Heartland Telecommunications Co of Iowa, Inc.
Form S-4/A
September 03, 2015

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As filed with the Securities and Exchange Commission on September 3, 2015

Registration No. 333-206287

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

Form S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.		**CONSOLIDATED COMMUNICATIONS, INC.**
(Exact name of Registrant as specified in its charter)		(Exact name of Registrant as specified in its charter)
Delaware		**Illinois**
(State or other jurisdiction of incorporation or organization)		(State or other jurisdiction of incorporation or organization)
02-0636095	**4813**	**02-0636475**
(I.R.S. Employer Identification No.)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

**121 South 17th Street
Mattoon, Illinois 61938-3987
(217) 235-3311**

(Address, including zip code, and telephone number, including area code, of Registrants' principal executive offices)

See Table of Additional Registrants Below

**Steven L. Childers
Chief Financial Officer
Consolidated Communications Holdings, Inc.
121 South 17th Street
Mattoon, Illinois 61938-3987
(217) 235-3311**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Alexander B. Young
Schiff Hardin LLP
233 S. Wacker Drive, Suite 6600
Chicago, Illinois 60606
(312) 258-5500

Approximate date of commencement of proposed sale of the securities to the public:
As soon as practicable after the effective date of this registration statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

If applicable, place an ý in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Table of Additional Registrants(1)(2)(3)

Exact Name of Registrant as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
Consolidated Communications Enterprise Services, Inc.	Delaware	02-0636464
Consolidated Communications of Pennsylvania Company, LLC	Delaware	26-3872130
Consolidated Communications Services Company	Texas	75-2797369
Consolidated Communications of Fort Bend Company	Texas	74-0629710
Consolidated Communications of Texas Company	Texas	75-2073931
SureWest Fiber Ventures, LLC	Delaware	46-0596477
SureWest Kansas, Inc.	Delaware	20-4467074
SureWest Telephone	California	94-0817190
SureWest TeleVideo	California	30-0088182
Enventis Corporation	Minnesota	41-1524393
Cable Network, Inc.	Minnesota	41-1504149
Crystal Communications, Inc.	Minnesota	41-1865166
Enventis Telecom, Inc.	Minnesota	41-1885764
Heartland Telecommunications Company of Iowa	Minnesota	41-1834561
Mankato Citizens Telephone Company	Minnesota	41-0392270
Mid-Communications, Inc.	Minnesota	41-0793139
National Independent Billing, Inc.	Minnesota	41-0875886
IdeaOne Telecom Inc.	Minnesota	45-4522585
Enterprise Integration Services, Inc.	Minnesota	45-4101005

(1) The address and telephone number for the principal executive offices of each of the Additional Registrants organized in the U.S. is 121 South 17th Street, Mattoon, Illinois 61938-3987, (217) 235-3311.

(2) The name, address, including zip code, and telephone number, including area code, of agent for service for each of the Additional Registrants is Steven L. Childers, Chief Financial Officer, Consolidated Communications Holdings, Inc., 121 South 17th Street, Mattoon, Illinois 61938-3987, (217) 235-3311.

(3) Copies of communications to any Additional Registrant should be sent to Alexander B. Young, Schiff Hardin LLP, 233 S. Wacker Drive, Suite 6600, Chicago, Illinois 60606, (312) 258-5500.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED SEPTEMBER 3, 2015

PROSPECTUS

CONSOLIDATED COMMUNICATIONS, INC.

OFFER TO EXCHANGE
$500,000,000 OF 6.50% SENIOR NOTES DUE 2022
FOR
$500,000,000 OF 6.50% SENIOR NOTES DUE 2022
WHICH HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933, AS AMENDED

UNCONDITIONALLY GUARANTEED BY
CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.
AND CERTAIN SUBSIDIARIES OF CONSOLIDATED COMMUNICATIONS, INC.
THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT
5:00 P.M., NEW YORK CITY TIME, ON , 2015, UNLESS EXTENDED.

Terms of the exchange offer:

- The notes being offered hereby (the "Exchange Notes") are being registered with the Securities and Exchange Commission and are being offered in exchange for all of outstanding 6.50% Senior Notes due 2022 (the "Original Notes") of Consolidated Communications, Inc. (the "Company") that were previously issued in an offering exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The terms of the exchange offer are summarized below and are more fully described in this prospectus.

- The Company will exchange all Original Notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer.

- You may withdraw tenders of Original Notes at any time prior to the expiration of the exchange offer.

- The Company believes that the exchange of Original Notes will not be a taxable event for U.S. federal income tax purposes, but you should see "The Exchange Offer Tax Consequences of the Exchange Offer" on page 65 of this prospectus for more information.

- The Company will not receive any proceeds from the exchange offer.

The terms of the Exchange Notes are substantially identical to the Original Notes, except that the Exchange Notes are registered under the Securities Act and the transfer restrictions and registration rights applicable to the Original Notes do not apply to the Exchange Notes.

The Exchange Notes will be guaranteed on a senior unsecured basis by the Company's parent, Consolidated Communications Holdings, Inc., and by certain subsidiaries of Consolidated Communications, Inc.

The Company does not intend to list the Exchange Notes on any securities exchange or to have them approved for any automated quotation system.

See the section entitled "Description of the Notes" that begins on page 67 for more information about the Exchange Notes to be issued in this exchange offer.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The letter of transmittal states that by so acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for outstanding Original Notes where such outstanding Original Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after consummation of this exchange offer (or such shorter period until the date on which all broker-dealers have disposed of their registrable securities), it will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

This investment involves risks. See the section entitled "Risk Factors" that begins on page 14 for a discussion of the risks that you should consider prior to tendering your Original Notes in the exchange.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2015.

This prospectus and the letter of transmittal are first being mailed to all holders of the Original Notes on , 2015.

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NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY CONSOLIDATED COMMUNICATIONS HOLDINGS, INC., CONSOLIDATED COMMUNICATIONS, INC. OR ITS SUBSIDIARY GUARANTORS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL CREATE UNDER ANY CIRCUMSTANCES AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF CONSOLIDATED COMMUNICATIONS HOLDINGS, INC., CONSOLIDATED COMMUNICATIONS, INC. OR ITS SUBSIDIARY GUARANTORS SINCE THE DATE HEREOF. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SECURITIES OTHER THAN THOSE SPECIFICALLY OFFERED HEREBY OR AN OFFER TO SELL ANY SECURITIES OFFERED HEREBY IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. THE INFORMATION CONTAINED IN THIS PROSPECTUS SPEAKS ONLY AS OF THE DATE OF THIS PROSPECTUS UNLESS THE INFORMATION SPECIFICALLY INDICATES THAT ANOTHER DATE APPLIES.

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IMPORTANT TERMS USED IN THIS PROSPECTUS

In this prospectus, unless the context indicates otherwise, (1) the terms the "Company" and the "Issuer" refer to Consolidated Communications, Inc. and not to its parent, subsidiaries or affiliates, and (2) the terms "Consolidated," "we," "us" and "our" refer to Consolidated Communications Holdings, Inc. and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This prospectus incorporates important business and financial information about Consolidated that is not included in or delivered with this prospectus. We incorporate by reference the following documents filed with the Securities and Exchange Commission (the "SEC"):

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2014;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015;
- our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015;
- our Current Report on Form 8-K filed on June 8, 2015;
- our Current Report on Form 8-K filed on June 11, 2015;
- our Current Report on Form 8-K filed on August 10, 2015; and
- the audited consolidated financial statements contained in pages 48 through 76 of Enventis Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

We also incorporate by reference any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to the extent such documents are deemed "filed" for purposes of the Exchange Act, until we complete the offering of the Exchange Notes.

Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You can obtain any of the documents incorporated by reference through us, the SEC or the SEC's website, http://www.sec.gov. Documents we have incorporated by reference are available from us without charge, excluding exhibits to those documents unless we have specifically incorporated by reference such exhibits in this prospectus. Any person, including any beneficial owner, to whom this prospectus is delivered, may obtain the documents we have incorporated by reference in, but not delivered with, this prospectus by requesting them by telephone or in writing at the following address:

Consolidated Communications Holdings, Inc.
121 South 17th Street
Mattoon, Illinois 61938
(217) 235-3311
Attn: Investor Relations

To obtain timely delivery you must request this information no later than five (5) business days before the date you must make your investment decision. Such date is , 2015.

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WHERE YOU CAN FIND MORE INFORMATION

Consolidated files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain additional information about the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the Internet (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including Consolidated.

We maintain an Internet site at www.consolidated.com which contains information concerning Consolidated and its subsidiaries. The information contained at our Internet site is not incorporated by reference in this prospectus, and you should not consider it a part of this prospectus.

This prospectus forms part of the registration statement on Form S-4 filed by the Company and the other registrants named therein with the SEC under the Securities Act. This prospectus does not contain all the information set forth in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement to this prospectus. We have not authorized anyone else to provide you with different information. This prospectus is used to offer and sell the Exchange Notes referred to in this prospectus, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of the date of this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus includes "forward-looking statements." Any statements contained in this prospectus that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such.

Forward-looking statements may be identified by the use of words such as "anticipate," "believe," "expect," "intend," "plan," "may," "estimate," "target," "project," "should," "will," "can," "likely," or other similar expressions and any other statements that predict or indicate future events or trends or that are not statements of historical facts. These forward-looking statements are subject to numerous risks and uncertainties. Such forward-looking statements reflect, among other things, our current expectations, plans, strategies and anticipated financial results and involve a number of known and unknown risks, uncertainties and factors that may cause our actual results to differ materially from those expressed or implied by these forward-looking statements. These risks, uncertainties and factors include, but are not limited to, the following:

- the substantial amount of our debt and our ability to incur additional debt in the future;
- our need for a significant amount of cash to service and repay our debt and to pay dividends on our common stock;
- restrictions contained in our debt agreements that limit the discretion of management in operating the business;
- our ability to refinance our existing debt as necessary and interest rate risk associated with variable-rate debt;
- rapid development and introduction of new technologies in the telecommunications industry;

intense competition in the telecommunications industry;

risks associated with shifts in our product mix;

substantial and increasing costs;

cash distributions from our subsidiaries and partnership interests;

unanticipated higher capital spending for, or delays in, the deployment of new technologies, and the pricing and availability of equipment, materials and inventories;

risks associated with the integration of Enventis Corporation ("Enventis") following the Enventis acquisition in October 2014;

continuing transaction, integration and restructuring costs incurred in connection with the Enventis acquisition;

risks associated with our possible pursuit of further acquisitions;

economic conditions in our service areas;

system failures;

losses of large customers, wireless partnerships, government contracts, receipts of governmental funds, or certifications;

losses of large numbers of other customers, or an inability to secure new customers at the pace and cost at which they have previously been secured;

risks associated with the rights-of-way for the network;

loss of our certification or designation by key equipment manufacturers or business partners, or a partner losing its position as a leading provider of technology solutions, which could adversely impact our suite of business products and services;

disruptions in the relationships with third party vendors;

negotiations of collective bargaining agreements with employees;

losses of key management personnel and the inability to attract and retain highly qualified management and personnel in the future;

changes in the extensive governmental legislation and regulations governing telecommunications providers and the provision of telecommunications services;

change in the level of support we receive from the FCC, which is subject to change in accounting treatment and which may impact how future support is recorded to our financial statements;

increased regulation of the Internet;

telecommunications carriers disputing and/or avoiding their obligations to pay network access charges for use of our network;

high costs of regulatory compliance;

the cost and competitive impact of legislation and regulatory changes in the telecommunications industry;

maintenance of data security;

significant costs associated with lawsuits and regulatory inquiries;

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- liability and compliance costs regarding environmental regulations; and
- risks related to litigation in which we are or may become involved.

These and other uncertainties related to our business are described in greater detail in the section entitled "Risk Factors." Many of these risks are beyond our management's ability to control or predict. All forward-looking statements attributable to us or persons acting on behalf of us are expressly qualified in their entirety by the cautionary statements contained, and risk factors identified, in this prospectus. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. Furthermore, forward-looking statements speak only as of the date they are made. Except as required under the federal securities laws or the rules and regulations of the SEC, we undertake no obligation to update or review any forward-looking information, whether as a result of new information, future events or otherwise.

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PROSPECTUS SUMMARY

The following summary highlights some of the information from this prospectus and does not contain all the information that is important to you. Before deciding to participate in the exchange offer, you should read the entire prospectus, including the section entitled "Risk Factors" and our consolidated financial statements and the related notes and other information incorporated by reference herein. Some statements in this Prospectus Summary are forward-looking statements. See "Forward-Looking Statements."

Consolidated Communications Holdings, Inc.

Our Company

We are a regional communications service provider offering a wide range of communications services in consumer, commercial, and carrier channels in California, Illinois, Iowa, Kansas, Minnesota, Missouri, North Dakota, Pennsylvania, South Dakota, Texas, and Wisconsin. Depending on the market, we operate as either the Incumbent Local Exchange Carrier ("ILEC") or as a Competitive Local Exchange Carrier ("CLEC"). We offer an array of integrated communications services to residential and business customers, including: high-speed broadband Internet access, video services, local and long distance service, Voice over Internet Protocol ("VoIP") and custom calling features. Additionally, services to our business customers also include private line services, carrier grade access services, network capacity services over our regional fiber optic networks, data center and managed services, directory publishing, cloud services, and equipment sales. We deliver these services over our technologically advanced broadband network which gives us the ability to deliver high-quality communications services in all of the markets we serve. We have made significant investments in our technologically advanced telecommunications networks and continue to enhance and expand our network by deploying technologies to provide additional capacity to our customers. We believe our investment to extend our fiber network closer, and in select cases directly to, the customer premises enables us to provide our customers with innovative solutions that meet their bandwidth and service quality requirements. We also own minority equity interests in five wireless partnerships with Verizon Wireless that overlap with our ILEC and CLEC service markets. We were organized in 2002 and are the successor to businesses engaged in providing telecommunications services since 1894.

As of June 30, 2015, we had 1,064,639 total connections, including 493,540 voice connections, 448,944 data connections and 122,155 video conections.

Our Competitive Strengths

Technologically Advanced Network

We have made significant investments, building technologically-advanced telecommunications networks. As a result, we are able to deliver high- quality, reliable data, video and voice services in the markets we serve. Our wide-ranging network and extensive use of fiber provide an easy reach into existing and new areas. By bringing the fiber network closer to the customer premises, we can increase our service offerings, quality and bandwidth services. Our existing network enables us to efficiently respond and adapt to changes in technology and is capable of supporting the rising customer demand for bandwidth in order to support the growing amount of wireless data devices in the home.

Our internet protocol ("IP") backbone network provides a high-quality, flexible platform that allows us to deliver broadband applications to our customers at both competitive speeds and prices. Our existing network supports the delivery of standard and IPTV services to approximately 75% of the homes in our market. We have deployed an extensive MPLS (multi-protocol label switching) core network that is highly scalable in order to more efficiently deliver Metro- Ethernet, VoIP services and other additional IP services.

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Our networks are supported by advanced 100% digital switches, with a fiber network connecting in all but one of our exchanges. We continue to enhance our copper network to increase bandwidth in order to provide additional products and services to our marketable homes. In addition to our copper plant enhancements, we have deployed fiber-optic cable extensively throughout our network, resulting in a 100% fiber backbone network that supports all of the inter-office and host-remote links, as well as the majority of business parks within our ILEC and CLEC service areas. In addition, this fiber infrastructure provides the connectivity required to provide video service, Internet and long-distance services to all Consolidated residential and enterprise customers. Our fiber network utilizes fiber-to-the-home ("FTTH") and fiber-to- the-node ("FTTN") networks to offer bundled residential and commercial services.

In our CLEC markets, we operate fiber networks which we own or have entered into long-term leases for fiber network access. Our CLEC's operate approximately 7,200 route-miles of fiber, which includes approximately 4,200 miles of fiber network in Minnesota and surrounding areas, 2,000 miles of fiber network in Texas, approximately 600 route-miles of fiber-optic facilities in the Pittsburgh metropolitan area, approximately 350 route-miles of fiber optic facilities in California that cover large parts of the greater Sacramento metropolitan area and over 60 route-miles of fiber optic facilities in Kansas City that service the greater Kansas City area including both Kansas and Missouri. Our CLEC operations provide both residential and commercial services. Residential service includes VoIP, data and video service. For commercial services, we sell competitive wholesale capacity on our fiber network to other carriers, wireless providers, CLECs and large commercial customers. We also provide carrier hotel space and data center space in the various markets we serve. In all the markets we serve, we have launched initiatives to support fiber backhaul services to cell sites. As of June 30, 2015, we had 1,124 cell sites under contract with 865 connected and approximately 180 scheduled for completion in 2015.

Attractive Markets

The geographic areas we serve are characterized by a balanced mix of growing suburban areas and stable, rural territories. Our ILECs in central Illinois, Texas, Pennsylvania, California, Minnesota and Iowa have an established brand associated with, and reputation for, providing high quality communications services and responsive, local customer service.

Our rural markets are characterized by low population and business employment growth, low customer density and are predominately residential. Our rural markets include central Illinois, Lufkin, Texas, south-central Minnesota, specifically Mankato, Minnesota, and in northwest Iowa.

Our suburban markets are characterized by above-average population and business employment growth, higher customer density, high average householder income and a balanced mix between residential and business customers. Our suburban markets include Conroe and Katy, Texas markets (suburbs of the Houston metropolitan area), Roseville, California (suburb of the Sacramento metropolitan area), Gibsonia, Pennsylvania (suburb of Pittsburgh metropolitan area), and Johnson County, Kansas with cities such as Lenexa, Overland Park and Shawnee (suburbs of Kansas City).

Given the greater number of business customers operating near our suburban ILEC territories, we will leverage our broadband networks and established brand identity of high quality service to provide communication services primarily targeting businesses customers in adjacent territories to our ILEC footprint in Pennsylvania, California and the greater Kansas City, Kansas and Missouri areas. We also provide competitive services in the regions of northern Minnesota and the Minneapolis-Saint Paul metropolitan area, southern Minnesota, Des Moines, Iowa and Fargo, North Dakota. We will continue to invest in our CLEC operations for opportunities that present attractive financial returns on our investment.

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Product Offerings

We are able to leverage our technologically advanced networks and long-standing relationship with our customers to introduce new products and services to the market. We market services to our residential customers either individually or as a bundled package. Our "triple play" bundle includes our voice, video and data services. Data and Internet connections continue to increase as a result of consumer trends toward increased Internet usage and our enhanced product and service offerings, such as our progressively increasing consumer data speeds. We introduced data speeds of up to 1 Gbps to approximately 20,000 of our fiber-to-the-home customers in our Kansas market in December 2014, our Texas market in the first quarter of 2015 and a limited portion of our Pennsylvania market in December 2014, with our California market to follow in late 2015 and 2016. Where 1 Gbps speeds are not yet offered, the maximum broadband speed is 100 Mbps, depending on the geographic market availability. As of June 30, 2015, approximately 29% of the homes in the areas we serve subscribe to our data service.

We tailor our services to business customers by developing solutions to fit their specific needs, providing services to a wide range of commercial enterprises from sole proprietors and other small businesses to multi-location corporations and telecommunications carriers. Our business suite of services include local and long distance calling plans, hosted voice services using cloud network servers, the added capacity for multiple phone lines, scalable broadband Internet, online back-up, business directory listings, and equipment sales.

For larger businesses, we offer data services including dedicated Internet access through our Metro Ethernet network. Wide Area Network ("WAN") products include point-to-point and multi-point deployments from 2.5 Mbps to 10 Gbps, accommodating the growth patterns of our business customers. Our data centers provide redundant, scalable bandwidth over a self-healing fiber- optic backbone that is protected by uninterrupted power supplies and generator back-ups with direct connection to broadband. We also offer wholesale services to regional and national interexchange and wireless carriers, including cellular backhaul and other fiber transport solutions.

Experienced Management Team with Proven Track Record

On average our management team has more than 25 years of experience in both regulated and non-regulated telecommunications businesses. Our management team has demonstrated that it can deliver profitable growth while providing high levels of customer satisfaction. Specifically, our management team has a proven track record of:

- Providing superior quality services to rural customers in a regulated environment;
- Launching and growing new services, such as high speed internet services and TV Everywhere;
- Managing CLEC and complementary businesses, such as transport, business systems and directory publishing; and
- Implementing successful business acquisitions and integrations.

Business Strategy

Diversify Revenues and Increase Revenues per Customer

We continue to transform our business and diversify our revenue streams as we adapt to changes in the regulatory environment and advances in technology. As a result of acquisitions, our wireless partnerships and increases in the consumer and commercial demand for data services, we continue to reduce our reliance on subsidies and access revenue. Utilizing our existing network and strategic network expansion initiatives, we are able to acquire and serve a more diversified business customer base and create new long-term revenue streams such as wireless carrier backhaul services. We will continue to focus on growing our broadband and commercial services through the expansion and extension of our fiber network to communities and corridors near our primary fiber routes where we believe we can offer competitive services and increase market share.

We continue to focus on increasing our revenue per customer, primarily by improving our data and market penetration, by increasing the sale of other value-added services and by encouraging customers to subscribe to our service bundles, higher data speeds, and additional products and services to our commercial customers.

Improve Operating Efficiency

We continue to seek to improve operating efficiency through technology, better practices and procedures and through cost containment measures. Our current focus is on the integration of Enventis into our existing operations and creating operating synergies for the combined company. In recent years, we have made significant operational improvements in our business through the centralization of work groups, processes and systems, which has resulted in significant cost savings and reductions in headcount. Because of these efficiencies, we are better able to deliver a consistent customer experience, service our customers in a more cost-effective manner and lower our cost structure. We continue to evaluate our operations in order to align our cost structure with operating revenues while continuing to launch new products and improve the overall customer experience.

Maintain Capital Expenditure Discipline

Across all of our service territories, we have successfully managed capital expenditures to optimize returns through disciplined planning and targeted investment of capital. For example, investments in our networks allows significant flexibility to expand our commercial footprint, offer new service offerings and provide services in a cost-efficient manner while maintaining our reputation as a high-quality service provider. We will continue to invest in strategic growth initiatives to expand our fiber network to new markets and customers in order to optimize new business, backhaul and wholesale opportunities.

Pursue Selective Acquisitions

We have in the past taken, and expect to continue to take in the future, a disciplined approach in pursuing company acquisitions. When we evaluate potential transactions, important factors include:

- The market;
- The quality of the network;
- The ability to integrate the acquired company efficiently;
- Existence of significant potential operating synergies; and
- The transaction will be cash flow accretive from day one.

We believe all of the above criteria were met in connection with the Enventis acquisition. In the long term, we believe that the Enventis acquisition gives us additional scale and better positions us financially, strategically and competitively to pursue additional acquisitions.

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Summary Corporate Structure

The chart below illustrates our expected basic corporate and principal debt structure upon completion of this offering. This chart is provided for illustrative purposes only and does not represent all legal entities affiliated with, or all obligations of, the Company.

(1) Certain regulated subsidiaries of ours, including Illinois Consolidated Telephone Company, and certain immaterial subsidiaries, do not guarantee the Original Notes. For the six months ended June 30, 2015 and the year ended December 31, 2014, the non-guarantor subsidiaries represented 7.6% and 10.1% of our revenues and 13.8% and 13.6% of our EBITDA, respectively. Please see page 24 for a reconciliation of EBITDA, which is a non-GAAP financial measure, to net income. At June 30, 2015, the non-guarantor subsidiaries represented 6.0% of our total assets and 2.3% of our total liabilities.

Consolidated Communications, Inc.

The Company, which is the Issuer of the Original Notes, is a wholly-owned subsidiary of Consolidated and is the parent of all of Consolidated's operating subsidiaries. The principal executive offices of the Company are located at 121 South 17th Street, Mattoon, Illinois 61938.

The Exchange Offer

On September 18, 2014, Consolidated Communications Finance II Co. ("Finance Co."), a wholly-owned subsidiary of the Company, completed the offering (the "Initial Offering") of $200.0 million aggregate principal amount of the Original Notes (the "Initial Notes"). On October 16, 2014, Finance Co. merged with and into the Company, and the Company succeeded Finance Co. as the obligor under the Initial

Notes. On June 8, 2015, the Company completed an offering (the "Additional Offering") of $300.0 million aggregate principal amount of the Original Notes (the "New Notes"). All

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of the Original Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States only to non-U.S. persons in accordance with Regulation S under the Securities Act. In addition, some Original Notes were sold to "accredited investors" (as defined in Rule 501 under the Securities Act). As part of each of the Initial Offering and the Additional Offering, we entered into separate registration rights agreements with the respective initial purchasers of the Original Notes in which we agreed, among other things, to deliver this prospectus and to complete an exchange offer for the Original Notes, under certain circumstances, if the restrictive legend initially contained on the New Notes has not been removed and any Original Notes are not freely transferable by non-affiliates pursuant to Rule 144 under the Securities Act as of the 366th day after the date the Initial Notes (September 18, 2015) were issued. The summary below describes the principal terms of the exchange offer. The section of this prospectus entitled "The Exchange Offer" contains a more detailed description of the terms and conditions of the exchange offer.

Securities Offered	Up to $500.0 million aggregate principal amount of 6.50% Senior Notes due 2022 which have been registered under the Securities Act, which we refer to as the "Exchange Notes". The form and terms of the Exchange Notes are identical in all material respects to those of the Original Notes. The Exchange Notes, however, will not contain transfer restrictions and registration rights applicable to the Original Notes.
The Exchange Offer	The Company is offering to exchange $1,000 principal amount of the Exchange Notes for each $1,000 principal amount of outstanding Original Notes. In order to be exchanged, an Original Note must be properly tendered and accepted. All Original Notes that are validly tendered and not validly withdrawn will be exchanged. As of the date of this prospectus, there are $500.0 million in aggregate principal amount of the Original Notes outstanding. The Company will issue Exchange Notes promptly after the expiration of the exchange offer.
Resales	We are registering the exchange offer in reliance on the position enunciated by the staff of the SEC in Exxon Capital Holdings Corp., SEC No-Action Letter (May 13, 1988), Morgan Stanley & Co, Inc., SEC No-Action Letter (June 5, 1991), and Shearman & Sterling, SEC No-Action Letter (July 2, 1993). Based on interpretations by the staff of the SEC, as set forth in these no-action letters issued to third parties not related to us, we believe that the Exchange Notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as: you are acquiring the Exchange Notes in the ordinary course of your business; you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, the distribution of the Exchange Notes; and you are not our affiliate.

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	Rule 405 under the Securities Act defines "affiliate" as a person that, directly or indirectly, controls or is controlled by, or is under common control with, a specified person. In the absence of an exemption, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the Exchange Notes. If you fail to comply with these requirements, you may incur liabilities under the Securities Act, and we will not indemnify you for such liabilities. Each broker or dealer that receives Exchange Notes for its own account in exchange for Original Notes that were acquired as a result of market-making or other trading activities is deemed to acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer to resell, resale, or other transfer of the Exchange Notes issued in the exchange offer.
Commencement Date	We are delivering this prospectus and the related offer documents to the registered holders of the Original Notes on , 2015.
Expiration Date	5:00 p.m., New York City time, on , 2015, unless we extend the expiration date.
Withdrawal Rights	You may withdraw tenders of the Original Notes at any time prior to 5:00 p.m., New York City time, on the expiration date. For more information, see the section entitled "The Exchange Offer Withdrawal of Tenders."
Conditions to the Exchange Offer	The exchange offer is subject to certain customary conditions, which we may waive in our sole discretion. For more information, see the section entitled "The Exchange Offer Conditions to the Exchange Offer." The exchange offer is not conditioned upon the exchange of any minimum principal amount of Original Notes.
Procedures for Tendering Original Notes	A tendering holder must, at or prior to the expiration date: Transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to the exchange agent at the address listed in this prospectus; or If Original Notes are tendered in accordance with the book-entry procedures described in this prospectus, the tendering holder must transmit an agent's message to the exchange agent at the address listed in this prospectus.

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	Substantially all of the Original Notes are held in book-entry form through The Depository Trust Company ("DTC"). If you are a broker, dealer, commercial bank, trust company or other owner that holds Original Notes in book-entry form through DTC for your own account and you wish to accept the exchange offer, you must tender such Original Notes through DTC's automated tender offer program. If you are an owner of Original Notes that are held in book-entry form by a broker, dealer, commercial bank, trust company or other nominee on your behalf and you wish to accept the exchange offer, you must contact the broker, dealer, commercial bank, trust company or other nominee through which you own your Original Notes and instruct such nominee to tender on your behalf through DTC's automated tender offer program. See "The Exchange Offer Procedures for Tendering". By tendering your Original Notes, you will be deemed to represent to us, among other things, (1) that you are, or the person or entity receiving the Exchange Notes is, acquiring the Exchange Notes in the ordinary course of business, (2) that neither you nor any such other person or entity are engaged in, or intend to engage in, or has any arrangement or understanding with any person to participate in, the distribution of the Exchange Notes within the meaning of the Securities Act and (3) that neither you nor any such other person or entity is our affiliate within the meaning of Rule 405 under the Securities Act.
No Guaranteed Delivery Procedures	Because substantially all of the Original Notes are held in book-entry form, we have not provided guaranteed delivery procedures.
Registration Rights Agreement	Contemporaneously with the Initial Offering and the Additional Offering of the Original Notes, we entered into separate registration rights agreements with the initial purchasers of the Original Notes pursuant to which we agreed, among other things, (1) to consummate an exchange offer under certain circumstances, if the restrictive legend initially contained on the Original Notes have not been removed and any Original Notes are not freely transferable by non-affiliates pursuant to Rule 144 under the Securities Act as of the 366th day after the date the Initial Notes (September 18, 2015) were issued, and (2) if required, to have a shelf registration statement declared effective with respect to resales of the Original Notes. This exchange offer is intended to satisfy our obligations set forth in the registration rights agreements. After the exchange offer is complete, except in limited circumstances with respect to specific types of holders of Original Notes, we will have no further obligation to provide for the registration under the Securities Act of such Original Notes. See the section entitled "The Exchange Offer."

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Federal Income Tax Considerations	The exchange pursuant to the exchange offer will generally not be a taxable event for U.S. federal income tax purposes. For more details, see the section entitled "The Exchange Offer Tax Consequences of the Exchange Offer."
Consequences of Failure to Exchange	If you do not exchange the Original Notes, they will remain entitled to all the rights and preferences and will continue to be subject to the limitations contained in the indenture governing the Original Notes. However, following the exchange offer, except in limited circumstances with respect to specific types of holders of Original Notes, we will have no further obligation to provide for the registration under the Securities Act of such Original Notes.
Absence of an Established Market for the Notes	The Exchange Notes will be a new class of securities for which there is currently no market. We do not intend to apply for listing of the Exchange Notes on any securities exchange or for quotation of such notes. Although we understand that the initial purchaser of the Original Notes intends to make a market in the Exchange Notes, they are not obligated to do so, and may discontinue market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the Exchange Notes will develop or be maintained.
Use of Proceeds	We will not receive any proceeds from the exchange offer. For more details, see the "Use of Proceeds" section.
Exchange Agent	Wells Fargo Bank, National Association is serving as the exchange agent in connection with the exchange offer. The address, telephone number and facsimile number of the exchange agent are listed under the heading "The Exchange Offer Exchange Agent."

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The Exchange Notes

The form and terms of the Exchange Notes are the same as the form and terms of the Original Notes for which they are being exchanged, except that the Exchange Notes will be registered under the Securities Act. As a result, the Exchange Notes will not bear legends restricting their transfer and will not have provisions providing for the benefit of the registration rights or the obligation to pay additional interest because of our failure to register the Exchange Notes and complete this exchange offer as required. The Exchange Notes represent the same debt as the Original Notes for which they are being exchanged. Both the Original Notes and the Exchange Notes are governed by the same indenture. The summary below describes the principal terms of the Exchange Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this prospectus contains a more detailed description of the terms and conditions of the Exchange Notes. We use the term "Notes" in this prospectus to collectively refer to the Original Notes and the Exchange Notes.

Issuer	Consolidated Communications, Inc.
Notes Offered	$500.0 million aggregate principal amount of 6.50% senior notes due 2022.
Maturity	October 1, 2022.
Interest Payment Dates	April 1 and October 1 of each year, beginning on October 1, 2015. Interest will accrue from April 1, 2015.
Guarantees	The Exchange Notes will be jointly and severally unconditionally guaranteed on a senior unsecured basis by the Company's parent, Consolidated Communications Holdings, Inc., and by the Company's subsidiaries that are guarantors under its credit agreement. However, the guarantee by Consolidated will only be a guarantee of the due and punctual payment of the principal or premium, if any, and interest, and additional interest, if any, on the Notes, whether at maturity, by acceleration, redemption or otherwise. Consolidated will not be subject to any of the covenants in the indenture that restrict the guarantors. See "Description of the Notes Guarantees."
Ranking	The Exchange Notes will be the Company's general unsecured obligations and will be: general unsecured obligations of the Company; effectively subordinated to all existing and future secured indebtedness of the Company (including indebtedness under its credit agreement) to the extent of the value of the assets securing such indebtedness; structurally subordinated to any existing and future indebtedness and other liabilities of the Company's subsidiaries that are not guarantors; equal in right of payment with all existing and future senior indebtedness of the Company (including indebtedness under its credit agreement);

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- senior in right of payment to any future subordinated indebtedness of the Company; and

- guaranteed on a senior unsecured basis by each guarantor.

As of June 30, 2015, the Company had approximately $1,416.7 million of indebtedness outstanding, approximately $916.7 million of secured indebtedness outstanding under its credit agreement and revolving credit facility thereunder, $5.1 million of capital leases and approximately $49.4 million of secured borrowing capacity available under its revolving credit facility.

Each guarantee will be:

- a general unsecured obligation of the guarantor;

- effectively subordinated to all existing and future secured indebtedness of the guarantor (including guarantees under the credit agreement) to the extent of the value of the assets securing such indebtedness;

- equal in right of payment with all existing and future senior indebtedness of the guarantor (including guarantees under the credit agreement); and

- senior in right of payment to any future subordinated indebtedness of the guarantor.

As of June 30, 2015, the guarantors had approximately $1,415.9 million of consolidated indebtedness. For each of the six months ended June 30, 2015 and the year ended December 31, 2014, the Company's non-guarantor subsidiaries represented 7.6% and 10.1% of our revenues and 13.8% and 13.6% of our EBITDA, respectively. At June 30, 2015, the Company's non-guarantor subsidiaries represented 6.0% of our total assets and 2.3% of our total liabilities. Please see page 24 for a reconciliation of EBITDA, which is a non-GAAP financial measure, to net income.

Use of Proceeds

We will not receive any proceeds from the issuance of the Exchange Notes.

Optional Redemption

The Issuer may redeem the Exchange Notes, in whole or in part, at any time prior to October 1, 2017, in each case at the redemption prices plus an applicable "make-whole" premium described in this prospectus under the heading "Description of the Notes Optional Redemption," together with any accrued and unpaid interest to, but excluding, the date of such redemption.

	At any time on or after October 1, 2017, the Issuer may redeem the Exchange Notes, in whole or in part, at redemption prices described under the heading "Description of the Notes Optional Redemption," together with any accrued and unpaid interest to, but excluding, the date of such redemption. At any time prior to October 1, 2017, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes at the redemption price described in this prospectus under the heading "Description of the Notes Optional Redemption," together with any accrued and unpaid interest to, but excluding, the date of such redemption, with the net cash proceeds of one or more equity offerings, provided that at least 65% of the Notes remain outstanding after any redemption and the redemption must occur within 90 days of the closing of such equity offering.
Change of Control; Certain Asset Sales	Upon the occurrence of a change of control (as defined in the indenture for the Notes), holders of the Exchange Notes will have the right to require the Issuer to repurchase all or a portion of the Exchange Notes at a price equal to 101% of the aggregate principal amount of the Exchange Notes repurchased, together with any accrued and unpaid interest to the date of purchase. In connection with certain asset sales, the Issuer will be required to use the net cash proceeds of the asset sale to make an offer to purchase the Exchange Notes at 100% of the principal amount, together with any accrued and unpaid interest to the date of purchase.
Certain Covenants	The indenture limits the Issuer's and its restricted subsidiaries' ability to: incur additional indebtedness or issue certain preferred stock; pay dividends or make other distributions on capital stock or prepay subordinated indebtedness; purchase or redeem any equity interests; make investments; create liens; sell assets; enter into agreements that restrict dividends or other payments by restricted subsidiaries; consolidate, merge or transfer all or substantially all of its assets; engage in transactions with the Issuer's affiliates; or enter into any sale and leaseback transactions.

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	However, during any period that both Standard and Poor's Ratings Services and Moody's Investors Service, Inc. have assigned the Exchange Notes an investment grade rating and no default has occurred and is continuing with respect to the Exchange Notes, most of the covenants will cease to be in effect. These covenants are subject to important exceptions and qualifications, which are described under "Description of the Notes Certain Covenants."
Additional Notes	The Issuer may from time to time create and issue additional notes having the same terms as the Notes, so that such additional notes shall be consolidated and form a single series with the Notes.
No Prior Market	The Exchange Notes will be new securities for which there is no market. Although the initial purchasers of the Original Notes have informed the Issuer that they intend to maintain a market for the Notes and, if the Exchange Notes are issued, make a market for such Exchange Notes, the initial purchasers are not obligated to do so and may discontinue market maintaining or making at any time without notice. Accordingly, a liquid market for the Notes and, if issued, the exchange notes, may not be maintained or develop, as the case may be.
Governing Law	The Exchange Notes offered hereby and the indenture relating to the Notes are governed by New York law.
Risk Factors	Holding the Exchange Notes involves risks. Please see "Risk Factors" beginning on page 14 of this prospectus, as well as the other cautionary statements throughout this prospectus, for a discussion of factors you should carefully consider before deciding to participate in this exchange offer.

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RISK FACTORS

Investing in the Exchange Notes involves risk. Please see the "Risk Factors" section in Consolidated's 2014 Annual Report on Form 10-K, which is incorporated by reference in this prospectus. Prospective participants in the exchange offer should carefully consider all of the information contained or incorporated by reference in this prospectus, including the risks and uncertainties described below, in evaluating your participation in the exchange offer. The risks set forth below (with the exception of the "Risk Factors Associated with the Exchange Offer") are generally applicable to the Original Notes as well as the Exchange Notes.

Risk Factors Associated with the Exchange Offer

If you fail to follow the exchange offer procedures, your Original Notes will not be accepted for exchange.

We will not accept your Original Notes for exchange if you do not follow the exchange offer procedures as set forth in the letter of transmittal. We will issue Exchange Notes as part of this exchange offer only after timely receipt of your properly executed letter of transmittal and Original Notes or a proper "Agent's Message" and all other required documents. Therefore, if you want to tender your Original Notes, please allow sufficient time to allow for completion of the delivery procedures. If we do not receive your properly executed letter of transmittal and Original Notes or an Agent's Message and all other required documents by the expiration date of the exchange offer, we will not accept your Original Notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of Original Notes for exchange. If there are defects or irregularities with respect to your tender of Original Notes, we will not accept your Original Notes for exchange unless we decide in our sole discretion to waive such defects or irregularities.

If you fail to exchange your Original Notes for Exchange Notes, they will continue to be subject to the existing transfer restrictions and you may not be able to sell them.

We did not register the Original Notes under the Securities Act or any applicable state or foreign securities laws, nor do we intend to do so following the exchange offer. Original Notes that are not tendered in the exchange offer will therefore continue to be subject to the existing transfer restrictions and may be transferred only in limited circumstances under applicable securities laws. As a result, if you hold Original Notes after the exchange offer, you may not be able to sell them. To the extent any Original Notes are tendered and accepted in the exchange offer, the trading market, if any, for the Original Notes that remain outstanding after the exchange offer may be adversely affected due to a reduction in market liquidity.

Because there is no public market for the Exchange Notes, you may not be able to resell them.

The Exchange Notes will be registered under the Securities Act but will constitute a new issue of securities with no established trading market, and there can be no assurance as to the liquidity of any trading market that may develop, the ability of holders to sell their Exchange Notes or the price at which the holders will be able to sell their Exchange Notes.

We understand that the initial purchasers of the Original Notes intend to make a market in the Exchange Notes. However, they are not obligated to do so, and any market-making activity with respect to the Exchange Notes may be discontinued at any time without notice. In addition, any market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act and may be limited during the exchange offer or the pendency of an applicable shelf registration statement. There can be no assurance that an active market will exist for the Exchange Notes or that any trading market that does develop will be liquid.

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If you are a broker-dealer, your ability to transfer the Exchange Notes may be restricted.

A broker-dealer that purchased the Original Notes for its own account as part of market-making or trading activities must comply with the prospectus delivery requirements of the Securities Act when it sells the Exchange Notes. Our obligation to make this prospectus available to broker-dealers is limited. Consequently, we cannot guarantee that a proper prospectus will be available to broker-dealers wishing to resell their Exchange Notes.

Risk Factors Related to the Notes

We have a substantial amount of debt outstanding and may incur additional indebtedness in the future, which could restrict our ability to pay dividends and fund working capital and planned capital expenditures.

As of June 30, 2015, we had $1,411.5 million of long-term debt and $5.1 million of capital leases outstanding, along with $286.1 million of stockholders' equity. This amount of leverage could have important consequences, including:

- we may be required to use a substantial portion of our cash flow from operations to make interest payments on our debt, which will reduce funds available for operations, future business opportunities and dividends;
- we may have limited flexibility to react to changes in our business and our industry;
- it may be more difficult for us to satisfy our other obligations;
- we may have a limited ability to borrow additional funds or to sell assets to raise funds if needed for working capital, capital expenditures, acquisitions, dividends or other purposes;
- we may become more vulnerable to general adverse economic and industry conditions, including changes in interest rates; and
- we may be at a disadvantage compared to our competitors that have less debt.

We cannot guarantee that we will generate sufficient revenues to service our debt and have adequate funds left over to achieve or sustain profitability in our operations, meet our working capital and capital expenditure needs, compete successfully in our markets, or pay dividends to our stockholders.

If we cannot generate sufficient cash from our operations to meet our debt service obligations, we may need to reduce or delay capital expenditures, the development of our business generally and any acquisitions. If we became unable to meet our debt service and repayment obligations, we would be in default under the terms of our credit agreement and the indenture governing the Notes, which would allow our lenders and holders of the Notes to declare all outstanding borrowings to be due and payable. If the amounts outstanding under our credit facilities or the Notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full the money owed, including the Notes.

Our credit agreement and the indenture governing the Notes contain operating and financial restrictions that may restrict our business and financing activities.

Our credit agreement and the indenture governing the Notes contain, and any future indebtedness we incur may contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

make investments and prepay or redeem debt;

incur additional indebtedness or issue preferred stock;

make restricted payments, including paying dividends on, redeeming, repurchasing, or retiring our capital stock;

create liens;

sell or otherwise dispose of assets, including capital stock of subsidiaries;

enter into agreements restricting our subsidiaries' ability to pay dividends, make loans, or transfer assets to us;

consolidate, merge or transfer all or substantially all of the assets of our company;

engage in transactions with our affiliates;

engage in sale and leaseback transactions;

make capital expenditures; and

engage in a business other than telecommunications.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

Our ability to comply with some of the covenants and restrictions contained in our credit agreement and the indenture governing the Notes may be affected by events beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. A failure to comply with the covenants, ratios or tests in our credit agreement, the indenture or any future indebtedness could result in an event of default under our credit agreement, the indenture or our future indebtedness, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations.

In addition, our credit agreement requires us to comply with specified financial ratios, including ratios regarding total leverage and interest coverage. Our ability to comply with these ratios may be affected by events beyond our control. These restrictions limit our ability to plan for or react to market conditions, meet capital needs, or otherwise constrain our activities or business plans. They also may adversely affect our ability to finance our operations, enter into acquisitions, or engage in other business activities that would be in our interest.

A breach of any of the covenants contained in our credit agreement, in any future credit agreement or the indenture governing the Notes or our inability to comply with the financial ratios could result in an event of default, which would allow the lenders to declare all borrowings outstanding to be due and payable. If the amounts outstanding under our credit facilities, the indenture or other future indebtedness were to be accelerated, we cannot assure that our assets would be sufficient to repay in full the money owed, including the Notes. In such a situation, the lenders could foreclose on the assets and capital stock pledged to them. See "Description of the Notes" and "Description of Other Indebtedness."

We may not be able to refinance our existing debt if necessary, or we may only be able to do so at a higher interest expense.

We may be unable to refinance or renew our credit facilities and our failure to repay all amounts due on the maturity dates would cause a default under the credit agreement. Alternatively, any renewal or refinancing may occur on less favorable terms. If we refinance our credit facilities on terms that are less favorable to us than the terms of our existing debt, our interest expense may increase significantly, which could impact our results of operations and impair our ability to use our funds for other purposes, such as to pay dividends.

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Your right to receive payments on the Notes is effectively subordinated to the rights of our and the guarantors' existing and future secured creditors.

Holders of our secured indebtedness and the secured indebtedness of the guarantors will have claims that are prior to your claims as holders of the Notes to the extent of the value of the assets securing that other indebtedness. Notably, we and the subsidiary guarantors are parties to our credit agreement, which is secured by liens on substantially all of our assets and the assets of the guarantors. The Notes will be effectively subordinated to the extent of the value of the assets constituting collateral securing such indebtedness. In the event of any distribution or payment of our or any guarantor's assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of secured indebtedness will have prior claim to assets constituting collateral securing such indebtedness. Holders of Notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the Notes, and potentially with all of our or any guarantor's other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness.

As of June 30, 2015, we had $916.7 million of secured indebtedness outstanding under our credit agreement and revolving credit facility thereunder, $5.1 million of capital leases and approximately $49.4 million of available borrowing capacity under the revolving credit facility. In addition, we will be permitted to borrow additional secured indebtedness in the future under the terms of the indenture governing the Notes. See "Description of the Notes Certain Covenants Incurrence of Indebtedness" and "Description of the Notes Certain Covenants Liens."

Because all of our operations are conducted through our subsidiaries, our ability to service our debt is largely dependent on our receipt of distributions or other payments from our subsidiaries.

As a holding company, we have no direct operations, and our principal assets are the equity interests we hold in our subsidiaries. However, our subsidiaries are legally distinct and have no obligation to transfer funds to us. As a result, we are dependent on our subsidiaries' results of operations and distributions to us from our subsidiaries to meet our obligations and to pay dividends will be subject to restrictions under, among other things, existing and future debt agreements of such subsidiaries, governing federal or state law and regulatory requirements. Our subsidiaries have no obligations, contingent or otherwise, to make funds available, whether in the form of loans, dividends or other distributions to us. Any inability to receive distributions from our subsidiaries could materially adversely affect our business, results of operations and financial conditions, and our ability to satisfy our obligations under the Notes.

Claims of creditors of any existing and future subsidiaries which do not guarantee the Notes will be structurally senior and have priority over holders of the Notes with respect to the assets and earnings of such subsidiaries.

All liabilities of any of our existing and future subsidiaries that do not guarantee the Notes will be structurally senior to the Notes to the extent of the value of the assets of such non-guarantor subsidiaries. Accordingly, claims of holders of the Notes will be structurally subordinate to the claims of creditors of such non-guarantor subsidiaries, including trade creditors. All obligations of our non-guarantor subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to the Company or a guarantor of the Notes. For each of the six months ended June 30, 2015 and the year ended December 31, 2014, the Company's non-guarantor subsidiaries represented 7.6% and 10.1% of our revenues and 13.8% and 13.6% of our EBITDA, respectively. At June 30, 2015, the Company's non-guarantor subsidiaries represented 6.0% of our total assets and 2.3% of our total liabilities.

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Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the Notes, will depend upon our future operating performance, which is subject to general economic and competitive conditions and to financial, business and other factors, many of which we cannot control. If we do not have sufficient funds on hand to pay our debt, we may be required to seek a waiver or amendment from our lenders, refinance our indebtedness, sell assets or sell additional shares of securities. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at the time. We may not be able obtain such financing or complete such transactions on terms acceptable to us, or at all. In addition, we may not be able to consummate an asset sale to raise capital or sell assets at prices that we believe are fair, and proceeds that we do receive may not be adequate to meet any debt service obligations then due. Our credit agreement and the indenture under which the Notes are issued restrict our ability to use the proceeds from asset sales. Our failure to generate sufficient funds to pay our debts or to undertake any of these actions successfully could result in a default on our debt obligations, which would materially adversely affect our business, results of operations and financial condition and our ability to satisfy our obligation under the Notes.

Despite our current leverage, we may still be able to incur substantially more debt. This could further exacerbate the risks that we and our subsidiaries face.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of our credit agreement and the indenture governing the Notes restrict, but will not prohibit, us from doing so. The indenture governing the Notes allows us to issue additional Notes under certain circumstances which will also be guaranteed by the guarantors. The indenture governing the Notes allows us to incur certain other additional secured debt and allows our subsidiaries that do not guarantee the Notes to incur additional debt, which would be structurally senior to the Notes. In addition, the indenture governing the Notes does not prevent us from incurring other liabilities that do not constitute indebtedness. See "Description of the Notes." If new debt or other liabilities are added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the Notes from relying on that subsidiary to satisfy claims.

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee can be voided, or claims under the guarantee may be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee or, in some states, when payments become due under the guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee and:

- is insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the guarantors' remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

A guarantee may also be voided, without regard to the above factors, if a court finds that the guarantor entered into the guarantee with the actual intent to hinder, delay or defraud its creditors.

A court would likely find that a guarantor did not receive reasonably equivalent value or fair consideration for its guarantee if the guarantor did not substantially benefit directly or indirectly from the issuance of the guarantees. If a court were to void a guarantee, you would no longer have a claim against the guarantor.

Sufficient funds to repay the Notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from the subsidiary guarantor.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the governing law. Generally, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets is less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

Each subsidiary guarantee will contain a provision intended to limit the guarantors' liability to the maximum amount that it could incur without causing the incurrence of obligations under its subsidiary guarantee to be a fraudulent transfer. This provision may not be effective to protect the subsidiary guarantees from being voided under fraudulent transfer law or may eliminate the guarantors' obligations or reduce the guarantors' obligations to an amount that effectively makes the guarantee worthless. In a Florida bankruptcy case, this kind of provision was found to be ineffective to protect the guarantees.

Holders of the Notes may not be able to determine when a change of control giving rise to their right to have the Notes repurchased has occurred following a sale of "substantially all" of our assets.

The definition of change of control in the indenture that governs the Notes includes a phrase relating to the sale of "all or substantially all" of our assets. There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of Notes to require us to repurchase its Notes as a result of a sale of less than all our assets to another person may be uncertain.

Upon a change of control, we may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the Notes, which would violate the terms of the Notes.

Upon the occurrence of a change of control, holders of the Notes have the right to require the Company to purchase all or any part of such holders' Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. Additionally, certain changes of control constitute an event of default under the credit agreement that allows the lenders to accelerate the maturity of borrowings under such facility and terminate their commitments to lend. There can be no assurance that either we or our subsidiary guarantors would have sufficient financial resources available to satisfy all of our or their obligations under these Notes in the event of a change in control. Our failure to purchase the Notes as required under the indenture governing the Notes would result in a default under such indenture, which could have material adverse consequences for us and the holders of the Notes.

We cannot assure you that an active trading market will be maintained for the Notes.

Prior to this offering, there has been no trading market for the Exchange Notes. We do not intend to apply for listing of the Exchange Notes on any securities exchange or to arrange for quotation of the Exchange Notes on any automated dealer quotation system. We have been informed by the initial

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purchasers that they intend to maintain a market in the Exchange Notes after the exchange offer is completed. However, the initial purchasers are not obligated to make or maintain a market in the Exchange Notes and, if commenced, may cease their market-maintaining activities at any time without notice.

In addition, the liquidity of the trading market in the Exchange Notes, and the market price quoted for the Exchange Notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will be maintained for the Exchange Notes. If an active trading market is not maintained, the market price and liquidity of the Exchange Notes may be adversely affected. In that case, you may not be able to sell your Exchange Notes at a particular time, or you may not be able to sell your Exchange Notes at a favorable price.

The market price for the Notes may be volatile.

Even if an active trading market for the Exchange Notes does develop, there is no guarantee that an active trading market for the Exchange Notes will continue. Historically, the market for non-investment grade debt has been subject to severe disruptions that have caused substantial volatility in the prices of securities similar to the Exchange Notes. The market, if any, for the Exchange Notes may experience similar disruptions, and any such disruptions may adversely affect the liquidity in that market or the prices at which you may sell your Exchange Notes. In addition, the Exchange Notes may trade at a discount from their face amount, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

Any rating downgrade for the Notes may cause the price of the Notes to fall.

We have received credit ratings from certain rating services for the Notes. In the event a rating service were to lower its rating on the Notes below the rating initially assigned to the Notes or otherwise announce its intention to put the Notes on credit watch, the price of the Notes could decline.

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USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreements that we entered into with the initial purchasers in connection with the private offerings of the Original Notes. We will not receive any cash proceeds from the issuance of the Exchange Notes. The Original Notes that are surrendered in exchange for the Exchange Notes will be retired and cancelled and cannot be reissued. As a result, the issuance of the Exchange Notes will not result in any increase or decrease in our indebtedness.

The Initial Notes in the Initial Offering were priced at par, which resulted in total gross proceeds of $200 million. We used the net proceeds from the private offering of the Initial Notes in the Initial Offering to partially finance the acquisition of Enventis, including related fees and expenses and for the repayment of the existing indebtedness of Enventis, and to repurchase a portion of our then-outstanding 10.875% Senior Notes due 2020.

The net cash proceeds from the private offering of the New Notes in the Additional Offering were approximately $294.8 million. We used the net proceeds from the private offering of the New Notes in the Additional Offering to redeem all of our then-outstanding 10.875% Senior Notes due 2020, to repay a portion of outstanding borrowings under our revolving credit facility and to pay related fees and expenses.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated.

For the Fiscal Year Ended December 31,						For the Six Months Ended June 30
2010	2011	2012	2013	2014	2014	2015
		Actual			Pro Forma	
1.71	1.74	1.04	1.49	1.31	1.69	0.66

For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations before provision (benefit) for income taxes excluding income or loss from equity investments, adjusted for fixed charges and distributed income from equity investments. Fixed charges consist of interest, whether expensed or capitalized, amortization of debt expenses and estimated by management interest expense associated with operating leases.

SELECTED FINANCIAL DATA

The selected financial data set forth below should be read in conjunction with Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations", our consolidated financial statements and the related notes, and other financial data included elsewhere in our 2014 Annual Report on Form 10-K as revised by Consolidated's Current Report on Form 8-K filed on August 10, 2015, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015,

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incorporated herein by reference. Historical results are not necessarily indicative of the results to be expected in future periods.

(In millions, except per share amounts)	Six Months Ended June 30, 2015	2014(1)	Year Ended December 31, 2014(1)	2013	2012(2)	2011	2010
Operating revenues	$ 393.6	$ 300.6	$ 635.7	$ 601.6	$ 477.9	$ 349.0	$ 360.3
Cost of products and services (exclusive of depreciation and amortization)	166.3	111.2	242.7	222.5	175.9	121.7	127.0
Selling, general and administrative expense	85.1	65.3	140.6	135.4	108.2	77.8	84.2
Acquisition and other transaction costs(3)	0.6	1.3	11.8	0.8	20.8	2.6	
Intangible asset impairment					1.2		
Depreciation and amortization	87.2	71.5	149.4	139.3	120.3	88.0	86.5
Income from operations	54.4	51.3	91.2	103.6	51.5	58.9	62.6
Interest expense, net and loss on extinguishment of debt(4)(5)(6)	(82.3)	(39.5)	(96.3)	(93.5)	(77.1)	(49.4)	(50.7)
Other income, net	15.3	16.5	33.5	37.3	31.2	27.9	26.1
Income (loss) from continuing operations before income taxes	(12.6)	28.3	28.4	47.4	5.6	37.4	38.0
Income tax expense (benefit)	(4.5)	10.0	13.0	17.5	0.7	13.1	7.4
Income (loss) from continuing operations	(8.1)	18.3	15.4	29.9	4.9	24.3	30.6
Discontinued operations, net of tax				1.2	1.2	2.7	2.5
Net income (loss)	(8.1)	18.3	15.4	31.1	6.1	27.0	33.1
Net income of noncontrolling interest	0.1	0.2	0.3	0.3	0.5	0.6	0.6
Net income (loss) attributable to common shareholders	$ (8.2)	$ 18.1	$ 15.1	$ 30.8	$ 5.6	$ 26.4	$ 32.5
Income (loss) per common share basic and diluted:							
Income (loss) from continuing operations	$ (0.16)	$ 0.45	$ 0.35	$ 0.73	$ 0.12	$ 0.79	$ 1.00
Discontinued operations, net of tax(7)				0.03	0.03	0.09	0.09
Net income (loss) per common share basic and diluted	$ (0.16)	$ 0.45	$ 0.35	$ 0.76	$ 0.15	$ 0.88	$ 1.09
Weighted-average number of shares basic and diluted	50,161	39,877	41,998	39,764	34,652	29,600	29,490
Cash dividends per common share	$ 0.77	$ 0.77	$ 1.55	$ 1.55	$ 1.55	$ 1.55	$ 1.55
Consolidated cash flow data from continuing operations:							
Cash flows from operating activities	$ 95.8	$ 87.0	$ 187.8	$ 168.5	$ 119.7	$ 124.3	$ 111.9
Cash flows used for investing activities	(64.6)	(49.2)	(246.9)	(107.4)	(468.5)	(40.7)	(41.6)
Cash flows (used for) provided by financing activities	(30.9)	(38.5)	60.2	(71.6)	257.5	(50.7)	(49.4)
Capital expenditures	65.5	50.4	109.0	107.4	77.0	41.8	42.7
Consolidated Balance Sheet:							
Cash and cash equivalents	$ 6.9	$ 4.9	$ 6.7	$ 5.6	$ 17.9	$ 105.7	$ 67.7
Total current assets	152.7	81.3	134.1	87.7	109.3	164.7	132.6
Net property, plant and equipment	1,122.7	867.0	1,137.5	885.4	907.7	337.6	362.0
Total assets	2,222.4	1,720.5	2,227.3	1,747.4	1,793.5	1,194.1	1,209.5
Total debt (including current portion)	1,416.7	1,217.4	1,366.6	1,221.9	1,217.8	884.7	884.1
Stockholders' equity	286.1	141.6	330.8	152.3	136.1	47.8	71.9
Other financial data (unaudited):							

Adjusted EBITDA(8)	$	160.0	$	142.4	$	288.5	$	286.5	$	231.9	$	185.0	$	181.7

(1) On October 16, 2014, we completed our acquisition of Enventis Corporation ("Enventis") in which we acquired all the issued and outstanding shares of Enventis in exchange for shares of our common stock. The financial results for Enventis have been included in our consolidated financial statements as of the acquisition date. Our consolidated financial statements for the six months ended June 30, 2014 do not reflect the acquisition of Enventis on a pro forma basis.

(2) In July 2012, we acquired 100% of the outstanding shares of SureWest Communications ("SureWest") in a cash and stock transaction. SureWest results of operations have been included in our consolidated financial statements as of the acquisition date of July 2, 2012.

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(3) Acquisition and other transaction costs includes costs incurred related to acquisitions, including severance costs.

(4) In 2014, we redeemed $72.8 million of the original $300.0 million aggregate principal amount of our 10.875% Senior Notes due 2020 (the "2020 Notes"). During the six months ended June 30, 2015, we redeemed the remaining $227.2 million of the aggregate principal amount of the 2020 Notes. In connection with the redemption of the 2020 Notes, we recognized a loss on the extinguishment of debt of $41.2 million and $13.8 million during the six months ended June 30, 2015 and the year ended December 31, 2014, respectively.

(5) In 2013, we entered into a Second Amended and Restated Credit Agreement to restate our term loan credit facility. In connection with entering into the restated credit agreement, we incurred a loss on the extinguishment of debt of $7.7 million during the year ended December 31, 2013.

(6) In 2012, we entered into a $350.0 million Senior Unsecured Bridge Loan Facility ("Bridge Facility") to fund the SureWest acquisition. During 2012, we incurred $4.2 million of amortization related to the financing costs and $1.5 million of interest related to ticking fees associated with the Bridge Facility. In addition, in 2012 we entered into a Second Amendment and Incremental Facility Agreement to amend our term loan facility. As a result, we incurred a loss on the extinguishment of debt of $4.5 million related to the repayment of our outstanding term loan.

(7) In September 2013, we completed the sale of the assets and contractual rights of our prison services business for a total cash price of $2.5 million, resulting in a gain of $1.3 million, net of tax. The financial results and net gain from the sale of the prison services business are included in income from discontinued operations for the years ended on or before December 31, 2013.

(8) In addition to the results reported in accordance with accounting principles generally accepted in the United States ("US GAAP" or "GAAP"), we also use certain non-GAAP measures such as EBITDA and adjusted EBITDA to evaluate operating performance and to facilitate the comparison of our historical results and trends. These financial measures are not a measure of financial performance under US GAAP and should not be considered in isolation or as a substitute for net income (loss) as a measure of performance and net cash provided by operating activities as a measure of liquidity. They are not, on their own, necessarily indicative of cash available to fund cash needs as determined in accordance with GAAP. The calculation of these non-GAAP measures may not be comparable to similarly titled measures used by other companies. Reconciliations of these non-GAAP measures to the most directly comparable financial measures presented in accordance with GAAP are provided below.

EBITDA is defined as net earnings before interest expense, income taxes, and depreciation and amortization. Adjusted EBITDA is comprised of EBITDA, adjusted for certain items as permitted or required under our credit facility as described in the reconciliations below. These measures are a common measure of operating performance in the telecommunications industry and are useful, with other data, as a means to evaluate our ability to fund our estimated uses of cash.

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The following tables are a reconciliation of net cash provided by operating activities to Adjusted EBITDA:

	Six Months Ended June 30,		Year Ended December 31,				
(In millions, unaudited)	**2015**	**2014**	**2014**	**2013**	**2012**	**2011**	**2010**
Net cash provided by operating activities from continuing operations	$ 95.8	$ 87.0	$ 187.8	$ 168.5	$ 119.7	$ 124.3	$ 111.9
Adjustments:							
Non-cash, stock-based compensation	(1.5)	(1.7)	(3.6)	(3.0)	(2.3)	(2.1)	(2.4)
Other adjustments, net	(42.2)	(2.7)	(31.6)	(24.8)	(9.7)	(10.9)	4.1
Changes in operating assets and liabilities	27.0	7.3	12.3	28.5	17.6	1.1	3.5
Interest expense, net	41.1	39.5	82.5	85.8	72.6	49.4	50.7
Income taxes	(4.5)	10.0	13.0	17.5	0.7	13.1	7.4
EBITDA	115.7	139.4	260.4	272.5	198.6	174.9	175.2
Adjustments to EBITDA:							
Other, net(a)	(12.6)	(16.5)	(23.9)	(31.5)	(3.9)	(20.4)	(23.4)
Investment distributions(b)	14.2	17.8	34.6	34.8	29.2	28.4	27.5
Loss on extinguishment of debt(c)	41.2		13.8	7.7	4.5		
Intangible asset impairment(d)					1.2		
Non-cash, stock-based compensation(e)	1.5	1.7	3.6	3.0	2.3	2.1	2.4
Adjusted EBITDA	$ 160.0	$ 142.4	$ 288.5	$ 286.5	$ 231.9	$ 185.0	$ 181.7

(a) Other, net includes the equity earnings from our investments, dividend income, income attributable to noncontrolling interests in subsidiaries, acquisition and transaction related costs including severance and certain other miscellaneous items.

(b) Includes all cash dividends and other cash distributions received from our investments.

(c) Represents the redemption premium and write-off of unamortized debt issuance costs in connection with the redemption or retirement of our debt obligations.

(d) Represents intangible asset impairment charges recognized during the period.

(e) Represents compensation expenses in connection with the issuance of stock awards, which because of their non-cash nature, these expenses are excluded from adjusted EBITDA.

Non-GAAP Reconciliation

We have presented a ratio of our EBITDA to EBITDA for our non-guarantor subsidiaries. EBITDA is defined as net earnings before interest expense, income taxes, and depreciation and amortization. We believe this EBITDA ratio provides holders of the Notes with a measure of the earnings capacity of the non-guarantor subsidiaries, which is useful because the holders will not have the benefit of guarantees from such subsidiaries. EBITDA is not a measure of performance under US GAAP and should not be considered in isolation from, or as a substitute measure of performance for, net income as set forth in our consolidated statements of operations contained in our 2014 Annual Report on Form 10-K incorporated herein by reference, net income amounts as set forth in our condensed consolidating statements of operations set forth in Note 14 to our consolidated financial statements contained in such Form 10-K, net income as set forth in our condensed consolidated statements of operations contained in our Quarterly report on Form 10-Q for the quarter ended June 30, 2015 incorporated herein by reference or net income amounts as set forth in our condensed consolidating statements of operations set forth in Note 12 to our condensed consolidated financial statements contained in such Form 10-Q.

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The following table is a reconciliation of net income to EBITDA, on a consolidated basis and for our guarantors and non-guarantors, for the six months ended June 30, 2015 and the year ended December 31, 2014.

	Six Months Ended June 30, 2015			Year Ended December 31, 2014		
(In millions, unaudited)	**Company and Guarantors**	**Non-Guarantors**	**Consolidated**	**Company and Guarantors**	**Non-Guarantors**	**Consolidated**
Net income (loss)	$ (16.0)	$ 7.9	$ (8.1)	$ (1.4)	$ 16.8	$ 15.4
Add (subtract):						
Interest expense, net	41.1		41.1	82.5	0.1	82.6
Income tax expense (benefit)	(8.6)	4.1	(4.5)	2.3	10.7	13.0
Depreciation and amortization	83.2	4.0	87.2	141.6	7.8	149.4
EBITDA	$ 99.7	$ 16.0	$ 115.7	$ 225.0	$ 35.4	$ 260.4

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SELECTED FINANCIAL INFORMATION OF ENVENTIS CORPORATION

The selected historical financial information as of September 30, 2014 and 2013 and for the quarters and nine months then ended is derived from the unaudited historical financial statements and related notes of Enventis.

ENVENTIS CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in thousands, except share and per share amounts)	**Three Months Ended September 30 2014**	**2013**	**Nine Months Ended September 30 2014**	**2013**
Operating revenue:				
Services	**$ 34,861**	34,239	**$ 104,745**	101,875
Equipment	**19,549**	12,849	**43,628**	41,123
Total operating revenue	**54,410**	47,088	**148,373**	142,998
Costs and expenses:				
Cost of sales, excluding depreciation and amortization	**16,940**	10,929	**37,841**	35,011
Cost of services, excluding depreciation and amortization	**17,873**	17,406	**51,868**	50,976
Selling, general and administrative expenses	**8,406**	6,953	**23,696**	21,449
Asset impairment				638
Depreciation and amortization	**7,467**	7,514	**22,557**	21,775
Total costs and expenses	**50,686**	42,802	**135,962**	129,849
Operating income	**3,724**	4,286	**12,411**	13,149
Other income and (expense):				
Interest and other income	**3**	1	**11**	16
Interest expense	**(1,034)**	(1,155)	**(3,004)**	(3,425)
Total other expense	**(1,031)**	(1,154)	**(2,993)**	(3,409)
Income before income taxes	**2,693**	3,132	**9,418**	9,740
Income tax provision	**1,091**	1,270	**3,832**	3,931
Net income	**$ 1,602**	$ 1,862	**$ 5,586**	$ 5,809
Basic earnings per share	**$ 0.12**	$ 0.14	**$ 0.41**	$ 0.43
Weighted average common shares outstanding	**13,664,423**	13,543,062	**13,634,344**	13,543,479
Diluted earnings per share	**$ 0.12**	$ 0.14	**$ 0.41**	$ 0.43

Weighted average common and equivalent shares outstanding		**13,730,468**		13,592,577		**13,697,151**		13,594,198
Dividends per share	**$**	**0.15**	$	0.145	**$**	**0.45**	$	0.435

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

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ENVENTIS CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in thousands)	**2014**	**2013**	**2014**	**2013**
Net income	**$ 1,602**	$ 1,862	**$ 5,586**	$ 5,809
Other comprehensive income:				
Designated interest rate swaps:				
Changes in fair value	**30**	(99)	**14**	(39)
Income tax (expense) benefit	**(11)**	40	**(5)**	16
Unrealized holding gain (loss) on designated interest rate swaps	**19**	(59)	**9**	(23)
Post-retirement benefit plan:				
Amounts included in net periodic benefit cost:				
Amortization of net actuarial loss	**98**	119	**294**	359
Amortization of prior service credit	**(237)**	(236)	**(709)**	(708)
Income tax benefit	**55**	47	**165**	139
Change in post-retirement benefit plan	**(84)**	(70)	**(250)**	(210)
Other comprehensive loss	**(65)**	(129)	**(241)**	(233)
Comprehensive income	**$ 1,537**	$ 1,733	**$ 5,345**	$ 5,576

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

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ENVENTIS CORPORATION

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands except share and per share amounts)	September 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,870	$ 7,960
Receivables, net of allowance for doubtful accounts of $344 and $370	34,397	26,073
Inventories	4,343	1,668
Income taxes receivable	4,929	970
Deferred income taxes, net	2,377	2,660
Prepaid expenses	3,049	2,545
Other	1,308	1,386
Total current assets	54,273	43,262
Investments	3,594	3,414
Property, plant and equipment	479,126	461,712
Accumulated depreciation and amortization	(300,440)	(280,386)
Property, plant and equipment, net	178,686	181,326
Other assets:		
Goodwill	29,028	29,028
Intangible assets, net	3,629	4,088
Deferred costs and other assets	6,412	5,762
Total other assets	39,069	38,878
Total assets	$ 275,622	$ 266,880

LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,470	$ 3,163
Extended term payable	15,539	8,879
Deferred revenue	5,257	6,056
Accrued expenses and other	10,634	10,443
Financial derivative instruments	614	242
Current maturities of long-term obligations	1,451	1,586
Total current liabilities	36,965	30,369
Long-term liabilities:		
Debt obligations, net of current maturities	136,610	133,621
Accrued income taxes	246	244
Deferred revenue	2,466	2,705
Financial derivative instruments		1,184
Accrued employee benefits and deferred compensation	12,273	12,344
Deferred income taxes	37,260	37,103
Total long-term liabilities	188,855	187,201
Total liabilities	225,820	217,570
Commitments and contingencies		

Shareholders' equity:				
Common stock, no par value, $0.10 stated value				
Shares authorized: 100,000,000				
Shares issued and outstanding: 13,670,285 in 2014 and 13,568,871 in 2013		**1,367**		1,357
Additional paid-in capital		**17,739**		16,462
Retained earnings		**30,228**		30,782
Accumulated other comprehensive income		**468**		709
Total shareholders' equity		**49,802**		49,310
Total liabilities and shareholders' equity	**$**	**275,622**	$	266,880

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

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ENVENTIS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in thousands)	**Nine Months Ended September 30 2014**	**2013**
OPERATING ACTIVITIES:		
Net income	**$ 5,586**	$ 5,809
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**22,557**	21,775
Asset impairment		638
Accrued patronage refunds	**(609)**	(529)
Stock-based compensation expense	**615**	616
Loss on financial derivative instruments	**102**	83
Excess tax benefit	**(63)**	(94)
Other	**243**	741
Changes in operating assets and liabilities, net of effect from acquired net assets		
Receivables	**(8,595)**	(218)
Prepaid expenses	**(504)**	(518)
Inventories	**(2,675)**	2,842
Accounts payable and accrued expenses	**(672)**	(5,711)
Deferred revenue, billings and deposits	**(1,038)**	(165)
Income taxes	**(3,311)**	594
Other	**552**	861
Net cash provided by operating activities	**12,188**	26,724
INVESTING ACTIVITIES:		
Additions to property, plant and equipment and materials and supplies	**(20,586)**	(21,238)
Broadband stimulus grant received		831
Proceeds from sales of assets	**240**	134
Net cash used in investing activities	**(20,346)**	(20,273)
FINANCING ACTIVITIES:		
Borrowings on extended term payable arrangement	**55,402**	48,084
Payments on extended term payable arrangement	**(48,742)**	(48,679)
Borrowings on credit facility and capital lease obligations	**19,018**	
Payments on credit facility and capital lease obligations	**(16,194)**	(1,235)
Proceeds from issuance of common stock	**661**	671
Stock repurchase		(1,275)
Dividends paid	**(6,140)**	(5,900)
Excess tax benefit	**63**	94
Net cash (used in) provided by financing activities	**4,068**	(8,240)
Net decrease in cash and cash equivalents	**(4,090)**	(1,789)
Cash and cash equivalents at beginning of the period	**7,960**	8,305
Cash and cash equivalents at the end of the period	**$ 3,870**	$ 6,516

Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 3,394**	$ 4,435
Net cash paid for income taxes	**$ 7,129**	$ 2,986

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

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2014

Note 1. Basis of Presentation and Consolidation

On June 29, 2014, Enventis Corporation, a Minnesota corporation ("Enventis"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among Enventis, Consolidated Communications Holdings, Inc., a Delaware corporation ("Consolidated"), and Sky Merger Sub Inc., a Minnesota corporation and wholly owned subsidiary of Consolidated ("Merger Sub"), pursuant to which Merger Sub will merge with and into Enventis (the "Merger"). See Note 15 "Pending Merger."

The accompanying unaudited consolidated financial statements of Enventis Corporation, formerly Hickory Tech Corporation, and its subsidiaries have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and with the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted or condensed pursuant to such rules and regulations. In the opinion of management, the unaudited consolidated financial statements reflect all adjustments (consisting only of normal and recurring accruals) considered necessary for the fair presentation of the financial statements and present fairly the results of operations, financial position and cash flows for the interim periods presented as required by Regulation S-X, Rule 10-01. These unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with the audited consolidated financial statements and notes thereto contained in Enventis' Form 10-K for the year ended December 31, 2013.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures at the date of the financial statements and during the reporting period. Actual results may differ from these estimates. The results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year as a whole or any other interim period.

Our consolidated financial statements report the financial condition and results of operations for Enventis Corporation and its subsidiaries in three reportable segments: Fiber and Data, Equipment and Telecom. Intercompany transactions have been eliminated from the consolidated financial statements.

Recent Accounting Developments

In June 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-12, *"Compensation Stock Compensation"* providing explicit guidance on how to account for share-based payments granted to employees in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. The amendments in this Update are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Early adoption is permitted. We are currently evaluating the impact this guidance may have on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *"Revenue from Contracts with Customers"* and created a new topic in the FASB Accounting Standards Codification ("ASC"), Topic 606. The new standard provides a single comprehensive revenue recognition framework for all entities and supersedes nearly all existing U.S. GAAP revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue in a manner that depicts the

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 1. Basis of Presentation and Consolidation (Continued)

transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is designed to create greater comparability for financial statement users across industries and also requires enhanced disclosures. The amendments are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. We are currently evaluating the impact this guidance may have on our consolidated financial statements and related disclosures.

We have reviewed other recently issued accounting pronouncements and determined they are either not applicable to our business or no material effect is expected on our financial position, results of operations, cash flows or disclosures.

Note 2. Earnings and Dividends per Share

We compute earnings per share pursuant to the two-class method. Under the two-class method, unvested restricted shares that contain non-forfeitable rights to dividends are participating securities and therefore, are included in the computation of basic earnings per share. The two-class method includes an earnings allocation formula to determine earnings per share for common stock and participating securities according to dividends and their respective participation rights in undistributed earnings. Our unvested restricted shares issued under the Long-Term Executive Incentive Program ("LTEIP"), which contain the non-forfeitable right to receive dividends, are considered participating securities.

Basic earnings per share ("EPS") is calculated by dividing net income applicable to common shares by the weighted average number of shares of common stock outstanding during each respective period. Any dividends paid on participating securities and any undistributed earnings considered to be attributable to participating securities are excluded from the numerator. The related participating securities are similarly excluded from the denominator. Diluted earnings per share are calculated by dividing net income applicable to common shares by the weighted average number of shares outstanding during the period increased by potentially dilutive common equivalent shares. Potentially dilutive common shares include stock options, stock subscribed under the Enventis Corporation Amended and Restated Employee Stock Purchase Plan ("ESPP"), retention stock awards and stock awarded under the LTEIP.

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 2. Earnings and Dividends per Share (Continued)

The computation of basic and diluted earnings per share for the three and nine months ended September 30, 2014 and 2013 using the two-class method is as follows:

(Dollars in thousands, except share and earnings per share amounts)	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Net income	$ 1,602	$ 1,862	$ 5,586	$ 5,809
Less: net income allocable to participating securities	(3)	(4)	(10)	(12)
Net income attributable to common shares	$ 1,599	$ 1,858	$ 5,576	$ 5,797
Weighted average shares outstanding	13,664,423	13,543,062	13,634,344	13,543,479
Stock options (dilutive only)	27,586	6,770	20,568	5,725
Stock subscribed ("ESPP")				
Retention awards	21,809	20,115	20,599	21,366
Stock subscribed ("LTEIP")	16,650	22,630	21,640	23,628
Total dilutive shares outstanding	13,730,468	13,592,577	13,697,151	13,594,198
Earnings per share:				
Basic and diluted	$ 0.12	$ 0.14	$ 0.41	$ 0.43
Dividends per share	$ 0.15	$ 0.145	$ 0.45	$ 0.435

There were no anti-dilutive shares for the three and nine months ended September 30, 2014 and 2013.

Cash dividends are based on the number of common shares outstanding at their respective record dates. The number of shares outstanding as of the record date for the first three quarters of 2014 and 2013, respectively, are as follows:

Shares outstanding on record date	2014	2013
First quarter (February 15)	13,612,913	13,586,903
Second quarter (May 15)	13,654,438	13,559,043
Third quarter (August 15)	13,665,701	13,544,964

Dividends per share are based on the quarterly dividend per share as declared by our Board of Directors. During the first nine months of 2014 and 2013, shareholders elected to reinvest $227,000 and $229,000 respectively of dividends into Enventis common stock pursuant to the Enventis Corporation Dividend Reinvestment Plan.

There were no share repurchases in the first nine months of 2014. During the nine months ended September 30, 2013, we acquired and retired 124,285 shares as part of our stock repurchase plan.

Note 3. Long-Lived Assets

There were no asset impairment charges during the first nine months of 2014. Total impairment charges for the nine months ended September 30, 2013 was $638,000.

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 4. Goodwill and Other Intangible Assets

We have goodwill in each of our reportable segments. Fiber and Data Segment goodwill resulted from our acquisitions of IdeaOne Telecom in 2012, CP Telecom in 2009 and Enventis Telecom in 2005. Equipment Segment goodwill also resulted from our acquisition of Enventis Telecom in 2005 and the Telecom Segment goodwill resulted from our acquisition of Heartland Telecommunications in 1997. The tax deductible portion of goodwill is $26,964,000.

(Dollars in thousands)	September 30, 2014	December 31, 2013
Fiber and Data	$ 5,384	$ 5,384
Equipment	596	596
Telecom	23,048	23,048
Total goodwill	$ 29,028	$ 29,028

Intangible assets with finite lives are amortized over their respective estimated useful lives. Identifiable intangible assets that are subject to amortization are evaluated for impairment.

The components of intangible assets are as follows:

		September 30, 2014		December 31, 2013	
(Dollars in thousands)	Useful Lives	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets					
Customer relationships	1 - 8 years	$ 8,459	$ 6,542	$ 8,459	$ 6,061
Other intangible assets	1 - 5 years	3,312	1,600	3,130	1,440
Total		$ 11,771	$ 8,142	$ 11,589	$ 7,501

Amortization expense related to the definite-lived intangible assets was $641,000 and $663,000 for the nine months ended September 30, 2014 and 2013, respectively.

Note 5. Fair Value of Financial Instruments

Fair value of financial and non-financial assets and liabilities is the price that would be received for an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy for assessing the inputs used in fair value measurements are as follows:

Level 1 quoted prices in active markets for identical assets and liabilities

Level 2 observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 unobservable inputs in which there is little or no market data available and require the entity to develop its own assumptions

The highest priority is given to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority is given to unobservable inputs (Level 3).

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 5. Fair Value of Financial Instruments (Continued)

The carrying value of cash and cash equivalents, net accounts receivables, payables, and other short-term monetary assets and liabilities was estimated by management to approximate fair value due to the relatively short period of time to maturity for these instruments.

Our long-term debt agreement allows us to select short-term LIBOR pricing options, which we have elected. Therefore, the carrying amounts of our long-term debt approximate fair value. The fair value estimate of our interest rate swaps represent the net present value of future cash flows based on projections of the three-month LIBOR rate over the life of each swap. It also incorporates credit valuation adjustments to appropriately reflect both our own non-performance risk and the non-performance risk of the respective counterparties. See Note 9 "Financial Derivative Instruments" for further discussion regarding our interest rate swaps.

The carrying amount and the fair value of our long-term debt, after deducting current maturities, interest rate swaps and our investments are as follows:

		September 30, 2014		December 31, 2013	
(Dollars in thousands)	**Input Level**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Long-term debt	2	$ 136,610	$ 136,610	$ 133,621	$ 133,621
Interest rate swaps	2	$ 614	$ 614	$ 1,426	$ 1,426
Investments	3	$ 3,594	n/a	$ 3,414	n/a

Our investments at September 30, 2014 and December 31, 2013 consist primarily of minority positions in various cooperatives and our investment in CoBank, ACB ("CoBank") and are accounted for under the cost method. It is impractical to determine fair value of these investments because there is no established market for these equity interests. We did not evaluate any of the investments for impairment during the nine months ended September 30, 2014 and 2013 as there were no events or changes in circumstances indicating impairment may be present.

Note 6. Accrued Expenses and Other

The following table shows the Company's Consolidated Balance Sheets detail for accrued expenses and other:

(Dollars in thousands)	**September 30, 2014**	**December 31, 2013**
Accrued incentive compensation	$ 1,911	$ 1,792
Accrued wages and commissions	3,036	3,543
Other accrued expenses	5,687	5,108
Total accrued expenses and other	$ 10,634	$ 10,443

Other accrued expenses are primarily made up of accrued real estate and use taxes, accrued interest, the current portion of post-retirement benefits and other accrued expenses.

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 7. Extended Term Payable

Enterprise Integration Services, Inc. ("EIS"), a wholly owned subsidiary of Enventis, has a $25,000,000 wholesale financing agreement with a financing company to fund equipment purchases from certain approved vendors. Advances under this financing arrangement are collateralized by the inventory and accounts receivable of our Equipment Segment and a guarantee of an amount up to $2,500,000 by Enventis. The agreement requires EIS to maintain specific levels of collateral relative to the outstanding balance due, provide select monthly financial information, and make all payments when due or on demand in the event of a collateral shortfall, among other requirements. A default on the financing agreement by EIS would require Enventis to perform under the guarantee. The financing agreement provides 60 day, interest-free payment terms for working capital and can be terminated at any time by either party. The balance outstanding under the financing arrangement was $15,539,000 and $8,879,000 at September 30, 2014 and December 31, 2013, respectively. The balance fluctuates on a quarterly basis dependent upon timing of customer orders. These balances are classified as current liabilities in the accompanying Consolidated Balance Sheets and are not considered part of our debt financing.

Note 8. Debt and Other Obligations

Our long-term obligations were as follows:

(Dollars in thousands)	September 30, 2014	December 31, 2013
Debt (current and long-term)	$ 137,917	$ 134,932
Capital leases	144	275
Total debt	138,061	135,207
Current portion of:		
Debt	1,353	1,353
Capital leases	98	233
Current maturities of long-term obligations	1,451	1,586
Long-term debt obligations, net of current maturities	$ 136,610	$ 133,621

On October 30, 2013 we amended our credit facility with a syndicate of banks, led by CoBank, ACB which provides us the option to pay interest at LIBOR or at a Base Rate, as defined in the agreements, plus an applicable margin. The maturity date of our amended credit facility is December 31, 2019. Our amended credit facility is comprised of a $30,000,000 revolving credit component ($4,000,000 outstanding as of September 30, 2014, along with $20,000 reserved for letters of credit) and a $135,270,000 term loan component ($133,917,000 outstanding as of September 30, 2014).

At September 30, 2014, we are in full compliance with specified financial ratios and tests required by our credit facility. The credit facility includes allowances for continued payment of dividends and specific limits on common stock repurchases.

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 9. Financial Derivative Instruments

We utilize interest-rate swap agreements to manage our exposure to interest rate fluctuations on a portion of our variable-interest rate debt. We have effectively changed our exposure to varying cash flows on the variable-rate portion of our debt into fixed-rate cash flows, therefore reducing the impact of interest rate changes on future cash interest payments. We do not enter into derivative instruments for any purpose other than to manage interest rate exposure. We do not engage in interest rate speculation using derivative instruments.

We account for derivatives in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 815, "Derivatives and Hedging." ASC 815 requires all derivative instruments be recorded on the balance sheet as either an asset or a liability measured at its fair value, and changes in the derivatives' fair value be recognized in earnings unless specific hedge accounting criteria are met. If a derivative is designated as a hedge, the effective portion of changes in the fair value of derivatives is recorded as a component of accumulated other comprehensive income in shareholders' equity, net of tax, which is subsequently, reclassified into earnings when the underlying hedged transaction is recognized in earnings. Amounts related to our derivatives will be reclassified from accumulated other comprehensive income to interest expense as interest payments are accrued or made on our variable rate debt. The estimated amount expected to be reclassified as an increase to interest expense within the next twelve months is $48,000 at September 30, 2014. The ineffective portion of the fair value of derivatives is recognized directly in earnings. Hedge ineffectiveness is attributable to the swaps having a non-zero fair value at the time they were designated. If we were to terminate our interest rate swap positions, any related balance in accumulated other comprehensive income would immediately be recognized in earnings or reclassified into earnings as the interest payments are made dependent on the facts and circumstances of the termination. The changes in the fair value of derivatives that are not designated as hedges are recognized immediately in earnings.

The fair value of our interest rate swap agreements were determined based on level 2 inputs. Listed below are the interest rate swap agreements outstanding as of September 30, 2014 which were designated as cash flow hedges of interest rate risk and have the effect of locking our interest rates on a portion of our existing variable interest rate debt.

Interest-Rate Swap Agreement Effective Dates	Notional Amount	Rate
September 2011 - March 2015	$ 24,000,000	1.91%
September 2011 - September 2015	$ 24,000,000	2.14%

The following table presents the fair value of our derivative instruments included in our Consolidated Balance Sheets as either current or long-term liabilities.

(Dollars in thousands)	Balance Sheet Location	September 30, 2014	December 31, 2013
Interest rate derivatives designated as cash flow hedges			
Pay-fixed swaps liabilities	Financial derivative instruments	$ 614	$ 1,426

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 9. Financial Derivative Instruments (Continued)

The table below illustrates the effect of derivative instruments on consolidated operations.

(Dollars in thousands)	Location of (Gain)/Loss	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Interest rate derivatives designated as cash flow hedges					
(Gains)/losses recognized on effective portion of derivative instruments	Other comprehensive income	$ 5	$ 99	$ 87	$ 39
Losses reclassified from accumulated other comprehensive income into income	Interest expense	$ 35	$ 28	$ 101	$ 74
(Gains)/losses recognized in income on ineffective portion and amount excluded from effectiveness testing	Interest expense	$	$ 8	$	$ 9

Note 10. Employee Post-Retirement Benefits

Enventis provides post-retirement health care and life insurance benefits for eligible employees. We are currently not funding these post-retirement benefits, but have accrued these liabilities. We are required to recognize the funded status of our post-retirement benefit plans on our Consolidated Balance Sheets and recognize as a component of accumulated other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost. Employees hired on or after January 1, 2007 are not eligible for post-retirement health care and life insurance benefits.

The components of net periodic benefit cost were as follows:

(Dollars in thousands)	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Service cost	$ 55	$ 67	$ 165	$ 201
Interest cost	132	120	395	360
Amortization of prior service credit	(237)	(236)	(709)	(708)
Recognized net actuarial loss	98	119	294	359
Net periodic benefit cost	$ 48	$ 70	$ 145	$ 212

Note 11. Accumulated Other Comprehensive Income (Loss)

The table below illustrates the effect on certain line items of net income of the amounts reclassified out of each component of accumulated other comprehensive income ("AOCI") for the three and nine months ended September 30, 2014. See Note 9 "Financial Derivative Instruments" and

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 11. Accumulated Other Comprehensive Income (Loss) (Continued)

Note 10 "Employee Post-Retirement Benefits" for additional details regarding the reclassifications below.

	Amounts Reclassified from AOCI		
(Dollars in thousands) Details about AOCI Components	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014	Affected Line Item in the Consolidated Statements of Income
Gains and losses on cash flow hedges			
Interest rate contracts	$ 35	$ 101	Interest expense
	(14)	(41)	Income tax provision
	$ 21	$ 60	Net of tax
Amortization of benefit pension items			
Prior service credits	$ 237	$ 709	(a)
Actuarial loss	(98)	(294)	(a)
	139	415	Total before tax
	(55)	(165)	Income tax provision
	$ 84	$ 250	Net of tax
Total reclassifications of period	$ 105	$ 310	Net of tax

(a) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost. See Note 10 "Employee Post-Retirement Benefits."

Note 12. Income Taxes

The effective income tax rate from operations was 40.5% for the third quarter of 2014 and 2013, respectively. The effective tax rate from operations differs from the federal statutory rate primarily due to state income taxes.

As of September 30, 2014, we had unrecognized tax benefits totaling $240,000 (net of tax) excluding interest. The amount of the unrecognized tax benefits, if recognized, that would affect the effective income tax rates of future periods is $213,000. Due to expirations of statute of limitations, it is reasonably possible that the total amount of unrecognized tax benefits will not decrease during the next 12 months.

We file consolidated income tax returns in the United States federal jurisdiction and combined or separate income tax returns in various state jurisdictions. In general, we are no longer subject to United States federal income tax examinations for the years prior to 2010 except to the extent of losses utilized in subsequent years.

Note 13. Stock Compensation

Our stock award plans provide for granting non-qualified stock options, stock awards and restricted stock awards to employees. We recognize stock compensation charges related to stock award plans

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 13. Stock Compensation (Continued)

based on management's best estimates and assumptions that the performance and service requirements of the plan will be achieved. Such compensation charges are recorded based upon the grant date fair value or settlement date fair value (as applicable) of our stock and are recognized over the requisite service period specified by the specific award plans. Share-based compensation expense includes amounts recognized related to the Company Employee Stock Purchase Plan. This plan allows participating employees to acquire shares of common stock at 85% of the average closing price for the five days previous to the purchase date. Stock-based compensation expense was $615,000 and $616,000, respectively, in the nine months ended September 30, 2014 and 2013. This includes compensation expense for share-based payment awards granted prior to, but not vested as of September 30, 2014. As of September 30, 2014, we had not yet recognized compensation expense related to non-vested awards totaling $1,246,000. The weighted average period over which this compensation expense will be recognized is 2.24 years.

1993 Stock Award Plan

Long-Term Executive Incentive Program ("LTEIP")

We carry obligations of $941,000 and $971,000 as of September 30, 2014 and December 31, 2013 respectively, related to liability classified awards under the LTEIP that will be settled in company common stock in future periods.

Non-vested restricted stock activity for the nine months ended September 30, 2014 is depicted in the table below. Granted shares represent non-vested shares issued to settle an obligation under the LTEIP plan during the period.

	Shares	Weighted Average Fair Value
Non-vested at January 1	28,525	$ 9.83
Granted/settled	41,413	$ 13.31
Vested	(50,684)	$ 11.35
Forfeited		$
Non-vested at September 30	19,254	$ 13.31

Employee Stock Retention

Under this program, designated employees can earn shares of common stock if they complete a requisite service period which typically ranges from 11 to 36 months. Compensation expense related to the Employee Stock Retention program is recognized over the requisite service period.

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 13. Stock Compensation (Continued)

Retention stock activity for the nine months ended September 30, 2014 is as follows:

	Shares	Weighted Average Fair Value
Non-vested at January 1	31,285	$ 8.77
Granted	4,000	$ 12.10
Vested		$
Forfeited	(550)	$ 10.39
Non-vested at September 30	34,735	$ 9.13

Stock Options

Stock options granted may be exercised no later than ten years after the date of grant, with one-third of the options vesting each year.

A summary of stock option activity for the nine months ended September 30, 2014 is as follows:

	Options	Weighted Average Exercise Price
Outstanding at January 1	102,450	$ 10.35
Granted		$
Exercised	(10,800)	$ 11.04
Forfeited		$
Expired	(28,200)	$ 11.68
Outstanding at September 30	63,450	$ 9.64
Exercisable at September 30	63,450	$ 9.64

In the nine months ended September 30, 2014, we received $119,000 in cash related to stock options exercised during the period.

Note 14. Quarterly Segment Financial Summary

Our operations are reported in three segments: (i) Fiber and Data, (ii) Equipment and (iii) Telecom.

Our Fiber and Data Segment serves wholesale, enterprise and commercial business customers with advanced data, Internet, cloud, voice and voice over Internet Protocol ("VoIP") services. With our IP network and communication expertise, we are able to provide both custom and broad network solutions which can be extended beyond our regional network through interconnections to provide end-to-end national connectivity. The Fiber and Data Segment includes revenue from Ethernet, Private Line, Multiprotocol Label Switching ("MPLS"), Data Center, Dedicated Internet and our cloud services. We own, lease and utilize long-term indefeasible rights of use ("IRU") agreements for the operation of our network. Fiber and Data services are marketed throughout our core regions: northern Minnesota and the Minneapolis-Saint Paul metropolitan area, southern Minnesota, Des Moines, Iowa and Fargo, North Dakota.

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ENVENTIS CORPORATION

Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

Note 14. Quarterly Segment Financial Summary (Continued)

Our Equipment Segment provides equipment solutions and support for a broad spectrum of business customers ranging in size from medium to large enterprise. We design and implement networks utilizing leading technology including: TelePresence Video, Unified Communications and Data Center solutions in collaboration with industry-leading partners. We provide a comprehensive set of services including: Advisory, Implementation, Development and Support. Our Total Care support team provides a proactive approach to monitor and support customer networks, unified communications environment and data centers. Equipment sales and services are marketed primarily in our Minnesota core regions and specifically the Minneapolis-Saint Paul metropolitan area.

Our Telecom Segment provides bundled residential and business services including high-speed Internet, broadband services, digital TV, local voice and long distance services in our legacy telecom service area. Telecom is comprised of the operation of both Incumbent Local Exchange Carrier ("ILEC") and Competitive Local Exchange Carrier ("CLEC") operations. Our ILEC operations provide services in 13 south central Minnesota communities and 13 rural northwest Iowa communities. Our CLEC operation provides services in south central Minnesota and near Des Moines, Iowa. We own our network in both the ILEC and CLEC exchanges.

Segment information for the three and nine months ended September 30, 2014 and 2013 is as follows:

(Dollars in thousands) Three Months Ended September 30, 2014	Fiber and Data	Equipment	Telecom	Corporate and Other(2)	Consolidated
Revenue from unaffiliated customers	$ 17,848	$ 22,224	$ 13,627	$ 711	$ 54,410
Intersegment revenue	175		416	(591)	
Total operating revenue	18,023	22,224	14,043	120	54,410
Asset impairment					
Depreciation and amortization	3,083	132	3,685	567	7,467
Operating income (loss)	2,656	1,767	1,360	(2,059)	3,724
Interest expense	3				