

WINDSTREAM HOLDINGS, INC.  
Form DEF 14A  
March 31, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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**WINDSTREAM HOLDINGS, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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**www.windstream.com**

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**NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS**

**To be Held May 14, 2015  
10:00 a.m. (central time)**

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To the Stockholders of Windstream Holdings, Inc.:

*Notice Is Hereby Given That* the 2015 annual meeting of stockholders (the Annual Meeting ) of Windstream Holdings, Inc. ( Windstream ) will be held on Thursday, May 14, 2015, at 10:00 a.m. (central time). This year s Annual Meeting will be a virtual meeting which means that you will be able to participate in the Annual Meeting, vote and submit your questions during the Annual Meeting via live webcast by visiting [www.virtualshareholdermeeting.com/WIN15](http://www.virtualshareholdermeeting.com/WIN15). **Because the Annual Meeting this year is virtual and being conducted electronically, stockholders will not be able to attend the Annual Meeting in person.**

The Annual Meeting is being held for the following purposes:

1. To elect the ten directors listed in the Proxy Statement to serve until the 2016 annual meeting of stockholders or until successors are duly elected or until their earlier removal, resignation, or death;
2. To vote on a non-binding advisory resolution on executive compensation;
3. To approve amendments to the Certificate of Incorporation and Bylaws of Windstream to enable stockholders to call special meetings of stockholders under certain circumstances;
4. To approve amendments to the Certificate of Incorporation and Bylaws of Windstream to eliminate super-majority voting provisions;
5. To ratify the appointment of PricewaterhouseCoopers LLP as Windstream s independent registered public accountant for 2015; and
6. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Only holders of Common Stock of record at the close of business on March 19, 2015 are entitled to notice of and to vote during the Annual Meeting or at any adjournment or postponement thereof.

Beginning on March 31, 2015, we began mailing to many of our stockholders a notice of internet availability of proxy materials. This notice contains instructions on how to access our Annual Meeting materials, including our Proxy Statement and Annual Report on Form 10-K, and to vote online. The notice also includes instructions on obtaining a paper copy of the Annual Meeting materials. All stockholders who do not receive such a notice will receive a full set of Annual Meeting materials in printed form by mail or electronically by e-mail.

You are cordially invited to attend the Annual Meeting. To ensure that your vote is counted at the Annual Meeting, however, please vote as promptly as possible.

**YOUR VOTE IS IMPORTANT. Your failure to vote will constitute a vote AGAINST two important corporate governance proposals (see Proposal Nos. 3 and 4).**

By Order of the Board of Directors,

Kristi Moody  
*Secretary*

Little Rock, Arkansas  
March 31, 2015

**Important notice regarding the availability of proxy materials for the 2015 Annual Meeting of Stockholders to be held on May 14, 2015: Windstream's Proxy Statement and Annual Report to security holders for the fiscal year ended December 31, 2014 are also available at [www.windstream.com/investors](http://www.windstream.com/investors).**

## PROXY SUMMARY

*This summary highlights information contained elsewhere in this proxy statement, but does not contain all of the information you should consider before voting your shares. For more complete information regarding the proposals to be voted on at the Annual Meeting and our fiscal year 2014 performance, please review the entire proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.*

### INFORMATION ABOUT OUR 2015 ANNUAL MEETING OF STOCKHOLDERS

**Date:** Thursday, May 14, 2015  
**Time:** 10:00 a.m. (central time)  
**Location:** Via the internet: [www.virtualshareholdermeeting.com/WIN15](http://www.virtualshareholdermeeting.com/WIN15)  
**Record Date:** Holders of our common stock at the close of business on March 19, 2015 may vote during the Annual Meeting

### STOCKHOLDER FORUM

You can access these materials and vote by accessing our online stockholder forum at [www.theinvestornetwork.com/forum/WIN](http://www.theinvestornetwork.com/forum/WIN). To access the forum, you must have your control number, which can be found on your notice of Internet availability of the proxy materials, proxy card or voting instruction form.

### ADVANCE VOTING

Even if you plan to attend the Annual Meeting virtually via the internet, please vote right away. You can vote in advance using one of the following advance voting methods:

Visit the website listed on your proxy card/voting instruction form to vote online.

Call the telephone number on your proxy card/voting instruction form to vote by telephone.

Sign, date and return your proxy card/voting instruction form in the enclosed envelope by mail.

### PROPOSALS AND VOTING RECOMMENDATIONS

	Proposal	Board Recommendation	Votes Required for Approval	Page #
1.	Election of the ten directors listed in this Proxy Statement	FOR	Majority of votes cast	17
2.	Advisory vote on executive compensation	FOR	Majority of votes cast	51
3.	Amendments to enable stockholders to call special meetings	FOR	66 % of shares issued and outstanding	53
4.	Amendments to eliminate super-majority voting provisions	FOR	66 % of shares issued and outstanding	56
5.	Ratification of appointment of independent accountant	FOR	Majority of votes cast	59

**DIRECTOR NOMINEES**

The following table contains information about the ten candidates who have been nominated for election to our Board of Directors. Each nominee is currently a director of Windstream.

Name	Age	Director Since	Independent	Audit Committee	Governance Committee	Compensation Committee
Carol B. Armitage	57	2007	Yes		C	
Samuel E. Beall, III	64	2006	Yes			C, S
Francis X. ( Skip ) Frantz	61	2006	Yes	C, FE		
Jeffrey T. Hinson, Chairman	60	2006	Yes			
Judy K. Jones	71	2006	Yes	FE		
William G. LaPerch	59	2014	Yes			S
William A. Montgomery	66	2006	Yes			S
Michael G. Stoltz	64	2014	Yes	FE		
Anthony W. Thomas	43	2014	No			
Alan L. Wells	55	2010	Yes			

C Chairperson      FE Audit Committee Financial Expert      S Member of 162(m) Subcommittee

**CORPORATE GOVERNANCE HIGHLIGHTS**

Windstream is committed to good corporate governance, which promotes the long-term interests of stockholders, strengthens Board of Directors and management accountability, and helps build public trust in Windstream. Highlights of our corporate governance practices include:

<b>Board Independence</b>	<ul style="list-style-type: none"> <li>9 out of 10 directors are independent</li> <li>CEO is the only management director</li> <li>Director resignation policy for directors who fail to receive majority of votes cast</li> </ul>
<b>Board Composition</b>	<ul style="list-style-type: none"> <li>The Board regularly assesses its performance through board and committee self-evaluations</li> <li>Governance Committee takes a leading role in considering Board structure and refreshment in light of company circumstances</li> </ul>
<b>Leadership Structure</b>	<ul style="list-style-type: none"> <li>Separation of Chairman and CEO roles since company inception</li> <li>Structure contributes to effective Board oversight of management and significant independent director leadership</li> <li>Board oversees management risk oversight responsibilities</li> </ul>
<b>Risk Oversight</b>	<ul style="list-style-type: none"> <li>Involvement at both full Board and key committee level</li> <li>Board reviews annual risk assessment prepared by Internal Audit Department</li> <li>Company support of governance changes (e.g., special meeting rights, elimination of supermajority provisions) in light of stockholder feedback</li> <li>Robust stockholder engagement program</li> </ul>
<b>Stockholder Attributes</b>	<ul style="list-style-type: none"> <li>Interactive online forum allows for stockholder participation and questions; designed to drive voter turnout</li> <li>Annual stockholder advisory vote on executive compensation</li> <li>No poison pill</li> </ul>
<b>Succession Planning</b>	<ul style="list-style-type: none"> <li>Governance Committee monitors succession planning processes</li> </ul>

We are responsive to stockholder concerns. Based on stockholder approval of a proposal in 2013, we implemented majority of votes cast as our general voting standard and, at the 2014 Annual Meeting of Stockholders (the 2014 Annual Meeting ), recommended to stockholders amendments to Windstream's charter and bylaws to eliminate super-majority voting requirements. Also at the 2014 Annual Meeting, we recommended to stockholders amendments to Windstream's charter and bylaws that would enable stockholders holding 20% or more of our outstanding common stock to call a special meeting of stockholders under certain circumstances. While both of these proposals failed to garner the support necessary to pass (both requiring approval by 66 2/3% of our outstanding common stock), the proposals received the support of 47.75% and 48.27% of our outstanding common stock, respectively, and of those that did vote approximately 98% of the votes cast were in support of each proposal at the 2014 Annual Meeting (excluding abstentions and broker non-votes).

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Considering the level of support for those proposals, we are again presenting them for stockholder approval at the Annual Meeting. This year's proposal regarding elimination of Windstream's super-majority voting requirements also includes proposed amendments to Windstream's charter and bylaws to lower the stockholder approval requirement for bylaws amendments from the affirmative vote of a majority of Windstream's outstanding common stock (the current standard for amending the bylaws) to a majority of the votes cast. For more information on these amendments, refer to Proposal 3 (regarding amendments to Windstream's charter and bylaws to enable stockholders to call special meetings) and Proposal 4 (regarding amendments to Windstream's charter and bylaws to eliminate super-majority voting requirements) in this Proxy Statement on pages 53 and 56, respectively.

In an effort to obtain stockholder approval of Proposals No. 3 and 4, we have implemented measures to increase voter participation, including:

- providing stockholders an interactive stockholder forum, which allows validated stockholders the ability to learn more about our Company and submit questions in advance of the meeting;
- hosting the Annual Meeting online, which we believe will allow more stockholders to attend and vote during the meeting; and
- conducting face-to-face meetings with certain of our larger stockholders to discuss their questions and concerns regarding these Proposals.

## STOCKHOLDER OUTREACH

We are committed to an ongoing dialogue with our stockholders, and value their input on governance and compensation matters. In the first quarter of 2015, Windstream management reached out to stockholders representing approximately 32% of our outstanding shares to ensure that we understand and, to the extent possible, address our stockholders' concerns and observations with respect to our governance and compensation policies.

## 2014 EXECUTIVE COMPENSATION

Our compensation objectives are to pay for performance, align management's interests with those of our stockholders, and attract and retain key executives. Highlights of our compensation practices include:

### What We Do:

- Link pay to performance
- Employ a clawback policy
- Maintain robust stock ownership guidelines
- Utilize independent compensation consultants
- Regularly evaluate equity plan overhang levels and run rates

### What We Don't Do:

- x No dividends on unvested performance-based restricted stock
- x No excise tax gross-ups in any circumstance
- x No hedging transactions for directors and executive officers
- x No special perquisites for former executives

## Overview of 2014

The Windstream Board of Directors believes that the 2014 actual pay results are aligned with the Company's actual 2014 performance results and support the view that the executive compensation program overseen by the Compensation Committee creates a strong linkage between pay and performance. Windstream's financial and operating performance fell short of expectations during 2014, and this performance resulted in a significant reduction in executive compensation payouts compared to the target opportunities available to our executives.



In addition, in 2014, the Board and Mr. Jeffery R. Gardner, who had served as Windstream's CEO since its formation in 2006, each determined a change in perspective was needed in order to accelerate the pace of change within the Company and to more effectively respond to the rapidly evolving needs of our customers. As a result, effective December 11, 2014, Mr. Gardner resigned as President and Chief Executive Officer, and Mr. Anthony W. Thomas was appointed President and Chief Executive Officer. The Board believes that Mr. Thomas is the right executive to lead Windstream and position the Company for long-term success.

Elements of 2014 Compensation. Consistent with our historical compensation practices, our fiscal 2014 executive compensation program, which is discussed in detail in this Proxy Statement under the section titled "Compensation Discussion and Analysis," featured the following attributes:

<b>At Risk Compensation</b>	A substantial portion of our executive officers' compensation in 2014 was at-risk through allocation of short-term cash incentives and long-term equity-based incentives.
<b>Base Salary</b>	Base salaries for executive officers not receiving promotions in fiscal 2014 were subject to modest increases.
<b>Incentive Awards</b>	As with previous years, executive officers participated in short term and long term incentive programs in 2014 based principally on Windstream's achievement of certain Adjusted OIBDA amounts (OIBDA is operating income before depreciation and amortization). The Compensation Committee sets target amounts for Adjusted OIBDA, and the other incentive award performance measures, at levels it believes are difficult but achievable and designed to drive industry leading results.  Illustrative of our goal to link pay to performance, because operating results fell below expectations in fiscal 2014, our executive officers' cash bonuses fell well below their targeted amounts and no performance units allocated to the 2014 performance period vested which represented approximately 50% of total equity awards scheduled to vest during such time for our executive officers.

## 2014 COMPANY PERFORMANCE

### Financial Performance

During 2014, Windstream delivered \$5.8 billion in total annual revenue, representing a decline of 2.6% year-over-year. Adjusted OIBDA totaled \$2.1 billion, equating to margins of 36.7%, which were aided by disciplined cost management. Windstream generated substantial adjusted free cash flow, which totaled \$794 million for the year. We returned approximately \$600 million to our stockholders, representing a payout ratio of 76%. Operating income for 2014 was \$507.1 million (a reconciliation of Adjusted OIBDA and adjusted free cash flow to operating income is set forth on [Appendix A](#) to this Proxy Statement.)

### Strategic Highlights

During 2014, Windstream announced plans to spin off certain network assets including fiber, copper, real-estate and other fixed assets into an independent, publicly traded real estate investment trust, or REIT, named Communications Sales & Leasing, Inc. ( CS&L ). Windstream and CS&L will enter into a long-term, exclusive lease allowing Windstream to operate the network and continue to provide advanced network communications services to businesses and consumers. CS&L will become a new publicly traded real-estate investment trust that invests in telecom assets.

Following the spin-off, Windstream stockholders will continue to own their Windstream shares and will also receive 1 share of CS&L for every 5 Windstream shares held.

#### **Transaction Provides Multiple Benefits to Investors and Customers**

Improves Windstream's financial position and enables the Company to reduce debt by roughly 50%

Allows increased investments to drive growth, improve long-term competitiveness, and enable Windstream to better meet customers' changing needs

Creates two focused businesses with separate paths for growth

Unlocks stockholder value by providing the ability to evaluate each entity separately using valuation techniques aligned with each company's asset mix, business outlook and strategic objections

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## PROXY STATEMENT

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### Why am I receiving Windstream's Annual Meeting materials?

Windstream Holdings, Inc. ( "Windstream" or the "Company" ) delivered these materials to you in connection with Windstream's solicitation of proxies for use at the 2015 annual meeting of stockholders (the "Annual Meeting" ) to be held on May 14, 2015 at 10:00 a.m. (central time), and at any postponement(s) or adjournment(s) thereof. These materials were first sent or made available to stockholders on March 31, 2015. You are invited to attend the Annual Meeting and are requested to vote on the proposals described in this proxy statement (this "Proxy Statement" ). The Annual Meeting will be held via the internet at [www.virtualshareholdermeeting.com/WIN15](http://www.virtualshareholdermeeting.com/WIN15).

### Why did I receive a notice of online availability of proxy materials instead of a full set of Windstream's Annual Meeting materials, or vice versa?

In accordance with rules and regulations of the Securities and Exchange Commission (the "SEC" ), we are providing online access to Windstream's Annual Meeting materials over the internet to many of our stockholders (other than those who previously requested electronic or paper delivery or to whom we have elected to furnish a full set of materials). We mailed to these stockholders a notice of online availability of proxy materials containing instructions on how to access our Annual Meeting materials, including this Proxy Statement and our annual report, and to vote online, as well as instructions on obtaining a paper copy of the materials, including a proxy card. The notice also instructs stockholders on how to request delivery of proxy materials in printed form by mail or electronically by e-mail on an ongoing basis for future stockholder meetings. All stockholders who did not receive this notice will receive a full set of the Annual Meeting materials in printed form by mail or electronically by e-mail.

### What is included in Windstream's Annual Meeting materials?

Windstream's Annual Meeting materials include:

This Proxy Statement for the Annual Meeting;

Windstream's Annual Report on Form 10-K for the year ended December 31, 2014 (the "Annual Report" ); and

If you received a full set of Windstream's Annual Meeting materials, the proxy card or, if you are a beneficial owner of shares held in street name, a voting instruction form.

### What items will be voted on at the Annual Meeting?

Stockholders will vote on five items at the Annual Meeting as summarized in the Notice for the Annual Meeting accompanying this Proxy Statement.

### Who may vote during the Annual Meeting?

Each share of Windstream's common stock has one vote on each matter. Only stockholders of record as of the close of business on March 19, 2015 (the "Record Date" ) are entitled to receive notice and to vote during the Annual Meeting. As of the Record Date, there were 605,000,385 shares of Windstream's common stock issued and outstanding, held by 30,007 holders of record.



**How can I access the stockholder forum?**

Stockholders may access our stockholder forum at [www.theinvestornetwork.com/forum/WIN](http://www.theinvestornetwork.com/forum/WIN). The forum provides validated stockholders the ability to learn more about our Company and submit questions in advance of the Annual Meeting. Stockholders may also view Windstream's proxy materials, vote online, and access the live webcast of the meeting through the stockholder forum. To access the forum, you must have your control number available, which can be found on your notice of internet availability of the proxy materials, proxy card or voting instruction form.

**How can I attend the Annual Meeting?**

Stockholders may attend the Annual Meeting virtually via the internet at [www.virtualshareholdermeeting.com/WIN15](http://www.virtualshareholdermeeting.com/WIN15). In order to vote or submit a question during the meeting, you will need to follow the instructions posted at [www.virtualshareholdermeeting.com/WIN15](http://www.virtualshareholdermeeting.com/WIN15) and will need the control number provided on your notice of internet availability of the proxy materials, proxy card or voting instruction form. Broadridge Financial Solutions is hosting our virtual annual meeting and, on the date of the Annual Meeting, will be available via telephone at 1-855-449-0991 to answer your questions regarding how to attend and participate in the Annual Meeting virtually via the internet.

**If I am unable to attend the Annual Meeting on the internet, can I listen to the Annual Meeting by telephone?**

Yes. Although you will not be considered present at the Annual Meeting and will not be able to vote unless you attend the Annual Meeting via the internet, stockholders unable to access the Annual Meeting on the internet will be able to call 1-877-317-6789 and listen to the Annual Meeting if they provide the control number that appears on the proxy card or the voting instructions. If you do not intend to attend the Annual Meeting, it is important to vote in advance of the Annual Meeting.

**What is the difference between a stockholder of record and a beneficial owner of shares held in street name?**

**Stockholder of Record.** If your shares are registered directly in your name with Windstream's transfer agent, Computershare Investor Services, LLC (Computershare), you are considered the stockholder of record with respect to those shares, and the proxy materials were sent directly to you by Windstream.

**Beneficial Owner of Shares Held in Street Name.** If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name, and the proxy materials were forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. Those instructions are contained in a voting instruction form.

**If I am a stockholder of record of the Company's shares, how do I vote?**

If you are a stockholder of record, there are four ways to vote:

*During the Annual Meeting.* You may vote virtually via the internet at the Annual Meeting by following the instructions for attending and voting at the Annual Meeting posted at [www.virtualshareholdermeeting.com/WIN15](http://www.virtualshareholdermeeting.com/WIN15). All proxy cards and ballots must be received by the independent inspector before the polls close at the meeting.

*Via Online.* You may vote online prior to the Annual Meeting by proxy via the internet by following the instructions provided in the proxy card, the notice of availability of proxy materials, or by following the instructions at our stockholder forum at [www.theinvestornetwork.com/forum/WIN](http://www.theinvestornetwork.com/forum/WIN).

*By Telephone.* You may vote by proxy by calling the toll free number found on the proxy card.

*By Mail.* You may vote by proxy by following the instructions provided in the proxy card.

**If I am a beneficial owner of shares held in street name, how do I vote?**

If you are a beneficial owner of shares held in street name, there are four ways to vote:

*During the Annual Meeting.* If you desire to vote virtually via the internet at the meeting, please follow the instructions for attending and voting at the Annual Meeting posted at [www.virtualshareholdermeeting.com/WIN15](http://www.virtualshareholdermeeting.com/WIN15). All proxy cards and ballots must be received by the independent inspector before the polls close at the meeting.

*Via Online.* You may vote online prior to the Annual Meeting by proxy via the internet by following the instructions provided in the voting instruction form, the notice of online availability of proxy materials, or by following the instructions at our stockholder forum at [www.theinvestornetwork.com/forum/WIN](http://www.theinvestornetwork.com/forum/WIN).

*By Telephone.* You may vote by proxy by calling the toll free number found on the voting instruction form.

*By Mail.* You may vote by proxy by filling out the voting instruction form and returning it in the envelope provided.

**What is the quorum requirement for the Annual Meeting?**

The holders of a majority of the outstanding shares of Common Stock entitled to vote must be present or represented by proxy to hold the Annual Meeting. This is called a quorum. Your shares will be counted for purposes of determining if there is a quorum if you:

Are entitled to vote and you are present or represented by proxy at the Annual Meeting; or

Have properly voted online, by telephone or by submitting a proxy card or voting instruction form by mail.

If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

**How are proxies voted?**

All shares represented by valid proxies received prior to the Annual Meeting will be voted by the proxies named therein and, where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the stockholder's instructions.

**What happens if I do not give specific voting instructions?**

Stockholders of Record. If you are a stockholder of record and you:

Indicate when voting on the internet or by telephone that you wish to vote as recommended by the Board; or

Sign and return a proxy card without giving specific voting instructions, then the persons named as proxy holders on the proxy card will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote during the Annual Meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions then, under applicable rules, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

**Which ballot measures are considered routine or non-routine ?**

The ratification of the appointment of PricewaterhouseCoopers LLP as Windstream's independent registered public accountant for 2015 (Proposal No. 5) is considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal No. 5. All other matters to be voted on at the Annual Meeting are considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore broker non-votes may exist in connection with all proposals other than Proposal No. 5.

**What is the voting requirement to approve each of the proposals?**

Election of Directors. Windstream's Bylaws require that, in an uncontested election, each director be elected by the affirmative vote of a majority of the votes cast for his or her election. In other words, election of a director nominee requires that the number of shares voted for his or her election must exceed the number of votes cast against such election. In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the election of directors will be decided by a plurality voting standard, under which the nominees who receive the greatest number of votes cast for their election would be elected as directors. The 2015 election has been determined to be an uncontested election, and the majority-of-votes-cast standard will apply.

If a nominee who is presently serving as a director is not elected at an annual meeting, Delaware law provides that the director would continue to serve on the Board as a holdover director. However, under our Bylaws, each director annually submits an advance, contingent, irrevocable resignation that the Board may accept if the director fails to be elected by a majority of the votes cast. In that situation, the Governance Committee of the Board of Directors would consider the director's tendered resignation and make a recommendation to the Board on whether to accept or reject the resignation or take other action. The Board will act on the Governance Committee's recommendation within 90 days from the date the election results are certified and then publicly disclose its decision and the rationale behind it. If a nominee who was not already serving as a director fails to receive a majority of votes cast at an annual meeting, Delaware law provides that the nominee does not serve on the Board as a holdover director. All director nominees nominated by the Board for election at the Annual Meeting are currently serving on the Board.

Other Matters. The stockholder vote required to approve each of the other proposals is set forth below.

Proposal		Votes Required for Approval
2.	Advisory vote on executive compensation	Majority of votes cast
3.	Amendments to enable stockholders to call special meetings	66 % of shares issued and outstanding
4.	Amendments to eliminate super-majority voting provisions	66 % of shares issued and outstanding
5.	Ratification of appointment of independent accountant	Majority of votes cast

**How are broker non-votes and abstentions treated?**

Broker non-votes and abstentions (which occur when a stockholder chooses to abstain from voting on any or all proposals) are counted for purposes of determining whether a quorum is present. However, broker non-votes and abstentions will have no effect on certain of the proposals presented in this Proxy Statement because they are not considered votes cast under the majority of votes cast voting standard. The effect of broker non-votes and abstentions on each of the proposals presented in this Proxy Statement is as follows:

	<b>Broker Non-Votes</b>	<b>Abstentions</b>
1. Election of directors	No effect	No effect