

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name Windstream Holdings, Inc.		2 Issuer's employer identification number (EIN) 46-2847717	
3 Name of contact for additional information Okapi Partners	4 Telephone No. of contact (877) 259-6290	5 Email address of contact windstream@okapipartners.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 4001 N. Rodney Parham Rd.		7 City, town, or post office, state, and Zip code of contact Little Rock, AR 72212	
8 Date of action April 24, 2015 & April 26, 2015		9 Classification and description Common Stock	
10 CUSIP number (NEW CUSIP) 97382A200	11 Serial number(s) N/A	12 Ticker symbol WIN	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► **On April 24, 2015, Windstream Holdings, Inc. ("Holdings") distributed (the "Distribution") 80.1% of the common stock of Communications Sales & Leasing, Inc. ("CS&L") to Holdings shareholders of record as of April 10, 2015. In the Distribution, Holdings shareholders received 0.2 shares of CS&L common stock for every share of Holdings common stock. Cash was paid in lieu of any fractional shares.**

Following the Distribution and effective on April 26, 2015, Holdings completed a 1-for-6 stock split ("reverse stock split") of its issued and outstanding shares of common stock, par value \$0.0001 per share. In the reverse stock split, each Holdings shareholder received one share of Holdings common stock in exchange for each six common shares held. Cash was paid in lieu of any fractional shares.

The CUSIP number changed from 97382A101 to 97382A200. The ticker symbol did not change. See Attachment 1.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► **See Attachment 1.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► **See Attachment 1.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► 368(a)(1)(D), 368(a)(1)(E), 302(a), 305(a), 307(a), 354(a)(1), 355 and 358(b)(1)

18 Can any resulting loss be recognized? ► In general, no gain or loss is recognized as a result of the Distribution nor as a result of the reverse stock split except for instances where cash was received in exchange for fractional shares. Shareholders should consult with their Tax Advisors to determine the impact of the Distribution and the reverse stock split (and the receipt of cash in lieu of fractional shares, if any) with respect to their individual circumstances.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The change being reported here occurred during the calendar year 2015; consequently, the reportable year is 2015.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►



Date ►

5/01/15Print your name ► **Willis R. Kemp**Title ► **Vice President-Tax****Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Windstream Holdings, Inc.
Form 8937
Distribution of Shares of
Communications Sales & Leasing, Inc.
& Reverse Stock Split
Attachment 1

Form 8937, Part II, Line 14

On April 24, 2015, Windstream Holdings, Inc. (“Holdings”) distributed (the “Distribution”) 80.1% of the common stock of Communications Sales & Leasing, Inc. (“CS&L”) to Holdings shareholders of record as of April 10, 2015. In the Distribution, Holdings shareholders of record received 0.2 shares of CS&L common stock for every share of Holdings common stock. Cash was paid in lieu of any fractional shares.

Following the Distribution and effective as of 8:00 p.m. eastern time on April 26, 2015, Holdings completed a 1-for-6 stock split (“reverse stock split”) of its issued and outstanding shares of common stock, par value 0.0001 per share. In the reverse stock split, each Holdings common shareholder received one share of Holdings common stock in exchange for each six shares held. Cash was paid in lieu of any fractional shares.

This notice contains general guidance regarding tax basis in your Holdings and CS&L common shares for U.S. federal income tax purposes. *If you did not receive shares of CS&L common stock or cash in lieu of a fractional share in the Distribution, this notice does not apply to you.*

Form 8937, Part II, Line 15

APPLICABILITY OF THE TAX BASIS CONSEQUENCES DESCRIBED BELOW

The discussion below regarding tax basis is limited to holders of shares of Windstream Holdings, Inc. common stock that are U.S. Holders. For purposes of this summary, a “U.S. Holder” is a beneficial owner of Windstream Holdings common stock that holds stock as a capital asset (generally for investment purposes) and is, for U.S. federal income tax purposes:

- (i) An individual who is a citizen or resident of the United States,
- (ii) A corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof (including the District of Columbia),
- (iii) An estate, the income of which is subject to U.S. federal income taxation regardless of its source, or
- (iv) A trust if
 - a. A court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or

- b. In the case of a trust that was treated as a domestic trust under law in effect before 1997, a valid election is in place under applicable Treasury Regulations.

If a partnership (or other entity treated as a partnership) holds Holdings common stock, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner in a partnership holding Holdings common stock should consult its tax advisor.

GENERAL GUIDANCE REGARDING TAX BASIS IN THE DISTRIBUTION

As a consequence of the Distribution, you will need to allocate your tax basis in your Holdings common shares immediately before the Distribution between your Holdings common shares and your CS&L common shares you received. If you purchased your Holdings common shares for cash, the tax basis for your Holdings common shares would generally equal the original cost of these common shares (including commissions and other fees), adjusted to take into account the effect of certain prior transactions in which you may have participated. *If you acquired your Holdings common shares as a gift, through an employee compensation arrangement, from a person to whom you were related or otherwise not dealing with at arm's length, in a tax deferred transaction or through some other means, we recommend that you consult with your own tax advisor to determine your tax basis in these shares. If you acquired shares of Holdings common stock at different times, for U.S. tax purposes you will need to make separate tax basis calculations for each group of shares.*

In calculating their tax basis in Holdings common shares immediately before the Distribution, Holdings shareholders should include reductions for the quarterly distributions received, if applicable, during 2012, 2013, 2014 and 2015 that would constitute a return of capital as previously reported on Form 8937 by Holdings. As of the time of this filing, the portion of 2015 distributions received by Holdings shareholders that will be treated as a return of capital is not yet known; consequently, Holdings shareholders must treat the entire amount of their 2015 distributions as having no effect on their tax basis in their Holdings common shares until the time in which a subsequent Form 8937 is filed to report the amount of 2015 distributions that would constitute a return of capital. When such Form 8937 is subsequently filed (generally expected to be no later than January 15, 2016), Holdings shareholders must then revise their calculations of allocated tax basis in their Holdings common shares and their CS&L common shares pursuant to the Distribution and their share basis in their Holdings common shares as a result of the reverse stock split.

The allocation of tax basis between your Holdings common shares and the CS&L common shares you received in the Distribution is based on their relative fair market values at the time of or immediately following the Distribution. U.S. federal income tax law does not specify precisely how to determine these fair market values. There are several potential methods for determining the fair market values of Holdings common shares and CS&L common shares. One approach for determining fair market values is to utilize the trading prices of Holdings common shares and CS&L common shares quoted on the NASDAQ stock exchange on the first trading day following the Distribution. Another potential approach for determining the fair market value

would be to utilize the trading prices of Holdings common shares and CS&L common shares trading on a “when issued” basis quoted on the NASDAQ stock exchange on the date of the Distribution.

Form 8937, Part II, Line 16

HYPOTHETICAL EXAMPLE OF TAX BASIS ALLOCATIONS

The following is an example of how to allocate your aggregate tax basis in your Holdings common shares immediately before the Distribution between your Holdings common shares and the CS&L common shares you received, and reflects your per share basis as a result of the reverse stock split. The example is based on closing prices on the trading day following the Distribution, as described above. The example is provided solely for illustrative purposes and as a convenience to Holdings shareholders and their tax advisors when establishing their specific tax position.

The trading day following the Distribution was April 27, 2015. Holdings common shares closed at \$10.61 per share and CS&L common shares closed at \$27.51 per share.

Assumptions:

Shares of Holdings common stock:	113 shares (preceding the reverse stock split)
Starting share basis of Holdings shares:	\$8 per share*
Aggregate tax basis for Holdings shares:	\$904 (113 shares x \$8 per share)*
Shares of CS&L common stock received in the Distribution (including fractional shares):	22.6 shares (113 shares x 0.20 exchange ratio)
Shares of Holdings common stock following the reverse stock split (one-for-six)	18.8333 (113 shares divided by 6)

* If applicable, should reflect reductions related to distributions received in 2012, 2013, 2014 (but not 2015) that constituted a return of capital

Your aggregate tax basis in your Holdings common shares immediately prior to the Distribution would be allocated between your Holdings common shares and your CS&L common shares (including any fractional share, for which you ultimately received cash) as illustrated below:

Formula for Calculating Aggregate Fair Market Values of Shares in the Distribution

To determine the aggregate fair market value of your shares of Holdings common stock and CS&L common stock, multiply the number of such shares by the applicable fair market value of one such share:

	<u># of shares</u>		<u>Closing price on 4/27/15</u>		<u>Aggregate Fair Market Value</u>
Holdings common stock ¹	18.8333	x	\$10.61	=	\$199.83
CS&L common stock	22.6	x	\$27.51	=	\$621.73
Total					\$821.56

¹ Shares and share price are reflected post reverse stock split

Formula for Calculating Share Basis Allocation Percentage in the Distribution

(A) To find the share basis allocation percentage for your Holdings common shares (including any fractional share for which you ultimately received cash), divide the aggregate fair market value of your Holdings common shares by the sum of the aggregate fair market values of your Holdings common shares and your CS&L common shares (including any fractional shares for which you ultimately received cash).

(B) To find the share basis allocation percentage for your CS&L shares (including any fractional share for which you ultimately received cash), divide the aggregate fair market value of your shares in CS&L common shares by the sum of the aggregate fair market values of your shares of Holdings common stock and your shares of CS&L common stock (including any fractional shares for which you ultimately received cash).

	<u>Aggregate Fair Market Value</u>		<u>Aggregate Fair Market Value of Holdings and CS&L Common Stock</u>		<u>Share Basis Allocation Percentage</u>
(A) Holdings common shares	\$199.83	÷	\$821.56	=	24.32%
(B) CS&L common shares	\$621.73	÷	\$821.56	=	75.68%

Formula for Calculating Tax Basis Allocation in the Distribution

(C) To find the tax basis allocation for your Holdings common shares (including any fractional share), multiply your aggregate tax basis in your shares of Holdings common shares immediately prior to the Distribution by your Holdings share basis allocation percentage. To find your Holdings tax basis allocation per share, divide this number by the number of Holdings shares.

(D) To find the tax basis allocation for your CS&L common shares (including any fractional share), multiply your aggregate tax basis in your Holdings common shares immediately prior to the Distribution by your CS&L share basis allocation percentage. To find your CS&L tax basis allocation per share, divide this number by the number of CS&L (including any fractional share).

	<u>Aggregate Holdings Tax Basis</u>		<u>Share Basis Allocation Percentage</u>		<u>Tax Basis Allocation</u>		<u>Number of Shares</u>		<u>Tax Basis Allocation Per Share</u>
(C) Holdings Common shares	\$904.00	x	24.32%	=	\$219.85	÷	18.8333	=	\$11.67
(D) CS&L Common shares	\$904.00	x	75.68%	=	\$684.15	÷	22.6	=	\$30.27

Formula for Allocating Aggregate Tax Basis to Whole Shares and Fractional Share

(E) To find the tax basis allocation for the whole shares of Holdings common shares you received in the reverse stock split and CS&L common shares you received in the Distribution, multiply the number of whole shares you received by the respective tax basis allocation per share.

(F) To find the tax basis allocation for any fractional share of Holdings common shares and CS&L common shares sold on your behalf for cash, multiply the fractional share you would have

received by the respective tax basis allocation per share. This is the basis you should use to compute your gain or loss recognized with respect to the cash you received in lieu of the fractional share.

	<u>Number of shares</u>		<u>Tax Basis Allocation Per Share</u>		<u>Tax Basis Allocation</u>
(E) Holdings whole shares	18	x	\$11.67	=	\$210.12
(F) Holdings fractional share	0.8333	x	\$11.67	=	\$ 9.73
(E) CS&L whole shares	22	x	\$30.27	=	\$665.99
(F) CS&L fractional share	0.6	x	\$30.27	=	\$ 18.16

At the time a subsequent Form 8937 is filed to report the amount of 2015 distributions that would constitute a return of capital (generally expected to be no later than January 15, 2016), Holdings shareholders and CS&L shareholders must revise their calculations of their tax basis in their Holdings and CS&L common shares, and Holdings shareholders must revise their share basis calculations related to the reverse stock split.

SPECIAL REPORTING REQUIREMENTS FOR CERTAIN STOCKHOLDERS

Pursuant to Treasury Regulations Section 1.355-5(b), certain Holdings stockholders (i.e. those stockholders who, immediately before the Distribution, owned at least 5% of Holdings stock or had an aggregate basis in their Holdings stock of \$1 million or more) who received shares of CS&L stock in the Distribution are also required to include a statement related to the Distribution in their U.S. federal income tax returns for the year in which the Distribution occurs.

CONSULT YOUR TAX ADVISOR

The information contained in this notice represents our general understanding of the application of certain existing U.S. federal income tax laws and regulations relating to the Distribution. It does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of Holdings stockholders, such as stockholders who acquired Holdings stock as compensation or stockholders subject to special treatment under the Internal Revenue Code or other applicable laws. *You are urged to consult with your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state and local, and foreign tax laws.* We also urge you to read the Information Statement dated March 26, 2015 that was mailed to you, noting especially pages 40-44 under the heading “U.S. Federal Income Tax Consequences of the Spin-Off.”