

Windstream delivers solid results in third quarter

- Free cash flow growth up 23 percent year-over-year for first nine months
- 16 percent year-over-year increase in new high-speed Internet customers
- 4.8 percent access line decline year-over-year improves from second quarter

LITTLE ROCK, Ark. – Windstream Corporation (NYSE: WIN) delivered solid operating results in the third quarter, including a much improved performance in access line retention than the same period a year ago.

“Our business continues to perform well despite the challenging economic environment and stress within the overall capital markets,” said Jeff Gardner, president and CEO. “Our team delivered industry-leading operating results again during the third quarter, although our financial performance was pressured somewhat by higher fuel costs and storm-related expenses from Hurricane Ike.”

The company also incurred a non-cash accounting charge of \$6.5 million during the quarter to adjust the value of its wireless spectrum holdings in North Carolina acquired in the purchase of CT Communications last year.

“Our business continues to remain relatively defensive in this challenging economy given our rural footprint and the growing importance of the broadband connection to consumers. As a result, we remain confident in our ability to sustain the free cash flow this business generates and feel our current capital structure is appropriate. Our balance sheet is in a very good position and we do not have any significant debt maturities until 2013,” Gardner said.

Third-quarter financial results:

Under Generally Accepted Accounting Principles (GAAP):

- Revenues were \$794 million, a 3 percent decrease from a year ago.
- Operating income was \$271 million, a decrease of 6 percent year-over-year.
- Net income was \$106 million, a 10 percent decrease from a year ago, or 24 cents of diluted earnings per share.
- Under pro forma results from current businesses:
 - Revenues were \$794 million, a 2 percent decrease from a year ago.
 - Operating income before depreciation and amortization was \$401 million, a decline of 4 percent year-over-year.
 - Operating income was \$277 million, a decrease of 1 percent from a year ago.
 - Average revenue per customer was \$83.16, a 2 percent increase from a year ago.
 - Capital expenditures were \$86 million, a 10 percent decrease year-over-year.

Windstream ended the quarter with \$112 million in cash and cash equivalents. Free cash flow, which is defined as net cash from operations less capital expenditures, was \$510 million through the first nine months of the year, an increase of 23 percent year-over-year.

Third-quarter operating results:

Windstream added more than 28,000 new high-speed Internet customers during the third quarter, bringing its total customer base to approximately 963,000 – an increase of almost 16 percent year-over-year. Overall broadband penetration is now 31 percent of total access lines and 47 percent of primary residential lines.

“We believe we can continue to grow our high-speed Internet customer base, as well as drive additional revenue growth by selling faster speeds,” Gardner said.

Windstream added nearly 21,000 digital TV customers in the quarter, bringing its total customer base to approximately 252,000, or 14 percent penetration of primary residential lines.

Total access lines declined by 38,000, an improvement of more than 8,000 lines lost over the same period a year ago. Total lines at the end of the quarter were 3.08 million, a decline of 4.8 percent year-over-year.

FCC approves sale of North Carolina wireless properties

Windstream announced it has received FCC approval for the sale of its wireless properties in North Carolina to AT&T for \$60 million in cash.

The transaction includes approximately 52,000 wireless customers; spectrum licenses and cell sites covering a four-county area of North Carolina with a population of approximately 450,000; and six retail locations. The properties operate under the Windstream Wireless brand name.

Windstream acquired the wireless properties in the acquisition of CT Communications, which offered co-branded wireless products and services through a joint operating agreement with AT&T.

The transaction is expected to close before the end of the year.

For the third quarter, the wireless properties generated roughly \$12 million in revenue and \$3 million in OIBDA. The wireless results are reflected as discontinued operations in the company's earnings results pending the sale.

Conference call

Windstream will hold a conference call at 8 a.m. CST today to review the company's third-quarter earnings results.

To access the call:

Interested parties can access the call by dialing 1-866-873-7782, conference ID 68742896, 10 minutes prior to the start time.

The international dial-in number is 1-660-422-4943, conference ID 68742896.

To access the call replay:

A replay of the call will be available beginning at 11 a.m. CST today and ending at midnight CST on Nov. 21. The replay can be accessed by dialing 1-800-642-1687, conference ID 68742896.

The international dial-in number for the replay is 1-706-645-9291, conference ID 68742896.

Webcast information:

The conference call also will be streamed live over the company's Web site at www.windstream.com/investors. Financial, statistical and other information related to the call will be posted on the site. A replay of the webcast will be available on the Web site beginning at 11 a.m. CST today.

About Windstream

Windstream Corporation is an S&P 500 company that provides digital phone, high-speed Internet and high-definition video and entertainment services to residential and business customers in 16 states. The company has approximately 3.1 million access lines and about \$3.2 billion in annual revenues. For more information, visit www.windstream.com.

Windstream was formed July 17, 2006, through the spinoff of Alltel's wireline business and its merger with VALOR Communications Group, Inc. The company acquired CT Communications (CTC) on Aug. 31, 2007.

Windstream's GAAP results reflect CTC's business starting Sept. 1, 2007. Pro forma results from current businesses are non-GAAP financial measures that include results from VALOR and CTC for periods prior to the mergers and exclude results from the split-off of the company's directory publishing business completed on Nov. 30, 2007 and the company's wireless properties. A reconciliation of pro forma results from current businesses to the comparable GAAP measures is included in the following [financial schedules](#).

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 sale of its wireless properties, 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: adverse changes in economic conditions in the markets served by Windstream; the extent, timing and overall effects of competition in the communications business; continued access line loss; the impact of new, emerging or competing technologies; the adoption of intercarrier compensation and/or universal service reforms by the Federal Communications Commission or Congress that results in a significant loss of revenue to Windstream; the risks associated with the integration of acquired businesses or the ability to realize anticipated synergies, cost savings and growth opportunities; the availability and cost of financing in the corporate debt markets; the potential for adverse changes in the ratings given to Windstream's debt securities by nationally accredited ratings organizations; the effects of federal and state legislation, rules and regulations governing the communications industry; material changes in the communications industry generally that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers; unexpected results of litigation; unexpected rulings by state public service commissions in proceedings regarding universal service funds, intercarrier compensation or other matters that could reduce revenues or increase expenses; the effects of work stoppages; the impact of equipment failure, natural disasters or terrorist acts; the ability to execute the company's share repurchase program or the ability to achieve the desired accretive effect from such repurchases; and those additional factors under the caption "Risk Factors" in Windstream's Form 10-K for the year ended Dec. 31, 2007. 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.

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Media Relations Contact:

David Avery, 501-748-5876

david.avery@windstream.com

Investor Relations Contacts:

Mary Michaels, 501-748-7578

mary.michaels@windstream.com

Rob Clancy, 501-748-5550

rob.clancy@windstream.com