

WINDSTREAM HOLDINGS, INC.
 UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In millions, except per share amounts)

	THREE MONTHS ENDED				TWELVE MONTHS ENDED			
	December 31, 2017	December 31, 2016	Increase (Decrease)		December 31, 2017	December 31, 2016	Increase (Decrease)	
			Amount	%			Amount	%
UNDER GAAP:								
Revenues and sales:								
Service revenues	\$ 1,477.3	\$ 1,289.1	\$ 188.2	15	\$ 5,759.7	\$ 5,279.9	\$ 479.8	9
Product sales	20.6	20.0	0.6	3	93.2	107.1	(13.9)	(13)
Total revenues and sales	<u>1,497.9</u>	<u>1,309.1</u>	188.8	14	<u>5,852.9</u>	<u>5,387.0</u>	465.9	9
Costs and expenses:								
Cost of services (exclusive of depreciation and amortization included below)	756.0	664.3	91.7	14	2,964.9	2,677.8	287.1	11
Cost of products sold	20.7	23.9	(3.2)	(13)	93.5	98.5	(5.0)	(5)
Selling, general and administrative	226.7	206.9	19.8	10	896.8	797.7	99.1	12
Depreciation and amortization	403.7	329.5	74.2	23	1,470.0	1,263.5	206.5	16
Goodwill impairment	1,840.8	—	1,840.8	*	1,840.8	—	1,840.8	*
Merger, integration and other costs	30.0	3.3	26.7	*	137.4	13.8	123.6	*
Restructuring charges	9.3	7.5	1.8	*	43.0	20.3	22.7	112
Total costs and expenses	<u>3,287.2</u>	<u>1,235.4</u>	2,051.8	166	<u>7,446.4</u>	<u>4,871.6</u>	2,574.8	53
Operating (loss) income	(1,789.3)	73.7	(1,863.0)	*	(1,593.5)	515.4	(2,108.9)	*
Dividend income on Uniti common stock	—	—	—	*	—	17.6	(17.6)	(100)
Other income (expense), net	0.1	1.3	(1.2)	(92)	—	(1.2)	1.2	100
Net gain on disposal of investment in Uniti common stock	—	—	—	*	—	15.2	(15.2)	(100)
(Loss) gain on sale of data center business	—	(10.0)	10.0	100	0.6	(10.0)	10.6	(106)
Net loss on early extinguishment of debt	(58.4)	—	(58.4)	*	(56.4)	(18.0)	(38.4)	*
Other-than-temporary impairment loss on investment in Uniti common stock	—	—	—	*	—	(181.9)	181.9	100
Interest expense (A)	(232.8)	(207.1)	25.7	(12)	(875.4)	(860.6)	14.8	2
Loss before income taxes	(2,080.4)	(142.1)	1,938.3	*	(2,524.7)	(523.5)	2,001.2	*
Income tax benefit	(244.7)	(55.2)	189.5	*	(408.1)	(140.0)	268.1	192
Net loss	<u>\$ (1,835.7)</u>	<u>\$ (86.9)</u>	\$ 1,748.8	*	<u>\$ (2,116.6)</u>	<u>\$ (383.5)</u>	\$ 1,733.1	*
Weighted average common shares	178.9	92.9	86.0	93	169.1	93.9	75.2	80
Common shares outstanding	182.7	96.3	86.4	90				
Basic and diluted loss per share:								
Net loss	(\$10.26)	(\$.94)	(\$9.32)	*	(\$12.52)	(\$4.11)	\$8.41	*
ADJUSTED RESULTS OF OPERATIONS (B):								
Adjusted service revenues	\$ 1,477.3	\$ 1,524.7	\$ (47.4)	(3)	\$ 5,909.0	\$ 6,261.6	\$ (352.6)	(6)
Adjusted revenues and sales	\$ 1,497.9	\$ 1,544.9	\$ (47.0)	(3)	\$ 6,002.4	\$ 6,369.3	\$ (366.9)	(6)
Adjusted OIBDAR (C)	\$ 520.8	\$ 527.0	\$ (6.2)	(1)	\$ 2,009.6	\$ 2,126.7	\$ (117.1)	(6)
Adjusted OIBDA (D)	\$ 357.4	\$ 363.6	\$ (6.2)	(2)	\$ 1,356.1	\$ 1,473.1	\$ (117.0)	(8)
Adjusted capital expenditures (E)	\$ 172.0	\$ 211.6	\$ (39.6)	(19)	\$ 839.4	\$ 900.1	\$ (60.7)	(7)

* Not meaningful

- (A) Includes interest expense associated with the master lease agreement with Uniti of \$119.7 million and \$484.9 million for the three and twelve month periods ended December 31, 2017, respectively, as compared to \$123.7 and \$500.8 million for the three and twelve month periods ended December 31, 2016.
- (B) Adjusted results of operations are based upon the combined historical financial information of Windstream and EarthLink for all periods presented. See Notes to Reconciliation of Non-GAAP Financial Measures.
- (C) Adjusted OIBDAR is adjusted OIBDA before the annual cash rent payment due under the master lease agreement with Uniti.
- (D) Adjusted OIBDA is operating income before depreciation and amortization, excluding goodwill impairment, merger, integration and certain other costs, restructuring charges, pension costs and share-based
- (E) Adjusted capital expenditures includes applicable amounts for EarthLink for periods prior to the merger date of February 27, 2017 and excludes post-merger integration capital expenditures and amounts related to Project Excel, a capital program funded entirely using a portion of the proceeds from the sale of the data center business completed in December 2015.

WINDSTREAM HOLDINGS, INC.
 UNAUDITED BUSINESS SEGMENT RESULTS UNDER GAAP

(In millions)

	THREE MONTHS ENDED				TWELVE MONTHS ENDED			
	December 31, 2017	December 31, 2016	Increase (Decrease)		December 31, 2017	December 31, 2016	Increase (Decrease)	
			Amount	%			Amount	%
Consumer & Small Business								
Revenues and sales:								
Service revenues	\$ 475.9	\$ 498.3	\$ (22.4)	(4)	\$ 1,944.5	\$ 2,023.4	\$ (78.9)	(4)
Product sales	5.9	8.7	(2.8)	(32)	33.8	39.9	(6.1)	(15)
Total revenue and sales	481.8	507.0	(25.2)	(5)	1,978.3	2,063.3	(85.0)	(4)
Costs and expenses	199.8	205.1	(5.3)	(3)	848.5	870.7	(22.2)	(3)
Segment income	\$ 282.0	\$ 301.9	\$ (19.9)	(7)	\$ 1,129.8	\$ 1,192.6	\$ (62.8)	(5)
Enterprise								
Revenues and sales:								
Service revenues	\$ 760.3	\$ 615.3	\$ 145.0	24	\$ 2,883.5	\$ 2,520.7	\$ 362.8	14
Product sales	14.4	11.3	3.1	27	58.6	67.2	(8.6)	(13)
Total revenue and sales	774.7	626.6	148.1	24	2,942.1	2,587.9	354.2	14
Costs and expenses	610.6	497.0	113.6	23	2,364.9	2,075.7	289.2	14
Segment income	\$ 164.1	\$ 129.6	\$ 34.5	27	\$ 577.2	\$ 512.2	\$ 65.0	13
Wholesale								
Revenue and sales:								
Service revenues	\$ 189.8	\$ 172.0	\$ 17.8	10	\$ 756.3	\$ 720.8	\$ 35.5	5
Product sales	0.2	—	0.2	*	0.3	—	0.3	*
Total revenue and sales	190.0	172.0	18.0	10	756.6	720.8	35.8	5
Costs and expenses	55.5	47.5	8.0	17	226.8	194.5	32.3	17
Segment income	\$ 134.5	\$ 124.5	\$ 10.0	8	\$ 529.8	\$ 526.3	\$ 3.5	1
CLEC Consumer								
Revenues and sales:								
Service revenues	\$ 51.3	\$ 3.5	\$ 47.8	*	\$ 175.4	\$ 15.0	\$ 160.4	*
Product sales	0.1	—	0.1	*	0.5	—	0.5	*
Total revenue and sales	51.4	3.5	47.9	*	175.9	15.0	160.9	*
Costs and expenses	23.9	3.0	20.9	*	86.9	13.1	73.8	*
Segment income	\$ 27.5	\$ 0.5	\$ 27.0	*	\$ 89.0	\$ 1.9	\$ 87.1	*

WINDSTREAM HOLDINGS, INC.
 UNAUDITED BUSINESS SEGMENT RESULTS UNDER GAAP

(In millions)

	THREE MONTHS ENDED				TWELVE MONTHS ENDED			
	December 31,	December 31,	Increase (Decrease)		December 31,	December 31,	Increase (Decrease)	
	2017	2016	Amount	%	2017	2016	Amount	%
Total segment revenues and sales:								
Service revenues	\$ 1,477.3	\$ 1,289.1	\$ 188.2	15	\$ 5,759.7	\$ 5,279.9	\$ 479.8	9
Product sales	20.6	20.0	0.6	3	93.2	107.1	(13.9)	(13)
Total segment revenues and sales	1,497.9	1,309.1	188.8	14	5,852.9	5,387.0	465.9	9
Total segment costs and expenses	889.8	752.6	137.2	18	3,527.1	3,154.0	373.1	12
Total segment income	608.1	556.5	51.6	9	2,325.8	2,233.0	92.8	4
Other unassigned operating expenses (A)	(113.6)	(142.5)	28.9	(20)	(428.1)	(420.0)	(8.1)	2
Merger, integration and other costs	(30.0)	(3.3)	(26.7)	*	(137.4)	(13.8)	(123.6)	*
Restructuring charges	(9.3)	(7.5)	(1.8)	24	(43.0)	(20.3)	(22.7)	112
Goodwill impairment	(1,840.8)	—	(1,840.8)	*	(1,840.8)	—	(1,840.8)	*
Depreciation and amortization	(403.7)	(329.5)	(74.2)	23	(1,470.0)	(1,263.5)	(206.5)	16
Operating (loss) income	<u>\$ (1,789.3)</u>	<u>\$ 73.7</u>	<u>\$ (1,863.0)</u>	*	<u>\$ (1,593.5)</u>	<u>\$ 515.4</u>	<u>\$ (2,108.9)</u>	*

Note: Results for 2016 exclude the acquired EarthLink operations.

(A) These expenses are not allocated to the business segments. Unallocated expenses include stock-based compensation, pension costs, and shared services, such as accounting and finance, information technology, network management, legal, human resources, and investor relations. These expenses are centrally managed and are not monitored by management at a segment level.

WINDSTREAM HOLDINGS, INC.
 UNAUDITED CONSOLIDATED BALANCE SHEETS
 (In millions)

	December 31, 2017	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	\$ 43.4	\$ 59.1
Accounts receivable, net	643.0	618.6
Inventories	93.0	77.5
Prepaid expenses and other	153.1	111.7
Total current assets	932.5	866.9
Goodwill	2,842.4	4,213.6
Other intangibles, net	1,454.4	1,320.5
Net property, plant and equipment	5,391.8	5,283.5
Deferred income taxes	370.8	—
Other assets	92.4	85.5
Total Assets	\$ 11,084.3	\$ 11,770.0
Liabilities and Shareholders' Equity (Deficit)		
Current Liabilities:		
Current maturities of long-term debt	\$ 169.3	\$ 14.9
Current portion of long-term lease obligations	188.6	168.7
Accounts payable	494.0	390.2
Advance payments and customer deposits	207.3	178.1
Accrued taxes	89.5	78.0
Accrued interest	52.6	58.1
Other current liabilities	342.1	366.6
Total current liabilities	1,543.4	1,254.6
Long-term debt	5,674.6	4,848.7
Long-term lease obligations	4,643.3	4,831.9
Deferred income taxes	—	151.5
Other liabilities	521.9	513.3
Total liabilities	12,383.2	11,600.0
Shareholders' Equity (Deficit):		
Common stock	—	—
Additional paid-in capital	1,191.9	559.7
Accumulated other comprehensive income	21.4	5.9
Accumulated deficit	(2,512.2)	(395.6)
Total shareholders' equity (deficit)	(1,298.9)	170.0
Total Liabilities and Shareholders' Equity (Deficit)	\$ 11,084.3	\$ 11,770.0

WINDSTREAM HOLDINGS, INC.
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In millions)

	<u>THREE MONTHS ENDED</u>		<u>TWELVE MONTHS ENDED</u>	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Cash Flows from Operating Activities:				
Net loss	\$ (1,835.7)	\$ (86.9)	\$ (2,116.6)	\$ (383.5)
Adjustments to reconcile net loss to net cash provided from operations:				
Depreciation and amortization	403.7	329.5	1,470.0	1,263.5
Goodwill impairment	1,840.8	—	1,840.8	—
Provision for doubtful accounts	12.3	10.7	45.8	43.8
Share-based compensation expense	10.2	9.8	55.4	41.6
Pension expense	12.7	57.7	10.1	59.1
Deferred income taxes	(267.4)	(58.3)	(412.7)	(138.3)
Net gain on disposal of investment in Uniti common stock	—	—	—	(15.2)
Noncash portion of net loss on early extinguishment of debt	56.2	—	36.0	(51.9)
Other-than-temporary impairment loss on investment in Uniti common stock	—	—	—	181.9
Amortization of unrealized losses on de-designated interest rate swaps	1.1	1.8	5.3	4.8
Loss (gain) from sale of data center	—	10.0	(0.6)	10.0
Plan curtailment	—	—	—	(5.5)
Other, net	9.5	1.4	24.0	1.2
Changes in operating assets and liabilities, net:				
Accounts receivable	26.6	20.8	17.7	(15.1)
Prepaid income taxes	6.4	5.3	0.8	(4.4)
Prepaid expenses and other	21.6	12.5	1.3	30.4
Accounts payable	74.5	44.1	43.3	(47.2)
Accrued interest	(41.3)	(34.9)	(16.3)	(20.1)
Accrued taxes	(3.8)	0.3	(0.2)	(6.1)
Other current liabilities	18.0	2.9	4.8	21.2
Other liabilities	(26.9)	(31.5)	(25.7)	(42.4)
Other, net	6.8	7.1	(32.5)	(3.4)
Net cash provided from operating activities	<u>325.3</u>	<u>302.3</u>	<u>950.7</u>	<u>924.4</u>
Cash Flows from Investing Activities:				
Additions to property, plant and equipment	(184.4)	(236.4)	(908.6)	(989.8)
Proceeds from the sale of property	—	—	—	6.3
Acquisition of Broadview, net of cash acquired	—	—	(63.3)	—
Cash acquired from EarthLink	—	—	5.0	—
Other, net	(6.9)	—	(16.3)	(6.5)
Net cash used in investing activities	<u>(191.3)</u>	<u>(236.4)</u>	<u>(983.2)</u>	<u>(990.0)</u>
Cash Flows from Financing Activities:				
Dividends paid to shareholders	—	(14.5)	(64.4)	(58.6)
Proceeds from issuance of stock	—	—	9.6	—
Repayments of debt and swaps	(588.5)	(344.1)	(2,277.9)	(3,263.7)
Proceeds from debt issuance	515.0	334.5	2,614.6	3,674.5
Debt issuance costs	(19.8)	(0.1)	(27.1)	(12.4)
Stock repurchases	—	—	(19.0)	(28.9)
Payments under long-term lease obligations	(43.8)	(39.6)	(168.7)	(152.8)
Payments under capital lease obligations	(9.8)	(4.6)	(39.0)	(57.7)
Other, net	(0.2)	0.2	(11.3)	(7.0)
Net cash (used in) provided from financing activities	<u>(147.1)</u>	<u>(68.2)</u>	<u>16.8</u>	<u>93.4</u>
(Decrease) increase in cash and cash equivalents	(13.1)	(2.3)	(15.7)	27.8
Cash and Cash Equivalents:				
Beginning of period	56.5	61.4	59.1	31.3
End of period	<u>\$ 43.4</u>	<u>\$ 59.1</u>	<u>\$ 43.4</u>	<u>\$ 59.1</u>

WINDSTREAM HOLDINGS, INC.
 UNAUDITED SUPPLEMENTAL ADJUSTED OPERATING INFORMATION
 (In thousands)

	THREE MONTHS ENDED				TWELVE MONTHS ENDED			
	December 31,	December 31,	Increase (Decrease)		December 31,	December 31,	Increase (Decrease)	
	2017	2016	Amount	%	2017	2016	Amount	%
Consumer - ILEC customers								
Households served	1,268.8	1,354.6	(85.8)	(6)				
High-speed Internet customers	1,006.6	1,051.1	(44.5)	(4)				
Digital television customers	277.9	321.0	(43.1)	(13)				
Net household losses	19.4	23.9	(4.5)	(19)	85.8	91.2	(5.4)	(6)
Net high-speed Internet customer losses	10.8	11.9	(1.1)	(9)	44.5	44.0	0.5	1
Small Business - ILEC customers	128.1	139.7	(11.6)	(8)				
Enterprise customers	133.5	135.0	(1.5)	(1)				
CLEC Consumer customers	662.1	0.7	661.4	*				

Note: Customer metrics include acquired EarthLink customers for all periods presented. Broadview customers are included as of the acquisition date of July 28, 2017.

WINDSTREAM HOLDINGS, INC.

NON-GAAP FINANCIAL MEASURES - ADJUSTED CAPITAL EXPENDITURES AND ADJUSTED FREE CASH FLOW

(In millions)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Adjusted Capital Expenditures:				
Capital expenditures under GAAP	\$ 184.4	\$ 236.4	\$ 908.6	\$ 989.8
EarthLink capital expenditures pre-merger	—	28.5	15.2	84.1
Project Excel capital expenditures	—	(53.3)	(49.9)	(173.8)
Integration capital expenditures	(12.4)	—	(34.5)	—
Adjusted capital expenditures (A)	<u>\$ 172.0</u>	<u>\$ 211.6</u>	<u>\$ 839.4</u>	<u>\$ 900.1</u>

	THREE MONTHS ENDED	TWELVE MONTHS ENDED
	December 31, 2017	December 31, 2017
Adjusted Free Cash Flow:		
Operating (loss) income under GAAP	\$ (1,789.3)	\$ (1,593.5)
Depreciation and amortization	403.7	1,470.0
Goodwill impairment	1,840.8	1,840.8
OIBDA	455.2	1,717.3
Adjustments:		
EarthLink operating income (B)	—	30.8
Merger, integration and other costs (C)	33.5	163.2
Restructuring charges	9.3	43.0
Pension expense	12.6	10.1
Share-based compensation expense (D)	10.2	45.2
Master lease rent payment	(163.4)	(653.5)
Adjusted OIBDA	357.4	1,356.1
Adjusted capital expenditures (per above)	(172.0)	(839.4)
Cash paid for interest on long-term debt obligations	(138.2)	(371.9)
Cash paid for income taxes	(0.2)	(2.0)
Adjusted free cash flow	<u>\$ 47.0</u>	<u>\$ 142.8</u>

- (A) Adjusted capital expenditures includes applicable amounts for EarthLink for periods prior to the merger date of February 27, 2017 and excludes post-merger integration capital expenditures and amounts related to Project Excel, a capital program funded entirely using a portion of the proceeds from the sale of the data center business completed in December 2015.
- (B) Represents EarthLink operating results for the pre-merger period January 1, 2017 to February 26, 2017. This amount excludes EarthLink's historical depreciation and amortization, restructuring, merger and integration costs and share-based compensation.
- (C) Included in other costs for 2017 are incremental expenses of \$4.7 million related to Hurricanes Harvey and Irma and \$8.3 million of costs incurred in connection with a carrier access settlement. Other costs also include a reserve for a penalty attributable to not meeting certain spend commitments under a circuit discount plan of approximately \$7.7 million.
- (D) Excludes share-based compensation expense included in merger, integration and other costs of \$10.1 million.

WINDSTREAM HOLDINGS, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(In millions)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Reconciliation of Revenues and Sales under GAAP to Adjusted Revenues and Sales:				
Service revenues under GAAP	\$ 1,477.3	\$ 1,289.1	\$ 5,759.7	\$ 5,279.9
Adjustments:				
EarthLink service revenues	(A) —	235.6	(A) 149.3	981.7
Adjusted service revenues	1,477.3	1,524.7	5,909.0	6,261.6
Product sales under GAAP	20.6	20.0	93.2	107.1
Adjustments:				
EarthLink product sales	(A) —	0.2	(A) 0.2	0.6
Adjusted product sales	20.6	20.2	93.4	107.7
Adjusted revenues and sales	<u>\$ 1,497.9</u>	<u>\$ 1,544.9</u>	<u>\$ 6,002.4</u>	<u>\$ 6,369.3</u>
Reconciliation of Net Loss under GAAP to Adjusted OIBDA:				
Net loss	\$ (1,835.7)	\$ (86.9)	\$ (2,116.6)	\$ (383.5)
Adjustments:				
Dividend income on Uniti common stock	(B) —	—	(B) —	(17.6)
Other expense (income), net	(B) (0.1)	(1.3)	(B) —	1.2
(Gain) loss on sale of data center business	—	10.0	(0.6)	10.0
Net gain on disposal of investment in Uniti common stock	—	—	—	(15.2)
Net loss on early extinguishment of debt	(B) 58.4	—	(B) 56.4	18.0
Other-than-temporary impairment loss on investment in Uniti common stock	(B) —	—	(B) —	181.9
Interest expense	(B) 232.8	207.1	(B) 875.4	860.6
Income tax benefit	(B) (244.7)	(55.2)	(B) (408.1)	(140.0)
Operating (loss) income under GAAP	(B) (1,789.3)	73.7	(B) (1,593.5)	515.4
Depreciation and amortization	(B) 403.7	329.5	(B) 1,470.0	1,263.5
Adjustments:				
EarthLink operating income	(C) —	45.5	(C) 30.8	213.0
Goodwill impairment	(B) 1,840.8	—	(B) 1,840.8	—
Merger, integration and other costs	(E) 33.5	3.3	(E) 163.2	13.8
Restructuring charges	(B) 9.3	7.5	(B) 43.0	20.3
Pension (income) expense	(B) 12.6	57.7	(B) 10.1	59.1
Share-based compensation expense	(F) 10.2	9.8	(F) 45.2	41.6
Adjusted OIBDAR	520.8	527.0	2,009.6	2,126.7
Master lease rent payment	(D) (163.4)	(163.4)	(D) (653.5)	(653.6)
Adjusted OIBDA	<u>\$ 357.4</u>	<u>\$ 363.6</u>	<u>\$ 1,356.1</u>	<u>\$ 1,473.1</u>

See Notes to Reconciliation of Non-GAAP Financial Measures

WINDSTREAM HOLDINGS, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(In millions)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Reconciliation of Net Cash Provided from Operating Activities to Adjusted OIBDA:				
Net Cash Provided From Operating Activities	\$ 325.3	\$ 302.3	\$ 950.7	\$ 924.4
Adjustments:				
Master lease rent payment	(D) (163.4)	(163.4)	(D) (653.5)	(653.6)
Cash dividends received on Uniti common stock	(B) —	—	(B) —	(35.2)
EarthLink operating income	(C) —	45.5	(C) 30.8	213.0
Merger, integration and other costs	(E) 33.5	3.3	(E) 163.2	13.8
Restructuring charges	(B) 9.3	7.5	(B) 43.0	20.3
Other expense (income), net	(B) —	(1.3)	(B) (0.5)	1.2
Net loss on early extinguishment of debt	(B) 58.4	—	(B) 56.4	18.0
Interest expense	(B) 232.7	207.1	(B) 875.3	860.6
Income tax benefit, net of deferred income taxes	5.3	3.1	(12.8)	(1.7)
Provision for doubtful accounts	(G) (12.2)	(10.7)	(G) (45.7)	(43.8)
Noncash portion of net loss on early extinguishment of debt	(G) (56.2)	—	(G) (36.0)	51.9
Amortization of unrealized losses on de-designated interest rate swaps	(G) (1.0)	(1.7)	(G) (5.2)	(4.8)
Plan curtailment	(G) —	—	(G) —	5.5
Other noncash adjustments, net	(I) (9.3)	(1.5)	(I) (33.2)	16.4
Changes in operating assets and liabilities, net	(G) (65.0)	(26.6)	(G) 23.6	87.1
Adjusted OIBDA	<u>\$ 357.4</u>	<u>\$ 363.6</u>	<u>\$ 1,356.1</u>	<u>\$ 1,473.1</u>

Reconciliation of Net Cash Provided from Operating Activities to Adjusted Free Cash Flow:

Net Cash Provided From Operating Activities	\$ 325.3	\$ 950.7
Adjustments:		
Cash paid for interest on long-term debt obligations	(138.2)	(371.9)
Cash paid for income taxes	(0.2)	(2.0)
Capital expenditures	(184.4)	(908.6)
Project Excel capital expenditures	(H) —	(H) 49.9
Post-merger integration capital expenditures	12.4	34.5
EarthLink capital expenditures pre-merger	—	(15.2)
EarthLink operating income	(C) —	(C) 30.8
Master lease rent payment	(D) (163.4)	(D) (653.5)
Merger, integration and other costs	(E) 33.5	(E) 163.2
Restructuring charges	(B) 9.3	(B) 43.0
Other expense (income), net	(B) —	(B) (0.5)
Net loss on early extinguishment of debt	(B) 58.4	(B) 56.4
Interest expense	(B) 232.7	(B) 875.3
Income tax benefit, net of deferred income taxes	5.3	(12.8)
Provision for doubtful accounts	(G) (12.2)	(G) (45.7)
Noncash portion of net (gain) loss on early extinguishment of debt	(G) (56.2)	(G) (36.0)
Amortization of unrealized losses on de-designated interest rate swaps	(G) (1.0)	(G) (5.2)
Other noncash adjustments, net	(I) (9.3)	(I) (33.2)
Changes in operating assets and liabilities, net	(G) (65.0)	(G) 23.6
Adjusted Free Cash Flow	<u>\$ 47.0</u>	<u>\$ 142.8</u>

See Notes to Reconciliation of Non-GAAP Financial Measures

Windstream Holdings, Inc. ("Windstream", "we", "us", "our") has presented in this package unaudited adjusted results, which includes the results of operations of EarthLink Holdings Corp. ("EarthLink") as if the merger with EarthLink had been completed as of January 1, 2016. The adjusted results are based upon the combined historical financial information of Windstream and EarthLink for all periods presented. Operating results of Broadview Networks Holdings, Inc. ("Broadview") are included beginning on July 28, 2017, the date of acquisition. The adjusted results exclude pension costs, share-based compensation expense, goodwill impairment, restructuring charges, and merger, integration and certain other costs. We have made certain reclassifications to the historical financial information of EarthLink to conform to our presentation. We have presented certain measures of our operating performance, on an adjusted basis, that reflects the impact of the annual cash rent payment due under the master lease agreement with Uniti Group, Inc. ("Uniti"), formerly Communications Sales & Leasing, Inc.

Our purpose for these adjustments is to improve the comparability of results of operations for all periods presented in order to focus on the true earnings capacity of our core business operations and our ability to generate cash flow. We use adjusted results, including adjusted OIBDA, adjusted OIBDAR, adjusted free cash flow and adjusted capital expenditures as key measures of the operational performance of our business. Our management, including the chief operating decision-maker, consistently uses these measures for internal reporting and the evaluation of business objectives, opportunities and performance.

- (A) Represents EarthLink revenues and sales prior to the merger date of February 27, 2017.
- (B) Represents applicable amount as reported under GAAP - See Unaudited Consolidated Statements of Operations.
- (C) Represents EarthLink operating results for periods prior to the merger date of February 27, 2017. These amounts exclude EarthLink's historical depreciation and amortization, restructuring, merger and integration costs and share-based compensation.
- (D) Represents the impact of the annual cash rent payment due under the master lease agreement with Uniti.
- (E) In addition to amounts reported in the Unaudited Consolidated Statement of Operations, other costs for the year ended December 31, 2017, primarily include incremental expenses of \$4.7 million related to Hurricanes Harvey and Irma, \$8.3 million of costs incurred in connection with a carrier access settlement, a reserve for a penalty attributable to not meeting certain spend commitments under a circuit discount plan of approximately \$7.7 million.
- (F) Excludes share-based compensation expense included in merger, integration and other costs of \$10.1 million during the year ended December 31, 2017.
- (G) Represents applicable amount reported under GAAP - See Unaudited Consolidated Statements of Cash Flows.
- (H) Represents capital expenditures related to Project Excel, a capital program funded entirely using a portion of the proceeds from the sale of the data center business completed in December 2015.
- (I) Consists of non-cash amortization of debt issuance costs, debt discounts and premiums, accretion expense related to asset retirement obligations, ineffectiveness on interest rate swaps, gains on the sale of property, and other non-cash miscellaneous income and expenses.