	THREE MONTHS ENDED						SIX MONTHS ENDED								
	June 30,		1	fune 30,		ncrease ecrease)		June 30,		June 30,		Increase (Decrease)			
		2011	J	2010	,	mount	%		2011		2010	,	amount	%	
UNDER GAAP:															
Revenues and sales:															
Service revenues	\$	1,002.4	\$	898.0	\$	104.4	12	\$	1,999.0	\$	1,726.4	\$	272.6	16	
Product sales		28.0		19.3		8.7	45		54.5		38.8		15.7	40	
Total revenues and sales		1,030.4		917.3		113.1	12		2,053.5		1,765.2		288.3	16	
Costs and expenses:															
Cost of services		376.0		331.9		44.1	13		743.5		627.1		116.4	19	
Cost of products sold		24.0		17.9		6.1	34		44.1		34.2		9.9	29	
Selling, general, administrative and other		135.4		128.3		7.1	6		274.1		239.3		34.8	15	
Depreciation and amortization		197.0		167.7		29.3	17		402.4		323.1		79.3	25	
Merger, integration and restructuring		5.2		17.3		(12.1)	(70)		14.2		40.5		(26.3)	(65)	
Total costs and expenses		737.6		663.1		74.5	11		1,478.3		1,264.2		214.1	17	
Operating income		292.8		254.2		38.6	15		575.2		501.0		74.2	15	
Other expense, net		(3.2)		(0.9)		(2.3)	(256)		(0.6)		(1.2)		0.6	50	
Loss on early extinguishment of debt		(2.5)		-		(2.5)	(100)		(103.9)		-		(103.9)	(100)	
Interest expense		(136.4)		(123.6)		(12.8)	(10)		(282.9)		(246.6)		(36.3)	(15)	
Income before income taxes		150.7		129.7		21.0	16		187.8		253.2		(65.4)	(26)	
Income taxes		57.5		50.7		6.8	13		71.1		100.1		(29.0)	(29)	
Net income	\$	93.2	\$	79.0	\$	14.2	18	\$	116.7	\$	153.1	\$	(36.4)	(24)	
												-			
Weighted average common shares		506.3		462.1		44.2	10		504.5		453.4		51.1	11	
Common stock outstanding		510.0		483.2		26.8	6								
Basic and diluted earnings per share:															
Net income		\$0.18		\$0.17		\$0.01	6		\$0.23		\$0.33		\$(0.10)	(30)	
PRO FORMA RESULTS OF OPERATIONS (A):															
Revenues and sales	\$	1,030.4	\$	1,029.1	\$	1.3	0	\$	2,053.5	\$	2,070.7	\$	(17.2)	(1)	
OIBDA (B)	\$	494.9	\$	488.9	\$	6.0	-	\$	991.6	\$	985.7	\$	5.9	-	
Adjusted OIBDA (C)	\$	512.7	\$	509.6	\$	3.1	1	\$	1,025.1	\$	1,027.0	\$	(1.9)	(0)	
J " - (-)	-		•		-				,	•	,	•	( /	(-)	

<sup>(</sup>A) Pro forma results adjusts results of operations under GAAP to include the acquisitions of NuVox Inc. ("NuVox"), Iowa Telecommunications Services, Inc. ("Iowa Telecom"), Hosted Solutions Acquisition, LLC ("Hosted Solutions") and Q-Comm Corporation ("Q-Comm"), and to exclude all merger and integration costs related to strategic transactions. Q-Comm results of operations only include those entities acquired from Q-Comm. For further details on these adjustments, see the Notes to Unaudited Reconciliation of Revenues and Sales, Operating Income and Capital Expenditures Under GAAP to Pro Forma Revenues and Sales, Pro Forma Adjusted OIBDA and Pro Forma Capital Expenditures.

<sup>(</sup>B) OIBDA is operating income before depreciation and amortization.

<sup>(</sup>C) Adjusted OIBDA adjusts OIBDA for the impact of restructuring charges, pension expense and stock-based compensation. For further details on these adjustments, see the Notes to Unaudited Reconciliation of Revenues and Sales, Operating Income and Capital Expenditures Under GAAP to Pro Forma Revenues and Sales, Pro Forma Adjusted OIBDA and Pro Forma Capital Expenditures.

		THREE MONTHS ENDED							SIX MONTHS ENDED								
		Increase							Increase								
	J	June 30,		June 30,		ecrease)		Ju	ne 30,	Ju	ine 30,	(Decrease)					
		2011		2010	A	Amount	%		2011		2010	A	mount	%			
UNDER GAAP:																	
Voice lines		2,985.7		3,098.5		(112.8)	(4)										
Net voice line (losses) gains:																	
Internal		(34.9)		(32.8)		2.1	6		(60.1)		(56.7)		3.4	6			
Acquired		- 1		239.6		(239.6)	(100)		-		239.6		(239.6)	(100)			
Net voice line (losses) gains		(34.9)		206.8		241.7	(117)		(60.1)		182.9		243.0	(133)			
High-speed Internet customers		1,336.5		1,274.8		61.7	5										
Advanced data and integrated solutions		171.8		145.3		26.5	18										
Total data and integrated solutions		1,508.3		1,420.1		88.2	6										
Net high-speed Internet additions:																	
Internal		4.8		14.7		(9.9)	(67)		33.6		50.5		(16.9)	(33)			
Acquired		-		96.3		(96.3)	(100)		_		96.3		(96.3)	(100)			
Net high-speed Internet additions		4.8		111.0		(106.2)	(96)		33.6		146.8		(113.2)	(77)			
Net advanced data and integrated solution additions:	-	_		_			. ,							,			
Internal		1.7		(0.5)		2.2	440		1.7		(0.8)		2.5	313			
Acquired		_		3.0		(3.0)	(100)		_		106.6		(106.6)	(100)			
Net advanced data and integrated solution additions		1.7		2.5		(0.8)	(32)		1.7		105.8		(104.1)	(98)			
Special access circuits		103.5		87.4		16.1	18										
Access lines (A)		3,261.0		3,331.2		(70.2)	(2)										
Digital television customers		443.5		420.1		23.4	6										
Total connections (B)		5,041.0		5,026.1		14.9	0										
Capital expenditures	\$	172.1	\$	98.9	\$	73.2	74	\$	331.7	\$	159.4	\$	172.3	108			
FROM PRO FORMA RESULTS (C):																	
Voice lines		2,985.7		3,120.1		(134.4)	(4)										
Net voice line losses		(34.9)		(34.7)		0.2	1		(60.1)		(61.8)		(1.7)	(3)			
II' 1				1 275 1		61.4	_										
High-speed Internet customers		1,336.5		1,275.1		61.4	5										
Advanced data and integrated solutions		171.8		168.9		2.9	2										
Total data and integrated solutions	-	1,508.3		1,444.0		64.3	4										
Net high-speed Internet additions		4.8		14.8		(10.0)	(68)		33.6		51.2		(17.6)	(34)			
Net advanced data and integrated solution additions		1.7		3.0		(1.3)	(43)		1.7		4.6		(2.9)	(63)			
Special access circuits		103.5		95.3		8.2	9						(=1,5)	()			
Access lines (A)		3,261.0		3,384.3		(123.3)	(4)										
Digital television customers		443.5		422.9		20.6	5										
Total connections		5,041.0		5,082.3		(41.3)	(1)										
Capital expenditures	\$	172.1	\$	122.5	\$	49.6	40	\$	331.7	\$	203.7	\$	128.0	63			

<sup>(</sup>A) Access lines include voice lines, special access circuits and advanced data and integrated solutions.

<sup>(</sup>B) Total connections include voice lines, special access circuits, total data and integrated solutions and digital television customers.

<sup>(</sup>C) Pro forma results adjusts results of operations under GAAP to include the acquisitions of NuVox, Iowa Telecom, Hosted Solutions and Q-Comm, and to exclude all merger and integration costs related to strategic transactions. Q-Comm results of operations only include those entities acquired from Q-Comm. For further details on these adjustments, see the Notes to Unaudited Reconciliation of Revenues and Sales, Operating Income and Capital Expenditures Under GAAP to Pro Forma Revenues and Sales, Pro Forma Adjusted OIBDA and Pro Forma Capital Expenditures.

# WINDSTREAM CORPORATION UNAUDITED CONSOLIDATED BALANCE SHEETS UNDER GAAP (In millions)

## ASSETS

## LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, December 31,		June 30, 2011	December 31, 2010	
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 52.1	\$ 42.3	Current maturities of long-term debt	\$ 142.7	\$ 139.2
Restricted cash	7.3	-	Current portion of interest rate swaps	34.3	35.4
Accounts receivable (less allowance for			Accounts payable	172.0	151.3
doubtful accounts of \$28.0 and			Advance payments and customer deposits	146.2	145.8
\$27.8, respectively)	371.7	373.9	Accrued dividends	128.0	126.5
Inventories	56.4	52.5	Accrued taxes	85.1	81.2
Deferred income taxes	33.6	44.8	Accrued interest	134.0	173.9
Prepaid income taxes	76.6	62.9	Other current liabilities	108.6	132.2
Prepaid expenses and other	64.3	60.7			
Assets held for sale	51.2	50.6	Total current liabilities	950.9	985.5
Total current assets	713.2	687.7			
			Long-term debt	7,224.5	7,186.6
			Deferred income taxes	1,864.7	1,767.6
Goodwill	3,724.3	3,704.0	Other liabilities	488.7	583.4
Other intangibles, net	1,922.4	2,038.5	Total liabilities	10,528.8	10,523.1
Net property, plant and equipment	4,804.2	4,772.7			
Other assets	165.1	150.8			
			SHAREHOLDERS' EQUITY:		
			Common stock	0.1	0.1
			Additional paid-in capital	900.6	833.3
			Accumulated other comprehensive loss	(176.2)	(216.9)
			Retained earnings	75.9	214.1
			Total shareholders' equity	800.4	830.6
			TOTAL LIABILITIES AND		
TOTAL ASSETS	\$ 11,329.2	\$ 11,353.7	SHAREHOLDERS' EQUITY	\$ 11,329.2	\$ 11,353.7

	Ju		ine 30, 2010	ine 30, 2011	June 30, 2010		
Cash Provided from Operations:		_	•	_			
Net income	\$	93.2	\$	79.0	\$ 116.7	\$	153.1
Adjustments to reconcile net income to net cash provided from operations:							
Depreciation and amortization		197.0		167.7	402.4		323.1
Provision for doubtful accounts		11.7		11.3	19.6		19.9
Stock-based compensation expense		6.1		4.0	11.4		7.5
Pension expense		11.6		15.3	21.9		31.0
Deferred income taxes		42.2		(6.3)	90.7		0.8
Unamortized net discount on retired debt		0.5		-	13.0		-
Amortization of frozen portion of swaps		11.9		0.1	25.0		0.3
Other, net		6.4		3.1	9.6		5.4
Changes in operating assets and liabilities, net:							
Accounts receivable		(14.0)		(9.2)	(21.6)		(7.5)
Prepaid income taxes		6.9		(0.3)	(13.7)		13.4
Prepaid expenses and other		3.4		(0.5)	(17.5)		(24.3)
Accounts payable		3.7		(6.0)	22.6		(37.7)
Accrued interest		15.9		51.0	(59.6)		3.0
Other current liabilities		(8.2)		(2.3)	(23.9)		(4.0)
Other liabilities		(2.9)		(1.5)	(5.2)		(23.5)
Other, net		(9.5)		(20.3)	 (5.4)		(1.9)
Net cash provided from operations		375.9		285.1	 586.0		458.6
Cash Flows from Investing Activities:							
Additions to property, plant and equipment		(172.1)		(98.9)	(331.7)		(159.4)
Acquisition of NuVox, net of cash acquired		-		-	-		(198.4)
Acquisition of Iowa Telecom, net of cash acquired		-		(253.6)			(253.6)
Other, net		(0.9)		2.5	(6.6)		3.1
Net cash used in investing activities		(173.0)		(350.0)	(338.3)		(608.3)
Cash Flows from Financing Activities:							
Dividends paid on common shares		(127.4)		(114.0)	(253.3)		(223.2)
Repayment of debt		(381.7)		(707.6)	(2,434.4)		(992.1)
Proceeds of debt issuance, net		325.0		375.0	2,462.0		375.0
Debt issuance costs		(2.8)		-	(20.9)		-
Other, net		0.3		(15.1)	8.7		(19.4)
Net cash used in financing activities		(186.6)		(461.7)	(237.9)		(859.7)
Increase (decrease) in cash and cash equivalents		16.3		(526.6)	9.8		(1,009.4)
Cash and Cash Equivalents:							
Beginning of period		35.8		580.1	 42.3		1,062.9
End of period	\$	52.1	\$	53.5	\$ 52.1	\$	53.5

THREE MONTHS ENDED

SIX MONTHS ENDED

millions)			THREE MON	THS E	NDED	SIX MONTHS ENDED					
		June 30, 2011		June 30, 2010		J	une 30, 2011		fune 30, 2010		
Revenues and sales under GAAP		\$	1,030.4	\$	917.3	\$	2,053.5	\$	1,765.2		
Pro forma adjustments:											
NuVox revenues and sales prior to acquisition	(B)		-		-		-		57.3		
Iowa Telecom revenues and sales prior to acquisition	(B)		-		42.3		-		109.2		
Hosted Solutions revenues and sales prior to acquisition	(B)		-		12.9		-		25.8		
Q-Comm revenues and sales prior to acquisition	(B)		-		57.0		-		114.0		
Elimination of Windstream revenues from Q-Comm prior to acquisition	(C)				(0.4)				(0.8)		
Pro forma revenues and sales		\$	1,030.4	\$	1,029.1	\$	2,053.5	\$	2,070.7		
Operating income from continuing operations under GAAP		\$	292.8	\$	254.2	\$	575.2	\$	501.0		
Pro forma adjustments:		Ψ	2,2.0	Ψ	23 1.2	Ψ	373.2	Ψ	301.0		
NuVox pre-acquisition operating income, excluding M&I costs	(B)		_		_		_		4.1		
NuVox intangible asset amortization adjustment	(D)		_		_		_		(1.5)		
Iowa Telecom pre-acquisition operating income, excluding M&I costs	(B)		_		9.8		_		23.9		
Iowa Telecom intangible asset amortization adjustment	(D)		_		(4.7)		_		(11.2)		
Hosted Solutions pre-acquisition operating income, excluding M&I costs	(B)		_		2.9		_		5.6		
Hosted Solutions intangible asset amortization adjustment	(D)		_		(2.6)		_		(5.2)		
Q-Comm pre-acquisition operating income, excluding M&I costs	(B)		_		13.6		_		25.6		
Q-Comm intangible asset amortization adjustment	(D)		_		(11.0)		_		(22.2)		
M&I costs	(E)		5.1		16.8		14.0		40.0		
Pro forma operating income	. ,		297.9		279.0		589.2		560.1		
Depreciation and amortization expense	(E)		197.0		167.7		402.4		323.1		
NuVox pre-acquisition depreciation and amortization expense	(F)		-		-		-		9.5		
Iowa Telecom pre-acquisition depreciation and amortization expense	(F)		-		15.5		-		39.1		
Hosted Solutions pre-acquisition depreciation and amortization expense	(F)		-		5.9		-		12.0		
Q-Comm pre-acquisition depreciation and amortization expense	(F)		-		20.8		-		41.9		
Pro forma OIBDA			494.9	'	488.9		991.6		985.7		
Other adjustments:		-		'							
Pension expense	(E)		11.6		15.3		21.9		31.0		
Pension expense of Iowa Telecom prior to acquisition	(B)		-		0.1		-		0.2		
Restructuring charges	(E)		0.1		0.5		0.2		0.5		
Stock-based compensation	(E)		6.1		4.0		11.4		7.5		
Stock-based compensation of NuVox prior to acquisition	(B)		-		-		-		0.1		
Stock-based compensation of Iowa Telecom prior to acquisition	(B)		-		0.7		-		1.8		
Stock-based compensation of Hosted Solutions prior to acquisition	(B)		<u> </u>	-	0.1				0.2		
Pro forma adjusted OIBDA		\$	512.7	\$	509.6	\$	1,025.1	\$	1,027.0		

# WINDSTREAM CORPORATION UNAUDITED RECONCILIATION OF REVENUES AND SALES, OPERATING INCOME AND CAPITAL EXPENDITURES UNDER GAAP TO PRO FORMA (A) REVENUES AND SALES, PRO FORMA ADJUSTED OIBDA AND PRO FORMA CAPITAL EXPENDITURES (NON-GAAP) (In millions)

		THREE MONTHS ENDED						SIX MONT	'HS ENDED		
		June 30, 2011		June 30, 2010			June 30,		Ju	ne 30,	
								2011	2	2010	
Capital expenditures under GAAP		\$	172.1	\$	98.9		\$	331.7	\$	159.4	
Pro forma adjustments:											
NuVox capital expenditures prior to acquisition	(B)		-		-			-		3.8	
Iowa Telecom capital expenditures prior to acquisition	(B)		-		5.4			-		8.4	
Hosted Solutions capital expenditures prior to acquisition	(B)		-		2.6			-		3.5	
Q-Comm capital expenditures prior to acquisition	(B)		-		15.6			-		28.6	
Pro forma capital expenditures		\$	172.1	\$	122.5		\$	331.7	\$	203.7	

### WINDSTREAM CORPORATION

NOTES TO UNAUDITED RECONCILIATION OF REVENUES AND SALES, OPERATING INCOME AND CAPITAL EXPENDITURES UNDER GAAP TO PRO FORMA REVENUES AND SALES, PRO FORMA ADJUSTED OIBDA AND PRO FORMA CAPITAL EXPENDITURES

Windstream Corporation has entered into various transactions that may cause results reported under Generally Accepted Accounting Principles in the United States ("GAAP") to be not necessarily indicative of future results.

### Pending Acquisition:

• On July 31, 2011, Windstream entered into an agreement to acquire all outstanding shares of PAETEC Holding Corp. ("PAETEC") in an all stock transaction. Under the terms of the agreement, PAETEC shareholders will receive 0.460 shares of Windstream common stock for each outstanding PAETEC common share. Windstream also will assume or refinance PAETEC's net debt of approximately \$1.4 billion as of March 31, 2011. The acquisition is expected to close in early 2012 subject to certain conditions including necessary approvals from federal and state regulators and PAETEC shareholders.

### Completed Acquisitions:

- On December 2, 2010, Windstream completed the acquisition of Q-Comm Corporation ("Q-Comm"). The Q-Comm acquisition provided the Company with increased scale and business revenues, as well as the opportunity for operating synergies with contiguous Windstream markets.
- On December 1, 2010, Windstream completed the acquisition of Hosted Solutions Acquisition, LLC ("Hosted Solutions"). The Hosted Solutions acquisition provided Windstream with five state-of-the-art data centers in Raleigh, N.C., Charlotte, N.C., and Boston, MA which serve more than 600 customers. Windstream now operates a total of 12 data centers across the country.
- On June 1, 2010, the Company completed the acquisition of Iowa Telecommunications Services, Inc. ("Iowa Telecom"). The Iowa Telecom acquisition added approximately 208,000 incumbent local exchange carrier access lines, 39,000 competitive local exchange carrier access lines, 96,000 high-speed Internet customers and 25,000 digital television customers in Iowa and Minnesota.
- On February 8, 2010, Windstream completed the acquisition of NuVox, Inc. ("NuVox"). The NuVox acquisition added approximately 104,000 data and integrated solution connections in complementary markets in 16 states

As disclosed in the Windstream Form 8-K furnished on August 5, 2011, the Company has presented in this earnings release unaudited pro forma results, which includes results from NuVox, Iowa Telecom, Hosted Solutions and Q-Comm for periods prior to the acquisitions and excludes all merger and integration ("M&I") costs resulting from the completed transactions discussed above. In addition to pro forma adjustments, the Company presented certain measures of its operating performance, excluding the impact of restructuring charges, pension and stock-based compensation.

Windstream's purpose for including the results of acquired businesses and for excluding non-recurring items, restructuring charges, pension and stock-based compensation is to improve the comparability of results of operations for the three and six month periods ended June 30, 2011, to the results of operations for the same periods of 2010 in order to focus on the true earnings capacity associated with providing telecommunication services. Additionally, management believes that presenting current business measures assists investors by providing more meaningful comparisons of results from current and prior periods, and by providing information that is a better reflection of the core earnings capacity of the businesses. The Company uses pro forma results, including pro forma revenues and sales, pro forma olibDA, pro forma adjusted OIBDA and proforma capital expenditures as key measures of its operational performance. Windstream management, including the chief operating decision-maker, consistently use these measures for internal reporting and the evaluation of business objectives, opportunities and performance.

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. These forward-looking statements 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 contemplated above 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; continued voice line loss; the impact of new, emerging or competing technologies; the adoption of intercarrier compensation and/or universal service reforms by the Federal Communications Commission or Congress that results in a significant loss of revenue to Windstream; the risks associated with the integration of acquired businesses or the ability to realize anticipated synergies, cost savings and growth opportunities; for Windstream's competitive local exchange carrier operations, adverse effects on the availability, quality of service and price of facilities and services provided by other incumbent local exchange carriers on which Windstream's competitive local exchange carrier services depend; 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 effects of federal and state legislation, rules and regulations governing the communications industry; material changes in the communications industry generally that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers; unfavorable result

- (A) Pro forma results adjusts results of operations under GAAP to include the acquisitions of NuVox, Iowa Telecom, Hosted Solutions and Q-Comm, and to exclude M&I costs related to strategic transactions. Q-Comm results of operations only include those entities acquired from Q-Comm.
- (B) To reflect the pre-acquisition operating results of NuVox, Iowa Telecom, Hosted Solutions and Q-Comm, adjusted to exclude M&I costs.
- (C) To reflect the pre-acquisition elimination of Windstream revenues from entities acquired from O-Comm.
- (D) To reflect intangible asset amortization of NuVox, Iowa Telecom, Hosted Solutions and Q-Comm, as if the acquisitions had been consummated at the beginning of the periods presented.
- (E) Represents applicable expense as reported under GAAP.
- (F) Represents depreciation and amortization of NuVox, Iowa Telecom, Hosted Solutions and Q-Comm, as adjusted in note (D).