

WINDSTREAM HOLDINGS, INC.

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Tony Thomas
President and Chief Executive Officer



May 9, 2016

U.S. Congressman Doug Collins
House of Representatives
1504 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman:

Thank you for taking the time to meet with me to discuss Windstream's progress in Northeast Georgia. I know your schedule is incredibly busy as a result of your membership on both the House Committee on Rules and House Committee on the Judiciary and position of Vice-Chair on the Subcommittee on Courts, Intellectual Property and the Internet. I appreciate and share the interest you have shown in rural broadband access for your constituents in the Ninth District. As I have stated before, I am personally engaged and fully committed to connecting homes and offices in Northeast Georgia with the reliable, robust Internet services that residents need to pursue business, educational and entertainment opportunities.

Since 2014 Windstream has invested more than \$80 million in broadband infrastructure throughout Georgia. As a result, fiber-optic lines now reach directly into neighborhood nodes serving 97 percent of Windstream's Ninth District customers. This improves speeds and eliminates congestion. The upgraded fiber-to-the-node network enables us to offer speeds of at least 10 Mbps – and up to 100 Mbps – to 81 percent of the locations we serve in the Ninth District. This measure was 77 percent at the time of my Feb. 29 response to you. At least 20 Mbps is available at 45 percent of these locations, compared with 40 percent in my prior letter. We are already seeing good consumer response to these new speed offerings as we have added about 500 net new customers so far this year. Moreover, we continue to upgrade our network and expect to invest an additional \$38 million in Georgia in 2016.

Delivering high-speed Internet to rural areas such as Northeast Georgia is often cost-prohibitive. Recognizing this fact, the federal government has made available financial support through various programs to offset costs (i.e., supplementing a provider's own capital investments) and turn uneconomic projects into economic ones. Windstream participated in the U.S. Department of Agriculture Rural Utilities Service's Broadband Initiatives Program to great success – meeting all of its commitments while requiring less than the full approved amount. Windstream also participates in the Federal Communications Commission's Connect America Fund program, which enables deployment of fiber in the so-called "middle mile" between our central offices and neighborhood nodes. This is the most efficient way to provide faster Internet speeds to the greatest number of rural customers lacking those services.

I want to personally assure you that we are fully cognizant of the issues that our Georgia customers have encountered over the past few years. These issues have driven our investment decisions and

continue to focus our daily activities to improve our infrastructure and services. The vision I have articulated for our company is to provide a best-in-class customer experience through our network and our people. We know we have work yet to do in Georgia, and so I have appointed J Berkshire as President of Georgia Operations.

J is a longtime Windstream employee and Georgia resident. His appointment ensures a single point of accountability for our performance. J assumed his position on March 21 and is providing excellent leadership for our local teams. In addition to his day-to-day management responsibilities, he is focused on prioritizing projects that will provide the greatest benefit to the greatest number of customers. He is tightening oversight of field operations to reduce the number of customer issues that require repeat visits from technicians and hiring 30 new technicians, most of them in North Georgia, to improve our response times. In addition, his team is actively engaging customers on social media to rapidly identify and address individual service issues.

Windstream has also established a Rapid Response Team in Cornelia to address the concerns of Ninth District customers. While you have not forwarded any of your constituents' concerns to this Team, it has handled 87 calls since February. Interestingly, about one-third of the calls have been inquiries about available speeds rather than complaints. Twenty-five percent of the calls have been related to actual repair issues, and the remainder of the volume is attributable to general account inquiries. We have addressed all of these items, and there is no backlog of unaddressed customer inquiries.

Additionally, Windstream treats public safety with the utmost seriousness. In your April 26 letter, you mentioned that a White County fire department was experiencing communications issues. We have checked our records and also contacted several county officials, but so far have been unable to identify any current issue with Windstream's network. Please share any information you have so that we may pursue a timely resolution.

Your April 26 letter also restated some questions from your earlier correspondence. Please allow me to clarify.

Network Capacity: Windstream's network in Northeast Georgia has robust capacity for the demand in the area, thanks to the network upgrades detailed in this letter and my previous letter. Ninety-seven percent of Windstream's customers in the Ninth District are served by fiber-backed neighborhood nodes that can easily meet capacity demand. The remaining customers are served through copper-backed neighborhood nodes. We have projects that will upgrade many of these in 2016, with a focus on those serving the largest number of customers. Customers served by copper-backed nodes typically have lower Internet speeds and may experience congestion at peak hours, but their experience is a function of their remote location and the specific facilities that serve them and does not reflect the overall capacity of the Windstream network.

It is also important to note that individual customers may face issues beyond Windstream's control. For example, the demand within a home can exceed the bandwidth (i.e., speeds) that the customer has subscribed to if multiple mobile phones, tablets, laptops, TVs and/or game consoles are engaged simultaneously. When this occurs, each user may see his or her speed decline as the various devices compete for bandwidth. As more and more activities move online, Windstream recognizes that we have an obligation to educate our customers about the capabilities of the service

they have chosen to purchase. Again, this is not a failure of the network. Customers who wish to simultaneously operate multiple devices running bandwidth-intensive applications (such as video or gaming) may need to consider subscribing to a higher-speed service tier. We recognize that Windstream needs to play an active role helping them understand their needs and options.

Network Infrastructure: Our network in Northeast Georgia has been upgraded with best-in-class equipment: Calix and Adtran nodes that provide connectivity over fiber from customers' neighborhoods to each Central Office, Cyan Z-Series Packet Optical Network transport devices that carry traffic upstream from the Central Offices, and Alcatel routers that carry it to the cloud. This is particularly impressive for such a rural area.

Fiber and Copper Plant: Windstream continues to deploy fiber to the home in new residential developments and to businesses, but that approach is neither typical nor economic for existing rural homes. In most residential cases, Windstream uses a fiber-to-the-node approach, and we do not plan to fully replace copper with fiber from the node to the home at this time. Full replacement is neither economically practicable, particularly in rural areas, nor is it necessary to achieve fast broadband speeds. Doing so would harm consumers by ballooning prices and undermining our ability to recover the costs of our network, which would run into the hundreds of millions of dollars to deploy 100 percent fiber in the Ninth District alone. Consumers are interested in both network performance and reasonable prices. We achieve this balance with our standard practice of building fiber to neighborhood nodes, which are connected by copper lines to individual homes. Windstream's broadband speeds and network capacity in North Georgia are very strong relative to comparable areas around the country and prices remain affordable.

Capital Investment: With regard to the percentage of fees collected from customers that goes to network upgrades, the company's Consumer/SMB business unit in total contributed \$930 million in cash to Windstream in 2015. We expect to invest approximately \$400 million in our broadband network in 2016.

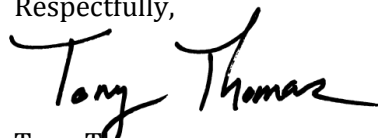
CSAL Spinoff: Contrary to the assertion in your April 26 letter, Windstream is not a REIT, and its tax status has not changed. In 2015, Windstream spun off some of its network facilities into a separately traded company, Communications Sales & Leasing Inc. (NASDAQ: CSAL), which the IRS has determined meets the legal requirements to be taxed as a REIT. As Windstream said at the time of the transaction, and as I said in my previous letter, the spinoff enabled Windstream to reduce our debt and increase our investment in our network. Our investment in Northeast Georgia is higher as a result of the spinoff, and, in fact, is running at or above the companywide average.

Outages: Windstream's Georgia network includes more than 58,000 miles of copper and fiber facilities that, like similar sized networks, is subject to service interruptions. Network outages – defined as service interruptions that affect multiple customers, rather than individual customer issues – may be caused by severe weather, cable cuts, motor vehicle accidents, third-party construction, equipment failures, power failures and even animals. However, two outages that occurred in the Ninth District are worth noting. The first occurred in the fall of 2015 and was the result of our own upgrade efforts. We upgraded equipment in a Central Office, and that new equipment exceeded the capacity of our DC power plant, resulting in a power plant failure. The second incident occurred earlier this year due to an equipment failure that prevented a switchover to a redundant path when one of our routing engines failed. We are actively working with the

equipment manufacturer to update the software on their elements to address this issue and prevent it from occurring again. In both instances, our engineering and operations teams promptly reviewed the root causes of the incidents and took action to prevent future failures of these types.

Neither I nor the Windstream team consider our work in Georgia to be complete. We remain focused on making additional progress, and J and his team are dedicated to enhancing our network reliability and capabilities, along with our customer service experience throughout the entire state. J knows he can call upon the resources of our entire company to drive improvements and produce change. Individuals with concerns should call the Windstream Rapid Response Team in Cornelia at 706-894-1330.

Respectfully,



Tony Thomas

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