

Windstream Corporation
Reconciliations of Non-GAAP Financial Measures

Net Debt to OIBDA (net leverage ratio)

as of December 31, 2008

(Dollars in millions)

	<u>2008</u>
Long-term debt, including current maturities	\$ 5,382.5
Cash and short-term investments	<u>(296.6)</u>
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	<u>492.7</u>
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		Increase (Decrease) Amount	%
	December 31, 2008	December 31, 2007		
Net cash provided from operations	\$ 1,080.4	\$ 1,033.7		
Additions to property, plant and equipment	<u>(317.5)</u>	<u>(365.7)</u>		
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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Windstream financial guidance for 2009:

(Dollars in millions)

	2008 Results	2009 Guidance Range	Percent Change
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

(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	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.