



Windstream acquisition of Broadview Networks

Transaction overview

April 13, 2017

Safe Harbor Statement

Windstream Holdings, Inc. claim the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “forecast” and other words and terms of similar meaning. Forward-looking statements are subject to risks and uncertainties that could cause actual future events and results to differ materially from those expressed in the forward-looking statements.

Forward-looking statements include, but are not limited to, 2017 guidance for revenue, adjusted OIBDAR (except for adjusted EBITDA, as defined, in the case of Broadview) and adjusted capital expenditures, along with statements regarding adjusted free cash flow, cash interest and cash taxes; the ability to improve its debt profile and reduce interest costs; statements about the benefits of the proposed transaction with Broadview Networks Holdings, Inc. (“Broadview”), including future financial and operating results, future revenue, projected synergies in operating and capital expenditures, the expected availability of net operating loss carryforwards to reduce future cash tax expenses, net leverage, adjusted OIBDA/OIBDAR, and adjusted free cash flow; Windstream’s expected dividend policy; the expected timing of completion of the transaction that is contingent upon regulatory approvals, Windstream’s opportunities to leverage Broadview’s proprietary products, along with plans, objectives, expectations and intentions and other statements that are not historical facts. These statements, along with other forward-looking statements regarding Windstream’s overall business outlook, are based on estimates, projections, beliefs, and assumptions that Windstream believes is reasonable but are not guarantees of future events, performance or results. Actual future events and results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors.

Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth in Windstream’s filings with the Securities and Exchange Commission. These include risks and uncertainties relating to the ability to obtain the requisite regulatory approvals; the risk that required regulatory approvals may delay the transaction or result in the imposition of conditions that could cause the parties to abandon the transaction or materially impact the financial benefits of the transaction; timing to consummate the proposed transaction; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; the anticipated future cash requirements for the proposed combined company; disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on transaction-related issues; dividend policy changes for the proposed combined company; general worldwide economic conditions and related uncertainties; and the effect of changes in governmental regulations. Windstream will not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Regulation G Disclaimer

This presentation includes certain non-GAAP financial measures. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are available on our website at www.windstream.com/investors.



Broadview Networks company overview

Company overview

- Broadview Networks Holdings, Inc. (“Broadview”) is a leading provider of cloud-based unified communication solutions (UCaaS) to small and medium sized businesses and enterprise customers nationwide
- Offers a UCaaS suite built on a proprietary cloud platform with an industry-leading portal
- Founded in 1996; headquartered in Rye Brook, NY

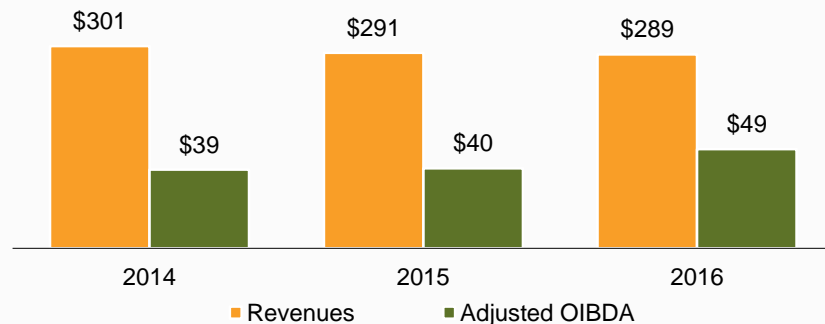
Key Corporate / Business statistics

- ~20,000 business customers
- 7,300 cloud users
- 182,000+ active end users
- 300 master agents
- ~\$1,000 monthly revenue per customer

Historical financial trends

Stable revenues and growing Adj. OIBDA

(\$ in millions)



Product offering

- **Cloud based award winning UCaaS platform**
 - OfficeSuite UC™
 - HD Meeting
- **Access network providing unparalleled flexibility**
 - Data Services
 - Voice Services
 - Professional Services
 - Security Services

Transaction overview

Summary and terms

Structure

- All-cash transaction

Transaction value

- \$227.5 million (4.6x 2016 OIBDA; 2.9x 2016 OIBDA after synergies)

Financing structure

- Funded with cash on hand and available revolver capacity
- Leverage neutral at closing and reduces leverage by ~0.1x after run-rate synergies

Synergies & tax benefits

- Significant and achievable annual opex synergies of ~\$30 million within 2 years
- Equates to an NPV value of synergies of ~\$200M
- \$183 million in NOLs

Key closing conditions

- FCC, applicable state-level regulatory approvals

Anticipated closing

- 3Q 2017



Compelling strategic & financial rationale

Foothold in attractive, high growth market

- UCaaS expected to grow to \$43 billion market by 2020¹
- The SMB segment is the largest category within UCaaS: ~62% of total users¹

Advances product portfolio

- Improves competitiveness and enhances high-margin product portfolio (UCaaS)
- Proprietary intellectual property and internally-developed pure cloud technology
- Highly complementary to SD-WAN secure cloud-enabled connectivity; ideal for SMB and middle market enterprise customers

Strengthens CLEC SMB business

- Stable top-line, attractive customer base with low churn and expanding ARPU
- Significant opportunity for margin expansion through migration of legacy revenues to UCaaS
- Complementary strategy will drive value across a broader Windstream SMB customer base
- Ability to leverage experienced sales force with deep knowledge of UCaaS

Creates significant synergies

- Significant and achievable annual opex synergies of ~\$30 million within 2 years
- Reduces effective multiple paid from 4.6x to 2.9x 2016 adjusted OIBDA, by over 1.5x

Improves balance sheet

- Leverage neutral at closing and reduces leverage by ~0.1x after run-rate synergies
- Significant tax attributes available: \$183 million in NOLs

Free Cash Flow accretive

- Significant FCF accretion in year 1 and increasing with realization of synergies, allowing for continued network investment, debt reduction and greater coverage of the dividend

Note:

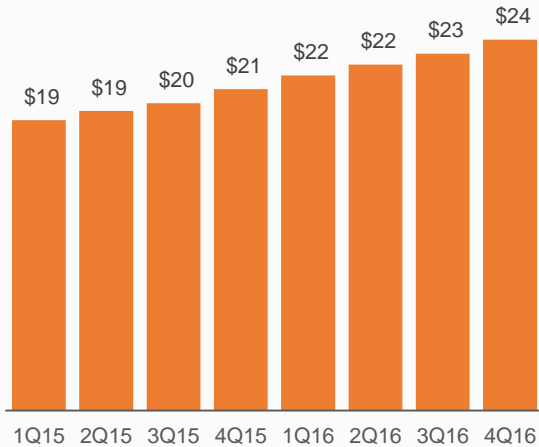
(1) Size of the global industry per Frost and Sullivan



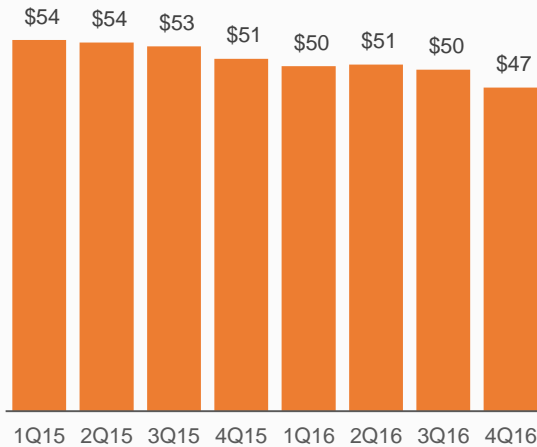
Broadview's growing cloud revenue underpins top-line stability and margin expansion

Cloud revenue

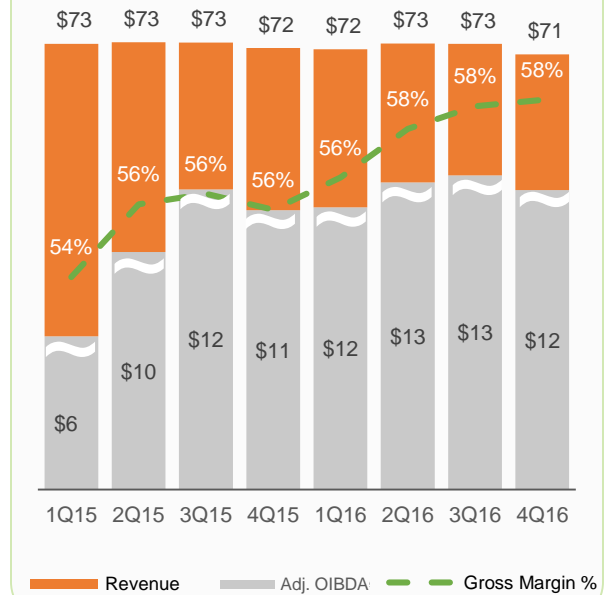
(\$ in millions)



Legacy products revenue



Total Broadview



Cloud:
Over 90% gross margins on UcaaS product



Legacy products:
~45% gross margins with manageable decline



Total:
Stable revenue with growing gross margins and Adj. OIBDA

Opportunity to leverage Broadview's cloud-based platform on current Windstream SMB and mid-market Enterprise customer base to drive margin expansion



Windstream + Broadview

Pro forma Company at a glance

(\$ in millions)

windstream.   + *Transaction Impact* = *Combined*

Adjusted OIBDAR⁽¹⁾	\$2,030	\$49	\$30	\$2,109
Adjusted OIBDA⁽¹⁾⁽²⁾	\$1,376	\$49	\$30	\$1,455
Adjusted Free Cash Flow⁽³⁾	\$196	\$11	\$30	\$237
Dividend⁽⁴⁾	\$114	\$0	\$0	\$114

Increases Adjusted FCF by more than 20%

Notes:

Adjusted OIBDAR, Adjusted OIBDA and Adjusted Free Cash Flow are non-GAAP measures. See Appendix for additional information on Broadview non-GAAP measures.

(1) Transaction impact OIBDAR reflects full annualized run-rate synergy achievement. WIN presented at mid-point of 2017 guidance; Broadview presented as 2016 actuals

(2) WIN adjusted OIBDA reflects the Uniti annual lease payment of \$654M

(3) Broadview's adjusted FCF includes cash interest expense. Based on transaction financing assuming Windstream's blended cost of debt, PF adjusted interest would be comparable to Broadview's 2016 standalone interest expense

(4) Assumes pro forma dividend of \$.60 per share and shares outstanding of 190M



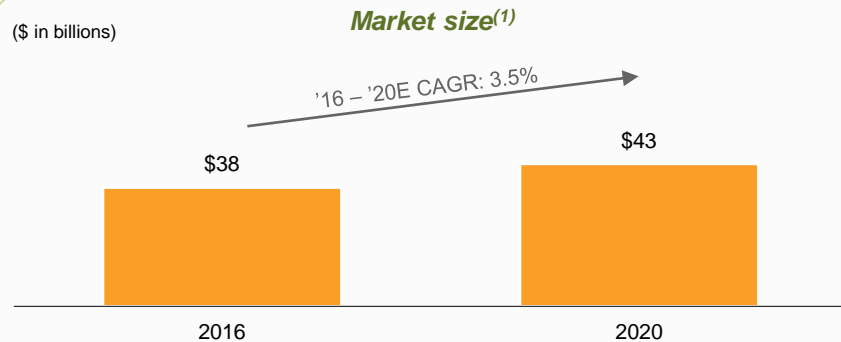
Synergies create meaningful value

Synergy type	Value	Description
Network access	\$10M annually	Optimize access costs, leverage greater scale, realize more on-net opportunities
SG&A optimization	\$20M annually	Reduce combined public company costs; leverage best practices across companies to drive efficiency
Total Opex synergies	~\$30M annually	Expected timing: \$20M exiting year 1 and full \$30M exiting year 2
Revenue opportunities	Upside	Utilize Broadview's proprietary cloud based UCaaS product across Windstream's SMB and mid-market Enterprise business units
Unlocks more than \$30M of annual synergies		



Windstream is expanding capabilities in large and growing UCaaS & SD-WAN markets through strategic M&A

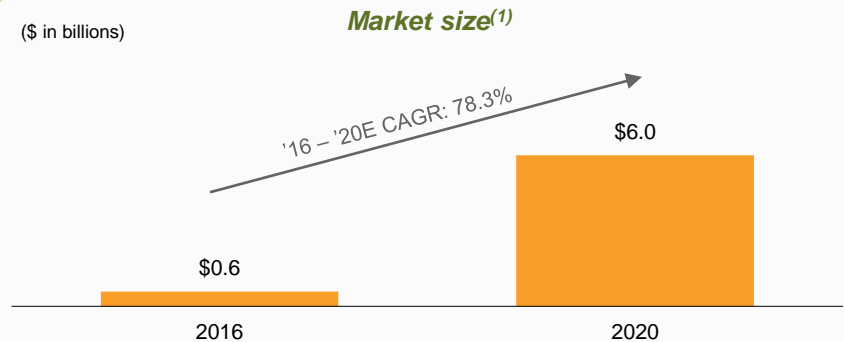
UCaaS (Unified Communications as a Service)



- Low capital intensity; attractive financial profile
- Provides added value to customers through robust features & customized analytics
- Offers numerous third party integrations
- Highly scalable and flexible with high degree of customer customization opportunities

Broadview acquisition provides **UCaaS leadership** and proprietary product offering with best-in-class portal

SD-WAN (Software-Defined Wide Area Network)



- Offers flexibility, security, simplicity and control at the customer level to connect to cloud services
- Rapidly becoming a managed services offering
- Open hardware standards, dynamically routes traffic to multiple, disparate locations
- Less expensive than MPLS-based WAN
- Resilient and highly scalable

EarthLink acquisition further enhanced Windstream's **SD-WAN** presence, expertise and capabilities

Note:
(1) Gartner, IDC

Windstream is a leading provider of advanced network communications and technology solutions



Network Infrastructure

Fiber Connectivity | Wave Service | Colocation



Network Solutions

MPLS Virtual Private Network (VPN) SIP | Ethernet



Network Security

Managed Network Security



Managed Services

Managed LAN/WAN | Managed Router
Managed WiFi



UC & Collaboration

UCaaS | CCaaS



SD-WAN

Hybrid networking

Strengthened through Broadview acquisition

Strengthened through EarthLink acquisition

Appendix

Non-GAAP reconciliation

BROADVIEW NETWORKS HOLDINGS, INC.
 RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (A)
 for the quarterly periods in the years 2016 and 2015 and the year 2014
 (In thousands)

	2016					2015					2014
	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	
Reconciliation of Net (Loss) Income under GAAP to Adjusted OIBDA:											
Net (loss) income	\$ 2,264	\$ 941	\$ 915	\$ 569	\$ (160)	\$ (9,792)	\$ (1,875)	\$ (1,942)	\$ (2,223)	\$ (3,752)	\$ (9,227)
Adjustments:											
Interest expense	16,598	3,557	4,650	4,202	4,189	16,485	4,226	4,019	4,017	4,223	16,790
Interest income	(40)	(11)	(11)	(8)	(10)	(26)	(8)	(6)	(5)	(7)	(23)
Income tax expense	1,390	471	289	306	323	1,358	280	332	415	331	1,332
Depreciation and amortization	28,258	6,953	6,995	7,134	7,175	29,440	7,283	7,348	7,350	7,459	29,831
Severance and related separation costs	-	-	-	-	-	193	-	46	147	-	562
Costs associated with early termination of lease	91	-	-	91	-	-	-	-	-	-	-
Professional fees related to strategic initiatives	592	321	-	257	14	696	233	463	-	-	-
Costs associated with settlements	-	-	-	-	-	1,268	1,268	-	-	-	-
Adjusted OIBDA (A)	<u>\$ 49,153</u>	<u>\$ 12,232</u>	<u>\$ 12,838</u>	<u>\$ 12,551</u>	<u>\$ 11,531</u>	<u>\$ 39,622</u>	<u>\$ 11,407</u>	<u>\$ 10,260</u>	<u>\$ 9,701</u>	<u>\$ 8,254</u>	<u>\$ 39,265</u>

(A) Adjusted OIBDA is operating income before depreciation and amortization, excluding professional fees related to strategic initiatives, restructuring charges and costs associated with settlements.

