

WINDSTREAM HOLDINGS, INC.  
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)

|  | THREE MONTHS ENDED    |                       |                                 |             | NINE MONTHS ENDED     |                       |                                 |             |
|--|-----------------------|-----------------------|---------------------------------|-------------|-----------------------|-----------------------|---------------------------------|-------------|
|  | September 30,<br>2018 | September 30,<br>2017 | Increase (Decrease)<br>Amount % |             | September 30,<br>2018 | September 30,<br>2017 | Increase (Decrease)<br>Amount % |             |
| <b>UNDER GAAP:</b>   |                       |                       |                                 |             |                       |                       |                                 |             |
| Revenues and sales:  |                       |                       |                                 |             |                       |                       |                                 |             |
| Service revenues   | \$ 1,400.1            | \$ 1,472.4            | \$ (72.3)                       | (5)         | \$ 4,260.1            | \$ 4,282.4            | \$ (22.3)                       | (1)         |
| Product sales  | 20.5                  | 25.3                  | (4.8)                           | (19)        | 59.2                  | 72.6                  | (13.4)                          | (18)        |
| Total revenues and sales   | <u>1,420.6</u>        | <u>1,497.7</u>        | <u>(77.1)</u>                   | <u>(5)</u>  | <u>4,319.3</u>        | <u>4,355.0</u>        | <u>(35.7)</u>                   | <u>(1)</u>  |
| Costs and expenses:  |                       |                       |                                 |             |                       |                       |                                 |             |
| Cost of services (exclusive of depreciation and amortization included below) | 700.2                 | 780.5                 | (80.3)                          | (10)        | 2,159.9               | 2,215.0               | (55.1)                          | (2)         |
| Cost of products sold  | 19.7                  | 22.3                  | (2.6)                           | (12)        | 54.7                  | 72.8                  | (18.1)                          | (25)        |
| Selling, general and administrative  | 225.8                 | 231.8                 | (6.0)                           | (3)         | 679.1                 | 672.0                 | 7.1                             | 1           |
| Depreciation and amortization  | 383.8                 | 365.4                 | 18.4                            | 5           | 1,136.3               | 1,066.3               | 70.0                            | 7           |
| Merger, integration and other costs  | 9.0                   | 33.7                  | (24.7)                          | (73)        | 30.4                  | 107.4                 | (77.0)                          | (72)        |
| Restructuring charges  | 6.5                   | 22.8                  | (16.3)                          | (71)        | 26.0                  | 33.7                  | (7.7)                           | (23)        |
| Total costs and expenses   | <u>1,345.0</u>        | <u>1,456.5</u>        | <u>(111.5)</u>                  | <u>(8)</u>  | <u>4,086.4</u>        | <u>4,167.2</u>        | <u>(80.8)</u>                   | <u>(2)</u>  |
| Operating income   | 75.6                  | 41.2                  | 34.4                            | 83          | 232.9                 | 187.8                 | 45.1                            | 24          |
| Other income, net  | 3.2                   | 1.7                   | 1.5                             | 88          | 12.9                  | 8.5                   | 4.4                             | 52          |
| Net gain on early extinguishment of debt                                     | 190.3                 | 5.2                   | 185.1                           | *           | 190.3                 | 2.0                   | 188.3                           | *           |
| Interest expense (A)   | <u>(230.0)</u>        | <u>(216.4)</u>        | 13.6                            | 6           | <u>(677.5)</u>        | <u>(642.6)</u>        | 34.9                            | 5           |
| Income (loss) before income taxes  | 39.1                  | (168.3)               | 207.4                           | 123         | (241.4)               | (444.3)               | 202.9                           | 46          |
| Income tax benefit   | <u>(2.2)</u>          | <u>(66.8)</u>         | <u>(64.6)</u>                   | <u>(97)</u> | <u>(67.6)</u>         | <u>(163.4)</u>        | <u>(95.8)</u>                   | <u>(59)</u> |
| Net income (loss)  | <u>\$ 41.3</u>        | <u>\$ (101.5)</u>     | \$ 142.8                        | 141         | <u>\$ (173.8)</u>     | <u>\$ (280.9)</u>     | \$ 107.1                        | 38          |
| Weighted average common shares   | 42.5                  | 36.8                  | 5.7                             | 15          | 40.2                  | 33.2                  | 7.0                             | 21          |
| Common shares outstanding  | 42.9                  | 36.6                  | 6.3                             | 17          |                       |                       |                                 |             |
| Basic and diluted income (loss) per share:                                   |                       |                       |                                 |             |                       |                       |                                 |             |
| Net income (loss)  | \$ .97                | (\$2.76)              | \$3.73                          | 135         | (\$4.32)              | (\$8.50)              | \$4.18                          | 49          |
| <b>ADJUSTED RESULTS OF OPERATIONS (B):</b>                                   |                       |                       |                                 |             |                       |                       |                                 |             |
| Adjusted service revenues  | \$ 1,400.1            | \$ 1,472.4            | \$ (72.3)                       | (5)         | \$ 4,260.1            | \$ 4,431.7            | \$ (171.6)                      | (4)         |
| Adjusted revenues and sales  | \$ 1,420.6            | \$ 1,497.7            | \$ (77.1)                       | (5)         | \$ 4,319.3            | \$ 4,504.5            | \$ (185.2)                      | (4)         |
| Adjusted OIBDAR (C)  | \$ 495.7              | \$ 490.3              | \$ 5.4                          | 1           | \$ 1,502.8            | \$ 1,489.4            | \$ 13.4                         | 1           |
| Adjusted OIBDA (D)   | \$ 331.5              | \$ 327.0              | \$ 4.5                          | 1           | \$ 1,011.3            | \$ 999.3              | \$ 12.0                         | 1           |
| Adjusted capital expenditures (E)  | \$ 187.6              | \$ 205.2              | \$ (17.6)                       | (9)         | \$ 575.9              | \$ 667.4              | \$ (91.5)                       | (14)        |

\* Not meaningful

(A) Includes interest expense associated with the master lease agreement with Uniti of \$116.2 million and \$352.1 million for the three and nine month periods ended September 30, 2018, respectively, as compared to \$120.7 million and \$365.2 million for the three and nine month periods ended September 30, 2017.

(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 pension expense, share-based compensation expense, restructuring charges, merger, integration and certain other costs.

(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 for Broadview and EarthLink 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 |                 |                     |      | NINE MONTHS ENDED |                 |                     |      |  |
|--------------------------------------|--------------------|-----------------|---------------------|------|-------------------|-----------------|---------------------|------|--|
|                                      | September 30,      | September 30,   | Increase (Decrease) |      | September 30,     | September 30,   | Increase (Decrease) |      |  |
|                                      | 2018               | 2017            | Amount              | %    | 2018              | 2017            | Amount              | %    |  |
| <b>Consumer &amp; Small Business</b> |                    |                 |                     |      |                   |                 |                     |      |  |
| Revenues and sales:                  |                    |                 |                     |      |                   |                 |                     |      |  |
| Service revenues                     | \$ 458.9           | \$ 479.0        | \$ (20.1)           | (4)  | \$ 1,395.8        | \$ 1,468.9      | \$ (73.1)           | (5)  |  |
| Product sales                        | 7.5                | 8.3             | (0.8)               | (10) | 19.6              | 27.7            | (8.1)               | (29) |  |
| Total revenue and sales              | <u>466.4</u>       | <u>487.3</u>    | <u>(20.9)</u>       | (4)  | <u>1,415.4</u>    | <u>1,496.6</u>  | <u>(81.2)</u>       | (5)  |  |
| Costs and expenses                   | 200.3              | 217.3           | (17.0)              | (8)  | 593.8             | 648.6           | (54.8)              | (8)  |  |
| Segment income                       | <u>\$ 266.1</u>    | <u>\$ 270.0</u> | <u>\$ (3.9)</u>     | (1)  | <u>\$ 821.6</u>   | <u>\$ 848.0</u> | <u>\$ (26.4)</u>    | (3)  |  |
| <b>Enterprise</b>                    |                    |                 |                     |      |                   |                 |                     |      |  |
| Revenues and sales:                  |                    |                 |                     |      |                   |                 |                     |      |  |
| Service revenues                     | \$ 716.5           | \$ 750.3        | \$ (33.8)           | (5)  | \$ 2,179.5        | \$ 2,122.8      | \$ 56.7             | 3    |  |
| Product sales                        | 12.6               | 16.8            | (4.2)               | (25) | 38.8              | 44.5            | (5.7)               | (13) |  |
| Total revenue and sales              | <u>729.1</u>       | <u>767.1</u>    | <u>(38.0)</u>       | (5)  | <u>2,218.3</u>    | <u>2,167.3</u>  | <u>51.0</u>         | 2    |  |
| Costs and expenses                   | 568.2              | 620.0           | (51.8)              | (8)  | 1,750.4           | 1,754.5         | (4.1)               | *    |  |
| Segment income                       | <u>\$ 160.9</u>    | <u>\$ 147.1</u> | <u>\$ 13.8</u>      | 9    | <u>\$ 467.9</u>   | <u>\$ 412.8</u> | <u>\$ 55.1</u>      | 13   |  |
| <b>Wholesale</b>                     |                    |                 |                     |      |                   |                 |                     |      |  |
| Revenue and sales:                   |                    |                 |                     |      |                   |                 |                     |      |  |
| Service revenues                     | \$ 180.9           | \$ 191.2        | \$ (10.3)           | (5)  | \$ 546.9          | \$ 566.6        | \$ (19.7)           | (3)  |  |
| Product sales                        | 0.2                | 0.1             | 0.1                 | 100  | 0.4               | 0.1             | 0.3                 | *    |  |
| Total revenue and sales              | <u>181.1</u>       | <u>191.3</u>    | <u>(10.2)</u>       | (5)  | <u>547.3</u>      | <u>566.7</u>    | <u>(19.4)</u>       | (3)  |  |
| Costs and expenses                   | 54.5               | 58.1            | (3.6)               | (6)  | 163.6             | 171.4           | (7.8)               | (5)  |  |
| Segment income                       | <u>\$ 126.6</u>    | <u>\$ 133.2</u> | <u>\$ (6.6)</u>     | (5)  | <u>\$ 383.7</u>   | <u>\$ 395.3</u> | <u>\$ (11.6)</u>    | (3)  |  |
| <b>Consumer CLEC</b>                 |                    |                 |                     |      |                   |                 |                     |      |  |
| Revenues and sales:                  |                    |                 |                     |      |                   |                 |                     |      |  |
| Service revenues                     | \$ 43.8            | \$ 51.9         | \$ (8.1)            | (16) | \$ 137.9          | \$ 124.1        | \$ 13.8             | 11   |  |
| Product sales                        | 0.2                | 0.1             | 0.1                 | 100  | 0.4               | 0.3             | 0.1                 | 33   |  |
| Total revenue and sales              | <u>44.0</u>        | <u>52.0</u>     | <u>(8.0)</u>        | (15) | <u>138.3</u>      | <u>124.4</u>    | <u>13.9</u>         | 11   |  |
| Costs and expenses                   | 19.1               | 27.2            | (8.1)               | (30) | 59.6              | 62.9            | (3.3)               | (5)  |  |
| Segment income                       | <u>\$ 24.9</u>     | <u>\$ 24.8</u>  | <u>\$ 0.1</u>       | *    | <u>\$ 78.7</u>    | <u>\$ 61.5</u>  | <u>\$ 17.2</u>      | 28   |  |

WINDSTREAM HOLDINGS, INC.  
 UNAUDITED BUSINESS SEGMENT RESULTS UNDER GAAP

(In millions)

|   | THREE MONTHS ENDED |                |                     |      | NINE MONTHS ENDED |                 |                     |      |
|---|--------------------|----------------|---------------------|------|-------------------|-----------------|---------------------|------|
|   | September 30,      | September 30,  | Increase (Decrease) |      | September 30,     | September 30,   | Increase (Decrease) |      |
|   | 2018               | 2017           | Amount              | %    | 2018              | 2017            | Amount              | %    |
| Total segment revenues and sales:       |                    |                |                     |      |                   |                 |                     |      |
| Service revenues                        | \$ 1,400.1         | \$ 1,472.4     | \$ (72.3)           | (5)  | \$ 4,260.1        | \$ 4,282.4      | \$ (22.3)           | (1)  |
| Product sales                           | 20.5               | 25.3           | (4.8)               | (19) | 59.2              | 72.6            | (13.4)              | (18) |
| Total segment revenues and sales        | 1,420.6            | 1,497.7        | (77.1)              | (5)  | 4,319.3           | 4,355.0         | (35.7)              | (1)  |
| Total segment costs and expenses        | 842.1              | 922.6          | (80.5)              | (9)  | 2,567.4           | 2,637.4         | (70.0)              | (3)  |
| Total segment income                    | 578.5              | 575.1          | 3.4                 | 1    | 1,751.9           | 1,717.6         | 34.3                | 2    |
| Other unassigned operating expenses (A) | (103.6)            | (112.0)        | (8.4)               | (8)  | (326.3)           | (322.4)         | 3.9                 | 1    |
| Merger, integration and other costs     | (9.0)              | (33.7)         | (24.7)              | (73) | (30.4)            | (107.4)         | (77.0)              | (72) |
| Restructuring charges                   | (6.5)              | (22.8)         | (16.3)              | (71) | (26.0)            | (33.7)          | (7.7)               | (23) |
| Depreciation and amortization           | (383.8)            | (365.4)        | 18.4                | 5    | (1,136.3)         | (1,066.3)       | 70.0                | 7    |
| Operating income                        | <u>\$ 75.6</u>     | <u>\$ 41.2</u> | <u>\$ 34.4</u>      | 83   | <u>\$ 232.9</u>   | <u>\$ 187.8</u> | <u>\$ 45.1</u>      | 24   |

(A) These expenses are not allocated to the business segments. Unallocated expenses include stock-based compensation, pension expense, 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)

|  | September 30,<br>2018 | December 31,<br>2017 |
|--|-----------------------|----------------------|
| <b>Assets</b>  |                       |                      |
| <b>Current Assets:</b>   |                       |                      |
| Cash and cash equivalents  | \$ 37.3               | \$ 43.4              |
| Accounts receivable (less allowance for doubtful accounts of \$24.8 and \$29.7, respectively)                      | 649.0                 | 643.0                |
| Inventories  | 87.0                  | 93.0                 |
| Prepaid expenses and other   | 184.3                 | 154.3                |
| Total current assets   | 957.6                 | 933.7                |
| Goodwill   | 2,876.8               | 2,842.4              |
| Other intangibles, net   | 1,300.3               | 1,454.4              |
| Net property, plant and equipment  | 5,049.2               | 5,391.8              |
| Deferred income taxes  | 418.0                 | 370.8                |
| Other assets   | 108.2                 | 91.2                 |
| <b>Total Assets</b>  | \$ 10,710.1           | \$ 11,084.3          |
| <b>Liabilities and Shareholders' Deficit</b>   |                       |                      |
| <b>Current Liabilities:</b>  |                       |                      |
| Current maturities of long-term debt   | \$ 17.9               | \$ 169.3             |
| Current portion of long-term lease obligations   | 206.0                 | 188.6                |
| Accounts payable   | 483.4                 | 494.0                |
| Advance payments and customer deposits   | 195.2                 | 207.3                |
| Accrued taxes  | 93.5                  | 89.5                 |
| Accrued interest   | 69.9                  | 52.6                 |
| Other current liabilities  | 308.8                 | 342.1                |
| Total current liabilities  | 1,374.7               | 1,543.4              |
| Long-term debt   | 5,721.3               | 5,674.6              |
| Long-term lease obligations  | 4,486.5               | 4,643.3              |
| Other liabilities  | 488.5                 | 521.9                |
| Total liabilities  | 12,071.0              | 12,383.2             |
| <b>Shareholders' Deficit:</b>  |                       |                      |
| Common stock, \$.0001 par value, 75.0 shares authorized, 42.9 and 36.5 shares issued and outstanding, respectively | —                     | —                    |
| Additional paid-in capital   | 1,247.1               | 1,191.9              |
| Accumulated other comprehensive income   | 44.4                  | 21.4                 |
| Accumulated deficit  | (2,652.4)             | (2,512.2)            |
| Total shareholders' deficit  | (1,360.9)             | (1,298.9)            |
| <b>Total Liabilities and Shareholders' Deficit</b>   | \$ 10,710.1           | \$ 11,084.3          |

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

|  | THREE MONTHS ENDED    |                       | NINE MONTHS ENDED     |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | September 30,<br>2018 | September 30,<br>2017 | September 30,<br>2018 | September 30,<br>2017 |
| <b>Cash Flows from Operating Activities:</b>                                     |                       |                       |                       |                       |
| Net income (loss)  | \$ 41.3               | \$ (101.5)            | \$ (173.8)            | \$ (280.9)            |
| Adjustments to reconcile net income (loss) to net cash provided from operations: |                       |                       |                       |                       |
| Depreciation and amortization  | 383.8                 | 365.4                 | 1,136.3               | 1,066.3               |
| Provision for doubtful accounts  | 11.1                  | 13.8                  | 26.3                  | 33.5                  |
| Share-based compensation expense   | 7.1                   | 12.8                  | 25.5                  | 45.2                  |
| Deferred income taxes  | (2.9)                 | (48.0)                | (67.6)                | (145.3)               |
| Net gain on early extinguishment of debt   | (190.3)               | (5.2)                 | (190.3)               | (2.0)                 |
| Other, net   | 5.8                   | 7.6                   | 10.1                  | 15.5                  |
| Changes in operating assets and liabilities, net:                                |                       |                       |                       |                       |
| Accounts receivable  | (31.7)                | (24.6)                | (25.9)                | (8.9)                 |
| Prepaid income taxes   | 0.6                   | (0.4)                 | (4.1)                 | (5.6)                 |
| Prepaid expenses and other   | (2.7)                 | (6.0)                 | 4.6                   | (20.3)                |
| Accounts payable   | (29.9)                | 25.1                  | (12.7)                | (31.2)                |
| Accrued interest   | 7.7                   | 31.8                  | 17.6                  | 25.0                  |
| Accrued taxes  | 5.9                   | 1.6                   | (3.4)                 | 3.6                   |
| Other current liabilities  | 16.2                  | 6.9                   | (2.5)                 | (13.2)                |
| Other liabilities  | 0.1                   | (0.3)                 | 7.1                   | 1.2                   |
| Other, net   | (5.6)                 | (7.3)                 | 9.0                   | (36.3)                |
| Net cash provided from operating activities                                      | <u>216.5</u>          | <u>271.7</u>          | <u>756.2</u>          | <u>646.6</u>          |
| <b>Cash Flows from Investing Activities:</b>                                     |                       |                       |                       |                       |
| Additions to property, plant and equipment                                       | (196.9)               | (216.4)               | (603.2)               | (724.2)               |
| Acquisition of Broadview, net of cash acquired                                   | —                     | (63.3)                | —                     | (63.3)                |
| Cash acquired from EarthLink   | —                     | —                     | —                     | 5.0                   |
| Acquisitions of MASS and ATC, net of cash acquired                               | (9.3)                 | —                     | (46.9)                | —                     |
| Other, net   | 1.2                   | 2.4                   | (7.6)                 | (9.4)                 |
| Net cash used in investing activities  | <u>(205.0)</u>        | <u>(277.3)</u>        | <u>(657.7)</u>        | <u>(791.9)</u>        |
| <b>Cash Flows from Financing Activities:</b>                                     |                       |                       |                       |                       |
| Dividends paid to shareholders   | —                     | (28.8)                | —                     | (64.4)                |
| Proceeds from issuance of stock  | 1.1                   | —                     | 12.2                  | 9.6                   |
| Repayments of debt and swaps   | (127.3)               | (428.4)               | (540.4)               | (1,710.6)             |
| Proceeds from debt issuance  | 177.0                 | 564.0                 | 627.0                 | 2,099.6               |
| Debt issuance costs  | (11.9)                | —                     | (23.5)                | (7.3)                 |
| Stock repurchases  | —                     | (19.0)                | —                     | (19.0)                |
| Payments under long-term lease obligations                                       | (48.1)                | (42.7)                | (139.5)               | (124.9)               |
| Payments under capital lease obligations   | (10.4)                | (7.2)                 | (38.1)                | (29.2)                |
| Other, net   | 0.1                   | (0.5)                 | (2.3)                 | (11.1)                |
| Net cash (used in) provided from financing activities                            | <u>(19.5)</u>         | <u>37.4</u>           | <u>(104.6)</u>        | <u>142.7</u>          |
| Decrease (increase) in cash and cash equivalents                                 | (8.0)                 | 31.8                  | (6.1)                 | (2.6)                 |
| <b>Cash and Cash Equivalents:</b>  |                       |                       |                       |                       |
| Beginning of period  | 45.3                  | 24.7                  | 43.4                  | 59.1                  |
| End of period  | <u>\$ 37.3</u>        | <u>\$ 56.5</u>        | <u>\$ 37.3</u>        | <u>\$ 56.5</u>        |

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

|   | THREE MONTHS ENDED |               |                        |      | NINE MONTHS ENDED |               |                        |      |
|---|--------------------|---------------|------------------------|------|-------------------|---------------|------------------------|------|
|   | September 30,      | September 30, | Increase<br>(Decrease) |      | September 30,     | September 30, | Increase<br>(Decrease) |      |
|   | 2018               | 2017          | Amount                 | %    | 2018              | 2017          | Amount                 | %    |
| <b>Consumer - ILEC customers</b>                    |                    |               |                        |      |                   |               |                        |      |
| Households served                                   | 1,250.5            | 1,288.2       | (37.7)                 | (3)  |                   |               |                        |      |
| High-speed Internet customers                       | 1,015.0            | 1,017.4       | (2.4)                  | *    |                   |               |                        |      |
| Digital television customers                        | 247.1              | 289.6         | (42.5)                 | (15) |                   |               |                        |      |
| Net household losses                                | 0.8                | 19.6          | (18.8)                 | (96) | 18.3              | 66.4          | (48.1)                 | (72) |
| Net high-speed Internet customer additions (losses) | 8.3                | (8.4)         | 16.7                   | 199  | 8.4               | (33.7)        | 42.1                   | 125  |
| <b>Small Business - ILEC customers</b>              | 120.5              | 131.2         | (10.7)                 | (8)  |                   |               |                        |      |
| <b>Consumer CLEC customers</b>                      | 605.5              | 680.6         | (75.1)                 | (11) |                   |               |                        |      |

WINDSTREAM HOLDINGS, INC.

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

(In millions)

|  | THREE MONTHS ENDED    |                       | NINE MONTHS ENDED        |                       |
|--|-----------------------|-----------------------|--------------------------|-----------------------|
|  | September 30,<br>2018 | September 30,<br>2017 | September 30,<br>2018    | September 30,<br>2017 |
| <b>Adjusted Capital Expenditures:</b>                |                       |                       |                          |                       |
| Capital expenditures under GAAP                      | \$ 196.9              | \$ 216.4              | \$ 603.2                 | \$ 724.2              |
| EarthLink capital expenditures pre-merger            | —                     | —                     | —                        | 15.2                  |
| Project Excel capital expenditures                   | —                     | —                     | —                        | (49.9)                |
| Integration capital expenditures                     | (9.3)                 | (11.2)                | (27.3)                   | (22.1)                |
| Adjusted capital expenditures (A)                    | <u>\$ 187.6</u>       | <u>\$ 205.2</u>       | <u>\$ 575.9</u>          | <u>\$ 667.4</u>       |
|  |                       |                       |                          |                       |
|  |                       |                       | THREE<br>MONTHS<br>ENDED | NINE MONTHS<br>ENDED  |
|  |                       |                       | September 30,<br>2018    | September 30,<br>2018 |
| <b>Adjusted Free Cash Flow:</b>                      |                       |                       |                          |                       |
| Operating income under GAAP                          |                       |                       | \$ 75.6                  | \$ 232.9              |
| Depreciation and amortization                        |                       |                       | 383.8                    | 1,136.3               |
| OIBDA  |                       |                       | <u>459.4</u>             | <u>1,369.2</u>        |
| Adjustments:   |                       |                       |                          |                       |
| Merger, integration and other costs                  |                       |                       | 9.0                      | 30.4                  |
| Restructuring charges                                |                       |                       | 6.5                      | 26.0                  |
| Other costs (B)                                      |                       |                       | 12.9                     | 49.0                  |
| Pension expense                                      |                       |                       | 0.8                      | 2.7                   |
| Share-based compensation                             |                       |                       | 7.1                      | 25.5                  |
| Master lease rent payment                            |                       |                       | (164.2)                  | (491.5)               |
| Adjusted OIBDA                                       |                       |                       | <u>331.5</u>             | <u>1,011.3</u>        |
| Adjusted capital expenditures (per above)            |                       |                       | (187.6)                  | (575.9)               |
| Cash paid for interest on long-term debt obligations |                       |                       | (95.4)                   | (288.4)               |
| Cash refunded for income taxes, net                  |                       |                       | —                        | 15.1                  |
| Adjusted free cash flow                              |                       |                       | <u>\$ 48.5</u>           | <u>\$ 162.1</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 for Broadview and EarthLink 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) Other costs primarily include business transformation expenses consisting of consulting fees, incremental marketing and rebranding costs, incremental labor, travel, training and other transition costs related to outsourcing certain support functions. These costs also include incremental network optimization costs incurred in migrating traffic to existing lower costs circuits and terminating contracts prior to their expiration. For a detailed breakdown of these amounts, see note (E) from the "Notes to Reconciliation of Non-GAAP Financial Measures."

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

|  | THREE MONTHS ENDED    |                       | NINE MONTHS ENDED     |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | September 30,<br>2018 | September 30,<br>2017 | September 30,<br>2018 | September 30,<br>2017 |
| <b>Reconciliation of Revenues and Sales under GAAP to Adjusted Revenues and Sales:</b> |                       |                       |                       |                       |
| Service revenues under GAAP  | \$ 1,400.1            | \$ 1,472.4            | \$ 4,260.1            | \$ 4,282.4            |
| Adjustments:   |                       |                       |                       |                       |
| EarthLink service revenues   | (A) —                 | —                     | (A) —                 | 149.3                 |
| Adjusted service revenues  | 1,400.1               | 1,472.4               | 4,260.1               | 4,431.7               |
| Product sales under GAAP   | 20.5                  | 25.3                  | 59.2                  | 72.6                  |
| Adjustments:   |                       |                       |                       |                       |
| EarthLink product sales  | (A) —                 | —                     | (A) —                 | 0.2                   |
| Adjusted product sales   | 20.5                  | 25.3                  | 59.2                  | 72.8                  |
| Adjusted revenues and sales  | <u>\$ 1,420.6</u>     | <u>\$ 1,497.7</u>     | <u>\$ 4,319.3</u>     | <u>\$ 4,504.5</u>     |
| <b>Reconciliation of Net Income (Loss) under GAAP to Adjusted OIBDA:</b>               |                       |                       |                       |                       |
| Net income (loss)  | \$ 41.3               | \$ (101.5)            | \$ (173.8)            | \$ (280.9)            |
| Adjustments:   |                       |                       |                       |                       |
| Other income, net  | (B) (3.2)             | (1.7)                 | (B) (12.9)            | (8.5)                 |
| Net gain on early extinguishment of debt   | (B) (190.3)           | (5.2)                 | (B) (190.3)           | (2.0)                 |
| Interest expense   | (B) 230.0             | 216.4                 | (B) 677.5             | 642.6                 |
| Income tax benefit   | (B) (2.2)             | (66.8)                | (B) (67.6)            | (163.4)               |
| Operating income under GAAP  | (B) 75.6              | 41.2                  | (B) 232.9             | 187.8                 |
| Depreciation and amortization  | (B) 383.8             | 365.4                 | (B) 1,136.3           | 1,066.3               |
| Adjustments:   |                       |                       |                       |                       |
| EarthLink operating income   | (C) —                 | —                     | (C) —                 | 30.8                  |
| Merger, integration and other costs  | (B) 9.0               | 33.7                  | (B) 30.4              | 107.4                 |
| Restructuring charges  | (B) 6.5               | 22.8                  | (B) 26.0              | 33.7                  |
| Other costs  | (E) 12.9              | 12.8                  | (E) 49.0              | 22.3                  |
| Pension expense  | (B) 0.8               | 2.0                   | (B) 2.7               | 6.1                   |
| Share-based compensation expense   | (F) 7.1               | 12.4                  | (F) 25.5              | 35.0                  |
| Adjusted OIBDAR  | 495.7                 | 490.3                 | 1,502.8               | 1,489.4               |
| Master lease rent payment  | (D) (164.2)           | (163.3)               | (D) (491.5)           | (490.1)               |
| Adjusted OIBDA   | <u>\$ 331.5</u>       | <u>\$ 327.0</u>       | <u>\$ 1,011.3</u>     | <u>\$ 999.3</u>       |

See Notes to Reconciliation of Non-GAAP Financial Measures



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

(In millions)

|   | THREE MONTHS ENDED    |                       | NINE MONTHS ENDED     |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | September 30,<br>2018 | September 30,<br>2017 | September 30,<br>2018 | September 30,<br>2017 |
| <b>Reconciliation of Net Cash Provided from Operating Activities to Adjusted OIBDA:</b> |                       |                       |                       |                       |
| Net Cash Provided From Operating Activities   | \$ 216.5              | \$ 271.7              | \$ 756.2              | \$ 646.6              |
| Adjustments:  |                       |                       |                       |                       |
| Master lease rent payment   | (D) (164.2)           | (163.3)               | (D) (491.5)           | (490.1)               |
| EarthLink operating income  | (C) —                 | —                     | (C) —                 | 30.8                  |
| Merger, integration and other costs   | (B) 9.0               | 33.7                  | (B) 30.4              | 107.4                 |
| Restructuring charges   | (B) 6.5               | 22.8                  | (B) 26.0              | 33.7                  |
| Other costs   | (E) 12.9              | 12.8                  | (E) 49.0              | 22.3                  |
| Other income, net   | (B) (3.2)             | (1.7)                 | (B) (12.9)            | (8.5)                 |
| Interest expense  | (B) 230.0             | 216.4                 | (B) 677.5             | 642.6                 |
| Income tax benefit, net of deferred income taxes  | 1.3                   | (18.8)                | 0.8                   | (18.1)                |
| Provision for doubtful accounts   | (G) (11.1)            | (13.8)                | (G) (26.3)            | (33.5)                |
| Other noncash adjustments, net  | (H) (4.7)             | (6.0)                 | (H) (7.3)             | (19.6)                |
| Changes in operating assets and liabilities, net  | (G) 38.5              | (26.8)                | (G) 9.4               | 85.7                  |
| Adjusted OIBDA  | <u>\$ 331.5</u>       | <u>\$ 327.0</u>       | <u>\$ 1,011.3</u>     | <u>\$ 999.3</u>       |

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

|  |                |                 |
|--|----------------|-----------------|
| Net Cash Provided From Operating Activities          | \$ 216.5       | \$ 756.2        |
| Adjustments:   |                |                 |
| Cash paid for interest on long-term debt obligations | (95.4)         | (288.4)         |
| Cash refunded for income taxes                       | —              | 15.1            |
| Capital expenditures                                 | (196.9)        | (603.2)         |
| Integration capital expenditures                     | 9.3            | 27.3            |
| Master lease rent payment                            | (D) (164.2)    | (D) (491.5)     |
| Merger, integration and other costs                  | (B) 9.0        | (B) 30.4        |
| Restructuring charges                                | (B) 6.5        | (B) 26.0        |
| Other costs  | (E) 12.9       | (E) 49.0        |
| Other income, net                                    | (B) (3.2)      | (B) (12.9)      |
| Interest expense                                     | (B) 230.0      | (B) 677.5       |
| Income tax benefit, net of deferred income taxes     | 1.3            | 0.8             |
| Provision for doubtful accounts                      | (G) (11.1)     | (G) (26.3)      |
| Other noncash adjustments, net                       | (H) (4.7)      | (H) (7.3)       |
| Changes in operating assets and liabilities, net     | (G) 38.5       | (G) 9.4         |
| Adjusted Free Cash Flow                              | <u>\$ 48.5</u> | <u>\$ 162.1</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. We have made certain reclassifications to the historical financial information of EarthLink to conform to our presentation. Operating results of Broadview Networks Holdings, Inc. ("Broadview") and Mass Communications ("MASS") are included beginning on July 28, 2017 and March 27, 2018, respectively, the dates of acquisition. The adjusted results exclude pension costs, share-based compensation expense, restructuring charges, merger, integration and certain other costs. 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").

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) Other costs for the three and nine month periods ended September 30, 2018, primarily include business transformation expenses of \$12.9 million and \$49.0 million, respectively, consisting of consulting fees, incremental marketing and rebranding costs, incremental labor, travel, training and other transition costs related to outsourcing certain support functions of \$6.8 million and \$30.7 million, respectively. These costs also include \$6.1 million and \$17.7 million, respectively, of incremental network optimization costs incurred in migrating traffic to existing lower costs circuits and terminating contracts prior to their expiration. Comparatively, for the three month period ended September 30, 2017, other costs primarily consist of incremental expenses of \$2.9 million related to Hurricanes Harvey and Irma and \$8.3 million of costs incurred with a carrier access settlement. Other costs also include a reserve for a potential penalty attributable to not meeting certain spend commitments under a circuit discount plan of approximately of \$7.7 million during the nine month period ended September 30, 2017.
- (F) The three and nine month periods ended September 30, 2017 excludes \$0.4 million and \$10.2 million of share-based compensation expense included in merger, integration and other costs, respectively.
- (G) Represents applicable amount reported under GAAP - See Unaudited Consolidated Statements of Cash Flows.
- (H) Consists of non-cash amortization of debt issuance costs, debt discounts and premiums, accretion expense related to asset retirement obligations, gains on the sale of property, and other non-cash miscellaneous income and expenses.