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May 2, 2017

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor
Harrisburg, PA 17120

**RE: Registration of Joint Securities Certificate for FiberNet Telecommunications of Pennsylvania, LLC and Lumos Networks of West Virginia Inc.
Docket Nos. S-2017-2596516 and S-2017-2596525**

Dear Secretary Chiavetta:

Enclosed please find the joint responses of FiberNet Telecommunications of Pennsylvania, LLC and Lumos Networks of West Virginia Inc. to the Data Requests issued by the Bureau of Technical Utility Services in the above-referenced matter.

As always, if you have questions or need any additional information, please do not hesitate to contact me.

Best Regards,
STEVENS & LEE



Michael A. Grun

Encl.

cc: Andrew Herster, Bureau of Technical Utility Services (via email)

Philadelphia • Reading • Valley Forge • Allentown • Harrisburg • Lancaster • Scranton
Wilkes-Barre • Princeton • Charleston • New York • Wilmington

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**RESPONSE OF LUMOS NETWORKS CORP.,
LUMOS NETWORKS OF WEST VIRGINIA INC., AND FIBERNET
TELECOMMUNICATIONS OF PENNSYLVANIA, LLC
TO STAFF DATA REQUEST TUS-1**

Background

The Securities Certificate was filed in connection with the proposed transaction, whereby MTN Infrastructure TopCo, Inc. (“MTN Infrastructure” or “Transferee”) will acquire all of the outstanding common stock of Lumos Networks Corp. (“Lumos Parent”) (the “Transaction”). Following completion of the Transaction, FiberNet Telecommunications of Pennsylvania, LLC (“FiberNet”) and Lumos Networks of West Virginia Inc. (“Lumos WV”) (together, the “Registrants”) may be borrowers, co-borrowers and/or guarantors for new, amended or restated financing arrangements (the “Financing Arrangements”) in a requested aggregate amount of up to \$750 million (the “Aggregate Amount”) and may also provide a pledge of assets as security for those Financing Arrangements. Lumos Parent is expected to be the primary obligor under the Financing Arrangements. Lumos Parent’s other current and future subsidiaries are expected to participate in the same manner as Registrants.

Response

To the extent the following information has not been filed with Applicant’s registration:

1.) Previous registration balances. Provide docket numbers, initial registration amount, issuances by type, amount and date and current remaining balance. Plans for these balances vis-à-vis the current registration.

Response:	Lumos Parent’s existing financing arrangements are summarized below: ¹	
1)	<u>Borrower:</u>	Lumos Networks Operating Company
	<u>Type:</u>	\$375 million senior secured term loan facilities and a \$50 million senior secured revolving credit facility (together, the “Initial Credit Facility”) and \$28 million senior secured incremental term loan facility (the “Incremental Facility”) and together with the Initial Credit Facility, the “Existing Credit Facility”)
	<u>Commitment Amount:</u>	\$453 million

¹ Details regarding prior financing arrangements that were replaced by subsequent financing arrangements, including the existing financing arrangements, were provided in Docket Nos. S-2014-2451474 and S-2014-2456673.

Date Issued: April 30, 2013 for the Initial Credit Facility;
January 2, 2015 for the Incremental Facility
Outstanding Balance: \$340.5 million (as of Dec. 31, 2016)

Lumos-WV and FiberNet were authorized to participate in the Credit Facility in Docket Nos. S-2013-2353630 and S-2013-2353727, respectively. Lumos-WV and FiberNet were authorized to participate in the Incremental Facility in Docket Nos. S-2014-2451474 and S-2014-2456673, respectively.

2) Issuer: Lumos Networks Corp.
Type: 8% Notes due 2022 (the "8% Notes")
Commitment Amount: \$150 million
Date Issued: August 6, 2015
Outstanding Balance: \$150 million (as of Dec. 31, 2016)

The 8% Notes are not secured or guaranteed by Lumos-WV or FiberNet and therefore there were no registrations for the 8% Notes. The 8% Notes were used, in part, to repay \$40 million of the Existing Credit Facility.

The current registration requests authority for Registrants to participate in the Financing Arrangements up to the Aggregate Amount of up to \$750 million. As stated in the Securities Certificate and explained below in response to item 3, Registrants intend to repay these balances under the Financing Arrangements at the time of closing.

2.) What effect will this issuance have upon the capital structure of the utility. Show calculations.

Response: The capital structure of the Registrants will remain unchanged because the Financing Arrangements are expected to be issued by Lumos Parent or another future parent company of Registrants. To maintain flexibility, however, Lumos Parent seeks approval for Registrants, following completion of the Transaction, to be a borrower or co-borrower, and guarantor or co-guarantor under the Financing Arrangements up to the Aggregate Amount.

3.) Current and three year projections for; (Provide details of calculation)

Sources and Uses of Funds
Capital Expenditures
Ratio of Capital Expenditures to Depreciation and Amortization
Capitalization Ratios
Dividend payout ratio
Interest coverage ratios – both SEC and Indenture basis

Response: As stated in the Securities Certificate, the initial funds under the Financing Arrangements of approximately \$485 million will be used for repaying the debt of Lumos Parent, including the Existing Credit Facility and 8% Notes, which is expected to be approximately \$480.6 million at the time of closing, and for transaction costs. In addition, future funds may also be used for funding capital expenditures or future acquisitions, including paying for the capital stock (or other equity interests) or assets of any acquired business and/or to refinance the debt of the acquired business in connection with the acquisition, as well as pay for transaction costs; financing working capital; and other general corporate purposes.

Lumos Parent prepared projections as part of the Proxy Statement filed with the U.S. Securities and Exchange Commission on April 21, 2014 regarding the transaction and those projections are contained on pages 56 through 64 of that proxy. A copy of those pages of the Proxy Statement is attached hereto as Attachment A. The complete proxy statement can be found at <http://www.snl.com/Cache/c2000204552.html>. Further information on Lumos Parent's SEC filings can be found at <http://ir.lumosnetworks.com/Docs>.

- 4.) Three year history of credit ratings – By credit rating agency and class

Response: Lumos Networks separated from NTELOS on October 31, 2011. At that time, NTELOS' credit rating was BB. Lumos Networks' existing credit facility does not have a credit rating, and the lenders associated with the existing credit facility have not required Lumos Networks to obtain a credit rating. In connection with the Financing Arrangements, Lumos Networks expects to meet with credit rating agencies during the week of May 15 and expects to receive a credit rating following those meetings.

- 5.) Projected refinancing savings or costs, if applicable.

Response: Not applicable.

- 6.) Affiliated interest agreement applicable to instant registration, if financing involves an affiliate.

Response: The Financing Arrangements are expected to be completed at a parent level. Aside from any guaranty or pledge of assets associated with the Financing Arrangements, no affiliated interest agreements are expected.

- 7.) List all unregulated affiliates of the applicant

Response: If by "unregulated affiliates" the commission means affiliated companies that do not hold an authorization from the Pennsylvania Public Utility Commission, such affiliated companies are listed below. Besides the Registrants, none of the other entities listed below are certificated in Pennsylvania.

Lumos Networks Corp. ("Lumos Parent")
Lumos Acquisitions LLC

Lumos Networks Operating Company
Lumos Networks Inc.
Lumos Telephone of Botetourt Inc.
Lumos Telephone, Inc.
Mountaineer Telecom LLC
FiberNet Ohio, LLC
FiberNet of Virginia Inc.
Lumos Networks, LLC
Lumos Media Inc.
Lumos Payroll Corp Inc.
NTELOS Net LLC
Roanoke & Botetourt Network LLC
DC74 LLC
Valley Network Partnership
R&B Telephone LLC
Lumos Telephone of Virginia LLC
510 Glenwood Ave, LLC
Vital
Clarity Communications Group
LMK Communications, LLC

8.) List all debt for which the applicant is a guarantor of affiliated company debt instruments

Response: Other than the existing Credit Facility, Registrants are not a guarantor for any affiliated company debt instruments.

9.) For any corporate money pool from which applicant may potentially borrow, lend or deposit excess cash to, provide;

Commission ordered reporting requirements
Current balances of borrowed and lent funds
Eligible borrowing and lending entities
Accounting for money pool transactions
3 year history of borrowing and lending to the pool

Response: The Lumos Networks companies pool cash into one main operating account held by Lumos Networks Operating Company which is used to pay operating expenses and capital expenditures. Lumos Networks is transitioning the accounts and processes for the two companies that were acquired in January of 2016.

10.) Describe historical reliance by type of both corporate internal and external sources of financing.

Response: While they were business units of NTELOS, the entities that now comprise Lumos Networks generated cash from operations, and also obtained financing from

NTELOS (which in turn obtained that funding from its credit facility) for the strategic acquisitions of FiberNet in 2010 and certain fiber assets from ACC in 2009. Since the separation of Lumos Networks from NTELOS on October 31, 2011, which the Commission approved in Docket Nos. A-2011-2235657 and A-2011-2235659, the entities that now comprise Lumos Networks generate cash from operations and funding from the Existing Credit Facility and the 8% Notes.

11.) Where current dividend payout ratio exceeds 75%, provide three year history and plan for future dividend payouts.

Response: Not applicable. On March 4, 2015, the board of directors terminated our quarterly dividend in favor of allocating capital to growth opportunities.

12.) Where the debt to total capital ratio exceeds 55%, provide plan for managing future debt to total capital levels.

Response: Upon completion of the Transaction, Registrants are not expected to be the borrower for the Financing Arrangements, although Registrants seek such authority. To the extent Registrants are guarantors or co-guarantors for the Financing Arrangements of Lumos Parent, based on current market valuations, Lumos Parent's indebtedness will exceed 55% of the consolidated capital of Lumos Parent.

13.) With respect to the purpose for which you propose to issue or assume securities;

A. If the purpose is the purchase or construction of new facilities, or the betterment of existing facilities, provide;

1. Estimated final cost
2. A brief description of the new facilities or betterments
3. The date when it is expected that the purchase or construction or betterment will be completed.
4. Estimated amount of AFUDC included in the project costs

Response: See response below.

B. If the purpose is to obtain working capital, explain any unusual condition which exists, or will exist, in the public utility's current assets or current liabilities, stating;

1. The approximate cost of average materials and supplies inventory which the public utility expects to carry
2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.
3. The minimum bank balance requirements.

Response: See response below.

- C. If the purpose is to refund obligations, describe obligations in detail.
1. Explain the purpose for which obligations were issued, or refer to the number of securities certificate in which the purpose appears.
 2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be effected as a result of refunding.

Response: See response below.

- D. If the purpose is for the payment of dividends, please justify the use of funds from the registration to pay dividends.

Response: Not applicable. See response below.

- E. If the purpose is to fund pension obligations;

1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.
2. Provide the annual contributions to the plan from 2006 to the present, and the projected contributions for the next five years.
3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

Response: Not Applicable. See response below.

Response: Following the Transaction, Registrants may be borrowers or provide a guaranty or co-guaranty for Financing Arrangements up to the Aggregate Amount, which may be used, from time to time, for acquisitions, refinancing or repaying existing debt, working capital requirements and general corporate purposes of Lumos Parent and its subsidiaries. At this time, the exact uses of such funds have not been and cannot be determined with specificity.

- 14.) Reconcile total capitalization with total rate base for ratemaking purposes. Are any of the funds to be issued for a non-utility purpose? If so, please describe that purpose.

Response: Registrants are not subject to rate of return regulation, and therefore, Registrants do not have a "rate base" to which it can reconcile its capitalization. Moreover, Registrants are non-dominant competitive carriers. Thus, the rates that Registrants may charge customers are determined by competitive market conditions. As a result, concerns that would apply to a rate-regulated utility that has the ability to use the creditworthiness of its regulated rate base to secure borrowings for non-regulated activities are not applicable here since Registrants compete with other entities for each and every one of their customers, and their creditworthiness is therefore based upon its

success in the marketplace and not upon any ability to fund its borrowings through increased rates to ratepayers.

15.) Three year history and three year projections for ratio of capital expenditures to depreciation expense. Show calculations.

Response: Registrants are not subject to rate of return regulation, and Lumos Parent maintains its books using GAAP accounting. Please refer to Registrants' response to Question 3 and Attachment A for additional information regarding Lumos Parent's financial projections.

ATTACHMENT A

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

LUMOS NETWORKS CORP.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



TIMOTHY G. BILTZ

One Lumos Plaza
P.O. Box 1068
Waynesboro, VA 22980
Telephone: (540) 946-2000
Facsimile: (540) 946-2020

April 21, 2017

Dear Stockholder:

You are cordially invited to attend our 2017 Annual Meeting of Stockholders of Lumos Networks Corp., which we refer to as "Lumos Networks" or the "Company," which will be held at 9:00 a.m. (local time) on May 24, 2017, at the offices of Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, Virginia. We will conduct the business ordinarily held at our annual meeting, which is listed in the attached Notice of Annual Meeting of Stockholders.

In addition, on February 18, 2017, we entered into an agreement and plan of merger, which we refer to as the "Merger Agreement," with MTN Infrastructure TopCo, Inc., a Delaware corporation, which we refer to as "Parent," and MTN Infrastructure BidCo, Inc., a Delaware corporation and a wholly owned subsidiary of Parent, which we refer to as "Merger Sub," pursuant to which, subject to the satisfaction or waiver of the conditions set out in the Merger Agreement, Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Parent, which we refer to as the "Merger." At the 2017 Annual Meeting of Stockholders, we will ask you to consider and vote upon a proposal to adopt the Merger Agreement, thereby approving the Merger, and certain other Merger-related matters as set forth in the attached Notice of Annual Meeting of Stockholders and the accompanying proxy statement. If the Merger is completed, you will be entitled to receive \$18.00 in cash for each share of Lumos Networks common stock, par value \$0.01 per share, which we refer to as the "Lumos Networks Common Stock," that you own.

Adoption of the Merger Agreement and the transactions contemplated thereby, including the Merger, requires the affirmative vote of the holders of a majority of the outstanding shares of Lumos Networks Common Stock entitled to vote at the 2017 Annual Meeting of Stockholders. After considering various factors, all members of our Board of Directors voting on the Merger determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are in the best interests of Lumos Networks' stockholders, and approved and adopted and declared advisable, the Merger Agreement and the Merger.

You may read, print and download our annual report on Form 10-K and proxy statement at <http://www.envisionreports.com/LMOS>.

If you do not attend the 2017 Annual Meeting of Stockholders, we request that you vote by telephone or Internet, or if you received a paper copy of the proxy card by mail, by signing your proxy card and mailing it in the envelope provided. The proxy card materials provide you with details on how to vote by these three methods. The prompt vote by telephone or Internet or return of your proxy card will be appreciated. If you decide to attend the 2017 Annual Meeting of Stockholders, you may revoke your proxy and personally cast your vote.

Your vote is very important, regardless of the number of shares you own. We cannot consummate the Merger unless the holders of a majority of the outstanding shares of Lumos Networks Common Stock entitled to vote at the annual meeting vote in favor of the adoption of the Merger Agreement. If you fail to vote on the Merger Agreement or fail to instruct your broker, bank or other nominee on how to vote, the effect will be the same as a vote against the adoption of the Merger Agreement.

Thank you, and we look forward to seeing you at the 2017 Annual Meeting of Stockholders or receiving your proxy vote.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Timothy G. Biltz", written in a cursive style.

Timothy G. Biltz
President and Chief Executive Officer

This transaction has not been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the merits or fairness of this transaction or upon the adequacy or accuracy of the information contained in the proxy statement. Any representation to the contrary is a criminal offense.

The accompanying proxy statement is dated April 21, 2017 and is first being mailed to Lumos Networks stockholders on or about April 25, 2017.



LUMOS NETWORKS CORP.
One Lumos Plaza
Waynesboro, Virginia 22980
(540) 946-2000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the 2017 Annual Meeting of Stockholders of Lumos Networks Corp., which we refer to as "Lumos Networks" or the "Company," will be held at 9:00 a.m. (local time) on May 24, 2017, at the offices of Troutman Sanders LLP, 1001 Haxall Point, 15th Floor, Richmond, Virginia. The meeting is called for the following purposes:

1. To adopt the agreement and plan of merger, which we refer to as the "Merger Agreement," with MTN Infrastructure TopCo, Inc., a Delaware corporation, which we refer to as "Parent," and MTN Infrastructure BidCo, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent, which we refer to as "Merger Sub," pursuant to which, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Parent;
2. To approve a non-binding advisory resolution approving the Merger-related compensation of our named executive officers;
3. To approve the adjournment of the 2017 Annual Meeting of Stockholders from time to time if necessary or appropriate;
4. To elect nine directors to serve until the 2018 Annual Meeting of Stockholders;
5. To approve a non-binding advisory resolution approving the compensation of our named executive officers;
6. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017; and
7. To transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on April 19, 2017 as the record date for the purpose of determining the stockholders who are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

By order of the Board of Directors,

A handwritten signature in cursive script that reads "Mary McDermott".

Mary McDermott
Corporate Secretary

Waynesboro, Virginia
April 21, 2017

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. PLEASE VOTE YOUR SHARES ACCORDING TO THE INSTRUCTIONS CONTAINED IN THE PROXY MATERIALS YOU RECEIVED SO THAT YOUR SHARES WILL BE REPRESENTED AT THE MEETING. IF YOU DECIDE TO ATTEND THE 2017 ANNUAL MEETING OF STOCKHOLDERS, YOU MAY REVOKE YOUR PROXY AND PERSONALLY CAST YOUR VOTE.

Summary of Financial Analyses of Lumos Networks' Financial Advisors

The following is a summary of certain of the financial analyses performed by Wells Fargo Securities and UBS in connection with the preparation of their respective opinions and reviewed with our Board on February 18, 2017. The summary does not contain all of the financial data that holders of Lumos Networks Common Stock may want or need for purposes of making an independent determination of fair value. Holders of Lumos Networks Common Stock are encouraged to consult their own financial and other advisors before making any investment decision in connection with the proposed Merger. The order of the analyses summarized below does not represent relative importance or weight given to those analyses by either Wells Fargo Securities or UBS. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying, and the assumptions, qualifications and limitations affecting, each analysis, could create an incomplete view of Wells Fargo Securities' and UBS's analyses.

The preparation of a financial opinion is a complex process and involves various quantitative and qualitative determinations as to the most appropriate and relevant methods of financial, comparative, and analytical methods and the application of those methods to the particular circumstances. Therefore, a financial opinion is not readily susceptible to summary description. Each of Wells Fargo Securities and UBS arrived at their respective opinions based on the results of all analyses undertaken by them and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, methodology or factor. Accordingly, Wells Fargo Securities and UBS believe that their analyses and the following summary must be considered as a whole and that selecting portions of its analyses, methodologies and factors, without considering all analyses, methodologies and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying Wells Fargo Securities' and UBS' analyses and their respective opinions.

For purposes of their analyses, Wells Fargo Securities and UBS reviewed a number of financial metrics, including the following:

- EBITDA – generally the amount of the relevant company's earnings before interest, taxes, depreciation, amortization, stock-based compensation, pension expense, any non-recurring items and earnings attributable to non-controlling interests for a specified time period.
- Enterprise Value – generally the value as of a specified date of the relevant company's outstanding equity securities (taking into account outstanding options and other securities convertible, exercisable or exchangeable into or for equity securities of the company) plus the value as of such date of its net debt (the value of its outstanding indebtedness, capital lease obligations and non-controlling interests less the amount of cash and cash equivalents on its balance sheet).

Unless the context indicates otherwise, (i) the enterprise values used in the selected companies analyses described below were calculated using the market price of the common stock of the selected companies listed below as of February 16, 2017, (ii) the relevant values for the selected transactions analysis described below were calculated on an enterprise value basis based on the consideration proposed to be paid in the selected transactions, and (iii) the estimates of the future financial performance of Lumos Networks relied upon for the financial analyses described below were based on the updated financial projections provided by Lumos Networks' management, and estimates of the future financial performance for the selected companies listed below were based on certain publicly available research analyst estimates for those companies.

Selected Companies Analysis

Wells Fargo Securities and UBS reviewed certain data for selected companies with publicly traded equity securities that Wells Fargo Securities and UBS deemed relevant. The selected companies were selected because they were deemed by Wells Fargo Securities and UBS to be similar to Lumos Networks in one or more respects.

The financial data reviewed included:

- Equity Value based on publicly available data as of February 16, 2017 and calculated as fully diluted shares outstanding, calculated using treasury stock method at closing share price on February 16, 2017;
- Enterprise Value calculated as market value of equity plus net debt, preferred equity, and non-controlling interest;
- Enterprise Value as a multiple of projected EBITDA for the calendar year 2017, or “EV / 2017E EBITDA;”
- Enterprise Value as a multiple of projected EBITDA for the calendar year 2018, or “EV / 2018E EBITDA;”

The results of this analysis are indicated below:

Company Name	Closing Share Price as of 2/16/17	Equity Value (\$ in millions)	Enterprise Value (\$ in millions) (“EV”)	EV / 2017E EBITDA	EV / 2018E EBITDA
CenturyLink, Inc.	\$ 24.28	\$ 26,062	\$ 63,008	6.4x	6.3x
Cincinnati Bell Inc.	20.50	881	2,078	6.9x	6.8x
Consolidated Communications Holdings, Inc.	25.72	1,829	3,998	6.6x	6.8x
Frontier Communications Corporation	3.29	3,900	22,069	5.6x	5.6x
Windstream Holdings, Inc.	7.02	1,360	6,649	4.4x	4.4x
Zayo Group Holdings, Inc.	30.99	7,662	13,202	9.9x	9.3x

The mean, median, high and low of such financial data for the selected companies were:

<u>Enterprise Value / EBITDA</u>	<u>Mean</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
EV / 2017E EBITDA	6.6x	6.5x	9.9x	4.4x
EV / 2018E EBITDA	6.5x	6.5x	9.3x	4.4x

Taking into account the results of the selected companies analysis, Wells Fargo Securities and UBS applied a multiple range of 7.5x to 9.0x based on the EV / 2017E EBITDA multiples for the selected companies to Lumos Networks’ estimated EBITDA for the fiscal year ending December 31, 2017, or “FY 2017E EBITDA,” and a multiple range of 7.0x to 8.5x based on the EV / 2018E EBITDA multiples for the selected companies to Lumos Networks’ projected EBITDA for the fiscal year ending December 31, 2018, or “FY 2018E EBITDA.” The selected companies analysis indicated implied valuation reference ranges per share of \$12.31 to \$17.54 based on Lumos Networks’ FY 2017E EBITDA, and \$12.37 to \$17.94 based on Lumos Networks’ FY 2018E EBITDA, as compared to the proposed Merger Consideration in the Merger pursuant to the Merger Agreement of \$18.00 per share.

Selected Transactions Analysis

Wells Fargo Securities and UBS considered certain financial terms of certain transactions involving target companies that Wells Fargo Securities and UBS deemed relevant. The selected transactions were selected because they involved target companies that were deemed by Wells Fargo Securities and UBS to be similar to Lumos Networks in one or more respects.

The financial data reviewed included Enterprise Value (based on publicly available data as of announcement date and calculated as fully diluted shares outstanding, calculated using treasury stock method at closing share price on announcement date) as a multiple of EBITDA for the last twelve months prior to the announcement of the applicable transaction, which we refer to as “EV / LTM EBITDA,” and Enterprise Value as a multiple of EBITDA for the last quarter prior to the announcement of the applicable transaction annualized, which we refer to as “EV / LQA EBITDA.”

The results of this analysis are indicated below:

<u>Announce Date</u>	<u>Target</u>	<u>Acquiror</u>	<u>Enterprise Value (\$ in millions) ("EV")</u>	<u>EV / LQA EBITDA</u>	<u>EV / LTM EBITDA</u>
December-16	Fairpoint Communications, Inc.	Consolidated Communications Holdings, Inc.	\$ 1,465	5.7x	5.8x
October-16	Electric Lightwave, LLC	Zayo Group Holdings, Inc.	1,420	7.9x	N/A
November-15	Allstream Inc.	Zayo Group Holdings, Inc.	320(1)	4.4x(1)	N/A
June-14	Enventis Corporation	Consolidated Communications Holdings, Inc.	346	7.2x	7.2x

(1) Based on publicly available data as of announcement date and not otherwise calculated by Wells Fargo Securities and UBS.

The mean, median, high and low of such financial data for the selected transactions were:

<u>Enterprise Value/ EV / LTM EBITDA</u>	<u>Mean</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
EV / LQA EBITDA	6.5x	6.5x	7.2x	5.8x
EV / LQA EBITDA	6.3x	6.4x	7.9x	4.4x

Taking into account the results of the selected transactions analysis, Wells Fargo Securities and UBS applied a multiple range of 7.0x to 8.5x based on the EV / LQA EBITDA multiples for the target companies in the selected transactions to Lumos Networks' LQA 12/31/2016 EBITDA. The selected transactions analysis indicated an implied valuation reference range per share of \$10.13 to \$15.77, as compared to the proposed Merger Consideration in the Merger pursuant to the Merger Agreement of \$18.00.

Discounted Cash Flow Analysis

Wells Fargo Securities and UBS conducted a discounted cash flow analysis of Lumos Networks using the updated financial forecasts for the fiscal year ending December 31, 2017 through the fiscal year ending December 31, 2021, including projected utilization of net operating losses, provided by Lumos Networks' management, to determine an implied present value per share of Lumos Networks Common Stock as of December 31, 2016. In conducting this analysis, Wells Fargo Securities and UBS first calculated the net present value of the projected after-tax unlevered free cash flows for Lumos Networks for the fiscal year ending December 31, 2017 through the full fiscal year ending December 31, 2021. Next, Wells Fargo Securities and UBS derived implied terminal values for Lumos Networks in the fiscal year 2021 by applying a range of terminal value EBITDA multiples of 9.0x to 10.0x, which were chosen by Wells Fargo Securities and UBS based on their experience and professional judgment, to the estimated EBITDA of Lumos Networks for the fiscal year 2021 provided by the management of Lumos Networks. The unlevered free cash flows and range of terminal values were discounted to present values using a range of discount rates from 8.0% to 9.0%. Wells Fargo Securities and UBS selected the discount range used in this analysis based on their experience and professional judgment taking into account Lumos Networks' weighted average cost of capital, which Wells Fargo Securities and UBS calculated using standard corporate finance methodologies. Wells Fargo Securities and UBS then derived a range of implied enterprise values of Lumos Networks by adding the present value (as of December 31, 2016) of the projected cash flows of Lumos Networks for the fiscal year ending December 31, 2017 through the full fiscal year ending December 31, 2021 to the present value (as of December 31, 2016) of the terminal value for Lumos Networks in fiscal year 2021. For purposes of these present value calculations, Wells Fargo Securities and UBS utilized the mid-year cash flow convention. Wells Fargo Securities and UBS calculated a range of implied per share values for Lumos Networks by subtracting Lumos Networks' estimated net debt (\$461 million) and other line items (totaling approximately \$16 million) including unfunded pension and post-retirement obligations, non-controlling interest and equity investments as of December 31, 2016 (as provided by Lumos Networks' management) and adding the estimated net present value of Lumos Networks' net operating losses as of December 31, 2016 to the range of implied enterprise values of Lumos Networks and then dividing by the number of fully diluted shares outstanding (as of February 16, 2017). These calculations resulted in a range of implied equity values per share of Lumos Networks Common Stock of \$15.70 to \$19.93. Wells Fargo Securities and UBS noted that the per-share Merger Consideration to be paid in connection with the Merger is \$18.00.

Certain Financial Projections

Lumos Networks does not, as a matter of course, develop or publicly disclose long-term projections or internal projections of its future financial performance, financial condition or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates, though Lumos Networks has in the past provided investors with full-year financial guidance which may cover areas such as revenue, adjusted EBITDA and capital expenditures, among other items, which it may update from time to time during the relevant year. However, in connection with Lumos Networks' evaluation of a

possible transaction, Lumos Networks prepared and provided the Board and its advisors, including Wells Fargo Securities and UBS, in performing their respective financial analyses, including the financial analyses summarized under “—Opinions of Financial Advisors” beginning on page 50, with certain non-public, unaudited, stand-alone financial projections prepared by management and not for public disclosure. Lumos Networks management prepared four variations of financial projections, which we refer to together as the Management Projections: (i) preliminary operating model projections prepared in October 2016 in preparation for the strategic alternative process described earlier and provided to the Board and the Financial Advisors, which we refer to as the initial projections, (ii) updated operating model projections prepared in November 2016 and provided to the Board and the Financial Advisors, which we refer to as the interim projections, (iii) investment case projections prepared in connection with the strategic alternative process and provided to the Board and potential strategic partners participating in the process (including EQT) beginning in November 2016, which we refer to as the investment case projections, and (iv) revised operating model projections prepared in February 2017 reflecting updated results and management expectations and provided to the Board and the Financial Advisors, which we refer to as the updated projections. The interim projections updated the initial projections to reflect management’s continuing analysis of the operating model and projected performance. The Committee and the Board determined that management should prepare on a reasonable good faith basis the investment case projections based on the initial projections with adjustments to reflect (1) an increase in dark fiber and wavelength sales in future years as a result of increases in FTTC backhaul traffic and backhaul traffic from the Norfolk underwater cable landing site, (2) a higher number of second tenants on FTTC sites, resulting from an increase in demand for denser mobile networks and (3) a moderated CLEC voice services customer churn in future years. While the acquisition of DC74 was included in the initial projections, that acquisition was not included in the interim projections or the investment case projections prepared in November 2016, given the relative uncertainty of the transaction at the time. The updated projections reflected updates relating to estimated 2016 financial results, the 2017 operating model and the projected performance of the recently acquired Clarity and DC74. The updated projections were used for purposes of the financial analyses provided by the Financial Advisors, summarized above under the caption “—Opinions of Financial Advisors” beginning on page 50.

The following tables summarize the Management Projections as described above.

Management Projections

Initial Projections

	Year Ending December 31,					
	2016PF(1)	2017E(1)	2018E(1)	2019E	2020E(1)	2021E(1)
	(\$ in millions)					
Total Revenue	\$ 214	\$ 217	\$ 223	\$ 228	\$ 240	\$ 255
EBITDA(3)	96	98	101	105	114	126
Capital Expenditures	86	72	74	77	73	83

- (1) 2016PF reflects management’s expected revenue, EBITDA and capital expenditures performance of Lumos Networks on a pro forma basis, including the acquisition of Clarity, assuming the acquisition closed on January 1, 2016, but excluding the acquisition of DC74, which was not acquired by Lumos Networks until February 2017.
- (2) 2017E-2021E reflect management’s expected revenue, EBITDA and capital expenditures performance of Lumos Networks, including the expected performance of Clarity and DC74.
- (3) EBITDA is defined as net income / (loss) attributable to the Company before depreciation and amortization, stock based compensation, pension expenses, cash interest expenses, debt amortization, income before taxes and income taxes.

The following table presents a reconciliation of net income / (loss) to EBITDA for each of the periods indicated above in the initial projections:

	Year Ending December 31,					
	2016PF(1)	2017E(1)	2018E(1)	2019E	2020E(1)	2021E(1)
	(\$ in millions)					
EBITDA	\$ 96	\$ 99	\$ 100	\$ 103	\$ 112	\$ 124
Depr. & Amort.	50	56	56	58	62	66
Stock Based Compensation	10	7	7	7	7	7
Pension Expense (R&SB)	1	2	2	2	2	2
Cash Interest Expense	28	27	27	28	27	26
Debt Amortization	5	5	5	5	5	6
Income Before Taxes	1	2	2	4	9	18
Income Taxes	2	2	3	3	5	8
Net Income / (Loss)	\$ (1)	\$ (1)	\$ (0)	\$ 1	\$ 4	\$ 10

(1) Reconciliation of net income / (loss) to EBITDA numbers may not foot due to rounding.

Interim Projections

	Year Ending December 31,					
	2016PF(1)	2017E(2)	2018E	2019E	2020E	2021E
	(\$ in millions)					
Total Revenue	\$ 214	\$ 215	\$ 222	\$ 230	\$ 244	\$ 261
EBITDA	96	95	100	106	117	131
Capital Expenditures	89	79	76	83	75	85

- (1) 2016PF reflects management's expected revenue, EBITDA and capital expenditures performance of Lumos Networks on a pro forma basis, including the acquisition of Clarity as if the acquisition closed on January 1, 2016, but excluding DC74.
- (2) 2017E-2021E reflect management's expected revenue, EBITDA and capital expenditures performance of Lumos Networks, including the expected performance of Clarity, but excluding DC74.

The following table presents a reconciliation of net income to EBITDA for each of the periods indicated above in the interim case projections:

	Year Ending December 31,					
	2016PF(1)	2017E(1)	2018E(1)	2019E(1)	2020E(1)	2021E(1)
	(\$ in millions)					
EBITDA	\$ 96	\$ 95	\$ 100	\$ 106	\$ 117	\$ 131
Depr. & Amort.	49	52	53	55	59	64
Stock Based Compensation	10	7	7	7	7	7
Pension Expense (R&SB)	1	2	2	2	2	2
Cash Interest Expense	28	27	27	28	26	26
Debt Amortization	4	5	5	5	5	6
Income Before Taxes	2	2	6	9	18	27
Income Taxes	2	2	4	5	8	12
Net Income / (Loss)	\$ (0)	\$ (0)	\$ 2	\$ 4	\$ 10	\$ 15

(1) Reconciliation of net income / (loss) to EBITDA numbers may not foot due to rounding.

Investment Case Projections

	Year Ending December 31,						
	2016E(1)(4)	2016PF(2)(4)	2017E(3)(4)	2018E(4)	2019E(4)	2020E(4)	2021E(4)
	(\$ in millions)						
Total Revenue	\$ 207	\$ 214	\$ 217	\$ 226	\$ 238	\$ 255	\$ 275
EBITDA	94	97	97	103	111	124	140
Capital Expenditures	88	88	77	77	79	76	86

- (1) 2016E reflects management's expected revenue, EBITDA and capital expenditures performance of Lumos Networks, excluding the expected performance of Clarity and DC74.
- (2) 2016PF reflects management's expected revenue, EBITDA and capital expenditures performance of Lumos Networks on a pro forma basis, including the acquisition of Clarity as if the acquisition closed on January 1, 2016, but excluding DC74.
- (3) 2017E-2021E reflect management's expected revenue, EBITDA and capital expenditures performance of Lumos Networks, including the expected performance of Clarity, but excluding DC74.
- (4) Amounts may not foot due to rounding.

The following table presents a reconciliation of net income / (loss) to EBITDA for each of the periods indicated above in the investment case projections:

	Year Ending December 31,						
	2016E(1)	2016PF(1)	2017E(1)	2018E(1)	2019E(1)	2020E(1)	2021E(1)
	(\$ in millions)						
EBITDA	\$ 94	\$ 97	\$ 97	\$ 103	\$ 111	\$ 124	\$ 140
Depr. & Amort	50	51	53	54	56	60	65
Stock Based Compensation	10	10	7	7	7	7	7
Pension Expense (R&SB)	1	1	2	2	2	2	2
Cash Interest Expense	28	28	27	27	27	26	26
Debt Amortization	4	4	5	5	5	5	6
Income Before Taxes	(0)	1	3	8	14	25	35
Income Taxes	2	2	3	5	7	11	16
Net Income / (Loss)	\$ (2)	\$ (1)	\$ (0)	\$ 3	\$ 7	\$ 14	\$ 20

- (1) Reconciliation of net income / (loss) to EBITDA numbers may not foot due to rounding.

Updated Projections

	Year Ending December 31,					
	2016PF(1)	2017E(2)	2018E	2019E	2020E	2021E
	(\$ in millions)					
Total Revenue	\$ 220	\$ 226	\$ 231	\$ 237	\$ 250	\$ 266
EBITDA	100	101	109	112	122	135
Capital Expenditures	85	78	76	77	74	83

- (1) 2016PF reflects management's expected revenue, EBITDA and capital expenditures performance of Lumos Networks on a pro forma basis, including the acquisitions of Clarity and DC74 as if both acquisitions closed on January 1, 2016.
- (2) 2017E-2021E reflect management's expected revenue, EBITDA and capital expenditures performance of Lumos Networks, including the expected performance of Clarity and DC74.

The following table presents a reconciliation of net income to EBITDA for each of the periods indicated above in the updated projections:

	Year Ending December 31,					
	2016PF(2)	2017E(2)	2018E(2)	2019E(2)	2020E(2)	2021E(2)
	(\$ in millions)					
EBITDA	\$ 100	\$ 101	\$ 109	\$ 112	\$ 122	\$ 135
Depr. & Amort. (1)	49	52	52	54	58	62
Stock Based Compensation (1)	11	8	8	8	8	8
Pension Expense (R&SB)	1	2	2	2	2	2
Cash Interest Expense	28	27	27	27	26	26
Debt Amortization	4	5	5	5	5	6
Income Before Taxes	6	8	14	16	24	32
Income Taxes	3	3	6	6	9	12
Net Income / (Loss)	\$ 3	\$ 4	\$ 8	\$ 10	\$ 15	\$ 20

- (1) GAAP line items including depreciation & amortization and stock based compensation projections reflect management's expected book value estimates and may differ materially from taxable values used for calculating free cash flow.
- (2) Reconciliation of net income / (loss) to EBITDA numbers may not foot due to rounding.

The Financial Advisors used the unlevered free cash flow amounts set forth below – which were derived from the updated projections and approved by Lumos Networks for use by the Financial Advisors – as part of the financial analyses that the Financial Advisors performed in connection with the delivery of their financial analyses to the Board described under the heading “—Opinions of Financial Advisors” beginning on page 50 and in connection with the delivery of their respective opinions to the Board.

	Year Ending December 31,				
	2017E	2018E	2019E	2020E	2021E
	(\$ in millions)				
Unlevered Free Cash Flow	\$ 8	\$ 9	\$ 9	\$ 17	\$ 18

The following table presents a reconciliation of EBITDA to unlevered free cash flow for each of the periods indicated above in the updated unlevered free cash flow amounts.

	Year Ending December 31,				
	2017E(1)	2018E(1)	2019E(1)	2020E(1)	2021E(1)
	(\$ in millions)				
EBITDA	\$ 101	\$ 109	\$ 112	\$ 122	\$ 135
Total Tax D&A	(84)	(77)	(73)	(57)	(64)
Total Stock-Based Compensation	(10)	(10)	(10)	(10)	(10)
Implied Taxes @38.0%	(3)	(8)	(11)	(21)	(23)
Total Capital Expenditures (2)	(78)	(82)	(82)	(74)	(83)
Change in Net Working Capital	(3)	0	(0)	(0)	0
Total Implied Unlevered Free Cash Flow	\$ 8	\$ 9	\$ 9	\$ 17	\$ 18

- (1) Reconciliation of EBITDA to unlevered free cash flow numbers may not foot due to rounding.
- (2) 2018 capital expenditures includes \$5.3 million DC74 earn-out; 2019 capital expenditures includes \$5 million Clarity earn-out.

The Management Projections were not prepared with a view to public disclosure and are included in this proxy statement only because such information was made available as described above. The Projections were not prepared with a view to compliance with generally accepted accounting principles as applied in the United States, which we refer to as “GAAP,” the published guidelines of the SEC regarding projections and forward-looking statements or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Furthermore, KPMG LLP, our independent auditor, has not examined, reviewed, compiled or otherwise applied procedures to, the Management Projections and, accordingly, assumes no responsibility for, and expresses no opinion on, them. The Management Projections included in this proxy statement have been prepared by, and are the responsibility of, our management. The Management Projections were prepared solely for internal use of Lumos Networks and its Financial Advisors and are subjective in many respects. The investment case projections were prepared solely for the use of potential strategic partners and are also subjective in many respects.

Although a summary of the Management Projections is presented with numerical specificity, they reflect numerous variables, assumptions and estimates as to future events made by our management that our management believed were reasonable at the time the Management Projections were prepared, taking into account the relevant information available to management at the time. However, this information is not fact and should not be relied upon as being necessarily indicative of actual future results. Important factors that may affect actual results and cause the Management Projections not to be achieved include general economic conditions, results or financial condition, industry performance, accuracy of certain accounting assumptions, changes in actual or projected cash flows, competitive pressures, current expansion efforts adversely impacting our business or results, ability to successfully integrate acquisitions, pricing pressures from our customers adversely affecting our profitability, technological changes and competition adversely affecting our sales, profitability or financial condition, any disruption in our information technology systems adversely impacting our business and operations, strengthening of the U.S. dollar and other foreign currency exchange rate fluctuations impacting our results, our contingent liabilities and tax matters causing us to incur losses or costs, any inability to protect our intellectual property rights adversely affecting our business or our competitive position, costs or adverse effects on our business, reputation or results from governmental regulations, changes in government regulation or other policies adversely affecting our revenue and profitability, work stoppages or other labor issues at our facilities or those of our customers or vendors adversely affecting our business, results or financial condition, and changes in tax laws. In addition, the Management Projections do not take into account any circumstances or events occurring after the date that they were prepared and do not give effect to the Merger. As a result, there can be no assurance that the Management Projections will be realized, and actual results may be materially better or worse than those contained in the Management Projections. Since the Management Projections cover multiple years, that information by its nature becomes less predictive with each successive year. The inclusion of this information should not be regarded as an indication that the Board, Lumos Networks, our Financial Advisors, Parent, Parent’s representatives and affiliates (including EQT and the EQT Fund) or any other recipient of this information considered, or now considers, the Management Projections to be material information of Lumos Networks or that actual future results will necessarily reflect the Management Projections, and the Management Projections should not be relied upon as such. The summary of the Management Projections is not included in this proxy statement in order to induce any stockholder to vote in favor of the merger proposal or any of the other proposals to be voted on at the special meeting or to influence any stockholder to make any investment decision with respect to the Merger, including whether or not to seek appraisal rights with respect to shares of Lumos Networks Common Stock.

The Management Projections should be evaluated, if at all, in conjunction with the historical financial statements, risk factors and other information regarding Lumos Networks contained in our public filings with the SEC. See “Where You Can Find More Information” beginning on page 169.

The Management Projections are forward-looking statements. For information on factors that may cause Lumos Networks' future results to materially vary, see "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 27.

Except to the extent required by applicable federal securities laws, we do not intend, and expressly disclaim any responsibility, to update or otherwise revise the Management Projections to reflect circumstances existing after the date when Lumos Networks prepared the Management Projections or to reflect the occurrence of future events or changes in general economic or industry conditions, even in the event that any of the assumptions underlying the Management Projections are shown to be in error. By including in this proxy statement a summary of certain financial projections, neither Lumos Networks nor any of its representatives or advisors (including Wells Fargo Securities and UBS) nor Parent, Parent's representatives and affiliates (including EQT and the EQT Fund) makes any representation to any person regarding the ultimate performance of Lumos Networks or the surviving corporation compared to the information contained in such financial projections and should not be read to do so.

In light of the foregoing factors and the uncertainties inherent in the Management Projections, stockholders are cautioned not to unduly rely on the Management Projections included in this proxy statement.

Certain of the measures included in the Management Projections may be considered non-GAAP financial measures, as noted. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by Lumos Networks may not be comparable to similarly titled amounts used by other companies.

Interests of the Directors and Executive Officers of Lumos Networks in the Merger

When considering the recommendation of the Board that you vote "**FOR**" the merger proposal, you should be aware that certain of our directors and executive officers may have interests in the Merger that may be different from, or in addition to, your interests as a stockholder generally. The members of the Board voting on the Merger were aware of these interests in evaluating and negotiating the Merger Agreement, approving the Merger Agreement and the Merger and recommending that the Merger Agreement be adopted by the stockholders of Lumos Networks. See the sections entitled "—Background of the Merger" and "—Recommendation of Our Board of Directors and Reasons for the Merger" beginning on pages 35 and 46, respectively. You should take these interests into account in deciding whether to vote "**FOR**" the adoption of the Merger Agreement.

These interests are described in more detail below, and certain of them, including the compensation that may become payable in connection with the Merger to Messrs. Biltz, Broekhuysen, Anderson and Ferry and Ms. McDermott, who constitute our named executive officers, which is subject to a non-binding, advisory vote of Lumos Networks' stockholders, are quantified in the narrative below and under the heading "Proposal 3: Advisory Vote on Merger-Related Named Executive Officer Compensation" beginning on page 123. The dates used below to quantify these interests have been selected for illustrative purposes only and do not necessarily reflect the dates on which certain events will occur.

Treatment of Equity and Equity-Based Awards

Under the Merger Agreement, the equity-based awards held by Lumos Networks' directors and executive officers will be treated as follows:

Stock Options

Immediately prior to the effective time of the Merger, each option to purchase Lumos Networks Common Stock (whether or not vested and exercisable) that is then outstanding will automatically and without any required action on the part of the holder thereof, vest and be cancelled and entitle the option holder to receive an amount in cash equal to the product of (i) the total number of shares of Lumos Networks Common Stock subject to the option and (ii) the amount, if any, by which the Merger Consideration exceeds the applicable exercise price per share of Lumos Networks Common Stock underlying

