

Windstream reports first-quarter 2020 results

Achieved record consumer broadband growth
Grew enterprise strategic revenues 28 percent year-over-year

Release date: May 11, 2020

LITTLE ROCK, Ark. – Windstream Holdings, Inc., a leading provider of advanced network communications and technology solutions, today reported first-quarter 2020 results.

Windstream grew its Kinetic broadband customer base for the eighth consecutive quarter, adding a record 18,000 new subscribers in the first quarter. The company's Kinetic segment also achieved sequential service revenue growth in the quarter, driven by 1.6 percent sequential revenue growth in high-speed Internet bundles.

Enterprise strategic revenues grew 28 percent year-over-year. Sales of strategic products and services, including SD-WAN, UCaaS and OfficeSuite UC®, now represent an annualized run-rate of approximately \$322 million in revenue.

"Windstream overcame unprecedented conditions resulting from the coronavirus pandemic to deliver solid results in the first quarter. Our network continues to perform well, primarily due to our past network investments and modernization efforts, even as usage has increased significantly in recent weeks. I want to thank our Windstream team for remaining focused on our customers and for tirelessly providing essential telecommunications services during this challenging time," said Tony Thomas, president and chief executive officer of Windstream.

"Our flat sequential first-quarter adjusted OIBDAR level demonstrates not only our continued focus on expense reduction efforts, but also strong and increasing demand for our consumer broadband products, which drove sequential revenue improvement in our Kinetic business. We also continued to see healthy demand for our Enterprise strategic products and services in the quarter," Thomas said.

Restructuring Update

Windstream filed its reorganization plan with the court April 1. The plan, which will reduce the company's debt by more than \$4 billion, charts the right course forward for the company and its stakeholders. The company expects to emerge from restructuring as early as the end of summer, pending court and regulatory approvals.

On March 2, Windstream announced that it had entered into a Plan Support Agreement with certain creditors regarding the main terms of a comprehensive financial restructuring. The company also announced it had reached a settlement agreement with Uniti Group Inc. to resolve the pending litigation between the two companies.

The Uniti agreement, which was approved by the court on May 8, calls for Uniti to invest \$1.75 billion in the network, enabling Windstream to deliver 1 Gig speeds to more than half of its Kinetic footprint. Uniti also will pay Windstream about \$490 million and purchase certain unused and underutilized dark fiber assets from Windstream for an additional \$285 million.

Windstream voluntarily filed for Chapter 11 reorganization in the U.S. Bankruptcy Court for the Southern District of New York on Feb. 25, 2019. Windstream is continuing to operate in the normal course during the financial restructuring process.

Adjusted Results of Operations

Adjusted total revenues and sales were \$1.20 billion compared to \$1.32 billion in the same period a year ago. Adjusted total service revenues were \$1.18 billion compared to \$1.30 billion year-over-year.

Adjusted OIBDAR was \$423 million, essentially flat for the third consecutive quarter. Adjusted OIBDAR was \$447 million in the same period a year ago. Adjusted OIBDAR margin was 35 percent, an increase of 140 basis points year-over-year as consolidated cash expenses declined by 11 percent year-over-year.

Adjusted capital expenditures were \$232 million compared to \$193 million in the same period a year ago.

The company's available liquidity as of March 31, 2020, was \$555 million.

Kinetic service revenues were \$505 million compared to \$514 million in the same period a year ago, and segment contribution margin was \$302 million compared to \$309 million year-over-year.

Enterprise service revenues were \$590 million compared to \$696 million in the same period a year ago, and segment contribution margin was \$113 million compared to \$133 million year-over-year.

Wholesale service revenues were \$85 million compared to \$93 million in the same period a year ago, and segment contribution margin was \$62 million compared to \$63 million year-over-year.

Note: Adjusted OIBDAR is Adjusted OIBDA before the annual cash payment due under the contractual arrangement with Uniti. Adjusted OIBDAR is operating income (loss) before depreciation and amortization and goodwill impairment, excluding straight-line expense under the contractual arrangement with Uniti, share-based compensation expense, restructuring charges, merger, integration and certain other costs.

Financial results under Generally Accepted Accounting Principles (GAAP) were not disclosed while the company evaluates the accounting treatment for the Uniti arrangement. Regardless of the accounting treatment for the Uniti arrangement, the company's key non-GAAP financial metrics of Adjusted OIBDAR, Adjusted OIBDA, Adjusted Capital Expenditures and Adjusted Free Cash Flow would not change.

Management Webcast

Management has provided pre-recorded remarks on the company's results via webcast on the company's investor relations website at investor.windstream.com. Financial, statistical and other information related to the remarks also are posted on the site.

About Windstream

Windstream Holdings, Inc. is a leading provider of advanced network communications and technology solutions. Windstream provides data networking, core transport, security, unified communications and managed services to mid-market, enterprise and wholesale customers across the U.S. The company also offers broadband, entertainment and security services for

consumers and small and medium-sized businesses primarily in rural areas in 18 states. Services are delivered over multiple network platforms including a nationwide IP network, our proprietary cloud core architecture and on a local and long-haul fiber network spanning approximately 150,000 miles. Additional information is available at windstream.com or windstreamenterprise.com. Please visit our newsroom at news.windstream.com or follow us on Twitter at @Windstream.

Cautionary Statement Regarding Forward Looking Statements

Windstream Holdings, Inc. 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 typically identified by words or phrases such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “forecast” and other words and terms of similar meaning. Forward-looking statements are subject to risks and 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, projections regarding our 2020 Financial Plan, including adjusted OIBDAR and adjusted OIBDAR margin, anticipated net Kinetic broadband subscriber growth, improved Enterprise contribution margin, and acceleration of Enterprise strategic sales and services; our ability to successfully execute our 2020 priorities; certain revenue and contribution margin trends in our business units; opportunities to expand our strategic products and services for our small and medium sized business customers; increasing broadband penetration levels and availability of faster broadband speeds to more households and businesses within our service areas; anticipated results and funding opportunities related to the Rural Digital Opportunity Fund and the current CAF II program, both administered by the Federal Communications Commission; statements concerning the current settlement and arrangements with Uniti Group, Inc.; expectations regarding expense management activities, including interconnection expense, and the timing and benefit of such activities; and any other statements regarding plans, objectives, expectations and intentions and other statements that are not historical facts. These statements, along with other forward-looking statements regarding Windstream’s overall business outlook, are based on estimates, projections, beliefs, and assumptions that Windstream believes are reasonable but are not guarantees of future events, performance or results. Actual future

events and results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors.

These statements, along with other forward-looking statements regarding Windstream's overall business outlook, are based on estimates, projections, beliefs, and assumptions that Windstream believes are reasonable but are not guarantees of future events, performance or results. Actual future events and results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors, including, but not limited to:

- risks and uncertainties relating to current or future adverse economic, political or market conditions related to epidemics, pandemics, or other outbreaks of contagious diseases, including the current COVID-19 pandemic, and the impact of these conditions on our business operations and financial position;
- risks and uncertainties relating to our voluntary filing for reorganization under Chapter 11 of the Bankruptcy Code ("Chapter 11 Cases") and the length of time we will remain subject to the restructuring process;
- our ability to pursue our business strategies and plan and achieve our 2020 financial and operational goals in light of the Chapter 11 Cases;
- diversion of management's attention as a result of the Chapter 11 Cases;
- the volatility of our financial results due to the Chapter 11 Cases;
- our ability to generate sufficient cash to fund our operations during the pendency of the Chapter 11 Cases;
- increased levels of employee attrition as a result of the Chapter 11 Cases;
- our ability to obtain confirmation of a Chapter 11 plan of reorganization and the effective date of any confirmed plan;
- the risks of any challenge by, or protracted litigation with, creditors or third parties regarding our proposed plan of reorganization or other contested matters or associated with third party actions or motions in the Chapter 11 Cases;

- the potential adverse effects of the Chapter 11 Cases on our liquidity or results of operations and increased legal and other professional costs necessary to execute our reorganization;
- that the expected benefits of cost reduction and expense management activities are not realized or adversely affect our sales and operational activities or are otherwise disruptive to our business and personnel;
- further adverse changes in economic conditions in our markets, or generally in the U.S. or worldwide, unrelated to the COVID-19 pandemic;
- the impact of new, emerging, or competing technologies and our ability to utilize these technologies to provide services to our customers;
- the effect of any changes in federal or state governmental regulations or statutes;
- our ability to continue as a going concern;
- the conditions to which our debtor-in-possession financing is subject to and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of our control;
- trading price and volatility of our common stock traded on the OTC Pink Sheets maintained by the OTC Market Group, Inc.;
- our substantial debt could adversely affect our cash flow and impair our ability to raise additional capital on favorable terms;
- the potential for incumbent carriers to impose monetary penalties for failure to meet specific volume and term commitments under their special access pricing and tariff plans, which Windstream uses to lease last-mile connections to serve its retail business data service customers, without FCC action;
- the impact of the FCC's comprehensive business data services reforms that were confirmed by an appellate court, which may result in greater capital investments and customer and revenue churn because of possible

price increases by our ILEC suppliers for certain services we use to serve customer locations where we do not have facilities;

- 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;
- for certain operations where we utilize facilities owned by other carriers, adverse effects on the availability, quality of service, price of facilities and services provided by other carriers on which our services depend;
- our election to accept statewide offers under the FCC's Connect America Fund, Phase II, and the impact of such election on our future receipt of federal universal service funds and capital expenditures, and any return of support received pursuant to the program or future versions of the program or any other similar programs implemented by the FCC;
- our ability to make payments under the current or future arrangements with Uniti, which may be affected by results of operations, changes in our cash requirements, cash tax payment obligations, or overall financial position;
- the extent, timing and overall effects of competition in the communications business;
- unfavorable rulings by state public service commissions in current and further 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;
- 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 noncompliance by us with regulations or statutes applicable to government programs under which we receive material amounts of end-user revenue and government subsidies, or noncompliance by us, our partners, or our subcontractors with any terms of our government contracts;
- the effects of federal and state legislation, and rules and regulations, and changes thereto, governing the communications industry;
- 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
- other risks and uncertainties referenced from time to time in Windstream's Annual Report on Form 10-K, including those additional factors under "Risk Factors" in Item 1A of Part 1, and in other filings of ours with the SEC at www.sec.gov or not currently known to us or that we do not currently deem to be material.

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 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 other filings with the Securities and Exchange Commission at www.sec.gov.

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