

Windstream reports third-quarter earnings results

- Raises full-year outlook for expected free cash flow - expects \$814 million to \$859 million, resulting in lower dividend payout ratio of 54 percent to 57 percent
- Grows adjusted OIBDA 1 percent year-over-year on a pro forma basis
- Grows business services revenue 1 percent year-over-year on a pro forma basis through growth in data and integrated solutions and strong demand for special access circuits
- Adds approximately 15,700 new high-speed Internet customers and more than 13,000 new digital TV customers on a pro forma basis
- Continues industry-leading 3.7 percent year-over-year access line decline on a pro forma basis

LITTLE ROCK, Ark. - Windstream Corp. (Nasdaq: WIN) today reported third-quarter results highlighted by improved revenue trends and growth in adjusted operating income before depreciation and amortization (OIBDA).

"I am very pleased with our third quarter results. We are executing well on all fronts as evidenced by the improving revenue trends in both our business and consumer channels. In addition, our integration efforts of recent acquisitions are proceeding as planned," said Jeff Gardner, Windstream president and CEO.

Windstream's third-quarter results under Generally Accepted Accounting Principles (GAAP) include approximately \$7 million in after-tax merger and integration costs, which lowered earnings per share by roughly 2 cents.

Third-quarter financial results:

Under GAAP:

- Total revenues were \$966 million, a 32 percent increase from a year ago.
- Operating income was \$270 million, an increase of 20 percent year-over-year.
- Net income was \$85 million, a 7 percent increase from a year ago, or 18 cents of diluted earnings per share.
- Capital expenditures were \$113 million, a 68 percent increase year-over-year.

Under pro forma results:

- Total revenues were \$966 million, a 1.5 percent decrease from a year ago.
- Business service revenues were \$419 million, an increase of \$4 million or 1 percent year-over-year.
- Operating income was \$282 million, a 13 percent increase year-over-year.
- OIBDA was \$462 million, an increase of 5 percent from a year ago.
- Adjusted OIBDA, which excludes non-cash pension expense, non-cash stock-based compensation and restructuring charges, was approximately \$482 million, an increase of 1 percent year-over-year.
- Capital expenditures were \$113 million, a 20 percent increase from a year ago.

Third-quarter pro forma operating results:

Windstream added approximately 15,700 new high-speed Internet customers during the third quarter, bringing its total customer base to approximately 1.29 million - an increase of 8 percent year-over-year. Overall broadband penetration is now 42 percent of total voice lines and 60 percent of primary residential lines.

Windstream also added more than 13,000 digital TV customers in the quarter, bringing its total customer base to approximately 433,000, or 22 percent penetration of primary residential lines.

Total access lines declined by approximately 30,700, resulting in a year-over-year decline of 3.7 percent. Total lines at the end of the quarter were 3.3 million.

In the business channel, advanced data and integrated solutions, which are largely connections providing both voice and data services, increased 1 percent year-over-year. Special access circuits were up 5 percent year-over-year due to increased bandwidth demand from wireless carriers.

Pension contribution

During the quarter, Windstream made a voluntary contribution of \$41 million in cash to its pension plan to preserve its 2010 credit balance, which can be used to offset future contributions.

Given the current low discount rate, the company also announced it is likely that it will make a contribution to the pension plan in 2011 ranging from \$60 million to \$90 million to avoid benefit restrictions. The contribution in 2011 is likely to be in the form of Windstream stock in order to manage overall net debt leverage.

Updated financial outlook for 2010

Windstream updated its expected free cash flow - defined as adjusted OIBDA, excluding merger and integration costs, minus cash interest, cash taxes, capital expenditures and pension contributions - for 2010 as a result of extended bonus depreciation rules and other tax savings.

The company expects to generate \$814 million to \$859 million in expected free cash flow in 2010, resulting in a dividend payout ratio between 54 percent and 57 percent. The company's previous guidance projected \$770 million to \$810 million in expected free cash flow and a dividend payout ratio between 57 percent and 60 percent.

The updated expected free cash flow guidance assumes expected cash taxes of \$105 million to \$120 million and pension contributions of \$41 million for 2010.

Expected free cash flow is not pro forma and reflects NuVox and Iowa Telecom on an actual basis from the date the businesses were acquired.

Conference call

Windstream will hold a conference call at 7:30 a.m. CDT today to review the company's third-quarter earnings results.

Interested parties can access the call by dialing 1-877-374-3977, conference ID 15358656, ten minutes prior to the start time.

To access the call replay

A replay of the call will be available beginning at 10:30 a.m. CDT today and ending at midnight CST on Nov. 11. The replay can be accessed by dialing 1-800-642-1687, conference ID 15358656.

Webcast information

The conference call also will be streamed live over the company's website 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 website beginning at 10:30 a.m. CDT today.

About Windstream

Windstream Corp. (Nasdaq: WIN), headquartered in Little Rock, Ark., is an S&P 500 company with communications operations in 23 states and about \$4 billion in annual revenues. Windstream provides phone, high-speed Internet and high-definition digital TV services. The company also offers a wide range of IP-based voice and data services and advanced phone systems and equipment to businesses and government agencies. For more information about Windstream, visit www.windstream.com.

Pro forma results adjusts results of operations under GAAP to include the acquisitions of D&E, Lexcom, NuVox and Iowa Telecom, and to exclude the results of the disposed out-of-territory production distribution operations and all merger and integration costs related to strategic transactions. For further details on these adjustments, see the Notes to Unaudited Reconciliation of Revenues and Sales and Operating Income Under GAAP to Pro Forma Revenues and Sales and Pro Forma Adjusted OIBDA.

Windstream claims the protection of the safe-harbor contained in the Private Securities Litigation Reform Act of 1995 for forward-looking statements set forth in this press release. Forward-looking statements, including Windstream's updated financial outlook for 2010 and expected pension contribution in 2011, 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 in Windstream's forward-looking statements include, among others:

- further adverse changes in economic conditions in the markets served by Windstream;
- the extent, timing and overall effects of competition in the communications business;
- continued voice line loss;
- the impact of new, emerging or competing technologies;
- the adoption of intercarrier compensation and/or universal service reform proposals 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;
- for Windstream's competitive local exchange carrier operations, adverse effects on the availability, quality of service and price of facilities and services provided by other incumbent local exchange carriers on which Windstream's competitive local exchange carrier services depend;
- 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, and rules and regulations governing the communications industry;* material changes in the communications industry that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers;
- unfavorable results of litigation;
- unfavorable 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;
- earnings on pension plan investments significantly below Windstream's expected long term rate of return for plan assets;
- changes in federal, state and local tax laws and rates; and
- those additional factors under the caption "Risk Factors" in Windstream's Form 10-K for the year ended Dec. 31, 2009, and in subsequent filings with the Securities and Exchange Commission.

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 filings by Windstream with the Securities and Exchange Commission at www.sec.gov.

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