

Windstream Holdings, Inc. ("Windstream Holdings", "we", "us", "our") has presented in this package unaudited pro forma results, which excludes all merger and integration costs resulting from strategic transactions and the results of operations of the disposed data center and consumer CLEC businesses and directory publishing operations. In addition to pro forma adjustments, we have presented certain measures of our operating performance that adjusts for the impact of the annual cash rent payment due under the master lease agreement with Communications Sales & Leasing ("CS&L"), and excludes the impact of restructuring charges, pension (benefit) expense and share-based compensation. We have made certain reclassifications and revisions to prior periods to conform with the current year presentation.

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 associated with providing telecommunication services. Additionally, management believes that presenting pro forma 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 true earnings capacity of our current operations. We use pro forma results, including pro forma OIBDA, pro forma adjusted OIBDA, pro forma adjusted OIBDAR and adjusted free cash flow 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.

We claim 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 our expectation to return a portion of our cash flow to shareholders through our dividend, expectations regarding our "network first" strategy to improve financial performance and increase market share, expectations regarding revenue trends and improving margins in our business segments, growth in adjusted OIBDA, the amount that Windstream Services, LLC. may reduce its debt by disposing of its equity stake in CS&L and its ability to improve its debt profile and reduce interest, expected levels of support from universal service funds or other government programs, expected rates of loss of consumer households served or inter-carrier compensation, expected increases in high-speed Internet and business data connections, including increasing availability of higher Internet speeds, expectations regarding expanding IPTV and 1 Gbps services to more locations and expanding our carrier network, our expected ability to fund operations, expected required contributions to our pension plan, the completion and benefits from network investments related to the Connect America Fund to fund the deployment of broadband services and forecasted capital expenditure amounts related to these investments, anticipated benefits of Project Excel, anticipated capital expenditures and certain debt maturities from cash flows from operations, and expected effective federal income tax rates. These and other forward-looking statements are based on estimates, projections, beliefs, and assumptions that we believe are reasonable but are not guarantees of future events and results. Actual future events and our results 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 our forward-looking statements include, among others: further adverse changes in economic conditions in the markets served by us; the extent, timing and overall effects of competition in the communications business; our election to accept state-wide offers under the Federal Communications Commission Connect America Fund, Phase 2, and the impact of such election on our future receipt of federal universal service funds and capital expenditures; the impact of new, emerging or competing technologies; for certain operations where we lease facilities from other carriers, adverse effects on the availability, quality of service and price of facilities and services provided by other carriers on which our services depend; 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; changes to our current dividend practice which is subject to our capital allocation policy and may be changed at any time at the discretion of our board of directors; our ability to make rent payments under the master lease to CS&L, which may be affected by results of operations, changes in our cash requirements, cash tax payment obligations, or overall financial position; unanticipated increases or other changes in our future cash requirements, whether caused by unanticipated increases in capital expenditures, increases in pension funding requirements, or otherwise; the availability and cost of financing in the corporate debt markets; the potential for adverse changes in the ratings given to our debt securities by nationally accredited ratings organizations; earnings on pension plan investments significantly below our expected long term rate of return for plan assets or a significant change in the discount rate or other actuarial assumptions; unfavorable results of litigation or intellectual property infringement claims asserted against us; the risks associated with non-compliance by us with regulations or statutes applicable to government programs under which we receive material amounts of end user revenue and government subsidies, or non-compliance by us, our partners, or our subcontractors with any terms of our government contracts; the effects of federal and state legislation, and rules and regulations governing the communications industry; continued loss of consumer households served and consumer high-speed Internet customers; the impact of equipment failure, natural disasters or terrorist acts; the effects of work stoppages by our employees or employees of other communications companies on whom we rely for service; and those additional factors under the caption "Risk Factors" in our Form 10-K for the year ended December 31, 2015, and in subsequent filings with the Securities and Exchange Commission at [www.sec.gov](http://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. We undertake 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 our 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 our future results included in our other filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

WINDSTREAM HOLDINGS, INC.  
 UNAUDITED PRO FORMA CONSOLIDATED RESULTS (NON-GAAP) (A)  
 QUARTERLY SUPPLEMENTAL INFORMATION  
 for the quarterly periods in the years 2016 and 2015  
 (In millions)

CONSOLIDATED FINANCIAL RESULTS:	2016	2015				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Revenues and sales:						
Total service revenues	\$ 1,340.6	\$ 5,467.4	\$ 1,360.0	\$ 1,419.8	\$ 1,344.5	\$ 1,343.1
Product sales	32.8	166.7	38.6	47.4	43.9	36.8
Total revenues and sales	<u>1,373.4</u>	<u>5,634.1</u>	<u>1,398.6</u>	<u>1,467.2</u>	<u>1,388.4</u>	<u>1,379.9</u>
Costs and expenses:						
Cost of services	666.4	2,675.1	666.2	683.8	668.3	656.8
Cost of products sold	28.9	145.2	33.4	41.4	38.5	31.9
Selling, general and administrative	192.8	809.5	195.8	201.5	202.3	209.9
Costs and expenses excluding pension and share-based compensation	<u>888.1</u>	<u>3,629.8</u>	<u>895.4</u>	<u>926.7</u>	<u>909.1</u>	<u>898.6</u>
Pro Forma Adjusted OIBDAR (B)	485.3	2,004.3	503.2	540.5	479.3	481.3
Pro Forma master lease rent payment	<u>163.5</u>	<u>650.0</u>	<u>162.5</u>	<u>162.5</u>	<u>162.5</u>	<u>162.5</u>
Pro Forma Adjusted OIBDA (C)	321.8	1,354.3	340.7	378.0	316.8	318.8
Pension (benefit) expense	(0.3)	1.2	9.6	(1.9)	(4.7)	(1.8)
Restructuring charges	4.4	20.7	5.0	5.3	3.4	7.0
Share-based compensation	13.7	54.4	12.2	14.4	13.3	14.5
Pro Forma OIBDA (D)	<u>\$ 304.0</u>	<u>\$ 1,278.0</u>	<u>\$ 313.9</u>	<u>\$ 360.2</u>	<u>\$ 304.8</u>	<u>\$ 299.1</u>
Margins (E):						
Pro Forma Adjusted OIBDAR margin	35.3%	35.6%	36.0%	36.8%	34.5%	34.9%
Pro Forma Adjusted OIBDA margin	23.4%	24.0%	24.4%	25.8%	22.8%	23.1%
CAPITAL EXPENDITURES:						
Capital expenditures under GAAP	\$ 263.8	\$ 1,055.3	\$ 310.9	\$ 300.1	\$ 255.0	\$ 189.3
Project Excel capital expenditures	(33.7)	(47.2)	(41.2)	(6.0)	-	-
Capital expenditures funded by CS&L	-	(43.1)	(43.1)	-	-	-
Adjusted capital expenditures (F)	<u>\$ 230.1</u>	<u>\$ 965.0</u>	<u>\$ 226.6</u>	<u>\$ 294.1</u>	<u>\$ 255.0</u>	<u>\$ 189.3</u>

- (A) Pro forma results adjust operating results under GAAP to exclude the impacts of the disposed data center and consumer CLEC businesses and directory publishing operations and all merger and integration costs related to strategic transactions.
- (B) Pro forma Adjusted OIBDAR is pro forma adjusted OIBDA before the annual cash rent payment due under the master lease agreement with CS&L assuming the lease payments began on January 1, 2015.
- (C) Pro forma Adjusted OIBDA is pro forma OIBDA before restructuring charges, pension (benefit) expense and share-based compensation.
- (D) Pro forma OIBDA is operating income before depreciation and amortization.
- (E) Margins are calculated by dividing the respective profitability measures by total revenues and sales.
- (F) Adjusted capital expenditures exclude the impacts of capital expenditures funded by CS&L and expenditures related to Project Excel, a \$250 million capital program funded entirely using a portion of the \$575 million proceeds from the sale of the data center business completed on December 18, 2015.

WINDSTREAM HOLDINGS, INC.  
 UNAUDITED PRO FORMA CONSOLIDATED RESULTS (NON-GAAP) (A)  
 QUARTERLY SUPPLEMENTAL INFORMATION  
 for the quarterly periods in the years 2016 and 2015  
 (In millions)

REVENUE SUPPLEMENT	2016	2015				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Service revenues:						
High-speed Internet bundles	\$ 261.1	\$ 1,032.8	\$ 258.4	\$ 259.9	\$ 258.7	\$ 255.8
Voice only	39.0	169.3	40.4	41.8	42.9	44.2
Video and miscellaneous	11.6	49.0	12.3	12.3	12.2	12.2
Total consumer	311.7	1,251.1	311.1	314.0	313.8	312.2
Small business - ILEC	85.1	351.5	86.1	87.2	88.7	89.5
Consumer and small business - ILEC	396.8	1,602.6	397.2	401.2	402.5	401.7
Core carrier (B)	130.8	543.4	136.7	132.9	135.4	138.4
Wholesale (C)	19.7	80.5	19.9	20.5	20.4	19.7
Total core carrier and wholesale	150.5	623.9	156.6	153.4	155.8	158.1
Wireless TDM	12.7	64.0	14.1	15.3	16.4	18.2
Carrier	163.2	687.9	170.7	168.7	172.2	176.3
Voice and long distance	148.1	604.7	151.2	151.6	149.9	152.0
Data and integrated services (D)	317.3	1,238.8	319.5	317.5	303.1	298.7
Miscellaneous	26.0	103.6	26.8	26.6	25.2	25.0
Enterprise	491.4	1,947.1	497.5	495.7	478.2	475.7
Small business - CLEC	128.7	559.0	131.5	139.0	141.9	146.6
Switched access	28.9	133.5	30.1	30.7	37.0	35.7
CAF Phase II funding and frozen federal USF	48.5	197.5	49.6	97.8	25.0	25.1
State USF and ARM support	31.2	144.2	33.7	35.4	37.5	37.6
Pass through taxes and surcharges	45.2	171.1	42.5	44.0	43.2	41.4
Miscellaneous	6.7	24.5	7.2	7.3	7.0	3.0
Regulatory and other	160.5	670.8	163.1	215.2	149.7	142.8
Total service revenues	1,340.6	5,467.4	1,360.0	1,419.8	1,344.5	1,343.1
Product sales:						
Enterprise	21.7	120.1	29.4	31.4	31.7	27.6
Consumer	0.4	2.9	0.6	0.6	0.6	1.1
Other	10.7	43.7	8.6	15.4	11.6	8.1
Total product sales	32.8	166.7	38.6	47.4	43.9	36.8
Total revenues and sales	\$ 1,373.4	\$ 5,634.1	\$ 1,398.6	\$ 1,467.2	\$ 1,388.4	\$ 1,379.9

(A) Pro forma results adjust operating results under GAAP to exclude the impacts of the disposed data center and consumer CLEC businesses and directory publishing operations and all merger and integration cost related to strategic transactions.

(B) Core carrier revenues primarily include revenues from other carriers for special access circuits and fiber connections.

(C) Wholesale revenues represent voice and data services sold to other carriers on a wholesale basis.

(D) Data and integrated service revenues primarily include voice and broadband services delivered over a single Internet connection as well as multi-site networking services.

WINDSTREAM HOLDINGS, INC.  
 UNAUDITED PRO FORMA SEGMENT RESULTS (NON-GAAP) (A)  
 QUARTERLY SUPPLEMENTAL INFORMATION  
 for the quarterly periods in the years 2016 and 2015  
 (In millions)

	2016	2015				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
<b>Consumer and Small Business - ILEC</b>						
Revenues and sales:						
Service revenues	\$ 311.7	\$ 1,251.1	\$ 311.1	\$ 314.0	\$ 313.8	\$ 312.2
Product sales	0.4	2.9	0.6	0.6	0.6	1.1
Total consumer	312.1	1,254.0	311.7	314.6	314.4	313.3
Small business - ILEC	85.1	351.5	86.1	87.2	88.7	89.5
Total revenues and sales	397.2	1,605.5	397.8	401.8	403.1	402.8
Costs and expenses	169.1	671.0	168.0	178.0	161.8	163.2
Consumer and Small Business - ILEC contribution margin	\$ 228.1	\$ 934.5	\$ 229.8	\$ 223.8	\$ 241.3	\$ 239.6
Consumer and Small Business - ILEC contribution margin %	57.4%	58.2%	57.8%	55.7%	59.9%	59.5%
<b>Carrier</b>						
Service revenues	\$ 163.2	\$ 687.9	\$ 170.7	\$ 168.7	\$ 172.2	\$ 176.3
Costs and expenses	45.5	185.6	46.4	44.8	48.3	46.1
Carrier contribution margin	\$ 117.7	\$ 502.3	\$ 124.3	\$ 123.9	\$ 123.9	\$ 130.2
Carrier contribution margin %	72.1%	73.0%	72.8%	73.4%	72.0%	73.9%
<b>Enterprise</b>						
Revenues and sales:						
Service revenues	\$ 491.4	\$ 1,947.1	\$ 497.5	\$ 495.7	\$ 478.2	\$ 475.7
Product sales	21.7	120.1	29.4	31.4	31.7	27.6
Total revenues and sales	513.1	2,067.2	526.9	527.1	509.9	503.3
Costs and expenses	442.6	1,826.6	449.1	463.8	462.3	451.4
Enterprise contribution margin	\$ 70.5	\$ 240.6	\$ 77.8	\$ 63.3	\$ 47.6	\$ 51.9
Enterprise contribution margin %	13.7%	11.6%	14.8%	12.0%	9.3%	10.3%
<b>Small business - CLEC</b>						
Service revenues	\$ 128.7	\$ 559.0	\$ 131.5	\$ 139.0	\$ 141.9	\$ 146.6
Costs and expenses	87.4	378.2	90.2	92.7	97.3	98.0
Small Business - CLEC contribution margin	\$ 41.3	\$ 180.8	\$ 41.3	\$ 46.3	\$ 44.6	\$ 48.6
Small Business - CLEC contribution margin %	32.1%	32.3%	31.4%	33.3%	31.4%	33.2%
<b>Total segment revenues and expenses</b>						
Revenues and sales:						
Service revenues	\$ 1,180.1	\$ 4,796.6	\$ 1,196.9	\$ 1,204.6	\$ 1,194.8	\$ 1,200.3
Product sales	22.1	123.0	30.0	32.0	32.3	28.7
Total segment revenues and sales	1,202.2	4,919.6	1,226.9	1,236.6	1,227.1	1,229.0
Total segment costs and expenses	744.6	3,061.4	753.7	779.3	769.7	758.7
Segment contribution margin	\$ 457.6	\$ 1,858.2	\$ 473.2	\$ 457.3	\$ 457.4	\$ 470.3
Segment contribution margin %	38.1%	37.8%	38.6%	37.0%	37.3%	38.3%

WINDSTREAM HOLDINGS, INC.  
 UNAUDITED PRO FORMA SEGMENT RESULTS (NON-GAAP) (A)  
 QUARTERLY SUPPLEMENTAL INFORMATION  
 for the quarterly periods in the years 2016 and 2015  
 (In millions)

	2016	2015				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
<b>Consolidated revenues and expenses</b>						
Revenues and sales:						
Segment revenues and sales						
Service revenues	\$ 1,180.1	\$ 4,796.6	\$ 1,196.9	\$ 1,204.6	\$ 1,194.8	\$ 1,200.3
Product sales	22.1	123.0	30.0	32.0	32.3	28.7
Segment revenues and sales	<u>1,202.2</u>	<u>4,919.6</u>	<u>1,226.9</u>	<u>1,236.6</u>	<u>1,227.1</u>	<u>1,229.0</u>
Regulatory and other revenues and sales (B)						
Service revenues	160.5	670.8	163.1	215.2	149.7	142.8
Product sales	10.7	43.7	8.6	15.4	11.6	8.1
Regulatory and other revenues and sales	<u>171.2</u>	<u>714.5</u>	<u>171.7</u>	<u>230.6</u>	<u>161.3</u>	<u>150.9</u>
Consolidated revenues and sales						
Service revenues	1,340.6	5,467.4	1,360.0	1,419.8	1,344.5	1,343.1
Product sales	32.8	166.7	38.6	47.4	43.9	36.8
Consolidated revenues and sales	<u>\$ 1,373.4</u>	<u>\$ 5,634.1</u>	<u>\$ 1,398.6</u>	<u>\$ 1,467.2</u>	<u>\$ 1,388.4</u>	<u>\$ 1,379.9</u>
Consolidated costs and expenses						
Segment costs and expenses	\$ 744.6	\$ 3,061.4	\$ 753.7	\$ 779.3	\$ 769.7	\$ 758.7
Regulatory and other expenses (B)	143.5	568.4	141.7	147.4	139.4	139.9
Consolidated costs and expenses excluding pension and share-based compensation	<u>\$ 888.1</u>	<u>\$ 3,629.8</u>	<u>\$ 895.4</u>	<u>\$ 926.7</u>	<u>\$ 909.1</u>	<u>\$ 898.6</u>
Consolidated						
Pro Forma Adjusted OIBDAR	\$ 485.3	\$ 2,004.3	\$ 503.2	\$ 540.5	\$ 479.3	\$ 481.3
Pro Forma Adjusted OIBDAR margin	35.3%	35.6%	36.0%	36.8%	34.5%	34.9%

(A) Pro forma results adjust operating results under GAAP to exclude the impacts of the disposed data center and consumer CLEC businesses and directory publishing operations and all merger and integration costs related to strategic transactions.

(B) These revenues and expenses are not allocated to the business segments. Unallocated expenses primarily consist of shared services, such as accounting and finance, legal, human resources, investor relations, etc., that are centrally managed and are not monitored by management at a segment level.

WINDSTREAM HOLDINGS, INC.  
 UNAUDITED PRO FORMA OPERATING METRICS (NON-GAAP)  
 QUARTERLY SUPPLEMENTAL INFORMATION  
 for the quarterly periods in the years 2016 and 2015  
 (Units in thousands, Dollars in millions, except per unit amounts)

KEY OPERATING METRICS:	2016	2015				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
<b>Consumer</b>						
Households served	1,430.7	1,445.8	1,445.8	1,471.0	1,494.2	1,516.5
<i>YOY change in households served</i>	-5.7%	-5.4%	-5.4%	-5.2%	-5.2%	-5.6%
Consumer revenue	\$ 311.7	\$ 1,251.1	\$ 311.1	\$ 314.0	\$ 313.8	\$ 312.2
<i>Average revenue per household served per month</i>	\$ 72.24	\$ 70.36	\$ 71.11	\$ 70.60	\$ 69.49	\$ 68.35
High-speed Internet customers	1,092.0	1,095.1	1,095.1	1,109.6	1,120.8	1,132.4
Digital television customers	350.1	359.3	359.3	366.0	372.5	378.8
<i>YOY change in high-speed Internet</i>	-3.6%	-3.2%	-3.2%	-2.8%	-2.9%	-3.2%
<i>YOY change in digital television customers</i>	-7.6%	-6.7%	-6.7%	-6.1%	-5.5%	-5.0%
<b>Small business - ILEC</b>						
Small business - ILEC customers (A)	144.3	146.8	146.8	148.6	151.6	155.9
<i>YOY change in small business - ILEC customers</i>	-7.4%	-8.4%	-8.4%	-9.6%	-10.0%	-9.6%
Small business - ILEC revenue	\$ 85.1	\$ 351.5	\$ 86.1	\$ 87.2	\$ 88.7	\$ 89.5
<i>Average revenue per small business - ILEC customer per month</i>	\$ 194.89	\$ 194.34	\$ 194.31	\$ 193.65	\$ 192.30	\$ 188.76
<b>Enterprise</b>						
Enterprise customers (B)	26.4	26.3	26.3	26.2	26.0	26.2
<i>YOY change in enterprise customers</i>	0.8%	0.0%	0.0%	-0.4%	-0.8%	0.4%
Enterprise revenue	\$ 491.4	\$ 1,947.1	\$ 497.5	\$ 495.7	\$ 478.2	\$ 475.7
<i>Average revenue per enterprise customer per month</i>	\$ 6,216.32	\$ 6,198.98	\$ 6,317.46	\$ 6,330.78	\$ 6,107.28	\$ 6,040.63
<b>Small business - CLEC</b>						
Small business - CLEC customers (C)	86.4	91.2	91.2	95.2	99.3	107.3
<i>YOY change in small business - CLEC customers</i>	-19.5%	-15.2%	-15.2%	-14.5%	-14.0%	-10.4%
Small business - CLEC revenue	\$ 128.7	\$ 559.0	\$ 131.5	\$ 139.0	\$ 141.9	\$ 146.6
<i>Average revenue per small business - CLEC customer per month</i>	\$ 483.11	\$ 474.13	\$ 470.31	\$ 476.44	\$ 457.89	\$ 455.00

- (A) Small business customer relationships that generate less than \$1,500 in revenue per month and are located in service areas in which we are the incumbent local exchange carrier ("ILEC") and provide services over network facilities operated by us.
- (B) Enterprise customers represent customers that generate \$1,500 or more in revenue per month.
- (C) Small business customer relationships that generate less than \$1,500 in revenue per month and are located in service areas in which we are the competitive local exchange carrier ("CLEC") and provide services over network facilities primarily leased from other carriers.

WINDSTREAM HOLDINGS, INC.  
 UNAUDITED CONSOLIDATED RESULTS (NON-GAAP)  
 QUARTERLY SUPPLEMENTAL INFORMATION  
 for the quarterly periods in the years 2016 and 2015  
 (In millions)

	2016	2015				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
<b>ADJUSTED FREE CASH FLOW:</b>						
Operating income under GAAP	\$ 157.7	\$ 509.4	\$ 131.7	\$ 178.5	\$ 79.3	\$ 119.9
Depreciation and amortization	304.8	1,366.5	333.5	350.5	341.8	340.7
OIBDA	462.5	1,875.9	465.2	529.0	421.1	460.6
Merger and integration costs	5.0	95.0	20.5	3.1	57.3	14.1
Pension (benefit) expense	(0.3)	1.2	9.6	(1.9)	(4.7)	(1.8)
Restructuring charges	4.4	20.7	5.0	5.3	3.4	7.0
Share-based compensation	13.7	55.3	12.4	14.6	13.5	14.8
Adjusted OIBDAR (A)	485.3	2,048.1	512.7	550.1	490.6	494.7
Master lease rent payment	(163.5)	(446.0)	(162.5)	(162.5)	(121.0)	-
Adjusted OIBDA (B)	321.8	1,602.1	350.2	387.6	369.6	494.7
Adjustments:						
Adjusted capital expenditures (C)	(230.1)	(965.0)	(226.6)	(294.1)	(255.0)	(189.3)
Cash paid for interest	(55.5)	(487.8)	(160.3)	(46.5)	(206.3)	(74.7)
Cash (paid) refunded for taxes	(6.5)	(1.1)	(0.3)	(2.3)	0.3	1.2
CS&L dividends received	17.6	30.6	17.6	13.0	-	-
Adjusted free cash flow	\$ 47.3	\$ 178.8	\$ (19.4)	\$ 57.7	\$ (91.4)	\$ 231.9
Dividends paid	\$ 14.9	\$ 369.2	\$ 15.1	\$ 11.5	\$ 191.1	\$ 151.5
Weighted average common shares	92.2					
Common stock outstanding	96.3					
<b>DEBT LEVERAGE RATIO:</b>						
	As of					
	3/31/2016					
Long-term debt, including current maturities	\$ 5,445.0					
Capital lease obligations	41.4					
Total long-term debt and capital lease obligations	5,486.4					
Cash and cash equivalents	74.6					
Net debt	5,411.8					
Investment in CS&L (D)	686.4					
Adjusted net debt	\$ 4,725.4					
	Twelve					
	Months Ended					
	3/31/2016					
Pro Forma Adjusted OIBDA (per page 2)	\$ 1,357.3					
Pro forma net leverage ratio (E)	3.48					

Note: Adjusted OIBDAR and adjusted OIBDA include the results of the disposed data center and consumer CLEC businesses and directory publishing operations.

(A) Adjusted OIBDAR is adjusted OIBDA before the annual cash rent payment due under the master lease agreement with CS&L.

(B) Adjusted OIBDA is OIBDA before restructuring charges, pension (benefit) expense and share-based compensation.

(C) Adjusted capital expenditures exclude the impacts of capital expenditures funded by CS&L and expenditures related to Project Excel, a \$250 million capital program funded entirely using a portion of the \$575 million proceeds from the sale of the data center business completed on December 18, 2015.

(D) Represents fair value of CS&L common stock held by Windstream. Fair value is based upon CS&L closing stock price as of May 4, 2016. Windstream intends to dispose of all of its shares of CS&L opportunistically, subject to market conditions, to retire additional long-term debt.

(E) The pro forma net leverage ratio is computed by dividing adjusted net debt by pro forma adjusted OIBDA.

WINDSTREAM HOLDINGS, INC.  
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (A)  
for the quarterly periods in the years 2016 and 2015  
(In millions)

	2016	2015				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Reconciliation of Revenues and Sales under GAAP to Pro forma Revenues and Sales:						
Revenues and sales under GAAP	\$ 1,373.4	\$ 5,765.3	\$ 1,427.0	\$ 1,498.6	\$ 1,421.1	\$ 1,418.6
Pro forma adjustments:						
Data center revenues	-	(119.4)	(28.4)	(31.4)	(30.4)	(29.2)
Consumer CLEC revenues	-	(10.2)	-	-	(2.3)	(7.9)
Directory publishing revenues	-	(1.6)	-	-	-	(1.6)
Pro forma revenues and sales	<u>\$ 1,373.4</u>	<u>\$ 5,634.1</u>	<u>\$ 1,398.6</u>	<u>\$ 1,467.2</u>	<u>\$ 1,388.4</u>	<u>\$ 1,379.9</u>
Reconciliation of Operating Income under GAAP to Pro forma adjusted OIBDA:						
Operating income under GAAP	\$ 157.7	\$ 509.4	\$ 131.7	\$ 178.5	\$ 79.3	\$ 119.9
Depreciation and amortization expense	304.8	1,366.5	333.5	350.5	341.8	340.7
Pro forma adjustments:						
Data center business operating (income) loss	-	(2.6)	(7.3)	1.1	2.1	1.5
Data center business depreciation and amortization expense	-	(34.8)	(2.0)	(10.5)	(12.0)	(10.3)
Consumer CLEC business operating income	-	(3.3)	-	-	(0.8)	(2.5)
Consumer CLEC business amortization expense	-	(1.4)	-	-	(0.4)	(1.0)
Directory publishing operating income	-	(0.8)	-	-	-	(0.8)
Merger and integration costs	5.0	95.0	20.5	3.1	57.3	14.1
Pension (benefit) expense	(0.3)	1.2	9.6	(1.9)	(4.7)	(1.8)
Restructuring charges	4.4	20.7	5.0	5.3	3.4	7.0
Share-based compensation	13.7	54.4	12.2	14.4	13.3	14.5
Pro forma adjusted OIBDAR (B)	<u>485.3</u>	<u>2,004.3</u>	<u>503.2</u>	<u>540.5</u>	<u>479.3</u>	<u>481.3</u>
Master lease rent payment	(163.5)	(650.0)	(162.5)	(162.5)	(162.5)	(162.5)
Pro forma adjusted OIBDA (C)	<u>\$ 321.8</u>	<u>\$ 1,354.3</u>	<u>\$ 340.7</u>	<u>\$ 378.0</u>	<u>\$ 316.8</u>	<u>\$ 318.8</u>

- (A) Pro forma results adjust operating results under GAAP to exclude the impacts of the disposed data center and consumer CLEC businesses and directory publishing operations and all merger and integration costs related to strategic transactions.
- (B) Pro forma Adjusted OIBDAR is pro forma adjusted OIBDA before the annual cash rent payment due under the master lease agreement with CS&L assuming the lease payments began on January 1, 2015.
- (C) Pro forma Adjusted OIBDA is pro forma OIBDA before restructuring charges, pension (benefit) expense and share-based compensation.