

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

	THREE MONTHS ENDED				SIX MONTHS ENDED			
	June 30, 2009	(D) June 30, 2008	Increase (Decrease) Amount	%	June 30, 2009	(D) June 30, 2008	Increase (Decrease) Amount	%
<b>UNDER GAAP:</b>								
Revenues and sales:								
Service revenues	\$ 714.5	\$ 752.7	\$ (38.2)	(5)	\$ 1,435.3	\$ 1,512.8	\$ (77.5)	(5)
Product sales	38.4	47.2	(8.8)	(19)	72.6	87.1	(14.5)	(17)
Total revenues and sales	<u>752.9</u>	<u>799.9</u>	<u>(47.0)</u>	(6)	<u>1,507.9</u>	<u>1,599.9</u>	<u>(92.0)</u>	(6)
Costs and expenses:								
Cost of services	249.7	250.8	(1.1)	-	500.9	504.3	(3.4)	(1)
Cost of products sold	33.6	43.5	(9.9)	(23)	63.9	78.5	(14.6)	(19)
Selling, general, administrative and other	90.4	88.3	2.1	2	179.4	179.7	(0.3)	-
Depreciation and amortization	133.3	123.3	10.0	8	265.3	244.9	20.4	8
Restructuring charges	0.1	0.5	(0.4)	(80)	-	1.1	(1.1)	(100)
Merger and integration costs	1.4	4.6	(3.2)	(70)	1.4	6.2	(4.8)	(77)
Total costs and expenses	<u>508.5</u>	<u>511.0</u>	<u>(2.5)</u>	-	<u>1,010.9</u>	<u>1,014.7</u>	<u>(3.8)</u>	-
Operating income	244.4	288.9	(44.5)	(15)	497.0	585.2	(88.2)	(15)
Other income, net	0.6	3.0	(2.4)	(80)	1.4	8.6	(7.2)	(84)
Interest expense	<u>(97.8)</u>	<u>(103.6)</u>	<u>(5.8)</u>	(6)	<u>(197.5)</u>	<u>(208.6)</u>	<u>(11.1)</u>	(5)
Income from continuing operations before income taxes	147.2	188.3	(41.1)	(22)	300.9	385.2	(84.3)	(22)
Income taxes	<u>56.4</u>	<u>70.4</u>	<u>(14.0)</u>	(20)	<u>121.9</u>	<u>145.4</u>	<u>(23.5)</u>	(16)
Income from continuing operations	90.8	117.9	(27.1)	(23)	179.0	239.8	(60.8)	(25)
Discontinued operations, including tax benefit (A)	-	(15.9)	15.9	100	-	(14.1)	14.1	100
Net Income	<u>\$ 90.8</u>	<u>\$ 102.0</u>	<u>\$ (11.2)</u>	(11)	<u>\$ 179.0</u>	<u>\$ 225.7</u>	<u>\$ (46.7)</u>	(21)
Weighted average common shares:	432.4	441.3	(8.9)	(2)	434.2	445.4	(11.2)	(3)
Earnings per share:								
Basic and diluted earnings per share: (B)								
Income from continuing operations	\$ .21	\$ .27	\$ (.06)	(22)	\$ .41	\$ .53	\$ (.12)	(23)
Loss from discontinued operations	-	(.04)	.04	100	-	(.03)	.03	100
Net Income	<u>\$ .21</u>	<u>\$ .23</u>	<u>\$ (.02)</u>	(9)	<u>\$ .41</u>	<u>\$ .50</u>	<u>\$ (.09)</u>	(18)
<b>PRO FORMA RESULTS OF OPERATIONS FROM CURRENT BUSINESSES (C):</b>								
Operating income before depreciation and amortization (OIBDA)	\$ 379.1	\$ 416.8	\$ (37.7)	(9)	\$ 763.7	\$ 836.3	\$ (72.6)	(9)

- (A) In the fourth quarter of 2008, Windstream sold its wireless business to AT&T Mobility II, LLC. Accordingly, we have presented the operating results of the wireless business as discontinued operations.
- (B) In accordance with FSP EITF 03-6-1, Windstream's non-vested restricted shares that contain a non-forfeitable right to receive dividends on a one-to-one per share ratio to common shares are considered participating securities and the impact is included in the computation of basic earnings per share pursuant to the two-class method prescribed under SFAS No. 128, "Earnings per Share". Upon adoption of this standard on January 1, 2009, the Company retrospectively adjusted prior period earnings per share data, the impact of which was immaterial.
- (C) Pro forma results from current businesses adjusts results of operations under Generally Accepted Accounting Principles in the United States ("GAAP") for the effects of merger & integration costs related to the pending acquisition of D&E Communications, Inc. ("D&E") and the acquisition of CT Communications, Inc. ("CTC"). For further details of this adjustment, see the Notes to Unaudited Reconciliations of Results of Operations Under GAAP to Pro Forma Results from Current Businesses.
- (D) 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. As required by Statement of Financial Accounting Standards ("SFAS") No. 131 "Disclosures about Segments of an Enterprise and Related Information", segment results of operations have been retrospectively adjusted to reflect a single segment presentation for all periods presented. As such, separate segment reporting is no longer required, and thus not included. 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)

	THREE MONTHS ENDED				SIX MONTHS ENDED			
	June 30, <u>2009</u>	(B) June 30, <u>2008</u>	Increase (Decrease) <u>Amount</u>	<u>%</u>	June 30, <u>2009</u>	(B) June 30, <u>2008</u>	Increase (Decrease) <u>Amount</u>	<u>%</u>
UNDER GAAP:								
Service revenues	\$ 714.5	\$ 752.7	\$ (38.2)	(5)	\$ 1,435.3	\$ 1,512.8	\$ (77.5)	(5)
Access lines	2,952.7	3,124.2	(171.5)	(5)				
Net access line losses	(40.7)	(37.1)	(3.6)	(10)	(85.1)	(79.0)	(6.1)	(8)
Average access lines	2,971.7	3,140.7	(169.0)	(5)	2,993.6	3,161.7	(168.1)	(5)
Average service revenue per customer per month (A)	\$80.14	\$79.89	\$.25	-	\$79.91	\$79.75	\$.16	-
High-speed Internet customers	1,024.6	934.3	90.3	10				
Net high-speed Internet additions	14.9	23.3	(8.4)	(36)	45.8	62.9	(17.1)	(27)
Digital satellite television customers	311.6	231.1	80.5	35				
Net digital satellite television additions	16.2	20.7	(4.5)	(22)	37.4	35.5	1.9	5
Long distance customers	1,936.6	2,049.7	(113.1)	(6)				
Net long distance customer losses	(35.4)	(19.6)	(15.8)	(81)	(70.1)	(16.9)	(53.2)	(315)
Capital expenditures	\$ 76.7	\$ 77.5	\$ (0.8)	(1)	\$ 139.5	\$ 133.3	\$ 6.2	5

(A) Average service revenue per customer per month is calculated by dividing monthly average service revenues by average customers for the period.

(B) 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. As required by Statement of Financial Accounting Standards ("SFAS") No. 131 "Disclosures about Segments of an Enterprise and Related Information", segment results of operations have been retrospectively adjusted to reflect a single segment presentation for all periods presented. As such, separate segment reporting is no longer required, and thus not included. 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.

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

ASSETS

	June 30, 2009	December 31, 2008
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 245.4	\$ 296.6
Accounts receivable (less allowance for doubtful accounts of \$16.2 and \$16.3, respectively)	296.2	316.6
Inventories	31.0	30.8
Deferred income taxes	19.0	30.8
Prepaid expenses and other	37.1	33.9
<b>Total current assets</b>	<b>628.7</b>	<b>708.7</b>
Goodwill	2,198.2	2,198.2
Other intangibles	1,091.9	1,132.2
Net property, plant and equipment	3,798.8	3,897.1
Other assets	71.9	73.1
<b>TOTAL ASSETS</b>	<b>\$ 7,789.5</b>	<b>\$ 8,009.3</b>

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2009	December 31, 2008
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 24.2	\$ 24.3
Current portion of interest rate swaps	45.2	40.5
Accounts payable	119.8	134.0
Advance payments and customer deposits	92.2	94.0
Accrued dividends	109.2	109.9
Accrued taxes	54.4	48.0
Accrued interest	132.1	138.4
Other current liabilities	49.9	76.2
<b>Total current liabilities</b>	<b>627.0</b>	<b>665.3</b>
Long-term debt	5,202.0	5,358.2
Deferred income taxes	1,111.4	1,070.6
Other liabilities	622.7	662.9
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock	-	-
Additional paid-in capital	77.4	101.5
Accumulated other comprehensive loss	(298.7)	(336.6)
Retained earnings	447.7	487.4
<b>Total shareholders' equity</b>	<b>226.4</b>	<b>252.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 7,789.5</b>	<b>\$ 8,009.3</b>

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

	SIX MONTHS ENDED	
	June 30, <u>2009</u>	June 30, <u>2008</u>
Cash Provided from Operations:		
Net income	\$ 179.0	\$ 225.7
Adjustments to reconcile net income to net cash provided from operations:		
Loss on net assets held for sale	-	16.4
Depreciation and amortization	265.3	247.1
Provision for doubtful accounts	21.0	16.8
Stock-based compensation expense	10.6	9.2
Pension and post retirement benefits expense	48.4	8.8
Deferred taxes	27.2	61.7
Other, net	1.4	(0.1)
Changes in operating assets and liabilities, net:		
Accounts receivable	(0.6)	(14.3)
Accounts payable	(14.2)	(17.3)
Accrued interest	(6.3)	(2.1)
Accrued taxes	6.4	(23.1)
Other current liabilities	(24.8)	(15.5)
Other, net	(14.2)	(6.4)
Net cash provided from operations	<u>499.2</u>	<u>506.9</u>
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(139.5)	(133.3)
Disposition of acquired assets held for sale	-	17.3
Other, net	0.3	10.6
Net cash used in investing activities	<u>(139.2)</u>	<u>(105.4)</u>
Cash Flows from Financing Activities:		
Dividends paid on common shares	(219.4)	(225.4)
Stock repurchase	(32.8)	(200.3)
Repayment of debt	(157.1)	(207.1)
Debt issued, net of issuance costs	-	220.0
Other, net	(1.9)	(1.1)
Net cash used in financing activities	<u>(411.2)</u>	<u>(413.9)</u>
Decrease in cash and cash equivalents	(51.2)	(12.4)
Cash and Cash Equivalents:		
Beginning of the period	296.6	72.0
End of the period	<u>\$ 245.4</u>	<u>\$ 59.6</u>

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Operating income from continuing operations under GAAP	\$ 244.4	\$ 288.9	\$ 497.0	\$ 585.2
Pro forma adjustments:				
Merger and integration costs	(A) 1.4	4.6	1.4	6.2
Adjusted operating income	245.8	293.5	498.4	591.4
Depreciation and amortization	(B) 133.3	123.3	265.3	244.9
Pro forma OIBDA from current businesses	\$ 379.1	\$ 416.8	\$ 763.7	\$ 836.3

NOTES TO UNAUDITED RECONCILIATIONS OF RESULTS OF OPERATIONS UNDER GAAP TO PRO FORMA RESULTS 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. On May 10, 2009 the Company entered into a definitive agreement to acquire all of the outstanding shares of common stock of D&E. Under the terms of the agreement, D&E shareholders will receive 0.650 shares of Windstream common stock and \$5.00 in cash per each share of D&E common stock. The acquisition has received federal approval and is expected to close in the fourth quarter of 2009 subject to certain conditions, including necessary approvals from state regulators and D&E shareholders. On August 31, 2007, Windstream completed the acquisition of CT Communications, Inc. ("CTC"). Subsequently, on November 21, 2008, the Company completed the sale of the wireless business acquired from 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. These changes and reclassifications did not impact operating or net income. As disclosed in the Windstream Form 8-K filed on August 6, 2009, the Company has presented in this earnings release unaudited pro forma results from current businesses, which excludes all merger and integration costs resulting from the transactions discussed above.

Windstream's purpose for excluding non-recurring items is to improve the comparability of results of operations for the three and six month periods ended June 30, 2009, to the results of operations for the same period of 2008. Windstream's purpose for these adjustments is to focus on the true earnings capacity associated with providing telecommunication services. Management believes the items excluded from pro forma results from current businesses are related to strategic activities or other events, specific to the time and opportunity available, and should be treated accordingly when evaluating the Company's operations. 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 and pro forma OIBDA from current businesses, as a key measure of its operational performance. Windstream management, including the chief operating decision-maker, uses these measures consistently for all purposes including: internal reporting, the evaluation of business objectives, opportunities and performance, and the determination of management compensation.

- (A) During the second quarter of 2009, the Company incurred \$1.4 million in consulting fees associated with the pending acquisition of D&E. During the six months ended June 30, 2008, the Company incurred \$6.2 million relative to the acquisition of CTC, primarily related to system conversion costs, of which \$4.6 million was recorded in the second quarter.
- (B) Represents depreciation and amortization expense under GAAP.