



Rob Clancy  
Senior Vice President and Treasurer

Lehman Brothers  
2008 High Yield Bond and Syndicated Loan Conference

Orlando, FL  
March 13, 2008

# “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 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: 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 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; 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 restrictions on certain financing and other activities imposed by the tax sharing agreement with Alltel; 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, inter-carrier 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; the ability to execute the company's share repurchase program or the ability to achieve the desired accretive effect from such repurchases; and those additional factors under the caption “Risk Factors” in Windstream's Form 10-K for the year ended Dec. 31, 2007. 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](http://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](http://www.windstream.com/investors).



# Windstream is.....

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

### Windstream Business Overview

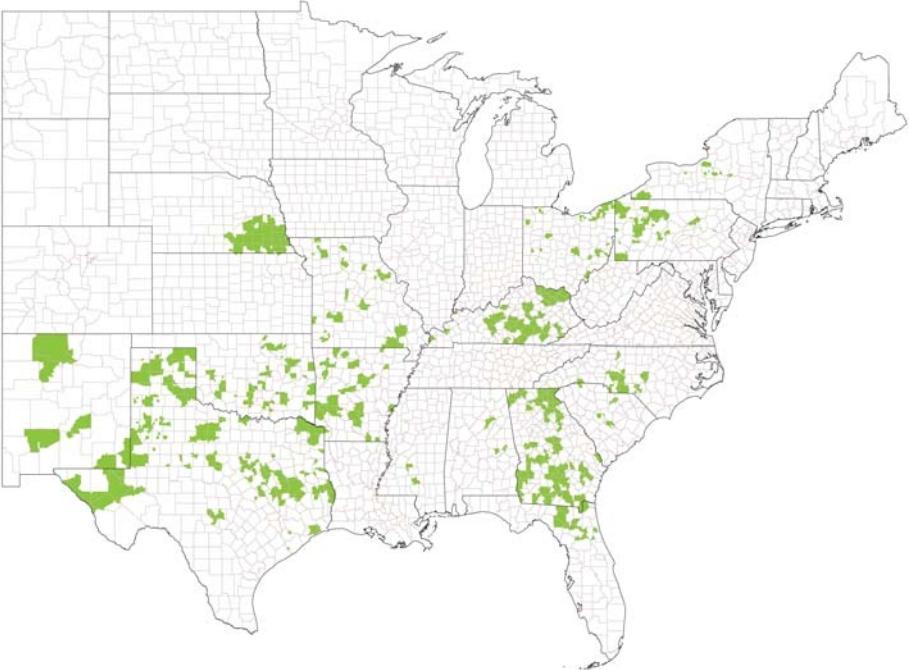
States: 16  
Access Lines: 3.2M  
Long-distance customers: 2.1M  
Broadband (HSI) customers: 871K  
Digital TV customers: 196K

### Pro Forma Financial Data <sup>(1)</sup>

Revenue: \$3.26B  
OIBDA: \$1.66B  
Operating Income: \$1.12B

Notes:  
<sup>(1)</sup> Pro forma Financial Data LTM 12/31/07. Data includes CT Communications and excludes Publishing.

### Windstream Geographic Footprint



# Strategic Updates



## Publishing Transaction

- Completed the split-off of our publishing business on November 30, 2007
- This was a tax free transaction valued at \$506.7 million
- This transaction allows Windstream to focus on the core communications and entertainment business:
  - Retired 19.6M shares of WIN common stock valued at ~\$253.5M
  - Retired ~\$210M of WIN Term Loan A debt
  - Received \$40M in cash which was used to repurchase ~3 million shares in December 2007

## Share Repurchase Plan

- \$400 million Share Repurchase Plan announced February 8, 2008; expires December 31, 2009
- Equates to roughly 8% of total shares outstanding
- Repurchase is cash flow accretive - will result in a 300 to 400 bps reduction in the dividend payout ratio upon completion
- Restricted Payments (RP) capacity:
  - Windstream had roughly \$250 million in RP capacity when the plan was announced
  - RP capacity should increase to \$400 million by July of 2008

# Why Invest in Windstream?

*Windstream is Well Positioned to Succeed*



We are Well Positioned in the Market Place

Delivering Solid Operational and Financial Results

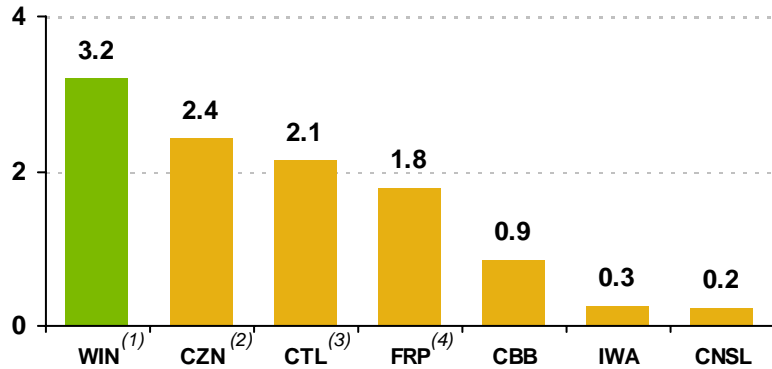
With an Opportunistic Growth Strategy

# The Leading Rural Wireline Carrier

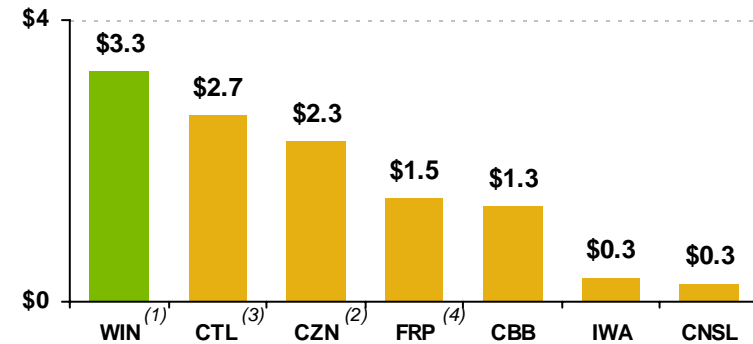
## With Significant Scale and Profitability



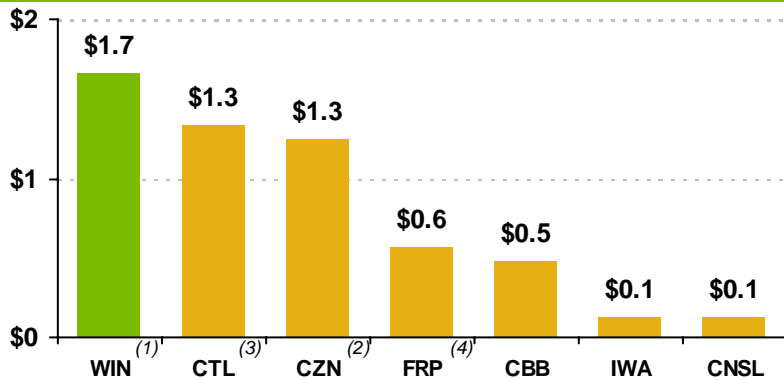
12/31/07 Access Lines (millions)



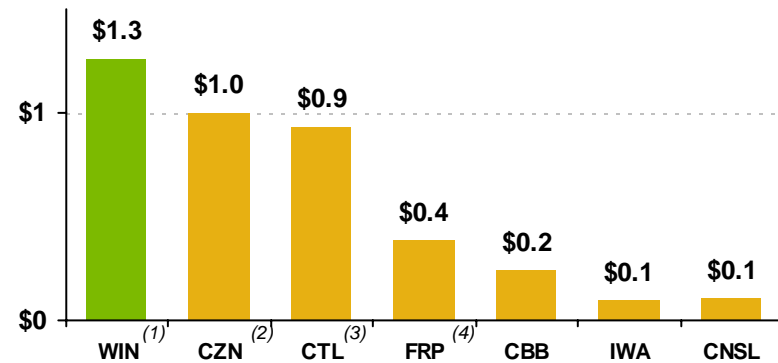
2007 Revenue (\$ billions)



2007 OIBDA (\$ billions)



2007 OIBDA - Capex (\$ billions)



## Scale Improves Operating Efficiency and Strategic Flexibility

(1) Windstream pro forma results to exclude publishing and include CT for the full year

(2) As reported CZN full year results

(3) As reported CTL full year results

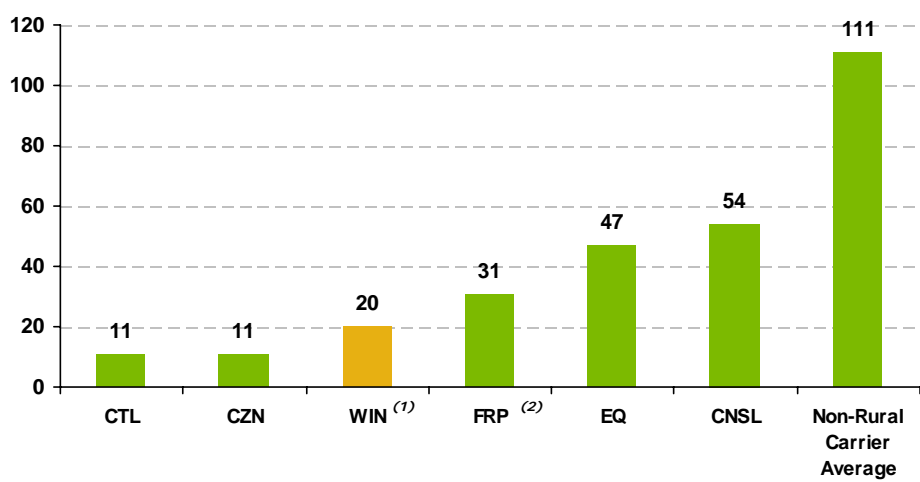
(4) FRP pro forma LTM 9/30/06 including acquisition of Verizon New England wireline assets



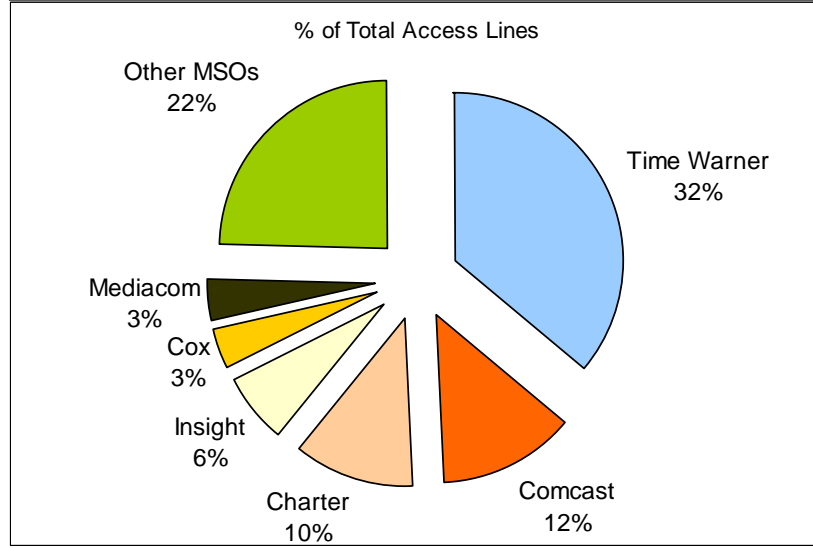


# Favorable Rural Characteristics

## Access Lines per Square Mile



## Competitive Environment Cable Overlap (% of access lines)



- ~50% of lines have voice competition
- ~75-80% of lines have broadband competition

## Rural Markets Less Competitive Than Urban Markets



Notes:  
 (1) Windstream access lines excludes CATV and CLEC lines.  
 (2) Pro Forma for FairPoint's acquisition of Verizon's New England access lines  
 Source: Public filings and investor presentations

# Attractive Capital Structure

*Balances Long-Term Stability with Current Shareholder Returns*



- > Total debt of \$5.4B at 12/31/07
  - Leverage of 3.2x
- > Strong and sustainable cash flows
  - Expect 70-75% FCF payout ratio - annual dividend per share of \$1.00
- > Windstream has the flexibility to pursue strategic opportunities
- > Management team has proven track record of balancing acquisitions while maintaining focus on leverage



# Increasing Competitiveness with Sales and Marketing Initiatives



## Improve Gross Adds

With Increased Distribution Channels:

- ➔ Partnering opportunities
- ➔ Door-to-door sales strategy
- ➔ Sales focused culture
- ➔ Focusing on MDUs

## Improve Customer Retention

- ➔ Increasing penetration of bundled products
- ➔ Win-back campaigns
- ➔ Improving provisioning and servicing processes
- ➔ Implemented Save Team

## Overall Positioning



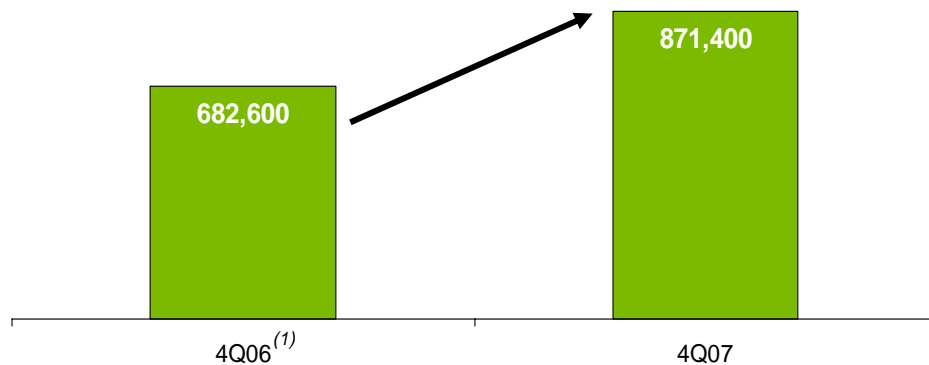
- Marketing aggressively at the local level
- Shifting media spend to more competitive markets
- Promoting the safety, security and reliability of landline phones with the message “Your Landline is your Lifeline”

# Increasing Broadband Penetration

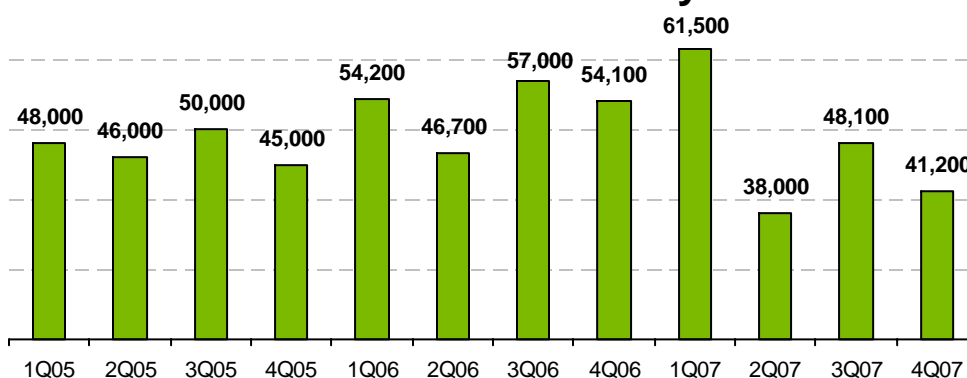
## Reached 27% of Total Access Lines in 4Q07



### Broadband Customer Base Grew 28% YOY



### Net Broadband Additions by Quarter<sup>(2)</sup>



Notes:

(1) Pro forma to include CT Communications

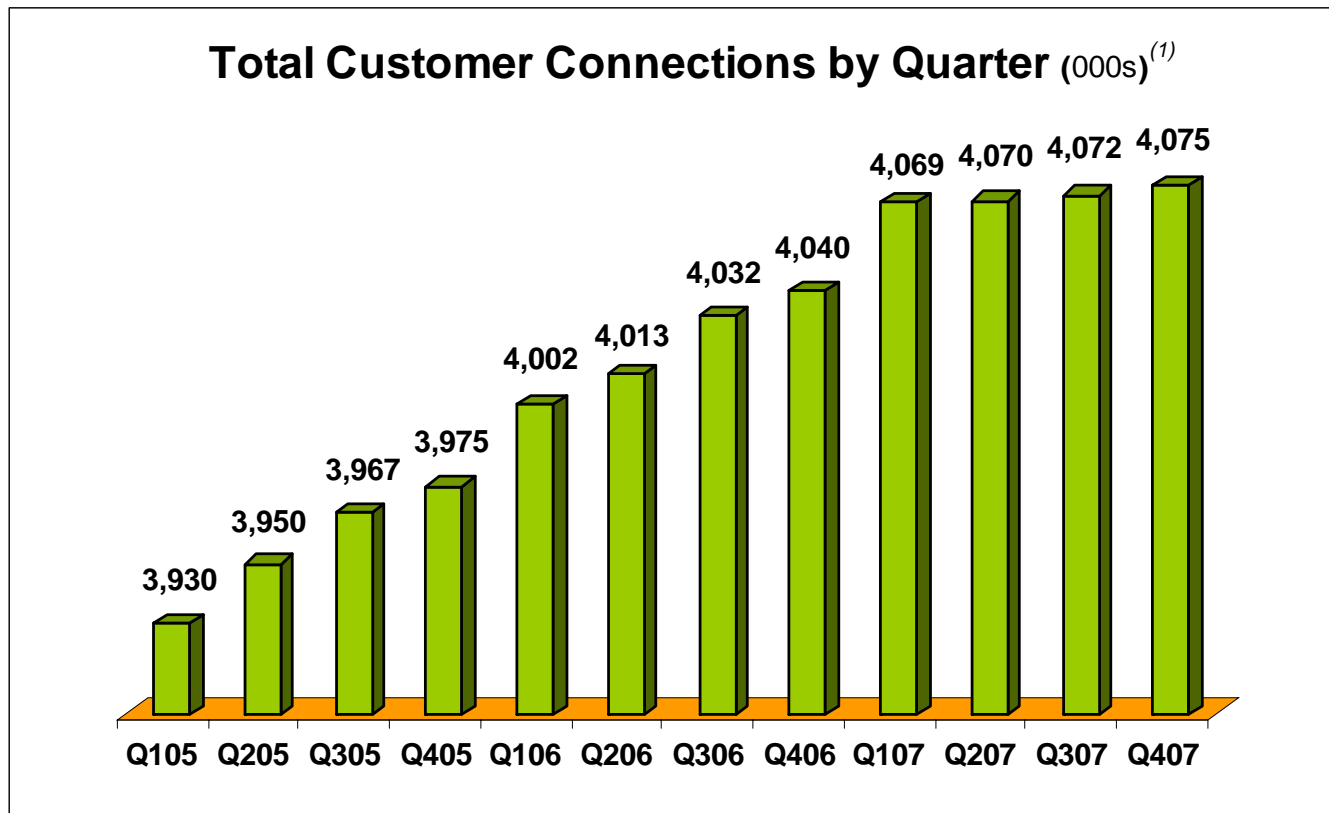
(2) Pro forma to include Valor Communication and CT Communications

### Broadband Initiatives

- Enhanced promotional offerings
- Focusing on selling additional products to broadband customers (faster speeds, security suite, etc)
- Enhancing customer experience by improving processes for provisioning and servicing
- Offering “Greenstreak”, which targets the wireless only segment by packaging broadband service and a metered voice line

# Total Customer Connections

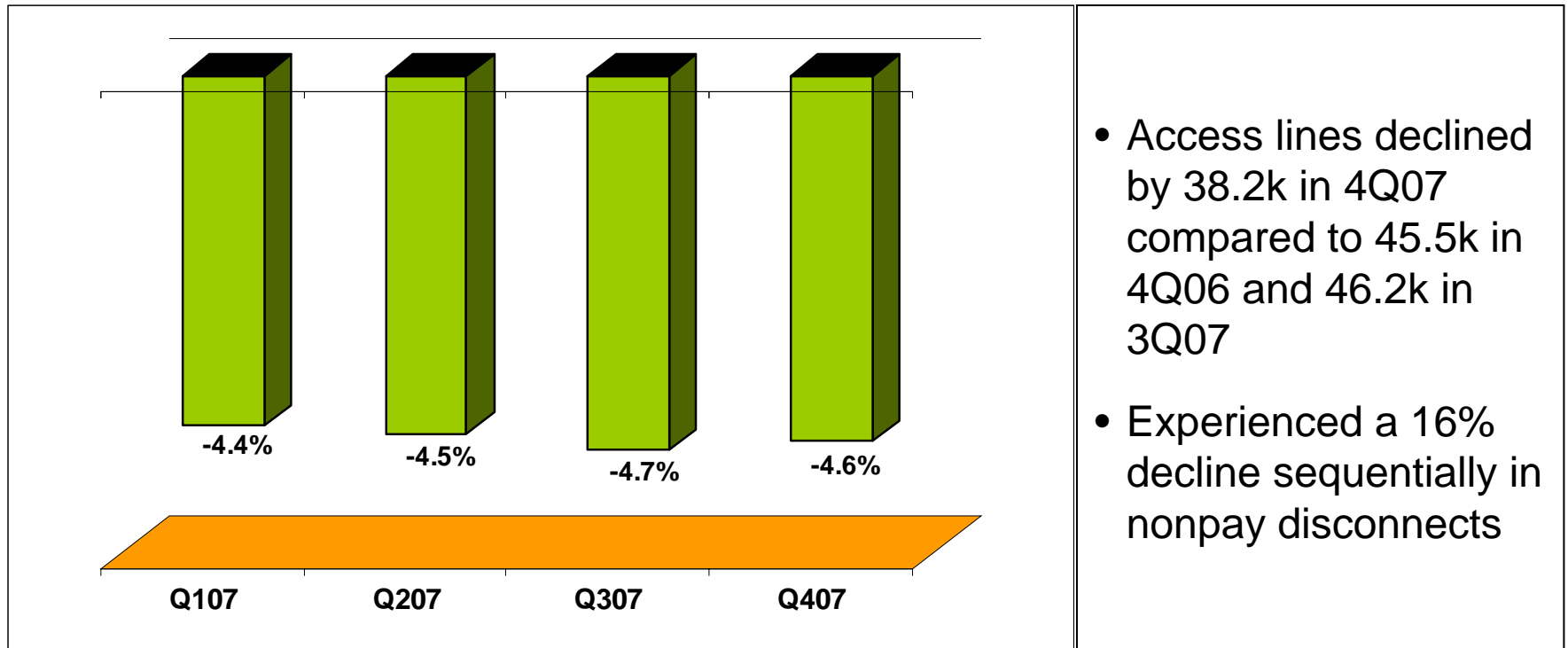
## Access Lines + Broadband Customers



**Total Customer Connections have increased for 12 consecutive quarters**

# Access Line Trends

Year-over-year loss by quarter <sup>(1)</sup>



**4Q07 Access Line Losses improved sequentially in absolute losses and % of lines lost**



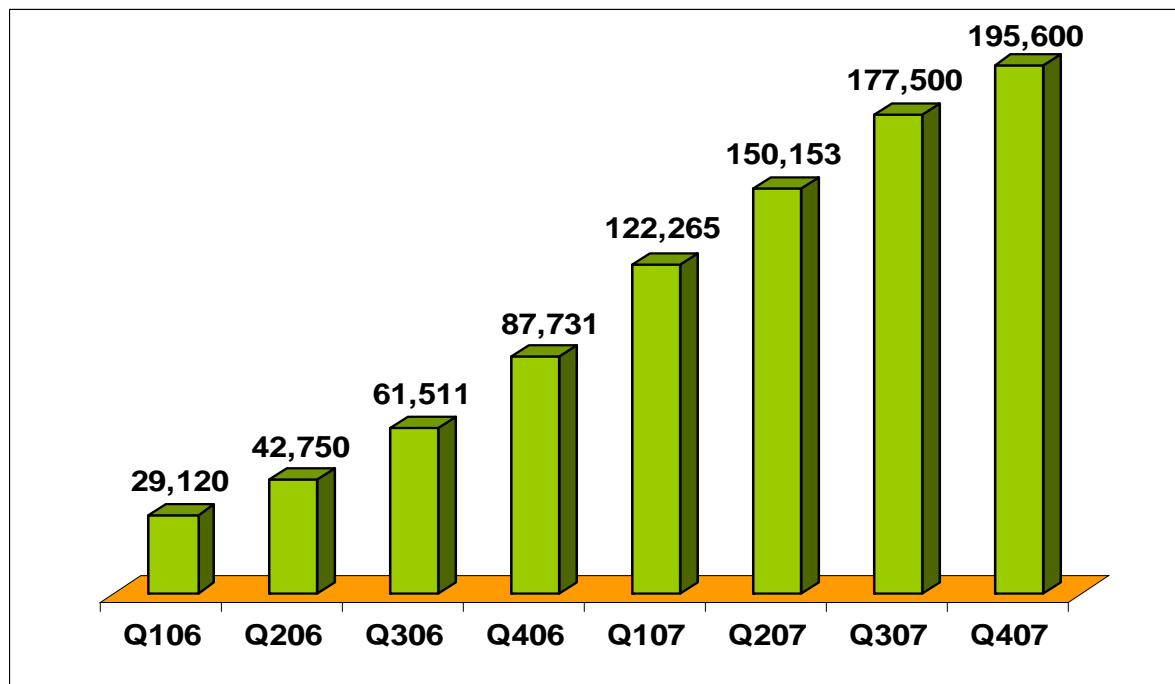
Notes:  
(1) Pro forma to include CT Communications

# Growing Digital TV Subscribers

*Grew 123% Year Over Year in 4Q07*



## Digital TV Subscriber Trends



- Added 18K digital TV customers in 4Q07
- 10% penetration of primary residential access lines
- Launched DISH offering in former CT markets in 3Q07

**Strategic Product that Improves Competitiveness and Reduces Churn**

# Delivering Solid Financial Results



**4Q07** <sup>(1)</sup>

**FY 2007** <sup>(1)</sup>

	4Q07 <sup>(1)</sup>		FY 2007 <sup>(1)</sup>
<b>Revenue % yoy</b>	<b>\$804.1M (2.7%)</b>	>	<b>\$3,261.7M 1.4%</b>
			> Data and special access helping to offset declines in voice and switched access. No longer receiving yoy benefit of LD pricing changes. Favorable USF revenues included in 4Q06.
			> Strong growth in data, special access and LD revenues more than outpaced declines in voice and switched access revenues. Also, full year includes favorable USF revenue and favorable cash settlement.
<b>OIBDA % yoy</b>	<b>\$415.2M 0.3%</b>	>	<b>\$1,657.4M 0.6%</b>
			> Cash expenses declined 4% YoY as a result of lower restructuring charges, IT optimization activities and realization of synergies from Valor and CT transactions, which all helped to offset lower wireline revenue
			> Expense increases in cost of services being driven by higher circuit expenses to support broadband and LD growth. SG&A declined as a result of optimization activities and synergies.
<b>CapEx % yoy</b>	<b>\$97.4M (34.1%)</b>	>	<b>\$396.6M (10.5%)</b>
			> Aggressively managing capital expenditures
			> Aggressively managing capital expenditures. 2007 capex includes costs to deploy ADSL2+. Expect capex to decline in 2008 through CT synergies and capacity investments already made.



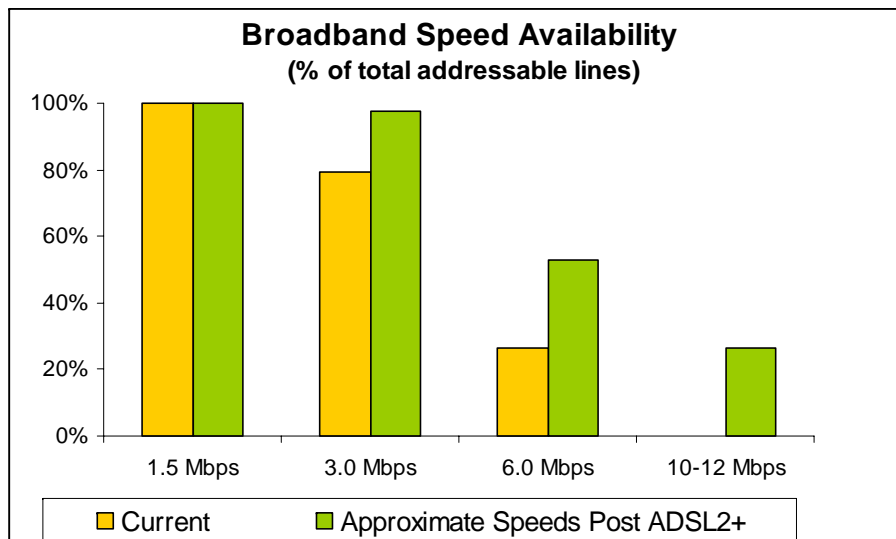
Notes:

(1) Pro forma to include CT Communications and exclude Publishing

# Aggressively Managing Capex While Continuing to Modernize our Network



## Increasing Broadband Speeds with ADSL2+ Deployment (2Q08)



## Well Positioned Network with Ability To Drive Incremental Revenues

- Broadband availability at 85% of ILEC lines
- Well positioned to introduce new products and services to leverage our existing infrastructure including:
  - Faster broadband speeds
  - Security software (firewall, anti-virus, parental controls, etc)
  - Home networking
  - Integrated video and broadband

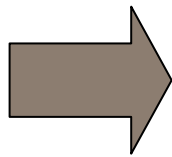
We are modernizing our network while continuing to manage capex spend to approximately 11% - 12% of total revenues

## Continuing to Explore Strategic Opportunities



Windstream Has the Flexibility, Experience and Financial Discipline to Pursue Strategic Opportunities

Criteria for Strategic Opportunities



- > Free Cash Flow Accretive Deals
- > Opportunities to Generate Meaningful Synergies
- > Focus on Rural Properties
- > Favorable Competitive Environment

**Focus on Activities that are FCF Accretive Resulting in a Lower Payout Ratio**



## Why Invest in Windstream?



- Windstream is well positioned with a singular focus to succeed going forward
  - Significant scale and profitability
  - Favorable rural markets
  - Attractive capital structure
  - Strategic flexibility
- Windstream has solid operational and financial metrics
- Windstream has the ability to generate strong sustainable free cash flow over the long-term



windstream

communications