windstream communications

2009 Windstream Annual Meeting

Little Rock, AR
May 6, 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 year ended Dec. 31, 2008. 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

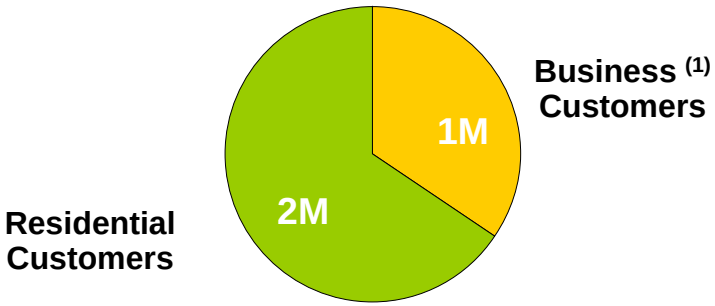
This presentation includes certain non-GAAP financial measures. On the Windstream investor relations web site, the company has posted additional information regarding these non-GAAP financial measures, including a reconciliation of each of such measure to the most directly comparable GAAP measure. The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

Windstream is…….

A COMMUNICATIONS AND ENTERTAINMENT PROVIDER
with Significant Scale and Profitability

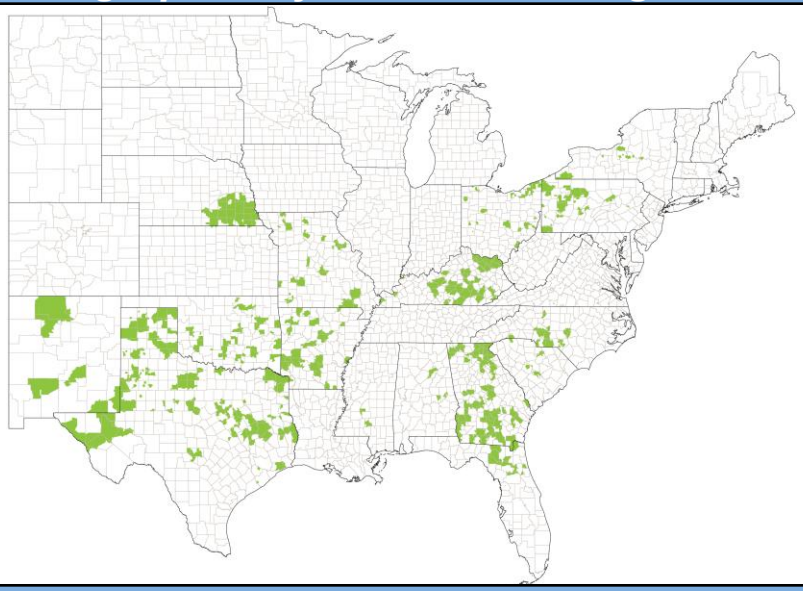
Windstream Business Overview
As of 12/31/08 (except as noted)

- Access Lines: 3M



- Long-distance customers: 2M
- High-speed Internet customers: 1M(2)
- Digital TV customers: 274K

Favorable Rural Markets
Geographically Diverse Serving 16 States



Pro Forma Financial Data(3) *At 12/31/08*

- Revenue: $3.17B
- OIBDA (4): $1.64B
- Operating Income: $1.15B
- Free Cash Flow (5): $763M

Notes:
(1) Includes wholesale and special circuits
(2) As of March 5, 2009
(3) Pro forma financial data excludes the wireless business
(4) Operating Income Before Depreciation and Amortization
(5) Free cash flow is defined as net cash from operations less capital expenditures

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Strategic Accomplishments

Strengthening our Position as the Leading RLEC

Authorized $400M Share Repurchase Plan
(February 2008)

- During 2008, WIN Returned ~$645M to Shareholders in the Form of Dividends and Share Repurchases
- As of 12/31/08, Repurchased $200M or ~ 16M shares

Completed the Integration of CT Communications
(April 2008)

- Generated Significant Operating Efficiencies and Expanded Free Cash Flow
- Increased Presence in NC by Adding 132K Access Lines, 31K High Speed Internet Customers and 51K Wireless Customers

Completed Sale of Former CT Wireless Business
(November 2008)

- Positioned WIN to Focus Entirely on Core Products: High Speed Internet, Voice and Digital TV
- Received Approximately $60M in Cash

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

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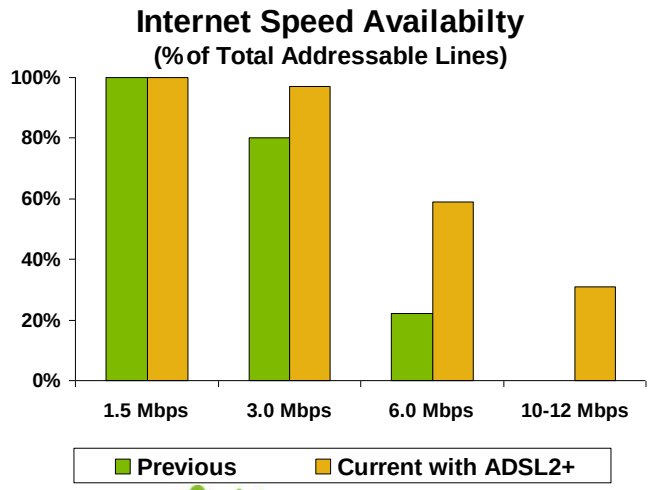
Strategic Accomplishments

Network Positioned to Drive Incremental Revenue

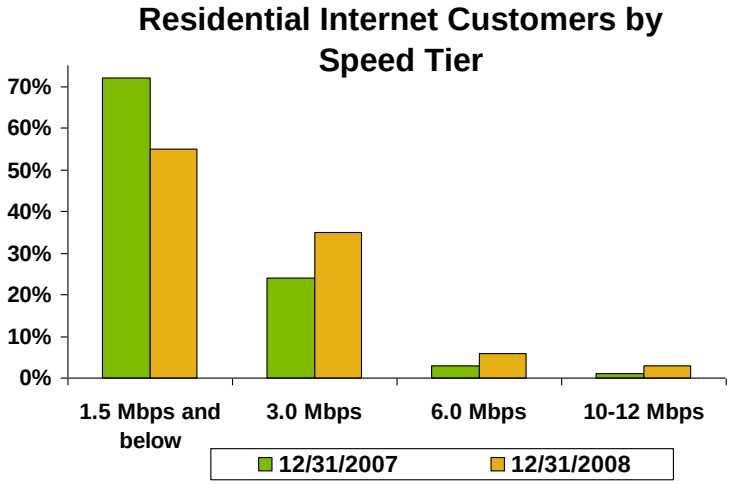
Network Well-Positioned to Support Future Growth

- Upgraded core network to increase capacity, speed and reliability
- Essentially doubled available Internet speeds with the deployment of ADSL2+ in 2Q08



Increasing High Speed Internet ARPU with Faster Internet Speeds

- During 2H08, over 65% of gross adds subscribed to 3Mb or faster speeds versus 48% during the 1H08



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Operational Accomplishments

Marketing at the Local Level

Increasing Competitiveness with Sales and Marketing Initiatives

Improve Gross Adds with Increased Distribution Channels:

- Partnering relationships
- Door-to-door sales strategy
- Sales focused culture
- 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

Result:

- Reduced Churn
- Increased Customer Awareness
- Improved ARPU

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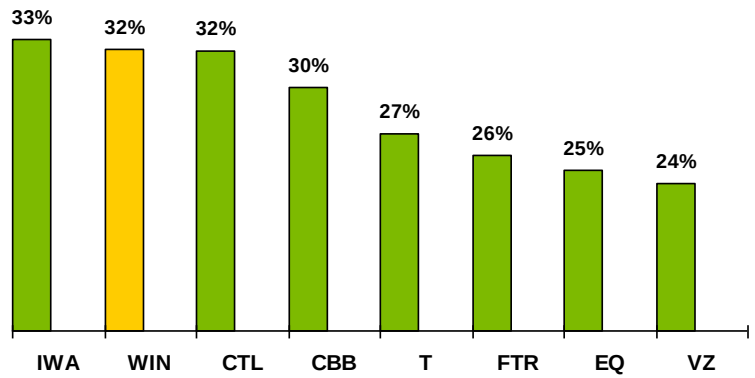
(1) The "Greenstreak" service offering packages Internet service with a metered voice line

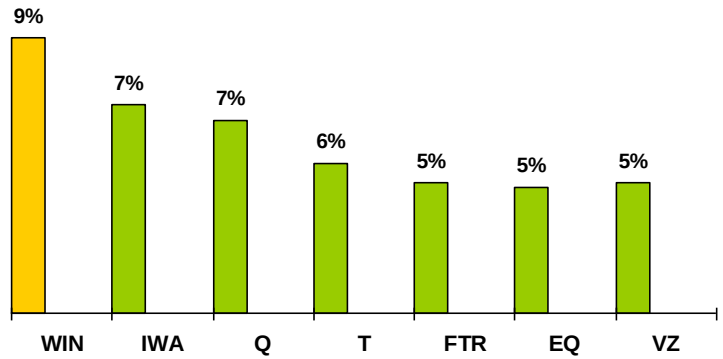
Operational Accomplishments

Delivering "Best in Class" Operational Results

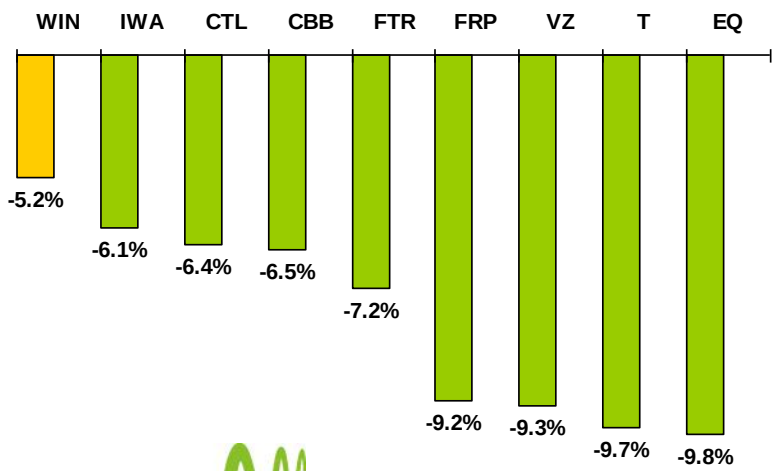
HSI Penetration of Total Access Lines



Video Penetration of Total Access Lines



Year-over-Year Change in Access Lines



Operational Highlights

- On March 5th, we reached 1 million Internet subscribers
- At 12/31/08, Internet penetration was 49% of primary residential lines
- During 2008, we added 79K digital TV subscribers, growing 40.2% YOY

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Data as of 12/31/08

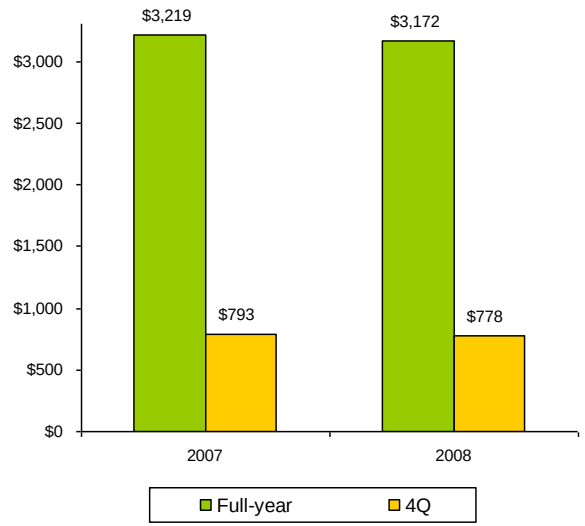
(1) IWA results are pro forma to exclude the acquisition of Bishop Communications

Source: Public filings and Analyst Reports

Financial Accomplishments

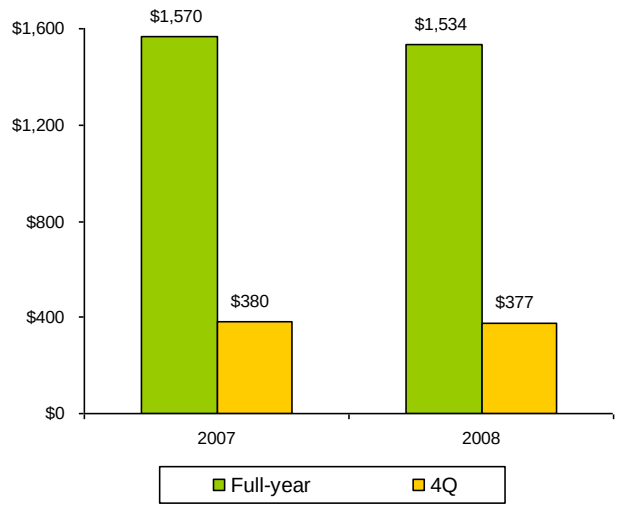
Delivering Solid Financial Results

Replacing Much of the Lost Revenue



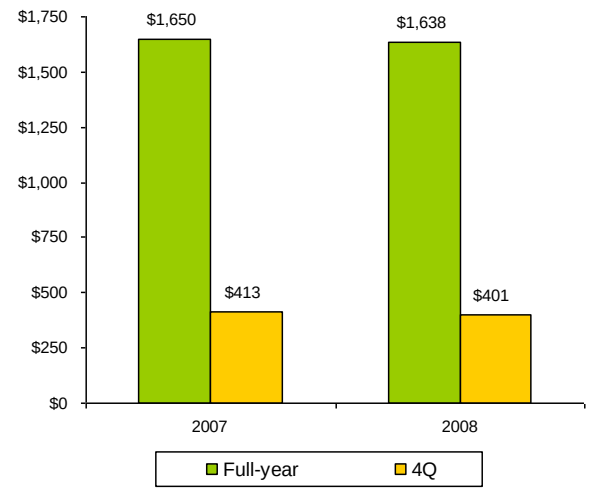
- 2008 revenue was down 2% versus 2007
- Replacing voice and switched access revenue with growth in HSI, LD and special access

Reducing our Total Cash Costs



- Aggressively managing operating expenses
- Realized ~$30M in synergies from CT transaction

Maintaining Relatively Flat OIBDA



- 2008 OIBDA declined by less than 1%, which included ~$4M in additional restructuring charges

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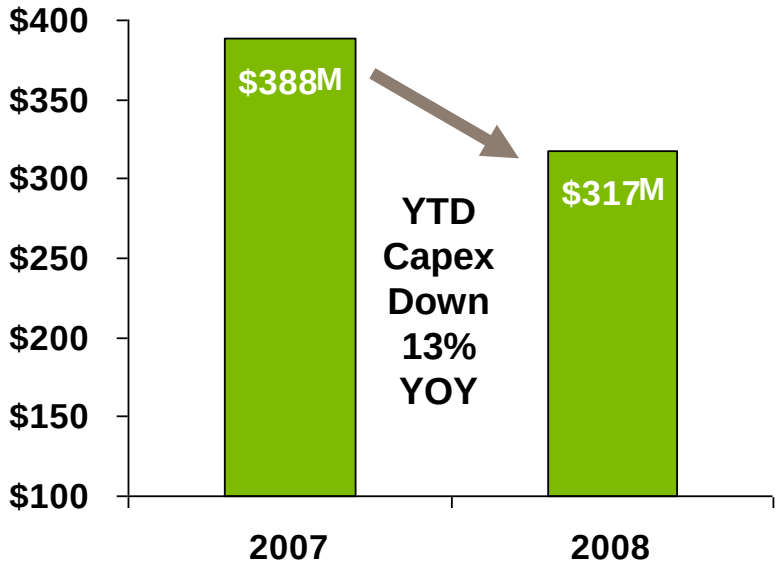
Note: Windstream financial information is presented on a pro forma basis which adjusts results of operations under Generally Accepted Accounting Principles ("GAAP") for the effects of the Company's split off of its directory publishing business, the disposition of Windstream Wireless, and all merger and integration costs related to strategic transactions, discontinuance of SFAS No. 71, and non-cash impairment charge on assets held for sale.

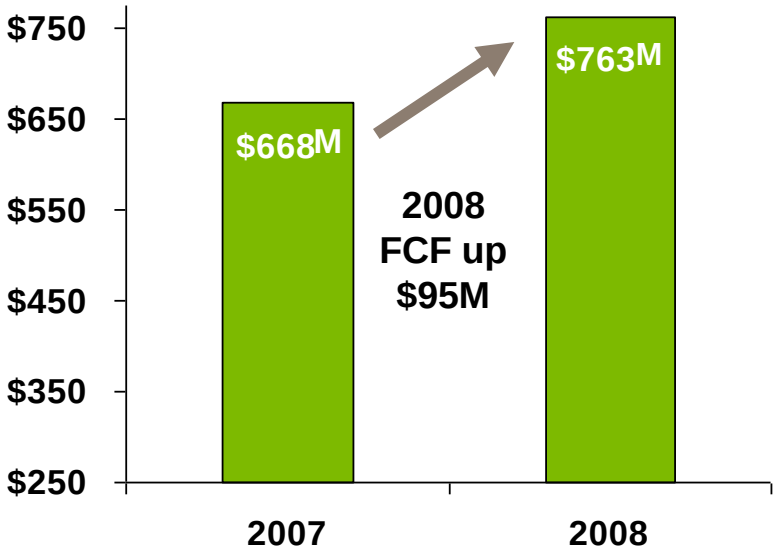
Financial Accomplishments

Generating Strong and Sustainable Cash Flows

Capital Mgmt Initiatives Helped Drive Lower Capex



Free Cash Flow Increased 14% Year-Over-Year



Improved the 2008 Dividend Payout Ratio to 58% Versus 71% in 2007

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Financial Accomplishments

Solid Balance Sheet and Liquidity Position

- Total Cash of ~ $300M at 12/31/08
- Net debt of $5.1B at 12/31/08
  - Net leverage ratio of 3.1x
  - Windstream will likely maintain leverage around current levels should strategic opportunities arise
- Manageable debt maturity profile with no significant maturities until 2013
- Focused on free cash flow accretive activities
  - Will evaluate strategic opportunities fitting our criteria
  - In the absence of strategic opportunities, WIN has ample opportunity to drive accretion on our own balance sheet

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"

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Q&A

Reconciliations of Non-GAAP Financial Measures

Windstream Corporation
Reconciliations of Non-GAAP Financial Measures

Net Debt to OIBDA (net leverage ratio)
as of December 31, 2008

(Dollars in millions)		2008
Long-term debt, including current maturities		$ 5,382.5
Cash and short-term investments		(296.6)
Net debt	(A)	$ 5,085.9

Operating Income
for the twelve months ended December 31, 2008

(Dollars in millions)		
Operating income under GAAP		$ 1,132.4
Pro forma adjustments:		
Impairment loss on assets held for sale		6.5
Merger and integration costs		6.2
Depreciation and amortization		492.7
Pro forma OIBDA from current businesses	(B)	$ 1,637.8
Net debt to OIBDA from current businesses	(A)/(B)	3.1

Free Cash Flow

(Dollars in millions)		TWELVE MONTHS ENDED December 31, 2008	December 31, 2007	Increase (Decrease) Amount	%
Net cash provided from operations		$ 1,080.4	$ 1,033.7		
Additions to property, plant and equipment		(317.5)	(365.7)		
Free cash flow	(C)	$ 762.9	$ 668.0	$ 94.9	14%
Dividends paid on common shares	(D)	$ 445.2			
Dividend payout ratio	(D)/(C)	58%			
Board of Directors approved common stock repurchased as of December 31, 2008	(E)	$ 200.3			
Amount of free cash flow returned to shareholders	(D)+(E)=(G)	645.5			
Percentage of free cash flow returned to shareholders	(G)/(C)	85%			

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Reconciliations of Non-GAAP Financial Measures

Windstream Corporation
Reconciliations of Non-GAAP Financial Measures

Windstream financial guidance for 2009:	2008 Results	2009 Guidance Range			Percent Change	
(Dollars in millions)						
Revenues and sales under GAAP	$ 3,171	$ 3,045	-	$ 3,170	-4%	0%
Pro forma OIBDA from current businesses	$ 1,638	$ 1,485	-	$ 1,550	-9%	-5%
Incremental non-cash pension expense		90		90		
Pro forma OIBDA from current businesses adjusted for non-cash pension expense		$ 1,575	-	$ 1,640	-4%	0%
(millions)	$ 318	$ 290	-	$ 320		

Expected Dividend Payout Ratio	2009 Guidance Range		
(Dollars in millions)			
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	195	-	220
Expected capital expenditures	320	-	290
Expected free cash flow	$ 685	-	$ 755
Expected dividends paid on common shares	$ 441	-	$ 441
Expected dividend payout ratio	64%	-	58%

Notes:
OIBDA is operating income before depreciation and amortization.

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