsequent year and such excess costs shall be funded from the annual commitment amounts in such subsequent period. In addition, to the extent that reimbursements for Growth Capital Improvements funded in any calendar year during the term is less than the annual limit for such calendar year, the unfunded amount in any calendar year will carry-over and may be added to the annual limits for subsequent calendar years, subject to an annual limit of $250 million in any calendar year. During the six months ended June 30, 2024, Uniti reimbursed $196.7 million of Growth Capital Improvements, of which $104.6 million represented the reimbursement of capital improvements completed in 2023 that were previously classified as tenant funded capital improvements. As of the date of this Quarterly Report on Form 10-Q, we have reimbursed a total of $1.0 billion of Growth Capital Improvements. Upon reimbursement, the Company reduced the unamortized portion of deferred revenue related to these capital improvements and capitalized the difference between the cash provided to Windstream and the unamortized deferred revenue as a lease incentive which will be amortized as a reduction to revenue over the initial term of the Windstream Leases.

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

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

Note 13. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component is as follows for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands)	2024	2023	2024	2023
Cash flow hedge:				
Balance at beginning of period attributable to shareholders	$ (167)	$ —	$ —	$ —
Change in fair value of derivative asset	529	—	173	—
Amounts reclassified from accumulated other comprehensive income	(226)	—	(37)	—
Balance at end of period	136	—	136	—
Less: Other comprehensive income attributable to noncontrolling interest	0	—	0	—
Balance at end of period attributable to shareholders	136	—	136	—
Accumulated other comprehensive income at end of period	$ 136	$ —	$ 136	$ —

Note 14. Capital Stock

The limited partnership interests in our operating partnership (commonly called "OP Units"), are exchangeable on a one-for-one basis for shares of our common stock or, at our election, cash of equivalent value. During the three and six months ended June 30, 2024, the Company exchanged 68,384 OP Units held by third parties, of which 53,662 OP Units were exchanged for an equal number of shares of our common stock and 14,722 OP Units were purchased for cash consideration of $0.1 million, representing approximately 65% of the OP Units held by third parties with a carrying value of $1.3 million as of the exchange dates.

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

The following management's discussion and analysis of financial condition and results of operations describes the principal factors affecting the results of our operations, financial condition, and changes in financial condition for the three and six months ended June 30, 2024. This discussion should be read in conjunction with the accompanying Condensed Consolidated Financial Statements, and the notes thereto set forth in Part I, Item 1 "Financial Statements" of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on February 29, 2024, as amended by Amendment No. 1 and Amendment No. 2 thereto filed on Form 10-K/A with the SEC on March 26, 2024 and March 27, 2024, respectively (the "Annual Report").

Overview

Company Description

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

On April 24, 2015, we were separated and spun-off (the "Spin-Off") from Windstream Holdings, Inc. ("Windstream Holdings" and together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, "Windstream") pursuant to which Windstream contributed certain telecommunications network assets, including fiber and copper networks and other real estate (the "Distribution Systems") and a small consumer competitive local exchange carrier ("CLEC") business (the "Consumer CLEC Business") to Uniti and Uniti issued common stock and indebtedness and paid cash obtained from borrowings under Uniti's senior credit facilities to Windstream. In connection with the Spin-Off, we entered into a long-term exclusive triple-net lease (the "Master Lease") with Windstream, pursuant to which a substantial portion of our real property is leased to Windstream and from which a substantial portion of our leasing revenues are currently derived. In connection with Windstream's emergence from bankruptcy, Uniti and Windstream bifurcated the Master Lease and entered into two structurally similar master leases (collectively, the "Windstream Leases"), which amended and restated the Master Lease in its entirety. The Windstream Leases consist of (a) a master lease (the "ILEC MLA") that governs Uniti owned assets used for Windstream's incumbent local exchange carrier ("ILEC") operations and (b) a master lease (the "CLEC MLA") that governs Uniti owned assets used for Windstream's CLEC operations.

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

The Company operates through a customary up-REIT structure, pursuant to which we hold substantially all of our assets through a partnership, Uniti Group LP, a Delaware limited partnership (the "Operating Partnership"), that we control as general partner. This structure is intended to facilitate future acquisition opportunities by providing the Company with the ability to use common units of the Operating Partnership as a tax-efficient acquisition currency. As of June 30, 2024, we are the sole general partner of the Operating Partnership and own approximately 99.98% of the partnership interests in the Operating Partnership. In addition, we have undertaken a series of transactions to permit us to hold certain assets through subsidiaries that are taxed as REITs, which may also facilitate future acquisition opportunities.

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

Segments

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

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

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

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

We evaluate the performance of each segment based on Adjusted EBITDA, which is a segment performance measure we define as net income determined in accordance with GAAP, before interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense and the impact, which may be recurring in nature, of transaction and integration related costs, costs associated with Windstream's bankruptcy, costs associated with litigation claims made against us, costs associated with the implementation of our enterprise resource planning system, severance costs, costs related to the settlement with Windstream, amortization of non-cash rights-of-use assets, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, including early tender and redemption premiums and costs associated with the termination of related hedging activities, gains or losses on dispositions, changes in the fair value of contingent consideration and financial instruments, and other similar or infrequent items (although we may not have had such charges in the periods presented). Adjusted EBITDA includes adjustments to reflect the Company's share of Adjusted EBITDA from unconsolidated entities. For more information on Adjusted EBITDA, see "Non-GAAP Financial Measures." Detailed information about our segments can be found in Note 11 to our accompanying Condensed Consolidated Financial Statements contained in Part I, Item 1"Financial Statements" of this Quarterly Report on Form 10-Q.

Significant Business Developments

Amendment to Credit Agreement

On June 17, 2024, the Operating Partnership, Uniti Group Finance 2019 Inc. and CSL Capital, LLC (together the "Borrowers"), each a subsidiary of the Company, entered into Amendment No. 9 (the "Amendment") to the Credit Agreement (as defined herein). Pursuant to the Amendment, the Credit Agreement's requirement for the Operating Partnership to use commercially reasonable efforts to maintain its status as a REIT will now terminate (i) at the end of the taxable year in which the Merger is consummated or, (ii) at December 31, 2024, if the Company determines that by reason of the Merger, the Company will cease to qualify as a REIT for the year during which the Merger is consummated.

Issuance of Senior Secured Notes

On May 17, 2024, the Operating Partnership, CSL Capital, LLC, Uniti Group Finance 2019 Inc. and Uniti Fiber Holdings Inc. (collectively, the "Issuers") completed a private offering of $300.0 million aggregate principal amount of the 10.50% Senior Secured Notes due February 15, 2028 (the "Additional February 2028 Secured Notes"). The Company filed to obtain regulatory approval to enable the subsidiaries that require regulatory approval prior to guaranteeing the Additional February 2028 Secured Notes (the "Regulated Subsidiaries") to guarantee the Additional February 2028 Secured Notes, and it will use commercially reasonable efforts to obtain such approval. Upon the guarantee of the Additional February 2028 Secured Notes by each of the Regulated Subsidiaries that guarantee the Company's existing 10.50% Senior Secured Notes due 2028, the Notes are expected to be mandatorily exchanged for 10.50% Senior Secured Notes due 2028 issued as "additional notes" under the indenture dated as of February 14, 2023 among Uniti, Uniti Group Finance, Uniti Fiber Holdings, CSL Capital, the guarantors party thereto and the trustee and collateral agent party thereto (the "2023 Indenture"). Such additional notes are expected to be part of the same series as the existing 10.50% Senior Secured Notes due 2028 issued under the 2023 Indenture, and are expected to have the same CUSIP number as, and be fungible with, the existing 10.50% Senior Secured Notes due 2028 issued under the 2023 Indenture.

The Additional February 2028 Secured Notes were issued at an issue price of 103.00% of their principal amount plus accrued interest from March 15, 2024 to, but excluding, May 17, 2024, pursuant to an Indenture, dated as of May 17, 2024, among the Issuers, the guarantors named therein (collectively, the "Guarantors") and Deutsche Bank Trust Company Americas, as trustee (in such capacity, the "Trustee") and as collateral agent. The Additional February 2028 Secured Notes mature on February 15, 2028 and bear interest at a rate of 10.50% per year. Interest on the Additional February 2028 Secured Notes is payable on March 15 and September 15 of each year, beginning on September 15, 2024.

See Note 9 to our accompanying Condensed Consolidated Financial Statements contained in Part I Item 1 "Financial Statements" of this Quarterly Report on Form 10-Q for additional information.

Our Proposed Merger with Windstream

On May 3, 2024, the Company entered into an Agreement and Plan of Merger with Windstream Holdings II, LLC (the "Merger Agreement") providing for a combination of the Company and Windstream such that, following a pre-closing reorganization of Windstream and the merger of the Company into an entity formed in such reorganization (the "Merger"), both the Company and Windstream will be indirect wholly owned subsidiaries of a recently formed company that in the reorganization will become the parent company of Windstream ("New Uniti"). Following the Merger, the common stock of New Uniti ("New Uniti Common Stock") is expected to be listed on the Nasdaq.

The Merger intends to reunite Windstream's business with the underlying fiber infrastructure owned by the Company to create a premier digital infrastructure company with a strong platform for value creation. Upon consummation of the Merger, the board of directors of New Uniti will initially comprise nine members, including five directors to be appointed by Uniti. It is expected that Uniti's existing officers will serve as initial officers of New Uniti.

At the effective time of the Merger, each share of Uniti's common stock that is issued and outstanding will automatically be cancelled and retired and converted into the right to a number of shares of New Uniti Common Stock pursuant to an exchange ratio set forth in the Merger Agreement such that the Company's and Windstream's stockholders are expected to hold approximately 62% and 38%, respectively, of the combined company 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, we 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 (the "Merger Cash Consideration"). 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% per year for the first six years, subject to an additional 0.5% per year during each of the seventh and eighth year after the initial issuance and further increased by an additional 1% per year during each subsequent year, subject to a cap of 16% 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% of the pro forma share total of New Uniti. We intend to fund the Merger Cash Consideration with cash on hand and borrowings under the Revolving Credit Facility (as defined herein).

Our Merger with Windstream is subject to customary closing conditions, including, among others, approval by our stockholders and receipt of required regulatory approvals, including the expiration or early termination of the waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976 and the receipt of approvals from the Federal Communications Commission and certain state public utility commissions. We currently expect our Merger with Windstream to close in 2025.

The foregoing summary of the Merger Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the terms and conditions of the Merger Agreement, a copy of which is attached as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on May 3, 2024.

Upon consummation of the Merger, New Uniti will become an integrated telecommunications company. Initially, the legacy Uniti and Windstream organizational structures will remain separate, and the existing agreements and arrangements presently in effect between Uniti and Windstream, such as the Windstream Leases and the settlement agreement with Windstream, which requires Uniti to fund periodic settlement payments and reimburse Windstream for certain growth capital improvements, will remain in place. In addition, we have agreed to suspend dividend payments or other distributions until the consummation of the Merger, except for the dividend paid on June 28, 2024 and those dividends reasonably required for us or our subsidiaries to maintain our status as a REIT or to avoid the payment or imposition of income or excise tax, among other customary exceptions. All Windstream debt are expected to remain obligations of Windstream and our debt obligations are expected to remain as ours, with no cross-guarantees or credit support between the Company and Windstream. For a description of the Windstream Leases and the settlement agreement with Windstream, refer to "Liquidity and Capital Resources—Windstream Leases" within Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q. Finally, it is expected that, following consummation of the Merger, Uniti will cease to be a REIT for U.S. federal income tax purposes.

Results of Operations

Comparison of the three months ended June 30, 2024 and 2023

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

	Three Months Ended June 30,			
	2024		2023	
(Dollars in Thousands)	Amount	% of Revenues	Amount	% of Revenues
Revenues:				
Revenue from rentals				
Uniti Leasing	$ 216,640	73.4%	$ 210,345	74.2%
Uniti Fiber	12,663	4.3%	13,507	4.8%
Total revenue from rentals	229,303	77.7%	223,852	79.0%
Service revenues				
Uniti Leasing	1,646	0.6%	2,108	0.7%
Uniti Fiber	63,998	21.7%	57,738	20.3%
Total service revenues	65,644	22.3%	59,846	21.0%
Total revenues	294,947	100.0%	283,698	100.0%
Costs and Expenses:				
Interest expense, net	127,475	43.2%	119,689	42.2%
Depreciation and amortization	78,052	26.5%	77,267	27.2%
General and administrative expense	25,716	8.7%	23,417	8.2%
Operating expense (exclusive of depreciation and amortization)	37,036	12.6%	37,418	13.2%
Transaction related and other costs	10,977	3.7%	5,576	2.0%
Other (income) expense, net	(19)	0.0%	(291)	(0.1)%
Total costs and expenses	279,237	94.7%	263,076	92.7%
Income (loss) before income taxes and equity in earnings from unconsolidated entities	15,710	5.3%	20,622	7.3%
Income tax benefit	(2,571)	(0.9%)	(4,357)	(1.5%)
Equity in earnings from unconsolidated entities	—	—%	(659)	(0.2%)
Net income	18,281	6.2%	25,638	9.0%
Net income attributable to noncontrolling interests	3	0.0%	12	0.0%
Net income attributable to shareholders	18,278	6.2%	25,626	9.0%
Participating securities' share in earnings	(723)	(0.2%)	(322)	(0.1%)
Dividends declared on convertible preferred stock	(5)	(0.0%)	(5)	(0.0%)
Net income attributable to common shareholders	$ 17,550	6.0%	$ 25,299	8.9%

Table of Contents

The following tables set forth revenues, Adjusted EBITDA and net income of our reportable segments for the three months ended June 30, 2024 and 2023:

	Three Months Ended June 30, 2024			
(Thousands)	Uniti Leasing	Uniti Fiber	Corporate	Subtotal of Reportable Segments
Revenues	$ 218,286	$ 76,661	$ —	$ 294,947
Adjusted EBITDA	$ 210,853	$ 31,091	$ (5,285)	$ 236,659
Less:				
Interest expense				127,475
Depreciation and amortization	44,613	33,425	14	78,052
Transaction related and other costs				10,977
Other, net				1,048
Stock-based compensation				3,397
Income tax benefit				(2,571)
Net income				$ 18,281

	Three Months Ended June 30, 2023			
(Thousands)	Uniti Leasing	Uniti Fiber	Corporate	Subtotal of Reportable Segments
Revenues	$ 212,453	$ 71,245	$ —	$ 283,698
Adjusted EBITDA	$ 206,552	$ 25,181	$ (3,566)	$ 228,167
Less:				
Interest expense				119,689
Depreciation and amortization	44,690	32,563	14	77,267
Transaction related and other costs				5,576
Other, net				469
Stock-based compensation				3,130
Income tax benefit				(4,357)
Adjustments for equity in earnings from unconsolidated entities				$ 755
Net income				$ 25,638

Summary of Operating Metrics

	Operating Metrics June 30,		
	2024	2023	% Increase / (Decrease)
Operating metrics:			
Uniti Leasing:			
Fiber strand miles	5,560,000	5,410,000	2.8%
Copper strand miles	231,000	230,000	0.4%
Uniti Fiber:			
Fiber strand miles	3,000,000	2,910,000	3.1%
Customer connections	29,031	27,965	3.8%

Table of Contents

Revenues

	Three Months Ended June 30,					
	2024			2023		
(Dollars in Thousands)	Amount		% of Consolidated Revenues	Amount		% of Consolidated Revenues
Revenues:						
Uniti Leasing	$	218,286	74.0%	$	212,453	74.9%
Uniti Fiber		76,661	26.0%		71,245	25.1%
Total revenues	$	294,947	100.0%	$	283,698	100.0%

Uniti Leasing – Uniti Leasing revenues are primarily attributable to rental revenue from leasing our Distribution Systems to Windstream pursuant to the Windstream Leases. Under the Windstream Leases, Windstream is responsible for the costs related to operating the Distribution Systems, including property taxes, insurance, and maintenance and repair costs. As a result, we do not record an obligation related to the payment of property taxes, as Windstream makes direct payments to the taxing authorities. The initial term of the Windstream Leases expires on April 30, 2030. Annual rent under the Windstream Leases for the full year 2024 is $675.6 million and is subject to annual escalation at a rate of 0.5%. For a description of the Windstream Leases, see "Liquidity and Capital Resources— Windstream Leases" below.

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

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

Starting on the first anniversary of each installment of reimbursement for a Growth Capital Improvement, the rent payable by Windstream under the applicable Windstream Lease will increase by an amount equal to 8.0% (the "Rent Rate") of such installment of reimbursement. The Rent Rate will thereafter increase to 100.5% of the prior Rent Rate on each anniversary of each reimbursement. In the event that the tenant's interest in either Windstream Lease is transferred by Windstream under the terms thereof (unless transferred to the same transferee), or if Uniti transfers its interests as landlord under either Windstream Lease (unless to the same transferee), the reimbursement rights and obligations will be allocated between the ILEC MLA and the CLEC MLA by Windstream, provided that the maximum that may be allocated to the CLEC MLA following such transfer is $20.0 million per year. If Uniti fails to reimburse any Growth Capital Improvement payment or equipment loan funding request as and when it is required to do so under the terms of the Windstream Leases, and such failure continues for thirty (30) days, then such unreimbursed amounts may be applied as an offset against the rent owed by Windstream under the Windstream Leases (and such amounts will thereafter be treated as if Uniti had reimbursed them).

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

(Dollars in Thousands)	Three Months Ended June 30, 2024 Amount	2024 % of Segment Revenues	2023 Amount	2023 % of Segment Revenues
Uniti Leasing revenues:				
Windstream Leases:				
Cash revenue				
Cash rent	$ 168,899	77.4%	$ 168,059	79.1%
GCI revenue	12,967	5.9%	7,249	3.4%
Total cash revenue	181,866	83.3%	175,308	82.5%
Non-cash revenue				
TCI revenue	12,214	5.6%	11,552	5.4%
GCI revenue	3,730	1.7%	4,205	2.0%
Other straight-line revenue	839	0.4%	1,681	0.8%
Total non-cash revenue	16,783	7.7%	17,438	8.2%
Total Windstream revenue	198,649	91.0%	192,746	90.7%
Other services	19,637	9.0%	19,707	9.3%
Total Uniti Leasing revenues	$ 218,286	100.0%	$ 212,453	100.0%

The increase in TCI revenue is attributable to continued investment by Windstream. Windstream invested $27.9 million in TCIs during the quarter ended June 30, 2024. The total amount invested in TCIs by Windstream since the inception of the Windstream Leases (including the Master Lease) was $1.2 billion as of June 30, 2024 and $1.1 billion as of June 30, 2023.

The increase in GCI revenue is attributable to Uniti's continued reimbursement of Growth Capital Improvements. During the three months ended June 30, 2024, Uniti reimbursed $65.3 million of Growth Capital Improvements. Subsequent to June 30, 2024, Windstream requested, and we reimbursed $34.2 million of qualifying Growth Capital Improvements. As of the date of this Quarterly Report on Form 10-Q, we have reimbursed a total of $1.0 billion of Growth Capital Improvements.

We recognized $19.6 million and $19.7 million of revenues from other services including non-Windstream triple-net leasing and dark fiber indefeasible rights of use ("IRU") arrangements for the three months ended June 30, 2024 and 2023, respectively.

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

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

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

Uniti Fiber – Uniti Fiber revenues for the three months ended June 30, 2024 and 2023 consisted of the following:

	Three Months Ended June 30,					
	2024			2023		
(Dollars in Thousands)		Amount	% of Segment Revenues		Amount	% of Segment Revenues
Uniti Fiber revenues:						
Lit backhaul services	$	22,645	29.6%	$	19,453	27.3%
Enterprise and wholesale		24,327	31.7%		23,410	32.9%
E-Rate and government		16,174	21.1%		14,145	19.8%
Dark fiber and small cells		12,663	16.5%		13,507	19.0%
Other services		852	1.1%		730	1.0%
Total Uniti Fiber revenues	$	76,661	100.0%	$	71,245	100.0%

For the three months ended June 30, 2024, Uniti Fiber revenues totaled $76.7 million as compared to $71.2 million for the three months ended June 30, 2023. Uniti Fiber revenues increased $5.4 million, primarily attributable to a $3.2 million increase in lit backhaul services, driven primarily by one-time cancellation revenues, a $2.0 million increase in E-rate and government, driven primarily by non-recurring equipment and installation sales, and a $0.9 million increase in enterprise and wholesale, driven primarily by increased internet services, partially offset by a $0.8 million decrease in dark fiber and small cells, driven primarily by one-time cancellation revenues.

Interest Expense, net

(Thousands)	Three Months Ended June 30, 2024	2023	Increase / (Decrease)
Interest expense, net:			
Cash:			
Senior secured notes	$ 78,781	$ 75,019	$ 3,762
Senior unsecured notes	35,345	35,513	(168)
Senior secured revolving credit facility - variable rate	1,713	1,899	(186)
ABS Loan Facility	5,672	—	5,672
Interest rate cap	24	—	24
Other	(1,290)	340	(1,630)
Total cash interest	120,245	112,771	7,474
Non-cash:			
Amortization of deferred financing costs and debt discount	5,915	4,491	1,424
Accretion of settlement payable	1,695	2,759	(1,064)
Interest rate cap	720	—	720
Capitalized interest	(1,100)	(332)	(768)
Total non-cash interest	7,230	6,918	312
Total interest expense, net	$ 127,475	$ 119,689	$ 7,786

Interest expense for the three months ended June 30, 2024 increased $7.8 million compared to the three months ended June 30, 2023. The increase is primarily attributable to an increase in cash interest of $7.5 million related primarily to the Additional February 2028 Secured Notes issued on May 17, 2024 and the March 1, 2024 initial drawing of $275 million on the ABS Loan Facility.

Depreciation and Amortization Expense

(Thousands)	Three Months Ended June 30, 2024	2023	Increase / (Decrease)
Depreciation and amortization expense by segment:			
Depreciation expense			
Uniti Leasing	$ 42,885	$ 42,960	$ (75)
Uniti Fiber	27,728	26,858	870
Corporate	14	14	—
Total depreciation expense	70,627	69,832	795
Amortization expense			
Uniti Leasing	1,729	1,730	(1)
Uniti Fiber	5,696	5,705	(9)
Total amortization expense	7,425	7,435	(10)
Total depreciation and amortization expense	$ 78,052	$ 77,267	$ 785

Uniti Leasing – Uniti Leasing depreciation expense decreased $0.1 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily attributable to asset additions since June 30, 2023 of $0.2 million, offset by the decrease associated with the CableSouth network sale in the first quarter of 2024 of $0.3 million.

Uniti Fiber – Uniti Fiber depreciation expense increased $0.9 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily attributable to asset additions since June 30, 2023.

General and Administrative Expense

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

	Three Months Ended June 30,					
	2024			2023		
(Dollars in Thousands)		Amount	% of Consolidated Revenues		Amount	% of Consolidated Revenues
General and administrative expense by segment:						
Uniti Leasing	$	2,849	1.0%	$	2,628	1.0%
Uniti Fiber		15,587	5.3%		15,393	5.4%
Corporate		7,280	2.4%		5,396	1.9%
Total general and administrative expenses	$	25,716	8.7%	$	23,417	8.3%

Uniti Leasing – Uniti Leasing general and administrative expense increased $0.2 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily attributable to an increase in personnel expenses of $0.2 million.

Uniti Fiber – Uniti Fiber general and administrative expense increased $0.2 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily attributable to an increase in insurance expense of $0.2 million.

Corporate – Corporate general and administrative expense increased $1.9 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily attributable to an increase in legal fees of $2.5 million, partially offset by decreases in personnel expenses of $0.4 million and insurance expenses of $0.3 million.

Operating Expense

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

	Three Months Ended June 30,					
	2024			2023		
(Dollars in Thousands)		Amount	% of Consolidated Revenues		Amount	% of Consolidated Revenues
Operating expense by segment:						
Uniti Leasing	$	5,946	2.0%	$	5,970	2.1%
Uniti Fiber		31,090	10.6%		31,448	11.0%
Total operating expenses	$	37,036	12.6%	$	37,418	13.1%

Uniti Leasing – Uniti Leasing operating expense remained consistent for the three months ended June 30, 2024 as compared to the three months ended June 30, 2023. Increases in leased asset costs of $0.3 million and repairs and maintenance expense of $0.2 million, were offset by decreases in professional fees of $0.2 million and other non-recurring operating expenses of $0.3 million.

Uniti Fiber – Uniti Fiber operating expense decreased $0.4 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily attributable to a decrease in off network expense of $1.3 million and repair and maintenance of $0.2 million, partially offset by an increase in non-recurring installation and equipment expense of $1.4 million.

Transaction Related and Other Costs

Transaction related and other costs include incremental acquisition, pursuit, transaction and integration costs (including unsuccessful acquisition pursuit costs). For the three months ended June 30, 2024, we incurred $11.0 million of transaction related and other costs, compared to $5.6 million of such costs during the three months ended June 30, 2023. The increase is primarily attributable to costs associated with the Merger.

Income Tax Benefit

The income tax benefit recorded for the three months ended June 30, 2024 and 2023, respectively, is related to the tax impact of the following:

	Three Months Ended June 30,	
(Thousands)	**2024**	**2023**
Income tax benefit		
Pre-tax loss (Uniti Fiber)	$ (2,942)	$ (4,780)
REIT state and local taxes	341	396
Other	30	27
Total income tax benefit	$ (2,571)	$ (4,357)

Comparison of the six months ended June 30, 2024 and 2023

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

	Six Months Ended June 30,			
	2024		2023	
(Dollars in Thousands)	Amount	% of Revenues	Amount	% of Revenues
Revenues:				
Revenue from rentals				
Uniti Leasing	$ 432,633	74.4 %	$ 419,987	73.2 %
Uniti Fiber	24,826	4.3 %	35,784	6.2 %
Total revenue from rentals	457,459	78.7 %	455,771	79.4 %
Service revenues				
Uniti Leasing	3,274	0.6 %	3,274	0.6 %
Uniti Fiber	120,632	20.7 %	114,475	20.0 %
Total service revenues	123,906	21.3 %	117,749	20.6 %
Total revenues	581,365	100.0 %	573,520	100.0 %
Costs and Expenses:				
Interest expense, net	250,686	43.1 %	268,552	46.8 %
Depreciation and amortization	155,537	26.8 %	154,042	26.9 %
General and administrative expense	53,849	9.3 %	51,850	9.0 %
Operating expense (exclusive of depreciation and amortization)	72,234	12.4 %	72,486	12.6 %
Transaction related and other costs	16,664	2.9 %	8,364	1.5 %
Gain on sale of real estate	(18,999)	(3.3)%	—	— %
Other (income) expense, net	(301)	(0.1)%	19,888	3.5 %
Total costs and expenses	529,670	91.1 %	575,182	100.3 %
Income (loss) before income taxes and equity in earnings from unconsolidated entities	51,695	8.9 %	(1,662)	(0.3)%
Income tax benefit	(7,934)	(1.4)%	(6,769)	(1.2)%
Equity in earnings from unconsolidated entities	—	— %	(1,320)	(0.2)%
Net income	59,629	10.3 %	6,427	1.1 %
Net income attributable to noncontrolling interests	22	0.0 %	3	0.0 %
Net income attributable to shareholders	59,607	10.3 %	6,424	1.1 %
Participating securities' share in earnings	(1,159)	(0.2)%	(569)	(0.1)%
Dividends declared on convertible preferred stock	(10)	(0.0)%	(10)	(0.0)%
Net income attributable to common shareholders	$ 58,438	10.1 %	$ 5,845	1.0 %

The following tables set forth revenues, Adjusted EBITDA and net income of our reportable segments for the six months ended June 30, 2024 and 2023:

(Thousands)	Six Months Ended June 30, 2024 Uniti Leasing	Uniti Fiber	Corporate	Subtotal of Reportable Segments
Revenues	$ 435,907	$ 145,458	$ —	$ 581,365
Adjusted EBITDA	$ 421,530	$ 54,929	$ (11,172)	$ 465,287
Less:				
Interest expense				250,686
Depreciation and amortization	89,593	65,917	27	155,537
Transaction related and other costs				16,664
Gain on sale of real estate				(18,999)
Other, net				2,959
Stock-based compensation				6,745
Income tax benefit				(7,934)
Net income				$ 59,629

(Thousands)	Six Months Ended June 30, 2023 Uniti Leasing	Uniti Fiber	Corporate	Subtotal of Reportable Segments
Revenues	$ 423,261	$ 150,259	$ —	$ 573,520
Adjusted EBITDA	$ 411,518	$ 58,855	$ (11,005)	$ 459,368
Less:				
Interest expense				268,552
Depreciation and amortization	88,862	65,150	30	154,042
Transaction related and other costs				8,364
Other, net				20,982
Stock-based compensation				6,260
Income tax benefit				(6,769)
Adjustments for equity in earnings from unconsolidated entities				1,510
Net income				$ 6,427

Revenues

	Six Months Ended June 30,			
	2024		2023	
(Dollars in Thousands)	Amount	% of Consolidated Revenues	Amount	% of Consolidated Revenues
Revenues:				
Uniti Leasing	$ 435,907	75.0%	$ 423,261	73.8%
Uniti Fiber	145,458	25.0%	150,259	26.2%
Total revenues	$ 581,365	100.0%	$ 573,520	100.0%

Uniti Leasing – Uniti Leasing revenues for the six months ended June 30, 2024 and 2023 consisted of the following:

(Dollars in Thousands)	Six Months Ended June 30, 2024 Amount	2024 % of Segment Revenues	2023 Amount	2023 % of Segment Revenues
Uniti Leasing revenues:				
Windstream Leases:				
Cash revenue				
Cash rent	$ 337,237	77.4%	$ 335,559	79.3%
GCI revenue	24,275	5.6%	13,678	3.2%
Total cash revenue	361,512	83.0%	349,237	82.5%
Non-cash revenue				
TCI revenue	24,458	5.6%	22,921	5.4%
GCI revenue	7,507	1.7%	7,810	1.9%
Other straight-line revenue	2,238	0.5%	3,921	0.9%
Total non-cash revenue	34,203	7.8%	34,652	8.2%
Total Windstream revenue	395,715	90.8%	383,889	90.7%
Other services	40,192	9.2%	39,372	9.3%
Total Uniti Leasing revenues	$ 435,907	100.0%	$ 423,261	100.0%

The increase in TCI revenue is attributable to continued investment by Windstream. As of June 30, 2024 and 2023, the total amount invested in TCIs by Windstream since the inception of the Windstream Leases and Master Lease was $1.2 billion and $1.1 billion, respectively.

The increase in GCI revenue is attributable to Uniti's continued reimbursement of Growth Capital Improvements. During the six months ended June 30, 2024, Uniti reimbursed $196.7 million of Growth Capital Improvements. Subsequent to June 30, 2024, Windstream requested, and we reimbursed $34.2 million of qualifying Growth Capital Improvements. As of the date of this Quarterly Report on Form 10-Q, we have reimbursed a total of $1.0 billion of Growth Capital Improvements.

We recognized $40.2 million and $39.4 million of revenues from non-Windstream triple-net leasing, dark fiber IRU arrangements, and other services for the six months ended June 30, 2024 and 2023, respectively. The increase is primarily attributable to revenues from new customer arrangements.

Uniti Fiber – Uniti Fiber revenues for the six months ended June 30, 2024 and 2023 consisted of the following:

(Dollars in Thousands)	Six Months Ended June 30, 2024 Amount	2024 % of Segment Revenues	2023 Amount	2023 % of Segment Revenues
Uniti Fiber revenues:				
Lit backhaul services	$ 40,367	27.7%	$ 38,975	25.9%
Enterprise and wholesale	51,220	35.2%	45,986	30.6%
E-Rate and government	27,318	18.8%	28,036	18.7%
Dark fiber and small cells	24,826	17.1%	35,784	23.8%
Other services	1,727	1.2%	1,478	1.0%
Total Uniti Fiber revenues	$ 145,458	100.0%	$ 150,259	100.0%

For the six months ended June 30, 2024, Uniti Fiber revenues totaled $145.5 million as compared to $150.3 million for the six months ended June 30, 2023. Uniti Fiber revenues decreased by $4.8 million, primarily attributable to a $11.0 million decrease in Dark fiber and small cells, driven primarily by one-time cancellation revenues, partially offset by a $5.2 million increase in Enterprise and wholesale, driven primarily by increased internet services, and a $1.4 million increase in Lit backhaul services, driven primarily by one-time cancellation revenues.

Interest Expense, net

(Thousands)	Six Months Ended June 30, 2024	2023	Increase / (Decrease)
Interest expense, net:			
Cash:			
Senior secured notes	$ 153,800	$ 168,207	$ (14,407)
Senior unsecured notes	70,858	71,160	(302)
Senior secured revolving credit facility - variable rate	5,884	4,633	1,251
ABS Loan Facility	7,563	—	7,563
Interest rate cap	19	—	19
Other	(1,305)	709	(2,014)
Total cash interest	236,819	244,709	(7,890)
Non-cash:			
Amortization of deferred financing costs and debt discount	10,950	9,454	1,496
Write off of deferred financing costs and debt discount	—	10,412	(10,412)
Accretion of settlement payable	3,660	5,776	(2,116)
Gain on extinguishment of debt	—	(1,269)	1,269
Interest rate cap	720	—	720
Capitalized interest	(1,463)	(530)	(933)
Total non-cash interest	13,867	23,843	(9,976)
Total interest expense, net	$ 250,686	$ 268,552	$ (17,866)

Interest expense for the six months ended June 30, 2024 decreased $17.9 million compared to the six months ended June 30, 2023. The decrease is primarily attributable to a loss on extinguishment of debt of $32.3 million recognized in the first quarter of 2023 related to the 7.875% senior secured notes due 2025 (the "2025 Secured Notes"), which included $10.3 million of non-cash interest expense for the write off of the unamortized discount and deferred financing costs and $22.0 million of cash interest expense for the redemption premium, partially offset by an increase in cash interest on our senior secured notes and the ABS Loan Facility of $15.2 million.

Depreciation and Amortization Expense

(Thousands)	Six Months Ended June 30, 2024	2023	Increase / (Decrease)
Depreciation and amortization expense by segment:			
Depreciation expense			
Uniti Leasing	$ 86,135	$ 85,404	$ 731
Uniti Fiber	54,524	53,729	795
Corporate	27	30	(3)
Total depreciation expense	140,686	139,163	1,523
Amortization expense			
Uniti Leasing	3,458	3,458	—
Uniti Fiber	11,393	11,421	(28)
Total amortization expense	14,851	14,879	(28)
Total depreciation and amortization expense	$ 155,537	$ 154,042	$ 1,495

Uniti Leasing – Uniti Leasing depreciation expense increased $0.7 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase is primarily attributable to asset additions since June 30, 2023 of $1.3 million, partially offset by the decrease associated with the CableSouth network sale in the first quarter of 2024 of $0.5 million.

Uniti Fiber – Uniti Fiber depreciation expense increased $0.8 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase is primarily attributable to asset additions since June 30, 2023.

General and Administrative Expense

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

	Six Months Ended June 30,			
	2024		2023	
(Dollars in Thousands)	Amount	% of Consolidated Revenues	Amount	% of Consolidated Revenues
General and administrative expense by segment:				
Uniti Leasing	$ 5,931	1.0 %	$ 6,045	1.0 %
Uniti Fiber	32,311	5.6 %	31,102	5.4 %
Corporate	15,607	2.7 %	14,703	2.6 %
Total general and administrative expenses	$ 53,849	9.3 %	$ 51,850	9.0 %

Uniti Leasing – Uniti Leasing general and administrative expense decreased $0.1 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

Uniti Fiber – Uniti Fiber general and administrative expense increased $1.2 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, which is primarily attributable to increases in personnel expense of $0.6 million and insurance expense of $0.5 million.

Corporate – Corporate general and administrative expense increased $0.9 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, which is primarily attributable to an increase in legal fees of $2.1 million, partially offset by decreases in personnel expenses of $0.6 million and insurance expenses of $0.5 million.

Operating Expense

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

	Six Months Ended June 30,			
	2024		2023	
(Dollars in Thousands)	Amount	% of Consolidated Revenues	Amount	% of Consolidated Revenues
Operating expense by segment:				
Uniti Leasing	$ 11,727	2.0%	$ 11,043	1.9%
Uniti Fiber	60,507	10.4%	61,443	10.7%
Total operating expenses	$ 72,234	12.4%	$ 72,486	12.6%

Uniti Leasing – Uniti Leasing operating expense increased $0.7 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase is primarily attributable to increases in leased asset costs of $1.2 million and repairs and maintenance expense of $0.2 million, partially offset by decreases in professional fees of $0.3 million and other non-recurring operating expenses of $0.5 million.

Uniti Fiber — Uniti Fiber operating expenses decreased $0.9 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, which is primarily attributable to a decrease in off network expense of $2.3 million, partially offset by an increase in non-recurring installation and equipment expense of $1.3 million and maintenance and repairs expenses of $0.3 million.

Transaction Related and Other Costs

Transaction related and other costs during the six months ended June 30, 2024 and 2023 included acquisition, pursuit, transaction and integration costs (including unsuccessful acquisition pursuit costs). For the six months ended June 30, 2024, we incurred $16.7 million of transaction related and other costs, compared to $8.4 million of such costs during the six months ended June 30, 2023. The increase relates primarily to costs associated with the Merger.

Other (Income) Expense, net

Other (income) expense, net changed $20.2 million for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023, which included $20.6 million of costs related to the issuance of the February 2028 Secured Notes.

Income Tax Benefit
The income tax benefit recorded for the six months ended June 30, 2024 and 2023, respectively, is related to the tax impact of the following:

	Six Months Ended June 30,	
(Thousands)	2024	2023
Income tax benefit		
Pre-tax loss (Uniti Fiber)	$ (8,750)	$ (7,555)
REIT state and local taxes	771	759
Other	45	27
Total income tax benefit	$ (7,934)	$ (6,769)

Non-GAAP Financial Measures

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

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

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

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

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

The reconciliation of our net income to EBITDA and Adjusted EBITDA and of our net income attributable to common shareholders to FFO and AFFO for the three and six months ended June 30, 2024 and 2023 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands)	2024	2023	2024	2023
Net income	$ 18,281	$ 25,638	$ 59,629	$ 6,427
Depreciation and amortization	78,052	77,267	155,537	154,042
Interest expense, net	127,475	119,689	250,686	268,552
Income tax benefit	(2,571)	(4,357)	(7,934)	(6,769)
EBITDA	$ 221,237	$ 218,237	$ 457,918	$ 422,252
Stock based compensation	3,397	3,130	6,745	6,260
Transaction related and other costs	10,977	5,576	16,664	8,364
Gain on sale of real estate	—	—	(18,999)	—
Other, net	1,048	469	2,959	20,982
Adjustments for equity in earnings from unconsolidated entities	—	755	—	1,510
Adjusted EBITDA	$ 236,659	$ 228,167	$ 465,287	$ 459,368

(Thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net income attributable to common shareholders	$ 17,550	$ 25,299	$ 58,438	$ 5,845
Real estate depreciation and amortization	55,615	55,062	111,545	109,578
Gain on sale of real estate, net of tax	—	—	(18,951)	—
Participating securities share in earnings	723	322	1,159	569
Participating securities share in FFO	(1,470)	(730)	(2,295)	(977)
Real estate depreciation and amortization from unconsolidated entities	—	435	—	870
Adjustments for noncontrolling interests	(9)	(25)	(25)	(50)
FFO attributable to common shareholders	$ 72,409	$ 80,363	$ 149,871	$ 115,835
Transaction related and other costs	10,977	5,576	16,664	8,364
Amortization of deferred financing costs and debt discount	5,915	4,491	10,950	9,454
Write off of deferred financing costs and debt discount	—	—	—	10,412
Costs related to the early repayment of debt	—	—	—	51,997
Stock based compensation	3,397	3,130	6,745	6,260
Non-real estate depreciation and amortization	22,437	22,205	43,992	44,464
Straight-line revenues and amortization of below-market lease intangibles	(8,216)	(9,789)	(17,038)	(19,216)
Maintenance capital expenditures	(1,909)	(1,916)	(3,998)	(3,744)
Other, net	(12,753)	(13,417)	(27,298)	(26,078)
Adjustments for equity in earnings from unconsolidated entities	—	320	—	640
Adjustments for noncontrolling interests	(3)	(5)	(8)	(37)
AFFO attributable to common shareholders	$ 92,254	$ 90,958	$ 179,880	$ 198,351

Liquidity and Capital Resources

Our principal liquidity needs are to fund operating expenses, meet debt service obligations, fund investment activities, including capital expenditures, and make dividend distributions. Furthermore, following consummation of our settlement agreement with Windstream, including entry into the Windstream Leases, we are obligated (i) to make $490.1 million of cash payments to Windstream in equal installments over 20 consecutive quarters beginning in October 2020 and (ii) to reimburse Windstream for up to an aggregate of $1.75 billion for Growth Capital Improvements in long-term value accretive fiber and related assets made by Windstream through 2029. To date, we have paid $362.4 million of the $490.1 million due to Windstream under the settlement agreement. Uniti's reimbursement commitment for Growth Capital Improvements does not require Uniti to reimburse Windstream for maintenance or repair expenditures (except for costs incurred for fiber replacements to the CLEC MLA leased property, up to $70 million during the term), and each such reimbursement is subject to underwriting standards. Uniti's total annual reimbursement commitments for the Growth Capital Improvements under both Windstream Leases (and under separate equipment loan facilities) were limited to $225 million in 2022 and 2023, and are limited to $225 million per year in 2024; $175 million per year in 2025 and 2026; and $125 million per year in 2027 through 2029.

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

As of June 30, 2024, we had total cash and cash equivalents of $131.5 million, including $12.7 million of restricted cash and cash equivalents, approximately $500.0 million of borrowing availability under our revolving credit facility maturing on September 24, 2027 under the Credit Agreement (the "Revolving Credit Facility"), and up to $75.0 million of borrowing capacity under our ABS Loan Facility, subject to satisfying certain financial metrics and transferring certain additional assets into the facility as collateral, which we expect to occur within twelve months. Subsequent to June 30, 2024, other than $34.2 million of Growth Capital Improvements (see *"Result of Operations—Revenues"* above), there have been no material outlays of funds outside of our scheduled interest and dividend payments. Availability under our Revolving Credit Facility is subject to various conditions, including a maximum secured leverage ratio of 5.0:1. In addition, if we incur debt under our Revolving Credit Facility or otherwise such that our total leverage ratio exceeds 6.5:1, our Revolving Credit Facility would impose significant restrictions on our ability to pay dividends. See "—Dividends."

	Six Months Ended June 30,	
(Thousands)	2024	2023
Cash flow from operating activities:		
Net cash provided by operating activities	$ 174,338	$ 199,831

Cash provided by operating activities is primarily attributable to our leasing activities, which includes the leasing of mission-critical communications assets to anchor customers on either an exclusive or shared-tenant basis, in addition to the leasing of dark fiber network assets to the telecommunications industry. Cash used in operating activities includes compensation and related costs, interest payments, and other changes in working capital. Net cash provided by operating activities was $174.3 million and $199.8 million for the six months ended June 30, 2024 and 2023, respectively. The decrease in net cash provided by operating activities during the six months ended June 30, 2024 is primarily attributable to an increase in cash interest expense and changes in working capital.

	Six Months Ended June 30,	
(Thousands)	2024	2023
Cash flow from investing activities:		
Capital expenditures	$ (262,758)	$ (247,269)
Proceeds from sale of other equipment	435	1,169
Proceeds from sale of real estate	40,039	—
Proceeds from sale of unconsolidated entity	40,000	—
Net cash used in investing activities	$ (182,284)	$ (246,100)

Net cash used in investing activities decreased $63.8 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2024, primarily driven by proceeds from the sale of our investment in BB Fiber Holdings LLC of $40.0 million, proceeds from the sale of the CableSouth network of $40.0 million, and a decrease in Uniti Fiber capital expenditures of $25.8 million, partially offset by an increase in Growth Capital Improvements of $37.9 million, which we classify as success-based capital expenditures. Capital expenditures are primarily related to our Uniti Fiber and Uniti Leasing businesses for deployment of network assets, as described below under "—Capital Expenditures."

(Thousands)	Six Months Ended June 30, 2024	2023
Cash flow from financing activities:		
Repayment of debt	$ (122,942)	$ (2,263,662)
Proceeds from issuance of notes	309,000	2,600,000
Dividends paid	(108,445)	(71,594)
Payments of settlement payable	(49,011)	(49,011)
Borrowings under revolving credit facility	125,000	245,000
Payments under revolving credit facility	(333,000)	(347,000)
Proceeds from ABS Loan Facility	275,000	—
Finance lease payments	(1,265)	(799)
Payments for financing costs	(15,778)	(26,955)
Payment for settlement of common stock warrant	—	(56)
Termination of bond hedge option	—	59
Costs related to the early repayment of debt	—	(44,303)
Distributions paid to noncontrolling interests	(37)	(32)
Payment for noncontrolling interest	(92)	—
Employee stock purchase program	326	314
Payments related to tax withholding for stock-based compensation	(1,583)	(1,350)
Net cash provided by financing activities	$ 77,173	$ 40,611

Net cash provided by financing activities was $77.2 million for the six months ended June 30, 2024, which was primarily related to the $309.0 million proceeds from issuance of the Additional February 2028 Secured Notes and $275.0 million of proceeds from the ABS Loan Facility, partially offset by $122.9 million repayment of debt, net payments under the Revolving Credit Facility of $208.0 million, dividend payments of $108.4 million, repayments of the settlement payable of $49.0 million, and payments for financing costs of $15.8 million. Net cash provided by financing activities was $40.6 million for the six months ended June 30, 2023, which was primarily related to proceeds from issuance of the February 2028 Secured Notes of $2.6 billion, offset by repayment of the 2025 Secured Notes of $2.3 billion, net payments under the Revolving Credit Facility of $102.0 million, dividend payments of $71.6 million, repayments of the settlement payable of $49.0 million, costs related to the early repayment of the 2025 Secured Notes of $44.3 million, and payments for financing costs of $27.0 million.

Windstream Leases

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

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

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

Uniti and Windstream have entered into separate ILEC and CLEC Equipment Loan and Security Agreements (collectively “Equipment Loan Agreement”) in which Uniti will provide up to $125 million (limited to $25 million in any calendar year) of the $1.75 billion of Growth Capital Improvements commitments discussed above in the form of loans for Windstream to purchase equipment related to network upgrades or to be used in connection with the Windstream Leases. Interest on these loans will accrue at 8% from the date of the borrowing. All equipment financed through the Equipment Loan Agreement is the sole property of Windstream; however, Uniti will receive a first-lien security interest in the equipment purchased with the loans. No such loans have been made as of June 30, 2024.

UPREIT Operating Partnership Units

Our UPREIT structure enables us to acquire properties by issuing to sellers, as a form of consideration, limited partnership interests in our operating partnership, (commonly called “OP Units”). We believe that this structure will facilitate our ability to acquire individual properties and portfolios of properties by enabling us to structure transactions which will defer taxes payable by a seller while preserving our available cash for other purposes, including the possible payment of dividends. We would expect to eliminate this structure when we complete the Windstream combination.

Outlook

We anticipate continuing to invest in our network infrastructure across our Uniti Leasing and Uniti Fiber portfolios. We anticipate that we will partially finance these needs, as well as operating expenses (including our debt service obligations), from our cash on hand, borrowings under our Revolving Credit Facility and ABS Loan Facility, and cash flows provided by operating activities. As of June 30, 2024, we had $500.0 million in borrowing availability under our Revolving Credit Facility. Additionally, we have up to $75.0 million in borrowing availability under our ABS Loan Facility, subject to satisfying certain financial metrics and transferring certain additional assets into the facility as collateral, which we expect will occur within twelve months. However, we may need to access the capital markets to generate additional funds in an amount sufficient to fund our business operations, announced investment activities, capital expenditures, including reimbursement commitments for Growth Capital Improvements, debt service, and distributions to our shareholders. We are closely monitoring the equity and debt markets and may seek to access them promptly if and when we determine market conditions are appropriate.

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

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

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

Capital Expenditures

	Six Months Ended June 30, 2024			
(Thousands)	Success Based	Maintenance	Non-Network	Total
Capital expenditures				
Uniti Leasing	$ 12,643	$ —	$ —	$ 12,643
Growth capital improvements	196,651	—	—	196,651
Uniti Fiber	49,000	3,998	450	53,448
Corporate	—	—	16	16
Total capital expenditures	$ 258,294	$ 3,998	$ 466	$ 262,758

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

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

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

Dividends

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

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

Period	Payment Date	Cash Dividend Per Share	Record Date
January 1, 2024 - March 31, 2024	April 12, 2024	$ 0.15	March 28, 2024
April 1, 2024 - June 30, 2024	June 28, 2024	$ 0.15	June 14, 2024

Under the Merger Agreement with Windstream, we have agreed to suspend dividend payments or other distributions until the consummation of the Merger, except for the dividend paid on June 28, 2024 and those dividends reasonably required for us or our subsidiaries to maintain its status as a REIT or to avoid the payment or imposition of income or excise tax, among other customary exceptions. Any dividends must be declared by our Board of Directors, which will take into account various factors including our current and anticipated operating results, our financial position, REIT requirements, conditions prevailing in the market, restrictions in our debt documents and additional factors they deem appropriate. Dividend payments are not guaranteed, and our Board of Directors may decide, in its absolute discretion, at any time and for any reason, not to pay dividends or to change the amount paid as dividends.

Critical Accounting Estimates

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

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

For further information on our critical accounting estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the notes to our audited financial statements included in our Annual Report. As of June 30, 2024, there has been no material change to these estimates.

Recent Accounting Guidance

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes from the information reported under Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

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

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024, and based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2024.

Remediation of Previously Disclosed Material Weakness in Internal Control Over Financial Reporting

As disclosed in Part II, Item 9A "Controls and Procedures” in our Annual Report, during the fourth quarter of 2023, we identified a material weakness in our internal control over financial reporting due to ineffective controls over the annual goodwill impairment assessment. Specifically, the Company did not have a sufficient complement of personnel with appropriate technical expertise to perform an effective risk assessment related to determining the income tax impact of goodwill impairments. As a result, certain control activities in the goodwill and tax processes were not designed and implemented effectively. Management initiated a plan to remediate the material weakness, and implemented improvements to the design and operation of control activities and procedures associated with the annual goodwill impairment assessment.

During the quarter ended June 30, 2024, we completed our testing of the design of the actions discussed above. We have concluded that the enhanced control processes have now been designed so as to provide reasonable assurance as to their operating effectiveness, and, as a result, we believe that the material weakness described above was remediated as of June 30, 2024.

Management believes that our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q have been prepared in accordance with US GAAP. Our principal executive officer and principal financial officer have certified that, based on such officer's knowledge, the Condensed Consolidated Financial Statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report.

Changes in Internal Control over Financial Reporting

Other than the changes made in response to the material weakness as described above, there were no changes in our internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, that occurred during the quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

A description of legal proceedings can be found in Note 12 - Commitments and Contingencies to our Condensed Consolidated Financial Statements, included in Part I, Item 1" Financial Statements" of this Quarterly Report on Form 10-Q, and is incorporated by reference into this Item 1.

Item 1A. Risk Factors.

There have been no material changes to the risk factors affecting our business that were discussed in Part II, Item 1A "Risk Factors" in our Quarterly Report on Form 10-Q filed with the SEC on May 3, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

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

Period	Total Number of Shares Purchased	Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2024 to April 30, 2024	75	$ 5.74	—	—
May 1, 2024 to May 31, 2024	1,517	4.45	—	—
June 1, 2024 to June 30, 2024	—	—	—	—
Total	1,592	$ 4.51	—	—

[1] The average price paid per share is the weighted average of the fair market prices at which we calculated the number of shares withheld to cover tax withholdings for the employees.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not Applicable

Item 5. Other Information.

(a) None

(b) None

(c) During the three months ended June 30, 2024, none of the Company’s directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits.

Exhibit Number	Description

2.1#	Agreement and Plan of Merger, dated as of May 3, 2024, by and between Uniti Group Inc. and Windstream Holdings II, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated and filed with the SEC as of May 3, 2024 (File No. 001-36708))
2.2*#	Amendment No. 1 to Agreement and Plan of Merger, dated July 17, 2024, by and between Uniti Group Inc. and Windstream Holdings II, LLC
4.1	Indenture, dated May 17, 2024, by and among Uniti Group LP, Uniti Group Finance 2019 Inc., Uniti Fiber Holdings Inc. and CSL Capital, LLC, as Issuers, the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee and collateral agent, governing the 10.50% Senior Secured Notes due 2028 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated and filed with the SEC as of May 17, 2024 (File No. 001-36708))
4.2	Form of 10.50% Senior Secured Notes due 2028 (included in Exhibit 4.1) (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated and filed with the SEC as of May 17, 2024 (File No. 001-36708))
10.1	Voting Agreement, dated as of May 3, 2024, between Uniti Group Inc., Elliott Investment Management L.P., Elliott Associates, L.P., Elliott International, L.P. and DEVONIAN II ICAV (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated and filed with the SEC as of May 3, 2024 (File No. 001-36708))
10.2	Unitholder Agreement, dated as of May 3. 2024, by and between Uniti Group Inc., Elliott Investment Management L.P., Elliott Associates, L.P., Elliott International, L.P., Nexus Aggregator L.P. and, solely for purposes of Section 2(b), Windstream Holdings II, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated and filed with the SEC as of May 3, 2024 (File No. 001-36708))
10.3	Unitholder Agreement, dated as of May 3. 2024, by and between Uniti Group Inc. and certain Windstream investors (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated and filed with the SEC as of May 3, 2024 (File No. 001-36708))
10.4	Form Stockholder Agreement, to be entered into by and among New Uniti, Elliott Investment Management L.P., Elliott Associates, L.P., Elliott International, L.P., Nexus Aggregator L.P. and DEVONIAN II ICAV (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated and filed with the SEC as of May 3, 2024 (File No. 001-36708))
10.5	Form Stockholder Agreement, to be entered into by and among New Uniti and certain Windstream investors (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated and filed with the SEC as of May 3, 2024 (File No. 001-36708))
10.6	Form of Performance-Based Restricted Stock Unit Agreement for executive officers (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 16, 2024 and filed with the SEC as of May 20, 2024 (File No. 001-36708))
10.7	Form of Restricted Shares Agreement for executive officers (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated May 16, 2024 and filed with the SEC as of May 20, 2024 (File No. 001-36708))

10.8	Amendment No. 9 to the Credit Agreement, dated as of June 17, 2024, among Uniti Group LP, Uniti Group Finance Inc. and CSL Capital LLC, as borrowers, the guarantor party thereto, the lenders party thereto, and Bank of America, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 17, 2024 and filed with the SEC as of June 18, 2024 (File No. 001-36708))
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

\# Schedules and similar attachments have been omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule or similar attachment will be furnished to the Securities and Exchange Commission upon request.

SIGNATURES

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

UNITI GROUP INC.

Date:	August 1, 2024	/s/ Paul E. Bullington **Paul E. Bullington** **Senior Vice President – Chief Financial Officer and Treasurer** **(Principal Financial Officer)**
Date:	August 1, 2024	/s/ Travis T. Black **Travis T. Black** **Senior Vice President – Chief Accounting Officer** **(Principal Accounting Officer)**

AMENDMENT NO. 1 TO AGREEMENT AND PLAN OF MERGER

This AMENDMENT NO. 1 TO AGREEMENT AND PLAN OF MERGER (this "**Amendment**"), is made and entered into as of July 17, 2024, by and between Uniti Group Inc., a Maryland corporation ("**Uniti**"), and Windstream Holdings II, LLC, a Delaware limited liability company ("**Windstream**"). Capitalized terms used but not defined in this Amendment have the meanings given to such terms in the Merger Agreement (as defined below).

W I T N E S S E T H:

WHEREAS the parties hereto have entered into that certain Agreement and Plan of Merger, dated as of May 3, 2024, (the "**Merger Agreement**");

WHEREAS, pursuant to Section 12.03(a) of the Merger Agreement, the provisions of the Merger Agreement may be amended if in writing and signed by Uniti and Windstream; and

WHEREAS the parties hereto wish to amend the Merger Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants, agreements and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Amendments to Merger Agreement. From and after the date of this Amendment, the Merger Agreement is hereby amended as follows:

(A) Exhibit J to the Merger Agreement is hereby deleted in its entirety and replaced with the form set forth as Exhibit A to this Amendment.

(B) Exhibit K to the Merger Agreement is hereby deleted in its entirety and replaced with the form set forth as Exhibit B to this Amendment.

(C) Exhibit N to the Merger Agreement is hereby deleted in its entirety and replaced with the form set forth as Exhibit C to this Amendment.

(D) Sections 7.03(a) – (e) are hereby deleted in their entirety and replaced as follows:

"Windstream shall cause New Uniti to, and New Uniti shall, do the following:

(a) For six years after the Effective Time, New Uniti shall, or shall cause each of Windstream and the Surviving Corporation, as applicable, to, indemnify and hold harmless the present and former directors, managers, officers, employees, fiduciaries and agents of Windstream, Uniti and their respective Subsidiaries and any individuals serving in such capacity at or with respect to other Persons at Windstream's, Uniti's or its Subsidiaries request (each, an "**Indemnified Person**") from and against any losses, damages, liabilities, costs, expenses (including attorneys' fees), judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of any thereof) in respect of the Indemnified Persons' having served in such capacity prior to the Effective Time, in each case to the fullest extent permitted by the DGCL, MGCL or any other Applicable Law or provided under Windstream's or its Subsidiaries' organizational documents or Uniti's charter and bylaws or other organizational documents of Uniti or any of its Subsidiaries, as applicable, in effect on the date hereof; *provided* that such indemnification shall be subject to any limitation imposed from time to time under Applicable Law. If any Indemnified Person is made party to any Proceeding or investigation arising out of or relating to matters that would be indemnifiable pursuant to the immediately preceding sentence, New Uniti shall, or shall cause the Surviving Corporation and/or Windstream, as applicable, to, advance fees, costs and expenses (including attorneys' fees and disbursements) as incurred by such Indemnified Person in connection with and prior to the final disposition of such Proceeding or investigation, in each case, on the same terms as provided in the applicable organizational documents in effect on the date hereof; *provided* that any Indemnified Person wishing to claim indemnification or advancement of expenses under this Section 7.03, upon learning of any such Proceeding, shall notify New Uniti (but the failure so to notify shall not relieve a party from any obligations that it may have under this Section 7.03 except to the extent such failure materially prejudices such party's position with respect to such claims).

(b) For six years after the Effective Time, New Uniti shall cause to be maintained in effect provisions in the charter, bylaws or other organizational documents of New Uniti, Windstream, the Surviving Corporation and their respective Subsidiaries (or in such documents of any successor to the business of Windstream, the Surviving Corporation or any such Subsidiary) regarding limitation of liability of directors, indemnification of directors, officers, employees, fiduciaries and agents and advancement of fees, costs and expenses that are no less advantageous to the intended beneficiaries than the corresponding provisions in existence on the date of this Agreement.

(c) From and after the Effective Time, New Uniti shall, and shall cause the Surviving Corporation, Windstream and their respective Subsidiaries to, honor and comply with their respective obligations under any indemnification agreement with any Indemnified Person prior to the date hereof, and not amend, repeal or otherwise modify any such agreement in any manner that would adversely affect any right of any Indemnified Person thereunder.

(d) Prior to the Effective Time, New Uniti shall obtain and fully pay the premiums for the non-cancellable extension of the directors' and officers' liability coverage of Windstream and Uniti's existing directors' and officers' insurance policies and Windstream and Uniti's existing fiduciary liability insurance policies (collectively, "**D&O Insurance**"), which D&O Insurance shall (i) be for a claims reporting or discovery period of at least six (6) years from and after the Effective Time with respect to any claim related to any period of time at or prior to the Effective Time; (ii) be from an insurance carrier with the same or better credit rating as Windstream or Uniti's respective current insurance carrier with respect to D&O Insurance and (iii) have terms, conditions, retentions and limits of liability that are, in the aggregate, no less favorable than the coverage provided under Windstream and Uniti's, as applicable, existing policies with respect to any actual or alleged error, misstatement, misleading statement, act, omission, neglect, breach of duty or any matter claimed against an Indemnified Person by reason of his or her having served in such capacity that existed or occurred at or prior to the Effective Time (including in connection with this Agreement or the Transactions or actions contemplated hereby); *provided* that New Uniti shall provide Uniti a reasonable opportunity to participate in the selection of such tail policy and the cost of any such tail policy shall not exceed 300% of the aggregate annual premium paid by the applicable party in respect of the D&O Insurance (which amount is set forth in Section 7.03(d) of the Uniti Disclosure Schedule); *provided further*, that if the aggregate premium of such tail policy exceeds such amount, New Uniti shall obtain a policy with the greatest coverage available, with respect to matters occurring prior to the Effective Time, for a cost not exceeding such amount.

(e) If New Uniti, Windstream, the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of New Uniti, Windstream or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 7.03."

(E) Section 8.11 is hereby amended to delete each reference to "the Surviving Corporation" and replace each such reference with "New Uniti".

2. Binding Effect. This Amendment will be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns.

3. Entire Agreement; Integration; References. The Merger Agreement, as amended by this Amendment, together with the other Transaction Agreements constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof. The provisions set forth in this Amendment shall be deemed to be and shall be construed as part of the Merger Agreement to the same extent as if fully set forth verbatim therein.

4. General. Except to the extent expressly modified hereby, the provisions of the Merger Agreement remain unmodified and are hereby confirmed as being in full force and effect. The headings in this Amendment are inserted for convenience of reference only and shall not be a part of or control or affect the meaning hereof.

5. Governing Law. Except to the extent the provisions of the MGCL and/or the Maryland Limited Liability Company Act are applicable to the Merger or to the standard of conduct of the members of the Uniti Board under Applicable Law, this Amendment and all Actions arising out of or relating to this Amendment shall be governed by and construed in

accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

6. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective when each party hereto shall have received a counterpart hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by each other party hereto, this Amendment shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date first written above.

UNITI GROUP INC.

By: /s/ Daniel Heard
Name: Daniel Heard
Title: EVP, General Counsel & Secretary

WINDSTREAM HOLDINGS II, LLC

By: /s/ Paul H. Sunu
Name: Paul H. Sunu
Title: Chief Executive Officer

Exhibit 31.1

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

I, Kenneth A. Gunderman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uniti Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2024 By: /s/Kenneth A. Gunderman

Kenneth A. Gunderman
President and Chief Executive Officer

Exhibit 31.2

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

I, Paul E. Bullington, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uniti Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2024

By: /s/ Paul E. Bullington

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

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Uniti Group Inc. (the “Company”) for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 1, 2024

By: /s/ Kenneth A. Gunderman

Kenneth A. Gunderman
President and Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Uniti Group Inc. (the “Company”) for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 1, 2024

By: /s/ Paul E. Bullington

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