



Barclays Capital 2009 Worldwide Wireless and Wireline Conference

New York, NY

Rob Clancy, Senior Vice President and Treasurer

May 27, 2009

“Safe Harbor” Statement



Safe Harbor” Statement

Windstream claims the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements, including statements regarding Windstream's financial guidance for 2009, are subject to uncertainties that could cause actual future events and results to differ materially from those expressed in the forward-looking statements. These forward-looking statements are based on estimates, projections, beliefs and assumptions that Windstream believes are reasonable but are not guarantees of future events and results. Actual future events and results of Windstream may differ materially from those expressed in these forward-looking statements as a result of a number of important factors. Factors that could cause actual results to differ materially from those contemplated above include, among others: further adverse changes in economic conditions in the markets served by Windstream; the extent, timing and overall effects of competition in the communications business; continued access line loss; the impact of new, emerging or competing technologies; the adoption of inter-carrier compensation and/or universal service reforms by the Federal Communications Commission or Congress that results in a significant loss of revenue to Windstream; the risks associated with the integration of acquired businesses or the ability to realize anticipated synergies, cost savings and growth opportunities; the availability and cost of financing in the corporate debt markets; the potential for adverse changes in the ratings given to Windstream's debt securities by nationally accredited ratings organizations; the effects of federal and state legislation, rules and regulations governing the communications industry; material changes in the communications industry generally that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers; unexpected results of litigation; unexpected rulings by state public service commissions in proceedings regarding universal service funds, intercarrier compensation or other matters that could reduce revenues or increase expenses; the effects of work stoppages; the impact of equipment failure, natural disasters or terrorist acts; earnings on pension plan investments significantly below our expected long term rate of return for plan assets; and those additional factors under the caption “Risk Factors” in Windstream's Form 10-K for the quarter ended March 31, 2009. In addition to these factors, actual future performance, outcomes and results may differ materially because of more general factors including, among others, general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes. Windstream undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause Windstream's actual results to differ materially from those contemplated in the forward-looking statements should be considered in connection with information regarding risks and uncertainties that may affect Windstream's future results included in Windstream's filings with the Securities and Exchange Commission at www.sec.gov.

Regulation G Disclaimer

This presentation includes certain non-GAAP financial measures. On the Windstream investor relations web site, the company has posted additional information regarding these non-GAAP financial measures, including a reconciliation of each of such measure to the most directly comparable GAAP measure. The Investor Relations Web site is located at www.windstream.com/investors.



Windstream is.....

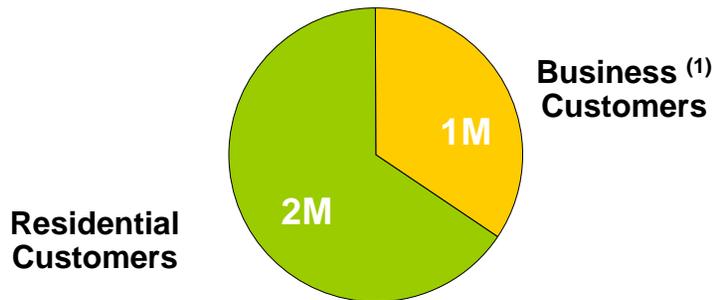


A COMMUNICATIONS AND ENTERTAINMENT PROVIDER *with Significant Scale and Profitability*

Windstream Business Overview

As of 3/31/09

► Access Lines: 3M



- Long-distance customers: 2M
- High-speed Internet customers: 1M
- Digital TV customers: 295K



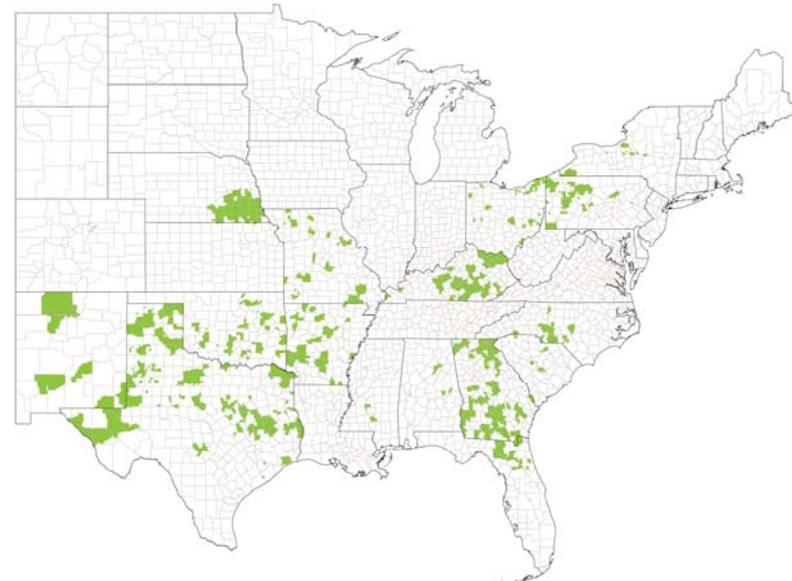
Notes:

(1) Includes wholesale and special circuits

(2) Operating Income Before Depreciation and Amortization

(3) Free cash flow is defined as net cash from operations less capital expenditures

Favorable Rural Markets *Geographically Diverse Serving 16 States*



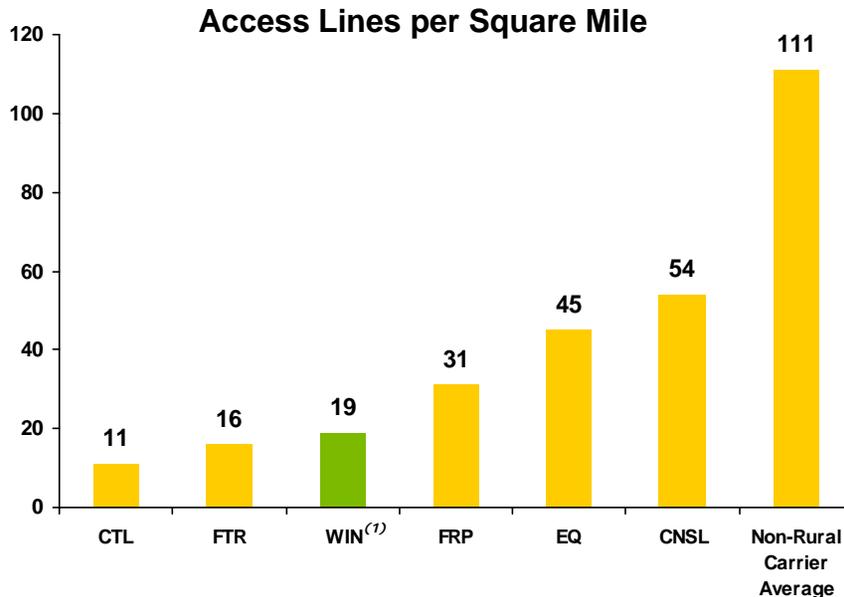
Pro Forma Financial Data (LTM 3/31/09)

- Revenue: \$3.1B
- OIBDA (2): \$1.6B
- Free Cash Flow (3): \$756M

Markets with Favorable Rural Characteristics

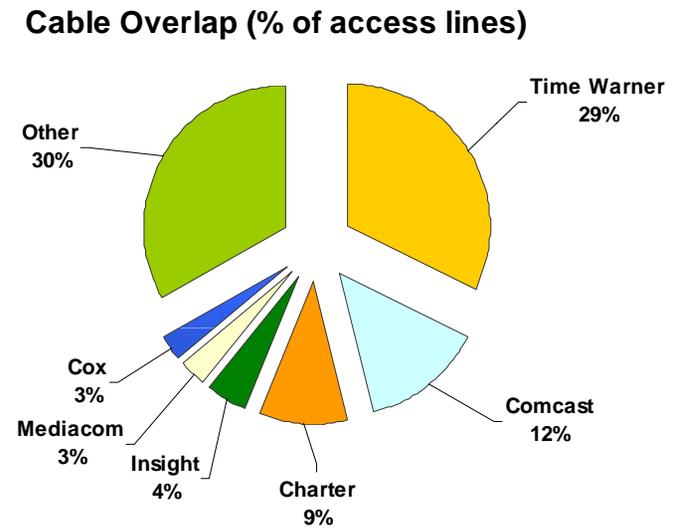


Rural Markets Less Competitive Than Urban



•Following the upcoming CTL/EQ and FTR/VZ transactions, WIN will have the fewest access lines per square mile

Fragmented Competitive Environment



- ~60% of lines have voice competition
- ~75-80% of lines have broadband competition



Notes:
 (1) Windstream access lines excludes CATV and CLEC lines
 Source: Public filings and investor presentations

Windstream Business Model

Focus on Sustaining Free Cash Flow



Strategic Objectives

- ▶ Focus on free cash flow accretive activities
- ▶ Transform business to broadband model

Operating Objectives

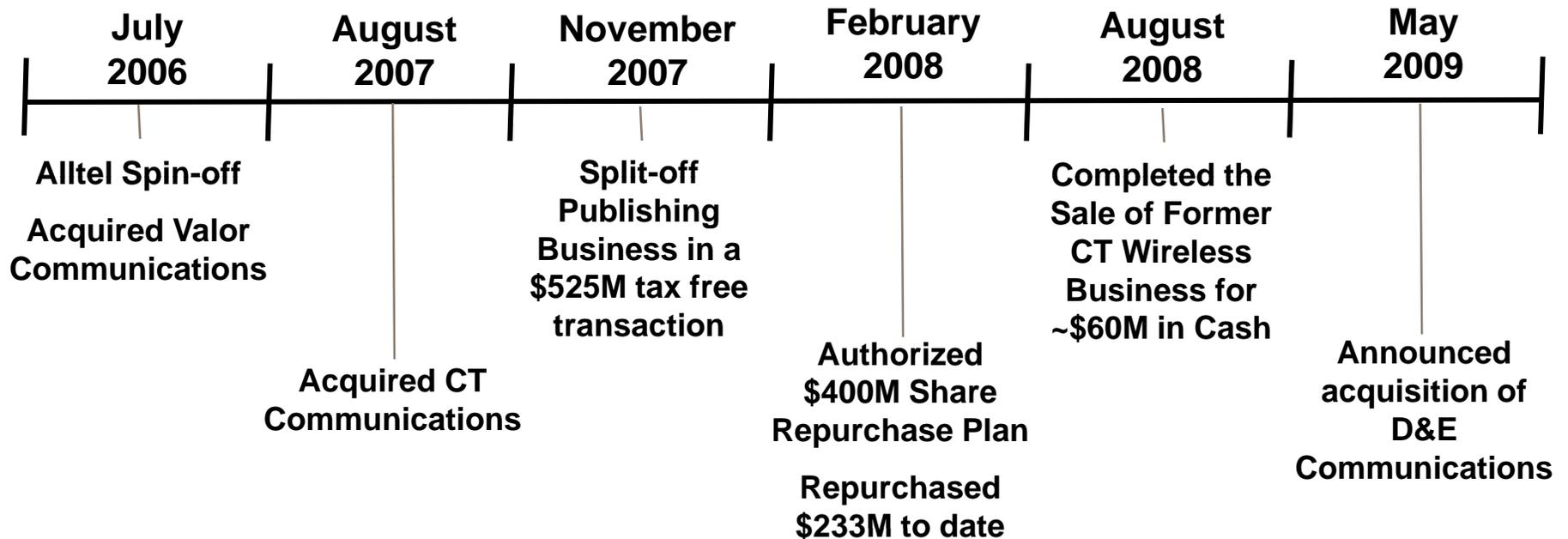
- ▶ Increase competitiveness with sales and marketing initiatives
- ▶ Drive 3 core products (broadband, digital TV and voice)

Financial Objectives

- ▶ Aggressively manage expenses and capex
- ▶ Sustain free cash flow

Focus on Free Cash Flow Accretive Activities

Executing an Opportunistic Growth Strategy



Improving Windstream's Financial Profile While Positioning the Company to Focus Entirely on Core Products

Acquisition of D&E Communications

Increases Windstream Scale and Operating Efficiency



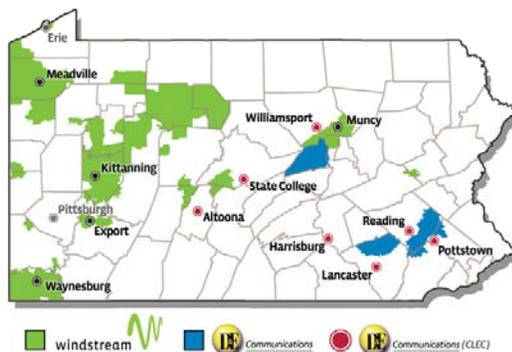
Overview of D&E Communications

- Provides voice, long distance, high-speed Internet, and video services to customers in Pennsylvania
- Total access lines: 165,000, of which ~47,000 are CLEC
- Total broadband customers: ~44,000
 - BB 100% availability to ILEC lines
 - ~ 50% of BB footprint can get up to 10Mb speeds
- Financial Data (LTM 3/31/09)
 - Revenue: \$148M
 - EBITDA: \$64M

Strategic Rationale

- Transaction improves Windstream's position:
 - Free cash flow accretive in first full year
 - Lowers dividend payout ratio and leverage ratio
 - Maintains Windstream's strong balance sheet
- Provides opportunity to generate approximately \$25m annual synergies as well as reductions in capital expenditures
- Nearly doubles WIN's operating presence in PA
- Favorable competitive position

Pro Forma Coverage



Transaction Overview

- Total transaction value of ~\$330M
- D&E shareholders will receive 0.650 of Windstream stock and \$5 cash for each D&E share
- Windstream will assume estimated net debt of ~\$171M
- Windstream intends to finance the acquisition with existing cash and current capacity on its revolver
- Expect the transaction to close in 2H09

Transforming Business to a Broadband Model

Network Positioned to Drive Incremental Revenue

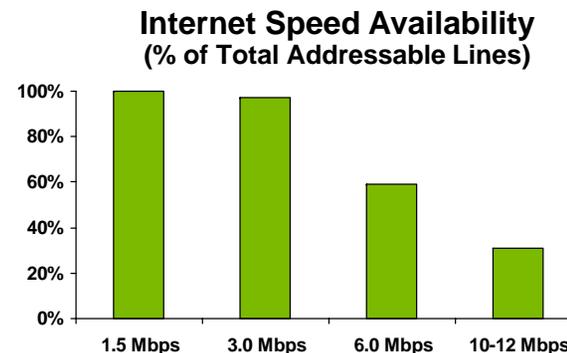


Leveraging Existing Infrastructure to Increase Sales Opportunities

- ▶ Upgraded our core network to increase capacity, speed and reliability
- ▶ Selling add-on services to drive incremental revenue
 - Security suite
 - Home networking
 - Video on demand
- ▶ Essentially doubled Internet speeds with deployment of ADSL2+ in 2008

Increasing Broadband ARPU with Faster Internet Speeds

- ▶ Over 72% of 1Q09 gross adds subscribed to 3Mb or faster Internet speeds vs 42% in 1Q08



Increasing Competitiveness with Sales and Marketing Initiatives



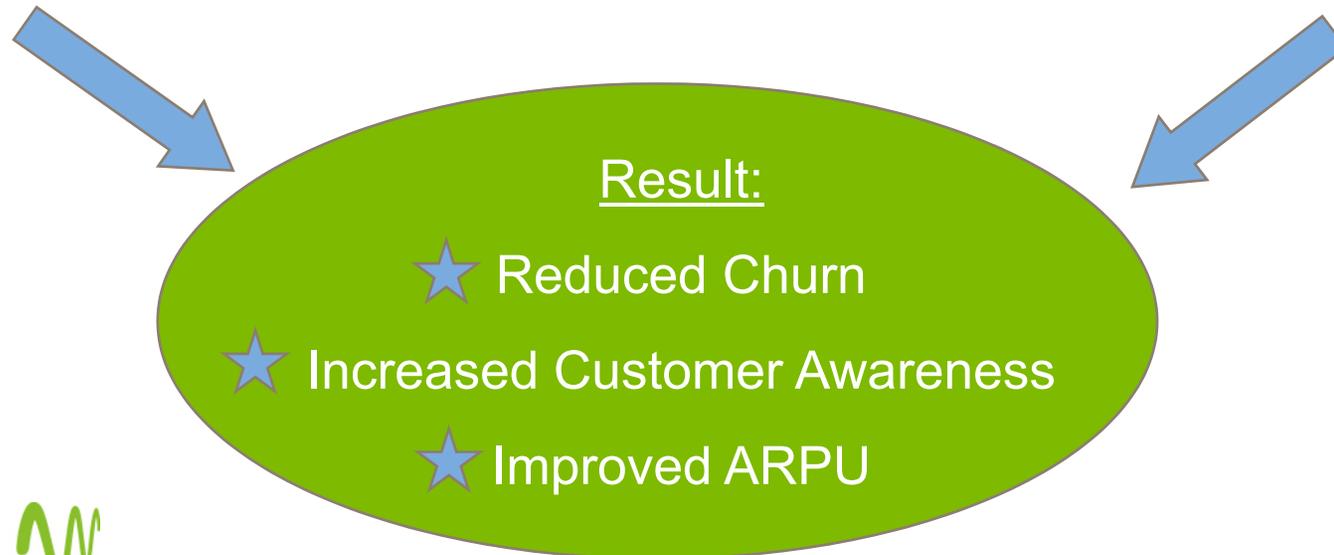
Improve Gross Adds with Increased Distribution Channels:

- ➔ Marketing at the local level
- ➔ Door-to-door sales strategy
- ➔ Partnering relationships
- ➔ Focusing on multi-dwelling units

-Targeted “Greenstreak” (1) offering

Improve Customer Retention

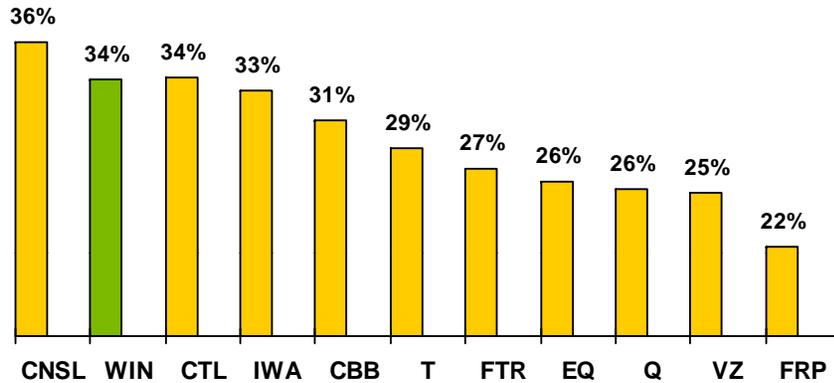
- ➔ Increasing penetration of bundled products
- ➔ Trained “Save Desk”
- ➔ Win-back campaigns
- ➔ Improving provisioning and servicing processes
- ➔ Targeted “Greenstreak” (1) offering



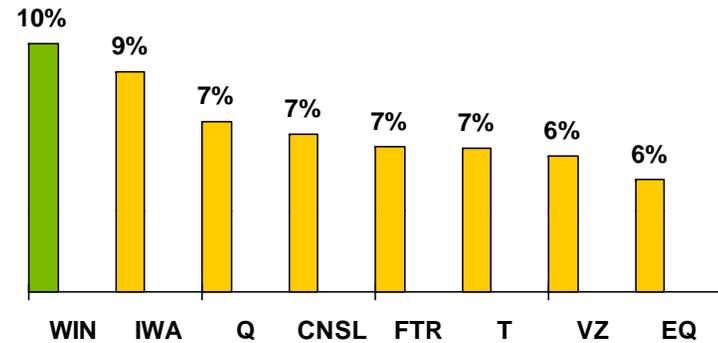
Marketing Activities are Leading to Industry Leading Operational Results



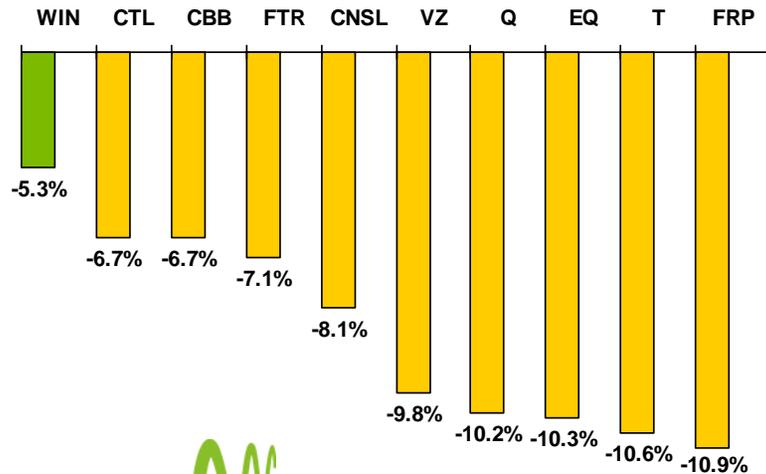
HSI Penetration of Total Access Lines



Video Penetration of Total Access Lines



Year-over-Year Change in Access Lines



Data as of 3/31/09

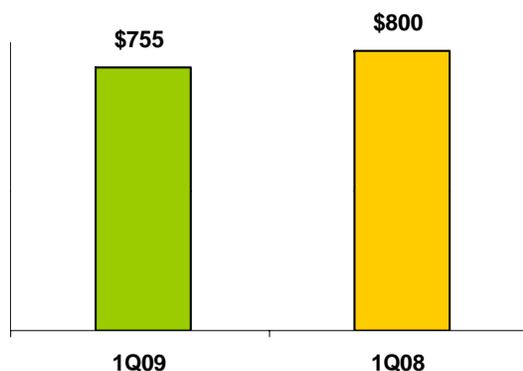
Operational Highlights

- ▶ Added 31k Internet subscribers in 1Q09, bringing our total to over 1M customers
- ▶ At 3/31/09, Internet penetration was ~52% of primary residential lines
- ▶ During 1Q09, we added 21k digital TV subscribers, growing 40.4% YOY

Delivering Solid Financial Results

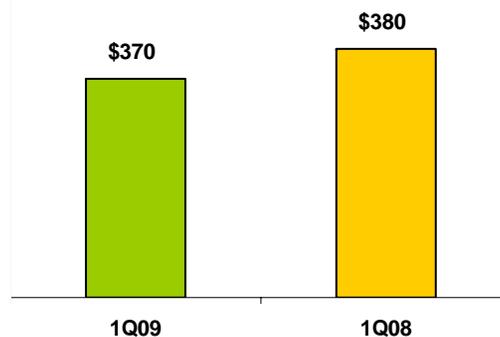


1Q09 Revenue



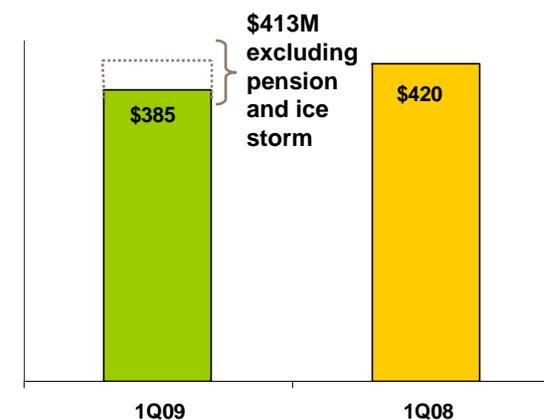
- ▶ Revenue declined due primarily to fewer access lines, usage declines and lower product sales
- ▶ Growth in HSI and data services offset some of the revenue declines

1Q09 Expenses⁽¹⁾



- ▶ Despite an incremental \$29M in pension / ice storm expenses, 1Q09 expenses declined \$10M
- ▶ Expense reductions driven by aggressive expense management and lower usage related expenses

1Q09 OIBDA



- ▶ 1Q09 OIBDA declined 8%, which included \$23M in incremental non-cash pension expense and \$6M related to ice storms
- ▶ Normalized for the above, OIBDA decline was only 1% and our OIBDA margin was ~55%



(1) Expenses exclude depreciation and amortization.

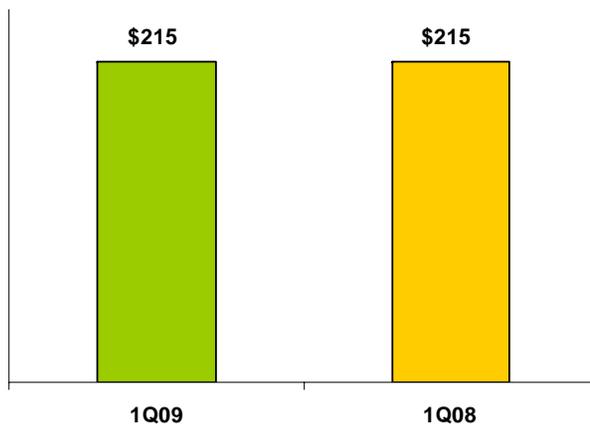
Note: Windstream financial information is presented on a pro forma basis which excludes the wireless business.

All dollars in millions

Generating Strong and Sustainable Cash Flows

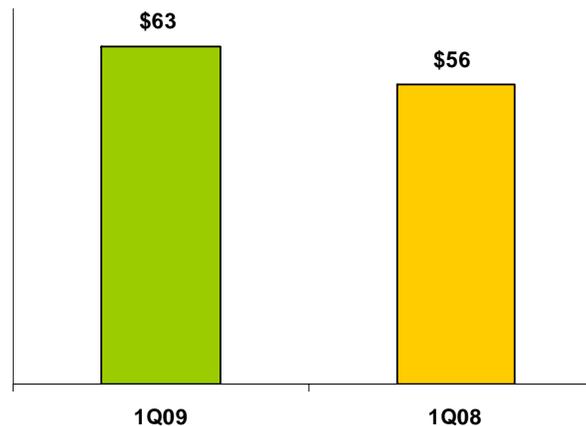


Net Cash from Ops



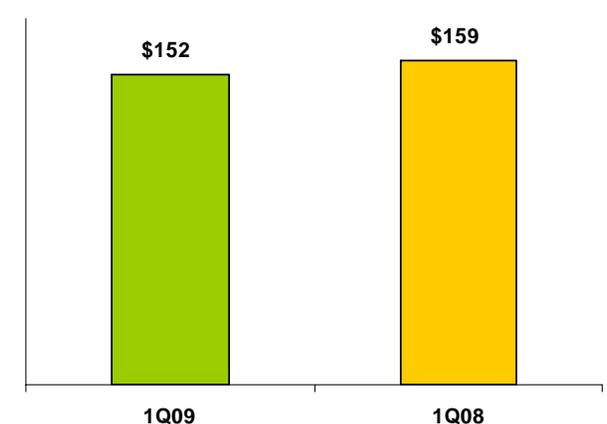
- ▶ Despite top line pressure, net cash from operations was flat YOY at \$215M ~ a direct result of aggressive expense management

Capital Expenditures



- ▶ Capital expenditures were \$63M, or ~8% of total revenue in 1Q09

Free Cash Flow

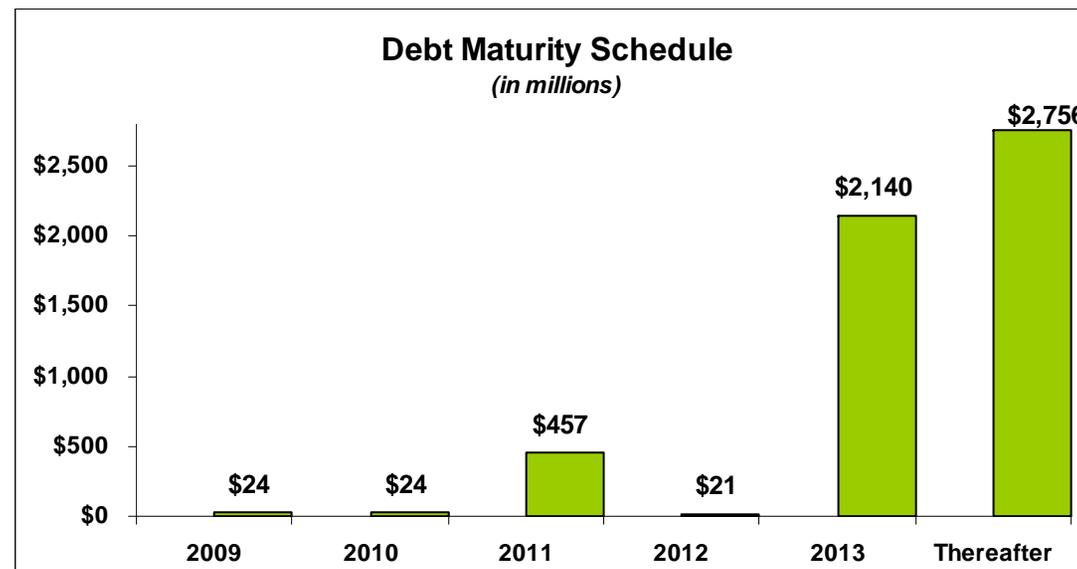


- ▶ Expect 2009 payout ratio of 57% - 63%
- ▶ Driven by lower capex, lower taxes and share repurchases

Solid Balance Sheet and Liquidity Position



- ▶ Total Cash of \$312M at 3/31/09
- ▶ Net debt of \$5.1B at 3/31/09
 - Net Leverage ratio of 3.2x
 - Windstream will likely maintain leverage around current levels should strategic opportunities arise
- ▶ Manageable debt maturity profile with no significant maturities until 2013



Why Invest in Windstream? Windstream is:



- ▶ Well-positioned to succeed going forward
 - Significant scale and profitability
 - Favorable rural markets
 - Sound capital structure
 - Strategic flexibility
- ▶ Delivering “best in class” operational results
- ▶ Delivering solid financial results
- ▶ Generating strong sustainable free cash flow
- ▶ Providing an attractive dividend yield



Named #4 in
Business Week’s
“The Best 50
Performers”



windstream
communications



Reconciliations of Non-GAAP Financial Measures



Windstream Corporation Reconciliations of Non-GAAP Financial Measures

Net Debt to OIBDA (net leverage ratio)

as of March 31, 2009

(Dollars in millions)

Long-term debt, including current maturities	2009
Cash and cash equivalents	\$ 5,379.3
Net debt	<u>(312.2)</u>
(A)	\$ 5,067.1

Operating Income

for the twelve months ended March 31, 2009

(Dollars in millions)

Operating income under GAAP	\$ 1,088.7
Pro forma adjustments:	
Impairment loss on assets held for sale	6.5
Merger and integration costs	4.6
Depreciation and amortization	<u>503.1</u>
Pro forma OIBDA from current businesses	(B) \$ 1,602.9
Net debt to OIBDA from current businesses	(A)/(B) <u>3.2</u>

for the three months ended March 31, 2009 and 2008

(Dollars in millions)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Change	%
Operating income under GAAP	\$ 252.6	\$ 296.3		
Pro forma adjustments:				
Merger and integration costs	-	1.6		
Depreciation and amortization	<u>132.0</u>	<u>121.6</u>		
Pro forma OIBDA from current businesses	\$ 384.6	\$ 419.5	\$ (34.9)	<u>(8)</u>

Free Cash Flow

(Dollars in millions)

for the three months ended March 31, 2009

Net cash provided from operations	Three Months Ended March 31, 2009
Additions to property, plant and equipment	\$ 215.0
Free cash flow	<u>(62.8)</u>
	\$ 152.2

Reconciliations of Non-GAAP Financial Measures



Windstream Corporation Reconciliations of Non-GAAP Financial Measures

Expected Dividend Payout Ratio

(Dollars in millions)

	2009	
	Guidance Range	
Consolidated operating income under GAAP	\$ 991	\$ 1,056
Depreciation and amortization	494	494
Pro forma OIBDA from current businesses	\$ 1,485	\$ 1,550
Add:		
Expected stock based compensation	18	18
Incremental non-cash pension expense	90	90
Pro forma OIBDA from current businesses adjusted for non-cash pension expense and expected restricted stock compensation	\$ 1,593	\$ 1,658
Subtract:		
Expected cash paid for interest expense	393	393
Expected cash taxes	175	200
Expected capital expenditures	320	290
Expected free cash flow	(C) \$ 705	\$ 775
Expected dividends paid on common shares	(D) 441	441
Expected dividend payout ratio	(D)/(C) 63%	57%

Notes:

OIBDA is operating income before depreciation and amortization.