



November 16, 2015

## **Nelnet to Acquire ALLO Communications**

LINCOLN, Neb., Nov. 16, 2015 /PRNewswire/ -- Nelnet (NYSE: NNI) today announced it has agreed to acquire ALLO Communications, a Nebraska-based telecommunications company offering pure fiber optic service to homes and businesses for superior broadband, internet, television, local telephone, and long distance services. The transaction is expected to close in the fourth quarter of 2015, subject to normal regulatory approval and closing conditions.

ALLO specializes in ultra-fast internet services that are currently available to less than 10 percent of homes across the country. ALLO's all-fiber network allows access to internet speeds of one gigabit per second (about 100 times faster than standard broadband connections), providing a completely different experience for users.

"We are excited to team up with ALLO to support their rapid growth plans and diversify Nelnet into a new operating business," said Jeff Noordhoek, Nelnet's Chief Executive Officer. "ALLO shares our commitment to delivering an exceptional customer experience with great service and best-in-class technology. Bringing fiber with ultra-fast internet to communities revolutionizes the experiences of families, start-ups, and small businesses, making them immediately competitive in a digital, connected world."

The acquisition of ALLO leverages Nelnet's financial strength and liquidity, infrastructure, and customer service capabilities in a growing operating business with recurring revenue and strong management. The strategic investment further diversifies Nelnet's revenue outside of education and supports the company's focus on long-term value creation.

Founded in Imperial, Nebraska, ALLO was formed in 2003, and currently provides world-class communications services by creating gigabit communities. In 2004, ALLO began building a state-of-the-art fiber network in two Nebraska communities, and today provides gigabit fiber to homes and businesses in Scottsbluff, Gering, Bridgeport, North Platte, Ogallala, and Alliance.

"Our fiber to the premise service is a real game changer, enhancing how we live at home and work," said Brad Moline, President of ALLO Communications. "For businesses, ALLO provides dependable bandwidth and telephone solutions. With ALLO's fiber, families are able to connect more devices to the network and enjoy the fastest speeds for downloading music and movies, video chatting, sharing photos, homework, and playing online games."

"Nelnet is a great fit for ALLO, with its Nebraska roots, financial strength, and customer focus. Together, we look forward to expanding our leading technology and providing the benefit of fiber internet speeds to more communities in Nebraska, as well as surrounding states."

ALLO will become a subsidiary of Nelnet and retain its brand identity. Moline and Jeff Kuenne, Executive Vice President for Network Operations, will continue to lead ALLO and its more than 100 associates.

Under the terms of the agreement, Nelnet will pay \$46.25 million for 92.5 percent of the outstanding equity and membership interests of ALLO. The remaining 7.5 percent of the equity and membership interests of ALLO will be owned by ALLO management, who will also have the opportunity to earn additional equity based on the performance of the company.

For the year ended December 31, 2014, ALLO had revenue of \$12.2 million, an increase of 30 percent from the prior year. Earnings before interest, taxes, depreciation, and amortization (EBITDA) doubled during the same time period to \$2.9 million. Nelnet anticipates investing significant capital to continue expanding the ALLO fiber network in existing service areas and in other communities.

### **Non-GAAP Performance Measures**

EBITDA is a non-GAAP performance measure that is frequently used in capital-intensive industries such as telecommunications. ALLO's management uses EBITDA to compare ALLO's performance to that of its competitors and to eliminate certain non-cash and non-operating items in order to consistently measure performance from period to period. EBITDA excludes interest expense and income taxes because these items are associated with a company's particular capitalization and tax structures. EBITDA also excludes depreciation and amortization expense because these non-cash

expenses primarily reflect the impact of historical capital investments, as opposed to the cash impacts of capital expenditures made in recent periods, which may be evaluated through cash flow measures. There are limitations to using EBITDA as a performance measure, including the difficulty associated with comparing companies that use similar performance measures whose calculations may differ from ALLO's calculations. In addition, EBITDA should not be considered a substitute for other measures of financial performance reported in accordance with GAAP.

#### **About ALLO Communications**

ALLO Communications is a Nebraska-based telecommunications company offering broadband, internet, telephone, and television to residents and businesses in Nebraska cities. With a clear focus on Nebraska, ALLO is developing a world-class regional gigabit fiber network to expand business opportunities, create jobs, and improve quality of life for Nebraskans. For more information, visit [www.allocommunications.com](http://www.allocommunications.com)

#### **About Nelnet**

Headquartered in Lincoln, Nebraska, Nelnet (NYSE: NNI) is a diversified technology and educational solutions company. Nelnet began its life focused on helping students and families plan, prepare, and pay for their education. Since that beginning, Nelnet has evolved to include making the administrative and financial processes more efficient for schools and financial organizations and further diversification outside of education in businesses that share a commitment to exceptional customer experience with great service and best-in-class technology. For more information, visit [www.nelnet.com](http://www.nelnet.com)

#### **Forward-looking and Cautionary Statements**

Information contained in this press release, other than historical information, may be considered forward-looking in nature and is subject to various risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or expected. Among the key factors that may have a direct bearing on Nelnet's operating results, performance, or financial condition expressed or implied by the forward-looking statements are the uncertain nature of the expected benefits from the acquisition and the ability to successfully integrate operations and successfully expand the fiber network in existing service areas and additional communities, the ability to successfully maintain technological competitive advantages with respect to the offered telecommunications, internet, television, and other related services and minimize potential system disruptions to the availability, speed, and quality of such services, the ability to successfully manage future development and expansion of the fiber network within acceptable cost parameters to increase revenues and other performance measures to realize targets for financial and operating performance, potential changes in the marketplace, including potential decreases in market pricing for telecommunications and related services, and potential changes in the demand for fiber optic internet, telephone, and television services. All forward-looking statements in this release are as of the date of this release. Although the company may from time to time voluntarily update or revise its forward-looking statements to reflect actual results or changes in the company's expectations, the company disclaims any commitment to do so except as required by securities laws.

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