

Windstream reports third-quarter 2019 results

Recorded consumer broadband growth for sixth consecutive quarter
Continued acceleration of Enterprise strategic sales

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

Windstream grew its Kinetic broadband customer base for the sixth consecutive quarter, adding 5,700 new subscribers. The company has added approximately 19,000 new broadband subscribers year-to-date, a 126 percent increase year-over-year. The company continues to rapidly expand its broadband capabilities. Today, 70 percent of households across its largely rural footprint have access to Internet speeds of 25 Mbps or greater and 41 percent of households can receive speeds of 100 Mbps or greater.

Enterprise strategic sales also continued to accelerate, representing approximately 65 percent of total Enterprise sales during the third quarter. Sales of strategic products and services, including SD-WAN, UCaaS and OfficeSuite UC®, now represent an annualized run-rate of \$290 million in revenue and are growing at approximately 41 percent year-over-year.

“Windstream continues to execute on our operational priorities and remains focused on taking care of our customers during the restructuring process. In the third quarter, we once again delivered broadband customer growth in our Kinetic business unit and grew sales of our Enterprise strategic products. I am proud of the continued focus of our team and appreciate the support of all of our stakeholders as we work through the restructuring process,” said Tony Thomas, president and chief executive officer of Windstream.

Restructuring Update

Windstream remains focused on securing a result that maximizes value for all of the company’s stakeholders. As part of the restructuring process, the company continues to work through mediation to modify its arrangement with Uniti Group, Inc. Pursuant to a confidentiality agreement associated with the ongoing mediation, the company is unable to provide any additional information

regarding the process at this time. Absent an acceptable negotiated resolution, Windstream is prepared to pursue its litigation claims to conclusion. The trial is currently scheduled to begin the first week of March.

Adjusted Results of Operations

Adjusted total revenues and sales were \$1.27 billion compared to \$1.38 billion in the same period a year ago. Adjusted total service revenues were \$1.24 billion compared to \$1.36 billion year-over-year.

Adjusted OIBDAR was \$423 million compared to \$457 million in the same period a year ago. Adjusted OIBDAR margin was 33 percent, an increase of 20 basis points year-over-year as cash expenses declined by 8 percent year-over-year.

Adjusted capital expenditures were \$221 million compared to \$188 million in the same period a year ago.

The company's available liquidity as of Sept. 30, 2019, was \$885 million.

Kinetic service revenues were \$506 million compared to \$525 million in the same period a year ago, and segment contribution margin was \$287 million compared to \$308 million year-over-year.

Enterprise service revenues were \$650 million compared to \$737 million in the same period a year ago, and segment contribution margin was \$126 million compared to \$145 million year-over-year.

Wholesale service revenues were \$86 million compared to \$96 million in the same period a year ago, and segment contribution margin was \$66 million compared to \$68 million year-over-year.

Note: Adjusted OIBDAR is Adjusted OIBDA before the annual cash payment due under the arrangement with Uniti. Adjusted OIBDA is operating income (loss) before depreciation and amortization and goodwill impairment, excluding straight-line expense under the arrangement with Uniti, share-based compensation expense, restructuring charges, merger, integration and certain other costs. Adjusted capital expenditures exclude post-merger integration capital expenditures for Broadview Network Holdings, Inc. and EarthLink Holdings Corp. Adjusted OIBDAR and Adjusted OIBDA also exclude the operating results of the Consumer CLEC business sold on Dec. 31, 2018.

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., a FORTUNE 500 company, 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 claims the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for this press release. This release contains various forward-looking statements which represent our expectations or beliefs concerning future events, including, without limitation, our future performance, our ability to comply with the covenant in the agreements governing our indebtedness and the availability of capital and terms thereof; projections regarding our 2019 financial plan; certain revenue and contribution margin trends in our business units; expected sales

growth and opportunities in strategic products and services and expansion of these products 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; benefits of Project Excel and other activities to drive broadband speeds; expected net growth of our broadband subscribers; anticipated fixed wireless offerings based on recent trials; 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 arrangement and related payments to 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.

Statements expressing expectations and projections with respect to future matters are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We caution that these forward-looking statements involve a number of risks and uncertainties and are subject to many variables which could impact our future performance. These statements are made on the basis of management's views, estimates, projections, beliefs, and assumptions, as of the time the statements are made, regarding future events and results. There can be no assurance, however, that management's expectations will necessarily come to pass. Actual future events and our results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors.

A wide range of factors could cause actual results to differ materially from those contemplated in our forward-looking statements, including, but not limited to:

- risks and uncertainties relating to the Chapter 11 Cases, including completion of the Chapter 11 Cases;
- our ability to pursue our business strategies during the pendency of the Chapter 11 Cases;
- our ability to generate sufficient cash to fund our operations during the pendency of the Chapter 11 Cases;

- our ability to implement a business plan during the pendency of the Chapter 11 cases;
- the diversion of management's attention as a result of the Chapter 11 Cases;
- increased levels of employee attrition as a result of the Chapter 11 Cases;
- our ability to obtain Bankruptcy Court approval with respect to our motions filed in our Chapter 11 Cases from time to time;
- our ability to continue as a going concern;
- volatility of our financial results as a result of the Chapter 11 Cases;
- 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;
- our ability to obtain confirmation of a Chapter 11 plan of reorganization and the effective date of any confirmed plan;
- the impact of a protracted restructuring on our business;
- the impact of any challenge by creditors or other parties to previously completed transactions;
- risks associated with third-party 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;
- trading price and volatility of our common stock, including the stock trading on the OTC Pink Sheets as maintained by the OTC Market Group, Inc.;
- the risk of protracted litigation in our Chapter 11 Cases with third parties and/or our creditors;

- our substantial debt could adversely affect our cash flow and impair our ability to raise additional capital on favorable terms;
- the cost savings and expected synergies from the mergers with EarthLink and Broadview may not be fully realized or may take longer to realize than expected;
- the integration of Windstream and EarthLink and Broadview may not be successful, may cause disruption in relationships with customers, vendors and suppliers and may divert attention of management and key personnel;
- 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;
- the impact of new, emerging or competing technologies and our ability to utilize these technologies to provide services to our customers;
- 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 implemented by the FCC;

- our ability to make payments under the arrangement with Uniti, which may be affected by results of operations, changes in our cash requirements, cash tax payment obligations, or overall financial position;
- adverse changes in economic conditions in the markets served by us;
- 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;
- loss of consumer households served;
- 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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