

Windstream reports first-quarter results

- Business service revenues were \$914 million, a 2 percent increase year-over-year
- Consumer broadband service revenues were \$117 million, a 5 percent increase year-over-year
- Total business and consumer broadband revenues now represent 71 percent of total revenues
- Total revenues and sales were \$1.5 billion, a decline of 2 percent year-over-year
- Adjusted OIBDA was \$587 million, flat year-over-year
- Total enterprise customers grew 7 percent year-over-year

Release date: May 9, 2013

LITTLE ROCK, Ark. – Windstream Corp. (Nasdaq: WIN) today reported first-quarter results highlighted by continued growth in strategic revenues.

Total business and consumer broadband revenues grew 2 percent year-over-year and now represent 71 percent of the company's total revenues.

Windstream's business sales teams continued to successfully leverage the company's national footprint, extensive fiber network and advanced suite of products and services to drive sales and increase profitability during the quarter.

Total enterprise customers, who generate \$750 or more in revenue per month, grew 7 percent year-over-year. Average service revenue per business customer per month increased 6 percent from the same period a year ago.

"Our vision at Windstream is to be the premier enterprise communications and service provider while maintaining our stable consumer business, which will result in substantial cash flows and long-term support of our current dividend," said Jeff Gardner, president and CEO. "We are successfully repositioning the company. Over the long term, we believe

our strategy and investments will allow us to grow and increase shareholder value.”

Pro Forma Results

Business service revenues were \$914 million in the first quarter, a 2 percent increase year-over-year.

Data and integrated services revenues were \$400 million, an increase of 8 percent from the same period a year ago, primarily due to growth in integrated voice and data services, data center and managed services.

Carrier service revenues were \$167 million, an increase of 3 percent year-over-year, largely related to fiber-to-the-tower installations.

“The business channel now represents 63 percent of revenue and will be an essential driver of our growth in the future,” Gardner said. “As a result, we began increasing our business sales force at the end of the quarter and plan to open four new data centers this year to capitalize on further revenue growth opportunities in areas where we are experiencing strong demand.”

Consumer broadband service revenues were \$117 million, up 5 percent from the same period in 2012, driven by increased sales of broadband features and faster speeds.

Overall consumer service revenues were \$328 million, a decrease of 2 percent from the same period a year ago.

The company’s solid business performance and steady consumer results again largely offset continued declines in its wholesale business.

Wholesale revenues in the first quarter were \$152 million, a decline of 17 percent from the same period a year ago due to lower switched access revenues from declining consumer voice lines and lower intrastate access rates as part of intercarrier compensation reform implemented in July 2012.

Total revenues and sales were \$1.5 billion, a decline of 2 percent from the same period a year ago.

Adjusted OIBDA was \$587 million, flat year-over-year. Adjusted OIBDA is operating income before depreciation and amortization and merger and integration costs and removes the impact of restructuring charges, pension expense and stock-based compensation.

Adjusted capital expenditures were \$234 million in the first quarter. In addition, the company spent \$10 million in integration capital related to PAETEC network optimization opportunities and a billing system conversion.

Adjusted free cash flow was \$248 million during the first quarter. Adjusted free cash flow is adjusted OIBDA, excluding merger and integration expense, minus cash interest, cash taxes and adjusted capital expenditures.

GAAP Results

In the first quarter under Generally Accepted Accounting Principles (GAAP), Windstream reported total revenues and sales of \$1.50 billion, operating income of \$236 million and net income of \$52 million, or 9 cents per share. That compares to total revenues and sales of \$1.54 billion, operating income of \$246 million and net income of \$60 million, or 10 cents per share, during the same period in 2012.

GAAP results include approximately 1 cent in after-tax merger and integration and restructuring expense. Excluding these non-operational charges, adjusted earnings per share would have been 10 cents for the first quarter.

Conference call:

Windstream will hold a conference call at 7:30 a.m. CDT today to review the company's first-quarter results.

To access the call:

Interested parties can access the call by dialing 1-877-374-3977, conference ID 35161548, ten minutes prior to the start time.

To access the call replay:

A replay of the call will be available beginning at 10:30 a.m. CDT today and ending at midnight on May 16. The replay can be accessed by dialing 1-855-859-2056, conference ID 35161548.

Webcast information:

The conference call also will be streamed live over the company's website at www.windstream.com/investors. Financial, statistical and other information related to the call will be posted on the site. A replay of the webcast will be available on the website beginning at 10:30 a.m. CDT today.

About Windstream

Windstream Corp. (Nasdaq: WIN), a FORTUNE 500 and S&P 500 company, is a leading provider of advanced network communications, including cloud computing and managed services, to businesses nationwide. The company also offers broadband, phone and digital TV services to consumers primarily in rural areas. For more information, visit www.windstream.com.

Pro forma results adjust results of operations under GAAP to exclude all merger and integration costs related to strategic transactions and the results of operations of the energy business acquired as part of PAETEC. A reconciliation of pro forma results to the comparable GAAP measures is available on the company's Web site at www.windstream.com/investors.

Windstream claims the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to uncertainties that could cause actual future events and results to differ materially from those expressed in the forward-looking statements. Forward looking statements

include, but are not limited to, statements about Windstream's expected levels of support from universal service funds or other government programs, expected rates of loss of voice lines or intercarrier compensation, expected increases in high-speed Internet and business data connections, the company's expected ability to fund operations, expected effective federal income tax rates, expected annualized savings from the management restructuring and forecasted capital expenditure amounts. These and other forward-looking statements, including statements about the company's ability to generate cash flows in future periods and to pay its current dividend, are based on estimates, projections, beliefs and assumptions that Windstream believes are reasonable but are not guarantees of future events and results. Actual future events and results of Windstream may differ materially from those expressed in these forward-looking statements as a result of a number of important factors.

Factors that could cause actual results to differ materially from those contemplated in Windstream's forward-looking statements include, among others:

- further adverse changes in economic conditions in the markets served by Windstream;
- the extent, timing and overall effects of competition in the communications business;
- the impact of new, emerging or competing technologies;
- for certain operations where Windstream leases facilities from other carriers, adverse effects on the availability, quality of service, price of facilities and services provided by other carriers on which Windstream's services depend;
- the uncertainty regarding the implementation of the Federal Communications Commission's ("FCC") rules on intercarrier compensation adopted in 2011, and the potential for the adoption of further rules by the FCC or Congress on intercarrier compensation and/or universal service reform proposals that result in a significant loss of revenue to Windstream;
- unfavorable rulings by state public service commissions in proceedings regarding universal service funds, inter-carrier

- compensation or other matters that could reduce revenues or increase expenses;
- material changes in the communications industry that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers;
 - earnings on pension plan investments significantly below Windstream's expected long term rate of return for plan assets or a significant change in the discount rate;
 - the availability and cost of financing in the corporate debt markets;
 - the potential for adverse changes in the ratings given to Windstream's debt securities by nationally accredited ratings organizations;
 - the risks associated with non-compliance by Windstream with regulations or statutes applicable to government programs under which Windstream receives material amounts of end user revenue and government subsidies, or non-compliance by Windstream, its partners, or its subcontractors with any terms of its government contracts;
 - the risks associated with the integration of acquired businesses or the ability to realize anticipated synergies, cost savings and growth opportunities;
 - unfavorable results of litigation or intellectual property infringement claims asserted against Windstream;
 - the effects of federal and state legislation, and rules and regulations governing the communications industry;
 - continued loss of consumer voice lines;
 - the impact of equipment failure, natural disasters or terrorist acts;
 - the effects of work stoppages by Windstream employees or employees of other communications companies on whom Windstream relies for service; and
 - those additional factors under "Risk Factors" in Item 1A of Part I of Windstream's Annual Report on Form 10-K for the year ended December 31, 2012, and in subsequent filings with the Securities and Exchange Commission at www.sec.gov.

In addition to these factors, actual future performance, outcomes and results may differ materially because of more general factors including,

among others, general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes.

Windstream undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause Windstream's actual results to differ materially from those contemplated in the forward-looking statements should be considered in connection with information regarding risks and uncertainties that may affect Windstream's future results included in other filings by Windstream with the Securities and Exchange Commission at www.sec.gov.

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