

**Windstream Corporation**  
**Reconciliations of Non-GAAP Financial Measures**

**Net Debt to OIBDA (net leverage ratio)**

as of June 30, 2008

(Dollars in millions)	<u>2008</u>
Long-term debt, including current maturities	\$ 5,369.0
Cash and short-term investments	<u>(59.6)</u>
Net debt	(A) \$ 5,309.4

**Operating Income**

for the twelve months ended June 30, 2008

(Dollars in millions)	
Operating income previously reported under GAAP	\$ 1,176.3
Other operating income adjustment for wireless discontinued operations (1)	<u>(4.5)</u>
Operating income from continuing operations under GAAP	\$ 1,171.8
Pro forma adjustments:	
CTC operating income prior to acquisition	2.8
Operating income adjustment for sale of directory publishing	(23.9)
CTC merger and integration costs prior to acquisition	0.4
CTC customer list amortization	(1.3)
Merger and integration costs	12.3
Depreciation and amortization	<u>504.8</u>
Pro forma OIBDA from current businesses	(B) \$ 1,666.9
Net debt to OIBDA from current businesses	(A)/(B) <u>3.2</u>

**Free Cash Flow**

for the three months ended March 31, 2008, and three and six months ended June 30, 2008

(Dollars in millions)	<u>Three Months Ended</u> <u>March 31, 2008</u>	<u>Three Months Ended</u> <u>June 30, 2008</u>	<u>Six Months Ended</u> <u>June 30, 2008</u>
Net cash provided from operations	\$ 215.1	\$ 291.8	\$ 506.9
Additions to property, plant and equipment	<u>(55.8)</u>	<u>(77.5)</u>	<u>(133.3)</u>
Free cash flow	<u>\$ 159.3</u>	<u>\$ 214.3</u>	<u>\$ 373.6</u>

**Dividend Payout Ratio**

for the three months ended March 31, 2008, and three and six months ended June 30, 2008

(Dollars in millions)	<u>Three Months Ended</u> <u>March 31, 2008</u>	<u>Three Months Ended</u> <u>June 30, 2008</u>	<u>Six Months Ended</u> <u>June 30, 2008</u>
Free cash flow	(C) \$ 159.3	\$ 214.3	\$ 373.6
Dividends paid on common shares	(D) 113.6	111.8	225.4
Dividend payout ratio	(D)/(C) <u>71%</u>	<u>52%</u>	<u>60%</u>

**Expected Dividend Payout Ratio**

(Dollars in millions)

Consolidated operating income (2008 guidance range)	\$ 1,105.0	to	\$ 1,170.0	Depreciation and Amortization	\$ 500.0	to	\$ 505.0	OIBDA	\$ 1,605.0	to	\$1,675.0
Add:											
Expected stock based compensation									20.0		20.0
Subtract:											
Expected cash paid for interest expense									410.0		410.0
Expected cash taxes									160.0		190.0
Expected capital expenditures									<u>320.0</u>		<u>300.0</u>
Expected free cash flow									\$ 735.0		\$ 795.0
Expected dividends paid on common shares									445.0		445.0
Expected dividend payout ratio									<u>61%</u>		<u>56%</u>

**Notes:**

(1) Wireless income previously reported by Windstream under GAAP.  
OIBDA is operating income before depreciation and amortization.