WINDSTREAM CORPORATION

Moderator: Rob Clancy
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7:30 am CT

Operator: Welcome to the Second Quarter 2008 Windstream Communication Earnings call. All lines are placed on mute. We would like to introduce our speaker, Rob Clancy, Senior Vice President and Treasurer.

Rob Clancy: Thank you (Mary Ann) and good morning everyone and thank you for joining us this morning. Today's conference call was preceded by our Second Quarter 2008 Earnings Release which has been distributed on the newswires and is available from the Investor Relations section of our web site.

Today's conference call should be considered together with our earnings release and related financial information. Today's discussion will include certain forward-looking statements particularly as it pertains to guidance and other outlooks on our business.

Please review the Safe Harbor language filed at our press release and in our SEC filings which describe factors that could cause our actual results to differ materially from those projected by us in our forward-looking statements.

Today's discussion will also include certain non-GAAP financial measures. Again, we refer you to the IR section of our web site where we have posted our earnings release and supplemental materials which contain information and reconciliations for any non-GAAP financial measures.

As you may have seen in our press release earlier this morning, we announced that we are selling our wireless properties in North Carolina to AT&T for $60 million.

When we acquired CT Communications, we valued the wireless business using a discounted cash flow analysis based on the asset being held for use. As a result of the pending sale, we incurred a pre-tax $18 million non-cash impairment charge in the second quarter to reflect the difference between the sales price and our recorded book value.

Also, we are now classifying that business as held for sale and the related operating results which are netted against this impairment charge are presented as discontinued operations in our second quarter financial information.

Accordingly we have updated our pro forma results from current businesses to remove the wireless business from our other segment.

As a reminder, our pro forma results include VALOR and CT Communications and exclude our publishing and wireless businesses for all periods.

In addition our pro forma results exclude merger and integration costs which for the second quarter totaled $4.6 million due to a non-cash write off of software acquired from the CT Communications transaction.

We will make references to these pro forma results from our current businesses including the year-over-year comparisons during our call.

Participating in our call this morning are Jeff Gardner, Windstream President and Chief Executive Officer and Brent Whittington, Windstream Executive Vice President and Chief Financial Officer.

At the end of the call, we will take a few questions. With that, here's Jeff Gardner.

Jeff Gardner: Thank you Rob. Good morning everyone. I'm very pleased with our results for the second quarter and the first half of 2008. We continue to deliver industry leading operational metrics and generate strong cash flow.

In fact, given our updated view on capital expenditures and share repurchases to date, our expected dividend payout ratio should be between 56% and 61% this year, which is down from our recent projection of 60% to 65%.

This is also a significant improvement compared to our dividend payout ratio in 2007 and a testament to the tremendous effort of the entire Windstream team.

Let me turn to a few details. During the second quarter we repurchased about $100 million of common stock or 7.6 million shares at an average price of 13.13 per share. To date we have completed $200 million of our $400 million share repurchase authorization that expires at the end of 2009.

Importantly, our dividends and share repurchases have returned approximately $425 million to shareholders during the first half of 2008.

Turning to our pro forma operational results. We added approximately 23,000 new high-speed Internet customers this quarter bringing our total customer base to over 934,000, an increase of almost 20% year-over-year.

Our overall broadband penetration is now at 30% of our total access lines and residential broadband penetration is approximately 44% of primary residential lines.

We believe these higher penetration rates, rather than the economy, are the main cause for the slow down in customer growth rate. We continue to believe there is room for additional unit growth as well as revenue growth by selling faster speeds and other products and services to leverage the broadband connection.

We launched ADSL2+ at the beginning of the second quarter allowing us to essentially double the Internet speed available and offer a 12 meg product in certain markets.

Our promotions during this quarter focused on familiarizing customers with faster speeds and we did experience a shift in mix with more customers subscribing to 3 meg speeds or higher.

We are also focusing on selling complementary Internet products, such as Security Suite, a home networking solution, and a tech help package which provides assistance on a variety of computer related issues.

These additional services coupled with the revenue opportunities from the faster Internet speeds should increase broadband ARPU in the back half of the year.

We added 21,000 digital TV customers in the quarter bringing our total customer base to approximately 231,000 or 12% penetration of primary residential lines and have continued to have great success selling the Dish product in our bundle.

During the quarter, access lines declined by 37,000 which is a slight improvement in lines lost year-over-year and much improved sequentially.

This is quite an accomplishment given the fact that cable VoIP competition continues to increase and businesses continue to migrate to higher capacity units.

In terms of residential lines, gross adds are down year-over-year but our disconnects are down even more yielding the lowest absolute residential line loss experienced in two years.

These results are a function of our team's focus on increasing the effectiveness at the point of sale as well as on customer retention.

Non-pay disconnect decreased 1600 units year-over-year and by 5700 units sequentially, further supporting out thesis that rural telecom appears to be more insulated from the effects of the overall economy than many other businesses.

We ended the quarter with just over 2 million long-distance customers representing a 66 penetration rate of total access lines. During the second quarter we lost approximately 20,000 long-distance customers primarily due to a price increase in the fourth quarter of 2007 which is driving lower ARPU customers to disconnect their long-distance service.

Importantly, long-distance revenue increased 6% year-over-year, a result of both the pricing increase as well as strong sales of long-distance packages.

Our team is doing a great job selling our unlimited and flex packages driving penetration of these packages to 20% of total access lines, which is important from a revenue and retention standpoint.

Our business channel continues to grow year-over-year driven by next generation data services, broadband growth and increasing special access growth as well as strong equipment sales.

We are making improvements within our network to expand the availability of advanced data services such as virtual private networks and virtual land services in order to create more capabilities for our business customers.

We manage this business channel by focusing on revenue and profitability. This is important as we continue to see migration to higher capacity circuits that appear as additional line losses, however, drive higher revenues and great efficiency.

To date, we have not experienced meaningful cable competition in our business channel and because the majority of our business customers have fewer than five lines, we continue to be well positioned competitively.

Nonetheless, we continue to be proactive in selling bundled products and extending term contracts to strengthen our existing business relationship.

In summary, I am very proud of all that our team has accomplished in the two years since Windstream became a public company. During this period, we have delivered consistent industry leading operational results and met or exceeded our financial goals.

We have increased the free cash flow of this business through the synergies in both the VALOR and CT transaction as well as operational and cost reduction initiatives.

We remain confident in our ability to sustain cash flows over a long period of time. As we have stated before, we will stay focused on delivering solid operational metrics, achieving our financial goals so that we will be well positioned for any strategic opportunities that are in the best interest of our shareholders.

Now, let me turn the call over to Brent to discuss the financial results.

Brent Whittington: Thanks Jeff and good morning everyone.

For the second quarter on a GAAP basis, Windstream achieved consolidated revenue of $800 million, operating income of $289 million and 23 cents of diluted earnings per share, all of which exclude the wireless business which is reflected as discontinued operations given its pending sale.

From a contribution perspective, the wireless business generated roughly $12 million in revenue and $3 million in OIBDA during the quarter.

The wireless results for the quarter are netted against a non-cash impairment charge resulting in a loss of 4 cents per share that's reported in discontinued operations. Income from continuing operations was 27 cents per share.

Let me turn to our pro forma results from current businesses. For the quarter Windstream achieved consolidated revenues of $800 million, a decline of 2% year-over-year, consolidated OIBDA of $417 million which is roughly flat year-over-year and operating income of $294 million, an increase of 5% year-over-year.

Within our wire-line segment revenues were $784 million, a decline of 2% year-over-year. Although the vast majority of this year-over-year decline related to a favorable $13 million network access settlement we reported in the second quarter of last year.

State and special access revenues increased $15 million or 9% year-over-year due to continued growth in high-speed Internet customers as well as solid growth in business data services and special access circuits.

Long-distance revenues increased by approximately $4 million year-over-year, a result of both solid sales of long-distance packages and a price increase in the fourth quarter of 2007.

Voice revenues declined 8% year-over-year primarily due to access line declines.

And finally we experienced an 8% year-over-year decline in switched access and U.S. (depth) revenues largely a result of the $13 million settlement we received in the second quarter of last year that I previously mentioned.

Looking forward, we do expect U.S. (depth) revenues to decline related to the elimination of the broadband surcharge previously assessed on broadband customers. However, the corresponding expense will also decrease making this OIBDA neutral.

Turning to expenses, this quarter wire-line cash expenses declined by $18 million or 5% year-over-year; specifically cost of services decreased by approximately $15 million or 5% year-over-year related to the lower property taxes, lower pension and benefits expense and favorable comparisons since the second quarter of 2007 included various non-recurring expenses.

Within SG&A expenses decreased by $11 million or 11% year-over-year largely related to the realization of synergies from the CT business and cost efficiencies related to optimization activities within our IT organization in 2007. Sequentially, total cash expenses were down slightly.

For the second quarter, wireline OIBDA was $417 million, a slight increase year-over-year, driven by the expense reductions I just mentioned. Our OIBDA margin increased to 53.2%, up from 51.9% in the second quarter of last year.

Given the reclassification of our wireless business to discontinued operations, the only additional segment we now have is our product distribution business. As a reminder, the vast majority of the revenue in this business is internal.

Our external business, although relatively small, allows us to leverage our spend and gain efficiencies in our procurement activities.

This quarter, revenues were $86 million, up 1% year-over-year, driven by higher internal sales. OIBDA for the quarter reflected a loss of $300,000.

We spent $77 million on capital expenditures during the second quarter which brings our year-to-date spend to $133 million. This is below our original plan due primarily to improved capital management initiative and slowing real estate subdivision development.

As a result, we are now lowering our overall capital expenditure guidance for the full year. Our original guidance for capital expenditures included a range from $340 to $370 million.

Our new capital expenditure range is $300 to $320 million, a significant reduction that yields greater cash flows to the business without compromising the competitiveness of our network.

Our engineering team has really done just an outstanding job managing our overall capital spend, and we've benefited to some extent from the slowdown in new housing developments.

From a balance sheet perspective, we ended the quarter with $60 million of cash, a revolver balance of $120 million and our leverage ratio was 3.2 times.

During the first half of the year, we generated $374 million in free cash flow, defined as net cash from operations less capital expenditures, all of which has been returned to shareholders in the form of both dividends and share repurchases.

The business continues to produce strong cash flows and combined with the capital reduction, our expected dividend payout ratio should be between 56 and 61% with expected free cash flow generation of $735 to $795 million in 2008.

In summary, we are very pleased with ort results for the second quarter and first half of 2008. The Windstream team has done just an exceptional job executing on our operational initiatives while closely managing operating and capital expenses. All of which have allowed us to grow our free cash flow year-over-year.

With that, we will now take a few of your questions. Operator, please review the instructions and open the call to questions and thank you.

Operator: At this time, I would like to remind everyone, in order to ask a question, please press star then the number 1 on your telephone keypad. We'll pause for a moment to compile the Q&A roster.

Your first question comes from the line of Simon Flannery of Morgan Stanley.

Simon Flannery: Okay. Thanks very much. Good news on the capital spending. It looks like you're going to be coming in at or maybe slightly below 10%. Is that something that we think could be sustainable in '09 and beyond or is this really something that really reflects the weakness in the economy, that you'll probably have to take it up a bit next year?

And secondly, not a whole lot of discussion in your comments so far Jeff about the M&A environment. Perhaps you could just talk about what you're seeing out there. Thanks.

Jeff Gardner: Brent why don't you take the CapEx and I'll follow up with the M&A question?

Brent Whittington: Yes. Good question Simon. I mean we spend a lot of time really focused on CapEx and making sure we're making smart decisions in the business.

And really two things going on there, I mean first, we have made improvements in how we manage that and the accountability that folks have in our organization around CapEx spend and so I think a lot of that improvement, probably about half, is just long-term kind of improvement in the run rate we'd expect to see.

About the other half really I chalk up as much as anything, to some of the slow down in housing that I talked about before. That - those are really probably the two bigger issues.

Simon Flannery: And the housing is probably going to persist through '09 as well, so.

Brent Whittington: It's hard to say, but it looks like that's the case.

Simon Flannery: Okay. Thanks.

Jeff Gardner: Related to M&A, Simon, on July 18 our tax sharing agreement expired with Alltel. It's nice to have that behind us. It provides us additional flexibility. If you recall that limited the number of shares that we could issue in a transaction, so that's all about increased flexibility.

Our view on consolidation hasn't changed. I think it's an important part of our long-term model. The industry saw a good bit of consolidation over the last couple of years and we've participated that and we hope that we'll have more opportunities going forward.

Simon Flannery: Okay. All right and any sort of particular - with the political environment changing, anything with the, you know, with the federal regulatory uncertainty, macro uncertainty - does that make things a little bit slower compared to what happened the last couple of years?

Jeff Gardner: I don't think so Simon, I think there's a lot of kind of noise going on in terms of some of the key issues affecting our industry like U.S. (depth) and inter-carrier compensation.

You know, our views on that haven't changed with inter-carrier compensation. We were supportive of the Missoula Plan. It doesn't look like that's happening, but if something does happen, we think it will be something like that, that would tend to be revenue neutral.

On the U.S. (depth) side, we are relatively light in terms of the amount of federal U.S. (depth) we've got so I don't think we have a significant risk there either.

Simon Flannery: Great. Thank you.

Jeff Gardner: Yes.

Operator: Your next question comes from Patrick Rein of Lehman Brothers.

Patrick Rein: Thanks for taking the question. If possible could you give an update on where you're at with the buyback since the end of second quarter? And then also what your restricted payments basket looks like?

And finally the 60 million you're going to get from this sale, does that need to go to debt pay down or can that be added to the buyback? Thank you.

Jeff Gardner: Yes, Patrick, a couple things. One, on the restricted payment basket, that's over $400 million. The thing to remember, we did spend through the second quarter year-to-date we had 200 of our $400 million share repurchase that we had completed, buying back just around 16 million of our shares.

In terms of cash flows, the thing to remember about those are two things really if you think about in the third quarter on the back part of the year, number one, you look at our CapEx run rate you'd expect that to accelerate in Q3.

And then number two, you know, in the first and third quarters we've got interest payments on our notes so those are our weakest quarters from a cash flow perspective, so just something to keep in mind.

In terms of the sale of the wireless business, that does not have to go back to debt repayment. There's some provisions in our agreements we have to keep in mind, but it does not have to go back to debt repayment.

Patrick Rein: Great. And are you guys giving out what you're going to buyback since July?

Brent Whittington: We are not. We are not providing that.

Patrick Rein: Okay. Thank you.

Brent Whittington: You're welcome.

Operator: Your next question comes from the line of Michael Nelson of Standford Group.

Michael Nelson: Hi, thanks for taking the question. You know, my question is regarding your margins and your cost structure and you guys are now generating really impressive OIBDA margin in the 52 plus percent range, and I'm wondering if you think this is a good run rate?

Is there a revenue mix shift that may cause that to decline or are there opportunities to reduce costs further and what are some of the areas you could potentially target? Thanks.

Brent Whittington: Michael, good question. I've been really pleased at what we've done for a while now on our margins and, you know, we've talked about a number of the big initiatives that I think are helping in that regard with, you know, realization of synergies if you look on a year-over-year basis.

And I talked about improvement in our IT organization, but outside that it's just a consistent focus across our entire business on cash costs. There is a shift in mix of revenues going on. Predominantly we've talked about the shift from voice to broadband, which traditionally is going to result in slightly lower margins.

So as you think about OIBDA margins over time I'd expect there to be some decline, you know, but if you look even Q1 to Q2, although there was a decline, we still have been able to maintain very healthy margins.

So no major cost initiatives. I tell you, we had and continue to have just intense focus on field expenses, whether that's overtime, contract labor, things like that that are really high areas of spend for us.

And in spite of increased utilities and fuel costs we've been able to outrun that with significant improvements in the business so that continued focus is what you'd expect from us and no what I'd call major special projects.

Jeff Gardner: All right. And just from an overall perspective, when we look at kind of the business model that we put together two years ago, it was - and we looked at expenses and what kind of the trajectory was on revenue.

We knew at that time that we would have to be exceptionally clever and innovative in terms of driving cost synergies in our business and then as Brent mentioned in his script, M&A helps as well.

And so coupled together I think the team is doing a wonderful job there. It's really helping to sustain these margins over a long period of time.

Michael Nelson: All right. Thanks. Good luck guys.

Man: Thanks.

Operator: Your next question comes from the line of David Barden of Banc of America.

David Barden: Hey guys, thanks. Good morning. Just two quick questions, one, just on a housekeeping question. If you could just kind of - as I look through these numbers just trying to understand where I can pull wireless out of from the revenue and cost section so I can understand the baseline kind of comparing, you know, last year's quarters to this year.

And then just going and maybe - and I apologize - back to the M&A question. The - less about the goodness of M&A, but more the rationale for it. As you look around the universe of opportunities, you know, where are you guys thinking that the real opportunity for M&A to extract value is?

Is it on the balance sheet, looking at companies that are under levered or maybe aren't maximizing returns to stockholders and seeing them as an opportunity to increase value?

Or is it leveraging your very high margins and looking for low margin companies where you can pull them up the curve because one of the things I'm concerned about is, I mean, you guys are stronger than average because of your more rural nature.

You maintain very high margins and as you look at the universe of opportunities, you know, there's relatively few sizeable companies that you could acquire that wouldn't dilute that strength.

And it seems like, you know, going out and shutting down headquarters is not really a big enough synergy opportunity to maybe take those risks for that kind of M&A. Thanks.

Brent Whittington: David, I'll take your first question on the housekeeping item. We really made that easy because our pro formas exclude the wireless business and because we did report on those operations as discontinued operations, in the future you will continue to show that in that line item for all past periods. So that's the key.

If you kind of look at our results for Q2, on a normalize basis excluding the disco, assuming we were still running the wireless business on a help for use basis, our revenues would look like about $812 million and our OIBDA would have been 420, so that's the way to (unintelligible) about that.

Jeff Gardner: So David, great question on M&A. It's not all about expense, but I think scale is critically important in this business in terms of you know that you're going to have some revenue pressure as you kind of transform this business model from one that is voice centric to broadband centric, where we've got a pipeline of new products that we're developing that will kind of offset some of that revenue pressure.

And we've got a great wholesale and enterprise business that we're managing throughout. So those are big opportunities. The financial flexibility that's afforded when you do these deals is important as well, so a larger company is in a better position to look at things on the product development side that may really help expedite the transformation of this business in terms of driving additional products and services.

And that's really a function of scale as well, but also as you mentioned, operational improvements are really an important part of that. I think that we have a very good view of how to run this business.

We operate in some very rural markets and in some mid-sized markets as well and just to point to the access lines where we're not the most rural carrier out there, but we've been 80 to 100 basis points better than the industry on that consistently over time.

So we bring some of that kind of aggressive management to these businesses as well. So it's not just one thing but it's a whole function of things.

When we look at the business in the long run what we've always said is that we've got to do an excellent job on the revenue side, coming up with new products and services to replace low (unintelligible) voice revenue. That's one part of the story.

Operational excellence on the expense side and then the combination of M&A, a third component of that really can drive this business to sustain and grow cash flows over a very long period of time.

David Barden: So you guys kind of feel you can bring your business model to another business even though it might be a little bit more competitive in this footprint, and make the improvement and that's where the synergy opportunities can develop in addition to the scale itself?

Jeff Gardner: That would be an additional opportunity for us.

David Barden: Got you. All right. Thanks, guys.

Jeff Gardner: Thanks, David.

Operator: Your next question comes from the line of Chris King of Stifel Nicolaus.

Chris King: Good morning guys. A couple of quick questions just to follow up from Simon's question regarding some of the regulatory issues out there, just was wondering if you had seen or could comment on the filing made earlier this week by the Bells and the consortium of wireless and VoIP guys on inter-carrier compensation.

And whether that will actually move the discussion forward in any way, shape or form over the course of the next several months? And secondly, just wanted to get your take on the phantom traffic issue and how big of an issue you view that for you guys?

Specifically we've heard that a couple of your (unintelligible) peers are trying to move the ball forward on that issue once again in front of the FCC. Thanks.

Jeff Gardner: Right. No. Thanks. Not surprised at the letter that went to the FCC this week. I think this interstate access reform has been on the table for a long time. A couple of the companies that you mentioned have been pushing it.

We were very supportive, as I said, of the Missoula Plan. I thought it was a nice compromise that kind of met the long-term goals of with interstate access. And we'll see. I don't think anything's going to happen in the short run.

It's relatively late in the year. We've got an election year in front of us, so we are just continuing to kind of put forth our views on that, working with our industry association and through our Washington office. But I don't expect anything to change in the near term.

With regard to phantom traffic I'm sure that's an issue. We haven't quantified it. We are working with some other members of the industry to just kind of clarify the rules around traffic. And a lot of it has to - is very related to interstate access reforms.

As long as we have an environment where minutes get treated differently depending on whether they're interstate or intrastate you're going to see some of that.

And so, you know, we've always said that you've got to play by the rules that are in front of you today and we always have. And when this phantom traffic issue gets worked out I think we'll see some upside, but we haven't quantified it.

Chris King: Thank you.

Jeff Gardner: Sure.

Operator: Your next question comes from the line of Batya Levi of UBS.

Batya Levi: The question, I just wanted to ask about the drivers of the line losses in the quarter. You mentioned disconnects sequentially getting down while you had those adds lower as well.

Should, given your comments about this, do you expect line losses to stabilize at these levels or expect lower growth adds to offset that? And is it - just give us an update on what percent of your footprint has cable competition. Thanks.

Jeff Gardner: Great. Sure, about 50 to 55% of our footprint has cable competition. We haven't given any forward looking guidance on access line losses, but I think if you look at our history over the two years that we've been a public company it's been very steady.

And we are not at all taking for granted that access line losses are a foregone conclusion. So every quarter we're getting more and more aggressive with our retention efforts on the distribution side we're trying to add distribution to help on the growth gain side.

When you look at kind of the drivers of disconnects, voice over IP is still our biggest issue. Customers moving to the cable company, so we're trying to get into that by getting more aggressive with things like selling products to multi dwelling units, adding local agents, increasing our retail presence in the market and then set behind that obviously would be wireless substitution.

Batya Levi: Thanks. Just one follow-up on long-distance, do you expect the losses you've seen in the quarter to continue?

Jeff Gardner: Well, again, what we're losing is very low ARPU customers because we raised the prices. So, from a perspective we'll probably see some additional low end ARPU customers fall off.

But importantly, revenue grew at 6% and our team is doing a great job selling bundled long-distance products and that's really where we need to focus our attention.

Batya Levi: Okay. Thanks.

Jeff Gardner: You're welcome.

Operator: Okay. Your next question comes from the line of Jonathan Levine of Jefferies.

Jonathan Levine: Great. I had a question. I was wondering, I may have missed this, but can you give a detailed - some detail in terms of the access line loss in terms of the break out between residential versus business lines?

And also could you talk a little bit in terms of the high speed data sub, in terms of the break out between the different tier levels, the different speed tier levels?

Jeff Gardner: Sure.

Jonathan Levine: (Unintelligible) levels?

Jeff Gardner: I'm sorry, I cut you off.

Jonathan Levine: No problem.

Jeff Gardner: The - with respect to - we don't give the specifics on residential and business, but we haven't seen a change. Obviously the business is much lower. We're being - we're very competitive there. We don't see a lot of cable competition, so our residential line loss is obviously higher.

And then we had our best residential line loss in two years for the company in this quarter, so we're real pleased with that. The second part of your question was...

Brent Whittington: ...data tier level break outs. I mean we did talk about that. In the quarter promotions that we had we saw a much greater percentage of customers subscribing to 3 meg and higher speed, so we were pleased with that.

We, you know, the first half of the year hasn't what I'd call, Jonathan, materially altered our percentage overall. We still have, you know, a relatively small number of customers that are subscribing to speeds higher than our basic offering, but it has been a big part of our focus the first part of the year and will remain so the back half of the year. So...

Jeff Gardner: And ADSL2+ is a big part of that, as a kind of a catalyst to sell these higher speeds. If you looked at early in the year, our 3 meg and higher sales were in the low 40s and now we're closer to 50% in terms of 3 meg or higher sales. So, good progress there.

Jonathan Levine: Great. Thank you.

Jeff Gardner: (Mary Ann) we have time for one more question.

Operator: Okay. Your next question comes from the line of Ana Goshko of Bank of America.

Ana Goshko: Hi, thanks very much for taking the question. I wanted to ask you about your leverage targets in a couple of contexts. First, you've been very conservative in terms of your leverage target in the low three times area, you know, particularly given some of your peers.

And, you know, the same rating category so wondering if, you know, this is where you want to be at and you're staying at it or have you thought about potentially increasing that to take advantage of you know, down drafting your share price?

I know you've got revolver capacity. Have you thought about potentially taking on some more debt to take advantage of your share price and, you know, bringing in more shares?

And then the second context is, in the potential for an M&A outcome, if the right opportunity presented itself where would you be comfortable taking leverage?

Brent Whittington: Ana, good question. I guess I'll tell you 3.2 times is really still right in the area we had targeted two years ago and so we've remained true to that for a while now.

Even if you look at the free cash flow story, which I think we've got a tremendous free cash flow story for the first part of the year, both the buybacks, the amount of cash we returned there as well as dividends. We've done all that without significantly impacting our liquidity and leverage.

So I'm pleased with what we've accomplished there and, you know, I think as we talked about the share buyback, we've always spoken about it in terms of using the cash that the business generates to fund that share buyback. So that's my views on the first part of your question.

As it pertains to M&A, you know, 3.2 times again in that area that (double B) area specifically, is what we've targeted as opposed to a specific leverage level and so I think that's what we try to solve for in any M&A environment or target we might look at.

We've always said we could perhaps have an appetite for a slight increase in leverage with a path to pay down all in the spirit of trying to again protect that credit rating that is important to us. So, that's kind of how we think about it.

Ana Goshko: Okay. Thanks. That's very helpful.

Jeff Gardner: Thank you.

Robert Clancy: We appreciate you folks joining us this morning and also appreciate your interest and support. Mary Michaels and I will be available for additional questions throughout the day. Have a good day.

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