

Windstream reports solid results for fourth quarter

LITTLE ROCK, Ark. – Windstream Corporation (NYSE: WIN) achieved solid results for the fourth quarter with continued strong broadband customer growth. Windstream achieved diluted earnings per share under Generally Accepted Accounting Principles (GAAP) of 25 cents, a 19 percent increase from a year ago that includes approximately \$27 million in one-time restructuring, integration and transaction expenses on a pre-tax basis. Diluted earnings per share under GAAP for the year was \$1.25, a 34 percent increase year-over-year.

"Windstream delivered a solid performance in our first full quarter as a public company," said Jeff Gardner, president and CEO. "For the year we added a record 206,000 broadband customers while expanding broadband availability and offering faster speeds. Driving broadband and digital TV sales will continue to be our primary focus in 2007 while aggressively managing operating and capital expenditures in order to better and more efficiently serve our customers."

Among the financial highlights for the fourth quarter on a GAAP basis:

- Revenues were \$828 million, an 11 percent increase from a year ago.
- Operating income was \$286 million, a 70 percent increase year-over-year.
- Net income was \$118 million, a 39 percent increase from a year ago

Among the pro forma highlights for the fourth quarter from current businesses:

- Revenues were \$828 million, a 3 percent increase from a year ago.
- Operating income before depreciation and amortization was \$436 million, a decline of 1 percent year-over-year.
- Average revenue per customer was \$79.72, an increase of 6 percent from a year ago.
- Windstream added 53,000 broadband customers during the quarter, bringing its total broadband customer base to more than 656,000 – a 46 percent increase from a year ago.
- Access lines declined 4.4 percent year-over-year to 3.24 million lines.

Also during the quarter, Windstream announced an agreement to split-off its directory publishing business, Windstream Yellow Pages, in a tax-free transaction to affiliates of Welsh, Carson, Anderson & Stowe, a private equity investment firm that currently holds approximately 4.1 percent of Windstream common stock. The total value of the transaction is \$525 million or \$850 million on a taxable equivalent basis. As a result of the transaction, Windstream expects to retire up to approximately \$250 million in debt and repurchase approximately 19.6 million shares of Windstream common stock valued at approximately \$275 million at the time of signing.

“We are on schedule to substantially complete the directory publishing transaction in the second quarter, enabling us to focus on our core communications and entertainment business,” Gardner said. “From a balance sheet perspective, we have ample flexibility to pursue strategic opportunities, should they arise, and explore other potential uses of our cash including share repurchases and debt reduction.”

Among the financial highlights for the year on a GAAP basis:

- Revenues were \$3.03 billion, a 4 percent increase from a year ago.
- Operating income was \$899 million, a 42 percent increase year-over-year.
- Net income was \$545 million, a 46 percent increase from a year ago.
- Cash and short-term investments were \$387 million at the end of the year.

Among the pro forma highlights for the year from current businesses:

- Revenues were \$3.19 billion, essentially the same as a year ago.
- Operating income before depreciation and amortization was \$1.67 billion, essentially the same as a year ago.
- Average revenue per customer was \$76.42, a 4 percent increase year-over-year.

Windstream was formed July 17, 2006, through the spinoff from Alltel and merger with VALOR Communications Group, Inc.

Windstream’s GAAP results reflect the Alltel wireline business for the entire year of 2006 and the VALOR business starting July 17. Pro forma results from current businesses are non-GAAP financial measures that reflect the VALOR business for periods prior to July 17 and exclude one-time expenses related to the spinoff and merger, the discontinuance of SFAS No. 71, the split-off of the directory publishing business and the restructuring of certain business operations. A reconciliation of pro forma results from current businesses to the comparable GAAP measures is included in the following financial schedules.

Conference call

Windstream will hold a conference call at 7:30 a.m. CST today to discuss the company’s fourth-quarter earnings results.

Interested parties can access the call by dialing 1-888-873-4896, passcode 11695690 five minutes prior to the start time. A replay of the call will be available beginning at 9:30 a.m. CST today and ending at midnight CST on Feb. 15. The replay can be accessed by calling 1-888-286-8010, passcode 36431318.

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 Web cast will be available on the Web site beginning at 9:30 a.m. CST today.

About Windstream

Windstream Corporation provides voice, broadband and entertainment services to customers in 16 states. The company has approximately 3.2 million access lines and about \$3.2 billion in annual revenues. For more information, visit www.windstream.com.

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 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; material changes in the communications industry generally that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers; changes in communications technology; the risks associated with the separation of the publishing business; failure to realize expected benefits as a result of the transactions described above; the potential for adverse changes in the ratings given to Windstream's debt securities by nationally accredited ratings organizations; the availability and cost of financing in the corporate debt markets; the uncertainties related to Windstream's strategic investments; the effects of work stoppages; the effects of litigation, including any litigation with respect to the above-referenced transactions; and the effects of federal and state legislation, rules and regulations governing the communications industry. 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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