

**Uniti**

**Fourth Quarter and Year End  
2017 Financial Results  
Conference Call Presentation**

*March 1, 2018*

# Safe Harbor

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*Certain statements in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended from time to time. Those forward-looking statements include all statements that are not historical statements of fact, including, without limitation, those regarding our business strategies, growth prospects, industry trends, sales opportunities, operating and financial performance, closing of the TPx transaction, and our 2018 financial results.*

*Words such as "anticipate(s)," "expect(s)," "intend(s)," "estimate(s)," "foresee(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 materially alter our expectations include, but are not limited to, the ability and willingness of our customers to meet and/or perform their obligations under any contractual arrangements entered into with us; the ability and willingness of our customers to renew their leases with us upon their expiration, and the ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we replace an existing tenant; the adverse impact of litigation affecting us or our customers; our ability to renew, extend or obtain contracts with significant customers (including customers of the businesses we acquire); the availability of and our ability to identify suitable acquisition opportunities and our ability to acquire and lease the respective properties on favorable terms; the risk that we fail to fully realize the potential benefits of acquisitions or have difficulty integrating acquired companies; our ability to generate sufficient cash flows to service our outstanding indebtedness; our ability to access debt and equity capital markets; the impact on our business or the business of our customers as a result of credit rating downgrades and fluctuating interest rates; our ability to retain our key management personnel; our ability to qualify or maintain our status as a real estate investment trust ("REIT"); changes in the U.S. tax law and other state, federal or local laws, whether or not specific to REITs; covenants in our debt agreements that may limit our operational flexibility; 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; the risk that the TPx transaction agreements may be modified or terminated prior to expiration; risks related to satisfying the conditions to the TPx transaction, and additional factors described in our reports filed with the SEC. Uniti expressly disclaims any obligation to release publicly any updates or revisions to any of the forward-looking statements set forth in this presentation to reflect any change in its expectations or any change in events, conditions or circumstances on which any statement is based.*

*This presentation may contain certain supplemental measures of performance that are not required by, or presented in accordance with, accounting principles generally accepted in the United States ("GAAP"). Such measures should not be considered as alternatives to GAAP. Further information with respect to and reconciliations of such measures to the nearest GAAP measure can be found herein.*

# Agenda

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- **Vision and Strategy**
- **2017 Financial Results**
- **2018 Outlook**
- **TPx Sale-Leaseback Transaction**
- **Q&A**

# Vision and Strategy

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- **Strong Demand for Communication Infrastructure**
  - 5G Technology Deployment
  - Network Densification with Dark Fiber and Small Cells
  - Wireless Carrier Capital Spending Accelerating
- **Shared Fiber Infrastructure Gaining Traction**
  - TPx Sale-Leaseback & Fiber Acquisition
  - Fiber Acquisition-Leaseback Discussions Expanding
- **Resurgence in Demand for new Towers and Tower Space**
  - Expansion of the new Red Compartida wholesale network in Mexico
  - FirstNet network Deployment in the U.S.
- **Well Positioned for Growth across all Segments**
  - Strong Uniti Fiber and Uniti Tower Contractual Backlog
  - Increasing Interest in Bundling Fiber and Tower Products and Services
  - Ample Leasable Capacity of Fiber, Small Cells and Towers

**Organic and M&A Growth Driving Diversification**

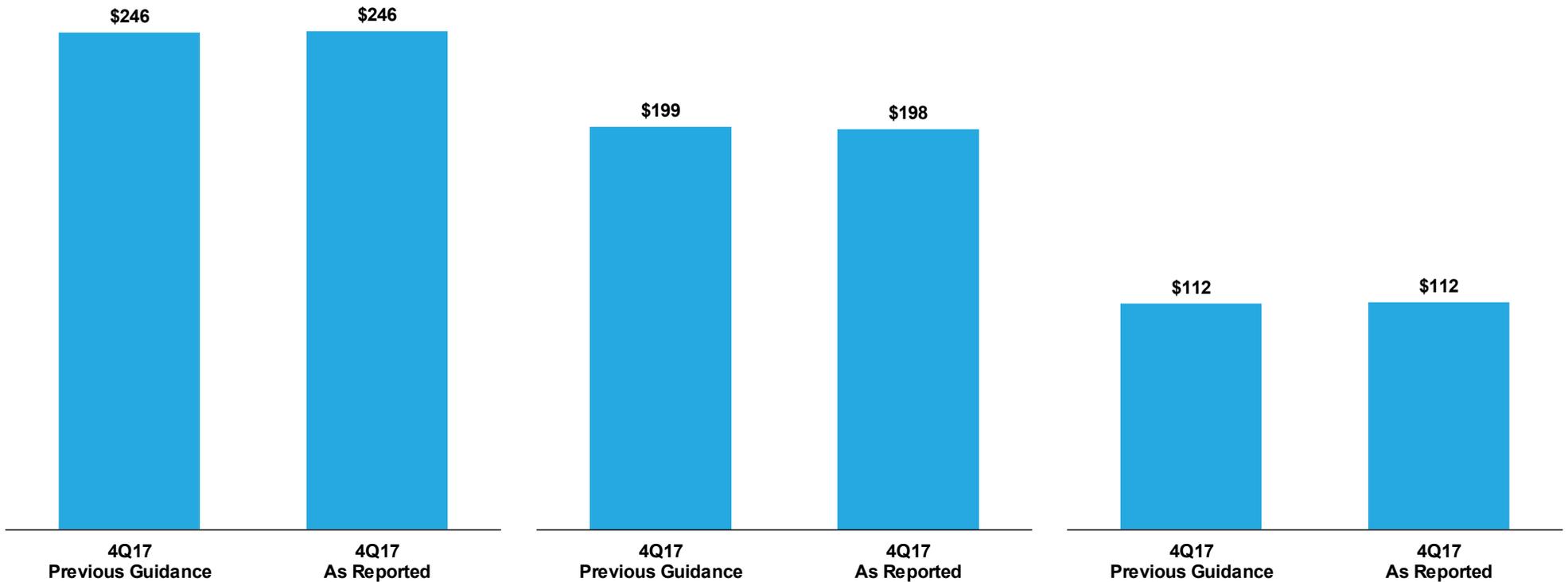
# Fourth Quarter 2017 Consolidated Results

(\$ in millions)

## Revenue

## Adjusted EBITDA<sup>(1)</sup>

## AFFO<sup>(1)</sup>

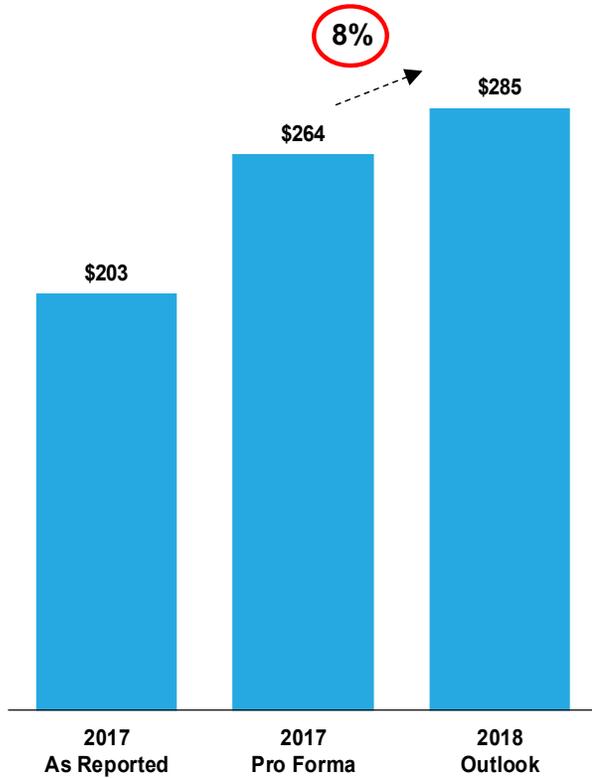


**Fourth Quarter Results Consistent with Guidance**

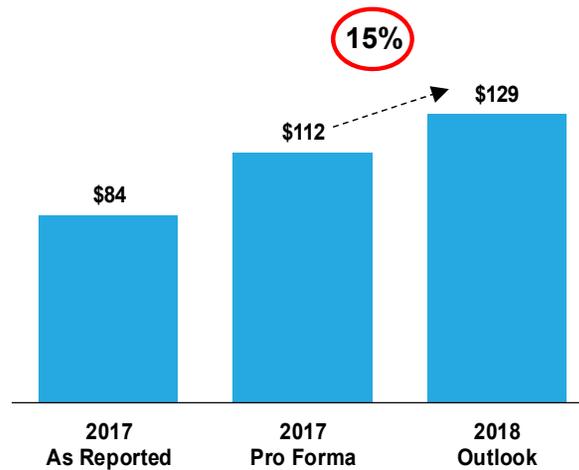
# Uniti Fiber 2018 Outlook<sup>(1)</sup>

(\$ in millions)

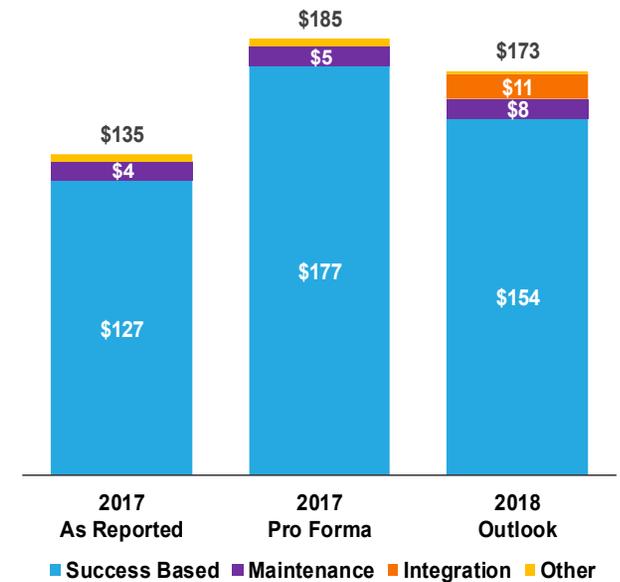
## Revenue<sup>(4)</sup>



## Adjusted EBITDA<sup>(2) (4)</sup>



## Net Capex<sup>(3) (4)</sup>

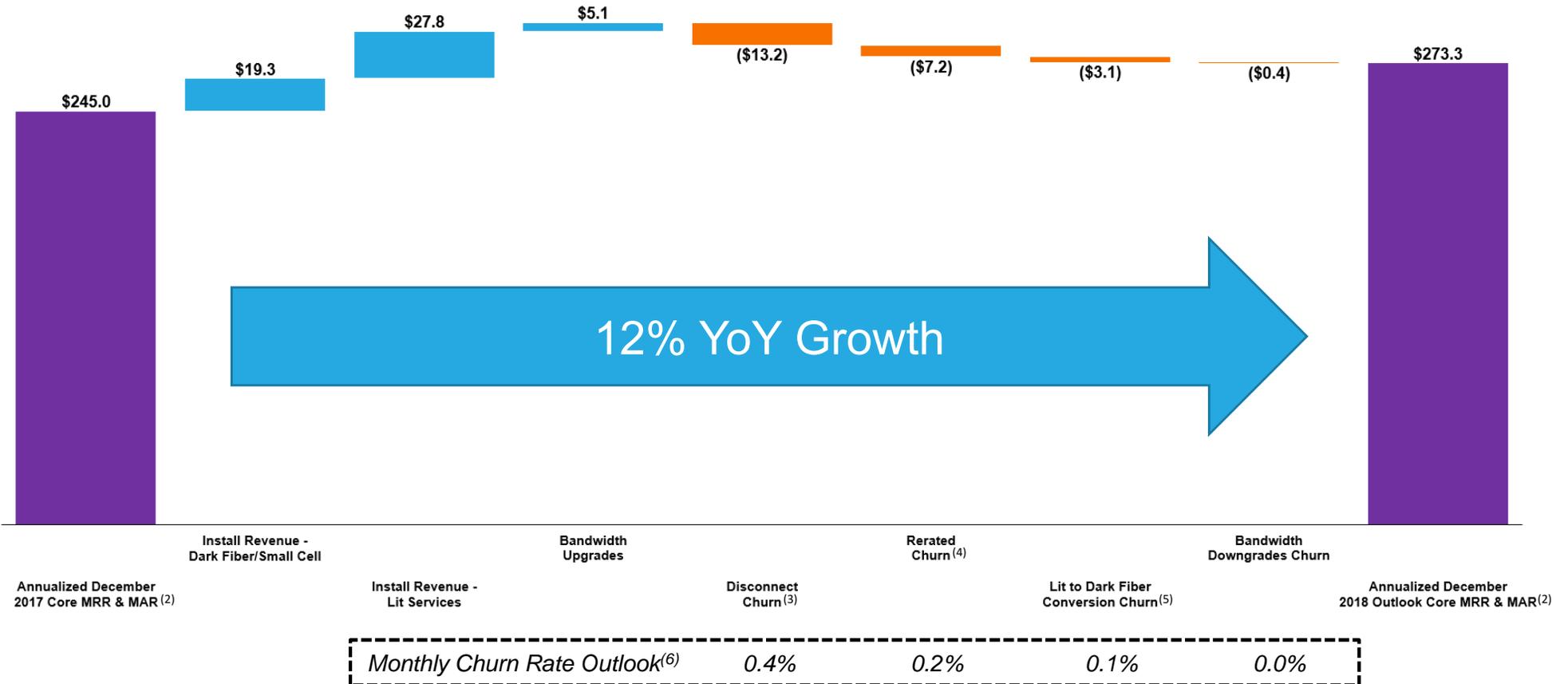


**Robust Backlog & Cost Savings Driving Strong Growth**

(1) 2018 Outlook is based on the mid-point of 2018 Outlook range provided in the Company's Earnings Release dated March 1, 2018.  
 (2) See Appendix for a reconciliation of Adjusted EBITDA to Net Income, the most closely comparable GAAP metric.  
 (3) Net Capex is defined as gross capital expenditures less up-front payments from customers.  
 (4) 2017 pro forma revenue, adjusted EBITDA and net capex assume the acquisitions of Southern Light and Hunt occurred on January 1, 2017.

# Uniti Fiber 2018 Core<sup>(1)</sup> MRR & MAR Growth Outlook

(\$ in millions)



**Good Visibility into 2018 Core Revenue Growth**

(1) Represents recurring revenue generated from leasing and lit services of the fiber network.

(2) Represents annualized core recurring revenue as of the last day of the year.

(3) Disconnect churn represents annualized monthly recurring revenue related to disconnects of customer connections.

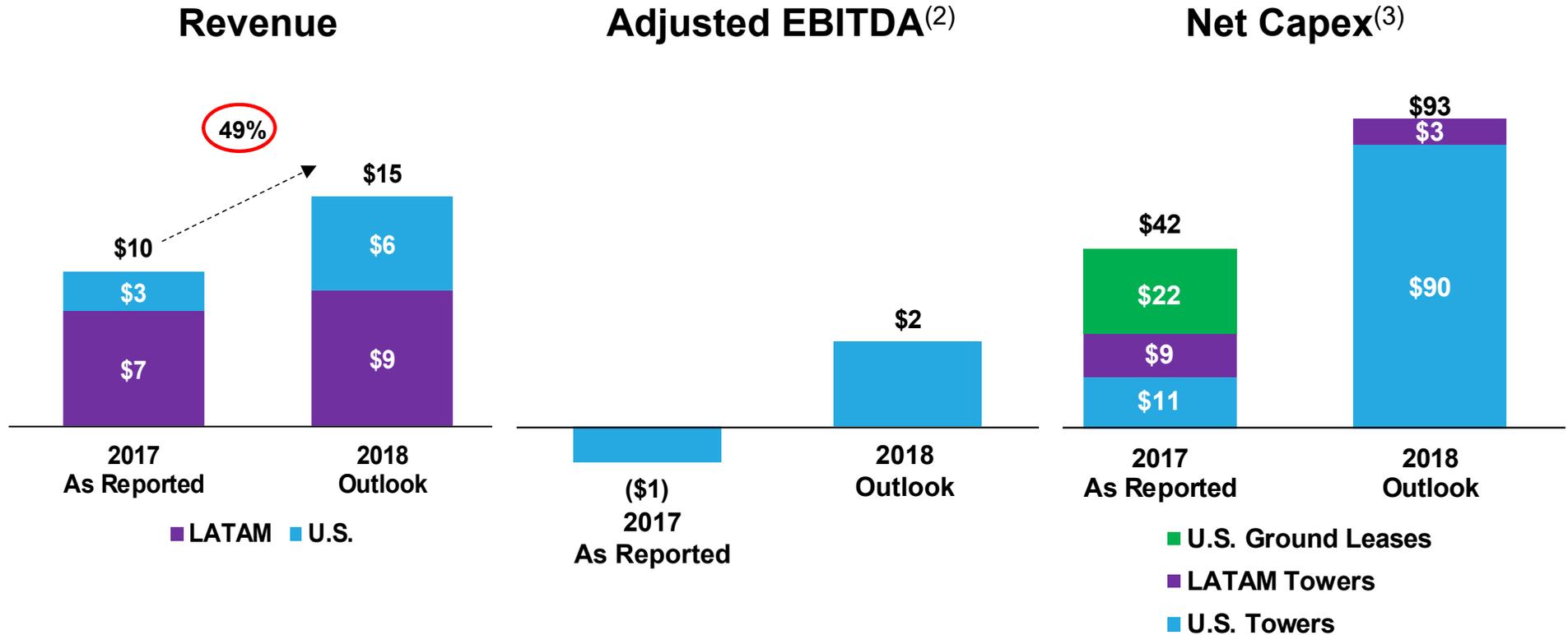
(4) Rerated churn represents annualized monthly recurring revenue related to change in price of customer connections.

(5) Lit to dark fiber conversion churn represents annualized monthly recurring revenue related to change in price of lit service connections converting to dark fiber connections.

(6) Monthly churn is calculated as monthly recurring revenue churn divided by core recurring revenue on the last day of the preceding year.

# Uniti Towers 2018 Outlook<sup>(1)</sup>

(\$ in millions)



**Expect LATAM Lease-up and U.S. BTS Towers to Drive Organic Growth**

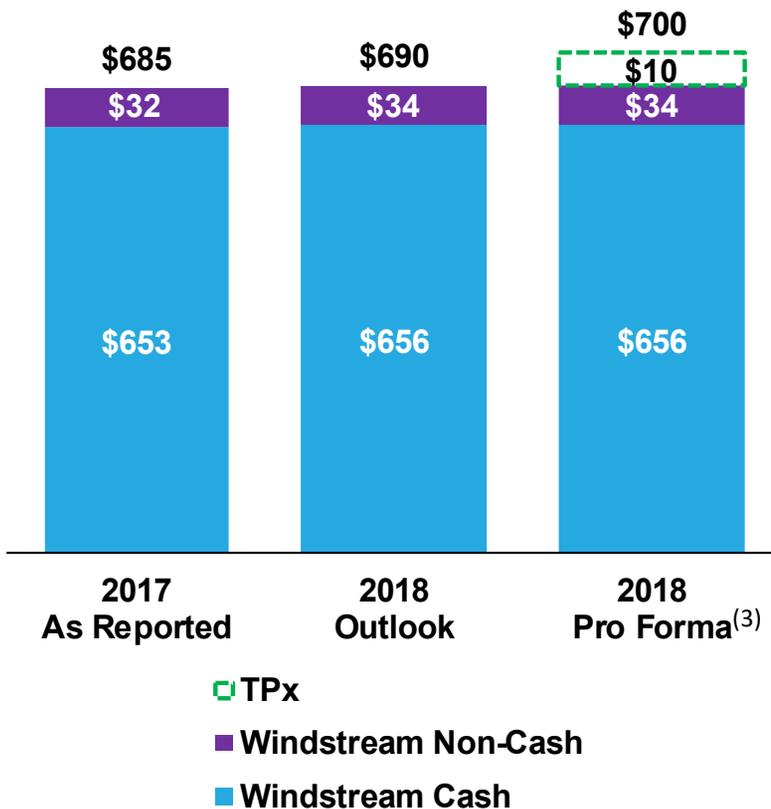


(1) 2018 Outlook is based on the mid-point of 2018 Outlook range provided in the Company's Earnings Release dated March 1, 2018.  
 (2) See Appendix for a reconciliation of Adjusted EBITDA to Net Income, the most closely comparable GAAP metric.  
 (3) Net Capex is defined as gross capital expenditures less up-front payments from customers.

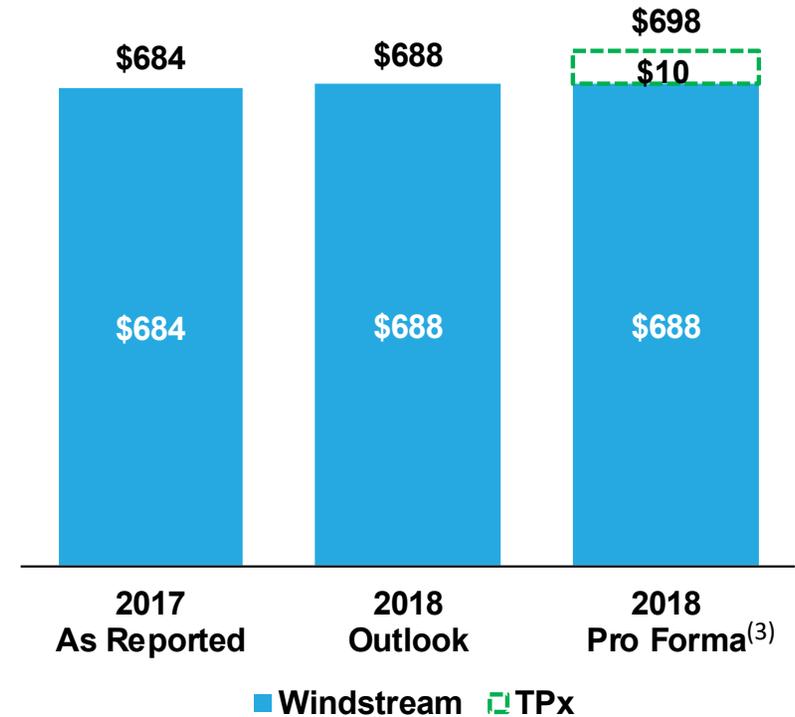
# Uniti Leasing 2018 Outlook<sup>(1)</sup>

(\$ in millions)

## Leasing Revenue



## Leasing Adjusted EBITDA<sup>(2)</sup>



**TPx is \$0.03 Pro Forma AFFO Accretive - Expect Leasing Activity to Accelerate**

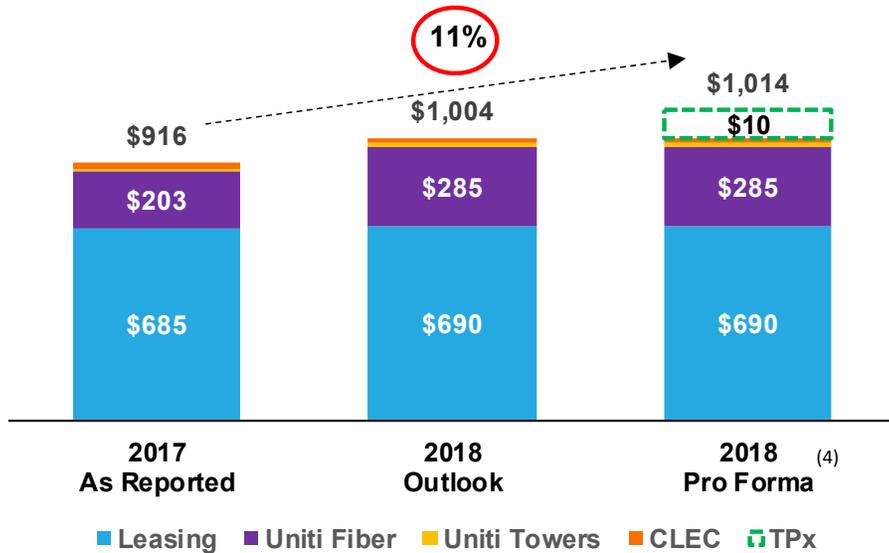


(1) 2018 Outlook is based on the mid-point of 2018 Outlook range provided in the Company's Earnings Release dated March 1, 2018.  
 (2) See Appendix for a reconciliation of Adjusted EBITDA to Net Income, the most closely comparable GAAP metric.  
 (3) 2018 pro forma revenue and Adjusted EBITDA assume the TPx transactions occurred on January 1, 2018.

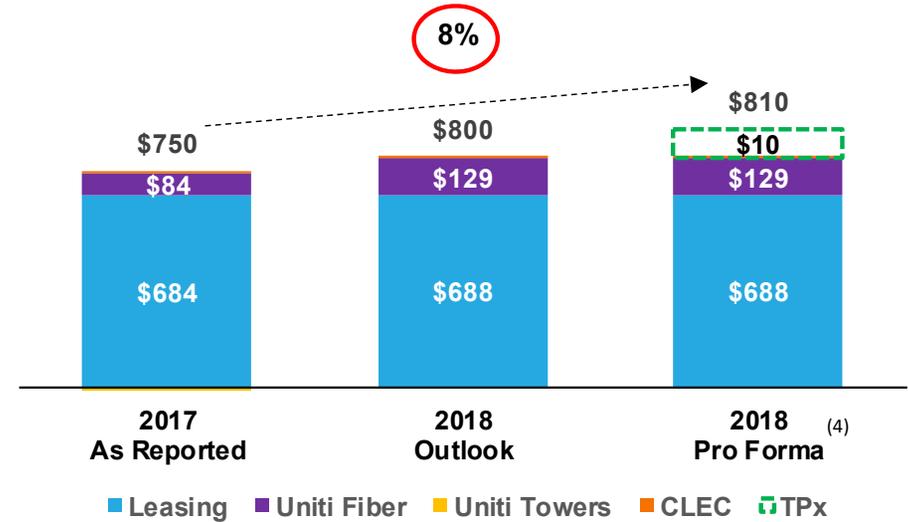
# Full Year 2018 Consolidated Outlook<sup>(1)</sup>

(\$ in millions, except per share data)

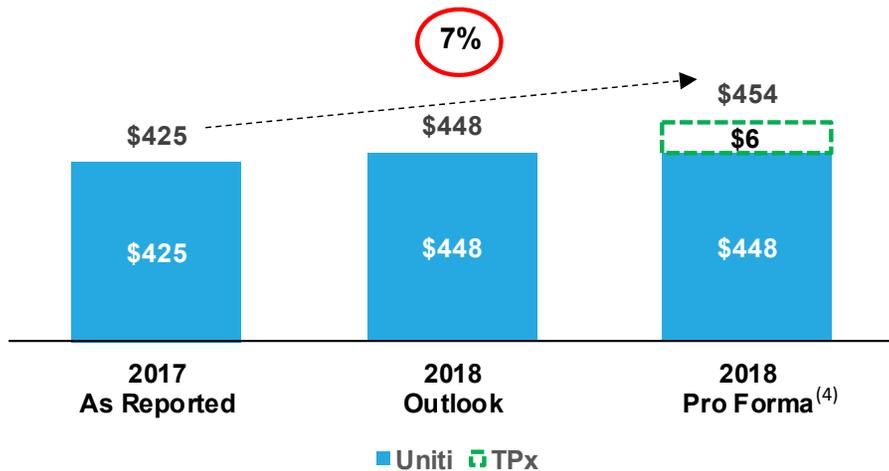
## Revenue



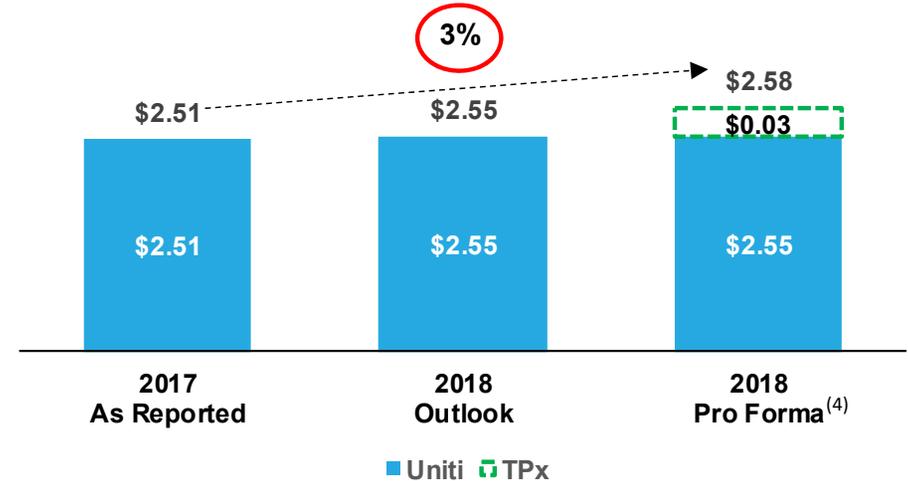
## Adjusted EBITDA<sup>(2) (3)</sup>



## AFFO<sup>(2)</sup>



## AFFO/Share<sup>(2)</sup>



**TPx Demonstrates Attractive Economics of Uniti Leasing**



(1) 2018 Outlook is based on the mid-point of 2018 Outlook range provided in the Company's Earnings Release dated March 1, 2018.  
 (2) See Appendix for a reconciliation of non-GAAP metrics to the most closely comparable GAAP metric.  
 (3) Adjusted EBITDA is net of corporate expenses of \$22 million in 2017 and 2018.  
 (4) 2018 pro forma revenue, adjusted EBITDA, AFFO and AFFO/Share assume the acquisition of TPx occurred on January 1, 2018.

# U.S. TelePacific Holding Corp. (“TPx”) and Lease Overview

- TPx is a privately-held Managed Services Provider of Unified Communications, Managed IT, Network and Business Continuity services to Mid-Sized, Multi-Location Enterprises
- 15 Year Triple Net Master Lease Transaction for continued use of Fiber Network
- Five 5-Year Lease Renewal Options at TPx’s Discretion
- \$8.8 Million in Initial Annual Rent with 1.5% Annual Escalators; Initial Investment Yield of 9.3%
- Uniti will have Right of First Refusal to Finance Future Major Tenant Capital Improvements
- Minimum Rent Coverage Ratio of 8.0x and Maximum Leverage Ratio of 5.5x
- Uniti will Own and have Exclusive Right to Lease 7,000 Dark Fiber Strands in TX
- Company will have Non-Exclusive Rights to Market, on behalf of TPx, 22,000 Dark Fiber Strands in CA and MA

## TPx Key Metrics<sup>(1)</sup>

|                               |               |
|-------------------------------|---------------|
| 2017 Revenue                  | \$679 million |
| Fiber Route Miles             | 648           |
| Fiber Strand Miles            | 45,100        |
| # of Customers                | ~32,000       |
| # of Data Centers             | 5             |
| Credit Ratings <sup>(2)</sup> | B / B3        |

## Stable Anchor Tenant and Strong Lease Protections



(1) Key Metrics as of December 31, 2017.

(2) Credit Ratings are based on reports by Standard & Poor's and Moody's, dated 4/3/17.

# TPx Transaction Summary

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## Consideration

- **\$95 million in Cash at Closing**
- 

## Financing

- **Funded with Available Unrestricted Cash and Borrowings under Uniti's \$750 million Revolving Credit Facility**
- 

## TPx Use of Proceeds

- **Primarily to Paydown Debt**
- 

## Closing Conditions and Timing

- **Regulatory and Other Approvals Required**
  - **Customary Closing Conditions**
  - **Expect to Close**
    - Non-CA Assets (\$25 million for ~ 25% of fiber assets) in 2Q18
    - CA Assets (\$70 million for ~ 75% of fiber assets) in 3Q18
-

# Uniti Strategic Asset Portfolio

| Business Units  | Uniti Towers         | Uniti Fiber           |                       |                          | Uniti Leasing         |
|---|----------------------|-----------------------|-----------------------|--------------------------|-----------------------|
| Assets  | Macro Towers         | Small Cell Nodes      | Backhaul Towers       | Fiber Strand Miles       | Fiber Strand Miles    |
| Units Owned   | 667                  | 2,400 <sup>(1)</sup>  | 5,750 <sup>(1)</sup>  | 1,400,000                | 3,500,000             |
| Utilization Rate  | 25%                  | 15%                   | 28%                   | 22%                      | 21% <sup>(2)</sup>    |
| Available Leasable Capacity                             | 2,000 <sup>(3)</sup> | 14,000 <sup>(4)</sup> | 19,000 <sup>(5)</sup> | 1,100,000 <sup>(6)</sup> | 29,000 <sup>(7)</sup> |
| Incremental Net Capex per New Connection <sup>(8)</sup> | -                    | \$7,000 - \$35,000    | \$20,000 - \$65,000   | \$0 - \$25,000           | -                     |
| Incremental Gross Margin %                              | 100%                 | 70% - 95%             | 80% - 90%             | 85% - 100%               | 100%                  |
| Incremental Yield <sup>(9)</sup>                        | 100%                 | 10% - 40%             | 15% - 45%             | 30% - 100%               | 100%                  |

## Significant Leasable Capacity with Attractive Incremental Yields

(1) Represents unique small cell nodes and unique backhaul towers that are in-service and part of Uniti Fiber's backlog.

(2) Utilization rate provided by tenants without verification and investors should not place undue reliance on the utilization rate.

(3) Based on an average of 4 tenants/tower less current tenants/tower, multiplied by the number of towers.

(4) Based on an average of 2 tenants/node less current tenants plus potential smalls cell nodes that could be feasibly built within 600 feet of existing owned Uniti Fiber network.

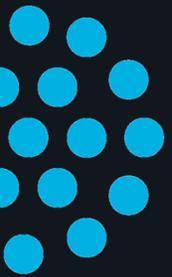
(5) Based on additional tenants to existing unique backhaul towers plus potential tenants for fiber built to towers that are within 0.5 miles of existing Uniti Fiber network, based on an average of 4 tenants per tower.

(6) Calculated as fiber strand miles multiplied by one minus the utilization rate.

(7) Represents fiber strand miles (FSM) to be acquired from TPx, including 7,000 FSM owned by Uniti with exclusive use or lease rights, and 22,000 FSM owned by Uniti and leased to TPx, with Uniti having non-exclusive marketing rights to sub-lease on behalf of TPx.

(8) Incremental Net Capex per connection assumes average fiber build of 0.5 mile at an average cost of \$40,000 per mile, plus equipment costs.

(9) Incremental yield is calculated as annual gross margin divided by incremental net capex.



# Appendix

# Reconciliation of Uniti Non-GAAP Financial Measures<sup>(1)</sup>

*\$ in Millions*

|                                   | <u>4Q17<br/>Uniti</u> |
|-----------------------------------|-----------------------|
| Net income                        | \$22.8                |
| Depreciation and amortization     | 116.8                 |
| Interest expense                  | 78.8                  |
| Income tax expense (benefit)      | (29.9)                |
| <b>EBITDA</b>                     | <b>\$188.5</b>        |
| Stock-based compensation          | 2.1                   |
| Transaction related costs & Other | 7.4                   |
| <b>Adjusted EBITDA</b>            | <b>\$198.0</b>        |

# Reconciliation of Uniti Non-GAAP Financial Measures<sup>(1)</sup>

*\$ in Millions*

|                                   | 2017           |               |                |              |                 |                |
|-----------------------------------|----------------|---------------|----------------|--------------|-----------------|----------------|
|                                   | Leasing        | Uniti Fiber   | Uniti Towers   | CLEC         | Corporate       | Uniti          |
| Net income                        | \$335.6        | \$31.3        | (\$5.8)        | \$1.9        | (\$69.1)        | (\$8.8)        |
| Depreciation and amortization     | 348.0          | 78.3          | 4.9            | 2.6          | 0.4             | 434.2          |
| Interest expense                  | -              | 3.3           | -              | -            | -               | 306.0          |
| Income tax expense (benefit)      | 0.1            | (38.8)        | (0.4)          | -            | 0.3             | (38.8)         |
| <b>EBITDA</b>                     | <b>\$683.7</b> | <b>\$74.0</b> | <b>(\$1.3)</b> | <b>\$4.6</b> | <b>(\$68.5)</b> | <b>\$692.5</b> |
| Stock-based compensation          | -              | 1.3           | 0.3            | -            | 6.1             | 7.7            |
| Transaction related costs & Other | -              | 8.7           | 0.1            | -            | 40.5            | 49.3           |
| <b>Adjusted EBITDA</b>            | <b>\$683.7</b> | <b>\$84.0</b> | <b>(\$0.8)</b> | <b>\$4.6</b> | <b>(\$21.8)</b> | <b>\$749.5</b> |

# Reconciliation of Uniti Non-GAAP Financial Measures<sup>(1)</sup>

*\$ in Millions*

|                                   | 2017<br>As Reported<br>Uniti Fiber | 1H17<br>Southern<br>Light <sup>(2)</sup> | 1H17<br>Hunt <sup>(2)</sup> | Other<br>Pro Forma<br>Adjustments <sup>(2)</sup> | 2017<br>Uniti Fiber<br>Pro Forma <sup>(2)</sup> |
|-----------------------------------|------------------------------------|--|-----------------------------|--|---|
| Net income                        | \$31.3                             | \$6.1                                    | \$5.1                       | \$0.3  | \$42.8  |
| Depreciation and amortization     | 78.3                               | 13.6                                     | 2.0                         | -  | 93.8  |
| Interest expense                  | 3.3                                | 0.1                                      | 0.3                         | -  | 3.6   |
| Income tax expense (benefit)      | (38.8)                             | -  | -                           | -  | (38.8)  |
| <b>EBITDA</b>                     | <b>\$74.0</b>                      | <b>\$19.8</b>                            | <b>\$7.3</b>                | <b>\$0.3</b>                                     | <b>\$101.4</b>                                  |
| Stock-based compensation          | 1.3                                | -  | -                           | -  | 1.3   |
| Transaction related costs & Other | 8.7                                | 0.4                                      | 0.2                         | -  | 9.3   |
| <b>Adjusted EBITDA</b>            | <b>\$84.0</b>                      | <b>\$20.1</b>                            | <b>\$7.5</b>                | <b>\$0.3</b>                                     | <b>\$111.9</b>                                  |

(1) Amounts may not foot due to rounding.

(2) Pro Forma assuming the acquisitions of Hunt and Southern Light occurred on January 1, 2017. First half 2017 Hunt and Southern Light amounts are unaudited.

# Reconciliation of Uniti Non-GAAP Financial Measures<sup>(1)</sup>

*\$ in Millions*

|                                   | 2018                   |                            |                             |                     |                          |                      |
|-----------------------------------|------------------------|----------------------------|-----------------------------|---------------------|--------------------------|----------------------|
|                                   | Leasing <sup>(2)</sup> | Uniti Fiber <sup>(2)</sup> | Uniti Towers <sup>(2)</sup> | CLEC <sup>(2)</sup> | Corporate <sup>(2)</sup> | Uniti <sup>(2)</sup> |
| Net income                        | \$354.3                | \$16.0                     | (\$5.5)                     | \$0.6               | (\$343.7)                | \$21.7               |
| Depreciation and amortization     | 333.9                  | 115.6                      | 7.8                         | 2.0                 | 0.4                      | 459.7                |
| Interest expense                  | -                      | 3.4                        | -                           | -                   | 316.3                    | 319.8                |
| Income tax expense (benefit)      | -                      | (8.8)                      | (0.7)                       | 0.2                 | (0.5)                    | (9.8)                |
| <b>EBITDA</b>                     | <b>\$688.3</b>         | <b>\$126.2</b>             | <b>\$1.6</b>                | <b>\$2.8</b>        | <b>(\$27.5)</b>          | <b>\$791.4</b>       |
| Stock-based compensation          | -                      | 2.3                        | 0.5                         | -                   | 6.0                      | 8.7                  |
| Transaction related costs & Other | -                      | -                          | -                           | -                   | -                        | -                    |
| <b>Adjusted EBITDA</b>            | <b>\$688.3</b>         | <b>\$128.5</b>             | <b>\$2.0</b>                | <b>\$2.8</b>        | <b>(\$21.5)</b>          | <b>\$800.0</b>       |

(1) Amounts may not foot due to rounding.

(2) Represents mid-point of management's best estimate based on underlying assumptions as of the date of this presentation. Final purchase price allocations, future acquisitions, capital markets transactions, changes in market conditions, and other factors are excluded from our projections. There can be no assurance that our actual results will not differ materially from the estimates set forth above. Guidance presented represents the mid-point of our estimated range.

# Reconciliation of Uniti Non-GAAP Financial Measures<sup>(1)</sup>

| <b>\$ in Millions</b>  | <b>4Q17<br/>Uniti</b> |
|--|-----------------------|
| Net income attributable to common shares                           | \$20.5                |
| Real estate depreciation and amortization                          | 94.7                  |
| Participating securities' share in earnings                        | 0.4                   |
| Participating securities' share in FFO                             | (0.4)                 |
| Adjustments for noncontrolling interests                           | (2.2)                 |
| <b>FFO attributable to common shareholders</b>                     | <b>\$113.0</b>        |
| Transaction related costs  | 5.8                   |
| Change in fair value of contingent consideration                   | 1.6                   |
| Amortization of deferred financing costs and debt discount         | 6.0                   |
| Stock based compensation   | 2.1                   |
| Non-real estate depreciation and amortization                      | 22.1                  |
| Straight-line revenues   | (4.3)                 |
| Maintenance capital expenditures                                   | (1.0)                 |
| Amortization of discount on convertible preferred stock            | 0.7                   |
| Adjustment to deferred tax valuation allowance and tax rate change | (28.2)                |
| Other non-cash revenue, net  | (5.6)                 |
| Adjustments for noncontrolling interests                           | -                     |
| <b>Adjusted FFO attributable to common shareholders</b>            | <b>\$112.4</b>        |

# Reconciliation of Uniti Non-GAAP Financial Measures<sup>(1)</sup>

| <b>\$ in Millions</b>  | <b>2017<br/>Uniti</b> | <b>2018<br/>Uniti<sup>(2)</sup></b> |
|--|-----------------------|-------------------------------------|
| Net (loss) income attributable to common shares                    | (\$16.6)              | \$14.4                              |
| Real estate depreciation and amortization                          | 373.5                 | 373.6                               |
| Participating securities' share in earnings                        | 1.5                   | 1.3                                 |
| Participating securities' share in FFO                             | (1.5)                 | (1.3)                               |
| Adjustments for noncontrolling interests                           | (4.4)                 | (8.6)                               |
| <b>FFO attributable to common shareholders</b>                     | <b>\$352.5</b>        | <b>\$379.4</b>                      |
| Transaction related costs  | 38.0                  | -                                   |
| Change in fair value of contingent consideration                   | 10.7                  | -                                   |
| Amortization of deferred financing costs and debt discount         | 23.1                  | 24.8                                |
| Stock based compensation   | 7.7                   | 8.7                                 |
| Non-real estate depreciation and amortization                      | 60.8                  | 86.0                                |
| Straight-line revenues   | (15.1)                | (14.6)                              |
| Maintenance capital expenditures                                   | (4.4)                 | (7.7)                               |
| Amortization of discount on convertible preferred stock            | 3.0                   | 3.0                                 |
| Adjustment to deferred tax valuation allowance and tax rate change | (36.2)                | (11.7)                              |
| Other non-cash revenue, net  | (14.9)                | (17.9)                              |
| Adjustments for noncontrolling interests                           | (0.3)                 | (1.5)                               |
| <b>Adjusted FFO attributable to common shareholders</b>            | <b>\$424.8</b>        | <b>\$448.4</b>                      |

(1) Amounts may not foot due to rounding.

(2) Represents mid-point of management's best estimate based on underlying assumptions as of the date of this presentation. Final purchase price allocations, future acquisitions, capital markets transactions, changes in market conditions, and other factors are excluded from our projections. There can be no assurance that our actual results will not differ materially from the estimates set forth above. Guidance presented represents the mid-point of our estimated range.

# 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 transaction and integration related costs, collectively “Transaction Related Costs”, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, changes in the fair value of contingent consideration and financial instruments, and other similar items. We believe EBITDA and Adjusted EBITDA are important supplemental measures to net income because they provide additional information to evaluate our operating performance on an unleveraged basis. In addition, Adjusted EBITDA is calculated similar to defined terms in our material debt agreements used to determine compliance with specific financial covenants. Since EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, they should not be considered as alternatives to net income determined in accordance with GAAP.

Because the historical cost accounting convention used for real estate assets requires the recognition of depreciation expense except on land, such accounting presentation implies that the value of real estate assets diminishes predictably over time. However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that use 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. We compute FFO in accordance with NAREIT’s definition.

The Company defines AFFO, as FFO excluding (i) transaction and integration costs; (ii) 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, 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 tenant capital improvements; (iii) the impact, which may be recurring in nature, of the write-off of unamortized deferred financing fees, additional costs incurred as a result of early repayment of debt, changes in the fair value of contingent consideration and financial instruments and similar items less maintenance capital expenditures. 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.

# Other Reporting Definitions

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**Churn:** Decline in Recurring Revenue, such as disconnects, bandwidth downgrades and price reductions.

**Core Recurring Revenue:** Represents recurring revenue principally generated from leasing and lit services of the fiber network. Excludes non-recurring revenues that are ancillary to the fiber network, including construction, equipment sales, and consulting revenue.

**Integration Capex:** Capital expenditures made specifically with respect to recent acquisitions that are essential to integrating acquired companies in our business.

**Maintenance Capex:** Capital expenditures related to maintaining and preserving the existing network.

**MAR (Monthly amortized revenue):** Monthly revenue recognized related to the amortization of upfront payments by customers and straight-line accounting adjustments related to contractual escalators or price discounts.

**Monthly Churn Rate:** Monthly churn rate is calculated as monthly Churn divided by Core Recurring Revenue on the last day of the preceding period.

**MRR (Monthly recurring revenue):** Monthly recurring revenue recognized based on the price that the customer is expected to pay.

**Net Success-Based Capex:** Success-Based Capex less associated upfront customer payments.

**Recurring Revenue:** Total MRR and MAR at a given point in time.

**Success-Based Capex:** Gross capital expenditures directly related to installing contractual customer service orders.

# Communications Infrastructure Key Terminology

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**4G:** The fourth generation of cellular wireless standards that is widely deployed by cellular operators today with the ability to transport data at rates up to 100 MBPS Internet access for mobile users.

**5G:** The fifth generation of cellular wireless standards that is in trail stages today with expected wide scale deployment in 2018-2020 with ability to transport data at rates up to 1 GBPS for initially stationary users and eventually mobile users.

**Backbone:** A major fiber optic network that interconnects smaller networks including regional and metropolitan networks. It is the through-portion of a transmission network, as opposed to laterals and spurs which branch off to connect customer locations.

**Bandwidth Infrastructure:** Lit and dark bandwidth provided over fiber networks. These services are commonly used to transport telecom services, such as wireless, data, voice, Internet and video traffic between locations. These locations frequently include cellular towers, network-neutral and network specific data centers, carrier hotels, mobile switching centers, CATV head ends and satellite uplink sites, ILEC central offices, and other key buildings that house telecommunications and computer equipment. Bandwidth Infrastructure services that are lit (i.e., provided by using optronics that “light” the fiber) include Ethernet and Wavelength services. Bandwidth Infrastructure services that are not lit are sold as dark-fiber capacity.

**Cell Site:** A site where antennae and electronic communications equipment are placed on a radio mast or tower generally 200 to 400 feet above the ground to create a cell in a cellular network. A cell site is composed of a tower or other elevated structure for mounting antennae, and one or more sets of transmitter/receiver transceivers, digital signal processors, control electronics, a GPS receiver, regular and backup electrical power sources, and sheltering.

**Conduit:** A pipe, usually made of metal, ceramic or plastic, that protects buried fiber optic cables.

**Dark Fiber:** Fiber that has not yet been connected to telecommunications transmission equipment or optronics and, therefore, has not yet been activated or “lit”.

# Communications Infrastructure Key Terminology

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**Ethernet:** Ethernet is the standard local area network (LAN) protocol. Ethernet was originally specified to connect devices on a company or home network as well as to a cable modem or DSL modem for Internet access. Due to its ubiquity in the LAN, Ethernet has become a popular transmission protocol in metropolitan, regional and long haul networks as well.

**Fiber Optics:** Fiber, or fiber optic cables, are thin filaments of glass through which light beams are transmitted over long distances.

**Fiber Strand Miles:** Fiber strand miles are the number of route miles in a network multiplied by the number of fiber strands within each cable on the network. For example, if a ten mile network segment has a 24 count fiber installed, it would represent 10 x 24 or 240 fiber miles.

**FTT (Fiber-to-the-Tower):** FTT are laterals or spurs that connect cell sites to the wider terrestrial network via fiber optic connections.

**Lateral/Spur:** An extension from the main or core portion of a network to a customer's premises or other connection point.

**LTE Network:** Long-term evolution network can be used to provide 4G cellular networks that are capable of providing high speed (up to 100 Mbps) cellular data services.

**Mbps:** A measure of telecommunications transmission speed. One megabit equals one million bits of information.

**Mobile Switching Centers:** Buildings where wireless service providers house their Internet routers and voice switching equipment.

**NOC:** Network operations center is a location that is used to monitor networks, troubleshoot network degradations and outages, and ensure customer network outages and other network degradations are restored.

**Nodes:** Points on a network that can receive, create, or transmit communication services.

# Communications Infrastructure Key Terminology

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**Optronics:** Various types of equipment that are commonly used to light fiber. Optronics include systems that are capable of providing Ethernet, Wavelengths, and other service over fiber optic cable.

**Route miles:** Route miles are the length, measured in non-overlapping miles, of a fiber network. Route miles are distinct from fiber strand miles, which is the number of route miles in a network multiplied by the number of fiber strands within each conduit on the network.

**Small Cells:** A site where antennae, electronic communications equipment and power are placed on a utility pole, street light pole or other structure that are generally 25 feet from the ground to create a cell with a smaller radius than that of a Cell Site. By reducing the distance between the antennae, electronic communication equipment and mobile user equipment, small cells can transport data at faster speeds than from a Cell Site. Small cells are connected the cellular network by fiber to a close Cell Site.

**Switch:** A switch is an electronic device that selects the path that voice, data, and Internet traffic take or use on a network.

**Tower:** A free standing tower made of steel generally 200 to 400 feet above the ground with a triangular base and three to four sides built on leased parcels of land. Most towers can accommodate Multiple Cell Sites (and multiple tenants).

**Transport:** A telecommunication service to move data, Internet, voice, video, or wireless traffic from one location to another.

**Wavelength:** A channel of light that carries telecommunications traffic through the process of wavelength division multiplexing.