

WINDSTREAM CORP  
Form 424B3  
September 19, 2011  
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Filed pursuant to Rule 424(b)(3)  
SEC File No. 333-176565

**PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT**

Dear fellow stockholders:

The board of directors of PAETEC Holding Corp. ( PAETEC ) has unanimously approved and adopted an agreement and plan of merger, dated as of July 31, 2011, among Windstream Corporation ( Windstream ), Peach Merger Sub, Inc., a wholly-owned subsidiary of Windstream ( Merger Sub ), and PAETEC pursuant to which Merger Sub will merge with and into PAETEC. As a result of the merger, Windstream will acquire PAETEC. We are sending you the accompanying proxy statement/prospectus to ask you to attend a special meeting of the stockholders of PAETEC or to vote your shares by proxy on the proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement. Information about the PAETEC special meeting is contained in the proxy statement/prospectus.

If the merger is completed, at the effective time of the merger, each outstanding share of PAETEC common stock will be converted into the right to receive 0.460 shares of Windstream common stock. Windstream common stock is listed on the NASDAQ Global Select Market under the trading symbol WIN. Based on the closing price of Windstream common stock on September 16, 2011, the latest practicable trading date before the filing of the accompanying proxy statement/prospectus, the 0.460 shares of Windstream common stock represented approximately \$5.93 in value for each share of PAETEC common stock. Because the exchange ratio of the merger consideration will not be adjusted for changes in the market price of Windstream common stock, the value of the merger consideration at the time of the merger may be significantly different. Based on the number of shares of PAETEC common stock outstanding as of September 12, 2011, the aggregate number of shares of Windstream common stock to be issued by Windstream in the merger is estimated to be approximately 67,227,000 shares.

**Your board of directors has unanimously determined that the merger agreement and the merger are advisable, fair to and in the best interests of PAETEC and its stockholders and unanimously recommends that you vote FOR adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.** The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of PAETEC common stock. No vote of Windstream stockholders is required to complete the merger.

The accompanying proxy statement/prospectus provides you with detailed information about Windstream, PAETEC and the proposed merger. You may obtain additional information about Windstream from documents Windstream has filed with the Securities and Exchange Commission as described under Where You Can Find More Information on page 204 of the proxy statement/prospectus. We strongly encourage you to read the proxy statement/prospectus carefully. **Before deciding how to vote on the merger agreement, you should consider the Risk Factors beginning on page 29 of the proxy statement/prospectus.**

Very truly yours,

Arunas A. Chesonis

Chairman, President and Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the shares of common stock to be issued by Windstream under the proxy statement/prospectus or passed upon the adequacy or accuracy of the proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

The proxy statement/prospectus is dated September 19, 2011, and is being first mailed to stockholders of PAETEC on or about September 22, 2011.

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**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates by reference important business and financial information about Windstream Corporation from documents previously filed with the Securities and Exchange Commission that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing, by telephone or by e-mail using the following contact information:

**Windstream Corporation**

Investor Relations

4001 Rodney Parham Road

Little Rock, Arkansas 72212

(866) 320-7922

windstream.investor.relations@windstream.com

**If you would like to request any documents, please do so by October 20, 2011 in order to receive them before the special meeting.**

See **Where You Can Find More Information** on page 204 for more information about the documents referred to in this proxy statement/prospectus.

In addition, if you have questions about the merger, you may contact PAETEC's proxy solicitor, Morrow & Co., LLC, at (203) 658-9400 or toll free at (800) 276-3011.

**ABOUT THIS DOCUMENT**

This proxy statement/prospectus forms a part of a registration statement on Form S-4 (Registration No. 333-176565) filed by Windstream with the Securities and Exchange Commission. It constitutes a prospectus of Windstream under Section 5 of the Securities Act of 1933, as amended, and the rules thereunder, with respect to the shares of Windstream common stock to be issued to PAETEC stockholders in the merger. In addition, it constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder, and a notice of meeting with respect to the PAETEC special meeting of stockholders at which PAETEC stockholders will consider and vote on the proposal to adopt the merger agreement and the other proposals described in this proxy statement/prospectus.

You should rely only on the information contained in or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this document. This document is dated September 19, 2011. You should not assume that the information contained in this document is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this document is accurate as of any date other than the date of the incorporated document containing such information. Neither the mailing of this document to PAETEC stockholders nor the issuance by Windstream of common stock in connection with the merger will create any implication to the contrary.

INFORMATION INCLUDED IN THE PROXY STATEMENT/PROSPECTUS REGARDING WINDSTREAM AND PAETEC WAS PROVIDED BY WINDSTREAM AND PAETEC, RESPECTIVELY. NEITHER COMPANY WARRANTS THE ACCURACY OF INFORMATION PROVIDED BY THE OTHER COMPANY.

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# PAETEC Holding Corp.

One PAETEC Plaza

600 Willowbrook Office Park

Fairport, New York 14450

## NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON October 27, 2011

TO THE STOCKHOLDERS OF PAETEC HOLDING CORP.:

Notice is hereby given that a special meeting of stockholders of PAETEC Holding Corp. will be held at the Hilton Manhattan East, 304 East 42nd Street, New York, New York 10017, on October 27, 2011, at 10:00 a.m., local time, to consider and act upon the following matters:

1. to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of July 31, 2011 and as it may be amended (referred to in the accompanying proxy statement/prospectus as the merger agreement ), by and among Windstream Corporation, a Delaware corporation ( Windstream ), Peach Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Windstream ( Merger Sub ), and PAETEC Holding Corp., a Delaware corporation ( PAETEC ), pursuant to which Merger Sub will merge with and into PAETEC (referred to in the accompanying proxy statement/prospectus as the merger ), after which PAETEC will survive the transaction as a wholly-owned subsidiary of Windstream and the separate corporate existence of Merger Sub will cease, and to approve the merger and the other transactions contemplated by the merger agreement;
2. to cast an advisory (nonbinding) vote to approve compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger; and
3. to consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of proposal 1.

PAETEC's board of directors has fixed the close of business on September 12, 2011 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting or any adjournments, postponements or continuations thereof.

The merger agreement and the compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger, which is commonly referred to as golden parachute compensation, are more fully described in the accompanying proxy statement/prospectus, which we encourage you to read carefully in its entirety before voting. A copy of the merger agreement is included as Annex A to the accompanying proxy statement/prospectus. The accompanying proxy statement/prospectus is a part of this notice.

You are cordially invited to attend the special meeting. Your proxy is being solicited by PAETEC's board of directors. **Even if you plan to attend the special meeting, we urge you to submit a valid proxy promptly.** If your shares of PAETEC common stock are registered in your own name, you may submit your proxy (1) by filling out and signing the proxy card, and then mailing your signed proxy card in the enclosed postage-paid reply envelope, (2) by authorizing the voting of your shares over the Internet at [www.proxyvote.com](http://www.proxyvote.com), or (3) by calling 1-800-690-6903 and by following the instructions on the enclosed proxy card. If your shares are held in street name, you should follow the directions your broker or other intermediary provides.

**Your vote is very important. We cannot complete the merger unless the merger agreement is adopted by the affirmative vote of the holders of a majority of our outstanding common stock. Accordingly, we urge you to review the enclosed materials and request that you complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying postage-paid reply envelope or submit your proxy over the Internet or by telephone.**

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Our board of directors unanimously recommends that you vote **FOR** adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement as described in proposal 1, **FOR** approval, on an advisory (nonbinding) basis, of the golden parachute compensation described in proposal 2 and **FOR** approval of one or more adjournments of the special meeting in accordance with proposal 3. Adoption of the merger agreement and approval of the golden parachute compensation are subject to separate votes by PAETEC stockholders, and approval of the golden parachute compensation is not a condition to completion of the merger. If you fail to vote, if you fail to authorize your broker to vote on your behalf, or if you abstain from voting, the effect will be the same as if you had voted against the approval of the merger proposal.

By Order of the Board of Directors,

Mary K. O'Connell

Executive Vice President, General Counsel and

Secretary

Fairport, New York

September 19, 2011

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**QUESTIONS AND ANSWERS ABOUT THE PAETEC SPECIAL MEETING PROPOSALS**

*The following are some questions that you, as a stockholder of PAETEC, may have regarding the proposals to be voted on at the special meeting of PAETEC stockholders, and the answers to those questions. PAETEC urges you to read carefully the remainder of this document because the information in this section does not provide all the information that might be important to you with respect to the merger and the golden parachute compensation. Additional important information is also contained in the annexes to, and the documents incorporated by reference into, this document.*

**Q: What is the purpose of the special meeting?**

A: At the special meeting, PAETEC stockholders will act upon the matters described in the notice of special meeting at the beginning of this proxy statement/prospectus, including a proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement, an advisory (nonbinding) vote to approve compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger, and a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, including to solicit additional proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

**Q: What is the proposed transaction?**

A: You are being asked to vote to adopt an agreement and plan of merger, dated as of July 31, 2011, among Windstream, Merger Sub and PAETEC and thereby approve the merger and the other transactions contemplated by the agreement and plan of merger. In this proxy statement/prospectus, we refer to the agreement and plan of merger as the merger agreement. In the merger, Merger Sub, a newly formed corporation and wholly-owned subsidiary of Windstream, will merge with and into PAETEC. PAETEC will survive the merger as a wholly-owned subsidiary of Windstream, the separate corporate existence of Merger Sub will cease, and PAETEC stockholders will be entitled to receive Windstream common stock as merger consideration.

**Q: Why is PAETEC merging with a subsidiary of Windstream?**

A: PAETEC is merging with a subsidiary of Windstream because PAETEC believes that the combination will provide substantial strategic and financial benefits to PAETEC's stockholders, including:

participation in the future growth potential of a combined company with approximately \$6 billion in annual revenues and more extensive nationwide operations, service offerings and revenue opportunities than PAETEC as a stand-alone company;

improved operational efficiencies and significant anticipated cost savings;

increased financial strength and flexibility; and

ownership of capital stock currently offering a quarterly cash dividend and benefiting from a highly liquid trading market.

For a detailed discussion of the background of and reasons for the proposed merger, see The Merger Background of the Merger, The Merger Recommendation of the PAETEC Board; PAETEC's Reasons for the Merger and The Merger Windstream's Reasons for the Merger.



**Q: What will I be entitled to receive for my shares of PAETEC common stock?**

A: In the merger, you will be entitled to receive 0.460 shares of Windstream common stock for each share of PAETEC common stock outstanding immediately before the effective time of the merger. The Windstream common stock is listed on the NASDAQ Global Select Market ( NASDAQ ) under the trading symbol

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You will not be entitled to receive any fractional shares of Windstream common stock. Instead, you will be entitled to receive cash, without interest, for any fractional share of Windstream common stock you might otherwise have been entitled to receive. The amount of cash that you will be entitled to receive in lieu of fractional shares will be equal to the product obtained by multiplying the fractional share interest you would otherwise be entitled to receive by the closing price for a share of Windstream common stock as reported on NASDAQ on the day of the effective time of the merger.

### **Q: What does the PAETEC board of directors recommend?**

A: The PAETEC board of directors unanimously recommends that you vote:

**FOR** adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement;

**FOR** approval, on an advisory (nonbinding) basis, of the golden parachute compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger; and

**FOR** approval of one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

### **Q: Who is entitled to vote at the special meeting?**

A: Holders of record of PAETEC common stock as of the close of business on September 12, 2011, which is the date the PAETEC board of directors has fixed as the record date for the special meeting, are entitled to vote at the special meeting.

### **Q: What vote is required to adopt the merger agreement?**

A: The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of PAETEC common stock outstanding as of the record date for the special meeting.

No vote of the stockholders of Windstream is required.

### **Q: What if I don't vote on the proposal to adopt the merger agreement?**

If you fail to vote, if you fail to authorize your broker to vote on your behalf, or if you abstain from voting, the effect will be the same as if you had voted against adoption of the merger agreement.

### **Q: Do I have appraisal rights?**

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A: No. PAETEC stockholders have no appraisal or dissenters' rights under the General Corporation Law of the State of Delaware (the "DGCL") in connection with the merger. For additional information regarding appraisal rights, see "Comparison of Rights of Common Stockholders of Windstream and Common Stockholders of PAETEC - Appraisal Rights" on page 147.

**Q: What are the material United States federal income tax consequences of the merger to me?**

A: It is expected that the merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the completion of the merger is conditioned on the receipt by each of Windstream and PAETEC of opinions from their respective counsel to the effect that the merger will qualify as such a reorganization. Assuming that the merger qualifies as such a

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reorganization, United States holders of PAETEC common stock generally will not be subject to United States federal income taxes as a result of the exchange of their shares of PAETEC common stock for Windstream common stock except with respect to any cash received in lieu of fractional shares of Windstream common stock. For additional information about material United States federal income tax consequences of the merger, see *The Merger Material United States Federal Income Tax Consequences* beginning on page 113.

### **Q: When do you expect the merger to be completed?**

A: We currently expect the merger to be completed by December 31, 2011, following the satisfaction or waiver of all conditions to the merger, including PAETEC stockholder approval and the receipt of all regulatory approvals that are required to be obtained pursuant to the merger agreement.

### **Q: What do I need to do to vote my shares at the special meeting?**

A: After carefully reading and considering the information contained and incorporated by reference into this proxy statement/prospectus, please submit your proxy as soon as possible so that your shares may be voted at the special meeting. If your shares of PAETEC common stock are registered in your own name you may submit your proxy by:

filling out and signing the proxy card, and then mailing your signed proxy card in the enclosed postage-paid reply envelope;

submitting your proxy over the Internet at [www.proxyvote.com](http://www.proxyvote.com); or

calling 1-800-690-6903 and following the instructions on the enclosed proxy card.

Proxies submitted over the Internet or by telephone must be received by 11:59 p.m., Eastern time, on October 26, 2011.

You also may attend the special meeting and vote your shares in person by written ballot.

If your shares are held in street name, you should follow the directions your broker or other intermediary provides in order to ensure that your shares are voted at the special meeting.

Your proxy will instruct the persons named on the proxy card to vote your shares at the special meeting as you direct. If you submit a properly executed proxy and do not indicate how you want to vote, your proxy will be voted:

**FOR** adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement;

**FOR** approval, on an advisory (nonbinding) basis, of the golden parachute compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger; and

**FOR** approval of one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

**Q: May I change my vote after I have submitted my proxy?**

A: You may change your vote at any time before your proxy is voted at the special meeting. If your shares of PAETEC common stock are registered in your own name, you may revoke your proxy in one of the following ways:

by delivering to PAETEC Holding Corp., 600 Willowbrook Office Park, Fairport, New York 14450, Attn: Mary K. O'Connell, Secretary, a written notice revoking your proxy that bears a date later than the date of the proxy that you are revoking and that is received before the special meeting;

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by submitting another proxy card bearing a later date and mailing it so that it is received before the special meeting;

by submitting another proxy using the Internet or telephone voting procedures; or

by attending the special meeting and voting in person, although simply attending the meeting will not revoke your proxy, as you must deliver a notice of revocation or vote at the special meeting in order to revoke a prior proxy.

Your last vote is the vote that will be counted.

If you have instructed a broker or other intermediary to vote your shares, you must follow the directions you receive from your broker or other intermediary to change your vote.

**Q: Should I send in my stock certificates with my proxy card?**

A: No. After the merger is completed, you will receive a letter of transmittal with instructions for the surrender of your PAETEC common stock certificates. **Please do not send in your stock certificates with your proxy card.**

**Q: Why am I being asked to cast an advisory (nonbinding) vote to approve compensation that certain PAETEC executive officers may receive in connection with the merger?**

A: The Securities and Exchange Commission (the SEC) recently adopted rules that require some public companies to seek an advisory (nonbinding) vote with respect to certain payments, which are commonly referred to as golden parachute compensation, that will be made in transactions such as the merger. These rules require us to seek such an advisory vote regarding certain payments PAETEC's named executive officers may receive in connection with the merger.

**Q: Under what arrangements would golden parachute compensation be payable?**

A: Such compensation would be payable under PAETEC's existing confidentiality, non-solicitation, non-competition and severance agreements with its executive officers as well as under PAETEC's stockholder-approved equity compensation plans.

**Q: What will happen if stockholders do not approve the golden parachute compensation at the special meeting?**

A: Approval of the golden parachute compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger is not a condition to completion of the merger. The vote with respect to such compensation is an advisory vote and will not be binding on PAETEC. Therefore, if the merger agreement is adopted by the stockholders and the merger is completed, the golden parachute compensation payable to PAETEC's named executive officers will still be paid regardless of the outcome of this advisory vote.

**Q: Who can help answer my questions?**

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A: If you have any questions about the merger or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact PAETEC's proxy solicitor, Morrow & Co., LLC, at (203) 658-9400 or toll free at (800) 276-3011.

**Q: Where can I find more information about PAETEC and Windstream?**

A: You can find more information about PAETEC and Windstream from various sources described under the heading "Where You Can Find More Information" on page 204.

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**SUMMARY**

*This summary highlights certain information from this proxy statement/prospectus. It does not contain all of the information that is important to you. You should read carefully the entire proxy statement/prospectus and the additional documents referred to in it to understand fully the merger agreement and the merger. See *Where You Can Find More Information* on page 204 for information on how you can view documents incorporated by reference into this proxy statement/prospectus. The parenthetical page references included below direct you to a more complete description of the topics presented in this summary.*

**The Companies (See Page 43)**

***Windstream (See Page 43)***

Windstream Corporation

4001 Rodney Parham Road

Little Rock, Arkansas 72212

Telephone: (501) 748-7000

Windstream, a Delaware corporation, is a leading communications and technology solutions provider, delivering complex data, high-speed Internet, voice and transport services to customers with operations throughout the United States and the District of Columbia. Windstream's business solutions include IP-based voice and data services, multiprotocol label switching networking, data center and managed services, hosting services and communications systems. Windstream provides high-speed Internet, voice, and digital television services to residential customers in 29 states. Windstream delivers its services over an extensive local and long-haul fiber network, which it also uses to provide wholesale services to other carriers.

As of June 30, 2011, Windstream served approximately 3.3 million access lines and 1.3 million high-speed Internet customers, and operated approximately 60,000 fiber route miles.

Windstream's telecommunications services are offered in the following 29 states: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia and Wisconsin.

***Merger Sub (See Page 44)***

Peach Merger Sub, Inc.

4001 Rodney Parham Road

Little Rock, Arkansas 72212

Telephone: (501) 748-7000

Merger Sub is a Delaware corporation and a direct, wholly-owned subsidiary of Windstream. Merger Sub was organized on July 27, 2011 solely for the purpose of effecting the merger with PAETEC. It has not carried on any activities other than in connection with the merger agreement.

***PAETEC (See Page 44)***

PAETEC Holding Corp.

One PAETEC Plaza

600 Willowbrook Office Park



Fairport, New York 14450

Telephone: (585) 340-2500

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PAETEC, a Delaware corporation, is a competitive broadband communications services and solutions provider guided by the principle that delivering superior customer service is the key to competing successfully with other communications services providers. PAETEC's primary business is providing business end-user customers in metropolitan areas with a package of integrated broadband communications services that encompasses data services, including Internet access services and virtual private network services, and voice services, including local telephone services and domestic and international long distance services. As of June 30, 2011, PAETEC provided services in 48 states and the District of Columbia for approximately 53,000 business customers in a service area encompassing 86 of the country's top 100 metropolitan statistical areas.

### **The Merger (See Page 54)**

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Merger Sub will be merged with and into PAETEC. PAETEC will survive the merger as a direct, wholly-owned subsidiary of Windstream.

### **The Merger Agreement (See Page 118)**

A copy of the merger agreement, which is incorporated by reference herein in its entirety, is attached to this proxy statement/prospectus as Annex A. Windstream and PAETEC urge you to read the merger agreement in its entirety.

### **Merger Consideration (See Page 118)**

In the merger, each PAETEC stockholder will be entitled to receive 0.460 shares of Windstream common stock for each share of PAETEC common stock outstanding immediately before the effective time of the merger (the exchange ratio), with cash paid in lieu of fractional shares of Windstream common stock. The Windstream common stock payable in the merger is referred to as the merger consideration in this proxy statement/prospectus.

The exchange ratio is fixed and will not be adjusted for changes in the market value of the common stock of Windstream or PAETEC. Accordingly, the value of the consideration payable to PAETEC stockholders in the merger will fluctuate between the date of this proxy statement/prospectus and the completion of the merger in accordance with changes in the market value of Windstream's common stock. Based on the closing price of Windstream common stock as reported on NASDAQ on September 16, 2011, the latest practicable trading date before the filing of this proxy statement/prospectus, the merger consideration represented approximately \$5.93 in value for each share of PAETEC common stock.

### **Stock Options, Restricted Stock Units and Warrants (See Page 120)**

The merger agreement provides for the assumption and conversion of outstanding PAETEC equity compensation awards (which consist of stock options, restricted stock units and warrants) and certain PAETEC non-compensatory warrants into Windstream stock options, restricted stock units and warrants. The number of Windstream restricted stock units into which each PAETEC restricted stock unit will be converted and the number of shares of Windstream common stock issuable upon the exercise of each converted stock option and warrant will, in each case, be based on the same 0.460 exchange ratio used in calculating the merger consideration.

### **Record Date (See Page 50)**

The close of business on September 12, 2011 is the record date for determining if you are entitled to vote at the PAETEC special meeting. On that date, there were 146,145,461 shares of PAETEC common stock outstanding.

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### **The Special Meeting (See Page 45)**

The PAETEC special meeting will take place at the Hilton Manhattan East, 304 East 42nd Street, New York, New York 10017, on October 27, 2011, at 10:00 a.m., local time. At the special meeting, the holders of PAETEC common stock will be asked to vote upon the following three proposals:

adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement;

approval, on an advisory (nonbinding) basis, of the golden parachute compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger; and

approval of one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

### **Required Vote (See Page 45)**

Each share of PAETEC common stock is entitled to one vote at the special meeting. The holders of a majority of the shares of PAETEC common stock issued and outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting. Abstentions and any broker non-votes will be counted for purposes of determining the presence of a quorum at the special meeting.

Adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement will require the affirmative vote of the holders of a majority of the shares of PAETEC common stock outstanding as of the record date for the special meeting.

Approval, on an advisory (nonbinding) basis, of the golden parachute compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger will require the affirmative vote of the holders of a majority of the shares of PAETEC common stock present in person or represented by proxy at the special meeting and entitled to vote on this proposal.

Approval of one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, will require the affirmative vote of the holders of a majority of the shares of PAETEC common stock present in person or represented by proxy at the special meeting and entitled to vote on this proposal.

An abstention from voting on any proposal will have the same effect as a vote against the proposal. Broker non-votes will have the same effect as a vote against adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, but will not affect the outcome of the vote on the other two proposals.

### **PAETEC Security Ownership of Management and Certain Beneficial Owners (See Page 46)**

On the record date for the PAETEC special meeting, directors and executive officers of PAETEC collectively beneficially owned and had the right to vote 19,942,754 shares of PAETEC common stock, entitling them to cast approximately 13.4% of the number of votes entitled to be cast at the special meeting.

### **Voting Agreement (See Page 50)**

Certain directors and executive officers of PAETEC, who collectively beneficially owned approximately 7.2% of the outstanding PAETEC common stock as of the record date for the PAETEC special meeting, have



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signed a voting agreement committing them to vote any shares held by them in favor of adoption of the merger agreement and against any alternative proposal or any other action which is reasonably likely to adversely affect or interfere with the consummation of the transactions contemplated by the merger agreement. A copy of the voting agreement is attached to this proxy statement/prospectus as Annex B.

**Recommendation of the PAETEC Board; PAETEC's Reasons for the Merger (See Page 63)**

PAETEC's board of directors unanimously recommends that you vote:

**FOR** adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement;

**FOR** approval, on an advisory (nonbinding) basis, of the golden parachute compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger; and

**FOR** approval of one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

In connection with its decision to recommend that you vote **FOR** adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, the PAETEC board of directors unanimously approved the merger agreement and unanimously determined that the merger agreement and the merger are advisable, fair to and in the best interests of PAETEC and its stockholders. PAETEC's board of directors considered a number of factors that are described in *The Merger Recommendation of the PAETEC Board; PAETEC's Reasons for the Merger* beginning on page 63.

**Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated (See Page 68)**

In connection with the merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated (BofA Merrill Lynch), one of PAETEC's financial advisors, delivered to PAETEC's board of directors a written opinion, dated July 31, 2011, as to the fairness, from a financial point of view and as of the date of the opinion, of the exchange ratio to the holders of PAETEC common stock. The full text of the written opinion, dated July 31, 2011, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this proxy statement/prospectus and is incorporated by reference herein in its entirety. PAETEC encourages its stockholders to read the full text of the BofA Merrill Lynch opinion. **BofA Merrill Lynch provided its opinion to PAETEC's board of directors (in its capacity as such) for the benefit and use of PAETEC's board of directors in connection with and for purposes of its evaluation of the exchange ratio from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the merger and no opinion or view was expressed as to the relative merits of the merger in comparison to other strategies or transactions that might be available to PAETEC or in which PAETEC might engage or as to the underlying business decision of PAETEC to proceed with or effect the merger. BofA Merrill Lynch's opinion does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed merger or any related matter.**

**Opinion of Deutsche Bank Securities Inc. (See Page 78)**

Deutsche Bank Securities Inc. (Deutsche Bank) also acted as a financial advisor to the PAETEC board of directors in connection with the merger. The PAETEC board of directors requested that Deutsche Bank, in its role as financial advisor, evaluate the fairness, from a financial point of view, of the exchange ratio to the holders of PAETEC common stock. On July 31, 2011, Deutsche Bank delivered its opinion to the PAETEC board of directors to the effect that, as of such date and based upon and subject to the assumptions made, matters considered and limitations, qualifications and conditions of the review undertaken as set forth in the opinion, the exchange ratio was fair, from a financial point of view, to the holders of PAETEC common stock.

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The full text of Deutsche Bank's opinion, dated July 31, 2011, which sets forth the assumptions made, matters considered and limitations, qualifications and conditions of the review undertaken by Deutsche Bank in rendering its opinion, is attached as Annex D to this proxy statement/prospectus. PAETEC encourages the holders of PAETEC common stock to read the Deutsche Bank opinion in its entirety. **Deutsche Bank provided its opinion for the information and assistance of the PAETEC board of directors in connection with its consideration of the merger. The Deutsche Bank opinion did not address any other aspect of the merger and Deutsche Bank expressed no opinion as to the merits of the underlying decision by PAETEC to engage in the merger or the relative merits of the merger as compared to any alternative business strategies or other transactions that may be available to PAETEC, and Deutsche Bank expressed no opinion or recommendation as to how any holder of PAETEC common stock should vote with respect to the merger. All summaries of the opinion of Deutsche Bank set forth in this proxy statement/prospectus are qualified in their entirety by reference to the full text of such opinion.**

### **Opinion of Houlihan Lokey Financial Advisors, Inc. (See Page 88)**

On July 31, 2011, Houlihan Lokey Financial Advisors, Inc. ( Houlihan Lokey ) rendered an oral opinion to the PAETEC board of directors (which was confirmed in writing by delivery of Houlihan Lokey's written opinion dated July 31, 2011) as to the fairness, from a financial point of view, of the consideration to be received by the holders of PAETEC common stock in the merger, as of July 31, 2011, based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion.

**Houlihan Lokey's opinion was directed to the PAETEC board of directors and only addressed the fairness from a financial point of view of the consideration to be received by the holders of PAETEC common stock in the merger and does not address any other aspect or implication of the merger. The summary of Houlihan Lokey's opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex E to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. PAETEC encourages its stockholders to carefully read the full text of Houlihan Lokey's written opinion. However, neither Houlihan Lokey's opinion nor the summary of its opinion and the related analyses set forth in this proxy statement/prospectus are intended to be, and do not constitute, advice or a recommendation to the PAETEC board of directors, any PAETEC stockholders or any other party as to how to act or vote with respect to the merger agreement or related matters.**

### **Interests of PAETEC's Directors and Executive Officers in the Merger (See Page 98)**

PAETEC's directors and executive officers have interests in the merger that are different from, or in addition to, the interests generally of PAETEC's stockholders. Such interests include receipt of the following types of payments and benefits that are triggered by or otherwise relate to the merger:

cash payments and other benefits under executive officer severance agreements;

accelerated vesting of executive officer and director equity awards;

the assumption by Windstream of a non-compensatory warrant to purchase common stock;

the provision of indemnification and insurance arrangements pursuant to the merger agreement; and

related benefits.

For information about these and other interests, see The Merger Interests of PAETEC's Directors and Executive Officers in the Merger beginning on page 98.

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### **Windstream's Reasons for the Merger (See Page 106)**

Windstream's board of directors has unanimously approved and adopted the merger agreement. In evaluating the merger, Windstream's board of directors consulted with Windstream's management, as well as with Windstream's legal and financial advisors, and, in reaching its conclusions, Windstream's board of directors considered several material factors that are described in "The Merger" Windstream's Reasons for the Merger beginning on page 106.

### **Conditions to the Merger (See Page 132)**

As more fully described in this document and in the merger agreement, the completion of the merger is conditioned on the satisfaction or, where legally permissible, waiver of a number of conditions, including, among others:

receipt of the requisite approval of PAETEC stockholders;

the expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act");

the receipt of required regulatory approvals from the Federal Communications Commission (the "FCC") and from the public service commissions in the states of Arizona, California, Colorado, Delaware, Georgia, Hawaii, Indiana, Louisiana, Maryland, Minnesota, Mississippi, New Jersey, New York, Ohio, Pennsylvania, Texas, Utah, Virginia and West Virginia (collectively, the "PSCs"), including energy business-related approvals from PSCs in New York, Ohio and Pennsylvania;

the absence of any law, regulation, order or injunction prohibiting the merger; and

the receipt by each company of legal opinions regarding the qualification of the merger as a tax-free reorganization for United States federal income tax purposes.

Each party's obligation to complete the merger is subject to certain other conditions, including the accuracy of the representations and warranties of the other party (generally subject to a material adverse effect standard), material compliance by the other party with its obligations under the merger agreement, and the absence of a material adverse effect related to the other party.

Neither Windstream nor PAETEC can be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

The completion of the merger is not conditioned on Windstream obtaining financing of any kind. Approval of the golden parachute compensation in the advisory (nonbinding) vote described in this proxy statement/prospectus is not a condition to completion of the merger.

### **Restrictions on Solicitation (See Page 127)**

The merger agreement contains restrictions on PAETEC's ability to solicit or engage in discussions or negotiations with a third party with respect to a proposal to acquire a significant interest in PAETEC's equity or assets. Notwithstanding these restrictions, before PAETEC stockholders adopt the merger agreement, the merger agreement provides that, under specified circumstances, if PAETEC receives a proposal from a third party to acquire a significant interest in the company that PAETEC's board of directors determines in good faith is, or may reasonably be expected to lead to a proposal that is, superior to the merger, PAETEC may furnish information to, and engage in negotiations regarding a transaction with, such third party. PAETEC's board of directors may withdraw, modify or change its approval or recommendation of the merger agreement or the merger, and, as described below under "Termination," PAETEC may terminate the merger agreement if PAETEC has received a proposal that its board of directors determines in good faith to be superior to the merger and certain other conditions are met, including PAETEC's provision to Windstream of notice of such a proposal and an opportunity to revise the terms of the merger agreement.





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### **Termination (See Page 133)**

Windstream and PAETEC may mutually agree to terminate the merger agreement before completing the merger, even after PAETEC stockholders have adopted the merger agreement.

In addition, either Windstream or PAETEC may terminate the merger agreement if:

a governmental entity of competent jurisdiction has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the merger, and such order, decree, ruling or other action shall have become final and non-appealable;

PAETEC stockholders fail to adopt the merger agreement at the special meeting or at any adjournment, postponement or continuation thereof;

subject to certain restrictions, the other party is in breach of the merger agreement; or

subject to certain restrictions, the merger is not completed by January 31, 2012 (which date will be automatically extended to March 30, 2012, if the merger has not occurred because of the failure to obtain approval from one or more regulatory authorities).

Windstream also may terminate the merger agreement at any time prior to the adoption of the merger agreement by PAETEC's stockholders if PAETEC, the PAETEC board of directors or any committee thereof, for any reason, shall have withdrawn or modified, or publicly proposed to withdraw or modify, the recommendation of the PAETEC board of directors that PAETEC's stockholders vote in favor of adoption of the merger agreement at the special meeting in a manner adverse to Windstream, or shall have approved, endorsed or recommended, or publicly proposed to approve or recommend, any alternative transaction. PAETEC also may terminate the merger agreement at any time prior to adoption of the merger agreement by PAETEC's stockholders if:

PAETEC receives an alternative transaction proposal that PAETEC's board of directors determines in accordance with the merger agreement constitutes a superior proposal;

PAETEC's board of directors authorizes PAETEC, subject to complying with the terms of the merger agreement, to enter into a binding written agreement concerning such superior proposal;

PAETEC has complied with its non-solicitation obligations under the merger agreement; and

prior to such termination, PAETEC pays to Windstream a termination fee of \$40 million.

### **Termination Fee (See Page 134)**

The merger agreement provides that, upon termination of the merger agreement under certain circumstances, including the circumstances described in the immediately preceding paragraph under Termination, PAETEC will be obligated to pay Windstream a termination fee of \$40 million. Upon termination of the merger agreement under certain circumstances, PAETEC may be required to reimburse Windstream for up to \$15 million of Windstream's fees and expenses, whether or not the \$40 million termination fee later becomes payable. Any such payment by PAETEC of Windstream's fees and expenses will be credited towards any subsequent payment by PAETEC of the termination fee. See The Merger Agreement Termination Fee beginning on page 134 for a discussion of the circumstances under which a termination fee will be required to be paid or PAETEC will be required to reimburse Windstream for its fees and expenses.

**Material United States Federal Income Tax Consequences (See Page 113)**

It is expected that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code, and the completion of the merger is conditioned on the receipt by each of Windstream and PAETEC of opinions from their respective counsel to the effect that the merger will qualify as such a tax-free reorganization. Assuming that the merger qualifies as such a reorganization, United States holders of PAETEC common stock

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generally will not be subject to United States federal income taxes as a result of the exchange of their shares of PAETEC common stock for Windstream common stock except with respect to any cash received in lieu of fractional shares of Windstream common stock.

**Tax matters are very complicated, and the tax consequences of the merger for a particular stockholder of PAETEC will depend on the facts and circumstances of the stockholder's own situation. For a description of certain material United States federal income tax consequences of the merger, see the information set forth in The Merger Material United States Federal Income Tax Consequences beginning on page 113. Windstream and PAETEC also urge each stockholder of PAETEC to consult the stockholder's tax advisor for a full understanding of the tax consequences of the merger.**

### **Comparison of Rights of Common Stockholders of Windstream and Common Stockholders of PAETEC (See Page 142)**

After the merger, PAETEC stockholders will become Windstream stockholders and their rights as stockholders will be governed by the certificate of incorporation and bylaws of Windstream as well as by the DGCL. There are a number of differences between the certificate of incorporation and bylaws of Windstream and the certificate of incorporation and bylaws of PAETEC. These differences are summarized under the heading Comparison of Rights of Common Stockholders of Windstream and Common Stockholders of PAETEC.

### **Appraisal Rights (See Page 147)**

Under Delaware law, record holders of PAETEC common stock are not entitled to appraisal rights or dissenters' rights in connection with the merger.

### **Litigation (See Page 107)**

On August 8, 2011, a purported stockholder of PAETEC filed a complaint styled as a class action lawsuit in the Court of Chancery of the State of Delaware. On August 9, 2011, a purported stockholder of PAETEC filed a similarly styled complaint in the Supreme Court of the State of New York, Monroe County. These complaints allege, among other things, that the board of directors of PAETEC conducted an unfair sales process resulting in an unfair merger price. They assert that PAETEC's board members breached their fiduciary duties in agreeing to the merger and that Windstream aided and abetted in the breaches of fiduciary duties. The lawsuits seek to enjoin the merger and seek unspecified monetary damages. On September 10, 2011, the plaintiff in the August 8, 2011 Delaware action filed a motion for class certification seeking to certify a class of all disinterested PAETEC stockholders and appoint the plaintiff as lead plaintiff for the class and the plaintiff's counsel as lead counsel for the class. On September 14, 2011, the plaintiff in the New York action filed a complaint in the Court of Chancery of the State of Delaware (the Delaware Complaint). In addition to alleging the same items as in the earlier filed actions, the Delaware Complaint alleges that the board of directors of PAETEC breached their fiduciary duties by issuing a false and misleading proxy statement. On September 15, 2011, the Delaware plaintiffs filed a joint Motion for Expedited Discovery and Proceedings.

PAETEC and Windstream believe these lawsuits are without merit and plan to vigorously defend against such claims.

### **Comparative Market Price Information (See Page 27)**

Windstream common stock is listed on the NASDAQ under the trading symbol WIN. PAETEC common stock is listed on the NASDAQ under the trading symbol PAET. On July 29, 2011, the last full trading day prior to the public announcement of the execution of the merger agreement, the closing price of PAETEC common stock was \$4.42 per share and the closing price of Windstream common stock was \$12.21 per share. On September 16, 2011, the latest practicable trading date prior to the filing of this proxy statement/prospectus, the

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closing price of PAETEC common stock was \$5.73 per share and the closing price of Windstream common stock was \$12.90 per share. Windstream and PAETEC urge you to obtain current market quotations for the Windstream common stock and the PAETEC common stock before making a decision with respect to the merger.

### **Listing and Trading of Windstream Common Stock (See Page 116)**

Shares of Windstream common stock received by PAETEC stockholders pursuant to the merger will be listed on the NASDAQ. After completion of the merger, shares of Windstream common stock will continue to be traded on the NASDAQ, but shares of PAETEC common stock will no longer be listed or traded.

### **Regulatory Matters (See Page 115)**

Completion of the merger is conditioned upon the receipt of approvals from the FCC and the PSCs. Pursuant to the merger agreement, Windstream and PAETEC filed the applications required for the transfer of control of the relevant franchises, licenses and similar instruments issued under the rules and regulations of the FCC on August 23, 2011 and jointly filed applications seeking requisite PSC approvals on or before August 19, 2011.

In addition, as a condition to the merger, the HSR Act requires PAETEC and Windstream to comply with the HSR Act's notification and waiting period. The HSR Act provides for an initial 30-calendar-day waiting period following the necessary filings by the parties to the merger, which were completed on August 11, 2011 by the filing of notification and report forms with the U.S. Department of Justice ( DOJ ) and the U.S. Federal Trade Commission ( FTC ). On August 29, 2011, the DOJ and the FTC granted early termination of the waiting period under the HSR Act.

### **Dividend Practices (See Page 146)**

Windstream's board of directors has adopted a current dividend practice for the payment of quarterly cash dividends at a rate of \$0.25 per share of Windstream's common stock. This practice can be changed at any time at the discretion of Windstream's board of directors and Windstream's common stockholders have no contractual or other legal right to dividends.

PAETEC has not historically declared and paid regular dividends to its stockholders.

**Table of Contents****Selected Summary Historical Financial Data**

Windstream and PAETEC are providing the following financial information to aid you in your analysis of the financial aspects of the merger. This information is only a summary and you should read it in conjunction with the historical consolidated financial statements of Windstream and the related notes contained in the annual and quarterly reports and other information that Windstream has previously filed with the SEC and which are incorporated herein by reference and the historical consolidated financial statements of PAETEC and the related notes that are included in this proxy statement/prospectus under "Consolidated Financial Statements of PAETEC" beginning on page F-1. See "Where You Can Find More Information" on page 204 for information on how you can view copies of Windstream's incorporated information.

Historical results are not necessarily indicative of the results to be expected for any future period.

**Selected Summary Historical Consolidated Financial Data of Windstream**

The summary below sets forth historical financial data for Windstream. The data should be read in conjunction with Windstream's audited consolidated historical financial statements and related notes included in Windstream's Annual Report on Form 10-K for the year ended December 31, 2010 and Windstream's unaudited consolidated historical financial statements and related notes included in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2011. See "Where You Can Find More Information" beginning on page 204 for information on how you can view Windstream's incorporated reports. The summary financial data as of June 30, 2010 and June 30, 2011 and for the six months ended June 30, 2010 and 2011 are unaudited, but include, in the opinion of Windstream's management, all adjustments, consisting of normal, recurring adjustments, necessary for a fair presentation of such data. Windstream's historical results are not necessarily indicative of its results for any future period.

(Millions, except per share amounts)	Six Months Ended June 30,		2010	Year Ended December 31,			2006
	2011 Unaudited	2010 Unaudited		2009	2008	2007	
<b>Revenues and sales</b>	\$ 2,053.5	\$ 1,765.2	\$ 3,712.0	\$ 2,996.6	\$ 3,171.5	\$ 3,245.9	\$ 3,033.3
<b>Operating income</b>	575.2	501.0	1,030.3	956.9	1,132.4	1,149.9	898.8
Other income (expense), net	(0.6)	(1.2)	(3.5)	(1.1)	2.1	11.1	8.7
Gain on sale of directory publishing business and other assets						451.3	
Loss on extinguishment of debt	(103.9)						(7.9)
Intercompany interest income							31.9
Interest expense	(282.9)	(246.6)	(521.7)	(410.2)	(416.4)	(444.4)	(209.6)
Income from continuing operations before income taxes	187.8	253.2	505.1	545.6	718.1	1,167.9	721.9
Income taxes	71.1	100.1	194.4	211.1	283.2	251.5	276.3
Income from continuing operations	116.7	153.1	310.7	334.5	434.9	916.4	445.6
Discontinued operations, including tax expense of \$10.6 and \$0.5, respectively					(22.2)	0.7	
Income before extraordinary item and cumulative effect of accounting change	116.7	153.1	310.7	334.5	412.7	917.1	445.6
Extraordinary item, net of income taxes							99.7
<b>Net income</b>	\$ 116.7	\$ 153.1	\$ 310.7	\$ 334.5	\$ 412.7	\$ 917.1	\$ 545.3
<b>Basic and diluted earnings (loss) per share:</b>							
Income from continuing operations	0.23	0.33	0.66	0.76	0.98	1.93	1.02
Loss from discontinued operations					(0.05)		
Extraordinary item							0.23
<b>Net income</b>	\$ 0.23	\$ 0.33	\$ 0.66	\$ 0.76	\$ 0.93	\$ 1.93	\$ 1.25
Dividends declared per common share	0.50	0.50	1.00	1.00	1.00	1.00	0.45

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### Balance sheet data

Total assets	\$ 11,329.2	\$ 10,087.2	\$ 11,353.7	\$ 9,145.4	\$ 8,009.3	8,241.2	8,030.7
Total long-term debt (including current maturities)	\$ 7,367.2	\$ 6,592.1	\$ 7,325.8	\$ 6,295.2	\$ 5,382.5	\$ 5,355.5	\$ 5,488.4
Total equity	\$ 800.4	\$ 641.8	\$ 830.6	\$ 260.7	\$ 252.3	\$ 699.8	\$ 469.8

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**Notes to Selected Summary Historical Consolidated Financial Information of Windstream**

Explanations for significant events affecting Windstream's historical operating trends during the periods January 1, 2008 through June 30, 2011 are provided in Management's Discussion and Analysis of Results of Operations and Financial Condition in Windstream's Annual Report on Form 10-K for the year ended December 31, 2010 and Windstream's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, which are incorporated herein by reference.

During 2007, Windstream incurred \$4.6 million in restructuring costs from a workforce reduction plan and the announced realignment of its business operations and customer service functions intended to improve overall support to its customers. Of these charges, \$4.1 million was paid in cash during the year. In addition, Windstream incurred \$3.7 million in transaction costs to complete the split-off of its directory publishing business and incurred approximately \$1.3 million in rebranding costs associated with the acquisition of CT Communications, Inc.

During 2006, Windstream incurred \$27.6 million of incremental costs, principally consisting of rebranding costs, audit and legal fees, system conversion costs and employee related costs, related to the spin-off from Alltel Corporation and merger with Valor Communications Group, Inc. Windstream also incurred \$10.6 million in restructuring charges, which consisted of severance and employee benefit costs related to a planned workforce reduction. In addition, Windstream incurred \$11.2 million in investment banking, audit and legal fees associated with the announced split-off of its directory publishing business. These restructuring charges decreased net income by \$36.0 million, giving effect to items not deductible for tax purposes. Effective January 1, 2006, Windstream prospectively reduced depreciation rates for its operations in Pennsylvania. In the second quarter of 2006, Windstream prospectively reduced depreciation rates for its operations in Alabama and North Carolina, and in the fourth quarter of 2006 it prospectively reduced depreciation rates for its operations in Arkansas and in one of its operating subsidiaries in Texas. The depreciable lives were lengthened to reflect the estimated remaining useful lives of the wireline plant based on Windstream's expected future network utilization and capital expenditure levels required to provide service to its customers. The effects of this change during the year ended December 31, 2006 resulted in a decrease in depreciation expense of \$30.1 million and an increase in net income of \$18.6 million.

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**Selected Summary Historical Consolidated Financial and Operating Data of PAETEC**

The selected consolidated statements of operations data, consolidated balance sheet data, other financial data and operating data reflect the financial results of PAETEC Corp., as predecessor to PAETEC Holding Corp., and PAETEC Corp.'s wholly-owned subsidiaries. After February 28, 2007, the date of completion of the merger transaction with US LEC Corp. ( US LEC ), the accompanying selected data include the accounts of PAETEC Holding Corp. and its wholly-owned subsidiaries, including PAETEC Corp. and PAETEC Corp.'s wholly-owned subsidiaries and US LEC and US LEC's wholly-owned subsidiaries. After February 8, 2008, the date of completion of the merger transaction with McLeodUSA Incorporated ( McLeodUSA ), the accompanying selected data include the foregoing accounts as well as the accounts of McLeodUSA and McLeodUSA's wholly-owned subsidiaries. As of December 6, 2010, the date of completion of the merger transaction with Cavalier Telephone Corporation ( Cavalier ), the accompanying selected data include the foregoing accounts as well as the accounts of Cavalier and Cavalier's wholly-owned subsidiaries.

The following tables show the selected consolidated statements of operations data, consolidated balance sheet data, other financial data and operating data of PAETEC Corp. as of and for the year ended December 31, 2006 and of PAETEC Holding Corp. as of and for the years ended December 31, 2007, 2008, 2009 and 2010. The selected consolidated statements of operations data and other financial data for the years ended December 31, 2008, 2009 and 2010 and the selected consolidated balance sheet data as of December 31, 2009 and 2010 are derived from PAETEC's audited consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America ( GAAP ), as included under Consolidated Financial Statements of PAETEC beginning on page F-1. The selected consolidated statements of operations data and other financial data for the years ended December 31, 2006 and 2007 and the selected consolidated balance sheet data as of December 31, 2006, 2007 and 2008 are derived from PAETEC's audited consolidated financial statements prepared in accordance with GAAP, which are not included in this proxy statement/prospectus. The summary financial data as of June 30, 2010 and June 30, 2011 and for the six months ended June 30, 2010 and 2011 are unaudited, but include, in the opinion of PAETEC's management, all adjustments, consisting of normal, recurring adjustments, necessary for a fair presentation of such data. PAETEC's historical results are not necessarily indicative of its results for any future period.



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You should read the data set forth below together with the section entitled "Information About PAETEC Management's Discussion and Analysis of Financial Condition and Results of Operations" and PAETEC's consolidated financial statements and the related notes thereto included under "Consolidated Financial Statements of PAETEC" beginning on page F-1.

	Six Months Ended June 30,		2010 <sup>(1)</sup>	Year Ended December 31,			2006
	2011 Unaudited	2010 Unaudited		2009	2008 <sup>(2)</sup>	2007 <sup>(3)</sup>	
(in thousands, except per share data)							
<b>Consolidated Statements of Operations Data:</b>							
Revenue:							
Network services revenue	\$ 753,275	\$ 620,716	\$ 1,245,157	\$ 1,258,489	\$ 1,237,668	\$ 855,833	\$ 460,347
Carrier services revenue	167,872	126,131	262,749	260,023	271,279	144,924	88,284
Integrated solutions revenue	81,421	39,304	115,910	61,675	61,433	40,256	37,671
Total revenue	1,002,568	786,151	1,623,816	1,580,187	1,570,380	1,041,013	586,302
Cost of sales (exclusive of operating items shown separately below)	471,989	389,533	808,892	782,389	781,347	491,684	282,169
Selling, general and administrative expenses (exclusive of operating items shown separately below and inclusive of stock-based compensation)	345,979	271,063	559,673	559,541	572,180	373,715	219,516
Leveraged recapitalization related costs							15,153
Litigation settlement							1,500
Acquisition, integration and separation costs	5,899		14,124		12,700	3,665	
Impairment charge					355,000		
Sales and use tax settlement				(7,221)			
Depreciation and amortization	129,071	94,612	196,543	184,588	174,251	75,237	34,618
Income (loss) from operations	49,630	30,943	44,584	60,890	(325,098)	96,712	33,346
Debt extinguishment and related costs		4,423	7,382	17,891		14,558	5,081
Other income, net	(222)	(262)	(392)	(1,107)	(663)	(4,784)	(4,509)
Interest expense	69,770	44,637	96,339	74,149	73,663	68,373	27,319
Change in fair value of Series A convertible redeemable preferred stock conversion right							(10,778)
(Loss) income before income taxes	(19,918)	(17,855)	(58,745)	(30,043)	(398,098)	18,565	16,233
Provision for (benefit from) income taxes	1,450	(789)	(1,004)	(1,354)	89,797	8,037	8,430
Net (Loss) income	\$ (21,368)	\$ (17,066)	\$ (57,741)	\$ (28,689)	\$ (487,895)	\$ 10,528	\$ 7,803
(Loss) income allocated to common stockholders <sup>(4)</sup>	\$ (21,368)	\$ (17,066)	\$ (57,741)	\$ (28,689)	\$ (487,895)	\$ 10,528	\$ (33,155)
Basic net (loss) income per common share <sup>(4)</sup>	\$ (0.15)	\$ (0.12)	\$ (0.40)	\$ (0.20)	\$ (3.48)	\$ 0.12	\$ (1.05)
Diluted net (loss) income per common share <sup>(4)(5)</sup>	\$ (0.15)	\$ (0.12)	\$ (0.40)	\$ (0.20)	\$ (3.48)	\$ 0.10	\$ (1.05)



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	As of June 30, 2011 Unaudited	2010 <sup>(1)</sup>	2009	As of December 31, 2008 <sup>(2)</sup>	2007 <sup>(3)</sup>	2006
(in thousands)						
<b>Consolidated Balance Sheet Data:</b>						
Cash and cash equivalents	\$ 102,632	\$ 95,533	\$ 152,888	\$ 164,528	\$ 112,601	\$ 46,885
Property and equipment, net	876,081	860,782	619,048	638,941	312,032	167,566
Total assets	2,099,141	2,007,938	1,457,580	1,496,520	1,166,356	379,740
Long-term debt and capital lease obligations (including current portion and net of debt discount)	1,521,806	1,448,089	926,057	930,833	795,557	373,786

	Six Months Ended June 30,		2010 <sup>(1)</sup>	Year Ended December 31,			2006
	2011 Unaudited	2010 Unaudited		2009	2008 <sup>(2)</sup>	2007 <sup>(3)</sup>	
(in thousands)							
<b>Other Financial Data:</b>							
Net cash provided by (used in) financing activities	64,308	14,063	438,771	(44,061)	127,767	290,275	(8,202)
Net cash provided by operating activities	112,453	44,749	125,768	152,169	152,131	113,116	53,555
Net cash used in investing activities	(169,662)	(88,031)	(621,894)	(119,748)	(227,971)	(337,675)	(47,862)
Adjusted EBITDA <sup>(6)</sup>	189,945	130,652	264,931	256,933	237,725	196,178	91,798

	As of June 30,		2010 <sup>(1)</sup>	As of December 31,			2006
	2011	2010		2009	2008 <sup>(2)</sup>	2007 <sup>(3)</sup>	
<b>Operating Data:</b>							
Geographic markets served <sup>(7)</sup>	86	84	86	84	80	53	29
Number of switches deployed <sup>(8)</sup>	166	122	166	122	118	65	13
Total employees	4,919	3,762	4,639	3,693	3,685	2,432	1,312

- (1) Includes results of Cavalier as of the Cavalier merger closing date of December 6, 2010.
- (2) Includes results of McLeodUSA after the McLeodUSA merger closing date of February 8, 2008.
- (3) Includes results of US LEC after the US LEC merger closing date of February 28, 2007.
- (4) Basic and diluted net (loss) income per common share for the year ended December 31, 2006 was calculated using the two-class method in accordance with Accounting Standards Codification (ASC) Topic 260, *Earnings Per Share*, by dividing undistributed (loss) income allocated to common stockholders by the weighted average number of common shares and potential common shares outstanding during the period, after giving effect to the participating security, which was PAETEC Corp.'s convertible redeemable preferred stock that was outstanding during the period. During the second quarter of 2006, as part of a leveraged recapitalization, PAETEC Corp. converted or repurchased all of its outstanding preferred stock. At and after June 30, 2006, there were no participating securities outstanding and, therefore, the two-class method of calculating basic and diluted (loss) income per share does not apply to those periods.
- (5) Potential common shares, which under the treasury stock method consist of stock options, warrants, and restricted stock units, and preferred stock assuming the full conversion of such preferred stock, are excluded from the diluted net loss per common share calculations for the years ended December 31, 2006, 2008, 2009 and 2010 and for the six months ended June 30, 2010 and 2011 because the effect of their inclusion would have been anti-dilutive. At December 31, 2006, and thereafter, there were no shares of convertible redeemable preferred stock outstanding.

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- (6) Adjusted EBITDA is not a financial measurement prepared in accordance with GAAP. See Management's Discussion and Analysis of Financial Condition and Results of Operations Overview Adjusted EBITDA Presentation under Information About PAETEC for PAETEC's reasons for including adjusted EBITDA data in this proxy statement/prospectus and for material limitations with respect to the usefulness of this measurement. The following table sets forth, for the periods indicated, a reconciliation of adjusted EBITDA to net (loss) income, as net (loss) income is calculated in accordance with GAAP:

	Six Months Ended June 30,		2010 <sup>(1)</sup>	Year Ended December 31,			2006
	2011	2010		2009	2008 <sup>(2)</sup>	2007 <sup>(3)</sup>	
Net (loss) income	\$ (21,368)	\$ (17,066)	\$ (57,741)	\$ (28,689)	\$ (487,895)	\$ 10,528	\$ 7,803
Add back non-EBITDA items included in net (loss) income:							
Depreciation and amortization	129,071	94,612	196,543	184,588	174,251	75,237	34,618
Interest expense, net of interest income	69,657	44,417	95,911	73,188	71,857	63,607	24,995
Provision for (benefit from) income taxes	1,450	(789)	(1,004)	(1,354)	89,797	8,037	8,430
EBITDA	178,810	121,174	233,709	227,733	(151,990)	157,409	75,846
Stock-based compensation	5,318	5,055	9,716	18,772	22,015	20,546	6,496
Leveraged recapitalization related costs							15,153
Change in fair value of Series A convertible redeemable preferred stock conversion right							(10,778)
Debt extinguishment and related costs		4,423	7,382	17,891		14,558	5,081
Acquisition, integration and separation costs	5,899		14,124		12,700	3,665	
Impairment charge					355,000		
Sales and use tax settlement				(7,221)			
Gain on non-monetary transaction	(82)			(242)			
Adjusted EBITDA	\$ 189,945	\$ 130,652	\$ 264,931	\$ 256,933	\$ 237,725	\$ 196,178	\$ 91,798

- (7) Each market represents a geographic area within one of the top 100 U.S. metropolitan statistical areas in which PAETEC offers its network services.
- (8) Switches are computers that connect customers to PAETEC's network and transmit voice and data communications over the network.

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**Unaudited Pro Forma Condensed Combined Financial Information of PAETEC**

The following unaudited pro forma condensed combined statement of operations of PAETEC has been prepared to reflect:

the effect of PAETEC's \$300 million senior secured notes offering and related debt refinancing completed on January 12, 2010;

the effect of PAETEC's \$450 million senior notes offering completed on December 2, 2010 and the application of the proceeds therefrom, together with the cash on hand of PAETEC and Cavalier, to pay the merger consideration and other costs and expenses related to PAETEC's acquisition of Cavalier by merger on December 6, 2010, including repayment of substantially all outstanding Cavalier indebtedness; and

PAETEC's acquisition of Cavalier by merger on December 6, 2010.

You should read this unaudited pro forma condensed combined statement of operations in conjunction with the:

accompanying notes to the unaudited pro forma condensed combined statement of operations; and

separate audited historical consolidated financial statements of PAETEC as of and for the year ended December 31, 2010 and related notes included in this proxy statement/prospectus under Consolidated Financial Statements of PAETEC beginning on page F-1. The historical financial information of PAETEC for the year ended December 31, 2010 presented in the unaudited pro forma condensed combined statement of operations is derived from the audited consolidated financial statements of PAETEC and the unaudited historical consolidated financial information of Cavalier for the period from January 1, 2010 through December 6, 2010, respectively, but does not include all disclosures required by GAAP.

The unaudited pro forma condensed combined statement of operations is provided for informational purposes only. The pro forma information is not necessarily indicative of what the combined companies' results of operations actually would have been if the events set forth above had been completed at the date indicated. In addition, the unaudited pro forma condensed combined statement of operations does not purport to project the future financial position or operating results of PAETEC.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2010 combines the historical consolidated statements of operations for PAETEC and Cavalier to give effect to PAETEC's acquisition of Cavalier, PAETEC's \$300 million senior secured notes offering completed on January 12, 2010, and PAETEC's \$450 million senior notes offering completed on December 2, 2010 and the application of the proceeds therefrom, together with PAETEC and Cavalier cash on hand, to pay the merger consideration and other costs and expenses related to PAETEC's acquisition of Cavalier, including repayment of substantially all outstanding Cavalier indebtedness, as if they had occurred on January 1, 2010.

*Issuance and Sale of 8<sup>7</sup>/<sub>8</sub>% Senior Secured Notes.* On January 12, 2010, PAETEC issued and sold \$300 million in aggregate principal amount of 8<sup>7</sup>/<sub>8</sub>% senior secured notes due 2017. PAETEC sold the senior secured notes at an offering price of 100.528% of their principal amount, plus accrued interest from December 31, 2009, and applied a portion of the proceeds of the offering to repay \$240.2 million principal amount of term loans and \$30.0 million principal amount of revolving loans outstanding under its senior secured credit facilities and to pay related fees and expenses. The \$300 million of senior secured notes accrue interest at a rate of 8<sup>7</sup>/<sub>8</sub>% per year. Interest is payable semi-annually in cash in arrears on June 30 and December 31 of each year. The 8<sup>7</sup>/<sub>8</sub>% senior secured notes will mature on June 30, 2017.

The January 12, 2010 offering of PAETEC's 8<sup>7</sup>/<sub>8</sub>% senior secured notes and the use of the proceeds of such offering was accounted for under the guidance in ASC Topic 470, *Debt*, as an extinguishment. The historical



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condensed consolidated statement of operations for the year ended December 31, 2010 reflects \$4.4 million of debt extinguishment and related costs recognized by PAETEC in connection with the January 12, 2010 issuance and sale of the \$300 million of 8<sup>7/8</sup>% senior secured notes and related repayment of loans outstanding under its senior secured credit facilities.

*Issuance and Sale of 9<sup>7/8</sup>% Senior Notes and Acquisition of Cavalier.* On December 2, 2010, PAETEC Escrow Corporation ( PAETEC Escrow ), a wholly-owned subsidiary of PAETEC Holding Corp., issued and sold \$450 million in aggregate principal amount of its 9<sup>7/8</sup>% senior notes due 2018. On December 2, 2010, the gross proceeds of approximately \$435 million received from the offering of the 9<sup>7/8</sup>% senior notes were deposited into a segregated escrow account.

On December 6, 2010, PAETEC Holding completed its acquisition of Cavalier by merger. Upon the effectiveness of the merger and the satisfaction of other conditions, PAETEC Holding Corp. assumed PAETEC Escrow's obligations and agreements in respect of the 9<sup>7/8</sup>% senior notes and under the indenture governing such notes, and the escrow arrangements were terminated and the proceeds of the offering of the 9<sup>7/8</sup>% senior notes were disbursed from the escrow account and used, together with cash on hand of PAETEC Holding and Cavalier, to pay the consideration and other costs and expenses related to the merger.

PAETEC's acquisition of Cavalier by merger on December 6, 2010 was accounted for using the acquisition method in accordance with ASC Topic 805, *Business Combinations* ( ASC 805 ). The purchase price allocation for the Cavalier merger is reflected in the historical consolidated balance sheet of PAETEC as of December 31, 2010, as included in this proxy statement/prospectus. In accordance with ASC 805, the purchase price of the Cavalier merger was allocated to the assets acquired and liabilities assumed based on their fair values as of the merger closing date, with the amounts exceeding the fair value of the assets acquired being recorded as goodwill.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2010 has been adjusted for the decreased depreciation expense resulting from the acquired property and equipment, as well as the increased amortization expense resulting from the acquired intangible assets.

This unaudited pro forma financial information is based on PAETEC management's estimates of fair values of acquired property and equipment and intangible assets. Definitive allocations will be finalized based upon valuations and other studies that were performed following the closing date of the merger. Accordingly, the depreciation and amortization adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information and are subject to revision based on a final determination of fair value. Final determinations of fair value may differ materially from those presented. The unaudited pro forma condensed combined statement of operations also includes certain purchase accounting adjustments, including items expected to have a continuing impact on the combined results, such as interest expense on PAETEC's \$450 million offering of the 9<sup>7/8</sup>% senior notes completed on December 2, 2010.

The unaudited pro forma condensed combined statement of operations does not include the effects of any revenue, cost or other operating efficiencies that may result from the Cavalier merger, nor does it reflect any other changes that might occur regarding the PAETEC and Cavalier combined portfolios of businesses.

The unaudited pro forma condensed consolidated statement of operations does not reflect any nonrecurring charges expected to result from the Cavalier merger, other than those actually realized and reflected in the historical consolidated statements of operations for PAETEC. The majority of nonrecurring charges resulting from the merger include employee termination, exit costs and other integration-related costs, as well as transaction costs such as investment banker, advisory, legal, and other professional fees.

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of PAETEC for the Year Ended December 31, 2010

(in thousands, except share and per share data)

	PAETEC Holding Historical <sup>(a)</sup>	8 7/8% Senior Secured Notes Pro Forma Adjustments	Subtotal	Cavalier Historical <sup>(b)</sup>	Cavalier Merger Pro Forma Adjustments and Pro Forma Adjustments for 9 7/8% Senior Notes	Pro Forma as Adjusted
Revenue	\$ 1,623,816	\$	\$ 1,623,816	\$ 354,959	\$ (12,962) <sup>(f)</sup>	\$ 1,965,813
Cost of sales (exclusive of operating items shown separately below)	808,892		808,892	159,673	(12,962) <sup>(f)</sup>	955,603
Selling, general and administrative expenses (exclusive of operating items shown separately below and inclusive of stock-based compensation)	559,673		559,673	112,901		672,574
Acquisition, integration and separation costs	14,124		14,124	12,683	(20,164) <sup>(g)</sup>	6,643
Depreciation and amortization	196,543		196,543	46,421	20,294 <sup>(h)</sup>	263,258
Income from operations	44,584		44,584	23,281	(130)	67,735
Debt extinguishment and related costs	7,382	(4,423) <sup>(c)</sup>	2,959			2,959
Other income, net	(392)		(392)	(74)		(466)
Interest expense	96,339	635 <sup>(d)</sup>	96,974	39,874	4,172 <sup>(i)</sup>	141,020
(Loss) income from continuing operations before income taxes	(58,745)	3,788	(54,957)	(16,519)	(4,302)	(75,778)
(Benefit from) provision for income taxes	(1,004)	<sup>(e)</sup>	(1,004)	319	(319) <sup>(j)</sup>	(1,004)
Loss from continuing operations	\$ (57,741)	\$ 3,788	\$ (53,953)	\$ (16,838)	\$ (3,983)	\$ (74,774)
Loss per common share from continuing operations basic and diluted	\$ (0.40)		\$ (0.37)			\$ (0.51)
Basic and diluted weighted average common shares outstanding	145,345,301		145,345,301			145,345,301

**Notes to Unaudited Pro Forma Condensed Combined Statement of Operations of PAETEC for the Year Ended December 31, 2010**

(a) Includes results of Cavalier as of the Cavalier merger closing date of December 6, 2010.

(b) Represents results from January 1, 2010 through the Cavalier merger closing date of December 6, 2010.



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(c) The decrease in debt extinguishment and related costs of \$4.4 million represents the elimination of historical PAETEC costs recognized in connection with the January 12, 2010 issuance and sale of \$300 million in aggregate

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principal amount of 8<sup>7/8</sup>% senior secured notes and related repayment of loans outstanding under PAETEC's senior secured credit facilities. These historical costs are directly attributable to the issuance and sale of the 8<sup>7/8</sup>% senior secured notes, and are not expected to have a continuing impact.

(d) The increase in interest expense of \$0.6 million represents the following:

an increase of \$0.9 million related to the interest expense on the 8<sup>7/8</sup>% senior secured notes; and

a decrease of \$0.3 million related to the elimination of historical PAETEC interest expense on PAETEC's indebtedness repaid with the proceeds of the offering of the 8<sup>7/8</sup>% senior secured notes in January 2010.

(e) During the year ended December 31, 2010, PAETEC maintained a full valuation allowance for deferred tax assets. Accordingly, no pro forma adjustments to the provision for income taxes were recorded related to the adjustments in expenses described in notes (c) and (d) above.

(f) The decreases in both revenue and in cost of sales of \$13.0 million represent the following:

a decrease of approximately \$5.1 million in both revenue and in cost of sales to eliminate the impact of purchase and sales transactions during 2010 between PAETEC and Cavalier prior to the business combination; and

a decrease of approximately \$7.9 million in both revenue and in cost of sales to conform the historical results of Cavalier to the historical results of PAETEC with respect to the presentation of Universal Service Fund ( USF ) surcharges. Cavalier historically reported surcharges collected from customers for the USF on a gross basis as revenue, and included the amounts remitted to the tax authorities for the USF in cost of sales. PAETEC presents USF surcharges on a net basis.

(g) The decrease in acquisition, integration and separation costs of \$20.2 million represents the following:

a decrease of approximately \$8.0 million due to the elimination of historical PAETEC transaction costs directly related to the acquisition of Cavalier by PAETEC; and

a decrease of approximately \$12.2 million due to the elimination of historical Cavalier transaction costs directly related to the acquisition of Cavalier by PAETEC.

(h) The increase in depreciation and amortization expense of \$20.3 million represents the following:

an increase in amortization expense of approximately \$20.8 million for the year ended December 31, 2010 based on an acquired fair value of Cavalier's intangible assets of \$160.2 million with estimated useful lives of approximately 1-14 years, and utilizing an accelerated amortization method; and

a decrease in depreciation expense of approximately \$0.5 million for the year ended December 31, 2010 based on an acquired fair value of Cavalier's depreciable property and equipment of \$229.0 million with a weighted average expected useful life of approximately 6.7 years.

As the fair values assigned to the property and equipment and intangible assets acquired from Cavalier are preliminary in nature, actual depreciation and amortization expense in future periods may differ materially from the depreciation and amortization expense presented.

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A change of \$10 million in the fair value of the intangible assets acquired from Cavalier presented would result in a fluctuation of approximately \$1.6 million in amortization expense during the year ended December 31, 2010.

A change of \$10 million in the fair value of the property and equipment acquired from Cavalier presented would result in a fluctuation of approximately \$1.5 million in depreciation expense during the year ended December 31, 2010.

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(i) The increase in interest expense of \$4.2 million represents the following:

an increase of \$43.8 million (of which \$1.7 million represents amortization of debt discount and \$1.3 million represents amortization of debt issue costs) related to the interest expense on the \$450 million aggregate principal amount of 9<sup>7</sup>/<sub>8</sub>% senior notes issued and sold on December 2, 2010; and

a decrease of \$39.6 million (of which \$2.2 million represents amortization of debt issue costs) related to the elimination of substantially all historical Cavalier interest expense on Cavalier's pre-merger indebtedness.

Pro forma interest expense was calculated based on the stated interest rate of the 9<sup>7</sup>/<sub>8</sub>% senior notes due 2018.

(j) During the year ended December 31, 2010, PAETEC maintained a full valuation allowance for deferred tax assets. Accordingly, Cavalier's historical benefit from income taxes was eliminated on a pro forma basis. In addition, no pro forma adjustments to the provision of income taxes were recorded related to Cavalier's historical net loss from continuing operations or the adjustments in expenses described in notes (f), (g), (h) and (i) above.

**Table of Contents****Comparative Historical and Pro Forma Per Share Data**

The following table sets forth for the periods presented certain per share information for Windstream and PAETEC on a historical basis and unaudited pro forma combined per share information after giving effect to the merger between Windstream and PAETEC, under the acquisition method of accounting, assuming that 0.460 of a share of Windstream common stock had been issued in exchange for each outstanding share of PAETEC common stock. The acquisition method of accounting is based on ASC Topic 805, *Business Combinations*, and uses the fair value concepts defined in ASC Topic 820, *Fair Value Measurements*. ASC 805 requires among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The acquisition accounting is dependent upon certain valuations of PAETEC's assets and liabilities and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments reflect the assets and liabilities of PAETEC at their preliminary estimated fair values. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the unaudited pro forma combined per share information set forth in the following table. The historical per share information for Windstream has been derived from, and should be read in conjunction with, the historical consolidated financial statements of Windstream incorporated by reference into this proxy statement/prospectus. The historical per share information for PAETEC has been derived from, and should be read in conjunction with, the historical consolidated financial statements of PAETEC under Consolidated Financial Statements of PAETEC beginning on page F-1 of this proxy statement/prospectus. See *Where You Can Find More Information* on page 204 for information on how you can view Windstream's incorporated reports.

The unaudited pro forma PAETEC equivalent information was calculated by multiplying the corresponding Windstream unaudited pro forma combined information by the exchange ratio of 0.460. The data show how each share of PAETEC common stock would have participated in income from continuing operations, cash dividends and book value of Windstream if the two companies had been combined for accounting and financial reporting purposes for all periods presented. These amounts, however, are not intended to be indicative of the historical results that would have been achieved had the two companies been combined for all periods presented or of the future results of the combined company.

**Windstream**

	<b>Six Months Ended June 30, 2011</b>	<b>Year Ended December 31, 2010</b>
<b>Windstream Historical</b>		
Basic earnings per common share from continuing operations	\$ 0.23	\$ 0.66
Diluted earnings per common share from continuing operations	\$ 0.23	\$ 0.66
Cash dividends declared per share	\$ 0.50	\$ 1.00
Book value per share	\$ 1.57	\$ 1.65

**PAETEC**

	<b>Six Months Ended June 30, 2011</b>	<b>Year Ended December 31, 2010</b>
<b>PAETEC Historical</b>		
Basic net loss per common share	\$ (0.15)	\$ (0.40)
Diluted net loss per common share	\$ (0.15)	\$ (0.40)
Cash dividends declared per share	\$	\$
Book value per share	\$ 0.83	\$ 0.95

**Table of Contents****Windstream and PAETEC**

	<b>Six Months Ended June 30, 2011</b>	<b>Year Ended December 31, 2010</b>
<b>Pro Forma Combined</b>		
Basic earnings per common share from continuing operations	\$ 0.15	\$ 0.42
Diluted earnings per common share from continuing operations	\$ 0.15	\$ 0.42
Cash dividends declared per share <sup>(a)</sup>	\$ 0.50	\$ 1.00
Book value per share <sup>(b)</sup>	\$ 2.93	
<b>PAETEC Pro Forma Per Share Equivalents<sup>(c)</sup></b>		
Basic earnings per common share from continuing operations	\$ 0.07	\$ 0.19
Diluted earnings per common share from continuing operations	\$ 0.07	\$ 0.19
Cash dividends per share	\$ 0.23	\$ 0.46
Book value per share	\$ 1.35	

- (a) The pro forma combined cash dividends declared per share represent Windstream's historical cash dividends per common share.
- (b) The pro forma combined book value per share was calculated by dividing pro forma total combined Windstream by pro forma equivalent common shares as of June 30, 2011.
- (c) The PAETEC pro forma per share equivalent amounts are calculated by multiplying the pro forma combined per common share amounts by a fraction equal to 0.460. See The Merger Agreement Merger Consideration beginning on page 118 for additional information about the calculation of the merger consideration.

**Table of Contents****Comparative Stock Prices and Dividends**

Windstream common stock is traded on the NASDAQ Global Select Market under the symbol WIN. PAETEC common stock is traded on the NASDAQ Global Select Market under the symbol PAET. The following table sets forth the dividends declared on Windstream common stock and PAETEC common stock, respectively, and the high and low intra-day sales prices per share for Windstream common stock and PAETEC common stock, each as reported on the NASDAQ Global Select Market for the periods indicated.

Fiscal Year	Windstream Common Stock			PAETEC Common Stock		
	High	Low	Dividends	High	Low	Dividends
<b>2009</b>						
First Quarter	\$ 9.48	\$ 6.28	\$ 0.25	\$ 1.56	\$ 1.04	\$ 0.00
Second Quarter	\$ 9.13	\$ 7.85	\$ 0.25	\$ 3.55	\$ 1.37	\$ 0.00
Third Quarter	\$ 10.34	\$ 7.71	\$ 0.25	\$ 4.04	\$ 2.39	\$ 0.00
Fourth Quarter	\$ 11.65	\$ 9.62	\$ 0.25	\$ 4.52	\$ 3.19	\$ 0.00
<b>2010</b>						
First Quarter	\$ 11.40	\$ 9.87	\$ 0.25	\$ 4.95	\$ 2.93	\$ 0.00
Second Quarter	\$ 11.50	\$ 6.02	\$ 0.25	\$ 5.30	\$ 3.33	\$ 0.00
Third Quarter	\$ 13.05	\$ 10.34	\$ 0.25	\$ 4.42	\$ 3.37	\$ 0.00
Fourth Quarter	\$ 14.40	\$ 12.10	\$ 0.25	\$ 4.35	\$ 3.63	\$ 0.00
<b>2011</b>						
First Quarter	\$ 14.04	\$ 12.05	\$ 0.25	\$ 4.44	\$ 3.00	\$ 0.00
Second Quarter	\$ 13.57	\$ 12.38	\$ 0.25	\$ 4.95	\$ 3.21	\$ 0.00
Third Quarter (through September 16, 2011)	\$ 13.25	\$ 10.76	\$ 0.25	\$ 5.80	\$ 4.26	\$ 0.00

*Windstream Dividend Policy.* Windstream's board of directors has adopted a current dividend practice for the payment of quarterly cash dividends at a rate of \$0.25 per share of Windstream's common stock. This practice can be changed at any time at the discretion of the board of directors, and is subject to Windstream's restricted payment capacity under its debt covenants.

*PAETEC Dividend Policy.* PAETEC has not declared or paid cash dividends on its common stock. Future declaration and payment of cash dividends, if any, on PAETEC's common stock are within the discretion of PAETEC's board of directors and will be determined in light of factors deemed relevant by the board of directors, including PAETEC's earnings, operations, capital requirements and financial condition and restrictions in its financing agreements. Under its credit facilities agreement and notes indentures, PAETEC may pay cash dividends on its common stock in excess of specified amounts only if it is not otherwise in default under those agreements and meets specified requirements relating to levels of its cash flows, total and secured indebtedness, interest obligations and other financial measures.

The following table sets forth the closing prices per share of Windstream common stock and PAETEC common stock as reported on the NASDAQ Global Select Market, and the market value of a share of PAETEC common stock on an equivalent value per share basis on July 29, 2011, the last full trading day prior to the public announcement of the merger, and September 16, 2011, the latest practicable trading date prior to the filing of this proxy statement/prospectus, as determined by multiplying the closing price per share of Windstream common stock by the exchange ratio of 0.460.

	Windstream Closing Share Price	PAETEC Closing Share Price	Equivalent Value per Share of PAETEC Common Stock
July 29, 2011	\$ 12.21	\$ 4.42	\$ 5.62
September 16, 2011	\$ 12.90	\$ 5.73	\$ 5.93

You are urged to obtain current market quotations for shares of Windstream common stock and PAETEC common stock before making a decision with respect to the merger.

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No assurance can be given as to the market prices of Windstream common stock or PAETEC common stock at the effective time of the merger. Because the exchange ratio will not be adjusted for changes in the market price of Windstream common stock, the market value of the shares of Windstream common stock that holders of PAETEC common stock will be entitled to receive at the effective time of the merger may vary significantly from the market value of the shares of Windstream common stock that holders of PAETEC common stock would have received if the merger had been completed on the date of the merger agreement or on the date of this proxy statement/prospectus.



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**Table of Contents****RISK FACTORS**

*In addition to the other information contained and incorporated by reference into this document, including the matters addressed in the section entitled **Special Note Concerning Forward-Looking Statements**, you should carefully consider the following risks before deciding whether to vote for adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement. In addition, you should read and consider the risks associated with the businesses of Windstream and PAETEC because these risks will also affect the combined company. These risks can be found in Windstream's Annual Report on Form 10-K for the year ended December 31, 2010, as updated by Windstream's subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this document, and in the section entitled **Information About PAETEC**, including the discussion in that section under **PAETEC's Business Risk Factors**. You should also read and consider the other information in this document and the other documents incorporated by reference into this document. See **Where You Can Find More Information** on page 204 for information on how you can view Windstream's incorporated documents.*

**Risks Related to the Merger**

**The exchange ratio will not be adjusted if the price of Windstream common stock declines before the merger is completed. As a result, the value of the shares of Windstream common stock at the time PAETEC stockholders receive them could be less than the value of those shares on the date of this proxy statement/prospectus.**

In the merger, PAETEC stockholders will be entitled to receive 0.460 shares of Windstream common stock for each share of PAETEC common stock owned by them. Windstream and PAETEC will not adjust the exchange ratio as a result of any change in the market price of Windstream common stock between the date of this proxy statement/prospectus and the date on which PAETEC stockholders receive shares of Windstream common stock in exchange for their shares of PAETEC common stock. The market price of Windstream common stock will likely be different, and may be lower, on the date on which PAETEC stockholders receive their shares of Windstream common stock than the market price of Windstream common stock on the date of this proxy statement/prospectus. Differences in the market price of Windstream common stock may be the result of changes in the business, operations or prospects of Windstream, market reactions to the proposed merger, regulatory considerations, general market and economic conditions or other factors.

**Regulators may impose conditions that could prevent completion of the merger or reduce the anticipated benefits from the merger. As a result, the price of Windstream common stock may be adversely affected.**

As a condition to their respective obligations to complete the merger, Windstream and PAETEC must obtain the approval of various regulatory authorities, including, without limitation, the FCC and certain PSCs. Any of these regulators could object to the merger and/or impose conditions or restrictions on their approvals that are materially adverse to Windstream and the combined company. Depending on their nature and extent, any objections, conditions or restrictions of regulatory authorities may jeopardize or delay completion of the merger or may lessen the anticipated potential benefits of the merger.

Under the merger agreement, Windstream and PAETEC are obligated to use all reasonable best efforts to resolve any such objections, conditions or restrictions to permit the merger but are not required to take any action that would be materially adverse to the business, financial condition or the expected benefits of the merger to Windstream and its subsidiaries, taken as a whole, or PAETEC and its subsidiaries, taken as a whole.

Windstream and/or PAETEC may waive its rights and take actions that it is not otherwise required to take in connection with receipt of the necessary regulatory approvals, in order to proceed with the completion of the merger. If Windstream and/or PAETEC were to proceed with the merger despite the imposition of regulatory conditions or restrictions, Windstream's business, operating and financial results and the price of its common stock following completion of the merger could be adversely affected.

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**Windstream may not realize the anticipated synergies and tax benefits from the merger.**

Windstream expects to achieve approximately \$100 million in annual pre-tax operating cost synergies and tax benefits as a result of the merger. However, Windstream's ability to realize the anticipated synergies and tax benefits will depend upon the successful integration of PAETEC's business with that of Windstream. Even if Windstream successfully integrates PAETEC's business, there can be no assurance that this integration will result in the realization of the full benefit of the anticipated synergies or that these benefits will be realized within the expected time frames. For example, the elimination of duplicative costs may not be possible or may take longer than anticipated, benefits from the merger may be offset by costs incurred in integrating Windstream and PAETEC, or regulatory authorities may impose adverse conditions on Windstream's and PAETEC's combined businesses in connection with granting approval of the merger.

**Windstream cannot assure you whether, when or in what amounts it will be able to use PAETEC's net operating losses following the merger.**

Based on current tax law, as of June 30, 2011, PAETEC had approximately \$1.4 billion of net operating losses (NOLs) for U.S. federal income tax purposes. After the merger, the combined company's ability to utilize these tax attributes to offset future taxable income will be subject to significant limitations under Sections 382 and 383 and other provisions of the Code. Moreover, issuances or sales of Windstream stock following the merger (including certain transactions outside of Windstream's control) could result in an ownership change further limiting the combined company's ability to utilize the NOLs. Determining whether an ownership change has occurred and the limitations applicable to the NOLs is technical and highly complex. For these and other reasons, Windstream cannot assure you that the combined company will be able to use PAETEC's NOLs after the merger in the amounts it projects.

**Failure to quickly and efficiently integrate PAETEC's technology, products and services could reduce Windstream's profitability, adversely affect its stock price, and either delay or prevent realization of many of the potential benefits of the merger.**

In order to obtain the benefits of the merger, Windstream must effectively integrate PAETEC's technology, products and services with Windstream's technology, products and services. Windstream may not be able to accomplish this integration quickly and effectively. Windstream may be required to spend additional time and money on operating compatibility, which would otherwise be spent on developing and selling its own products and services. If Windstream does not integrate operations effectively or uses too many resources on integration issues, it could harm the combined companies' business, financial condition and results of operations.

**The time and effort required to be dedicated to the integration of PAETEC into Windstream could divert the attention of Windstream's management from other business concerns or otherwise harm Windstream's business.**

The integration process could result in the diversion of Windstream management's attention from other business concerns, in the disruption or interruption of, or the loss of momentum in, Windstream's ongoing business, or in inconsistencies in standards, controls, procedures and policies. Any of these impacts could adversely affect Windstream's ability to maintain relationships with its customers and employees or Windstream's ability to achieve the anticipated benefits of the merger, or could reduce the earnings or otherwise adversely affect Windstream's business and financial results.

**Windstream expects to incur significant non-recurring expenses related to the merger.**

Windstream is developing a plan to integrate the operations of PAETEC after the merger. In connection with that plan, Windstream anticipates that certain non-recurring operating expenses, such as branding, severance and billing system conversion costs, will be incurred in connection with this integration. Additionally, Windstream anticipates incurring certain capital expenditures and non-recurring operating expenses associated

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with network integration and achievement of network synergies. These expenditures include investments in switching and transport equipment, as well as circuit change fees and other interconnection costs. Windstream cannot identify the timing, nature and amount of all such charges as of the date of this proxy statement/prospectus. However, any such charges could affect Windstream's results of operations and cash flows from operations in the period in which such charges are recorded.

### **The market price of Windstream common stock may decline as a result of the merger.**

The market price of Windstream common stock may decline as a result of the merger if the integration of Windstream and PAETEC is unsuccessful or takes longer than expected, the perceived benefits of the merger are not achieved as rapidly or to the extent anticipated by financial analysts or investors, or the effect of the merger on Windstream's financial results is not consistent with the expectations of financial analysts or investors.

### **The price of Windstream common stock and Windstream's results of operations may be affected by factors different from those affecting the price of PAETEC common stock and PAETEC's results of operations.**

Holders of PAETEC common stock will be entitled to receive Windstream common stock in the merger and will thus become holders of Windstream common stock. Windstream's business is different in certain ways from that of PAETEC, and Windstream's results of operations, as well as the price of Windstream common stock, may be affected by factors different from those currently affecting PAETEC's results of operations and the price of PAETEC common stock. The price of Windstream common stock may fluctuate significantly following the merger, including as a result of factors over which Windstream has no control. For a discussion of Windstream's and PAETEC's businesses and certain factors to consider in connection with such businesses, including risk factors for PAETEC, see "Risks Related to Windstream after the Merger" beginning on page 33 and "Information About PAETEC PAETEC's Business Risk Factors" beginning on page 167.

### **PAETEC stockholders will have reduced ownership and voting interests after the merger and will exercise less influence over management of Windstream than they currently exercise over management of PAETEC.**

After the effective time of the merger, PAETEC stockholders will own in the aggregate a significantly smaller percentage of Windstream than they currently own of PAETEC. Following completion of the merger, PAETEC stockholders are expected to own less than 15% of the outstanding shares of Windstream common stock based on the number of shares of PAETEC common stock and Windstream common stock outstanding on the record date for the special meeting of PAETEC stockholders to be held for a vote on adoption of the merger agreement. Consequently, PAETEC stockholders as a group will have less influence over the management and policies of Windstream than they currently exercise over the management and policies of PAETEC.

### **PAETEC stockholders will have different rights with respect to their holdings following the merger.**

Upon completion of the merger, PAETEC stockholders will become stockholders of Windstream. There are differences between the rights of PAETEC stockholders under the PAETEC governing documents and the rights of Windstream stockholders under the Windstream governing documents. For a description of some of these differences, see "Comparison of Rights of Common Stockholders of Windstream and Common Stockholders of PAETEC" beginning on page 142.

### **Certain directors and executive officers of PAETEC may have potential conflicts of interest in connection with the transactions contemplated by the merger agreement.**

The interests of certain of the directors and executive officers of PAETEC are different from those of PAETEC stockholders generally, and such directors and executive officers of PAETEC participate in arrangements that are different from, or in addition to, those of PAETEC stockholders. These interests are

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described more fully under **The Merger** **Interests of PAETEC's Directors and Executive Officers in the Merger**. PAETEC stockholders should consider whether these interests may have influenced those directors and executive officers with respect to the merger.

As of the close of business on the record date for the special meeting of PAETEC stockholders to be held for a vote on adoption of the merger agreement, PAETEC directors and executive officers collectively beneficially owned and were entitled to vote approximately 13.4% of the shares of PAETEC common stock then outstanding.

**The voting agreement may limit PAETEC's ability to pursue alternatives to the merger.**

Certain directors and executive officers of PAETEC have signed a voting agreement committing them to vote any shares held by them in favor of adoption of the merger agreement and against any alternative proposal or any other action which is reasonably likely to adversely affect or interfere with the consummation of the transactions contemplated by the merger agreement. Because signatories to the voting agreement collectively beneficially owned approximately 7.2% of the outstanding PAETEC common stock as of the record date for the special meeting, the voting agreement may have the effect of discouraging a competing offer to acquire PAETEC.

**The merger agreement limits PAETEC's ability to pursue alternatives to the merger, and in certain instances requires payment of a termination fee, which could deter a third party from proposing an alternative transaction to the merger.**

While the merger agreement is in effect, subject to certain limited exceptions, PAETEC is prohibited from soliciting, initiating, encouraging or entering into certain transactions, such as a merger, sale of assets or other business combination, with any third party. As a result of these limitations, PAETEC may lose opportunities to enter into a more favorable transaction than the merger. See **The Merger Agreement** **Covenants** **No Solicitation** beginning on page 127 for a description of the foregoing limitations.

Moreover, under specified circumstances, PAETEC could be required to pay Windstream a termination fee of \$40 million in connection with the termination of the merger agreement. Upon termination of the merger agreement under certain circumstances, PAETEC may be required to reimburse Windstream for up to \$15 million of fees and expenses whether or not the termination fee later becomes payable. See **The Merger Agreement** **Termination Fee** beginning on page 134 for a description of PAETEC's obligations in these circumstances. The termination fee and the obligation of PAETEC to reimburse Windstream for fees and expenses could deter a third party from proposing an alternative to the merger.

**PAETEC will be subject to business uncertainties and contractual restrictions while the proposed merger is pending that could adversely affect PAETEC's business.**

Uncertainty about the effect of the proposed merger on PAETEC's employees and customers may have an adverse effect on PAETEC's business. These uncertainties may impair PAETEC's ability to attract, retain and motivate key personnel until the proposed merger is completed and for a period of time thereafter, and could cause customers, suppliers and others that deal with PAETEC to seek to change existing business relationships with PAETEC. Employee retention may be particularly challenging during the pendency of the proposed merger, as employees may experience uncertainty about their future roles with the combined company. If, despite PAETEC's retention efforts, key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, PAETEC's business could be seriously harmed.

The merger agreement restricts PAETEC, without the consent of Windstream, from making acquisitions and taking other specified actions until the proposed merger occurs or the merger agreement terminates. The restrictions may prevent PAETEC from pursuing otherwise attractive business opportunities and making other

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changes to its business that may arise before completion of the proposed merger or, if the proposed merger is abandoned, termination of the merger agreement.

PAETEC has incurred, and will continue to incur, significant costs, expenses and fees for professional services and other transaction costs in connection with the merger. Many of the fees and costs will be payable by PAETEC even if the proposed merger is not completed.

**PAETEC, its directors, and Windstream are defendants in three purported class action lawsuits seeking to enjoin the merger.**

On August 8, 2011, a purported stockholder of PAETEC filed a complaint styled as a class action lawsuit in the Court of Chancery of the State of Delaware. On August 9, 2011, a purported stockholder of PAETEC filed a similarly styled complaint in the Supreme Court of the State of New York, Monroe County. These complaints allege, among other things, that the board of directors of PAETEC conducted an unfair sales process resulting in an unfair merger price. They assert that PAETEC's board members breached their fiduciary duties in agreeing to the merger and that Windstream aided and abetted in the breaches of fiduciary duties. The lawsuits seek to enjoin the merger and seek unspecified monetary damages. On September 14, 2011, the plaintiff in the New York action filed the Delaware Complaint in the Court of Chancery of the State of Delaware. In addition to alleging the same items as in the earlier filed actions, the Delaware Complaint alleges that the board of directors of PAETEC breached their fiduciary duties by issuing a false and misleading proxy statement. On September 15, 2011, the Delaware plaintiffs filed a joint Motion for Expedited Discovery and Proceedings. The defense of these lawsuits may divert the time and attention of Windstream's and PAETEC's managements away from business operations, and negative developments with respect to these lawsuits could cause a decline in the price of Windstream's stock or the price of PAETEC's stock. In addition, the outcome of these lawsuits cannot be predicted and ultimately may have a material adverse effect on the ability of Windstream and PAETEC to complete the merger.

**Risks Related to Windstream after the Merger**

**Windstream faces intense competition in its businesses from many sources that could reduce its market share or adversely affect its financial performance.**

Substantial and increasing competition exists in the wireline communications industry. Windstream's operations have experienced, and will continue to experience, competition in its local service areas. Sources of competition to its local service business include, but are not limited to, wireless communications providers in markets where Windstream provides incumbent local exchange services, cable television companies, resellers of local exchange services, interexchange carriers, incumbent local exchange carriers (ILECs) in markets where Windstream provides competitive local exchange services, satellite transmission service providers, electric utilities, competitive access service providers, including, without limitation, those utilizing Commercial Unbundled Network Elements-Platform (or Commercial UNE-P), voice over Internet Protocol (VoIP) providers, and providers using other emerging technologies.

Many of Windstream's current and potential competitors (a) have substantially larger operational and financial resources, (b) own larger and more diverse networks, (c) are subject to less regulation and (d) have superior brand recognition.

Competition could adversely affect Windstream in several ways, including (1) the loss of customers and resulting revenue and market share, (2) the possibility of customers reducing their usage of Windstream's services or shifting to less profitable services, (3) Windstream's need to lower prices or increase marketing expenses to remain competitive and (4) Windstream's inability to diversify by successfully offering new products or services.

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**Windstream may not be able to compete successfully with cable operators that are subject to less stringent industry regulations.**

Windstream faces competition from cable television companies providing voice service offerings. Voice offerings of cable operators are offered mainly under competitive local exchange carrier certificates obtained in states where they offer services and therefore are subject to fewer service quality or service reporting requirements than Windstream's ILEC operations. In addition, the rates or prices of the voice service offerings of cable companies are not subject to regulation. In contrast, Windstream's voice service rates or prices, in its capacity as an ILEC, are subject to regulation by various state public service commissions. Unlike cable operators, its ILEC operations are also subject to carrier of last resort obligations, which generally obligate it to provide basic voice services to any person regardless of the profitability of such customer. As a result of these disadvantages, Windstream may not be able to compete successfully with cable companies in the offering of voice services.

**Funding from the federal broadband stimulus program could result in increased competition, which could adversely affect Windstream's operating results and financial performance.**

The federal broadband stimulus program is providing approximately \$7.2 billion in financial incentives to companies for the purpose of expanding broadband service in unserved or underserved markets. Financial incentives paid to new or existing competitors could incent them to enter markets where Windstream is already providing broadband service. This could result in increased competition and the loss of customers, negatively impacting its operating results and financial performance.

**Competition from wireless carriers is likely to continue to cause access line losses, which could adversely affect Windstream's operating results and financial performance.**

Wireless competition has contributed to a reduction in Windstream's ILEC access lines, and generally has caused pricing pressure in the industry. As wireless carriers continue to expand and improve their network coverage while lowering their prices, some customers choose to stop using traditional wireline phone service and instead rely solely on wireless service. Windstream anticipates that this trend toward solely using wireless services in the consumer market will continue, particularly if wireless prices continue to decline and the quality of wireless services improves. In the future, it is expected that the number of consumer access lines served by Windstream will continue to be adversely affected by wireless substitution and that industry-wide pricing pressure will continue. Windstream may not be able to compete successfully with these wireless carriers.

**Windstream could be harmed by rapid changes in technology.**

The communications industry is experiencing significant technological changes, particularly in the areas of VoIP, data transmission and wireless communications. Rapid technological developments in wireless, personal communications services, digital microwave, satellite, high-speed Internet radio services, local multipoint distribution services, WiFi and other technologies could result in the development of products or services that compete with or displace those offered by traditional local exchange carriers (LECs). For example, there is a risk that cable operators may be able to deploy broadband service at higher speeds using data-over-cable-service-interface specification (or DOCSIS) more rapidly than Windstream. In addition, wireless companies are developing networks using long-term evolution (or LTE) and Worldwide Interoperability for Microwave Access (or WiMAX), that purport to support greater data transmission speeds over wireless networks.

These new and evolving technologies could result in greater competition and product substitution for Windstream's high-speed Internet services. Furthermore, the proliferation of replacement technologies impacting Windstream's wireline business could require Windstream to make significant additional capital investment in order to compete with other service providers that may enjoy network advantages that will enable them to provide services more efficiently or at a lower cost. Alternatively, Windstream may not be able to obtain timely access to new technology on satisfactory terms or incorporate new technology into its systems in a cost effective

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manner, or at all. If Windstream cannot develop new services and products to keep pace with technological advances, or if such services and products are not widely embraced by its customers, Windstream's results of operations could be adversely impacted.

**Windstream is subject to various forms of regulation from the FCC and state regulatory commissions in the states in which it operates, which limits its pricing flexibility for regulated voice and high-speed Internet products, subjects Windstream to service quality, service reporting and other obligations, and exposes it to the reduction of revenue from changes to the universal service fund or the inter-carrier compensation system.**

As a provider of wireline communication services, as of June 30, 2011, Windstream had operating authority from each of the 29 states in which it conducted local service operations, and Windstream is subject to various forms of regulation from the regulatory commissions in each of these 29 states as well as from the FCC. State regulatory commissions have jurisdiction over local and intrastate services including, to some extent, the rates that Windstream charges customers and other telecommunications companies, and service quality standards. The FCC has primary jurisdiction over interstate services, including the rates that Windstream charges other telecommunications companies that use Windstream's network and other issues related to interstate service. These regulations restrict Windstream's ability to adjust rates to reflect market conditions and affect its ability to compete and respond to changing industry conditions.

Future revenues, costs, and capital investment in Windstream's wireline business could be adversely affected by material changes to these regulations, including, but not limited to, changes in rules governing inter-carrier compensation, state and federal universal service fund ( USF ) support, unbundled network element ( UNE ) pricing and requirements, and VoIP regulation. The potential effect of regulatory changes may differ with respect to particular lines of Windstream's business. In particular, Windstream's ILEC and competitive local exchange carrier ( CLEC ) businesses may be affected differently by changes to and enforcement of these regulations and other existing laws or rules. The pursuit by Windstream of changes in laws or regulations that would improve operating margins in the CLEC business would be contrary, in some instances, to the interests of Windstream's ILEC operations, and vice versa. Federal and state communications laws may be amended in the future, and other laws may affect Windstream's business. In addition, certain laws and regulations applicable to Windstream and its competitors may be, and have been, challenged in the courts and could be changed at any time. Windstream cannot predict future developments or changes to the regulatory environment or the impact such developments or changes would have.

In addition, these regulations could create significant compliance costs for Windstream. Delays in obtaining certifications and regulatory approvals could cause Windstream to incur substantial legal and administrative expenses, and conditions imposed in connection with such approvals could adversely affect the rates that Windstream is able to charge its customers. Windstream's business also may be affected by legislation and regulation imposing new or greater obligations related to assisting law enforcement, bolstering homeland security, minimizing environmental impacts, or addressing other issues that impact its business. For example, existing provisions of the Communications Assistance for Law Enforcement Act require communications carriers to ensure that their equipment, facilities, and services are able to facilitate authorized electronic surveillance. Windstream's compliance costs could increase if future legislation, regulations or orders continue to increase its obligations.

**In 2010, Windstream received approximately 7 percent of its revenues from state and federal Universal Service Funds, and any adverse regulatory developments with respect to these funds could adversely affect its profitability.**

Windstream receives state and federal USF revenues to support the high cost of providing affordable telecommunications services in rural markets. Such support payments constituted approximately 7 percent of its revenues for the year ended December 31, 2010. A portion of such fees is based on relative cost and access line counts, and Windstream expects receipt of such fees to decline as it continues to reduce costs and lose access

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lines. Pending regulatory proceedings could, depending on the outcome, materially reduce its USF revenues. For the six months ended June 30, 2011, USF revenues decreased \$5.5 million from the same period in 2010.

Windstream is required to make contributions to state and federal USF programs each year. Current state and federal regulations allow Windstream to recover these contributions by including a surcharge on its customers' bills. If state and/or federal regulations change, and Windstream becomes ineligible to receive support, such support is reduced, or Windstream becomes unable to recover the amounts it contributes to the state and federal USF programs from its customers, its earnings and cash flows from operations would be directly and adversely affected.

**Changes to regulations could materially reduce Windstream's revenues from inter-carrier compensation.**

Windstream's local exchange subsidiaries currently receive compensation from other telecommunications providers, including long distance companies, for origination and termination of interexchange traffic through network access charges that are established in accordance with state and federal laws. In 2010, Windstream recognized \$285.9 million in inter-carrier compensation, an increase of \$11.6 million, or 4.2 percent, from 2009 levels. This increase in inter-carrier compensation revenue was driven by \$48.7 million from D&E Communications, Inc., Lexcom, Inc., NuVox, Inc. ( NuVox ), Iowa Telecommunications Services, Inc. ( Iowa Telecom ), Hosted Solutions Acquisition, LLC ( Hosted Solutions ) and Q-Comm Corporation ( Q-Comm ), and was partially offset by decreases in minutes of use associated with access line losses resulting from wireless and cable voice competition, efforts by carriers to mask traffic to avail their traffic of lower inter-carrier compensation rates and allegations by carriers that their traffic is not subject to existing inter-carrier compensation rules as a result of the technology being used to deliver the traffic. Absent any changes to existing inter-carrier compensation regulations, Windstream expects inter-carrier revenues to continue to be unfavorably impacted by these trends in 2011.

On July 29, 2011, Windstream and a group of communications companies jointly filed a proposal with the FCC that recommends specific reforms to the existing inter-carrier compensation and universal service mechanisms ( Proposal ). Under the Proposal, over a five-year transition period price-cap carriers would reduce terminating switched access and reciprocal compensation rates, would have an opportunity for modest increases in end user rates and would receive additional universal service support.

The Proposal also recommends transitioning the existing universal service support received by price-cap carriers over a five-year period to a new mechanism designed to explicitly support broadband service in high-cost areas. Windstream supports the Proposal because it modernizes the universal service and intercarrier mechanisms for the future deployment and expansion of broadband services in high-cost areas by providing adequate and targeted universal service support, adequate rate transitions and a reasonable opportunity to recover revenue reductions.

At this time, Windstream cannot predict the outcome of the Proposal and related proceedings regarding inter-carrier compensation or the impact on Windstream's revenues and expenses.

**Windstream's substantial debt could adversely affect its cash flow and impair its ability to raise additional capital on favorable terms.**

As of June 30, 2011, Windstream had approximately \$7.4 billion in long-term debt outstanding, including current maturities. Windstream will also assume or incur additional indebtedness in connection with the merger with PAETEC and may incur additional long-term debt to meet future financing needs or to fund other potential acquisitions, in each case subject to certain restrictions under its existing indebtedness. Windstream's substantial amount of debt could have negative consequences to its business. For example, it could:

- increase its vulnerability to general adverse economic and industry conditions;

- require Windstream to dedicate a substantial portion of cash flows from operations to interest and principal payments on outstanding debt, thereby limiting the availability of cash flow to fund future capital expenditures, working capital and other general corporate requirements;



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limit its flexibility in planning for, or reacting to, changes in its business and the telecommunications industry;

place Windstream at a competitive disadvantage compared with competitors that have less debt; and

limit its ability to borrow additional funds, even when necessary to maintain adequate liquidity.

In addition, Windstream's ability to borrow funds in the future will depend in part on the satisfaction of the covenants in its credit facilities and its other debt agreements. If Windstream is unable to satisfy the financial covenants contained in those agreements, or is unable to generate cash sufficient to make required debt payments, the lenders and other parties to those arrangements could accelerate the maturity of some or all of its outstanding indebtedness.

Windstream may not generate sufficient cash flows from operations, or have future borrowings available under its credit facilities or from other sources, sufficient to enable it to make its debt payments or to fund dividends and other liquidity needs. Windstream may not be able to refinance any of its debt, including its credit facilities, on commercially reasonable terms or at all. If Windstream is unable to make payments or refinance its debt, or obtain new financing under these circumstances, Windstream would have to consider other options, such as selling assets, issuing additional equity or debt, or negotiating with its lenders to restructure the applicable debt. Windstream's credit agreement and the indentures governing its senior notes may restrict, or market or business conditions may limit, its ability to do some of these things on favorable terms or at all.

As of August 22, 2011, Moody's Investors Service (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) had granted Windstream the following senior secured, senior unsecured and corporate credit ratings:

Description	Moody's	S&P	Fitch
Senior secured credit rating	Baa3	BB+	BBB-
Senior unsecured credit rating	Ba3	B+	BB+
Corporate credit rating	Ba2	BB-	BB+
Outlook	Stable	Stable	Stable

Factors that could affect Windstream's short-term and long-term credit ratings include, but are not limited to, a material decline in Windstream's operating results, increased debt levels relative to operating cash flows resulting from future acquisitions, increased capital expenditure requirements, or changes to its dividend policy. If Windstream's credit ratings were to be downgraded from current levels, Windstream might incur higher interest costs on future borrowings, and Windstream's access to the public capital markets could be adversely affected.

**Windstream may be unable to fully realize expected synergies and growth opportunities in connection with various recent transactions.**

In addition to the proposed acquisition of PAETEC, Windstream acquired NuVox, Iowa Telecom, Q-Comm and Hosted Solutions in 2010.

Windstream expects to achieve substantial synergies, cost savings and growth opportunities as a result of these previous acquisitions. However, Windstream's ability to realize the anticipated synergies, cost savings and growth opportunities will depend upon the successful integration of the respective businesses with Windstream. Even if Windstream successfully integrates these businesses, there can be no assurance that these integrations will result in the realization of the full benefit of the anticipated synergies, cost savings or growth opportunities or that these benefits will be realized within the expected time frames. Despite Windstream's efforts to retain quality employees, Windstream might lose some employees in connection with these acquisitions. Windstream cannot assure you that the combined companies will be able to attract, retain and integrate employees following these acquisitions. It is possible that the integration process of the respective acquisitions could result in the

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diversion of Windstream's management's attention, the disruption or interruption of, or the loss of momentum in, Windstream's ongoing business or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect Windstream's ability to maintain relationships with its customers and employees or Windstream's ability to achieve the anticipated benefits of these acquisitions, or could reduce the earnings or otherwise adversely affect Windstream's business and financial results. The market price of Windstream common stock may decline as a result of these acquisitions if the integration of these businesses is unsuccessful or takes longer than expected, the perceived benefits of these acquisitions are not achieved as rapidly or to the extent anticipated by financial analysts or investors, or the effect of these acquisitions on Windstream's financial results is not consistent with the expectations of investors.

**Windstream provides services to its customers over access lines, and if it continues to lose access lines as it has historically, its revenues, earnings and cash flows from operations could be adversely affected.**

Windstream's business generates revenue by delivering voice and data services over access lines. Windstream has experienced net access line loss over the past few years. During the twelve month period ended June 30, 2011, total access lines decreased by approximately 2.1 percent. Excluding the access lines in the acquired markets of Q-Comm, access lines declined by 3.3 percent over the same period. Windstream expects to continue to experience net access line loss in its markets. Windstream's inability to retain access lines could adversely affect its revenues, earnings and cash flow from operations.

**Windstream is dependent upon other ILECs for facilities and service in operating territories in which it is not the incumbent.**

The acquisition of PAETEC would substantially increase Windstream's operating presence in territories where it depends upon the ILEC to install and maintain the facilities and services used to serve Windstream's customers (CLEC territories). These facilities include certain digital transmission lines or services, unbundled network elements and other network components. Although parties may negotiate prices contained in interconnection agreements, such statewide agreements typically incorporate prices for interconnection, collocation, and UNEs that have been established by the state regulatory agency in generic proceedings for the incumbent carrier using the FCC's approved pricing methodology. The prices for ILEC special access services are included in tariffs that may be changed after notice. In addition, Windstream must secure an acceptable interconnection agreement either through negotiation or by selecting an existing agreement available through the opt-in methodology whenever its CLEC business enters a new state or an existing agreement is terminated. If Windstream cannot negotiate interconnection agreements with other ILECs for network access and services for its CLEC territories on acceptable terms, Windstream may invoke binding arbitration by state regulatory agencies. The arbitration process is expensive and time consuming, and the results of arbitration may be unfavorable to Windstream. The inability to obtain interconnection on acceptable terms would be detrimental to operations in the CLEC territories.

Access to the ILEC-provisioned facilities and services is essential for providing communications services in the CLEC territories. Because of this dependence, communications services in these territories are susceptible to changes in the availability and pricing of ILEC facilities and services. If the ILECs become legally entitled to deny or limit access to network elements such as UNEs, or if state commissions allow ILECs to increase their rates for these elements or services, Windstream may not be able to effectively compete in these CLEC territories. In addition, if the ILECs do not adequately maintain or timely install these facilities, which they are legally obligated to do, Windstream's service to customers may be adversely affected. As a result, Windstream's business, results of operations and financial condition could be materially impacted as Windstream may have difficulty retaining existing customers and attracting new ones.

**Windstream's operations require substantial capital expenditures.**

Windstream requires substantial capital to maintain, upgrade and enhance its network facilities and operations. During 2010, Windstream incurred \$415.2 million in capital expenditures, and during the six month period ended June 30, 2011 Windstream incurred \$331.7 million in capital expenditures. In addition,

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Windstream's current dividend practice utilizes a significant portion of its cash generated from operations and therefore limits its operating and financial flexibility and its ability to significantly increase capital expenditures. While Windstream has historically been able to fund capital expenditures from cash generated from operations, the other risk factors described in this section could materially reduce cash available from operations or significantly increase its capital expenditure requirements, and these outcomes could cause capital not to be available when needed. This could adversely affect its business.

In addition, Windstream filed numerous applications with the Rural Utilities Services ( RUS ) as part of the American Recovery and Reinvestment Act of 2009 and was notified during the third quarter of 2010 that 18 applications in thirteen states totaling \$181.3 million were approved. Windstream must fund 25 percent of the project cost, or \$60.4 million, for a total cost of \$241.7 million. These projects must be substantially completed within two years. Windstream began these projects in the first quarter of 2011 and has various vendor contracts currently under review with the RUS. During the first quarter of 2011, Windstream began contributing its matching funds into a pledged deposit account, reflected as restricted cash on its balance sheet. Windstream began applying for reimbursement for stimulus expenditures during the second quarter of 2011.

**Unfavorable changes in financial markets could adversely affect Windstream's pension plan investments, resulting in material funding requirements to meet pension obligations.**

Windstream's pension plan invests in marketable equity securities, including marketable debt and equity securities denominated in foreign currencies, which are exposed to changes in the financial markets. The fair market value of these investments, totaling \$929.2 million at June 30, 2011, increased 6.7 percent from \$870.5 million on December 31, 2010, due to a return on plan assets of \$37.2 million, or 4.3 percent, and a stock contribution with an appraised value, as determined by an unaffiliated third party valuation firm, of approximately \$60.6 million, which was subsequently sold for \$61.1 million, partially offset by \$39.1 million in routine benefit payments and administrative expenses. Returns generated on plan assets have historically funded a large portion of the benefits paid under Windstream's pension plan. Windstream estimates that the long-term rate of return on plan assets will be 8.0 percent, but returns below this estimate could significantly increase Windstream's contribution requirements, which could adversely affect Windstream's cash flows from operations.

**Windstream's relationships with other communications companies are material to its operations and their financial difficulties may adversely affect Windstream.**

Windstream originates and terminates calls for long distance carriers and other interexchange carriers over its network in exchange for access charges that represent a significant portion of Windstream's revenues. Should these carriers go bankrupt or experience substantial financial difficulties, Windstream's inability to timely collect access charges from them could have a negative effect on Windstream's business and results of operations.

**Disruption in its networks and infrastructure may cause Windstream to lose customers and incur additional expenses.**

To be successful, Windstream will need to continue to provide its customers with reliable service over its networks. Some of the risks to its networks and infrastructure include physical damage to access lines, breaches of security, capacity limitations, power surges or outages, software defects and disruptions beyond its control, such as natural disasters and acts of terrorism. From time to time in the ordinary course of business, Windstream will experience short disruptions in its service due to factors such as cable damage, inclement weather and service failures of its third party service providers. Windstream could experience more significant disruptions in the future. Windstream could also face disruptions due to capacity limitations if changes in its customers' usage patterns for its high-speed Internet services result in a significant increase in capacity utilization, such as through increased usage of video or peer-to-peer file sharing applications. Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause Windstream to lose customers and incur expenses, and thereby adversely affect its business, revenue and cash flows.

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**Weak economic conditions may decrease demand for Windstream's services.**

Windstream could be sensitive to economic conditions and downturns in the economy. Downturns in the economy and vendor concentration in the markets served by Windstream could cause its existing customers to reduce their purchases of its basic and enhanced services and make it difficult for Windstream to obtain new customers.

**Key suppliers may experience financial difficulties that may impact Windstream's operations.**

Windstream purchases a significant amount of equipment from key suppliers to maintain, upgrade and enhance its network facilities and operations. Should these suppliers experience financial difficulties, such difficulties could adversely affect Windstream's business through increased prices to source purchases through alternative vendors or unanticipated delays in the delivery of equipment and services purchased.

**Adverse developments in Windstream's relationship with its employees could adversely affect its business, financial condition or results of operations.**

As of June 29, 2011, 1,722 of Windstream's employees at various sites, or 17 percent of all of its employees, were covered by collective bargaining agreements. Windstream's relationship with these unions generally has been satisfactory, but occasional work stoppages have occurred.

Windstream is currently party to 23 collective bargaining agreements and one national pension agreement with several unions, which expire at various times. In addition, the proposed Employee Free Choice Act, if enacted, could increase organizational activity at locations where employees are currently not represented by a labor organization. Of its existing collective bargaining agreements, five agreements expired in 2011 and new agreements were ratified. In addition, the national pension agreement covered 606 employees as of June 30, 2011. This agreement expired in 2010 but has been extended indefinitely, subject to the right of Windstream or the unions to terminate the agreement with 30 days notice. Historically, Windstream has succeeded in negotiating new collective bargaining agreements without work stoppages; however, no assurances can be given that Windstream will succeed in negotiating new collective bargaining agreements to replace the expiring ones without work stoppages. Increases in organizational activity or any future work stoppages could have a material adverse effect on its business, financial condition or results of operations.

**Windstream cannot assure you that it will continue paying dividends at the current rate or at all.**

Windstream's board of directors has adopted a current dividend practice for the payment of quarterly cash dividends at a rate of \$0.25 per share of the Windstream's common stock. This practice can be changed at any time at the discretion of the board of directors, and Windstream's common stockholders should be aware that they have no contractual or other legal right to dividends. In addition, the other risk factors described in this section could materially reduce the cash available from operations or significantly increase Windstream's capital expenditure requirements, and these outcomes could cause capital to not be available when needed in an amount sufficient to support Windstream's current dividend practice. The amount of dividends that Windstream may distribute is also limited by restricted payment and leverage covenants in Windstream's credit facilities and indentures, and, potentially, the terms of any future indebtedness that Windstream may incur. The amount of dividends that Windstream may distribute is also subject to restrictions under Delaware law. If Windstream's board of directors were to adopt a change in its current dividend practice that resulted in the elimination of dividends or a reduction in the amount of dividends, such change could have a material and adverse effect on the market price of Windstream's common stock.

In addition, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended the American Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") for two years. The Act designated certain qualifying dividend payments on capital stock as long term capital gains, which capped the federal tax rate on these payments at 15 percent for individual holders, provided certain holding period requirements are met. The provisions of the Act are set to expire at the end of 2012, and if not renewed, dividends will become taxable as ordinary income to the individual stockholder at their current federal tax rate. This could adversely affect the market price of Windstream's common stock by decreasing the after tax yield of holding the stock.

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**SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus, including information contained or incorporated by reference into this proxy statement/prospectus, contains certain forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, the words will, may, should, continue, believes, expects, intends, anticipates, estimates or similar expressions identify forward-looking statements, which also include any statements regarding the anticipated benefits of the merger, or Windstream's or PAETEC's expected financial condition, results of operations and business. Without limiting the generality of the preceding sentence, forward-looking statements include the statements not regarding historical facts contained in Risk Factors, The Merger Background of the Merger, The Merger Recommendation of the PAETEC Board; PAETEC's Reasons for the Merger, The Merger Windstream's Reasons for the Merger, The Merger Financial Forecasts of PAETEC's Management, and The Merger Financing Arrangements that refer to, without limitation, any forecasts, projections and descriptions of anticipated cost savings or other synergies or other expected benefits of the merger. Forward-looking statements also include certain statements contained in Information About PAETEC and incorporated by reference herein from documents filed with the SEC by Windstream relating to, among other matters, the possible or assumed future results of operations of Windstream's and PAETEC's businesses, the markets for Windstream's and PAETEC's services and products, anticipated capital expenditures, regulatory developments, competition or the expected effects of the merger.

These forward-looking statements involve known and unknown risks and uncertainties that are difficult to predict. Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, among others, the following factors:

Windstream's and PAETEC's ability to complete the merger;

failure of PAETEC stockholders to adopt the merger agreement;

Windstream's ability to successfully integrate PAETEC's operations and to realize the synergies from the merger;

failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals;

Windstream's and PAETEC's ability to effectively manage their regulatory compliance and service quality;

Windstream's and PAETEC's ability to sell product offerings or enhanced services;

changes in accounting policies or practices;

changes in rates or traffic that are subject to access charges;

further adverse changes in economic conditions in the markets in which Windstream and PAETEC operate;

the extent, timing, and overall effects of competition in the communications business;

continued access line loss;

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the impact of new, emerging or competing technologies;

the adoption of inter-carrier compensation and/or universal service reform proposals by the FCC or the U.S. Congress that results in a significant loss of revenue to Windstream;

material changes in the communications industry generally that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers;

the potential for adverse changes in the ratings given to Windstream's debt securities by nationally accredited ratings organizations;

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the availability and cost of financing in the corporate debt markets;

the effects of work stoppages;

unexpected results of litigation;

unexpected or unfavorable rulings by public service commissions in proceedings regarding universal service funds, inter-carrier compensation or other matters that could reduce revenues or increase expenses;

the impact of equipment failure, natural disasters or terrorist acts;

the effects of federal and state legislation, rules, and regulations governing the communications industry;

changes in Windstream's and PAETEC's ability to manage their operations, costs and capital expenditures, to pay dividends and to reduce or refinance debt;

the effects of any unfavorable outcome with respect to any of Windstream's or PAETEC's current or future legal, governmental, or regulatory proceedings, audits or disputes;

earnings on pension plan investments significantly below Windstream's expected long-term rate of return for plan assets;

changes in income tax rates and tax laws; and

those factors listed or referenced under the heading "Risk Factors."

In addition to these factors, actual future performance, outcomes and results may differ materially because of other, more general, factors including (without limitation) general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes. Forward-looking statements, therefore, should be considered in light of all of the information included or referred to in this proxy statement/prospectus, including the cautionary information set forth or referenced under "Risk Factors" beginning on page 29.

Any forward-looking statements in this proxy statement/prospectus are not guarantees of future performance, and actual results, developments and business decisions may differ from those contemplated by those forward-looking statements, possibly materially. Accordingly, you should not place undue reliance on any such forward-looking statements. Windstream and PAETEC disclaim any duty to update any forward-looking statements except as required by applicable law. See "Where You Can Find More Information" on page 204 for information on how you can view Windstream's incorporated documents.

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**THE COMPANIES**

**Windstream Corporation**

Windstream is a leading communications and technology solutions provider, delivering complex data, high-speed Internet, voice and transport services to customers with operations throughout the United States and the District of Columbia. Windstream's business solutions include IP-based voice and data services, multiprotocol label switching networking, data center and managed services, hosting services and communications systems. Windstream provides high-speed Internet, voice, and digital television services to residential customers in 29 states. Windstream delivers its services over an extensive local and long-haul fiber network, which it also uses to provide wholesale services to other carriers.

As of June 30, 2011, Windstream served approximately 3.3 million access lines and 1.3 million high-speed Internet customers, and operated approximately 60,000 fiber route miles.

Windstream's telecommunications services are offered in the following 29 states: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia and Wisconsin.

Windstream is incorporated in Delaware. Windstream's principal executive offices are located at 4001 Rodney Parham Road, Little Rock, Arkansas 72212, and its telephone number is (501) 748-7000. Windstream's website is located at [www.windstream.com](http://www.windstream.com). Information on Windstream's website is not incorporated into, and does not otherwise form a part of, this proxy statement/prospectus.

Windstream common stock is traded on the NASDAQ Global Select Market under the trading symbol WIN.

For a further discussion of Windstream's business, you are urged to read Windstream's Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information* on page 204 for information on how you can view this report.

***Recent Windstream Developments***

*Partial Redemption of 8.625% Senior Notes due 2016.* On August 19, 2011, Windstream directed U.S. Bank National Association, as trustee under the indenture governing Windstream's 8.625% Senior Notes due 2016 (the *2016 Notes*), to deliver a notice of redemption to holders of the 2016 Notes to redeem on September 19, 2011 (the *Redemption Date*) \$350.0 million of the outstanding aggregate principal amount of the 2016 Notes at a redemption price equal to \$1,043.13 per \$1,000 principal amount of the 2016 Notes, plus accrued and unpaid interest to, but excluding, the Redemption Date. The partial redemption was made in accordance with the terms of the indenture governing the 2016 Notes.

*Commitment Letter.* Contemporaneously with the execution of the merger agreement, Windstream entered into a commitment letter with J.P. Morgan Securities LLC and JPMorgan Chase Bank, N.A. (the *Commitment Letter*) pursuant to which JPMorgan Chase Bank, N.A. committed to provide to Windstream credit facilities of up to \$1,100,000,000, which, together with cash on hand at Windstream and PAETEC and the expected existing capacity under Windstream's revolving credit facility, would be sufficient to pay off all amounts outstanding under PAETEC's credit facilities and to repay or purchase all of PAETEC's outstanding senior notes and senior secured notes. As a result of the receipt of the amendments to (1) Windstream's credit facilities described below and (2) the indentures governing the PAETEC notes described below, the Commitment Letter has been terminated in accordance with its terms.



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*Credit Agreement Amendment.* As contemplated by the merger agreement, on August 9, 2011, Windstream received consent from the requisite lenders to amend certain provisions of its existing senior secured credit facilities and security agreement in order to, among other things, permit Windstream to leave PAETEC's senior notes and senior secured notes outstanding following the completion of the merger.

*Consent Solicitation.* As contemplated by the merger agreement, PAETEC solicited and, on August 16, 2011, received consents from the requisite holders of PAETEC's outstanding 9.5% Senior Notes due 2015, PAETEC's outstanding 7.8% Senior Secured Notes due 2017, and PAETEC's outstanding 9.8% Senior Notes due 2018 (collectively, the Notes) to proposed amendments to the indentures governing each series of Notes. The amendments provide that PAETEC's obligation under each indenture to make an offer to purchase all of the outstanding Notes of the applicable series upon a change of control of PAETEC (as defined in such indenture) will not apply as a result of the merger, and clarify PAETEC's obligations under the reporting covenant in each indenture.

See The Merger Financing Arrangements on page 116 for additional information about the Commitment Letter, the Credit Agreement Amendment and the Consent Solicitation.

### **Peach Merger Sub, Inc.**

Merger Sub is a Delaware corporation and a direct, wholly-owned subsidiary of Windstream. Merger Sub was organized on July 27, 2011 solely for the purpose of effecting the merger with PAETEC. It has not carried on any activities other than in connection with the merger agreement.

### **PAETEC Holding Corp.**

PAETEC is a competitive broadband communications services and solutions provider guided by the principle that delivering superior customer service is the key to competing successfully with other communications services providers. PAETEC's primary business is providing business end-user customers in metropolitan areas with a package of integrated broadband communications services that encompasses data services, including Internet access services and virtual private network services, and voice services, including local telephone services and domestic and international long distance services. As of June 30, 2011, PAETEC provided services in 48 states and the District of Columbia for approximately 53,000 business customers in a service area encompassing 86 of the country's top 100 metropolitan statistical areas.

PAETEC is incorporated in Delaware. PAETEC's principal executive offices are located at One PAETEC Plaza, 600 Willowbrook Office Park, Fairport, New York 14450, and its telephone number is (585) 340-2500. PAETEC's website is located at [www.paetec.com](http://www.paetec.com). Information on PAETEC's website does not form a part of this proxy statement/prospectus.

PAETEC's common stock is listed on the NASDAQ Global Select Market under the trading symbol PAET.

Additional information about PAETEC and its subsidiaries is included in the section of this proxy statement/prospectus entitled Information About PAETEC. See Where You Can Find More Information on page 204 for information on how you can view reports and other documents filed with the SEC by PAETEC. Such filed information does not form a part of this proxy statement/prospectus.

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**THE SPECIAL MEETING**

**General**

The PAETEC board of directors is using this proxy statement/prospectus to solicit proxies from the holders of shares of PAETEC common stock for use at the special meeting of PAETEC stockholders. PAETEC is first mailing to its stockholders this proxy statement/prospectus, including a notice of the special meeting and a form of proxy, on or about September 22, 2011.

**Date, Time and Place of the Special Meeting**

The special meeting is scheduled to be held at the Hilton Manhattan East, 304 East 42nd Street, New York, New York 10017 on October 27, 2011, at 10:00 a.m., local time.

**Purpose of the Special Meeting**

At the special meeting, holders of PAETEC common stock will be asked to:

1. consider and vote upon a proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement;
2. cast an advisory (nonbinding) vote to approve golden parachute compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger; and
3. consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

**Recommendations of the PAETEC Board of Directors**

The PAETEC board of directors unanimously recommends that PAETEC stockholders vote:

**FOR** adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement;

**FOR** approval, on an advisory (nonbinding) basis, of the golden parachute compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger; and

**FOR** approval of one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

As discussed elsewhere in this proxy statement/prospectus, PAETEC's board of directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger, and has determined that the merger agreement and the merger are fair to, advisable and in the best interests of PAETEC and its stockholders. PAETEC stockholders should carefully read this proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger. In particular, PAETEC stockholders are directed to the merger agreement, which is attached as Annex A to this proxy statement/prospectus.

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Adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement is subject to a vote by the PAETEC stockholders separate from the vote on approval of the golden parachute compensation, and approval of the golden parachute compensation is not a condition to completion of the merger.

### **Required Vote for Adoption of Merger Agreement**

Assuming a quorum is present at the special meeting, adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement will require the affirmative vote of the holders of a majority of the shares of PAETEC common stock outstanding as of the record date for the special meeting.

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If you fail to vote, if you fail to authorize your broker to vote on your behalf (which will result in a broker non-vote, as described below under **Quorum** ), or if you abstain from voting, the effect will be the same as if you had voted against the adoption of the merger agreement.

### **Required Vote on Other Proposals**

Assuming a quorum is present at the special meeting, approval, on an advisory (nonbinding) basis, of the **golden parachute** compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger will require the affirmative vote of the holders of a majority of the shares of PAETEC common stock present in person or represented by proxy at the special meeting and entitled to vote on this proposal. An abstention from voting on this proposal will have the same effect as a vote against the proposal. Broker non-votes will not affect whether this proposal is approved. Because the vote on this proposal is advisory, the result of the vote will not be binding on PAETEC.

Approval of one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, will require the affirmative vote of the holders of a majority of the shares of PAETEC common stock present in person or represented by proxy at the special meeting and entitled to vote on this proposal. An abstention from voting on this proposal will have the same effect as a vote against the proposal. Broker non-votes will not affect whether this proposal is approved. See **Adjournment Proposal** on page 137 for more information about this proposal.

### **PAETEC Security Ownership of Management and Certain Beneficial Owners**

The following table presents information regarding the beneficial ownership of PAETEC common stock as of September 12, 2011 (except as indicated below) by:

each of PAETEC's directors;

PAETEC's Chief Executive Officer, its Chief Financial Officer and its five other most highly compensated executive officers for 2010, including two former executive officers;

all directors and executive officers of PAETEC as a group; and

each person known by PAETEC to own beneficially more than 5% of PAETEC's common stock.

As of September 12, 2011, the record date for PAETEC's special meeting, there were 146,145,461 shares of PAETEC common stock outstanding.

The following information has been presented in accordance with the SEC's rules and is not necessarily indicative of beneficial ownership for any other purpose. Under the SEC's rules, beneficial ownership of a class of capital stock as of any date includes any shares of that class as to which a person, directly or indirectly, has or shares voting power or investment power as of that date and also any shares as to which a person has the right to acquire sole or shared voting or investment power as of or within 60 days after that date through the exercise of any stock option or warrant or the vesting of any restricted stock unit, without regard to whether the right expires before the end of the 60-day period or continues thereafter. The beneficial ownership reported below does not take into account the acceleration of vesting of stock options or restricted stock units in connection with the closing of the merger. If two or more persons share voting power or investment power with respect to specific securities, all of those persons may be deemed to be the beneficial owners of the securities. Information with respect to persons other than the holders listed in the table below that share beneficial ownership with respect to the securities shown is set forth following the table.

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Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (%)
<b>Executive Officers and Directors:</b>		
Richard T. Aab	8,391,543	5.7
Edward J. Butler, Jr.	1,121,894	*
Arunas A. Chesonis	6,689,191	4.6
Mario DeRiggi	289,310	*
Shelley Diamond	50,498	*
H. Russell Frisby, Jr.	144,057	*
Tansukh V. Ganatra	2,421,761	1.7
Michael C. Mac Donald	100,998	*
William R. McDermott	104,857	*
Robert D. Moore, Jr.	300,832	*
Mary K. O Connell	71,001	*
Alex Stadler	139,798	*
Keith M. Wilson	829,435	*
Laurie Zaucha	56,739	*
Mark Zupan	176,723	*
All directors and executive officers as a group (16 persons)	21,121,387	14.2
<b>Other Stockholders:</b>		
BlackRock, Inc.	8,871,966	6.1
Columbia Wanger Asset Management, L.P.	14,743,000	10.1
FMR LLC	8,024,360	5.5
Penn Capital Management	7,921,094	5.4
Sankaty Credit Opportunities III, L.P. and others	7,801,908	5.3
Wayzata Investment Partners LLC	12,876,887	8.8

\* Represents beneficial ownership of less than 1%.

The percentage of beneficial ownership as to any person as of a particular date is calculated by dividing the number of shares beneficially owned by the person, which includes the number of shares as to which the person has the right to acquire voting or investment power as of or within 60 days after such date, by the sum of the number of shares outstanding as of the date plus the number of shares as to which the person has the right to acquire voting or investment power as of or within 60 days after such date. Consequently, the denominator for calculating beneficial ownership percentages may be different for each beneficial owner.

The information concerning Mr. Aab is based on PAETEC's records and on information filed with the SEC on Schedule 13D/A on December 17, 2009. Mr. Aab reports that the shares of common stock shown as beneficially owned by him include shares held by Melrich Associates, L.P., for which Mr. Aab and his wife are the sole general partners and share voting and investment power. The amount shown in the table also includes 811,639 shares issuable upon the exercise of stock options and a warrant that are exercisable as of or within 60 days after September 12, 2011. Mr. Aab's address is c/o PAETEC Holding Corp., One PAETEC Plaza, 600 Willowbrook Office Park, Fairport, New York 14450.

The shares of common stock shown as beneficially owned by Mr. Butler are based on PAETEC's records as of the termination of Mr. Butler's employment on November 5, 2010 and include 11,250 shares issuable upon the exercise of stock options that were exercisable as of or within 60 days after such date.

The information concerning Mr. Chesonis is based on PAETEC's records and on information filed with the SEC on Schedule 13D/A on May 17, 2010. The shares of common stock shown as beneficially owned by Mr. Chesonis include 548,535 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011. Mr. Chesonis's address is c/o PAETEC Holding Corp., One PAETEC Plaza, 600 Willowbrook Office Park, Fairport, New York 14450.

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The shares of common stock shown as beneficially owned by Mr. DeRiggi include 52,232 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Ms. Diamond include 43,999 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Mr. Frisby include 132,891 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Mr. Ganatra include 342,500 shares as to which Mr. Ganatra has sole voting and investment power through a stock control agreement with his son, 235,000 shares as to which Mr. Ganatra has sole voting and investment power through a stock control agreement with his wife, 1,700,000 shares held in charitable remainder trusts for which Mr. Ganatra has sole voting and investment power, and 19,499 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Mr. Mac Donald include 13,999 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Mr. McDermott include 52,598 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Mr. Moore include 72,385 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Ms. O Connell include 43,611 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Mr. Stadler include 130,299 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Mr. Wilson include 103,649 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by Ms. Zaucha are based on PAETEC's records as of the termination of Ms. Zaucha's employment on March 4, 2011 and include 48,250 shares issuable upon the exercise of stock options that were exercisable as of or within 60 days after such date.

The shares of common stock shown as beneficially owned by Mr. Zupan include 149,224 shares issuable upon the exercise of stock options that are exercisable as of or within 60 days after September 12, 2011.

The shares of common stock shown as beneficially owned by all directors and executive officers as a group include 2,304,985 shares issuable upon the exercise of stock options and warrants that are exercisable, and the vesting of restricted stock units that are vested or subject to vesting, as of or within 60 days after September 12, 2011, or, with respect to the executive officers identified above who are no longer employed by PAETEC, as of or within the dates indicated above.

The information concerning BlackRock, Inc. is based on information filed with the SEC on Schedule 13G on February 7, 2011. BlackRock, Inc. reports sole dispositive and sole voting power over all of the shares shown. BlackRock, Inc.'s address is 40 East 52<sup>nd</sup> Street, New York, New York 10022.

The information concerning Columbia Wanger Asset Management, L.P. is based on information filed with the SEC on Schedule 13G/A on February 11, 2011. Columbia Wanger Asset Management, L.P. reports that it has sole dispositive power over all of the shares shown and sole voting power over 13,518,000 of the shares shown. The shares shown include shares held by Columbia Acorn Trust, a Massachusetts business trust advised by the reporting person. Columbia Wanger Asset Management, L.P.'s address is 227 West Monroe Street, Suite 3000, Chicago, Illinois 60606.



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The information concerning FMR LLC ( FMR ) is based on information filed with the SEC on Schedule 13G/A on February 14, 2011. FMR reports that the shares of common stock shown as beneficially owned by it include 7,624,220 shares beneficially owned by Fidelity Management & Research Company ( Fidelity ) a wholly-owned subsidiary of FMR and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, as a result of Fidelity 's service as investment adviser to various investment companies. Each of Edward C. Johnson, III, the Chairman of FMR, FMR, through its control of Fidelity, and unnamed investment companies has sole power to dispose of the shares owned by the investment companies. Members of the family of Mr. Johnson are the predominant owners of FMR and may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR. Neither FMR nor Mr. Johnson has the sole power to vote or direct the voting of the shares owned directly by any investment company, which power resides with each such investment company 's board of trustees. Pyramis Global Advisors Trust Company, an indirect, wholly-owned subsidiary of FMR and a bank, is the beneficial owner of 400,140 shares of common stock as a result of its serving as investment manager of institutional accounts owning such shares. Mr. Johnson and FMR each has sole dispositive power over 400,140 shares of common stock and sole power to vote or direct the voting of 400,140 shares of common stock owned by the institutional accounts managed by Pyramis Global Advisors Trust Company. FMR 's address is 82 Devonshire Street, Boston, Massachusetts 02109.

The information concerning Penn Capital Management is based on information filed with the SEC on Schedule 13G on February 15, 2011. Penn Capital Management reports sole voting and dispositive power over all of the shares shown. Penn Capital Management 's address is Navy Yard Corporate Center, Three Crescent Drive, Suite 400, Philadelphia, Pennsylvania 19112.

The information concerning Sankaty Credit Opportunities III, L.P. and others is based on information filed with the SEC on Schedule 13G on February 14, 2011 by Sankaty Credit Opportunities III, L.P. ( COPS III ), Sankaty Credit Opportunities IV, L.P. ( COPS IV ), Sankaty Credit Opportunities (Offshore) IV, L.P. ( COPS IV Offshore ) and Sankaty Advisors, LLC in its capacity as the investment manager for a managed account client. The Schedule 13G states that COPS III has sole voting and dispositive power with respect to 2,425,677 shares of common stock, COPS IV has sole voting and dispositive power with respect to 2,046,296 shares of common stock, COPS IV Offshore has sole voting and dispositive power with respect to 2,636,310 shares of common stock, and Sankaty Advisors, LLC has sole voting and dispositive power with respect to 693,625 shares of common stock. The reporting persons also state that Sankaty Credit Member, LLC is the managing member of COPS III and COPS IV, that Sankaty Credit Member (Offshore), Ltd. is the general partner of COPS IV Offshore, that Sankaty Advisors, LLC has entered into an investment management agreement with a managed account client pursuant to which it has authority to acquire, dispose of, and vote securities on behalf of such client, and that Jonathan S. Lavine is the managing member of Sankaty Credit Member, LLC and a director of Sankaty Credit Member (Offshore), Ltd. The address for COPS III, COPS IV, COPS IV Offshore and Sankaty Advisors, LLC is 111 Huntington Avenue, Boston, Massachusetts 02199.

The information concerning Wayzata Investment Partners LLC ( Wayzata ) is based on information filed with the SEC on Schedule 13G/A on February 14, 2011. Wayzata serves as an investment adviser to Wayzata Recovery Fund, LLC, Wayland Distressed Opportunities Fund I-B, LLC, Wayland Distressed Opportunities Fund I-C, LLC, Wayzata Opportunities Fund II, L.P., Wayzata Opportunities Fund Offshore II, L.P., Wayzata Opportunities Fund, LLC, and Wayzata Opportunities Fund Offshore, L.P. Wayzata and Patrick J. Halloran, an individual who serves as the managing member of Wayzata, report that they share voting and dispositive power over all of the shares shown. Wayzata and Mr. Halloran disclaim beneficial ownership of the shares owned by the funds which they manage. The address for Wayzata and Mr. Halloran is 701 East Lake Street, Suite 300, Wayzata, Minnesota 55391.



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### **Voting by Directors and Executive Officers**

As of the record date for the special meeting, PAETEC's directors and executive officers collectively had the power to vote approximately 13.4% of the shares of PAETEC common stock outstanding and entitled to vote at the special meeting.

### **Voting Agreement**

As an inducement to and a condition of Windstream's willingness to enter into the merger agreement, certain directors and executive officers of PAETEC, who collectively beneficially owned approximately 7.2% of the outstanding PAETEC common stock as of the record date for the PAETEC special meeting, have signed a voting agreement committing them to vote any shares held by them in favor of adoption of the merger agreement and against any alternative proposal or any other action which is reasonably likely to adversely affect or interfere with the consummation of the transactions contemplated by the merger agreement. A copy of the voting agreement is attached as Annex B to this proxy statement/prospectus.

### **Record Date; Outstanding Shares; Shares Entitled to Vote**

The PAETEC board of directors has fixed the close of business on September 12, 2011 as the record date for determination of stockholders entitled to notice of, and to vote at, the special meeting. Only stockholders of record of shares of PAETEC common stock as of the close of business on the record date will receive notice of, and be entitled to vote at, the special meeting and any adjournments, postponements or continuations of the special meeting.

As of September 12, 2011, the record date for the special meeting, there were 146,145,461 shares of PAETEC common stock outstanding and held by approximately 432 holders of record. Each stockholder is entitled to one vote at the special meeting for each share of PAETEC common stock held by that stockholder at the close of business on the record date. PAETEC's common stock is the only security the holders of which are entitled to notice of, and to vote at, the special meeting.

### **Quorum**

The holders of a majority of the shares of PAETEC common stock issued and outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting. There must be a quorum in order for the vote on adoption of the merger agreement and the other proposals to be taken. It is important that PAETEC stockholders vote promptly so that their shares are counted toward the quorum.

All shares of PAETEC common stock represented at the special meeting, including as abstentions and broker non-votes, will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum. PAETEC may seek to adjourn the special meeting if a quorum is not present at the meeting.

Broker-dealers who hold their customers' shares in street name may, under the applicable rules of the exchanges and other self-regulatory organizations of which the broker-dealers are members, vote the shares of their customers on routine proposals when they have not received instructions from the customer. Under these rules, brokers may not vote shares of their customers on non-routine matters without instructions from their customers. A broker non-vote occurs with respect to any proposal when a broker holds shares of a customer in its name and is not permitted to vote on that proposal without instruction from the beneficial owner of the shares and no instruction is given.

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### **Voting of Proxies**

All shares represented by properly submitted proxies received in time for the special meeting will be voted at the special meeting in the manner specified by the stockholders giving those proxies. Properly submitted proxies that do not contain voting instructions will be voted:

**FOR** adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement;

**FOR** approval, on an advisory (nonbinding) basis, of the golden parachute compensation payable under existing arrangements that certain PAETEC executive officers may receive in connection with the merger; and

**FOR** approval of one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

### **How to Vote**

Whether or not you plan to attend the special meeting in person, you should submit your proxy as soon as possible.

If you own shares of PAETEC common stock in your own name, you are an owner of record. This means that you may use the enclosed proxy card or the Internet or telephone voting options to tell the persons named as proxies how to vote your shares of PAETEC common stock.

You have four voting options:

*Mail.* You can submit your proxy by mail by completing, signing, dating and mailing your proxy card in the postage-paid reply envelope included with this proxy statement/prospectus.

*Internet.* You can submit your proxy over the Internet by accessing the website at [www.proxyvote.com](http://www.proxyvote.com), entering the control number printed on the enclosed proxy card and following the instructions on the website. Internet voting is available 24 hours a day.

*Telephone.* You can submit your proxy by telephone by calling the toll-free number 1-800-690-6903 in the United States, Canada or Puerto Rico on a touch-tone phone. You will then be prompted to enter the control number printed on the enclosed proxy card and to follow the subsequent instructions. Telephone voting is available 24 hours a day.

*In Person.* You may attend the special meeting and cast your vote in person by written ballot as described below under **Voting in Person at the Special Meeting**. To ensure that your shares are voted at the special meeting, the PAETEC board of directors recommends that you submit a proxy even if you plan to attend the special meeting.

If your shares are held in street name by a broker, bank or other institution as nominee, please follow the voting instructions provided by that entity. If you do not instruct your bank, broker or other nominee how to vote your shares with respect to each proposal, those shares will not be voted on such proposals at the special meeting, and your bank, broker or other nominee will not be authorized to vote.

The Internet and telephone voting options available to holders of record are designed to authenticate stockholders' identities, to allow stockholders to give their proxy voting instructions and to confirm that these instructions have been properly recorded. Proxies submitted over the Internet or by telephone through such a program must be received by 11:59 p.m., Eastern Time, on October 26, 2011. Submitting a proxy will not affect your right to vote in person if you decide to attend the special meeting.

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### **Revoking Your Proxy**

Your grant of a proxy on the enclosed proxy card or through one of the alternative methods discussed above does not prevent you from voting in person or otherwise revoking your proxy at any time before it is voted at the special meeting. If your shares of PAETEC common stock are registered in your own name, you may revoke your proxy in one of the following ways:

by delivering to PAETEC Holding Corp., 600 Willowbrook Office Park, Fairport, New York 14450, Attn: Mary K. O'Connell, Secretary, a written notice revoking your proxy that bears a date later than the date of the proxy that you are revoking and that is received before the special meeting;

by submitting another proxy card bearing a later date and mailing it so that it is received before the special meeting;

by submitting another proxy using the Internet or telephone voting procedures; or

by attending the special meeting and voting in person, although simply attending the meeting will not revoke your proxy, as you must deliver a notice of revocation or vote at the special meeting in order to revoke a prior proxy.

Your last vote is the vote that will be counted.

If you have instructed a broker, bank or other nominee to vote your shares, you must follow the directions received from your broker or other nominee if you wish to change your vote.

### **Voting in Person at the Special Meeting**

All stockholders of record may vote their shares in person by attending the special meeting and submitting the ballot that will be provided there.

If your shares are held in street name, you may vote in person at the special meeting if you have a legal proxy from the holder of record. You will need to ask the broker or bank or other institution holding your shares for a legal proxy and bring the legal proxy with you to the special meeting. You will not be able to vote your shares at the meeting without a legal proxy. If you request a legal proxy, any previously executed proxy will be revoked, and your vote will not be counted unless you appear at the special meeting and vote in person or legally appoint another proxy to vote on your behalf.

### **Proxy Solicitation**

PAETEC is soliciting proxies for the special meeting from PAETEC stockholders. PAETEC will bear the entire cost of soliciting proxies from PAETEC stockholders, including the expenses incurred in connection with the filing of the registration statement of which this proxy statement/prospectus is a part. In addition to this mailing, PAETEC's directors, officers and employees, who will not receive any additional compensation for their services, may solicit proxies personally, electronically or by telephone. Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries to forward proxy solicitation materials to the beneficial owners of PAETEC common stock held of record by those persons, and PAETEC will reimburse these brokerage firms, custodians, nominees and fiduciaries for related, reasonable out-of-pocket expenses they incur.

PAETEC has made arrangements with Morrow & Co., LLC to aid in the solicitation of proxies and in communications with stockholders regarding the merger agreement and the merger, at a fee of approximately \$25,000 plus reimbursement of reasonable out-of-pocket expenses. PAETEC has agreed to indemnify Morrow & Co, LLC against any claims, costs, damages, liabilities, judgments and expenses such firm may incur in providing these services.

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