

WINDSTREAM CORPORATION  
 UNAUDITED CONSOLIDATED STATEMENTS OF INCOME-Page 1  
 (In millions, except per share amounts)

	THREE MONTHS ENDED				TWELVE MONTHS ENDED			
	December 31, 2009	(G) December 31, 2008	Increase (Decrease) Amount	%	December 31, 2009	(G) December 31, 2008	Increase (Decrease) Amount	%
UNDER GAAP:								
Revenues and sales:								
Service revenues	\$ 732.6	\$ 734.2	\$ (1.6)	-	\$ 2,872.8	\$ 2,988.9	\$ (116.1)	(4)
Product sales	21.8	43.3	(21.5)	(50)	123.8	182.6	(58.8)	(32)
Total revenues and sales	<u>754.4</u>	<u>777.5</u>	<u>(23.1)</u>	(3)	<u>2,996.6</u>	<u>3,171.5</u>	<u>(174.9)</u>	(6)
Costs and expenses:								
Cost of services	252.9	245.2	7.7	3	1,006.8	1,005.4	1.4	-
Cost of products sold	17.6	41.8	(24.2)	(58)	107.5	169.8	(62.3)	(37)
Selling, general, administrative and other	89.0	83.5	5.5	7	356.0	350.0	6.0	2
Depreciation and amortization	138.7	124.0	14.7	12	537.8	492.7	45.1	9
Restructuring charges	1.8	6.4	(4.6)	(72)	9.3	8.5	0.8	9
Merger and integration costs	19.9	-	19.9	100	22.3	6.2	16.1	260
Impairment loss on assets held for sale (A)	-	-	-	-	-	6.5	(6.5)	(100)
Total costs and expenses	<u>519.9</u>	<u>500.9</u>	<u>19.0</u>	4	<u>2,039.7</u>	<u>2,039.1</u>	<u>0.6</u>	-
Operating income	234.5	276.6	(42.1)	(15)	956.9	1,132.4	(175.5)	(15)
Other income, net	(0.3)	(7.0)	6.7	96	(1.1)	2.1	(3.2)	(152)
Interest expense	<u>(115.2)</u>	<u>(104.5)</u>	<u>10.7</u>	10	<u>(410.2)</u>	<u>(416.4)</u>	<u>(6.2)</u>	(1)
Income from continuing operations before income taxes	119.0	165.1	(46.1)	(28)	545.6	718.1	(172.5)	(24)
Income taxes	<u>43.5</u>	<u>74.2</u>	<u>(30.7)</u>	(41)	<u>211.1</u>	<u>283.2</u>	<u>(72.1)</u>	(25)
Income from continuing operations	75.5	90.9	(15.4)	(17)	334.5	434.9	(100.4)	(23)
Discontinued operations, net of tax (B)	-	<u>(9.8)</u>	<u>9.8</u>	(100)	-	<u>(22.2)</u>	<u>22.2</u>	100
Net Income	<u>\$ 75.5</u>	<u>\$ 81.1</u>	<u>\$ (5.6)</u>	(7)	<u>\$ 334.5</u>	<u>\$ 412.7</u>	<u>\$ (78.2)</u>	(19)
Weighted average common shares	430.0	436.1	(6.1)	(1)	432.9	440.7	(7.8)	(2)
Earnings per share:								
Basic and diluted earnings per share (C):								
Income from continuing operations	\$ .17	\$ .21	\$ (.04)	(19)	\$ .76	\$ .98	\$ (.22)	(22)
Loss from discontinued operations	-	<u>(.02)</u>	<u>.02</u>	100	-	<u>(.05)</u>	<u>.05</u>	100
Net Income	<u>\$ .17</u>	<u>\$ .19</u>	<u>\$ (.02)</u>	(11)	<u>\$ .76</u>	<u>\$ .93</u>	<u>\$ (.17)</u>	(18)
PRO FORMA RESULTS OF OPERATIONS FROM CURRENT BUSINESSES (D):								
Revenues and sales	\$ 777.8	\$ 808.0	\$ (30.2)	(4)	\$ 3,121.3	\$ 3,289.2	\$ (167.9)	(5)
OIBDA (E)	\$ 404.1	\$ 422.4	\$ (18.3)	(4)	\$ 1,591.3	\$ 1,722.3	\$ (131.0)	(8)
Adjusted OIBDA (F)	\$ 433.3	\$ 433.7	\$ (0.4)	(0)	\$ 1,710.7	\$ 1,751.2	\$ (40.5)	(2)

- (A) During 2008, the Company recognized a non-cash impairment charge to adjust the carrying value of its wireless spectrum holdings classified as acquired assets held for sale to its fair market value.
- (B) In the fourth quarter of 2008, Windstream completed the sale of its wireless business to AT&T Mobility II, LLC. Accordingly, we have presented the operating results of the wireless business as discontinued operations.
- (C) Effective January 1, 2009, the Company adopted the revised authoritative guidance regarding participating shares for calculating earnings per share, and commensurate therewith, has retrospectively adjusted prior period earnings per share data, the impact of which was immaterial.
- (D) Pro forma results from current businesses adjusts results of operations under GAAP to include the acquisitions of D&E Communications, Inc. ("D&E") and Lexcom Inc. ("Lexcom"), and to exclude the results of the disposal of territory product distribution operations, all merger and integration costs related to strategic transactions and the impairment charge recognized on assets held for sale. For further details on these adjustments, see the Notes to Unaudited Reconciliation of Revenues and Sales and Operating Income Under GAAP to Pro Forma Revenues and Sales and Pro Forma Adjusted OIBDA from Current Businesses.
- (E) OIBDA is operating income before depreciation and amortization.
- (F) Adjusted OIBDA is OIBDA, adjusted to remove the impacts of restructuring charges, pension and restricted stock expense. For further details on these adjustments, see the Notes to Unaudited Reconciliation of Revenues and Sales and Operating Income Under GAAP to Pro Forma Revenues and Sales and Pro Forma Adjusted OIBDA from Current Businesses.
- (G) In the first quarter of 2009, the Company reorganized its operations to integrate the sales and administrative functions of the product distribution segment into its wireline operations. As a result of this change, the chief operating decision maker no longer reviews the financial statements of the product distribution operations on a stand alone basis, and the Company operates as a single reporting segment. Segment results of operations have been retrospectively adjusted to reflect a single segment presentation for all periods presented. Additionally, certain amounts previously reported have been reclassified to conform to the current year presentation of the consolidated financial statements. These changes and reclassifications did not impact operating or net income.

WINDSTREAM CORPORATION

UNAUDITED SUPPLEMENTAL OPERATING INFORMATION-Page 2

(Dollars in millions, except per customer amounts; access lines and customers in thousands)

	THREE MONTHS ENDED				TWELVE MONTHS ENDED			
	December 31, 2009	(A) December 31, 2008	Increase (Decrease) Amount	%	December 31, 2009	(A) December 31, 2008	Increase (Decrease) Amount	%
<b>UNDER GAAP:</b>								
Access lines (B)	3,030.5	3,006.8	23.7	1				
Net access line additions (losses):								
Internal	(32.7)	(47.7)	15.0	31	(143.2)	(164.5)	21.3	13
Acquired	166.9	-	166.9	100	166.9	-	166.9	100
Net access line additions (losses)	134.2	(47.7)	181.9	381	23.7	(164.5)	188.2	114
High-speed Internet customers	1,132.1	978.8	153.3	16				
Net high-speed Internet additions:								
Internal	27.2	16.2	11.0	68	98.9	107.4	(8.5)	(8)
Acquired	54.4	-	54.4	100	54.4	-	54.4	100
Net high-speed Internet additions	81.6	16.2	65.4	404	153.3	107.4	45.9	43
Digital television customers (B)	369.4	297.0	72.4	24				
Net digital television additions:								
Internal	9.9	19.4	(9.5)	(49)	51.7	69.6	(17.9)	(26)
Acquired	20.7	-	20.7	100	20.7	-	20.7	100
Net digital television additions	30.6	19.4	11.2	58	72.4	69.6	2.8	4
Service revenues	\$ 732.6	\$ 734.2	\$ (1.6)	-	\$ 2,872.8	\$ 2,988.9	\$ (116.1)	(4)
Average access lines	2,934.6	3,038.1	(103.5)	(3)	2,945.6	3,093.2	(147.6)	(5)
Average service revenue per customer per month (C)	\$83.21	\$80.55	\$2.66	3	\$81.27	\$80.52	\$.75	1
Capital expenditures	\$ 91.3	\$ 98.0	\$ 6.7	7	\$ 298.1	\$ 317.5	\$ (19.4)	(6)
<b>FROM PRO FORMA RESULTS (D):</b>								
Access lines	3,030.5	3,183.6	(153.1)	(5)				
Net access line (losses)	(35.1)	(51.0)	(15.9)	(31)	(153.1)	(173.9)	(20.8)	(12)
High-speed Internet customers	1,132.1	1,029.8	102.3	10				
Net high-speed Internet additions	27.5	17.5	10.0	57	102.3	112.9	(10.6)	(9)
Digital television customers	369.4	317.0	52.4	17				
Net digital television additions	9.9	19.6	(9.7)	(49)	52.4	70.2	(17.8)	(25)
Service revenues	\$ 755.8	\$ 782.0	\$ (26.2)	(3)	\$ 3,034.8	\$ 3,180.8	\$ (146.0)	(5)
Average access lines	3,060.7	3,221.4	(160.7)	(5)	3,104.5	3,276.8	(172.3)	(5)
Average service revenue per customer per month (C)	\$82.31	\$80.92	\$1.39	2	\$81.46	\$80.89	\$.57	1
Capital expenditures	\$ 92.7	\$ 104.4	\$ (11.7)	(11)	\$ 318.2	\$ 346.3	\$ (28.1)	(8)

- (A) In the first quarter of 2009, the Company reorganized its operations to integrate the sales and administrative functions of the product distribution segment into its wireline operations. As a result of this change, the chief operating decision maker no longer reviews the financial statements of the product distribution operations on a stand alone basis, and the Company operates as a single reporting segment. Segment results of operations have been retrospectively adjusted to reflect a single segment presentation for all periods presented. Additionally, certain amounts previously reported have been reclassified to conform to the current year presentation of the consolidated financial statements. These changes and reclassifications did not impact operating or net income.
- (B) As part of the integration of D&E and Lexcom, the Company reviewed and updated its methodology for counting and reporting certain key customer metrics. As a result, the Company began reporting digital television customers as a key customer metric, which combines the Company's digital satellite television customers counts with its cable television customer counts. Commensurate with this change, cable television customers were removed from the Company's access line counts where they were historically reported. These changes have been retrospectively applied to all periods presented.
- (C) Average service revenue per customer per month is calculated by dividing monthly average service revenues by average access lines in service for the period.
- (D) Pro forma results from current businesses adjusts results of operations under GAAP for the effects of the acquisition of D&E and Lexcom. For further details on these adjustments, see the Notes to Unaudited Reconciliation of Revenues and Sales and Operating Income Under GAAP to Pro Forma Revenues and Sales and Pro Forma Adjusted OIBDA from Current Businesses.

WINDSTREAM CORPORATION  
 UNAUDITED CONSOLIDATED BALANCE SHEETS UNDER GAAP-Page 3  
 (In millions)

ASSETS

	December 31, 2009	December 31, 2008
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,062.9	\$ 296.6
Accounts receivable (less allowance for doubtful accounts of \$18.5 and \$16.3, respectively)	291.7	316.6
Inventories	26.1	30.8
Deferred income taxes	21.7	30.8
Prepaid expenses and other	53.6	33.9
<b>Total current assets</b>	<b>1,456.0</b>	<b>708.7</b>
Goodwill	2,344.4	2,198.2
Other intangibles, net	1,253.3	1,132.2
Net property, plant and equipment	3,992.6	3,897.1
Other assets	99.1	73.1
<b>TOTAL ASSETS</b>	<b>\$ 9,145.4</b>	<b>\$ 8,009.3</b>

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 2009	December 31, 2008
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 23.8	\$ 24.3
Current portion of interest rate swaps	45.8	40.5
Accounts payable	158.5	134.0
Advance payments and customer deposits	95.2	94.0
Accrued dividends	109.2	109.9
Accrued taxes	60.6	48.0
Accrued interest	156.0	138.4
Other current liabilities	60.2	76.2
<b>Total current liabilities</b>	<b>709.3</b>	<b>665.3</b>
Long-term debt	6,271.4	5,358.2
Deferred income taxes	1,372.0	1,070.6
Other liabilities	532.0	662.9
<b>Total liabilities</b>	<b>8,884.7</b>	<b>7,757.0</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock	-	-
Additional paid-in capital	83.6	101.5
Accumulated other comprehensive loss	(208.3)	(336.6)
Retained earnings	385.4	487.4
<b>Total shareholders' equity</b>	<b>260.7</b>	<b>252.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 9,145.4</b>	<b>\$ 8,009.3</b>

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WINDSTREAM CORPORATION  
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS UNDER GAAP-Page 4  
 (In millions)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2009</u>	December 31, <u>2008</u>
Cash Provided from Operations:				
Net income	\$ 75.5	\$ 81.1	\$ 334.5	\$ 412.7
Adjustments to reconcile net income to net cash provided from operations:				
Loss on sale of wireless business	-	4.9	-	21.3
Depreciation and amortization	138.7	123.6	537.8	494.5
Provision for doubtful accounts	11.6	13.6	44.0	38.7
Stock-based compensation expense	3.1	4.6	17.4	18.1
Pension and post retirement benefits expense	24.3	1.6	97.1	13.9
Deferred taxes	4.4	35.7	96.8	110.0
Other, net	1.8	9.3	6.0	18.1
Changes in operating assets and liabilities, net:				
Accounts receivable	7.1	2.8	(3.4)	(25.1)
Prepaid and other expenses	3.0	18.7	(17.9)	3.1
Accounts payable	11.7	(18.9)	9.6	(27.6)
Accrued interest	78.7	68.7	4.4	(1.1)
Accrued taxes	17.5	(12.1)	12.6	5.4
Other current liabilities	1.5	11.2	(12.4)	(1.3)
Other liabilities	(1.8)	(3.4)	(15.0)	(13.0)
Other, net	2.3	9.2	9.3	12.7
Net cash provided from operations	<u>379.4</u>	<u>350.6</u>	<u>1,120.8</u>	<u>1,080.4</u>
Cash Flows from Investing Activities:				
Additions to property, plant and equipment	(91.3)	(98.0)	(298.1)	(317.5)
Acquisition of D&E, net of cash acquired	(56.6)	-	(56.6)	-
Acquisition of Lexcom, net of cash acquired	(138.7)	-	(138.7)	-
Disposition of wireless business	-	56.7	-	56.7
Disposition of acquired assets held for sale	-	0.5	-	17.8
Other, net	0.3	(1.7)	0.6	9.9
Net cash used in investing activities	<u>(286.3)</u>	<u>(42.5)</u>	<u>(492.8)</u>	<u>(233.1)</u>
Cash Flows from Financing Activities:				
Dividends paid on common shares	(108.8)	(109.9)	(437.4)	(445.2)
Stock repurchase	(77.8)	-	(121.3)	(200.3)
Repayment of debt	(195.9)	(13.6)	(356.6)	(354.3)
Proceeds of debt issuance, net of discount	1,083.6	-	1,083.6	380.0
Debt issuance costs	(33.8)	-	(33.8)	-
Other, net	12.5	0.4	3.8	(2.9)
Net cash provided from (used in) financing activities	<u>679.8</u>	<u>(123.1)</u>	<u>138.3</u>	<u>(622.7)</u>
Increase in cash and cash equivalents	772.9	185.0	766.3	224.6
Cash and Cash Equivalents:				
Beginning of period	290.0	111.6	296.6	72.0
End of period	<u>\$ 1,062.9</u>	<u>\$ 296.6</u>	<u>\$ 1,062.9</u>	<u>\$ 296.6</u>

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WINDSTREAM CORPORATION  
 UNAUDITED RECONCILIATION OF REVENUES AND SALES AND OPERATING INCOME UNDER GAAP TO PRO FORMA (A)  
 REVENUES AND SALES AND PRO FORMA ADJUSTED OIBDA FROM CURRENT BUSINESSES (NON-GAAP)-Page 5  
 (In millions)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Revenues and sales under GAAP	\$ 754.4	\$ 777.5	\$ 2,996.6	\$ 3,171.5
Pro forma adjustments:				
D&E revenues and sales prior to acquisition	(B) 16.1	37.5	123.3	149.5
Lexcom revenues and sales prior to acquisition	(B) 7.3	10.9	39.9	44.4
Out of territory product distribution revenue and sales	(C) -	(17.9)	(38.5)	(76.2)
Pro forma revenues and sales from current businesses	\$ 777.8	\$ 808.0	\$ 3,121.3	\$ 3,289.2
Operating income from continuing operations under GAAP	\$ 234.5	\$ 276.6	\$ 956.9	\$ 1,132.4
Pro forma adjustments:				
D&E operating income, excluding merger and integration costs prior to acquisition	(B) 4.0	(9.5)	23.2	(10.9)
D&E intangible asset impairment	(D) -	19.6	5.5	45.8
D&E intangible asset amortization	(E) (0.6)	(1.0)	(3.5)	(3.9)
Lexcom operating income, excluding merger and integration costs prior to acquisition	(B) 2.6	3.8	13.7	15.6
Lexcom intangible asset amortization	(E) (0.3)	(0.4)	(1.5)	(1.7)
Operating income adjustment for the disposition of Windstream Supply LLC	(C) -	(0.9)	(0.9)	(3.7)
Merger and integration costs	(F) 19.9	-	22.3	6.2
Impairment loss on assets held for sale	(G) -	-	-	6.5
Pro forma operating income	260.1	288.2	1,015.7	1,186.3
Depreciation and amortization	(H) 138.7	124.0	537.8	492.7
Depreciation and amortization of D&E prior to acquisition	(I) 3.4	8.0	28.4	33.3
Depreciation and amortization of Lexcom prior to acquisition	(I) 1.9	2.2	9.4	10.0
Pro forma OIBDA	404.1	422.4	1,591.3	1,722.3
Other adjustments:				
Pension expense	(H) 23.7	(0.4)	91.8	(0.9)
Pension expense of D&E prior to acquisition	(D) 0.1	0.6	0.1	2.7
Restructuring charges	(H) 1.8	6.4	9.1	8.5
Restricted stock expense	(H) 3.1	4.6	17.4	18.1
Restricted stock expense of D&E prior to acquisition	(D) 0.5	0.1	1.0	0.5
Pro forma adjused OIBDA	\$ 433.3	\$ 433.7	\$ 1,710.7	\$ 1,751.2
Capital expenditures under GAAP	\$ 91.3	\$ 98.0	\$ 298.1	\$ 317.5
Pro forma adjustments:				
D&E capital expenditures prior to acquisition	(D) 1.0	4.9	17.1	22.7
Lexcom capital expenditures prior to acquisition	(D) 0.4	1.5	3.0	6.1
Pro forma capital expenditures	\$ 92.7	\$ 104.4	\$ 318.2	\$ 346.3

NOTES TO UNAUDITED RECONCILIATIONS OF REVENUES AND SALES AND OPERATING INCOME UNDER GAAP TO PRO FORMA REVENUES AND SALES AND PRO FORMA ADJUSTED OIBDA FROM CURRENT BUSINESSES

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

Pending Acquisition:

- On November 23, 2009, the Company entered into a merger agreement with Iowa Telecommunications Services, Inc. ("Iowa Telecom"). Under the terms of the agreement, Iowa shareholders will receive 0.804 shares of Windstream common stock and \$7.90 in cash per each share of outstanding Iowa Telecom stock. The merger is expected to close in mid-2010 subject to certain conditions including necessary approvals from federal and state regulators and Iowa Telecom shareholders.

Completed Acquisitions:

- On February 8, 2010, Windstream completed the acquisition of NuVox, Inc. ("NuVox"). The Nuvox acquisition added approximately 90,000 business customers in complementary markets in 16 states across the southeast and midwest.
- On December 1, 2009, Windstream completed the acquisition of Lexcom, Inc. ("Lexcom"). The Lexcom acquisition added approximately 22,000 access lines, 9,000 high-speed Internet customers and 12,000 digital television customers in North Carolina.
- On November 10, 2009, Windstream completed the acquisition of D&E Communication, Inc. ("D&E"). The D&E acquisition added approximately 145,000 access lines, 45,000 high-speed Internet customers and 9,000 digital television customers in central Pennsylvania.

Dispositions:

- On August 21, 2009, Windstream completed the sale of its out of territory product distribution operations to Walker and Associates of North Carolina, Inc. ("Walker") for approximately \$5.3 million in total consideration. These operations were not central to the Company's strategic goals in its core communications business.
- On November 21, 2008, the Company completed the sale of the wireless business acquired from CT Communications, Inc. ("CTC"). The completion of this transaction resulted in the divestiture of approximately 52,000 wireless customers, spectrum licenses and cell sites covering a four-county area in North Carolina with a population of 450,000, and six retail locations. Accordingly, we reported the operating results of the wireless business as discontinued operations.

Other:

- In the third quarter of 2008, the Company recognized a non-cash impairment charge of \$6.5 million to reduce the carrying value of certain wireless spectrum licenses acquired from CTC to their fair market value. These licenses, which were designated as held for sale, were reduced to a nominal amount due to the impairment resulting from general market conditions and limited interest in this bandwidth of spectrum.

As disclosed in the Windstream Form 8-K filed on February 18, 2010, the Company has presented in this earnings release unaudited pro forma results from current businesses, which includes results from D&E and Lexcom for periods prior to the acquisitions and excludes (1) results from the out of territory product distribution operations prior to the disposition, (2) all merger and integration costs resulting from the completed and pending transactions discussed above and (3) the \$6.5 million non-cash impairment charge for acquired assets held for sale. In addition to pro forma adjustments, the Company has made adjustments to exclude the impact of restructuring charges, pension and restricted stock expense.

Windstream's purpose for including the results of acquired businesses and for excluding non-recurring items, the results of disposed operations, restructuring charges, pension and restricted stock expense is to improve the comparability of results of operations for the three and twelve month periods ended December 31, 2009, to the results of operations for the same period of 2008 in order to focus on the true earnings capacity associated with providing telecommunication services. Additionally, management believes that presenting current business measures assists investors by providing more meaningful comparisons of results from current and prior periods, and by providing information that is a better reflection of the core earnings capacity of the businesses. The Company uses pro forma results from current businesses, including pro forma revenues and sales, pro forma OIBDA and pro forma adjusted OIBDA as key measures of its operational performance. Windstream management, including the chief operating decision-maker, consistently use these measures for internal reporting and the evaluation of business objectives, opportunities and performance.

- (A) Pro forma results from current businesses adjusts results of operations under GAAP to include the acquisitions of D&E and Lexcom, and to exclude the results of the disposed out of territory product distribution operations, the split off of the directory publishing business, all merger and integration costs related to strategic transactions and the impairment charge recognized on assets held for sale.
- (B) To reflect the pre-acquisition operating results of D&E and Lexcom, adjusted to exclude merger and integration costs.
- (C) To reflect the Company's disposition of the out of territory product distribution operations.
- (D) Represents applicable item as reported under GAAP by D&E and Lexcom, respectively, prior to the acquisitions.
- (E) To reflect intangible asset amortization prior to the acquisitions of D&E and Lexcom, respectively.
- (F) In 2009, the Company incurred consulting fees associated with the completed acquisitions of Nuvox, D&E and Lexcom, and the pending acquisition of Iowa Telecom. In 2008, the Company incurred system conversion costs relative to the acquisition of CTC.
- (G) To reflect the non-cash impairment loss on assets held for sale.
- (H) Represents applicable expense as reported under GAAP.
- (I) Represents depreciation and amortization of D&E and Lexcom, respectively, as adjusted in note (E).