

Windstream reports first-quarter results

- Business service revenues were \$897 million, a 3.2 percent increase year-over-year on a pro forma basis
- Consumer broadband service revenues were \$113 million, a 5.9 percent increase year-over-year on a pro forma basis
- Total revenues and sales were \$1.55 billion, a 0.5 percent decrease year-over-year on a pro forma basis
- Adjusted OIBDA was \$594 million, a 1.6 percent decrease year-over-year on a pro forma basis
- Adjusted free cash flow was \$352 million

Release date: May 10, 2012

LITTLE ROCK, Ark. – Windstream Corp. (Nasdaq: WIN) today reported first-quarter results, highlighted by strong sales to business customers and continued growth in consumer broadband revenues.

“Our business and consumer channels delivered a strong performance during the first quarter,” said Jeff Gardner, president and CEO of Windstream. “The business channel has gained significant traction with the acquisition of PAETEC, and our combined team is having tremendous success driving new sales opportunities. Our consumer business also had a very solid quarter driven by growth in broadband service revenues and continued success with our bundling strategy.”

Business service revenues were \$897 million for the first quarter, up 3.2 percent from the same period a year ago on a pro forma basis.

Consumer broadband service revenues were \$113 million, up 5.9 percent from the same period in 2011 on a pro forma basis. Overall consumer service revenues were \$338 million, down 2.6 percent from the same period a year ago on a pro forma basis.

Business and consumer broadband revenues represented approximately 68 percent of Windstream's total revenues and sales in the quarter.

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Wholesale revenues were \$225 million, a decline of 6.3 percent from the same period a year ago on a pro forma basis due largely to the suspension and modification of certain wholesale products that were a part of the PAETEC portfolio.

Total revenues and sales were \$1.55 billion in the first quarter, a decline of 0.5 percent from the same period a year ago on a pro forma basis. Adjusted Operating Income Before Depreciation and Amortization (OIBDA) was \$594 million, a decrease of 1.6 percent on a pro forma basis. Adjusted OIBDA removes the impact of restructuring charges, pension expense and stock-based compensation.

"I am extremely confident in the business that we have built. Through targeted acquisitions and our strategic growth initiatives, we have assembled an attractive set of assets capable of generating consistent cash flows to support our dividend over a long period of time and to provide other opportunities in the future to increase shareholder value," Gardner said.

Adjusted capital expenditures were \$223 million in the quarter, excluding \$3 million in integration capital, an 8.1 percent increase from the same period in 2011 on a pro forma basis.

In the first quarter under Generally Accepted Accounting Principles (GAAP), Windstream reported total revenues and sales of \$1.55 billion, operating income of \$253 million and net income of \$65 million, or 11 cents per share. That compares to net income of \$29 million, or 6 cents per share, on total revenues of approximately \$1 billion during the same period in 2011.

GAAP results include approximately \$14 million in after-tax merger and integration expense and an after-tax gain of roughly \$1 million related to the early extinguishment of debt. Excluding these items, adjusted earnings per share would have been 13 cents for the first quarter.

Windstream generated \$352 million in adjusted free cash flow in the quarter and paid approximately \$147 million in dividends. Adjusted free

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cash flow is adjusted OIBDA, excluding merger and integration expense, minus cash interest, cash taxes and adjusted capital expenditures.

Windstream also completed two sales of wireless spectrum that the company obtained in previous acquisitions for approximately \$57 million during the quarter.

Conference call:

Windstream will hold a conference call at 7:30 a.m. CDT today to review the company's first-quarter earnings results.

To access the call:

Interested parties can access the call by dialing 1-877-374-3977, conference ID 70170680, ten minutes prior to the start time.

To access the call replay:

A replay of the call will be available beginning at 10:30 a.m. CDT today and ending at midnight on May 16. The replay can be accessed by dialing 1-855-859-2056, conference ID 70170680.

Webcast information:

The conference call also will be streamed live over the company's website at www.windstream.com/investors. Financial, statistical and other information related to the call will be posted on the site. A replay of the webcast will be available on the website beginning at 10:30 a.m. CDT today.

About Windstream

Windstream Corp. (Nasdaq: WIN) is a leading provider of advanced network communications, including cloud computing and managed services, to businesses nationwide. The company also offers broadband, phone and digital TV services to consumers primarily in rural areas.

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Windstream has more than \$6 billion in annual revenues and is listed on the S&P 500 index. For more information, visit www.windstream.com.

Pro forma results adjust results of operations under GAAP to include the acquisition of PAETEC Holding Corp., and to exclude all merger and integration costs related to strategic transactions. A reconciliation of pro forma results to the comparable GAAP measures is available on the company's Web site at www.windstream.com/investors.

Windstream claims 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. These forward-looking statements include statements about Windstream's ability to generate cash flows in future periods and to pay its current dividend, and these statements are based on estimates, projections, beliefs, and assumptions that Windstream believes are reasonable but are not guarantees of future events and results. Actual future events and results of Windstream 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 Windstream's forward-looking statements include, among others:

- further adverse changes in economic conditions in the markets served by Windstream;
- the extent, timing and overall effects of competition in the communications business;
- the impact of new, emerging or competing technologies;
- the uncertainty regarding the implementation of the Federal Communications Commission's rules on intercarrier compensation, and the potential for the adoption of further rules by the FCC or Congress on intercarrier compensation and/or universal service reform proposals that result in a significant loss of revenue to Windstream;

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- the risks associated with the integration of acquired businesses or the ability to realize anticipated synergies, cost savings and growth opportunities;
- for certain operations where Windstream leases facilities from other carriers, adverse effects on the availability, quality of service and price of facilities and services provided by other carriers on which Windstream's services depend;
- the availability and cost of financing in the corporate debt markets;
- the potential for adverse changes in the ratings given to Windstream's debt securities by nationally accredited ratings organizations;
- the effects of federal and state legislation, and rules and regulations governing the communications industry;
- material changes in the communications industry that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers;
- unfavorable results of litigation;
- continued access line loss;
- unfavorable rulings by state public service commissions in proceedings regarding universal service funds, intercarrier compensation or other matters that could reduce revenues or increase expenses;
- the effects of work stoppages;
- the impact of equipment failure, natural disasters or terrorist acts;
- earnings on pension plan investments significantly below Windstream's expected long term rate of return for plan assets or a significant change in the discount rate; and
- those additional factors under the caption "Risk Factors" in Windstream's Form 10-K for the year ended Dec. 31, 2011, and in subsequent filings with the Securities and Exchange Commission.

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.

Windstream undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events

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or otherwise. The foregoing review of factors that could cause Windstream's 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 Windstream's future results included in filings by Windstream with the Securities and Exchange Commission at www.sec.gov.

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