

# 2013 Financial Highlights



NASDAQ: WIN • Market Cap: \$4.7B • Dividend (Yield): \$1 (12.6%)

As of Feb. 26, 2014

## Growing strategic revenue

- Produced total revenue of \$6B; strategic revenue now 73% of total revenue and grew 2%

## Maintaining margins

- Generated Adjusted OIBDA of \$2.32B within guidance range; stable margins of 39%

## Investing capital for growth

- Invested \$812M in adjusted capital expenditures; about 2/3 of capex on growth initiatives

## Improving risk profile

- Improved maturity profile, lowered cash interest by \$45M and reduced debt by \$210M

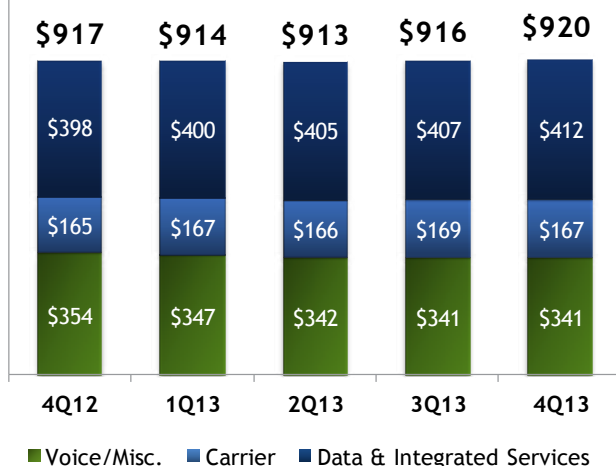
## Returning capital to shareholders

- Generated \$891M in Adjusted FCF; returned \$594M (67% of Adj. FCF) to shareholders

## Fourth Quarter 2013 Results

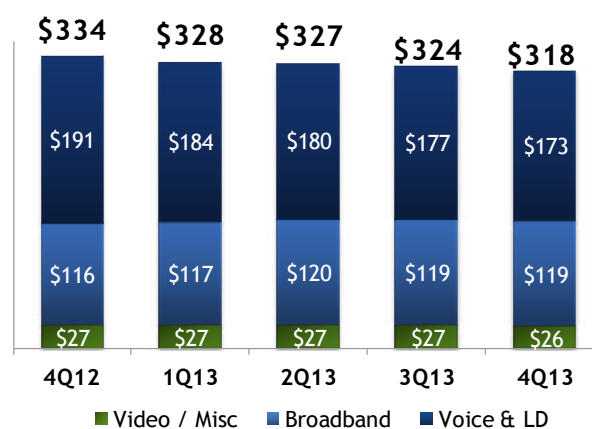
### Business Service Revenues

(\$ in millions)



### Consumer Service Revenues

(\$ in millions)

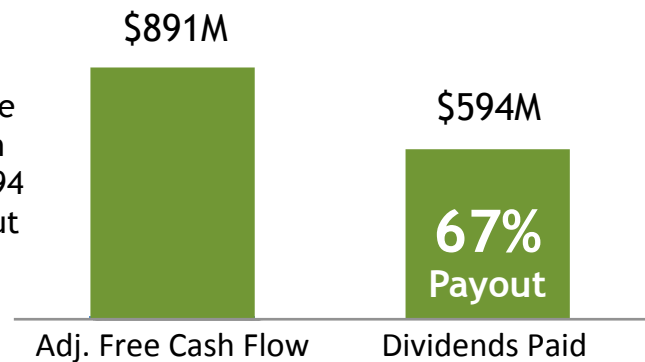


2013 was a solid year for Windstream. Our business team finished the year strong, generating sequential revenue growth again, and our consumer team continued to grow broadband revenue and deliver steady results, all of which better position us to achieve our goals and deliver value to shareholders.

- Jeff Gardner, President and CEO

## Adjusted Free Cash Flow

Adjusted free cash flow was \$213 million during the fourth quarter. Windstream generated \$891 million in adjusted free cash flow in 2013 and paid out \$594 million in dividends, representing a dividend payout ratio of 67 percent.



## 2014 Financial Guidance

*“We are executing a growth-oriented strategy while also managing our legacy business for profitability. This combination is gradually stabilizing top-line trends and generating substantial cash flow. It is our continued belief that our capital allocation strategy strikes the right balance among investing in the growth drivers of the business, paying an attractive dividend to our shareholders and reducing debt over time.”*

*– Jeff Gardner, President & CEO*

Windstream expects continued growth in business revenue and improved trends in consumer and wholesale revenues in 2014. The company expects total revenue for the year within a range of a 2.5 percent decline to 1 percent increase as compared to 2013 revenue. The company expects Adjusted OIBDA margins to remain steady around 38 percent for the year, aided by cost structure improvements and on-going expense management initiatives.

	2014 Guidance
Total Revenues	Expect revenue within the range of (2.5%) to 1% versus 2013 revenue
Capital Expenditures	\$800M - \$850M
Adjusted Free Cash Flow <i>Payout ratio</i>	\$775M - \$885M 68% - 78%

Notes:

- \$ in millions
- Expect 2014 cash taxes of less than \$30 million
- Adjusted Free Cash Flow defined as Adjusted OIBDA minus adjusted capex, cash interest and cash taxes

Pro forma results adjust results of operations under GAAP to exclude all merger and integration costs related to strategic transactions. A reconciliation of pro forma results to the comparable GAAP measures is available on the company's Web site at [www.windstream.com/investors](http://www.windstream.com/investors). Contains forward-looking statements subject to risks and uncertainties. Please see Windstream's safe harbor statement contained in the company's filings for additional information.