

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

	<u>THREE MONTHS ENDED</u>			%
	March 31, <u>2010</u>	March 31, <u>2009</u>	Increase (Decrease) <u>Amount</u>	
<b>UNDER GAAP:</b>				
Revenues and sales:				
Service revenues	\$ 828.4	\$ 720.8	\$ 107.6	15
Product sales	19.5	34.2	(14.7)	(43)
Total revenues and sales	<u>847.9</u>	<u>755.0</u>	<u>92.9</u>	12
Costs and expenses:				
Cost of services	294.8	251.2	43.6	17
Cost of products sold	16.3	30.3	(14.0)	(46)
Selling, general, administrative and other	111.4	89.0	22.4	25
Depreciation and amortization	155.4	132.0	23.4	18
Restructuring charges	-	(0.1)	0.1	100
Merger and integration costs	23.2	-	23.2	100
Total costs and expenses	<u>601.1</u>	<u>502.4</u>	<u>98.7</u>	20
Operating income	246.8	252.6	(5.8)	(2)
Other income (expense), net	(0.3)	0.8	(1.1)	(138)
Interest expense	<u>(123.0)</u>	<u>(99.7)</u>	<u>23.3</u>	23
Income before income taxes	123.5	153.7	(30.2)	(20)
Income taxes	<u>49.4</u>	<u>65.5</u>	<u>(16.1)</u>	(25)
Net income	<u>\$ 74.1</u>	<u>\$ 88.2</u>	<u>\$ (14.1)</u>	(16)
Weighted average common shares	444.7	436.0	8.7	2
Basic and diluted earnings per share:				
Net income	\$ 0.17	\$ 0.20	\$ (0.03)	(15)
<b>PRO FORMA RESULTS OF OPERATIONS (A):</b>				
Revenues and sales	\$ 905.2	\$ 931.7	\$ (26.5)	(3)
OIBDA (B)	\$ 437.5	\$ 436.8	\$ 0.7	-
Adjusted OIBDA (C)	\$ 456.8	\$ 465.0	\$ (8.2)	(2)

- (A) Pro forma results adjusts results of operations under GAAP to include the acquisitions of D&E Communications, Inc. ("D&E"), Lexcom Inc. ("Lexcom") and NuVox Inc. ("NuVox"), and to exclude the results of the disposed out-of-territory product distribution operations and all merger and integration costs related to strategic transactions. 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.
- (B) OIBDA is operating income before depreciation and amortization.
- (C) Adjusted OIBDA adjusts OIBDA for the impact of restructuring charges, pension expense and stock based compensation. 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.

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## WINDSTREAM CORPORATION

## UNAUDITED SUPPLEMENTAL OPERATING INFORMATION-Page 2

(Voice lines and customer connections in thousands, dollars in millions)

	THREE MONTHS ENDED			
	March 31, 2010	March 31, 2009	Increase (Decrease) Amount	%
<b>UNDER GAAP:</b>				
Voice lines	2,890.5	2,847.6	42.9	2
Net voice line losses:				
Internal	(23.9)	(43.2)	(19.3)	(45)
Acquired	-	-	-	-
Net voice line losses	(23.9)	(43.2)	(19.3)	(45)
High-speed Internet customers	1,167.9	1,009.7	158.2	16
Advanced data and integrated solutions	142.7	40.2	102.5	255
Total data and integrated solutions	1,310.6	1,049.9	260.7	25
Net high-speed Internet additions:				
Internal	35.8	30.9	4.9	16
Acquired	-	-	-	-
Net high-speed Internet additions	35.8	30.9	4.9	16
Net data and integrated solution additions:				
Internal	35.4	32.7	2.7	8
Acquired	103.6	-	103.6	100
Net data and integrated solution additions	139.0	32.7	106.3	325
Special access circuits	81.4	77.6	3.8	5
Access lines (A)	3,114.6	2,965.4	149.2	5
Digital television customers	381.8	315.1	66.7	21
Total connections	4,664.3	4,290.2	374.1	9
Capital expenditures	\$ 60.5	\$ 62.8	\$ (2.3)	(4)
<b>FROM PRO FORMA RESULTS (B):</b>				
Voice lines	2,890.5	3,019.0	(128.5)	(4)
Net voice line losses	(23.9)	(45.9)	(22.0)	(48)
High-speed Internet customers	1,167.9	1,062.4	105.5	10
Advanced data and integrated solutions	142.7	140.5	2.2	2
Total data and integrated solutions	1,310.6	1,202.9	107.7	9
Net high-speed Internet additions	35.8	32.7	3.1	9
Net data and integrated solution additions	35.8	36.2	(0.4)	(1)
Special access circuits	81.4	79.9	1.5	2
Access lines (A)	3,114.6	3,239.4	(124.8)	(4)
Digital television customers	381.8	335.3	46.5	14
Total connections	4,664.3	4,637.1	27.2	1
Capital expenditures	\$ 64.3	\$ 96.5	\$ (32.2)	(33)

(A) Access lines include voice lines, special access circuits and advanced data and integrated solutions.

(B) Pro forma results adjusts results of operations under GAAP to include the acquisitions of D&amp;E, Lexcom and NuVox, and to exclude the results of the disposed out-of-territory product distribution operations, and all merger and integration costs related to strategic transactions. 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.

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

ASSETS

	March 31, 2010	December 31, 2009
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 580.1	\$ 1,062.9
Accounts receivable (less allowance for doubtful accounts of \$15.7 and \$18.5, respectively)	321.0	291.7
Inventories	31.9	26.1
Deferred income taxes	27.3	21.7
Prepaid expenses and other	56.1	53.6
	<u>1,016.4</u>	<u>1,456.0</u>
Goodwill	2,639.9	2,344.4
Other intangibles, net	1,408.5	1,253.3
Net property, plant and equipment	4,167.2	3,992.6
Other assets	95.4	99.1
	<u>\$ 9,327.4</u>	<u>\$ 9,145.4</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,327.4</u>	<u>\$ 9,145.4</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2010	December 31, 2009
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 28.3	\$ 23.8
Current portion of interest rate swaps	46.2	45.8
Accounts payable	178.7	158.5
Advance payments and customer deposits	110.5	95.2
Accrued dividends	114.2	109.2
Accrued taxes	87.6	60.6
Accrued interest	108.5	156.0
Other current liabilities	47.4	60.2
	<u>721.4</u>	<u>709.3</u>
<b>Total current liabilities</b>	<u>721.4</u>	<u>709.3</u>
Long-term debt	6,266.7	6,271.4
Deferred income taxes	1,412.5	1,372.0
Other liabilities	523.9	532.0
	<u>8,924.5</u>	<u>8,884.7</u>
<b>Total liabilities</b>	<u>8,924.5</u>	<u>8,884.7</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock	-	-
Additional paid-in capital	268.1	83.6
Accumulated other comprehensive loss	(210.6)	(208.3)
Retained earnings	345.4	385.4
Total shareholders' equity	<u>402.9</u>	<u>260.7</u>
	<u>\$ 9,327.4</u>	<u>\$ 9,145.4</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 9,327.4</u>	<u>\$ 9,145.4</u>

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

	THREE MONTHS ENDED	
	March 31, 2010	March 31, 2009
Cash Provided from Operations:		
Net income	\$ 74.1	\$ 88.2
Adjustments to reconcile net income to net cash provided from operations:		
Depreciation and amortization	155.4	132.0
Provision for doubtful accounts	8.6	9.3
Stock-based compensation expense	3.5	5.2
Pension and post retirement benefits expense	14.9	24.5
Deferred taxes	7.1	36.4
Other, net	3.3	1.5
Changes in operating assets and liabilities, net:		
Accounts receivable	1.7	19.4
Prepaid and other expenses	(10.1)	(7.2)
Accounts payable	(17.2)	(17.1)
Accrued interest	(48.0)	(72.7)
Accrued taxes	19.8	23.9
Other current liabilities	(16.2)	(29.5)
Other liabilities	(22.0)	(4.7)
Other, net	(1.4)	5.8
Net cash provided from operations	<u>173.5</u>	<u>215.0</u>
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(60.5)	(62.8)
Acquisition of NuVox, net of cash acquired	(198.4)	-
Other, net	0.6	-
Net cash used in investing activities	<u>(258.3)</u>	<u>(62.8)</u>
Cash Flows from Financing Activities:		
Dividends paid on common shares	(109.2)	(109.9)
Stock repurchase	-	(20.7)
Repayment of debt	(284.5)	(3.6)
Other, net	(4.3)	(2.4)
Net cash used in financing activities	<u>(398.0)</u>	<u>(136.6)</u>
Increase (decrease) in cash and cash equivalents	(482.8)	15.6
Cash and Cash Equivalents:		
Beginning of period	<u>1,062.9</u>	<u>296.6</u>
End of period	<u>\$ 580.1</u>	<u>\$ 312.2</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 (NON-GAAP)-Page 5

(In millions)

		THREE MONTHS ENDED	
		March 31, <u>2010</u>	March 31, <u>2009</u>
Revenues and sales under GAAP		\$ 847.9	\$ 755.0
Pro forma adjustments:			
D&E revenues and sales prior to acquisition	(B)	-	35.9
Lexcom revenues and sales prior to acquisition	(B)	-	10.9
Out-of-territory product distribution operations revenues and sales	(C)	-	(12.7)
NuVox revenues and sales prior to acquisition	(B)	57.3	142.6
Pro forma revenues and sales		<u>\$ 905.2</u>	<u>\$ 931.7</u>
Operating income from continuing operations under GAAP		\$ 246.8	\$ 252.6
Pro forma adjustments:			
D&E operating income, excluding M&I costs prior to acquisition	(B)	-	8.8
D&E intangible asset amortization	(E)	-	(1.0)
Lexcom operating income, excluding M&I costs prior to acquisition	(B)	-	3.7
Lexcom intangible asset amortization	(E)	-	(0.4)
Operating income from disposed out-of-territory product distribution operations	(C)	-	(0.2)
NuVox operating income, excluding M&I costs prior to acquisition	(B)	4.1	10.4
NuVox intangible asset amortization	(E)	(1.5)	(3.9)
M&I costs	(F)	23.2	-
Pro forma operating income		<u>272.6</u>	<u>270.0</u>
Depreciation and amortization	(F)	155.4	132.0
Depreciation and amortization of D&E prior to acquisition	(G)	-	8.0
Depreciation and amortization of Lexcom prior to acquisition	(G)	-	2.6
Depreciation and amortization of NuVox prior to acquisition	(G)	9.5	24.2
Pro forma OIBDA		<u>437.5</u>	<u>436.8</u>
Other adjustments:			
Pension expense	(F)	15.7	22.6
Restructuring charges	(F)	-	(0.1)
Stock-based compensation	(F)	3.5	5.2
Stock-based compensation of D&E prior to acquisition	(D)	-	0.1
Stock-based compensation of NuVox prior to acquisition	(D)	0.1	0.4
Pro forma adjusted OIBDA		<u>\$ 456.8</u>	<u>\$ 465.0</u>
Capital expenditures under GAAP		\$ 60.5	\$ 62.8
Pro forma adjustments:			
D&E capital expenditures prior to acquisition	(D)	-	5.7
Lexcom capital expenditures prior to acquisition	(D)	-	0.9
NuVox capital expenditures prior to acquisition	(D)	3.8	27.1
Pro forma capital expenditures		<u>\$ 64.3</u>	<u>\$ 96.5</u>

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

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. Windstream expects to complete this acquisition during the second quarter of 2010.

Completed Acquisitions:

- On February 8, 2010, Windstream completed the acquisition of NuVox, Inc. ("NuVox"). The Nuvox acquisition added approximately 104,000 data and integrated solution connections in complementary markets in 16 states.
- 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 Communications, 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.

As disclosed in the Windstream Form 8-K filed on May 5, 2010, the Company has presented in this earnings release unaudited pro forma results, which includes results from D&E, Lexcom and NuVox for periods prior to the acquisitions and excludes (1) results from the out-of-territory product distribution operations prior to the disposition and (2) all merger and integration ("M&I") costs resulting from the completed and pending transactions discussed above. In addition to pro forma adjustments, the Company has made adjustments to exclude the impact of restructuring charges, pension and stock-based compensation.

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 stock-based compensation is to improve the comparability of results of operations for the three month period ended March 31, 2010, to the results of operations for the same period of 2009 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, 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 adjusts results of operations under GAAP to include the acquisitions of D&E, Lexcom and NuVox, and to exclude the results of the disposed out-of-territory product distribution operations and M&I costs related to strategic transactions.
- (B) To reflect the pre-acquisition operating results of D&E, Lexcom and NuVox, adjusted to exclude M&I 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, Lexcom and NuVox, prior to the acquisitions.
- (E) To reflect intangible asset amortization prior to the acquisitions of D&E, Lexcom and NuVox, respectively.
- (F) Represents applicable expense as reported under GAAP.
- (G) Represents depreciation and amortization of D&E, Lexcom and NuVox, respectively, as adjusted in note (E).

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