

WINDSTREAM CORP
Form 425
December 01, 2009

Filed by Windstream Corporation

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company: NuVox, Inc.

Commission File No. 001-32422

The attached presentation may be deemed to be solicitation material in respect of the proposed merger of NuVox and Windstream Corporation (Windstream). In connection with the proposed merger, Windstream will file a Registration Statement on Form S-4 with the SEC that will contain an information statement/prospectus. **NuVox investors and security holders are advised to read the information statement/prospectus and any other relevant documents filed with the SEC when they become available because those documents will contain important information about NuVox, Windstream and the proposed merger.** The final information statement/prospectus will be mailed to shareholders of NuVox. Investors and security holders may obtain a free copy of the information statement/prospectus when it becomes available at the SEC's Web site at www.sec.gov. Free copies of the information statement/prospectus, when it becomes available, may also be obtained from Windstream upon written request to Windstream Investor Relations, 4001 Rodney Parham Road, Little Rock, AR 72212 or by calling (866) 320-7922, or from NuVox upon written request to NuVox, Two North Main Street, Greenville, SC 29601 or by calling (864) 672-5000 or (877) 466-8869.

Windstream Communications
Tony Thomas, Chief Financial Officer
Mary Michaels, Director Investor Relations
Bank of America Merrill Lynch Marketing Trip
December 1, 2009

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, including statements regarding the completion of the acquisition and expected benefits of the acquisition, 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: receipt of required approvals of regulatory
agencies;

the
possibility
that
the
anticipated
benefits

from
the
acquisition
cannot
be
fully
realized

or
may
take
longer
to

realize than expected; the possibility that costs or difficulties related to the integration of Iowa Telecom operations into
Windstream will be greater than expected; the ability of the combined company to retain and hire key personnel; and those
additional

factors
under
the
caption

Risk
Factors

in
Windstream s

Form
10-K
for
the
year
ended
Dec.
31,
2008
and
in

subsequent Securities and Exchange Commission filings. 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.

Safe Harbor
Statement
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.

Windstream

is. . . **A COMMUNICATIONS AND
ENTERTAINMENT COMPANY SERVING RURAL AMERICA**

-

Access Lines: 3M

-

Long-distance customers: 1.9M

-

High-speed Internet customers: 1.1M

-

Digital TV customers: 323K

(1)

Last 12 months ended 9/30/09

(2)

Revenue is pro forma to exclude the results of the divested wireless and external supply businesses

(3)

OIBDA is defined as Operating Income Before Depreciation and Amortization. Pro forma to exclude the results of the divested wireless and supply businesses as well as merger and integration costs and non cash pension expense

(4)

Free cash flow is defined as net cash from operations less capital expenditures

(5)

As of 9/30/09

Financial Overview

(1)

Favorable Rural Markets

Geographically Diverse Serving 16 States

Operational Overview

(5)

-

Revenue

(2)

: \$3.0B

-

OIBDA

(3)

: \$1.6B

-

Free Cash Flow

(4)

: \$787M

-

FCF / Share: \$1.81 per share

-

Dividend: \$1.00 per share

-

Dividend Payout Ratio: 56%

-

Net Leverage: 3.2x

Focus on free cash flow accretive activities
Transform company to broadband and business model
Windstream Business Model
Driving Shareholder Value
Increase competitiveness and improve service levels
Drive 3 core products (high-speed Internet, digital TV and voice)
Aggressively manage expenses and capex
Sustain free cash flow

Financial Objectives
Strategic Objectives
Operating Objectives

Returning Capital to Shareholders
Windstream Strategic Objectives
Driving Shareholder Value
Pursuing FCF Accretive Deals. . .
\$400
million
share
repurchase

plan

repurchased

~\$320M

through

October

-

To date, we have repurchased 29M shares, yielding annual dividend savings of \$29M

Including dividends, returned ~\$560M of capital to shareholders in 2009

Valor (2006)

CT Communications (2007)

D&E Communications (2009)

Lexcom (2009)

NuVox (2009

pending)

Iowa Telecommunications

(2009-

pending)

. . .That are Good Strategic Fits

Free cash flow accretive deals

Opportunity to generate meaningful

synergies

Focusing on properties in attractive markets

(rural / away from major metropolitan areas)

Favorable competitive environment

Well-positioned network

Maintaining leverage in same range

Acquisition of Iowa Telecommunications

-

Wireless spectrum covers *75%* of Iowa's access lines

-

Potential for additional expansion in data services and wholesale segments

-

Strong EBITDA margins and high free cash flow conversion

-

Additional upside via synergy realization from recently completed acquisitions

-

Limited exposure to subsidies with only ~3% of revenues from USF

Solid Financial and

Operating

Performance

Other Potential

Opportunities

Very Rural LEC

-

Vast majority of communities served are under 2,000 in population

-

Strong local brand

-

Extensive

fiber

footprint

in

Midwest

with

over

4,800

owned

route

miles

-

Estimated present value of tax assets of ~\$130M (~\$3.90/share)

-

Federal NOL of \$157 as of 12/31/08, expiring in 2021-2024

-

Goodwill amortization of ~\$41M annually through June 2015

Significant Tax Assets

(1)

LTM revenue and OIBDA results shown pro forma for the acquisition of Sherburne Telecommunications. LTM capex and free cash flow results shown as actual.

(2)

Defined as net cash from operating activities less capital expenditures.

Iowa Highlights

IOWA Telecommunications Overview

Financial

Overview

(LTM

Sept.

2009

(1)

):

Revenue: \$275M

Adjusted OIBDA \$130M

Capex: \$24M

Free

Cash

Flow

(2)

:

\$69M

Operating Overview

(Sept. 2009):

ILEC Lines: 214,100

CLEC Lines: 41,500

Broadband Subs: 94,500

Video Subs: 26,400

Acquisition of NuVox

-

Provides full service solutions from basic voice to VoIP and managed services including webhosting, network security and data center services

-

Over 60% of sales from IP and managed services

-

Attractive top line revenue growth

- Improving OIBDA and free cash flow margins
- Solid free cash flow generation
- Strong Performance
and Track Record
- Advanced IP Centric
Services and Full
Product Offering
- Leading
Communications
Service Provider
- Regional CLEC with strong franchise, operating history and mgmt team
- Leading provider to SMEs in underserved, less competitive markets
- Well balanced, aggressive sales distribution
- Fully deployed IP-centric network plus traditional TDM network
- Company owned switching gateways & points of presence in all
markets serviced
- Well-positioned
Network
- (1) Excludes merger and integration costs
- NuVox Overview
- NuVox Highlights
- Financial Overview
- Revenue
- \$565M
- Pro forma OIBDA(2)
- \$112M
- Estimated Synergies
- \$30M
- Business Overview
- Footprint
- 16 States
- Customer Locations
- 88k

Positioning Company as a Leading Rural Provider

Acquisitions add complementary rural markets to Windstream's footprint

On a pro-forma basis, Windstream will operate in 23 states

Note: Windstream and NuVoX shared markets: Little Rock, AR, Lexington, KY, Charlotte, Greensboro and Raleigh, NC

Integration Strategy Staged and Manageable

The integration plans are staged in a manageable way, with D&E expected to be fully integrated in the next few months

We expect to maintain NuVox's billing platform and convert existing Windstream CLEC

operations

to

that

platform,
making
the
integration
process
fairly
straightforward

Windstream has the experience and a solid track record of successfully integrating acquisitions

Combined Financial Overview
Pursuing an Opportunistic Growth Strategy
(Dollars in Millions)
Total
Expected
Combined
LTM 9/30/09
Windstream

D&E
Lexcom
NuVox
Iowa
(3)
Pre-Synergies
Synergies
(4)
Company
Revenue
2,963
\$
145
\$
43
\$
565
\$
275
\$
3,991
\$
3,991
\$
Adjusted OIBDA
(1)
1,591
\$
64
\$
23
\$
112
\$
130
\$
1,920
\$
86
\$
2,006
\$
Margin
54%

44%

54%

20%

47%

50%

Capex

305

21

4

71

24

426

\$

(8)

418

\$

Operating Cash Flow

(2)

1,286

\$

43

\$

19

\$

41

\$

106

\$

1,494

\$

94

\$

1,588

\$

(1)

Excludes pension expense and merger and integration expense

(2)

Defined as Adjusted OIBDA less capex

(3)

LTM results shown pro forma for the acquisition of Sherburne Telecommunications where available

(4)

Includes expected synergies for all pending transactions

Improving Windstream's

Financial Profile with Free Cash Flow

Accretive Acquisitions while Maintaining a Solid Balance Sheet

Focusing on Growth Areas of the Business
Transforming Company to Broadband and Business
Model
Pro Forma for all Pending Transactions, Over 50% of Windstream's
Revenue will be From Broadband and Business Customers

Monetizing the Broadband Connection
Network positioned to drive incremental revenue
Increasing Broadband ARPU with
Faster Internet Speeds
0%
20%
40%
60%

80%

100%

1.5 Mbps

3.0 Mbps

6.0 Mbps

10-12 Mbps

Upgraded our core network to increase capacity, speed and reliability

Selling add-on services to drive incremental revenue and improve retention

-

Internet security suite

-

Home networking

-

Video on demand

-

Tech help

PC support

-

Online back-up

secure on-line storage

Leveraging Existing Infrastructure to Increase Sales Opportunities

Approximately 84% of 3Q09 gross adds subscribed to 3Mb or faster Internet speeds vs. 66% in 3Q08

Internet Speed Availability

(% of Total Addressable Lines)

Positioning the Company to Capitalize on Business
Opportunities
CLEC Business

~ 133k CLEC lines

NuVox transaction
adds ~ 90k customers

and advances our
strategy of expanding
service to business
customers

Focusing on less
competitive tier 2 and 3
markets

The business channel represents just over one third of Windstream's total
revenue

We have re-aligned the organization to shift resources to the business
organization in order to improve focus, execution and customer service
Additionally, we have invested in our network over the past several years to
deliver next generation data services and expand IP product availability
Small / Med Business

Targeting 1 -10 line
business customers

Providing local, long-
distance, Internet, and
digital TV services

Bundling key products
while selling value-
added services to
increase ARPU and
improve retention
Enterprise Business

Targeting 11+ line
business customers

Offering full suite of
voice, Internet and
next generation data
networking solutions

Providing special
access services to
business and
wholesale customers

Growth Opportunities for the Business and
Enterprise Channel
Increasing penetration of
next generation data
services

Virtual Private Networks (VPN) and Virtual
LAN services (VLS) enable customers to

connect multiple branch offices and
remote locations

Improved Internet offering
with Ethernet Internet
Access

Selling value-added
services

Increasing special access
opportunities as data
needs grow

Dedicated Internet connection provides higher
performance and reliability

3 Mbps to 10Mbps speeds in most markets

Offers symmetrical upload / download speeds

Network security

Data back-up

PC Support

With the increasing demand for bandwidth,
business and wireless providers have
growing needs for additional network
transport capabilities

Webhosting

Web conferencing

Faster Internet speeds

Marketing at the local level
Door-to-door sales strategy
Partnering relationships
-
DISH / DirecTV
-
Agents
-

E-commerce

-

New mover services (Moveroo)

Focusing on multi-dwelling units

Targeted

Greenstreak

(1)

offering

Operating Objectives

Increasing Competitiveness with Sales and Marketing Initiatives

~63% of lines have voice competition

~75-80% of lines have broadband

competition

Improving Gross Adds with

Additional Distribution

Channels

Fragmented Competitive

Environment

Cable Overlap (% of access lines)

Time Warner

29%

Other

30%

Charter

9%

Comcast

12%

Cox

3%

Mediacom

3%

Insight

4%

(1) Our Greenstreak service offering packages Internet service with a metered voice line

Improving Service Levels
Churn Reduction and Retention Strategies

Increase bundle penetration

Proactively reaching out to
customers to address issues:
-Resolving technical issues

(i.e. service provisioned
but not active)

-Customers with contract or
promotional expirations
nearing

Increasing Retention with Focus on a Reliable
Network and Solid Customer Service
Network
Reliability and
Customer Service

Improve the service
provisioning process

Focusing on network
reliability across all
products

First call resolution
Save Team
Trained to Help
Resolve Issues
Retention and
Customer
Relationships

Team dedicated to
saving at risk
customers

Target wireless
replacers with
Greenstreak

Save team follow-ups
to ensure customer
remains satisfied

Marketing Activities Driving Industry Leading
Operational Results

Video Penetration of Total Access Lines

-5.2%

-5.7%

-6.3%

-6.8%

-7.4%

-8.5%
-9.1%
-10.0%
-11.0%
-11.0%

WIN
IWA
FTR
CBB
CNSL
ALSK
CTL
VZ
Q
T

Source: Public filings and Analyst Reports

Note: Data as of 9/30/09

(1) IWA access line results exclude impact of Sherburne acquisition

11%
11%
10%
9%
8%
8%
8%
8%

WIN
CTL
IWA
CNSL
T
FTR
VZ
Q

39%
36%
34%
34%
32%
30%
29%
28%
27%
24%

CNSL
WIN
IWA
T
CBB
CTL

FTR

VZ

Q

ALSK

Added 26k new Internet customers and now have 1,050,000 subscribers

Residential broadband penetration is 53% of primary residential lines

Video subs grew by 11k or 28% YoY

Delivered the best access line trends since the company was formed due to solid execution and price for life promotion

HSI Penetration of Total Access Lines

Year-over-Year Change in Access Lines

(1)

3Q09 Operational Highlights

\$360
\$400
3Q09
3Q08
\$366
\$373
3Q09
3Q08

\$726

\$772

3Q09

3Q08

3Q09 Revenue

Financial Objectives

Delivering Solid Financial Results

(1) Expenses exclude depreciation and amortization.

Notes: Windstream financial information is presented on a pro forma basis which excludes the wireless and supply business

All dollars in millions

3Q09 Expenses

(1)

Despite an incremental \$23M

in pension expense and

\$7.5M in restructuring, 3Q09

expenses declined \$7M

Expense reductions driven by

aggressive expense

management were partially

offset by higher seasonal

expenses

Revenue declined due

primarily to fewer access

lines, usage declines and

lower product sales

Growth in HSI and next

generation data revenues

helped offset a portion of

the revenue declines

Normalized for pension

and restructuring expense,

OIBDA decline was 2.5%

and our OIBDA margin

was ~53.8%

OIBDA of \$391M,

excluding Pension and

restructuring

\$31M in

pension

and rest.

3Q09 OIBDA

Generating Strong and Sustainable Cash Flows

Free Cash Flow

Note: Windstream financial information is presented on a pro forma basis which excludes the wireless and supply business

Capital Expenditures

Net Cash from Ops

Despite top line pressure,
generated \$242M in net
cash from operations

an
increase of \$19M or 9%
YoY
Capital expenditures
were \$67M, or ~9% of
total revenue in 3Q09
Generating strong FCF,
driven by cost structure
improvements, lower
capex and lower taxes
YTD, generated \$535M
in FCF, representing a
payout ratio of 61%
\$242
\$223
3Q09
3Q08
\$67
\$86
3Q09
3Q08
\$175
\$137
3Q09
3Q08

Solid Balance Sheet and Liquidity Position

Total cash of \$290M at 9/30/09 and ~ \$500M in revolver capacity

Net leverage ratio of 3.2x

Solid BB credit rating

-

Moody's: Ba2; S&P: BB; Fitch: BB+

-

Will likely maintain leverage around current levels should additional strategic opportunities arise

Further strengthened our financial position by:

Opportunistically raising \$400M during the 3Q09 to fund the D&E and Lexcom transactions

Amending and extending the credit facility, enabling us to extend a substantial portion of our bank debt maturities by two years

Manageable

Debt

Maturity

Profile

with

no

significant

maturities

until

2013

Key Highlights

Note: Maturity profile excludes \$25.3M discount on long-term debt

Debt maturity profile

reflects new issuance

of \$400M and the

extension of our senior

bank debt

\$433

\$11

\$1,021

\$810

\$400

\$1,746

\$400

\$500

\$32

\$137

\$14

\$14

\$100

\$10

\$10

\$10

\$10

\$0

\$200

\$400

\$600

\$800

\$1,000

\$1,200

\$1,400

\$1,600

\$1,800

\$2,000

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

Thereafter

Senior Unsecured Notes

Senior Secured Debt

Windstream Highlights

Well-positioned to succeed going forward

-

Significant scale and profitability

-

Favorable rural markets

-

Sound capital structure

-
Strategic flexibility
Delivering best in class
operational results
Delivering solid financial results
Generating strong sustainable free cash flow
Returning capital to shareholders
Ranked 4th in 2009
BusinessWeek 50 list of
best performing U.S.
companies

Appendix

1.
Reconciliations of Non-GAAP Financial Measures

2.
Supplemental Financial Information

D&E Communications

Lexcom

NuVox

Iowa Telecommunications

Reconciliations of Non-GAAP Financial Measures
Windstream
Corporation
Reconciliations of Non-GAAP Financial Measures
Net Debt to OIBDA (net leverage ratio):
As of
(Dollars in millions)
September 30, 2009

Long-term debt, including current maturities
 5,223.1
 \$
 Cash and cash equivalents
 (290.0)
 Net debt
 (A)
 4,933.1
 \$
 Operating Income:
 Twelve
 Months Ended
 (Dollars in millions)
 September 30, 2009
 Operating income under GAAP
 999.0
 \$
 Pro forma adjustments:
 Operating income adjustment for the disposition of Windstream
 Supply LLC
 (1.8)
 Merger and integration costs
 2.4
 Depreciation and amortization
 523.1
 Pro forma OIBDA from current businesses
 (B)
 1,522.7
 \$
 Net debt to OIBDA from current businesses
 (A)/(B)
 3.2
 Three
 Three
 Increase
 Months Ended
 Months Ended
 (Decrease)
 (Dollars in millions)
 September 30, 2009
 September 30, 2008
 Amount
 %
 Operating income under GAAP
 225.4
 \$
 270.6
 \$
 Pro forma adjustments:
 Operating income adjustment for the disposition of Windstream

Supply LLC
 0.1
 (1.2)
 Merger and integration costs
 1.0
 -
 Impairment loss on assets held for sale
 6.5
 Depreciation and amortization
 133.8
 123.8
 Pro forma OIBDA from current businesses
 360.3
 399.7
 Restructuring charges
 7.5
 1.0
 Pension expense
 22.8
 (0.2)
 Pro forma OIBDA from current businesses adjusted
 (C)
 390.6
 \$
 400.5
 \$
 (9.9)
 \$
 -2.5%
 Revenues and sales under GAAP
 734.3
 \$
 794.1
 \$
 Pro forma adjustments:
 Windstream
 Supply LLC revenue and sales
 (8.2)
 (21.8)
 Pro forma revenue and sales from current businesses
 (D)
 726.1
 \$
 772.3
 \$
 Pro forma OIBDA margin
 (C)/(D)
 53.8%
 51.9%
 Pro forma OIBDA from current businesses

Pro forma OIBDA adjustments:

Pension expense

Pro forma OIBDA from current businesses adjusted

1,522.7

68.1

1,590.8

\$

\$

Dividends announced on August 5, 2009 to shareholders of record as of September 30, 2009, paid October 15, 2009

Weighted average common stock outstanding year to date September 30, 2009 and 2008, respectively

Reconciliations of Non-GAAP Financial

Measures

Free Cash Flow:

Three

Nine

Nine
 Increase
 Months Ended
 Months Ended
 Months Ended
 (Decrease)
 (Millions, except per share amounts)
 September 30, 2009
 September 30, 2009
 September 30, 2008
 Amount
 %
 Net cash provided from operations
 242.2
 \$
 741.4
 \$
 729.8
 \$
 Additions to property, plant and equipment
 (67.3)
 (206.8)
 (219.5)
 Free cash flow
 174.9
 \$
 534.6
 \$
 510.3
 \$
 24.3
 \$
 4.8%
 433.8
 442.3
 Free cash flow per share
 1.23
 \$
 1.15
 \$
 0.08
 \$
 6.8%
 Free Cash Flow Return to Shareholders:
 as of November 9, 2009
 (Dollars in millions)
 Dividends paid on common shares as of September 30, 2009
 328.6
 \$
 108.8

Common stock repurchased as of September 30, 2009

43.5

Common stock repurchased in October 2009

77.8

Free

cash

flow

returned

to

shareholders

558.7

\$

OIBDA is operating income before depreciation and amortization.

D&E Communications
Supplemental Financial
Information

D&E COMMUNICATIONS

UNAUDITED PRO FORMA CONSOLIDATED RESULTS (NON-GAAP)

QUARTERLY SUPPLEMENTAL INFORMATION

for the quarterly periods in the years 2009 and 2008

(Dollars in millions, units in thousands and per customer amounts in whole dollars)

Total

3rd Qtr.

2nd Qtr.

1st Qtr.

Total

4th Qtr.

3rd Qtr.

2nd Qtr.

1st Qtr.

Financial Results:

Revenues and sales

Service revenues

106.3

\$

35.2

\$

35.5

\$

35.6

\$

148.0

\$

37.0

\$

36.3

\$

37.2

\$

37.5

\$

Product sales

0.9

0.3

0.3

0.3

1.4

0.5

0.3

0.3

0.3

Total revenues and sales

107.2

35.5

35.8

35.9

149.4

37.5

36.6

37.5

37.8

Costs and expenses:

Cost of services

36.4

12.3

12.1

12.0

49.3

12.0

12.5

12.7

12.1

Cost of products sold

0.7

0.3

0.2

0.2

1.4

0.4

0.4

0.3

0.3

Selling, general, administrative and other

23.4

7.4

8.1

7.9

34.3

8.0

8.2

8.6

9.5

Total expenses excluding depreciation and amortization

60.5

20.0

20.4

20.1

85.0

20.4

21.1

21.6

21.9

OIBDA (A)

46.7

15.5

15.4

15.8

64.4

17.1

15.5

15.9

15.9

Depreciation and amortization

22.2

7.7

7.4

7.1

29.5

7.0

6.9

7.8

7.8

Operating income

24.5

\$

7.8

\$

8.0

\$

8.7

\$

34.9

\$

10.1

\$

8.6

\$

8.1

\$

8.1

\$

Operating Income Margin (B)

22.9%

22.0%

22.3%

24.2%

23.4%

26.9%

23.5%

21.6%

21.4%

OIBDA Margin (C)

43.6%

43.7%

43.0%

44.0%

43.1%

45.6%

42.3%

42.4%

42.1%

SUPPLEMENTAL OPERATING INFORMATION:

Access lines

160.9

160.9

163.0

164.6

165.5

165.5

167.5

168.9

169.6

YOY change in access lines

-3.9%

-3.9%

-3.5%

-2.9%

-3.0%

-3.0%

-2.6%

-1.9%

-1.9%

Net access line losses

(4.6)

(2.1)

(1.6)

(0.9)

(5.1)

(2.0)

(1.4)

(0.7)

(1.0)

Average access lines

163.2

162.0

163.8

165.1

168.1

166.5

168.2

169.3

170.1

Average service revenue per customer per month

\$72.37

\$72.43

\$72.24

\$71.88

\$73.37

\$74.07

\$71.94

\$73.24

\$73.49

High-speed Internet customers

47.4

47.4

45.8

46.2

45.2

45.2

44.4

42.6

43.0

Net high-speed Internet additions (losses)

2.2

1.6

(0.4)

1.0

3.6

0.8

1.8

(0.4)

1.4

YOY change in high-speed Internet customers

6.8%

6.8%

7.5%

7.4%

8.7%

8.7%

9.4%

10.6%

11.4%

Digital satellite television customers

8.9

8.9

7.9

8.5

8.5

8.5

8.4

7.4

8.1

Capital expenditures

\$15.3

\$4.4

\$5.9

\$5.0

\$24.7

\$5.8

\$5.3

\$6.0

\$7.6

RECONCILIATION OF OPERATING INCOME UNDER GAAP TO PRO FORMA OIBDA:	
Operating income (loss) from continuing operations under GAAP	
18.0	
\$	
7.6	
\$	
1.7	
\$	
8.7	
\$	
(10.9)	
\$	
(9.5)	
\$	
8.6	
\$	
(18.1)	
\$	
8.1	
\$	
Pro forma adjustments:	
Merger and integration costs	
1.0	
0.2	
0.8	
-	
-	
-	
-	
-	
-	
Goodwill and intangible asset impairment	
5.5	
-	
5.5	
-	
45.8	
19.6	
-	
26.2	
-	
Adjusted operating income	
24.5	
7.8	
8.0	
8.7	
34.9	
10.1	
8.6	
8.1	

8.1
Depreciation and amortization expense

22.2

7.7

7.4

7.1

29.5

7.0

6.9

7.8

7.8

Pro forma OIBDA

46.7

\$

15.5

\$

15.4

\$

15.8

\$

64.4

\$

17.1

\$

15.5

\$

15.9

\$

15.9

\$

(A)

OIBDA is operating income before depreciation and amortization.

(B)

Operating income margin is calculated by dividing operating income by total revenue and sales.

(C)

OIBDA margin is calculated by dividing operating income before depreciation and amortization by total revenues and sales.

2009

2008

Lexcom
Supplemental Financial Information
LEXCOM, INC.
UNAUDITED PRO FORMA CONSOLIDATED RESULTS (NON-GAAP)
QUARTERLY SUPPLEMENTAL INFORMATION
for the quarterly periods in the years 2009 and 2008
(Dollars in millions, units in thousands and per customer amounts in whole dollars)
Total

3rd Qtr.

2nd Qtr.

1st Qtr.

Total

4th Qtr.

3rd Qtr.

2nd Qtr.

1st Qtr.

Financial Results:

Total revenues and sales

32.6

\$

10.5

\$

11.1

\$

11.0

\$

44.5

\$

11.0

\$

11.6

\$

10.8

\$

11.1

\$

Total operating expenses excluding depreciation and amortization

15.3

5.0

5.1

5.2

20.5

5.3

5.2

5.1

4.9

OIBDA (A)

17.3

5.5

6.0

5.8

24.0

5.7

6.4

5.7

6.2

Depreciation and amortization

6.2

2.1
2.0
2.1
8.3
1.8
2.2
2.1
2.2
Operating income
11.1
\$
3.4
\$
4.0
\$
3.7
\$
15.7
\$
3.9
\$
4.2
\$
3.6
\$
4.0
\$
Operating Income Margin (B)
34.0%
32.4%
36.0%
33.6%
35.3%
35.5%
36.2%
33.3%
36.0%
OIBDA Margin (C)
53.1%
52.4%
54.1%
52.7%
53.9%
51.8%
55.2%
52.8%
55.9%
SUPPLEMENTAL OPERATING INFORMATION:
Access lines
34.6

34.6
35.1
35.3
35.5
35.5
36.1
36.6
37.2
YOY change in access lines
-4.2%
-4.2%
-4.1%
-5.1%
-5.6%
-5.6%
-5.5%
-6.2%
-6.5%
Net access line losses
(0.9)
(0.5)
(0.2)
(0.2)
(2.1)
(0.6)
(0.5)
(0.6)
(0.4)
Average access lines
36.1
34.9
35.2
35.4
36.6
35.8
36.4
36.9
37.4
Average service revenue per customer per month
\$100.34
\$100.43
\$105.11
\$103.58
\$101.32
\$102.42
\$106.23
\$97.56
\$98.93
High-speed Internet customers
9.1

9.1
8.8
8.6
8.2
8.2
7.9
7.7
7.5
Net high-speed Internet additions

0.9
0.3
0.2
0.4
1.1
0.3
0.2
0.2
0.4

Long distance customers
17.3
17.3
17.6
17.8
17.9
17.9
18.1
18.3
18.5

Capital expenditures
\$2.5
\$0.9
\$0.8
\$0.8
\$6.1
\$1.6
\$1.5
\$1.5
\$1.5

RECONCILIATION OF OPERATING INCOME UNDER GAAP TO PRO FORMA OIBDA:

Operating income (loss) from continuing operations under GAAP

11.1
\$
3.4
\$
4.0
\$
3.7
\$
15.7
\$

3.9
\$
4.2
\$
3.6
\$
4.0
\$
Depreciation and amortization expense

6.2
2.1
2.0
2.1
8.3
1.8
2.2
2.1
2.2

Pro forma OIBDA

17.3
\$
5.5
\$
6.0
\$
5.8
\$
24.0
\$
5.7
\$
6.4
\$
5.7
\$
6.2
\$

(A)
OIBDA is operating income before depreciation and amortization.

(B)
Operating income margin is calculated by dividing operating income by total revenue and sales.

(C)
OIBDA margin is calculated by dividing operating income before depreciation and amortization by total revenues and sales.

2009
2008

NuVox
Supplemental Financial Information
NUVOX, INC.
UNAUDITED PRO FORMA CONSOLIDATED RESULTS (NON-GAAP)
QUARTERLY SUPPLEMENTAL INFORMATION
for the quarterly periods in the year 2009 and 2008
(Dollars in millions, units in thousands)
Total

3rd Qtr.

2nd Qtr.

1st Qtr.

Total

4th Qtr.

3rd Qtr.

2nd Qtr.

1st Qtr.

Financial Results:

Revenues and sales

Core

346.5

\$

116.0

\$

115.5

\$

115.0

\$

431.1

\$

113.4

\$

107.2

\$

105.7

\$

104.8

\$

Non-core

77.6

24.5

25.5

27.6

119.3

27.3

29.3

31.0

31.7

Total revenues and sales

424.1

140.5

141.0

142.6

550.4

140.7

136.5

136.7

136.5

Costs and expenses:

Cost of services

177.1

59.5

59.4

58.2

227.0

56.8

57.0

56.4

56.8

Selling, general, administrative and other

164.9

53.1

58.1

53.7

206.4

53.6

51.1

51.5

50.2

Total expenses excluding depreciation and amortization

342.0

112.6

117.5

111.9

433.4

110.4

108.1

107.9

107.0

OIBDA (A)

82.1

27.9

23.5

30.7

117.0

30.3

28.4

28.8

29.5

Depreciation and amortization

59.6

19.2

20.1

20.3

77.1

20.5

19.4

18.8

18.4

Operating income

22.5

\$

8.7

\$

3.4

\$

10.4

\$

39.9

\$

9.8

\$

9.0

\$

10.0

\$

11.1

\$

Operating Income Margin (B)

5.3%

6.2%

2.4%

7.3%

7.2%

7.0%

6.6%

7.3%

8.1%

OIBDA Margin (C)

19.4%

19.9%

16.7%

21.5%

21.3%

21.5%

20.8%

21.1%

21.6%

SUPPLEMENTAL OPERATING INFORMATION:

Customers locations (in thousands)

88.3

88.3

88.5

89.5

89.0

89.0

89.5

90.6

91.0

Capital expenditures and NRCs

(D)

\$54.6

\$14.6

\$12.9

\$27.1

\$58.5

\$16.7

\$11.5

\$16.7

\$13.6

RECONCILIATION OF OPERATING INCOME UNDER GAAP TO PRO FORMA OIBDA:

Operating income from continuing operations under GAAP

20.7

\$

8.4

\$

2.7

\$

9.6

\$

32.0

\$

8.6

\$

7.4

\$

6.1

\$

9.9

\$

Pro forma adjustments:

Non-recurring fees

-

-

-

-

2.9

-

-

2.9

-

Integration costs

1.8

0.3

0.7

0.8

5.0

1.2

1.6

1.0
1.2
Adjusted operating income
22.5
8.7
3.4
10.4
39.9
9.8
9.0
10.0
11.1
Depreciation and amortization expense
59.6
19.2
20.1
20.3
77.1
20.5
19.4
18.8
18.4

Pro forma OIBDA

82.1
\$
27.9
\$
23.5
\$
30.7
\$
117.0
\$
30.3
\$
28.4
\$
28.8
\$
29.5
\$

(A)

OIBDA is operating income before depreciation and amortization.

(B)

Operating income margin is calculated by dividing operating income by total revenue and sales.

(C)

OIBDA margin is calculated by dividing operating income before depreciation and amortization by total revenues and sales.

(D)

Non-recurring charges ("NRC") represent one-time charges incurred to initiate service to a customer location.

2009

2008

Iowa Telecommunications
Supplemental
Financial Information
IOWA TELECOMMUNICATIONS, INC.
UNAUDITED CONSOLIDATED RESULTS
QUARTERLY SUPPLEMENTAL INFORMATION
for the quarterly periods in the years 2009 and 2008
(Dollars in millions and units in thousands)

Total

3rd Qtr.

2nd Qtr.

1st Qtr.

Total

4th Qtr.

3rd Qtr.

2nd Qtr.

1st Qtr.

(A)

(A)

Operating Income Margin (C)

22.4%

21.8%

21.1%

24.3%

28.5%

27.0%

26.7%

28.5%

32.1%

OIBDA Margin (D)

46.1%

45.8%

45.4%

47.1%

50.3%

49.6%

48.5%

50.3%

52.8%

SUPPLEMENTAL OPERATING INFORMATION

Access lines

255.6

255.6

235.5

238.5

242.1

242.1

245.8

233.3

237.0

High-speed Internet customers

94.5

94.5

79.1

78.2

75.7

75.7

74.5

67.6
 65.8
 Long distance customers

160.1
 160.1
 143.2
 145.0
 146.4
 146.4
 147.6
 139.2
 141.0

2009
 2008

(A)
 (B)
 OIBDA is operating income before depreciation and amortization.

(C)
 Operating income margin is calculated by dividing operating income by total revenue and sales.

(D)
 OIBDA margin is calculated by dividing operating income before depreciation and amortization by total revenues and sales.
 During the third quarters of 2009 and 2008, Iowa Telecommunications, Inc. completed the acquisitions of Sherburne and Bishop.
 The impact of these acquisitions is reflected in the financial and operational results noted above in periods subsequent to the completion of the acquisitions.

Financial Results:
 Total revenues and sales

188.4
 \$
 68.3
 \$
 58.8
 \$
 61.3
 \$
 247.0

\$
 65.1
 \$
 62.9
 \$
 58.2
 \$
 60.8
 \$

Total operating expenses excluding depreciation and amortization

101.5
 37.0
 32.1
 32.4
 122.8
 32.8

32.4
28.9
28.7
OIBDA (B)
86.9
31.3
26.7
28.9
124.2
32.3
30.5
29.3
32.1
Depreciation and amortization
44.7
16.4
14.3
14.0
53.7
14.7
13.7
12.7
12.6
Operating income
42.2
\$
14.9
\$
12.4
\$
14.9
\$
70.5
\$
17.6
\$
16.8
\$
16.6
\$
19.5
\$
Capital expenditures
\$16.2
\$5.9
\$6.7
\$3.6
\$28.2
\$8.0
\$7.2

\$7.1

\$5.9

RECONCILIATION OF OPERATING INCOME UNDER GAAP TO PRO FORMA OIBDA:

Operating income from continuing operations under GAAP

42.2

\$

14.9

\$

12.4

\$

14.9

\$

70.5

\$

17.6

\$

16.8

\$

16.6

\$

19.5

\$

Depreciation and amortization expense

44.7

16.4

14.3

14.0

53.7

14.7

13.7

12.7

12.6

OIBDA

86.9

\$

31.3

\$

26.7

\$

28.9

\$

124.2

\$

32.3

\$

30.5

\$

29.3

\$

32.1

\$
Operating income from continuing operations under GAAP
Pro forma adjustments:
Merger and integration costs
Depreciation and amortization expense
Pro forma OIBDA from current businesses
Adjustment for Sherburne Tele Systems
Pro forma OIBDA from current businesses adjusted
Total revenues and sales under GAAP
Pro forma adjustments:
Adjustment for Sherburne Tele Systems
Pro forma revenues and sales from current businesses
Twelve
Months Ended
Sept. 30, 2009
253.5
21.9
275.4
\$
\$
Twelve
Months Ended
Sept. 30, 2009
2.0
59.4
121.2
8.3
129.5
59.8
\$
\$