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 September 30, 2017

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.)**
10802 Executive Center Drive **Benton Building Suite 300** **Little Rock, Arkansas**	**72211**
(Address of principal executive offices)	**(Zip Code)**

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

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

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

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	☐ (Do not check if a smaller reporting company)	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 October 27, 2017, the registrant had 175,462,901 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 future growth and demand of the telecommunication industry; future financing plans, business strategies, growth prospects and operating and financial performance; expectations regarding the impact and integration of Hunt Telecommunications, LLC ("Hunt") and Southern Light, LLC ("Southern Light"), including expectations regarding operational synergies with Uniti Towers and Uniti Fiber; expectations regarding settling conversion of our 3% convertible preferred stock in cash upon conversion; expectations regarding the probability of our obligation to pay contingent consideration upon Tower Cloud, Inc.'s ("Tower Cloud") or Hunt's achievement of certain defined operational and financial milestones; expectations regarding future deployment of fiber strand miles and recognition of revenue related thereto; expectations regarding levels of capital expenditures; expectations regarding the deductibility of goodwill for tax purposes; expectations regarding the amortization of intangible assets; 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:

- 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 of our customers to comply with laws, rules and regulations in the operation of the assets we lease to them;
- 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;
- our ability to renew, extend or retain our contracts or to obtain new contracts with significant customers (including customers of the businesses that 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 or operate and integrate the acquired businesses;
- 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;
- adverse impacts of litigation involving us or our customers;
- our ability to retain our key management personnel;
- our ability to maintain our status as a real estate investment trust (“REIT”);
- changes in the U.S. tax law and other federal, state or local laws, whether or not specific to REITs;
- covenants in our debt agreements that may limit our operational flexibility;
- the 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” of this Quarterly Report on Form 10-Q and in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2016, as well as those described from time to time in our future reports filed with the U.S. Securities and Exchange Commission (“the SEC”).

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

Uniti Group Inc.
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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Uniti Group Inc.
Condensed Consolidated Balance Sheets
(unaudited)

(Thousands, except par value)	September 30, 2017	December 31, 2016
Assets:		
Property, plant and equipment, net	$ 3,037,469	$ 2,670,037
Cash and cash equivalents	49,923	171,754
Accounts receivable, net	32,715	15,281
Goodwill	672,368	262,334
Intangible assets, net	438,019	160,584
Straight-line revenue receivable	42,050	29,088
Other assets	19,666	9,674
Total Assets	$ 4,292,210	$ 3,318,752
Liabilities, Convertible Preferred Stock and Shareholders' Deficit:		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 80,725	$ 40,977
Accrued interest payable	70,205	27,812
Deferred revenue	466,321	261,404
Derivative liability	10,442	6,102
Dividends payable	109,188	94,607
Deferred income taxes	85,145	28,394
Capital lease obligations	56,976	54,535
Contingent consideration	104,117	98,600
Notes and other debt, net	4,361,963	4,028,214
Total liabilities	5,345,082	4,640,645
Commitments and contingencies (Note 13)		
Convertible preferred stock, Series A, $0.0001 par value, 88 shares authorized, issued and outstanding, $87,500 liquidation value	82,785	80,552
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: 174,821 shares at September 30, 2017 and 155,139 at December 31, 2016	17	15
Additional paid-in capital	642,981	141,092
Accumulated other comprehensive loss	(5,678)	(6,369)
Distributions in excess of accumulated earnings	(1,876,599)	(1,537,183)
Total Uniti shareholders' deficit	(1,239,279)	(1,402,445)
Noncontrolling interests - operating partnership units	103,622	-
Total shareholders' deficit	(1,135,657)	(1,402,445)
Total Liabilities, Convertible Preferred Stock, and Shareholders' Deficit	$ 4,292,210	$ 3,318,752

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 September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Revenues:				
Leasing	$ 171,673	$ 169,366	$ 512,893	$ 506,945
Fiber Infrastructure	66,363	25,219	136,158	38,995
Tower	2,796	159	6,679	271
Consumer CLEC	4,378	5,496	13,966	17,277
Total revenues	245,210	200,240	669,696	563,488
Costs and Expenses:				
Interest expense	78,784	70,522	227,235	204,607
Depreciation and amortization	113,444	96,723	317,404	275,448
General and administrative expense	22,068	10,191	49,549	23,619
Operating expense (exclusive of depreciation and amortization)	30,172	15,704	74,258	30,322
Transaction related costs	8,512	9,315	32,213	24,435
Other (income) expense	(3,933)	-	9,638	-
Total costs and expenses	249,047	202,455	710,297	558,431
(Loss) income before income taxes	(3,837)	(2,215)	(40,601)	5,057
Income tax (benefit) expense	(8,672)	128	(8,976)	899
Net income (loss)	4,835	(2,343)	(31,625)	4,158
Net income attributable to noncontrolling interests	107	-	107	-
Net income (loss) attributable to shareholders	4,728	(2,343)	(31,732)	4,158
Participating securities' share in earnings	(388)	(407)	(1,156)	(1,164)
Dividends declared on convertible preferred stock	(656)	(649)	(1,968)	(1,087)
Amortization of discount on convertible preferred stock	(745)	(745)	(2,235)	(1,241)
Net income (loss) attributable to common shareholders	$ 2,939	$ (4,144)	$ (37,091)	$ 666
Earnings (loss) per common share:				
Basic	$ 0.02	$ (0.03)	$ (0.22)	$ 0.00
Diluted	$ (0.02)	$ (0.03)	$ (0.26)	$ 0.00
Weighted-average number of common shares outstanding				
Basic	174,818	153,878	166,624	151,578
Diluted	175,399	153,878	166,816	151,716
Dividends declared per common share	$ 0.60	$ 0.60	$ 1.80	$ 1.80

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Thousands)	2017	2016	2017	2016
Net income (loss)	$ 4,835	$ (2,343)	$ (31,625)	$ 4,158
Other comprehensive income (loss):				
Unrealized gain (loss) on derivative contracts	1,789	(1,870)	(4,340)	(63,331)
Changes in foreign currency translation	76	(101)	5,074	(180)
Other comprehensive income (loss)	1,865	(1,971)	734	(63,511)
Comprehensive income (loss)	6,700	(4,314)	(30,891)	(59,353)
Comprehensive income attributable to noncontrolling interest	150	-	150	-
Comprehensive income (loss) attributable to common shareholders	$ 6,550	$ (4,314)	$ (31,041)	$ (59,353)

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

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

(Thousands, except share data)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Accumulated Earnings	Noncontrolling Interest	Total Shareholders' Deficit
Balance at December 31, 2015	-	$ -	149,862,459	$ 15	$ 1,392	$ (5,427)	$ (1,162,886)	$ -	$ (1,166,906)
Net income	-	-	-	-	-	-	4,158	-	4,158
Issuance of common stock	-	-	5,077,629	-	137,665	-	-	-	137,665
Amortization of discount of convertible preferred stock	-	-	-	-	(1,241)	-	-	-	(1,241)
Other comprehensive loss	-	-	-	-	-	(63,511)	-	-	(63,511)
Common stock dividends	-	-	-	-	-	-	(276,567)	-	(276,567)
Convertible preferred stock dividends	-	-	-	-	-	-	(1,087)	-	(1,087)
Equity issuance cost	-	-	-	-	(625)	-	-	-	(625)
Net share settlement	-	-	-	-	(203)	-	(1,920)	-	(2,123)
Stock-based compensation	-	-	183,072	-	3,478	-	-	-	3,478
Balance at September 30, 2016	-	$ -	155,123,160	$ 15	$ 140,466	$ (68,938)	$ (1,438,302)	$ -	$ (1,366,759)
Balance at December 31, 2016	-	$ -	155,138,637	$ 15	$ 141,092	$ (6,369)	$ (1,537,183)	$ -	$ (1,402,445)
Net loss	-	-	-	-	-	-	(31,732)	107	(31,625)
Issuance of common stock	-	-	19,528,302	2	517,499	-	-	-	517,501
Amortization of discount on convertible preferred stock	-	-	-	-	(2,235)	-	-	-	(2,235)
Other comprehensive income	-	-	-	-	-	691	-	43	734
Common stock dividends	-	-	-	-	-	-	(304,384)	(2,497)	(306,881)
Convertible preferred stock dividends	-	-	-	-	-	-	(1,969)	-	(1,969)
Equity issuance cost	-	-	-	-	(18,575)	-	-	-	(18,575)
Contributions from noncontrolling interest holders								105,969	105,969
Net share settlement	-	-	-	-	(421)	-	(1,331)	-	(1,752)
Stock-based compensation	-	-	154,100	-	5,621	-	-	-	5,621
Balance at September 30, 2017	-	$ -	174,821,039	$ 17	$ 642,981	$ (5,678)	$ (1,876,599)	$ 103,622	$ (1,135,657)

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

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

(Thousands)	Nine Months Ended September 30, 2017	2016
Cash flow from operating activities		
Net (loss) income	$ (31,625)	$ 4,158
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	317,404	275,448
Amortization of deferred financing costs	7,964	5,640
Amortization of debt discount	9,127	5,964
Deferred income taxes	(12,281)	836
Straight-line revenues	(10,857)	(13,174)
Stock-based compensation	5,621	3,478
Change in fair value of contingent consideration	9,091	-
Other	810	22
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	532	(4,435)
Other assets	(4,307)	(4,951)
Accounts payable, accrued expenses and other liabilities	46,275	27,565
Net cash provided by operating activities	337,754	300,551
Cash flow from investing activities		
Acquisition of businesses, net of cash acquired	(763,665)	(489,538)
Acquisition of ground lease investments	(13,869)	(8,549)
NMS asset acquisitions (Note 3)	(68,557)	-
Capital expenditures - other	(111,101)	(10,655)
Net cash used in investing activities	(957,192)	(508,742)
Cash flow from financing activities		
Principal payments on debt	(15,810)	(16,744)
Dividends paid	(294,272)	(273,692)
Payments of contingent consideration	(19,999)	-
Proceeds from issuance of Notes	201,000	148,875
Borrowings under revolving credit facility	360,000	521,000
Payments under revolving credit facility	(200,000)	(321,000)
Capital lease payments	(2,348)	(945)
Deferred financing costs	(28,533)	(2,946)
Common stock issuance, net of costs	498,924	54,211
Net share settlement	(1,752)	(2,123)
Net cash provided by financing activities	497,210	106,636
Effect of exchange rates on cash and cash equivalents	397	(181)
Net decrease in cash and cash equivalents	(121,831)	(101,736)
Cash and cash equivalents at beginning of period	171,754	142,498
Cash and cash equivalents at end of period	$ 49,923	$ 40,762
Non-cash investing and financing activities:		
Property and equipment acquired but not yet paid	$ 3,602	$ 4,403
Tenant capital improvements	$ 166,298	$ 112,200
Acquisition of businesses through non-cash consideration	$ 122,395	$ 259,996

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

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

Note 1. Organization and Description of Business

Uniti Group Inc. (the "Company," "Uniti," "we," "us," or "our"), formerly known as Communications Sales and Leasing, Inc., 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 and construction of mission critical infrastructure in the communications industry. We are principally focused on acquiring and constructing fiber optic broadband networks, wireless communications towers, copper and coaxial broadband networks and data centers. Effective the first quarter of 2017, we commenced managing our operations in four separate lines of business: Uniti Fiber, Uniti Towers, Uniti Leasing, and the Consumer CLEC Business.

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, with the only significant difference between the financial position and results of operations of the Operating Partnership and its subsidiaries compared to the consolidated financial position and consolidated results of operations of Uniti is that the results for the Operating Partnership and its subsidiaries do not include Uniti's Consumer CLEC segment, which consists of Talk America Services. 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 September 30, 2017, we are the sole general partner of the Operating Partnership and own approximately 97.7% of the partnership interests in the Operating Partnership.

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

The accompanying Condensed Consolidated Financial Statements include all accounts of the Company, its wholly-owned and/or controlled subsidiaries, which consist of the Operating Partnership, which the Company has determined itself to be the primary beneficiary. Under the Accounting Standards Codification 810 ("ASC 810"), *Consolidation*, the Operating Partnership is considered a variable interest entity the Company and is consolidated in the Company's Condensed Consolidated Financial Statements of Uniti Group Inc. 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 by 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 for the year ended December 31, 2016 ("Annual Report"), filed with the SEC on February 23, 2017. 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.

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

Income Taxes—We currently have recorded a $5.3 million liability for unrecognized tax benefits which was assumed in connection with the acquisition of Network Management Holdings, LTD ("NMS"). See Note 3. We have filed our initial U.S. federal and state income tax returns which are subject to examination.

Customer List Intangible Assets—Customer list intangible assets are presented in the financial statements at cost less accumulated amortization and are amortized using the straight-line method over their estimated useful lives with the exception of the customer list intangible assets related to our Consumer CLEC Business, which were brought over at carry-over basis at the time of the Company's spin-off from Windstream Holdings, Inc. in 2015, and are amortized using the sum-of-the-digits method over their estimated useful lives.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets—We review long-lived assets and finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be recoverable from future undiscounted net cash flows we expect the asset group to generate. If the asset group is not fully recoverable, an impairment loss would be recognized for the difference between the carrying value of the asset group and its estimated fair value based on discounted net future cash flows.

Reclassifications—Certain amounts have been reclassified to conform with current year presentation. Following the acquisition of NMS in the first quarter of 2017, the Company manages and reports our operations in four reportable business segments: Leasing, Fiber Infrastructure, Towers and Consumer CLEC. Prior year information, including revenues on the Consolidated Statement of Income, has been recast to conform to the current year presentation. See Note 12.

Recently Issued Accounting Standards

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"), in an effort to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. We adopted ASU 2017-01 effective January 1, 2017, with prospective application. As a result of the adoption of ASU 2017-01, the Company's acquisition of NMS (see Note 3) was determined to be an asset acquisition. Transaction costs associated with asset acquisitions, which includes our real property interest investments, are now capitalized as opposed to be recorded as an expense as was required prior to adoption of ASU 2017-01.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 provides guidance on reducing the diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. In addition to other specific cash flow issues, ASU 2016-15 provides clarification on when an entity should separate cash receipts and cash payments into more than one class of cash flows and when an entity should classify those cash receipts and payments into one class of cash flows on the basis of predominance. The new guidance is effective for the fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, and early adoption is permitted. The Company is currently evaluating the impact the adoption of this accounting standard will have on our financial statements.

In August 2017, the FASB issued Accounting Standards Update ("ASU") No. 2017-12*, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12"), which amends and simplifies existing guidance in order to allow companies to more accurately present the economic effects of risk management activities in the financial statements. ASU 2017-12 is effective for annual periods beginning after December 15, 2018 and interim periods within those annual periods, and earlier adoption is permitted. The Company is currently evaluating the impacts the adoption of this accounting standard will have on our financial statements.

In February 2017, the FASB issued ASU No. 2017-05, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*, which provides guidance for recognizing gains and losses from the transfer of nonfinancial assets and for partial sales of nonfinancial assets, and is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2017. The Company is currently evaluating the impacts the adoption of this accounting standard will have on our financial statements, but it is not expected to have a material impact.

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

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment* ("ASU 2017-04"), which removes the requirement to perform a hypothetical purchase price allocation to measure goodwill impairment. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for annual and interim periods beginning January 1, 2020, with early adoption permitted, and applied prospectively. We adopted ASU 2017-04 effective January 1, 2017, and there was no material impact on our financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). This update outlines a single comprehensive revenue recognition model for entities to follow in accounting for revenue from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive for those goods or services. ASU 2014-09 is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. Early adoption is permitted for public companies for annual periods beginning after December 15, 2016. The Company intends to adopt the revenue recognition guidance on January 1, 2018 using the modified retrospective approach. The Company's implementation efforts include reviewing revenue contracts and the identification of revenue within the scope of the guidance. As ASU 2014-09 does not impact lessor accounting, the Company believes our accounting for leasing revenues will not be significantly impacted. While the Company currently has not identified any material changes in the timing of revenue recognition, we do anticipate an impact to our Fiber Infrastructure costs, primarily related to the capitalization of commission expense under ASU 2014-09, and are currently in the process of quantifying such impacts.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASC 842"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The provisions of this guidance are effective for annual periods beginning after December 31, 2018, and for interim periods therein. The Company is currently evaluating this guidance to determine the impact it will have on our financial statements by reviewing its existing operating lease contracts, where we are the lessee and service contracts that may include embedded leases. The Company expects a gross-up of its Consolidated Balance Sheets as a result of recognizing lease liabilities and right of use assets, the extent of the impact of a gross-up is under evaluation. The Company does not anticipate material changes to the recognition of operating lease expense in its Consolidated Statements of Income.

Note 3. Business Combinations and Asset Acquisitions

Asset Acquisitions

Network Management Holdings LTD

On January 31, 2017, we completed the previously announced acquisition of NMS. The Company accounted for the acquisition of NMS as an asset purchase. At close, NMS owned and operated 366 wireless communications towers in Latin America with an additional 105 build to suit tower sites under development. The NMS portfolio spans three Latin American countries with 212 towers in Mexico, 54 towers in Nicaragua, and 100 towers in Colombia. The consideration for the 366 wireless towers in operation as of the transaction close date was $62.6 million, which was funded through cash on hand, and is presented in NMS asset acquisition on the Condensed Consolidated Statements of Cash Flows. NMS conducts its operations through three non-U.S. subsidiaries and the Company has determined that the functional currencies for the Mexican, Nicaraguan and Colombian subsidiaries are the Mexican Peso, US Dollar and Colombian Peso, respectively. The non-U.S. subsidiaries in which NMS conducts its operations are subject to income tax in the jurisdictions in which they operate. The acquisition did not result in a step up in tax basis under local law. The Company recorded a net deferred tax liability of $18.4 million and a liability for unrecognized tax benefits of $5.3 million in connection with the acquisition. The deferred tax liability is primarily related to the excess of the recorded amounts for Property, Plant

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& Equipment and Intangibles over their respective historical tax bases. Under the terms of the purchase agreement, we will acquire the towers under development when construction is completed. The NMS towers are reflected in our Towers segment. See Note 12. The following is a summary of the estimated fair values of the assets acquired and liabilities assumed:

	(thousands)
Property, plant and equipment	$ 36,417
Accounts receivable	2,826
Other assets	1,623
Intangible assets	52,437
Accounts payable, accrued expenses and other liabilities	(8,895)
Intangible liabilities	(3,440)
Deferred income taxes	(18,403)
Total purchase consideration	$ 62,565

Of the $52.4 million of acquired intangible assets, $37.4 million was assigned to tenant contracts (22 year life), $13.5 million was assigned to network (22 year life) and $1.5 million was assigned to acquired above-market leases (10 year life). The acquired below-market lease intangible liability of $3.4 million has a 10 year life. See Note 7.

As of September 30, 2017, construction was completed on 43 of the 105 towers that were under development at the time of the NMS acquisition, and we acquired the completed towers pursuant to the purchase agreement for approximately $4.1 million.

Business Combinations

Recent Transactions

Southern Light, LLC

On July 3, 2017, we acquired 100% of the outstanding equity of Southern Light for $638 million in cash and 2.5 million common units in the Operating Partnership with an acquisition date fair value of $64.3 million. Southern Light is a leading provider of data transport services along the Gulf Coast region serving twelve attractive Tier II and Tier III markets across Florida, Alabama, Louisiana, and Mississippi. The acquisition was recorded by allocating the costs of the assets acquired based on their estimated fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the assets acquired is recorded as goodwill within our Fiber Infrastructure segment. See Note 12. The following is a summary of the estimated fair values of the assets acquired and liabilities assumed:

	(thousands)
Property, plant and equipment	$ 279,658
Cash and cash equivalents	1,992
Accounts receivable	11,139
Goodwill	318,007
Intangible assets	160,100
Other assets	1,287
Accounts payable, accrued expenses and other liabilities	(19,546)
Deferred revenue	(38,134)
Deferred income taxes	(9,004)
Capital lease obligations	(3,189)
Total purchase consideration	$ 702,310

The above purchase price allocation is considered preliminary and is subject to revision when the valuation of assets and liabilities is finalized upon receipt of the final valuation report from a third party valuation expert, and resolution of contractual adjustments, such as working capital adjustments, set forth in the merger agreement, which is anticipated to be finalized during the first half of 2018.

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The goodwill arising from the transaction is primarily attributable to the expansion of our fiber network through the complementary nature of Southern Light's fiber network to our existing fiber network, including anticipated incremental sales and cost savings. A portion of the goodwill is expected to be deductible for tax purposes.

We acquired an intangible asset that was assigned to customer relationships of $160.1 million (15 year life).

The acquired business contributed revenue of $22.4 million and an operating income of $1.9 million, which excludes transaction and transition costs, to our consolidated results from the date of acquisition through September 30, 2017. We recorded transaction related costs related to the acquisition of Southern Light for the three and nine months ended September 30, 2017 of $2.1 million and $14.5 million, respectively, within transaction related costs on the Consolidated Statement of Income.

The acquisition of Southern Light was structured in a manner such that Southern Light ended up being owned by a subsidiary of ours with a pre-existing valuation allowance primarily related to deferred tax assets associated with net operating loss carryforwards. The acquisition of Southern Light also resulted in a change to our assessment of the need for a valuation allowance against these deferred tax assets, which resulted in a decrease to the valuation allowance of $8.0 million. The decrease in valuation allowance was recorded as an income tax benefit for the quarter ended September 30, 2017.

Hunt Telecommunications, LLC

On July 3, 2017, we acquired 100% of the outstanding equity of Hunt for $130.2 million in cash and 1.6 million common units in the Operating Partnership with an acquisition date fair value of $41.6 million. Additional contingent consideration of up to $17 million, with an acquisition date fair value of $16.4 million, may be paid upon the achievement of certain financial revenue milestones by delivering shares of our common stock. See Note 4. Hunt is a leading provider of data transport to K-12 schools and government agencies with a dense fiber network in Louisiana. The acquisition was recorded by allocating the costs of the assets acquired based on their estimated fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the assets acquired is recorded as goodwill within our Fiber Infrastructure segment. See Note 12.

	(thousands)
Property, plant and equipment	$ 59,639
Cash and cash equivalents	2,281
Accounts receivable	4,905
Goodwill	92,275
Intangible assets	73,000
Other assets	2,875
Accounts payable, accrued expenses and other liabilities	(2,349)
Deferred revenue	(3,800)
Deferred income taxes	(40,391)
Capital lease obligations	(164)
Total purchase consideration	$ 188,271

The above purchase price allocation is considered preliminary and is subject to revision when the valuation of assets and liabilities is finalized upon receipt of the final valuation report from a third party valuation expert, which is anticipated to be finalized during the first half of 2018.

The goodwill arising from the transaction is primarily attributable to the expansion of our fiber network through the complementary nature of Hunt's fiber network to our existing fiber network, including anticipated incremental sales and cost savings. The goodwill is not expected to be deductible for tax purposes.

We acquired an intangible asset that was assigned to customer relationships of $73 million (18 year life).

The acquired business contributed revenue of $7.9 million and an operating income of $1.4 million, which excludes transaction and transition costs, to our consolidated results from the date of acquisition through September 30, 2017. We recorded transaction related costs related to the acquisition of Hunt for the three and nine months ended September 30, 2017 of $2.0 million and $5.7 million, respectively, within transaction related costs on the Consolidated Statement of Income.

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The following table presents the unaudited pro forma summary of our financial results as if the Southern Light and Hunt business combinations had occurred on January 1, 2016. The pro forma results include additional depreciation and amortization resulting from purchase accounting adjustments, adjustments to amortized deferred revenue, and interest expense associated with debt used to fund the acquisition. The pro forma results do not include any synergies or other benefits of the acquisition. The pro forma results are not indicative of future results of operations, or results that might have been achieved had the acquisition been consummated on January 1, 2016.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Thousands, except per share data)	2017	2016	2017	2016
Pro forma revenue	$ 245,860	$ 231,545	$ 733,967	$ 654,475
Pro forma net income (loss) attributable to common shareholders	5,534	(4,633)	(23,961)	(1,058)
Pro forma net income (loss) per common share	$ 0.03	$ (0.03)	$ (0.14)	$ (0.01)

2016 Transactions

Tower Cloud, Inc.

On August 31, 2016, we acquired 100% of the outstanding equity of Tower Cloud, Inc. ("Tower Cloud") for $187.5 million in cash and 1.9 million shares of our common stock with an acquisition date fair value of $58.5 million. Additional contingent consideration of up to $130 million, with an acquisition date fair value of $98.6 million, may be paid upon the achievement of certain defined operational and financial milestones. See Note 4. At the Company's discretion, a combination of cash and shares of our common stock may be used to satisfy the contingent consideration payments, provided that at least 50% of the aggregate amount of payments is satisfied in cash. Tower Cloud provides data transport services, with particular focus on providing infrastructure solutions to the wireless and enterprise sectors, including fiber-to-the-tower backhaul, small cell networks, and dark fiber deployments. The acquisition was recorded by allocating the costs of the assets acquired based on their estimated fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the assets acquired is recorded as goodwill within our Fiber Infrastructure segment. See Note 12. During the first quarter of 2017, certain contractual working capital adjustments resulted in a $0.2 million reduction of the purchase price and goodwill. See Note 7. The following is a summary of the estimated fair values of the assets acquired and liabilities assumed:

	(thousands)
Property, plant and equipment	$ 163,680
Cash and cash equivalents	14,346
Accounts receivable	3,043
Goodwill	117,032
Intangible assets	116,218
Other assets	2,595
Accounts payable, accrued expenses and other liabilities	(16,782)
Deferred revenue	(23,900)
Deferred income taxes	(24,866)
Capital lease obligations	(6,750)
Total purchase consideration	$ 344,616

PEG Bandwidth, LLC

On May 2, 2016, we acquired 100% of the outstanding equity of PEG Bandwidth for $322.5 million in cash, the issuance of 87,500 shares of our 3.00% Series A Convertible Preferred Stock with a fair value of $78.6 million and 1 million shares of our common stock with an acquisition date fair value of $23.2 million. PEG Bandwidth is a leading provider of infrastructure solutions, including cell site backhaul and dark fiber, to the telecommunications industry. The acquisition was recorded by allocating the costs of the assets

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acquired based on their estimated fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the assets acquired is recorded as goodwill within our Fiber Infrastructure segment. See Note 12. The following is a summary of the estimated fair values of the assets acquired and liabilities assumed:

	(thousands)
Property, plant and equipment	$ 293,030
Cash and cash equivalents	7,003
Accounts receivable	6,584
Goodwill	145,054
Intangible assets	38,000
Other assets	5,161
Accounts payable, accrued expenses and other liabilities	(8,643)
Deferred revenue	(12,700)
Capital lease obligations	(49,195)
Total purchase consideration	$ 424,294

Note 4. Fair Value of Financial Instruments

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

The following table summarizes the fair value of our financial instruments at September 30, 2017 and December 31, 2016:

(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At September 30, 2017				
Liabilities				
Senior secured term loan B - variable rate, due October 24, 2022	$ 1,935,245	$ -	$ 1,935,245	$ -
Senior secured notes - 6.00%, due April 15, 2023	523,188	-	523,188	-
Senior unsecured notes - 8.25%, due October 15, 2023	979,575	-	979,575	-
Senior unsecured notes - 7.125%, due December 15, 2024	505,500	-	505,500	-
Senior secured revolving credit facility, variable rate, due April 24, 2020	159,984	-	159,984	-
Derivative liability	10,442	-	10,442	-
Contingent consideration	104,117	-	-	104,117
Total	$ 4,218,051	$ -	$ 4,113,934	$ 104,117

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(Thousands)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
At December 31, 2016				
Liabilities				
Senior secured term loan B - variable rate, due October 24, 2022	$ 2,139,586	$ -	$ 2,139,586	$ -
Senior secured notes - 6.00%, due April 15, 2023	569,250	-	569,250	-
Senior unsecured notes - 8.25%, due October 15, 2023	1,176,600	-	1,176,600	-
Senior unsecured notes - 7.125%, due December 15, 2024	404,000	-	404,000	-
Derivative liability	6,102	-	6,102	-
Contingent consideration	98,600	-	-	98,600
Total	$ 4,394,138	$ -	$ 4,295,538	$ 98,600

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 $4.5 billion at September 30, 2017, with a fair value of $4.1 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. Derivative liabilities are carried at fair value. See Note 6. The fair value of an interest rate swap is determined based on the present value of expected future cash flows using observable, quoted LIBOR swap rates for the full term of the swap and also incorporate credit valuation adjustments to appropriately reflect both Uniti's own non-performance risk and non-performance risk of the respective counterparties. The Company has determined that the majority of the inputs used to value its derivative liabilities fall within Level 2 of the fair value hierarchy; however the associated credit valuation adjustments utilized Level 3 inputs, such as estimates of credit spreads, to evaluate the likelihood of default by the Company and its counterparties. As of September 30, 2017, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustment is not significant to the overall value of the derivatives. As such, the Company classifies its derivative liabilities valuation in Level 2 of the fair value hierarchy.

As part of the acquisition of Hunt on July 3, 2017, we may be obligated to pay contingent consideration (the "Hunt Contingent Consideration") upon the achievement of certain defined revenue milestones; therefore, we have recorded the estimated fair value of contingent consideration of approximately $9.5 million as of September 30, 2017. See Note 3. In accordance with the Hunt merger agreement, Uniti common shares will be used to satisfy the contingent consideration payment. The fair value of the Hunt Contingent Consideration at September 30, 2017 was determined using the closing price of our common shares in the active market and probability estimates of future earnings and is classified as Level 3.

As part of the acquisition of Tower Cloud on August 31, 2016, we may be obligated to pay contingent consideration upon achievement of certain defined operational and financial milestones; therefore, we recorded the estimated fair value of future contingent consideration of $94.6 million as of September 30, 2017. The fair value of the contingent consideration as of September 30, 2017, was determined using a discounted cash flow model and probability adjusted estimates of the future earnings and is classified as Level 3. During the three and nine months ended September 30, 2017, we paid $1.2 million and $20.0 million, respectively, for the achievement of certain milestones in accordance with the Tower Cloud merger agreement.

Changes in the fair value of contingent consideration arrangements are recorded in our Condensed Consolidated Statement of Income in the period in which the change occurs. For the three months ended September 30, 2017, there was a $3.9 million decrease in the fair value of the contingent consideration that was recorded in Other (income) expense on the Condensed Consolidated Statements of Income. For the nine months ended September 30, 2017, there was a $9.1 million increase in the fair value of the contingent consideration that was recorded in Other (income) expense on the Condensed Consolidated Statements of Income.

The following is a roll forward of our liabilities measured at fair value on a recurring basis using unobservable inputs (Level 3):

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(Thousands)	December 31, 2016	Transfers into Level 3	(Gain)/Loss included in earnings	Settlements	September 30, 2017
Contingent consideration	$ 98,600	$ 16,425	$ 9,091	$ (19,999)	$ 104,117

Note 5. Property, Plant and Equipment

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

(Thousands)	Depreciable Lives	September 30, 2017	December 31, 2016
Land	Indefinite	$ 26,898	$ 26,833
Building and improvements	3 - 40 years	324,692	318,967
Real property interests	50 - 99 years	26,782	12,265
Poles	13 - 40 years	242,248	234,393
Fiber	7 - 40 years	2,587,647	2,243,822
Equipment	5 - 7 years	200,542	130,945
Copper	7 - 40 years	3,626,505	3,538,566
Conduit	13 - 47 years	91,179	90,540
Tower assets	20 - 49 years	59,162	4,307
Capital lease assets	(1)	97,283	89,723
Other assets	15 - 20 years	6,806	5,299
Corporate assets	3 - 7 years	2,888	2,731
Construction in progress	(1)	126,082	52,685
		7,418,714	6,751,076
Less accumulated depreciation		(4,381,245)	(4,081,039)
Net property, plant and equipment		$ 3,037,469	$ 2,670,037

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

Depreciation expense for the three and nine months ended September 30, 2017 was $107.1 million and $305.8 million, respectively. Depreciation expense for the three and nine months ended September 30, 2016 was $95.0 million and $271.7 million, respectively.

Note 6. Derivative Instruments and Hedging Activities

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

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

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

(Thousands)	Location on Condensed Consolidated Balance Sheet	September 30, 2017	December 31, 2016
Interest rate swaps	Derivative liability	$ 10,442	$ 6,102

As of September 30, 2017 and December 31, 2016, all of the interest rate swaps were valued in net unrealized loss positions and recognized as liability balances within the derivative liability balance. For the three and nine months ended September 30, 2017, the amount recorded in other comprehensive income related to the unrealized loss on derivative instruments was $2.9 million and

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$20.6 million, respectively. The amount reclassified out of other comprehensive income into interest expense on our Condensed Consolidated Statement of Income for the three and nine months ended September 30, 2017 was $4.7 million and $16.3 million, respectively. For the three and nine months ended September 30, 2016, the amount recorded in other comprehensive income related to the unrealized loss on derivative instruments was $7.8 million and $81.2 million, respectively. The amount reclassified out of other comprehensive income into interest expense on our Condensed Consolidated Statement of Income for the three and nine months ended September 30, 2016 was $6.0 million and $17.8 million, respectively. For the three and nine months ended September 30, 2017, there was no ineffective portion of the change in fair value derivatives. For the three and nine months ended September 30, 2016, there was no ineffective portion of the change in fair value derivatives.

Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next twelve months, beginning October 1, 2017, we estimate that $21.7 million will be reclassified as an increase to interest expense.

Note 7. Goodwill and Intangible Assets and Liabilities

Changes in the carrying amount of goodwill occurring during the nine months ended September 30, 2017, are as follows:

(Thousands)	Fiber Infrastructure	Total
Goodwill at December 31, 2016	$ 262,334	$ 262,334
Goodwill purchase accounting adjustments	(248)	(248)
Goodwill associated with 2017 acquisitions	410,282	410,282
Goodwill at September 30, 2017	672,368	672,368

The carrying value of the intangible assets is as follows:

(Thousands)	September 30, 2017		December 31, 2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Indefinite life intangible assets:				
Trade name	$ 2,000	$ -	$ 2,000	$ -
Finite life intangible assets:				
Customer lists	421,744	(40,120)	188,642	(30,058)
Tenant contracts	40,117	(1,216)	-	-
Network(1)	14,526	(440)	-	-
Acquired below-market leases	1,509	(101)	-	-
Total intangible assets	479,896		190,642	
Less: Accumulated amortization	(41,877)		(30,058)	
Total intangible assets, net	$ 438,019		$ 160,584	
Finite life intangible liabilities:				
Acquired above-market leases	$ 3,571	$ (238)	$ -	$ -
Finite life intangible liabilities:				
Acquired above-market leases	3,571		-	
Less: Accumulated amortization	(238)		-	
Total intangible liabilities, net(2)	$ 3,333		$ -	

(1) Reflects the potential to lease additional tower capacity on the existing towers due to their geographical location and capacity that currently exists on these towers as of the valuation date.

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(2) Recorded in accounts payable, accrued expenses and other liabilities on the Condensed Consolidated Balance Sheet.

Amortization expense for the three and nine months ended September 30, 2017 was $6.3 million and $11.6 million, respectively. Amortization expense for the three and nine months ended September 30, 2016 was $1.7 million and $3.7 million, respectively.

Amortization expense is estimated to be $18.3 million for the full year of 2017, $25.1 million in 2018, $24.5 million in 2019, $24.0 million in 2020, and $23.5 million in 2021.

Note 8. Notes and Other Debt

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

Notes and other debt is as follows:

(Thousands)	September 30, 2017	December 31, 2016
Principal amount	$ 4,512,157	$ 4,167,967
Less unamortized discount, premium and debt issuance costs	(150,194)	(139,753)
Notes and other debt less unamortized discount, premium and debt issuance costs	$ 4,361,963	$ 4,028,214

Notes and other debt at September 30, 2017 and December 31, 2016 consisted of the following:

	September 30, 2017		December 31, 2016	
(Thousands)	Principal	Unamortized Discount, Premium and Debt Issuance Costs	Principal	Unamortized Discount and Debt Issuance Costs
Senior secured term loan B - variable rate, due October 24, 2022 (discount is based on imputed interest rate of 5.66%)	$ 2,092,157	(91,302)	$ 2,107,967	$ (78,699)
Senior secured notes - 6.00%, due April 15, 2023 (discount is based on imputed interest rate of 6.29%)	550,000	(8,961)	550,000	(9,817)
Senior unsecured notes - 8.25%, due October 15, 2023 (discount is based on imputed interest rate of 9.06%)	1,110,000	(42,062)	1,110,000	(45,599)
Senior unsecured notes - 7.125% due December 15, 2024	600,000	(7,869)	400,000	(5,638)
Senior secured revolving credit facility, variable rate, due April 24, 2020	160,000	-	-	-
Total	$ 4,512,157	$ (150,194)	$ 4,167,967	$ (139,753)

At September 30, 2017, notes and other debt included the following: (i) $2.1 billion under the senior secured term loan B facility that matures on October 24, 2022 ("Term Loan Facility") pursuant to the credit agreement by and among the Operating Partnership, CSL Capital, LLC and Uniti Group Finance Inc., the guarantors and lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent (the "Credit Agreement"); (ii) $550.0 million aggregate principal amount of 6.00% Senior Secured Notes due April 15, 2023 (the "Secured Notes"); (iii) $1.11 billion aggregate principal amount of 8.25% Senior Notes due October 15, 2023 (the "2023 Notes"); (iv) $600 million aggregate principal amount of 7.125% Senior Unsecured Notes due December 15, 2024 (the "2024 Notes," and together with the Secured Notes and 2023 Notes, the "Notes"), and (v) $160 million under the senior secured revolving credit facility, variable rate, that matures April 24, 2020 pursuant to the Credit Agreement (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Facilities").

On May 9, 2017, the Company completed its previously announced reorganization (the "up-REIT Reorganization") to operate through a customary "up-REIT" structure. Under this structure, the Operating Partnership now holds substantially all of the Company's assets and is the parent company of, among others, CSL Capital, LLC, Uniti Group Finance Inc. and Uniti Fiber Holdings Inc. In connection with the up-REIT Reorganization, the Operating Partnership replaced the Company and assumed its obligations as an obligor under the Notes and Facilities. The Company subsequently became a guarantor of the Notes and Facilities. Because the Operating

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Partnership is not a corporation, a corporate co-obligor that is a subsidiary of the Operating Partnership was also added to the Notes and Credit Agreement as part of the up-REIT Reorganization. As discussed below, Uniti Group Finance Inc. is the corporate co-obligor under the Credit Agreement and co-issuer of the Secured Notes and the 2023 Notes, and Uniti Fiber Holdings Inc. is the co-issuer of the 2024 Notes. Separate financial statements of the Operating Partnership have not been included since the Operating Partnership is not a registrant.

Credit Agreement

The Operating Partnership and its wholly-owned subsidiaries, CSL Capital, LLC, and Uniti Group Finance Inc. (collectively, the "Borrowers") are party to the Credit Agreement, which provides for the Term Loan Facility (in an initial principal amount of $2.14 billion) and the Revolving Credit Facility. The term loans bear interest at a rate equal to LIBOR, subject to a 1.0% floor, plus an applicable margin equal to 3.00%, and are subject to amortization of 1.0% per annum. All obligations under the Credit Agreement are guaranteed by (i) the Company and (ii) certain of the Operating Partnership's wholly-owned subsidiaries (the "Subsidiary Guarantors"), and are secured by substantially all of the assets of the Borrowers and the Subsidiary Guarantors, which assets also secure the Secured Notes. The Revolving Credit Facility bears interest at a rate equal to LIBOR plus 1.75% to 2.25% based on our consolidated secured leverage ratio, as defined in the Credit Agreement. On April 28, 2017, we amended the Credit Agreement to increase the commitments under our Revolving Credit Facility from $500 million to $750 million. Other terms of the Revolving Credit Facility remain unchanged.

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 (i) incremental term loan borrowings and/or increased commitments under the Credit Agreement in an unlimited amount, so long as, on a pro forma basis after giving effect to any such borrowings or increases, our consolidated secured leverage ratio, as defined in the Credit Agreement, does not exceed 4.00 to 1.00 and (ii) 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 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 September 30, 2017, the Borrowers were in compliance with all of the covenants under the Credit Agreement.

The Notes

The Borrowers, as co-issuers, have outstanding $550 million aggregate principal amount of the Secured Notes, of which $400 million was originally issued on April 24, 2015 at an issue price of 100% of par value and the remaining $150 million was issued on June 9, 2016 at an issue price of 99.25% of the par value as an add-on to the existing Secured Notes. The Borrowers, as co-issuers, also have outstanding $1.11 billion aggregate principal amount of the 2023 Notes that were originally issued on April 24, 2015 at an issue price of 97.055% of par value. The Secured Notes and the 2023 Notes are guaranteed by the Company and the Subsidiary Guarantors.

The Operating Partnership and its wholly-owned subsidiaries, CSL Capital, LLC and Uniti Fiber Holdings Inc., as co-issuers, have outstanding $600 million aggregate principal amount of the 2024 Notes, of which $400 million was originally issued on December 15, 2016 at an issue price of 100% of par value and the remaining $200 million of which was issued on May 8, 2017 at an issue price of 100.50% of par value under a separate indenture and was mandatorily exchanged on August 11, 2017 for 2024 Notes issued as "additional notes" under the indenture governing the 2024 Notes. The 2024 Notes are guaranteed by the Company, Uniti Group Finance Inc. and the Guarantors.

Deferred Financing Cost

Deferred financing costs were incurred in connection with the issuance of the Notes and the Facilities. These costs are amortized using the effective interest method over the term of the related indebtedness, and are included in interest expense in our Consolidated

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Statements of Income. For the three and nine months ended September 30, 2017, we recognized $2.9 million and $8.0 million, respectively, of non-cash interest expense related to the amortization of deferred financing costs. For the three and nine months ended September 30, 2016, we recognized $2.0 million and $5.6 million, respectively, of non-cash interest expense related to the amortization of deferred financing costs.

Note 9. Capital Stock

On April 25, 2017, we issued 19.5 million shares of our common stock, par value $0.0001 per share. The shares were sold at a public offering price of $26.50, generating proceeds of approximately $518 million, before underwriter discounts and transaction costs. The Company used the proceeds from this offering to fund a portion of the cash consideration paid in connection with the acquisitions of Southern Light and Hunt that closed on July 3, 2017.

Note 10. Related Party Transactions

On April 24, 2015, Uniti was separated and spun-off (the "Spin-Off") from Windstream Holdings, Inc. ("Windstream Holdings" and together with its subsidiaries, "Windstream"). In connection with the Spin-Off, 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") and we issued approximately 149.8 million shares of our common stock to Windstream Services as partial consideration for the contribution of the Distribution Systems and the Consumer CLEC Business. Immediately following the Spin-Off, we entered into a long-term exclusive triple-net lease (the "Master Lease") with Windstream pursuant to which Uniti leases the Distribution Systems to Windstream. Windstream distributed approximately 80.4% of the Uniti shares it received to existing stockholders of Windstream Holdings and retained a passive ownership interest of approximately 19.6% of the common stock of Uniti. As a result of this ownership Windstream was deemed to be a related party.

On June 15, 2016, Windstream Holdings disposed of 14.7 million shares of our common stock, representing approximately half of its retained ownership interest. On June 24, 2016, Windstream Holdings disposed of its remaining 14.7 million shares of our common stock as part of a public offering. The Company did not receive any proceeds resulting from the disposition of these shares.

Accordingly, effective as of June 24, 2016, Windstream is no longer deemed a related party under applicable accounting regulations. Our condensed consolidated financial statements reflect the following transactions with Windstream during the periods in which Windstream was deemed a related party.

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

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

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

Employee Matters Agreement – We are party to an Employee Matters Agreement ("Employee Matters Agreement") with Windstream that governs the respective compensation and employee benefit obligations of the Company and Windstream in connection with and following the Spin-Off. Under the Employee Matters Agreement, if requested by a Windstream employee, the Company is required to withhold shares to satisfy the employee's tax obligations arising from the recognition of income and the vesting of shares related to awards of Uniti restricted stock held by the employee that were granted in connection with the Spin-Off. In that case, the Company

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must pay to Windstream an amount of cash equal to the amount required to be withheld to satisfy minimum statutory tax withholding obligations or, at the request of Windstream, remit such cash directly to the applicable taxing authorities. During the six months ended June 30, 2016, we withheld 91,412 common shares to satisfy these minimum statutory tax-withholding obligations and delivered $1.9 million to Windstream for remittance to the applicable taxing authorities.

Lease Amendment – During the quarter ended March 31, 2016, we amended the Master Lease with Windstream (the "Master Lease Amendment") to allow for the transfer of ownership rights or exchanges of indefeasible rights of use (an "IRU") and other long term rights in certain fiber and associated assets constituting leased property under the Master Lease. We will enter into such transactions pursuant to certain fiber exchange agreements under which we will grant to a third party ownership rights in certain fiber assets or an IRU in certain fiber assets that constitute leased property under the Master Lease in exchange for Uniti receiving ownership rights in certain fiber assets or an IRU in certain fiber assets of the third party, which we will then lease to Windstream as leased property under the Master Lease. Under the terms of the Master Lease Amendment, Windstream is responsible for any taxes imposed on Uniti related to the sale, exchange or other disposition of the fiber assets delivered to a third party or the granting of rights to the leased property that arise from fiber exchange agreements. As of June 24, 2016, no such transactions had been consummated. The Master Lease Amendment also permits us to install, own and operate certain wireless communication towers, antennas and related equipment on designated portions of the leased property.

Note 11. Earnings Per Share

Our restricted stock awards are considered participating securities as they receive non-forfeitable rights to dividends at the same rate as common stock. As participating securities, we included these instruments in the computation of earnings per share under the two-class method described in FASB ASC 260, *Earnings per Share* ("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 earnings per share impact of the Company's 3% Convertible Preferred Stock, $0.0001 par value ("Series A Shares"), issued in connection with the acquisition of PEG Bandwidth, LLC, is calculated using the net share settlement method, whereby the redemption value of the instrument is assumed to be settled in cash and only the conversion premium, if any, is assumed to be settled in shares. The Series A Shares provide Uniti the option to cash or share settle the instrument, and it is our policy to settle the instrument in cash upon conversion.

The Hunt merger agreement provides for the issuance of additional common shares upon the achievement of certain defined revenue milestones. See Note 3. The earnings per share impact of the Hunt Contingent Consideration is calculated under the method described in ASC 260 for the treatment of contingently issuable shares in weighted-average shares outstanding.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Thousands, except per share data)	2017	2016	2017	2016
Basic earnings per share:				
Numerator:				
Net income (loss) attributable to shareholders	$ 4,728	$ (2,343)	$ (31,732)	$ 4,158
Less: Income allocated to participating securities	(388)	(407)	(1,156)	(1,164)
Dividends declared on convertible preferred stock	(656)	(649)	(1,968)	(1,087)
Amortization of discount on convertible preferred stock	(745)	(745)	(2,235)	(1,241)
Net income (loss) attributable to common shares	$ 2,939	$ (4,144)	$ (37,091)	$ 666
Denominator:				
Basic weighted-average common shares outstanding	174,818	153,878	166,624	151,578
Basic earnings (loss) per common share	$ 0.02	$ (0.03)	$ (0.22)	$ 0.00

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Thousands, except per share data)	2017	2016	2017	2016
Diluted earnings per share:				
Numerator:				
Net income (loss) attributable to shareholders	$ 4,728	$ (2,343)	$ (31,732)	$ 4,158
Less: Income allocated to participating securities	(388)	(407)	(1,156)	(1,164)
Dividends declared on convertible preferred stock	(656)	(649)	(1,968)	(1,087)
Amortization of discount on convertible preferred stock	(745)	(745)	(2,235)	(1,241)
Mark-to-market gain on share settled contingent consideration arrangements	(6,964)	-	(6,964)	-
Net (loss) income attributable to common shares	$ (4,025)	$ (4,144)	$ (44,055)	$ 666
Denominator:				
Basic weighted-average common shares outstanding	174,818	153,878	166,624	151,578
Contingent consideration (See Note 4)	581	-	192	-
Effect of dilutive non-participating securities	-	-	-	138
Weighted-average shares for dilutive earnings per common share	175,399	153,878	166,816	151,716
Dilutive (loss) earnings per common share	$ (0.02)	$ (0.03)	$ (0.26)	$ 0.00

For the nine months ended September 30, 2017, 29,481 non-participating securities were excluded from the computation of diluted earnings per share, as their effect would have been anti-dilutive. For the three months ended September 30, 2016, 149,087 non-participating securities were excluded from the computation of diluted earnings per share, as their effect would have been anti-dilutive.

Note 12. Segment Information

Effective in the first quarter of 2017, our management, including our chief executive officer, who is our chief operating decision maker, commenced managing our operations as four reportable segments in addition to our corporate operations and include:

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Leasing: Represents our REIT operations and includes the results from our leasing programs, Uniti Leasing, which is engaged in the acquisition of mission-critical communications assets and leasing them back to anchor customers on either an exclusive or shared-tenant basis.

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

Towers: Represents the operations of our towers business, Uniti Towers, through which we acquire and construct tower and tower-related real estate in the United States and Latin America.

Consumer CLEC: Represents the operations of Talk America Services ("Talk America") through which we operate the Consumer CLEC Business, that prior to the Spin-Off was reported as an integrated operation within Windstream. Talk America provides local telephone, high-speed internet and long distance services to customers in the eastern and central United States.

Corporate: Represents our corporate and back office functions. Certain costs and expenses, primarily related to headcount, 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 defined as net income determined in accordance with GAAP, before interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense, the impact, which may be recurring in nature, of transaction related expenses, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, changes in the fair value of contingent consideration and financial instruments, and other similar items.

The Company's business segment information is presented below. Prior year information has been recast to conform to the current year presentation.

	Three Months Ended September 30, 2017					
(Thousands)	Leasing	Fiber Infrastructure	Towers	Consumer CLEC	Corporate	Subtotal of Reportable Segments
Revenues	$ 171,673	$ 66,363	$ 2,796	$ 4,378	$ -	$ 245,210
Adjusted EBITDA	$ 171,215	$ 28,348	$ (98)	$ 1,025	$ (5,552)	$ 194,938
Less:						
Interest expense						78,784
Depreciation and amortization	87,320	24,050	1,326	652	96	113,444
Other income						(3,933)
Transaction related costs						8,512
Stock-based compensation						1,968
Income tax benefit						(8,672)
Net income						$ 4,835
Capital expenditures(1)	$ -	$ 59,723	$ 10,284	$ -	$ 7	$ 70,014

(1)Segment capital expenditures represents capital expenditures, the NMS asset acquisition and ground lease investments as reported in the investing activities section of the Condensed Consolidated Statements of Cash Flows.

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	Three Months Ended September 30, 2016					
(Thousands)	Leasing	Fiber Infrastructure	Towers	Consumer CLEC	Corporate	Subtotal of Reportable Segments
Revenues	$ 169,366	$ 25,219	$ 159	5,496	$ -	$ 200,240
Adjusted EBITDA	$ 169,075	$ 9,273	$ (258)	$ 1,213	$ (3,627)	$ 175,676
Less:						
Interest expense						70,522
Depreciation and amortization	86,007	9,701	106	814	95	96,723
Other expense						-
Transaction related costs						9,315
Stock-based compensation						1,331
Income tax expense						128
Net loss						$ (2,343)
Capital expenditures(1)	$ -	$ 6,877	$ 2,860	$ -	$ 15	$ 9,752

(1)Segment capital expenditures represents capital expenditures and ground lease investments as reported in the investing activities section of the Condensed Consolidated Statements of Cash Flows.

	Nine Months Ended September 30, 2017					
(Thousands)	Leasing	Fiber Infrastructure	Towers	Consumer CLEC	Corporate	Subtotal of Reportable Segments
Revenues	$ 512,893	$ 136,158	$ 6,679	$ 13,966	$ -	$ 669,696
Adjusted EBITDA	$ 511,803	$ 52,533	$ (1,075)	$ 3,514	$ (15,265)	$ 551,510
Less:						
Interest expense						227,235
Depreciation and amortization	261,037	50,618	3,505	1,955	289	317,404
Other expense						9,638
Transaction related costs						32,213
Stock-based compensation						5,621
Income tax benefit						(8,976)
Net loss						$ (31,625)
Capital expenditures(1)	$ -	$ 103,497	$ 89,984	$ -	$ 46	$ 193,527

(1)Segment capital expenditures represents capital expenditures, the NMS asset acquisition and ground lease investments as reported in the investing activities section of the Condensed Consolidated Statements of Cash Flows.

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	Nine Months Ended September 30, 2016					
(Thousands)	Leasing	Fiber Infrastructure	Towers	Consumer CLEC	Corporate	Subtotal of Reportable Segments
Revenues	$ 506,945	38,995	271	17,277	$ -	$ 563,488
Adjusted EBITDA	$ 505,912	$ 14,773	$ (857)	$ 3,875	$ (10,678)	$ 513,025
Less:						
Interest expense						204,607
Depreciation and amortization	257,059	15,448	216	2,443	282	275,448
Other expense						-
Transaction related costs						24,435
Stock-based compensation						3,478
Income tax expense						899
Net income						$ 4,158
Capital expenditures(1)	$ -	$ 10,278	$ 8,771	$ -	$ 155	$ 19,204

(1)Segment capital expenditures represents capital expenditures and ground lease investments as reported in the investing activities section of the Condensed Consolidated Statements of Cash Flows.

Total assets by business segment as of September 30, 2017 and December 31, 2016 are as follows:

(Thousands)	September 30, 2017	December 31, 2016
Leasing	$ 2,140,087	$ 2,238,517
Fiber Infrastructure	1,962,682	914,082
Towers	140,350	18,004
Consumer CLEC	14,518	14,239
Corporate	34,573	133,910
Total of reportable segments	$ 4,292,210	$ 3,318,752

Note 13. Commitments and Contingencies

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

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

Under the terms of the Tax Matters Agreement entered into with Windstream in connection with the Spin-Off, we are generally responsible for any taxes imposed on Windstream that arise from the failure of the Spin-Off and the debt exchanges to qualify as tax-free for U.S. federal income tax purposes, within the meaning of Section 355 and Section 368(a)(1)(D) of the Internal Revenue Code, as applicable, to the extent such failure to qualify is attributable to certain actions, events or transactions relating to our stock,

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indebtedness, assets or business, or a breach of the relevant representations or any covenants made by us in the Tax Matters Agreement, the materials submitted to the IRS in connection with the request for the private letter ruling or the representations provided in connection with the tax opinion. We believe that the probability of us incurring obligations under the Tax Matters Agreement are remote; and therefore, we have recorded no such liabilities in our consolidated balance sheet.

Note 14. Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income by component is as follows for the nine months ended September 30, 2017:

(Thousands)	Currency Translation Adjustment	Changes in Fair Value of Effective Cash Flow Hedge	Total
Beginning balance at December 31, 2016	$ (267)	$ (6,102)	$ (6,369)
Other comprehensive income (loss) before reclassifications	5,074	(20,591)	(15,517)
Amounts reclassified from accumulated other comprehensive income	-	16,251	16,251
Net other comprehensive income (loss)	4,807	(10,442)	(5,635)
Less: Other comprehensive income attributable to noncontrolling interest	2	41	43
Ending balance at September 30, 2017	$ 4,805	$ (10,483)	$ (5,678)

Note 15. Supplemental Guarantor Information

Pursuant to SEC Regulation S-X Rule 3-10 “Financial statements of guarantors and issuers of guaranteed securities registered or being registered,” the Company historically has provided condensed consolidating financial information for CSL Capital and the Guarantors because the 2023 Notes and the guarantees thereof were previously registered with the SEC under the Securities Act of 1933, as amended. Effective as of May 9, 2017 (the effective date of the previously announced up-REIT Reorganization (see Note 8)), the 2023 Notes ceased to be an obligation of the Company, and the Company was no longer required to provide supplemental guarantor information related to the 2023 Notes.

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 nine months ended September 30, 2017. This discussion should be read in conjunction with the accompanying unaudited financial statements, and the notes thereto set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission (the "SEC") on February 23, 2017.

Overview

Company Description

Uniti Group Inc. (the "Company", "Uniti", "we", "us" or "our"), formerly known as Communications Sales & Leasing, Inc., 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 broadband networks, wireless communications towers, 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 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 substantially all of our leasing revenues are currently derived.

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 Master Lease. We have elected to treat the subsidiaries through which we operate our fiber business, Uniti Fiber, and Talk America Services ("Talk America") as taxable REIT subsidiaries ("TRSs"). TRSs enable us to engage in activities that do not result in income that would be 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 the date of this report, we are the sole general partner of the Operating Partnership and own approximately 97.7% of the partnership interests in the Operating Partnership.

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

We manage our operations as four reportable business segments in addition to our corporate operations:

<u>Leasing</u>: Represents our REIT operations and includes the results from our leasing programs, Uniti Leasing, which is engaged in the acquisition of mission-critical communications assets and leasing them back to anchor customers on either an exclusive or shared-tenant basis.

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

<u>Towers</u>: Represents the operations of our towers business, Uniti Towers, through which we acquire and construct tower and tower-related real estate in the United States and Latin America.

<u>Consumer CLEC</u>: Represents the operations of Talk America through which we operate the Consumer CLEC Business, that prior to the Spin-Off was reported as an integrated operation within Windstream. Talk America provides local telephone, high-speed internet and long distance services to customers in the eastern and central United States.

Corporate: Represents our corporate and back office functions. Certain costs and expenses, primarily related to headcount, 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 defined as net income determined in accordance with GAAP, before interest expense, provision for income taxes, depreciation and amortization, stock-based compensation expense, the impact, which may be recurring in nature, of transaction and integration related expenses, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, changes in the fair value of contingent consideration and financial instruments, and other similar items.

Significant Business Developments

Acquisition of Southern Light, LLC. On July 3, 2017, we completed the previously announced acquisition of Southern Light, LLC ("Southern Light"). We acquired all of the outstanding membership interests of Southern Light for approximately $638 million in cash, including the payoff of existing indebtedness and unpaid transaction expenses, and the issuance of 2.5 million common units in the Operating Partnership with an acquisition date fair value of $64.3 million. Southern Light is a leading provider of data transport services along the Gulf Coast region serving twelve attractive Tier II and Tier III markets across Florida, Alabama, Louisiana, and Mississippi. Southern Light's dense regional fiber network comprises nearly 540,000 fiber strand miles, 5,700 fiber route miles, and over 4,500 on-net locations.

Acquisition of Hunt Telecommunications, LLC. On July 3, 2017, we completed the previously announced acquisition of Hunt Telecommunications, LLC ("Hunt"). The Company acquired all of the outstanding equity interests of Hunt for approximately $130 million in cash, including the payoff of existing indebtedness and unpaid transaction expenses, and approximately 1.6 million units in the Operating Partnership with an acquisition date fair value of $41.6 million. Additional contingent consideration of up to $17 million, with an acquisition date fair value of $16.4 million will be paid upon the achievement of certain defined financial revenue milestones. Hunt is a leading provider of data transport to K-12 schools and government agencies with a dense fiber network in Louisiana.

Comparison of the three months ended September 30, 2017 and 2016

Beginning in the first quarter of 2017, the Company manages and reports our operations in four reportable segments: Leasing, Fiber Infrastructure, Towers, and Consumer CLEC. Prior period data has been reclassified to conform to the current period presentation.

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

(Thousands)	Three Months Ended September 30, 2017 Amount	2017 % of Revenues	2016 Amount	2016 % of Revenues
Revenues:				
Leasing	$ 171,673	70.0%	$ 169,366	84.6%
Fiber Infrastructure	66,363	27.1%	25,219	12.6%
Tower	2,796	1.1%	159	0.1%
Consumer CLEC	4,378	1.8%	5,496	2.7%
Total revenues	245,210	100.0%	200,240	100.0%
Costs and Expenses:				
Interest expense	78,784	32.1%	70,522	35.2%
Depreciation and amortization	113,444	46.3%	96,723	48.3%
General and administrative expense	22,068	9.0%	10,191	5.1%
Operating expense	30,172	12.3%	15,704	7.8%
Transaction related costs	8,512	3.5%	9,315	4.7%
Other (income) expense	(3,933)	(1.6%)	-	-
Total costs and expenses	249,047	101.6%	202,455	101.1%
Loss before income taxes	(3,837)	(1.6%)	(2,215)	(1.1%)
Income tax (benefit) expense	(8,672)	(3.5%)	128	0.1%
Net income (loss)	4,835	2.0%	(2,343)	(1.2%)
Net income attributable to noncontrolling interests	107	0.0%	-	-
Net income (loss) attributable to shareholders	4,728	1.9%	(2,343)	(1.2%)
Participating securities' share in earnings	(388)	(0.2%)	(407)	(0.2%)
Dividends declared on convertible preferred stock	(656)	(0.3%)	(649)	(0.3%)
Amortization of discount on convertible preferred stock	(745)	(0.3%)	(745)	(0.4%)
Net income (loss) attributable to common shareholders	$ 2,939	1.2%	$ (4,144)	(2.1%)

Revenues

Leasing - Leasing revenues are attributable to rental revenue from leasing our Distribution Systems to Windstream Holdings pursuant to the Master Lease.

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

For the three months ended September 30, 2017, we recognized $171.7 million of revenue from rents under the Master Lease, which included $4.3 million of straight-line revenues and $4.0 million of TCI revenue. For the three months ended September 30, 2016, we recognized $169.4 million of revenues from the Master Lease, which included $4.3 million of straight-line rent revenue, and $1.7 million of TCI revenue. The increase in TCI revenue is attributable to increased investment by Windstream in TCIs. Windstream invested $52.5 million in TCIs during the three months ended September 30, 2017, an increase from $41.6 million it invested in TCIs during the three months ended September 30, 2016. Since the inception of the Master Lease, Windstream has invested a total of $391.9 million in such improvements.

Because a substantial portion of our revenue is derived from lease payments by Windstream pursuant to the Master Lease, there could be a material adverse impact on our consolidated results of operations, liquidity and/or financial condition if Windstream were to default under the Master Lease or otherwise experience operating difficulties and becomes unable to generate sufficient cash to make payments to us. In recent years, Windstream has experienced annual declines in its total revenue and sales. On September 22, 2017, Windstream Services, LLC ("Windstream Services"), Windstream's primary operating subsidiary, received a purported notice of default dated September 21, 2017 from a large purported holder of Windstream Services' 6 3/8% Senior Notes due 2023 (the "Windstream Notes"). The notice alleged, among other things, that Windstream Services violated certain restrictive covenants of the indenture governing the Windstream Notes in connection with Windstream's Spin-Off of Uniti Group. Windstream is challenging the alleged default in federal court and recently launched an exchange offer and consent solicitation to obtain a waiver of the alleged default from holders representing a majority of the aggregate principal amount of the Windstream Notes. If the alleged defaults claimed by the noteholder are not waived, the noteholder or the Windstream Notes' trustee may allege that an "event of default" has occurred under the Windstream Notes' indenture. An actual "event of default" would permit the Windstream Notes' trustee or holders of at least 25% in aggregate principal amount of outstanding of the Windstream Notes to declare the principal amount of all outstanding Windstream Notes to be immediately due and payable. Such an outcome would trigger cross-default provisions in Windstream's other debt instruments, including Windstream Services existing credit facility, which, in turn, would trigger a default under the Master Lease. In addition, Windstream Services' ability to pay dividends to Windstream Holdings under the terms of its indentures is subject to certain conditions, including the absence of a default or event of default, and any actual default or event of default could prevent Windstream Services from providing sufficient funding to Windstream Holdings to make payments on the Master Lease. Accordingly, we monitor the credit quality of Windstream through numerous methods, including by (i) reviewing the credit ratings of Windstream by nationally recognized credit rating agencies, (ii) reviewing the financial statements of Windstream that are publicly available and that are required to be delivered to us pursuant to the Master Lease, (iii) monitoring news reports regarding Windstream and its businesses, (iv) conducting research to ascertain industry trends potentially affecting Windstream, and (v) monitoring the timeliness of its lease payments.

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

Fiber Infrastructure – For the three months ended September 30, 2017, we recognized $66.4 million of revenue, approximately 54% of which was derived from lit backhaul services, approximately 10% from construction revenue and approximately 29% from other service revenue. For the three months ended September 30, 2016, we recognized $25.2 million of revenue, approximately 75% of which was derived from lit backhaul services. The increase is primarily driven by the timing of the acquisition of Tower Cloud which took place on August 31, 2016, and the acquisitions of Southern Light and Hunt which took place on July 3, 2017. At September 30, 2017, we had approximately 16,324 customer connections, up from 5,400 customer connections at September 30, 2016. The increase is primarily attributable to the Southern Light and Hunt acquisitions.

Towers - For the three months ended September 30, 2017, we recognized $2.8 million of revenue, of which $2.3 million relates to our Latin American operations, primarily driven by revenues associated with our January 2017 acquisition of Network Management Holdings LTD ("NMS").

Consumer CLEC - For the three months ended September 30, 2017, we recognized $4.4 million of revenue from the Consumer CLEC Business, compared to $5.5 million for the three months ended September 30, 2016. The decrease is due to the effects of competition and customer attrition, as we served 31,590 customers as of September 30, 2017, an 18.11% decrease from 38,574 customers served at September 30, 2016.

Interest Expense

Interest expense for the three months ended September 30, 2017, totaled $78.8 million, which includes non-cash interest expense of $6.1 million resulting from the amortization of our debt discounts and debt issuance costs. Interest expense for the three months ended September 30, 2016 totaled $70.5 million, which includes non-cash interest expense of $4.0 million resulting from the amortization of our debt discounts and debt issuance costs. The increase is primarily related to interest expense on the add-on Secured Notes and the 2024 Notes of $10.7 million, which were not incurred in the prior year. This increase was partially offset by approximately $5.3 million of interest savings related to the repricing of $2.1 billion of term loans outstanding under our senior secured credit agreement. Effective February 9, 2017, interest on the term loans was LIBOR plus 3.00% per annum (with a minimum LIBOR rate of 1.0%), compared to LIBOR plus 4.0% per annum (with a minimum LIBOR rate of 1.0%) for the three months ended September 30, 2016.

Depreciation and Amortization Expense

We incur depreciation and amortization expense related to our property, plant and equipment, corporate assets and intangible assets. Charges for depreciation and amortization for the three months ended September 30, 2017 totaled $113.4 million, which included property, plant and equipment depreciation of $107.0 million, corporate asset depreciation of $0.1 million and intangible asset amortization of $6.3 million. Charges for depreciation and amortization for the three months ended September 30, 2016 totaled $96.7 million, which included property, plant and equipment depreciation of $94.8 million, corporate asset depreciation of $0.2 million and intangible asset amortization of $1.7 million. The increase is primarily driven by the timing of the acquisitions of Tower Cloud, Southern Light and Hunt.

General and Administrative Expense

General and administrative expenses include compensation costs (including stock-based compensation awards), professional and legal services, corporate office costs and other costs associated with administrative activities. For the three months ended September 30, 2017, general and administrative costs totaled $22.1 million (9.0% of revenue), which includes $2.0 million of stock-based compensation expense. For the three months ended September 30, 2016, general and administrative costs totaled $10.2 million (5.1% of revenue), which includes $1.3 million of stock-based compensation expense. The increase is primarily driven by the timing of the acquisitions of Tower Cloud, Southern Light and Hunt. Fiber Infrastructure general and administrative expenses for the three months ended September 30, 2017 and 2016, totaled $10.0 million and $4.8 million, respectively.

Operating Expense

Operating expense for the three months ended September 30, 2017, totaled $30.2 million (12.3% of revenue), and consisted of $3.4 million (1.4% of revenue) of expense related to the operation of the Consumer CLEC Business, $25.4 million (10.4% of revenue) of expense related to Fiber Infrastructure operations and $1.4 million (0.5% of revenue) of expense related to Towers operations. For the three months ended September 30, 2016, operating expenses totaled $15.7 million (7.8% of revenue), which related to the operation of the Consumer CLEC Business ($4.3 million) and Fiber Infrastructure operations ($11.4 million).

The increase to Fiber Infrastructure operating expense is primarily driven by the timing of the acquisitions of Tower Cloud, Southern Light and Hunt. For the three months ended September 30, 2017, Fiber Infrastructure operating expenses included $5.8 million of construction related expenses, $3.7 million of payroll related expense, $3.0 million of tower rent, $6.0 million of lit service expense and $1.7 million of dark fiber rent. For the three months ended September 30, 2016, Fiber Infrastructure operating expenses included $2.0 million of payroll related expense, $2.5 million of tower rent and $1.6 million of lit service expense.

Expense associated with the Consumer CLEC Business is primarily attributable to the Wholesale Agreement and the Master Services Agreement entered between us and Windstream in connection with the Spin-Off, and also included costs arising under the interconnection agreements with other telecommunication carriers. Expense associated with the Wholesale Agreement and Master Services Agreement for the three months ended September 30, 2017 totaled $2.5 million (1.0% of revenue) and $0.3 million (0.1% of revenue), respectively, and expense associated with the Wholesale Agreement and the Master Services Agreement for the three months ended September 30, 2016 totaled $3.1 million (1.5% of revenue) and $0.4 million (0.2% of revenue), respectively.

Other (Income) Expense

We recognized $3.9 million of non-cash income due to an unrealized gain for mark-to-market adjustments on our contingent consideration arrangements, which was recorded in Other (income) expense for the three months ended September 30, 2017.

Income Tax (Benefit) Expense

We recorded an $8.7 million benefit in income tax benefit for the three months ended September 30, 2017, primarily as a result of a $8.0 million income tax benefit we recorded related to the release of a valuation allowance due to the closing of the Southern Light transaction. The Southern Light transaction resulted in a deferred tax liability, and this future reversal of taxable temporary differences supports the realization of deferred tax assets which previously had a valuation allowance.

Reportable Segments

The following tables set forth, for the three months ended September 30, 2017 and 2016, revenues and Adjusted EBITDA of our reportable segments:

(Thousands)	Three Months Ended September 30, 2017 Leasing	Fiber Infrastructure	Towers	Consumer CLEC	Corporate	Subtotal of Reportable Segments
Revenues	$ 171,673	$ 66,363	$ 2,796	$ 4,378	$ -	$ 245,210
Adjusted EBITDA	$ 171,215	$ 28,348	$ (98)	$ 1,025	$ (5,552)	$ 194,938
Less:						
Interest expense						78,784
Depreciation and amortization	87,320	24,050	1,326	652	96	113,444
Other income						(3,933)
Transaction related costs						8,512
Stock-based compensation						1,968
Income tax benefit						(8,672)
Net income						$ 4,835

(Thousands)	Three Months Ended September 30, 2016 Leasing	Fiber Infrastructure	Towers	Consumer CLEC	Corporate	Subtotal of Reportable Segments
Revenues	$ 169,366	$ 25,219	$ 159	5,496	$ -	$ 200,240
Adjusted EBITDA	$ 169,075	$ 9,273	$ (258)	$ 1,213	$ (3,627)	$ 175,676
Less:						
Interest expense						70,522
Depreciation and amortization	86,007	9,701	106	814	95	96,723
Other expense						-
Transaction related costs						9,315
Stock-based compensation						1,331
Income tax expense						128
Net loss						$ (2,343)

Comparison of the nine months ended September 30, 2017 and 2016

Beginning in the first quarter of 2017, the Company manages and reports our operations in four reportable segments: Leasing, Fiber Infrastructure, Towers, and Consumer CLEC. Prior period data has been reclassified to conform to the current period presentation.

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

(Thousands)	Nine Months Ended September 30, 2017 Amount	2017 % of Revenues	2016 Amount	2016 % of Revenues
Revenues:				
Leasing	$ 512,893	76.6%	$ 506,945	90.0%
Fiber Infrastructure	136,158	20.3%	38,995	6.9%
Tower	6,679	1.0%	271	0.0%
Consumer CLEC	13,966	2.1%	17,277	3.1%
Total revenues	669,696	100.0%	563,488	100.0%
Costs and Expenses:				
Interest expense	227,235	33.9%	204,607	36.3%
Depreciation and amortization	317,404	47.4%	275,448	48.9%
General and administrative expense	49,549	7.4%	23,619	4.2%
Operating expense	74,258	11.1%	30,322	5.4%
Transaction related costs	32,213	4.8%	24,435	4.3%
Other expense	9,638	1.4%	-	-
Total costs and expenses	710,297	106.1%	558,431	99.1%
(Loss) income before income taxes	(40,601)	(6.1%)	5,057	0.9%
Income tax (benefit) expense	(8,976)	(1.3%)	899	0.2%
Net (loss) income	(31,625)	(4.7%)	4,158	0.7%
Net income attributable to noncontrolling interests	107	0.0%	-	-
Net income (loss) attributable to shareholders	(31,732)	(4.7%)	4,158	0.7%
Participating securities' share in earnings	(1,156)	(0.2%)	(1,164)	(0.2%)
Dividends declared on convertible preferred stock	(1,968)	(0.3%)	(1,087)	(0.2%)
Amortization of discount on convertible preferred stock	(2,235)	(0.3%)	(1,241)	(0.2%)
Net (loss) income attributable to common shareholders	$ (37,091)	(5.5%)	$ 666	0.1%

Revenues

Leasing – For the nine months ended September 30, 2017, we recognized $512.9 million of revenue from rents under the Master Lease, which included $13.0 million of straight-line revenues and $9.8 million of TCI revenue. For the nine months ended September 30, 2016, we recognized $506.9 million of revenues from the Master Lease, which included $13.0 million of straight-line rent revenue, and $3.9 million of TCI revenue. The increase in TCI revenue is attributable to increased investment by Windstream in TCIs. Windstream invested $166.3 million in TCIs during the nine months ended September 30, 2017, an increase from $112.2 million it invested in TCIs during the nine months ended September 30, 2016. Since the inception of the Master Lease, Windstream has invested a total of $391.9 million in such improvements.

Fiber Infrastructure – For the nine months ended September 30, 2017, we recognized $136.2 million of revenue, approximately 62% of which was derived from lit backhaul services, approximately 13% from construction revenue and approximately 15% from other service revenue. For the nine months ended September 30, 2016 we recognized $39.0 million of revenue, approximately 78% of which was derived from lit backhaul services. The revenue increase is primarily driven by the timing of the acquisitions of PEG, Tower Cloud, Southern Light and Hunt. At September 30, 2017, we had approximately 16,324 customer connections, up from 5,400 customer connections at September 30, 2016. The increase is primarily attributable to the August 31, 2016 acquisition of Tower Cloud and the July 3, 2017 acquisitions of Southern Light and Hunt.

Towers - For the nine months ended September 30, 2017, we recognized $6.7 million of revenue, of which $5.4 million relates to our Latin American operations, primarily driven by revenues associated with our January 2017 acquisition of NMS.

Consumer CLEC - For the nine months ended September 30, 2017, we recognized $14.0 million of revenue from the Consumer CLEC Business, compared to $17.3 million for the nine months ended September 30, 2016. The decrease is due to the effects of competition and customer attrition, as we served 31,590 customers as of September 30, 2017, a 18.11% decrease from 38,574 customers served at September 30, 2016.

Interest Expense

Interest expense for the nine months ended September 30, 2017, totaled $227.2 million, which includes non-cash interest expense of $17.1 million resulting from the amortization of our debt discounts and debt issuance costs. Interest expense for the nine months ended September 30, 2016, totaled $204.6 million, which includes non-cash interest expense of $11.6 million resulting from the amortization of our debt discounts and debt issuance costs. The increase is primarily related to interest expense on the add-on Secured Notes and the 2024 Notes of $26.7 million, which were not incurred in the prior year. This increase was partially offset by approximately $13.5 million of interest savings related to the repricing of $2.1 billion of term loans outstanding under our senior secured credit agreement. Effective February 9, 2017, interest on the term loans was LIBOR plus 3.00% per annum (with a minimum LIBOR rate of 1.0%), compared to LIBOR plus 4.0% per annum (with a minimum LIBOR rate of 1.0%) for the nine months ended September 30, 2016.

Depreciation and Amortization Expense

We incur depreciation and amortization expense related to our property, plant and equipment, corporate assets and intangible assets. Charges for depreciation and amortization for the nine months ended September 30, 2017 totaled $317.4 million, which included property, plant and equipment depreciation of $305.5 million, corporate asset depreciation of $0.3 million and intangible asset amortization of $11.6 million. Charges for depreciation and amortization for the nine months ended September 30, 2016 totaled $275.4 million, which included property, plant and equipment depreciation of $271.3 million, corporate asset depreciation of $0.4 million and intangible asset amortization of $3.7 million. The increase is primarily driven by the timing of the acquisitions of PEG, Tower Cloud, Southern Light and Hunt.

General and Administrative Expense

General and administrative expenses include compensation costs (including stock-based compensation awards), professional and legal services, corporate office costs and other costs associated with administrative activities. For the nine months ended September 30, 2017, general and administrative costs totaled $49.5 million (7.4% of revenue), which includes $5.6 million of stock-based compensation expense. For the nine months ended September 30, 2016, general and administrative costs totaled $23.6 million (4.2% of revenue), which includes $3.5 million of stock-based compensation expense. The increase is primarily driven by the timing of the acquisitions of PEG and Tower Cloud, which closed on May 2, 2016 and August 31, 2016, respectively, as well as the acquisition of Southern Light and Hunt that closed on July 3, 2017. Fiber Infrastructure general and administrative expenses for the nine months ended September 30, 2017 and 2016, totaled $21.2 million and $7.7 million, respectively.

Operating Expense

Operating expense for the nine months ended September 30, 2017, totaled $74.3 million (11.1% of revenue), and consisted of $10.5 million (1.6% of revenue) of expense related to the operation of the Consumer CLEC Business, $60.4 million (9.0% of revenue) of expense related to Fiber Infrastructure operations and $3.4 million (0.5% of revenue) of expense related to Towers operations. For the nine months ended September 30, 2016, operating expenses totaled $30.3 million (5.4% of revenue), which related to the operation of the Consumer CLEC Business ($13.4 million) and Fiber Infrastructure operations ($16.9 million).

The increase to Fiber Infrastructure operating expense is primarily driven by the timing of the acquisitions of PEG and Tower Cloud, which closed on May 2, 2016 and August 31, 2016, respectively, as well as the acquisition of Southern Light and Hunt that closed on July 3, 2017. For the nine months ended September 30, 2017, Fiber Infrastructure operating expenses included $16.9 million of construction related expenses, $11.3 million of payroll related expense, $8.6 million of tower rent, $9.6 million of lit service expense, $7.3 million of maintenance expense and $5.3 million of dark fiber rent. For the nine months ended September 30, 2016, Fiber Infrastructure operating expenses included $3.1 million of payroll related expense, $4.1 million of tower rent and $2.4 million of lit service expense.

Expense associated with the Consumer CLEC Business is primarily attributable to the Wholesale Agreement and the Master Services Agreement entered between us and Windstream in connection with the Spin-Off, and also included costs arising under the interconnection agreements with other telecommunication carriers. Expense associated with the Wholesale Agreement and Master Services Agreement for the nine months ended September 30, 2017 totaled $7.8 million (1.2% of revenue) and $1.1 million (0.2% of revenue), respectively, and expense associated with the Wholesale Agreement and the Master Services Agreement for the nine months ended September 30, 2016 totaled $9.6 million (1.7% of revenue) and $1.3 million (0.2% of revenue), respectively.

Other Expense

Other expense for the nine months ended September 30, 2017, totaled $9.6 million (1.4% of revenue), primarily as a result of a net unrealized loss of $9.1 million for mark-to-market adjustments on our contingent consideration arrangements.

Income Tax (Benefit) Expense

We recorded a $9.0 million benefit in income tax benefit for the nine months ended September 30, 2017, primarily as a result of a $8.0 million income tax benefit we recorded primarily related to the release of a valuation allowance due to the closing of the Southern Light transaction. The Southern Light transaction resulted in a deferred tax liability, and this future reversal of taxable temporary differences supports the realization of deferred tax assets which previously had a valuation allowance.

Reportable Segments

The following tables set forth, for the nine months ended September 30, 2017 and 2016, revenues and Adjusted EBITDA of our reportable segments:

	Nine Months Ended September 30, 2017					
(Thousands)	Leasing	Fiber Infrastructure	Towers	Consumer CLEC	Corporate	Subtotal of Reportable Segments
Revenues	$ 512,893	$ 136,158	$ 6,679	$ 13,966	$ -	$ 669,696
Adjusted EBITDA	$ 511,803	$ 52,533	$ (1,075)	$ 3,514	$ (15,265)	$ 551,510
Less:						
Interest expense						227,235
Depreciation and amortization	261,037	50,618	3,505	1,955	289	317,404
Other expense						9,638
Transaction related costs						32,213
Stock-based compensation						5,621
Income tax benefit						(8,976)
Net loss						$ (31,625)

	Nine Months Ended September 30, 2016					
(Thousands)	Leasing	Fiber Infrastructure	Towers	Consumer CLEC	Corporate	Subtotal of Reportable Segments
Revenues	$ 506,945	38,995	271	17,277	$ -	$ 563,488
Adjusted EBITDA	$ 505,912	$ 14,773	$ (857)	$ 3,875	$ (10,678)	$ 513,025
Less:						
Interest expense						204,607
Depreciation and amortization	257,059	15,448	216	2,443	282	275,448
Other expense						-
Transaction related costs						24,435
Stock-based compensation						3,478
Income tax expense						899
Net income						$ 4,158

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 (although we may not have had such charges in the periods presented). 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. Since EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, they should not be considered as an alternative to net income determined in accordance with GAAP.

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

We define AFFO as FFO excluding (i) transaction related costs; (ii) certain noncash 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, 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 (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 the 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 and financial performance. In particular, we believe AFFO, by excluding certain revenue and expense items, can help investors compare our operating performance between periods and to other REITs on a consistent basis without having to account for differences caused by unanticipated items and events, such as transaction related costs. We use FFO and AFFO, and their respective per share amounts, 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 nine months ended September 30, 2017 and 2016 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Thousands)	2017	2016	2017	2016
Net income (loss)	$ 4,835	$ (2,343)	$ (31,625)	$ 4,158
Depreciation and amortization	113,444	96,723	317,404	275,448
Interest expense	78,784	70,522	227,235	204,607
Income tax (benefit) expense	(8,672)	128	(8,976)	899
EBITDA	$ 188,391	$ 165,030	$ 504,038	$ 485,112
Stock based compensation	1,968	1,331	5,621	3,478
Other (income) expense	(3,933)	-	9,638	-
Transaction related costs	8,512	9,315	32,213	24,435
Adjusted EBITDA	$ 194,938	$ 175,676	$ 551,510	$ 513,025

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Thousands)	2017	2016	2017	2016
Net income (loss) attributable to common shareholders	$ 2,939	$ (4,144)	$ (37,091)	$ 666
Real estate depreciation and amortization	95,519	88,846	278,714	261,678
Participating securities share in earnings	388	407	1,156	1,164
Participating securities share in FFO	(388)	(394)	(1,156)	(1,164)
Adjustments for noncontrolling interests	(2,222)	-	(2,222)	-
FFO attributable to common shareholders	$ 96,236	$ 84,715	$ 239,401	$ 262,344
Transaction related costs	8,512	9,315	32,213	24,435
Change in fair value of contingent consideration	(3,933)	-	9,091	-
Amortization of deferred financing costs	2,889	1,959	7,964	5,640
Amortization of debt discount	3,221	2,038	9,127	5,964
Stock based compensation	1,968	1,331	5,621	3,478
Non-real estate depreciation and amortization	17,925	7,877	38,690	13,770
Straight-line revenues	(3,609)	(4,547)	(10,857)	(13,174)
Maintenance capital expenditures	(1,476)	(1,415)	(3,454)	(2,095)
Amortization of discount on convertible preferred stock	745	745	2,235	1,241
Adjustment to deferred tax valuation allowance	(7,992)	-	(7,992)	-
Other non-cash (revenue) expense, net	(3,509)	(2,333)	(9,304)	(4,842)
Adjustments for noncontrolling interests	(310)	-	(310)	-
AFFO attributable to common shareholders	$ 110,667	$ 99,685	$ 312,425	$ 296,761

Critical Accounting Estimates

We make certain judgments and use certain estimates and assumptions when applying accounting principles in the preparation of our consolidated financial statements. The nature of the estimates and assumptions are material due to the levels of subjectivity and judgment necessary to account for highly uncertain factors or the susceptibility of such factors to change.

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

For further information on our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with SEC on February 23, 2017. As of September 30, 2017, there has been no material change to these estimates.

Liquidity and Capital Resources

Our principal liquidity needs are to fund operating expenses, meet debt service requirements, fund investment activities, and make dividend distributions. Our primary sources of liquidity and capital resources are cash on hand, cash provided by operating activities (primarily arising under the Master Lease with Windstream), borrowings under the Operating Partnership's senior secured revolving credit facility that matures April 24, 2020 (the "Revolving Credit Facility"), and proceeds from the issuance of debt and equity securities. As of September 30, 2017, we had cash and cash equivalents of $49.9 million and $590 million of undrawn borrowing capacity under the Revolving Credit Facility. On July 3, 2017, we closed the previously announced acquisitions of Southern Light and Hunt, using approximately $768 million in cash, including the payoff of existing indebtedness and unpaid transaction expenses.

Cash provided by operating activities was $337.8 million and $300.5 million for the nine months ended September 30, 2017 and 2016, respectively.

Cash used in investing activities was $957.2 million for the nine months ended September 30, 2017, which was driven by the acquisitions of Southern Light ($635.9 million), Hunt ($127.9 million), NMS assets ($68.6 million), ground lease investments ($13.9 million), partially offset by a Tower Cloud working capital adjustment ($0.2 million), and capital expenditures ($111.1 million), primarily related to our Uniti Fiber and Uniti Towers businesses. Cash used in investing activities was $508.7 million for the nine months ended September 30, 2016, which was driven by the acquisition of PEG ($316.1 million), the acquisition of Tower Cloud ($173.4 million) and capital expenditures ($19.2 million). The increase in capital expenditures is due to network deployments related to our Uniti Fiber and Uniti Towers businesses.

As of September 30, 2017, under the terms of the purchase agreement with NMS, we have acquired 43 of the 105 towers, which were under development at the time of the NMS acquisition, for approximately $4.1 million.

Cash provided by financing activities was $497.2 million for the nine months ended September 30, 2017, which primarily represents the net proceeds from the sale of common stock through a public offering ($498.9 million) and proceeds from the 2024 Notes issued in May 2017 ($201.0 million), which were used to fund the acquisitions of Southern Light and Hunt, and net borrowings under the Revolving Credit Facility ($160.0 million), partially offset by dividend payments ($294.3 million), deferred financing costs related to the term loan repricing and 2024 Notes issued in May 2017 ($28.5 million), contingent consideration payments ($19.9 million), and principal payments related to the Term Loan Facility ($15.8 million).

We have an effective shelf registration statement on file with the SEC (the "Registration Statement") to offer and sell various securities from time to time. Under the Registration Statement, we have established an at-the-market common stock offering program (the "ATM Program") to sell shares of common stock having an aggregate offering price of up to $250.0 million. During the quarter ended September 30, 2017, no sales were made under the ATM Program. This program provides additional financial flexibility and an alternative mechanism to access the capital markets at an efficient cost as and when we need financing, including for acquisitions. While we have not used the program to date, we currently intend to utilize the program when we believe the price we can obtain for our common stock is attractive. In addition, 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 issued limited partnership interests as part of the acquisition consideration for the recently completed acquisitions of Hunt and Southern Light.

We anticipate our cash on hand and borrowing availability under the Revolving Credit Facility, combined with our cash flows provided by operating activities will be sufficient to fund our business operations, debt service and distributions to our shareholders over the next twelve months. However, we may take advantage of opportunities to generate additional liquidity through capital markets transactions including, without limitation, the ATM Program. The amount, nature and timing of any capital markets transactions will depend on: our operating performance and other circumstances; our then-current commitments and obligations; the amount, nature and timing of our capital requirements; any limitations imposed by our current credit arrangements; and overall market conditions. These expectations are forward-looking and subject to a number of uncertainties and assumptions. If our expectations about our liquidity prove to be incorrect, we could be subject to a shortfall in liquidity in the future, and this shortfall may occur rapidly and with little or no notice, which would limit our ability to address the shortfall on a timely basis.

Contractual Obligations

As of September 30, 2017, we had contractual obligations and commitments as follows:

(millions)	Payments Due by Period Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Long-term debt[(a)]	$ 21	$ 42	$ 42	$ 4,247	$ 4,352
Interest payments on long-term debt obligations[(b)]	252	501	498	280	1,531
Operating leases	15	19	8	17	59
Capital Leases	8	16	13	56	93
Network deployment[(c)]	52	-	-	-	52
Total projected obligations and commitments[(d)]	$ 348	$ 578	$ 561	$ 4,600	$ 6,087

(a) Excludes $150.2 million of unamortized discounts on long-term debt and deferred financing costs.
(b) Interest rates on our Term Loan Facility are based on our swap rates.
(c) Network deployment purchase commitments are for success-based projects for which we have a signed customer contract before we commit resources to expand our network.
(d) Excludes $10.4 million of derivative liability related to interest rate swaps maturing on October 24, 2022.

Dividends

We are 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. We intend to make regular quarterly dividend payments of all or substantially all of our taxable income to holders of our common stock out of assets legally available for this purpose, if and to the extent authorized by our board of directors. Before we make any dividend payments, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service obligations. If our cash available for distribution is less than our taxable income, we could be required to sell assets or borrow funds to make cash dividends or we may make a portion of the required dividend in the form of a taxable distribution of stock or debt securities.

On October 13, 2017, we paid, to shareholders of record as of the close of business on September 29, 2017, a cash dividend on our common stock of $0.60 per share for the period July 1, 2017 through September 30, 2017.

On July 14, 2017, we paid, to shareholders of record as of the close of business on June 30, 2017, a cash dividend on our common stock of $0.60 per share for the period from April 1, 2017 through June 30, 2017.

On April 14, 2017, we paid, to shareholders of record as of the close of business on March 31, 2017, a cash dividend on our common stock of $0.60 per share for the period from January 1, 2017 through March 31, 2017.

On January 13, 2017, we paid, to shareholders of record as of the close of business on December 30, 2016, a cash dividend on our common stock of $0.60 per share for the period from October 1, 2016 through December 31, 2016.

Capital Expenditures

We categorize our capital expenditures as either (i) success-based, (ii) maintenance, or (iii) corporate and non-network. We define success-based capital expenditures as those which are tied to contractual obligations to customers or are discretionary in nature and are intended to add growth capacity to our existing network. 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 Fiber and Uniti Towers portfolios, and expect that cash on hand, borrowings under our Revolving Credit Facility, and cash flows provided by operating activities will be sufficient to support these investments.

Recent Accounting Guidance

New accounting rules and disclosures can impact our reported results and comparability of our financial statements. These matters are described in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 23, 2017.

In August 2017, the FASB issued Accounting Standards Update (“ASU”) No. 2017-12*, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* (“ASU 2017-12”), which amends and simplifies existing guidance in order to allow companies to more accurately present the economic effects of risk management activities in the financial statements.

ASU 2017-12 is effective for annual periods beginning after December 15, 2018 and interim periods within those annual periods, and earlier adoption is permitted. The Company is currently evaluating the impacts the adoption of this accounting standard will have on our financial statements.

In February 2017, the FASB issued ASU No. 2017-05, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*, which provides guidance for recognizing gains and losses from the transfer of nonfinancial assets and for partial sales of nonfinancial assets, and is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2017. The Company is currently evaluating the impacts the adoption of this accounting standard will have on our financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment* ("ASU 2017-04"), which removes the requirement to perform a hypothetical purchase price allocation to measure goodwill impairment. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for annual and interim periods beginning January 1, 2020, with early adoption permitted, and applied prospectively. We adopted ASU 2017-04 effective January 1, 2017, and there was no material impact on our financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"), in an effort to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. We adopted ASU 2017-01 effective January 1, 2017, with prospective application. As a result of the adoption of ASU 2017-01, the Company's acquisition of NMS (see Note 3) was determined to be an asset acquisition. Transaction costs associated with asset acquisitions, which includes our real property interest investments, are now capitalized as opposed to be recorded as an expense as was required prior to adoption of ASU 2017-01.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). This update outlines a single comprehensive revenue recognition model for entities to follow in accounting for revenue from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive for those goods or services. ASU 2014-09 is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. Early adoption is permitted for public companies for annual periods beginning after December 15, 2016. The Company intends to adopt the revenue recognition guidance on January 1, 2018 using the modified retrospective approach. The Company's implementation efforts include reviewing revenue contracts and the identification of revenue within the scope of the guidance. As ASU 2014-09 does not impact lessor accounting, the Company believes our accounting for leasing revenues will not be significantly impacted. While the Company currently has not identified any material changes in the timing of revenue recognition, we do anticipate an impact to our Fiber Infrastructure costs, primarily related to the capitalization of commission expense under ASU 2014-09, and are currently in the process of quantifying such impacts.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASC 842"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The provisions of this guidance are effective for annual periods beginning after December 31, 2018, and for interim periods therein. The Company is currently evaluating this guidance to determine the impact it will have on our financial statements by reviewing its existing operating lease contracts, where we are the lessee and service contracts that may include embedded leases. The Company expects a gross-up of its Consolidated Balance Sheets as a result of recognizing lease liabilities and right of use assets, the extent of the impact of a gross-up is under evaluation. The Company does not anticipate material changes to the recognition of operating lease expense in its Consolidated Statements of Income.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 provides guidance on reducing the diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. In addition to other specific cash flow issues, ASU 2016-15 provides clarification on when an entity should separate cash receipts and cash payments into more than one class of cash flows and when an entity should classify those cash receipts and payments into one class of cash flows on the basis of predominance. The new guidance is effective for the fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, and early adoption is permitted. The Company is currently evaluating the impact the adoption of this accounting standard will have on our financial statements.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes from the information reported under Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 23, 2017.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

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

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2017. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2017.

Changes in Internal Control over Financial Reporting

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 September 30, 2017 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.

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

Item 1A. Risk Factors.

There have been no material changes to the risk factors affecting our business that were discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on February 23, 2017.

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
July 1, 2017 to July 31, 2017	1,335	$ 26.26	—	—
August 1, 2017 to August 31, 2017	703	19.30	—	—
September 1, 2017 to September 30, 2017	—	—	—	—
Total	2,038	$ 23.86	—	—

(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.

None

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Item 6. Exhibits.

Exhibit Number	Description
4.1*	Fifth Supplemental Indenture, dated as of August 11, 2017, among Uniti Group LP, Uniti Fiber Holdings Inc., and CSL Capital, LLC, as Issuers, the guarantors named therein, and Wells Fargo Bank, National Association, as trustee, relating to the 7.125% Senior Notes due 2024.
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	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

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:	November 2, 2017	/s/ Mark A. Wallace **Mark A. Wallace** **Executive Vice President – Chief Financial Officer and Treasurer** **(Principal Financial Officer)**
Date:	November 2, 2017	/s/ Blake Schuhmacher **Blake Schuhmacher** **Vice President – Chief Accounting Officer** **(Principal Accounting Officer)**

Exhibit 4.1

FIFTH SUPPLEMENTAL INDENTURE
7.125% SENIOR NOTES DUE 2024

Fifth Supplemental Indenture (this "Supplemental Indenture"), dated as of August 11, 2017, among Uniti Group LP, a Delaware limited partnership ("Uniti"), Uniti Fiber Holdings Inc., a Delaware corporation ("Uniti Fiber"), CSL Capital, LLC, a Delaware limited liability company ("CSL Capital," and together with Uniti and Uniti Fiber, the "Issuers"), the guarantors listed on the signature pages hereto (the "Guarantors") and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS the Issuers and the Guarantors have heretofore executed and delivered to the Trustee an indenture (as amended, supplemented or otherwise modified through the date hereof, the "Indenture"), dated as of December 15, 2016, among the Issuers, the Guarantors and the Trustee, providing for the issuance of 7.125% Senior Notes due 2024 (the "Notes"), initially in the aggregate principal amount of $400,000,000 (the "Initial Notes");

WHEREAS the issuance and delivery of an aggregate principal amount of $200,000,000 (the "New Notes") have been authorized by resolutions adopted by the boards of directors of the Issuers;

WHEREAS the New Notes shall be Additional Notes;

WHEREAS the Incurrence of the Indebtedness represented by the New Notes is permitted as of the date hereof by Sections 2.01 and 4.09 of the Indenture and the New Notes will be issued in compliance with the other applicable provisions of the Indenture;

WHEREAS the Issuers and the Guarantors have complied with all applicable conditions precedent provided for in the Indenture related to the issuance of the New Notes;

WHEREAS the Initial Notes and the New Notes will be treated as a single class of Notes for all purposes under the Indenture (as supplemented by this Supplemental Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase); and

WHEREAS the Issuers and the Guarantors have requested that the Trustee execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuers, the Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

SECTION 1. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recitals hereto are used herein as therein defined, except that the term "Holders" in this Supplemental Indenture shall refer to the term "Holders" as defined in the Indenture and the Trustee acting on behalf of and for the benefit of such holders of Notes. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

SECTION 2. Terms of New Securities. The following terms relating to the New Notes are hereby established:

(a) *Principal Amount*. The aggregate principal amount of the New Notes that may be authenticated and delivered under the Indenture, as amended hereby, shall be $200,000,000.

(b) The New Notes shall be issuable in whole or in part in the form of one or more Global Securities. The depositary for such Global Securities shall be The Depository Trust Company.

(c) The New Notes shall have the other terms set forth in the form of global security attached hereto as Exhibit A.

(d) The New Notes shall be considered Additional Notes issued pursuant to Section 2.01 of the Indenture.

SECTION 3. Form of the New Notes. The New Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A attached hereto. The New Notes shall be executed on behalf of each Issuer by an Officer and authenticated by the Trustee pursuant to Section 2.02 of the Indenture.

SECTION 4. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

SECTION 5. Reaffirmation. Each of the Issuers hereby ratifies and reaffirms its Obligations under the Indenture and the Notes; each Guarantor hereby ratifies and reaffirms its Guarantee.

SECTION 6. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 8. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

UNITI GROUP LP

By: Uniti Group Inc., as its general partner

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

UNITI FIBER HOLDINGS INC.

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

CSL CAPITAL, LLC

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

[*Signature Page to Supplemental Indenture*]

GUARANTORS

UNITI HOLDINGS LP

By: Uniti Holdings GP LLC, as its general partner

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

CSL NATIONAL, LP

By: CSL NATIONAL GP, LLC, as its general partner

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

CSL NORTH CAROLINA REALTY, LP

By: CSL NORTH CAROLINA REALTY GP, LLC, as its general partner

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

CSL NORTH CAROLINA SYSTEM, LP

By: CSL NORTH CAROLINA REALTY GP, LLC, as its general partner

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

UNITI LATAM LP

By: UNITI LATAM GP LLC, as its general partner

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

UNITI QRS HOLDINGS LP

By: UNITI QRS Holdings GP LLC, as its general partner

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

CSL NATIONAL GP, LLC
CSL ALABAMA SYSTEM, LLC
CSL ARKANSAS SYSTEM, LLC
CSL FLORIDA SYSTEM, LLC
CSL IOWA SYSTEM, LLC
CSL MISSISSIPPI SYSTEM, LLC
CSL MISSOURI SYSTEM, LLC
CSL NEW MEXICO SYSTEM, LLC
CSL OHIO SYSTEM, LLC
CSL OKLAHOMA SYSTEM, LLC
CSL REALTY, LLC
CSL TEXAS SYSTEM, LLC
CSL NORTH CAROLINA REALTY GP, LLC
CSL TENNESSEE REALTY PARTNER, LLC
CSL TENNESSEE REALTY, LLC
CONTACT NETWORK, LLC
PEG BANDWIDTH DC, LLC
PEG BANDWIDTH DE, LLC
PEG BANDWIDTH IA, LLC
PEG BANDWIDTH LA, LLC
PEG BANDWIDTH MA, LLC
PEG BANDWIDTH MS, LLC
PEG BANDWIDTH TX, LLC
PEG BANDWIDTH VA, LLC
UNITI FIBER HOLDINGS - TC LLC
UNITI FIBER LLC
UNITI LEASING LLC
UNITI TOWERS LLC
UNITI TOWERS NMS HOLDINGS LLC
UNITI TOWERS – NMS INVESTOR LLC
UNITI GROUP FINANCE INC.
UNITI GROUP INC.

By: /s/ Daniel L. Heard
Name: Daniel L. Heard
Title: Executive Vice President – General Counsel and Secretary

[*Signature Page to Supplemental Indenture*]

WELLS FARGO BANK, NATIONAL
ASSOCIATION, AS TRUSTEE

By: /s/ John C. Stohlmann
Name: John C. Stohlmann
Title: Vice President

[*Signature Page to Supplemental Indenture*]

EXHIBIT A

[FACE OF NOTE]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Regulation S Temporary Global Note Legend, if applicable pursuant to the provisions of the Indenture]

CUSIP [ ]
ISIN [ ]

[[RULE 144A][REGULATION S] GLOBAL NOTE

7.125% Senior Notes due 2024

No. [$]

Issue Date:

UNITI GROUP LP (as successor issuer to UNITI GROUP INC.), UNITI FIBER HOLDINGS INC. and CSL CAPITAL, LLC

jointly and severally promise to pay to CEDE & CO. or registered assigns, the principal sum [set forth on the Schedule of Exchanges of Interests in the Global Note attached hereto] [of United States Dollars] on December 15, 2024.

Interest Payment Dates: June 15 and December 15

Record Dates: June 1 and December 1

IN WITNESS HEREOF, each of the Issuers have caused this instrument to be duly executed as of the date first written above.

UNITI GROUP LP

By: Uniti Group Inc., as its general partner

By: ________________________________

Name: Daniel L. Heard

Title: Executive Vice President – General Counsel and Secretary

UNITI FIBER HOLDINGS INC.

By: __________________________________

Name: Daniel L. Heard

Title: Executive Vice President – General Counsel and Secretary

CSL CAPITAL, LLC

By: ______________________________

Name: Daniel L. Heard

Title: Executive Vice President –
General Counsel and Secretary

This is one of the Notes referred to in the within-mentioned Indenture:

Dated:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: ______________________________
Authorized Signatory

[Back of Note]

7.125% Senior Notes due 2024

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. INTEREST. UNITI GROUP LP (as successor issuer to UNITI GROUP INC.), a Delaware limited partnership, UNITI FIBER HOLDINGS INC., a Delaware corporation, and CSL CAPITAL, LLC, a Delaware limited liability company, jointly and severally promise to pay interest on the principal amount of this Note at 7.125% per annum from December 15, 2016 until maturity. The Issuers will pay interest semi-annually in arrears on June 15 and December 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "**Interest Payment Date**"). The first Interest Payment Date shall be December 15, 2017. Interest on the Notes will accrue from June 15, 2017. The Issuers will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the interest rate on the Notes; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any, from time to time on demand at the interest rate on the Notes. At maturity, the Issuers will pay accrued and unpaid interest from the most recent date to which interest has been paid or provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. METHOD OF PAYMENT. The Issuers will pay interest on the Notes to the Persons who are registered Holders of Notes at the close of business on June 1 or December 1 (whether or not a Business Day), as the case may be, immediately preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. Payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of and interest and premium, if any, on, all Global Notes and all other Notes the Holders of which hold at least $5,000,000 aggregate principal amount of the Notes and shall have provided wire transfer instructions to the Issuers or the Paying Agent for an account in the continental U.S. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. PAYING AGENT AND REGISTRAR. Initially, Wells Fargo Bank, National Association, will act as Paying Agent and Registrar. The Issuers may change the Paying Agents or the Registrars without prior notice to the Holders. The Parent or any of its Subsidiaries, including the Issuers, may act as a Paying Agent or Registrar.

4. INDENTURE. The Issuers issued the Notes under an Indenture dated as of December 15, 2016, as amended and supplemented as of the date hereof (the "**Indenture**"), among Uniti Group LP, Uniti Fiber Holdings Inc. and CSL Capital, LLC, the Guarantors named therein and the Trustee. This Note is one of a duly authorized issue of notes of the Issuers designated as its 7.125% Senior Notes due 2024. This Note is one of the Additional Notes referred to in the Indenture and which the Issuers are entitled to issue pursuant to Sections 2.01 and 4.09 of the Indenture. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the

express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling (other than with respect to pre-issuance interest).

5. OPTIONAL REDEMPTION.

(a) Except as described below under clauses 5(b), 5(c) and 5(e) hereof, the Issuers will not be entitled to redeem the Notes at their option prior to December 15, 2019.

(b) At any time prior to December 15, 2019 the Issuers may redeem all or a part of the Notes upon notice as described in Section 3.03 of the Indenture, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium as of the redemption date, and, without duplication, accrued and unpaid interest, if any, to, but excluding, the redemption date, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date.

(c) Until December 15, 2019, the Issuers may, at their option, upon notice as described in Section 3.03 of the Indenture, on one or more occasions, redeem up to 35% of the aggregate principal amount of Notes issued by them at a redemption price equal to 107.125% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to, but excluding, the applicable redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that at least 60% of the aggregate principal amount of Notes originally issued under the Indenture remains outstanding immediately after the occurrence of each such redemption; *provided further* that each such redemption occurs within 120 days of the date of closing of each such Equity Offering. Notice of any redemption upon any Equity Offering may be given prior to such Equity Offering, and any such redemption or notice may, at the Issuer's discretion, be subject to completion of the related Equity Offering.

(d) On and after December 15, 2019, the Issuers may redeem the Notes, in whole or in part, upon notice as described in Section 3.03 of the Indenture, at the redemption prices (expressed as percentages of principal amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest thereon, if any, to, but excluding, the applicable redemption date, subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date, if redeemed during the twelve-month period beginning on April 15 of each of the years indicated below:

Year	Percentage
2019	105.344%
2020	103.563%
2021	101.781%
2022 and thereafter	100.000 %

(e) In the event Holders of not less than 90% in aggregate principal amount of the then outstanding Notes accept a Change of Control Offer and the Issuers (or any third party making such Change of Control Offer in lieu of the Issuers as described above) purchases all of the Notes tendered by such Holders, the Issuers (or any such third party) will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to such Change of Control Offer, to redeem all of such Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment, plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest on the Notes that remain outstanding, to, but excluding, the date of purchase.

(f) Any redemption pursuant to this paragraph 5 shall be made pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

6. MANDATORY REDEMPTION. The Issuers shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

7. NOTICE OF REDEMPTION. Subject to Section 3.03 of the Indenture, notice of redemption will be transmitted at least 30 days but not more than 60 days before the redemption date (except that redemption notices may be transmitted more than 60 days prior to a redemption date if the notice is issued in connection with Article 8 or Article 11 of the Indenture) to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than $2,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest ceases to accrue on Notes or portions thereof called for redemption subject to satisfaction of any conditions specified therein.

8. OFFERS TO REPURCHASE.

(a) Upon the occurrence of a Change of Control Repurchase Event, the Issuers shall make an offer (a "**Change of Control Offer**") to each Holder to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of each Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of purchase (the "**Change of Control Payment**"). The Change of Control Offer shall be made in accordance with Section 4.14 of the Indenture.

(b) If the Parent or any of its Restricted Subsidiaries consummates an Asset Sale, within fifteen (15) Business Days of each date that Excess Proceeds exceed $75.0 million, the Issuers shall commence an offer to all Holders of the Notes and, if required by the terms of any Indebtedness that is *pari passu* with the Notes ("***Pari Passu* Indebtedness**"), to the holders of such *Pari Passu* Indebtedness (an "**Asset Sale Offer**"), to purchase the maximum principal amount of Notes (including any Additional Notes) and such other *Pari Passu* Indebtedness that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon, if any (or, in respect of such *Pari Passu* Indebtedness, such lesser price, if any, as may be provided for or permitted by the terms of such *Pari Passu* Indebtedness), to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate principal amount of Notes and such *Pari Passu* Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuers may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate amount of Notes and the *Pari Passu* Indebtedness surrendered in an Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such *Pari Passu* Indebtedness to be purchased (a) if the Notes or such *Pari Passu* Indebtedness are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes or such *Pari Passu* Indebtedness, as applicable, are listed, (b) on a *pro rata* basis based on the amount (determined as set forth above) of the Notes and such *Pari Passu* Indebtedness tendered or (c) by lot or such similar method in accordance with the procedures of The Depository Trust Company; *provided* that no notes of $2,000 or less shall be repurchased in part. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

9. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of the Notes. Holders shall pay all taxes due on transfer. The Issuers are not required to transfer or exchange any Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuers are not required to issue, transfer or exchange any Notes for a period of 15 days before the transmission of a notice of redemption of Notes to be redeemed.

10. PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes.

11. AMENDMENT, SUPPLEMENT AND WAIVER. The Indenture, the Guarantees or the Notes may be amended or supplemented as provided in the Indenture.

12. DEFAULTS AND REMEDIES. The Events of Default relating to the Notes are defined in Section 6.01 of the Indenture. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes will become due and payable immediately without further action or notice. Holders may not enforce the Indenture, the Notes or the Guarantees except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default (except a Default relating to the payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default and its consequences under the Indenture except a continuing Default in payment of the principal of, premium, if any, or interest on, any of the Notes held by a non-consenting Holder. The Issuers are required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuers are required within ten (10) Business Days after becoming aware of any Default, to deliver to the Trustee a statement specifying such Default and what action the Issuers propose to take with respect thereto.

13. AUTHENTICATION. This Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of the Trustee.

14. GOVERNING LAW. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THE NOTES AND THE GUARANTEES.

15. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuers have caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuers will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to the Issuers at the following address:

Uniti Group LP
10802 Executive Center Drive,
Benton Building Suite 300,
Little Rock, AR 72211
Attention: General Counsel

Uniti Fiber Holdings Inc.
10802 Executive Center Drive,
Benton Building Suite 300,
Little Rock, AR 72211
Attention: General Counsel

CSL Capital, LLC
10802 Executive Center Drive,
Benton Building Suite 300,
Little Rock, AR 72211
Attention: General Counsel

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: (Insert assignee' legal name)

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint
to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuers pursuant to Section 4.10 or 4.14 of the Indenture, check the appropriate box below:

☐ Section 4.10 ¨ ☐ Section 4.14

If you want to elect to have only part of this Note purchased by the Issuers pursuant to Section 4.10 or Section 4.14 of the Indenture, state the amount you elect to have purchased:

$.

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: Tax Identification No.:

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE*

The initial outstanding principal amount of this Global Note is $. The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	**Amount of decrease in Principal Amount**	**Amount of increase in Principal**	**Amount of this Global Note**	**Principal Amount of this Global Note following such decrease or increase**	**Signature of authorized signatory of Trustee or Note Custodian**

* This schedule should be included only if the Note is issued in global form.

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: November 2, 2017

By: /s/ Kenneth A. Gunderman

Kenneth A. Gunderman
President and Chief Executive Officer

Exhibit 31.2

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

I, Mark A. Wallace, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of 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: November 2, 2017

By: /s/ Mark A. Wallace
Mark A. Wallace
Executive Vice President – Chief Financial Officer and Treasurer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Uniti Group Inc. (the "Company") for the period ending September 30, 2017 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: November 2, 2017

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 September 30, 2017 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: November 2, 2017

By: /s/ Mark A. Wallace

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