

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

	THREE MONTHS ENDED				SIX MONTHS ENDED			
	June 30, 2015	June 30, 2014	Increase (Decrease) Amount	%	June 30, 2015	June 30, 2014	Increase (Decrease) Amount	%
UNDER GAAP:								
Revenues and sales:								
Service revenues	\$ 1,377.2	\$ 1,417.7	\$ (40.5)	(3)	\$ 2,759.0	\$ 2,837.4	\$ (78.4)	(3)
Product sales	43.9	48.3	(4.4)	(9)	80.7	93.5	(12.8)	(14)
Total revenues and sales	<u>1,421.1</u>	<u>1,466.0</u>	<u>(44.9)</u>	(3)	<u>2,839.7</u>	<u>2,930.9</u>	<u>(91.2)</u>	(3)
Costs and expenses:								
Cost of services (exclusive of depreciation and amortization included below)	685.2	666.3	18.9	3	1,365.2	1,324.2	41.0	3
Cost of products sold	38.4	40.0	(1.6)	(4)	70.3	81.1	(10.8)	(13)
Selling, general and administrative	215.7	236.6	(20.9)	(9)	440.7	475.5	(34.8)	(7)
Depreciation and amortization	341.8	344.0	(2.2)	(1)	682.5	682.9	(0.4)	—
Merger and integration costs	57.3	8.1	49.2	*	71.4	16.0	55.4	*
Restructuring charges	3.4	3.8	(0.4)	(11)	10.4	16.2	(5.8)	(36)
Total costs and expenses	<u>1,341.8</u>	<u>1,298.8</u>	<u>43.0</u>	3	<u>2,640.5</u>	<u>2,595.9</u>	<u>44.6</u>	2
Operating income	79.3	167.2	(87.9)	(53)	199.2	335.0	(135.8)	(41)
Other income (expense), net	22.3	(0.7)	23.0	*	21.1	0.2	20.9	*
Loss on early extinguishment of debt	(43.4)	—	(43.4)	*	(43.4)	—	(43.4)	*
Interest expense	(217.5)	(142.5)	(75.0)	53	(358.6)	(284.4)	(74.2)	26
(Loss) income before income taxes	(159.3)	24.0	(183.3)	*	(181.7)	50.8	(232.5)	*
Income tax (benefit) expense	(48.1)	10.0	(58.1)	*	(75.8)	20.8	(96.6)	*
Net (loss) income	<u>\$ (111.2)</u>	<u>\$ 14.0</u>	<u>\$ (125.2)</u>	*	<u>\$ (105.9)</u>	<u>\$ 30.0</u>	<u>\$ (135.9)</u>	*
Weighted average common shares (A)	100.4	99.6	0.8	1	100.2	99.3	0.9	1
Common shares outstanding (A)	104.1	100.5	3.6	4				
Basic and diluted (loss) earnings per share: (A)								
Net (loss) income	(\$1.13)	\$.13	(\$1.26)	*	(\$1.08)	\$.28	(\$1.36)	*
PRO FORMA RESULTS OF OPERATIONS (B):								
Adjusted OIBDAR (C)	\$ 489.4	\$ 538.2	\$ (48.8)	(9)	\$ 979.8	\$ 1,073.1	\$ (93.3)	(9)
Adjusted OIBDA (D)	\$ 326.9	\$ 375.7	\$ (48.8)	(13)	\$ 654.8	\$ 748.1	\$ (93.3)	(12)

* Not meaningful

(A) Reflects the effects of the one-for-six reverse stock split, which was effective on April 26, 2015.

(B) Pro forma results adjust operating results under GAAP to exclude the impacts of the disposed consumer CLEC business and directory publishing operations and all merger and integration costs related to strategic transactions. For further details of these adjustments, see the Notes to Unaudited Reconciliation of Operating Income Under GAAP to Pro Forma Adjusted OIBDA.

(C) Adjusted OIBDAR is 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, 2014. For further details of these adjustments, see the Notes to Unaudited Reconciliation of Operating Income Under GAAP to Pro Forma Adjusted OIBDA.

(D) Adjusted OIBDA is operating income before depreciation and amortization adjusted for the impact of restructuring charges, pension expense, share-based compensation and the annual cash rent payment due under the master lease agreement with CS&L. For further details of these adjustments, see the Notes to Unaudited Reconciliation of Operating Income Under GAAP to Pro Forma Adjusted OIBDA.

WINDSTREAM HOLDINGS, INC.

UNAUDITED SUPPLEMENTAL OPERATING INFORMATION

(In thousands)

	THREE MONTHS ENDED				SIX MONTHS ENDED			
	June 30, 2015	June 30, 2014	Increase (Decrease) Amount	%	June 30, 2015	June 30, 2014	Increase (Decrease) Amount	%
Business operating metrics:								
Business customers (A)								
Enterprise (B)	24.8	24.5	0.3	1				
Small business (C)	309.9	341.7	(31.8)	(9)				
Net business customer losses	8.9	7.9	1.0	13	31.5	29.9	1.6	5
Consumer operating metrics:								
Households served	1,494.2	1,576.6	(82.4)	(5)				
High-speed Internet	1,120.8	1,153.8	(33.0)	(3)				
Digital television customers	372.5	394.1	(21.6)	(5)				
Net household losses	22.3	29.1	(6.8)	(23)	82.4	119.6	(37.2)	(31)
Net high-speed Internet losses	11.6	16.6	(5.0)	(30)	33.0	40.7	(7.7)	(19)

(A) Business customers include each customer to which we provide service and exclude carrier special access circuits.

(B) Enterprise customers represent customers that generate \$1,500 or more in revenue per month.

(C) Small business customers represent customers that generate less than \$1,500 in revenue per month.

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

ASSETS	June 30, 2015	December 31, 2014	LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2015	December 31, 2014
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 47.0	\$ 27.8	Current maturities of long-term debt	\$ 5.9	\$ 717.5
Restricted cash	2.9	6.7	Current portion of long-term lease obligations	142.8	—
Accounts receivable, net	665.7	635.5	Current portion of interest rate swaps	16.3	28.5
Inventories	73.1	63.7	Accounts payable	369.6	403.3
Deferred income taxes	166.3	105.4	Advance payments and customer deposits	211.1	214.7
Prepaid expenses and other	159.2	164.6	Accrued dividends	11.9	152.4
			Accrued taxes	93.1	95.2
Total current assets	1,114.2	1,003.7	Accrued interest	84.5	102.5
Goodwill	4,340.0	4,352.8	Other current liabilities	281.9	328.9
Other intangibles, net	1,640.9	1,764.0	Total current liabilities	1,217.1	2,043.0
Net property, plant and equipment	5,291.7	5,412.3	Long-term debt	5,637.9	7,846.5
Investment in CS&L common stock	726.4	—	Long-term lease obligations	5,045.4	81.0
Other assets	91.2	92.9	Deferred income taxes	382.5	1,878.6
			Other liabilities	486.5	551.8
			Total liabilities	12,769.4	12,400.9
			SHAREHOLDERS' EQUITY:		
			Common stock	0.1	0.1
			Additional paid-in capital	675.8	252.1
			Accumulated other comprehensive (loss) income	(95.5)	12.1
			Accumulated deficit	(145.4)	(39.5)
			Total shareholders' equity	435.0	224.8
			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 13,204.4	\$ 12,625.7
TOTAL ASSETS	\$ 13,204.4	\$ 12,625.7			

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Cash Provided from Operations:				
Net (loss) income	\$ (111.2)	\$ 14.0	\$ (105.9)	\$ 30.0
Adjustments to reconcile net (loss) income to net cash provided from operations:				
Depreciation and amortization	341.8	344.0	682.5	682.9
Provision for doubtful accounts	13.2	10.7	23.5	23.0
Share-based compensation expense	13.5	14.0	28.3	27.7
Deferred income taxes	(49.6)	1.2	(83.4)	10.5
Unamortized net premium on retired debt	(15.5)	—	(15.5)	—
Amortization of unrealized losses on de-designated interest rate swaps	3.7	4.1	7.1	8.3
Plan curtailment and other, net	(15.1)	10.6	(8.2)	5.7
Changes in operating assets and liabilities, net:				
Accounts receivable	(20.4)	(9.0)	(53.7)	(18.7)
Prepaid income taxes	1.4	6.8	9.2	12.4
Prepaid expenses and other	12.3	3.4	(12.5)	(16.7)
Accounts payable	35.0	7.3	(29.2)	(38.8)
Accrued interest	(87.6)	(68.3)	(20.2)	(2.3)
Accrued taxes	8.8	6.0	(2.1)	(9.2)
Other current liabilities	30.2	20.5	(13.0)	(11.9)
Other liabilities	(4.1)	(6.4)	(6.7)	(9.7)
Other, net	(20.2)	2.9	(20.2)	(11.6)
Net cash provided from operations	<u>136.2</u>	<u>361.8</u>	<u>380.0</u>	<u>681.6</u>
Cash Flows from Investing Activities:				
Additions to property, plant and equipment	(255.0)	(205.8)	(444.3)	(358.8)
Broadband network expansion funded by stimulus grants	—	(3.2)	—	(10.3)
Change in restricted cash	4.2	2.7	3.8	1.8
Grant funds received for broadband stimulus projects	10.1	10.3	17.5	21.7
Grant funds received from Connect America Fund - Phase I	—	—	—	26.0
Network expansion funded by Connect America Fund - Phase I	(34.6)	—	(42.9)	—
Other, net	11.1	—	9.0	—
Net cash used in investing activities	<u>(264.2)</u>	<u>(196.0)</u>	<u>(456.9)</u>	<u>(319.6)</u>
Cash Flows from Financing Activities:				
Dividends paid to shareholders	(191.1)	(150.7)	(342.6)	(300.9)
Payment received from CS&L in spin-off	1,035.0	—	1,035.0	—
Repayments of debt and swaps	(1,316.5)	(336.9)	(1,641.9)	(668.5)
Proceeds of debt issuance	610.0	310.0	1,100.0	635.0
Debt issuance costs	(3.7)	—	(3.7)	—
Payments under long-term lease obligations	(24.5)	—	(24.5)	—
Payments under capital lease obligations	(7.2)	(4.3)	(18.4)	(12.1)
Other, net	(1.0)	0.9	(7.8)	(8.9)
Net cash provided from (used in) financing activities	<u>101.0</u>	<u>(181.0)</u>	<u>96.1</u>	<u>(355.4)</u>
(Decrease) increase in cash and cash equivalents	(27.0)	(15.2)	19.2	6.6
Cash and Cash Equivalents:				
Beginning of period	74.0	70.0	27.8	48.2
End of period	<u>\$ 47.0</u>	<u>\$ 54.8</u>	<u>\$ 47.0</u>	<u>\$ 54.8</u>

WINDSTREAM HOLDINGS, INC.

UNAUDITED RECONCILIATION OF OPERATING INCOME UNDER GAAP TO PRO FORMA ADJUSTED OIBDA (NON-GAAP) (A)

(In millions)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Operating income under GAAP	\$ 79.3	\$ 167.2	\$ 199.2	\$ 335.0
Depreciation and amortization expense	(B) 341.8	344.0	(B) 682.5	682.9
Pro forma adjustments:				
Consumer CLEC business operating income	(B) (0.8)	(3.1)	(B) (3.3)	(6.5)
Consumer CLEC business amortization expense	(B) (0.4)	(1.2)	(B) (1.4)	(2.4)
Directory publishing operating income	(B) —	(0.9)	(B) (0.8)	(1.8)
Merger and integration costs	(B) 57.3	8.1	(B) 71.4	16.0
Pension benefit (expense)	(B) (4.7)	6.3	(B) (6.5)	6.0
Restructuring charges	(B) 3.4	3.8	(B) 10.4	16.2
Share-based compensation	(B) 13.5	14.0	(B) 28.3	27.7
Pro forma adjusted OIBDAR	489.4	538.2	979.8	1,073.1
Master lease rent payment	(C) (162.5)	(162.5)	(C) (325.0)	(325.0)
Pro forma adjusted OIBDA	<u>\$ 326.9</u>	<u>\$ 375.7</u>	<u>\$ 654.8</u>	<u>\$ 748.1</u>

- (A) Pro forma results adjust operating results under GAAP to exclude the impacts of the disposed consumer CLEC business and directory publishing operations and all merger and integration costs related to strategic transactions. For further details of these adjustments, see the Notes to Unaudited Reconciliation of Operating Income Under GAAP to Pro Forma Adjusted OIBDA.
- (B) Represents applicable expense as reported under GAAP.
- (C) Represents the impact of the annual cash rent payment due under the master lease agreement with CS&L assuming the lease payments began on January 1, 2014.

WINDSTREAM HOLDINGS, INC.

NOTES TO UNAUDITED RECONCILIATION OF OPERATING INCOME UNDER GAAP TO PRO FORMA ADJUSTED OIBDA

Windstream Holdings, Inc ("Windstream", "we", "us", "our") has disclosed in our Form 8-K furnished on August 6, 2015, that we have presented in this press release unaudited pro forma results, which excludes the impacts of the disposed consumer CLEC business and directory publishing operations and all merger and integration costs resulting from strategic transactions. 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.

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 adjusted OIBDA and pro forma adjusted OIBDAR, 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 amended our certificate of incorporation to decrease the number of authorized shares of common stock from 1.0 billion to 166.7 million and enacted a one-for-six reverse stock split with respect to all of our outstanding shares of common stock, which became effective on April 26, 2015. All share data of Windstream Holdings presented within has been retrospectively adjusted to reflect the effects of the decrease in our authorized shares and the reverse stock split, as appropriate.

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 maintain our current dividend practice at the current rate of dividend, expected amount, timing and benefits of the share repurchase program, the amount that Windstream may reduce its debt by selling its equity stake in CS&L, 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 business data connections, our expected ability to fund operations, expected required contributions to our pension plan, the amounts expected to be received from the Connect America Fund and the Rural Utilities Service to fund the deployment of broadband services and the expected benefits of those services and forecasted capital expenditure amounts, capital expenditures, cash income tax payments, and certain debt maturities from cash flows from operations, expected synergies and other benefits from completed acquisitions, 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 or our share repurchase program, each of 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 risks associated with the integration of acquired businesses or the ability to realize anticipated synergies, cost savings and growth opportunities; 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, 2014, and in subsequent filings with the Securities and Exchange Commission at www.sec.gov.

In addition to these factors, actual future performance, outcomes and results may differ materially because of more general factors including, among others, general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes. 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.