

Windstream reports record broadband customer growth in third quarter

LITTLE ROCK, Ark. – Windstream Corporation (NYSE: WIN) reported record broadband customer growth in its first quarterly earnings report as a public company. Windstream reported diluted earnings per share under Generally Accepted Accounting Principles (GAAP) of 43 cents, a 59 percent increase from a year ago that includes a non-cash after-tax gain of approximately \$100 million related to the discontinuance of Statement of Financial Accounting Standard (SFAS) 71.

"Windstream delivered solid results for the quarter especially when you consider the substantial separation and integration efforts that took place with the launch of our new company," said Jeff Gardner, President and CEO. "We are on track to achieve the targeted \$40 million in net synergies in 2007 from the VALOR merger. Going forward, we will continue to focus on driving broadband and digital TV sales while aggressively managing expenses to bolster the cash generation capabilities of our business."

Among the highlights for the third quarter on a GAAP basis:

- Revenues were \$771 million, a 6 percent increase from a year ago.
- Operating income was \$254 million, a 57 percent increase year-over-year.
- Net income was \$196 million, an 83 percent increase from a year ago.
- Cash and short-term investments were \$373 million at the end of the quarter.

Pro forma highlights for the third quarter from current businesses included:

- Revenues were \$795 million, essentially flat from a year ago.
- Operating income before depreciation and amortization was \$406 million, a decline of 2.4 percent year-over-year.
- Average revenue per customer was \$75.79, an increase of 2.4 percent from a year ago.
- Windstream added 55,000 broadband customers, a quarterly record, bringing its total broadband customer base to more than 603,000 – a 48 percent increase from a year ago.
- Access lines declined 4.2 percent year-over-year to 3.29 million lines.

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 full third quarter and the VALOR business starting July 17. Pro forma results from current businesses are non-GAAP financial measures and exclude the non-cash after-tax gain of \$100 million related to the discontinuance of SFAS 71 and other one-time expenses related to the spinoff and merger and include the VALOR business for a full quarter. A reconciliation of pro forma results from current businesses to the comparable GAAP measures is included in the [financial schedules](#).

Conference call

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

Interested parties can access the call by dialing 1-866-277-1182, passcode 91811408 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 Nov. 16. The replay can be accessed by calling 1-888-286-8010, passcode 94274528.

The conference call also will be streamed live over the company's Web site at www.windstream.com/investors. 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 3.3 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, including (without limitation) statements about expected realization of \$40 million in net synergies in 2007, 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 and are not guarantees of future events and results. Actual future events and results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors. Representative examples of these factors include (without limitation) adverse changes in economic conditions in the regions in which Windstream operates; 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 integration of acquired businesses; 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; potential outcome of income tax audits; the effects of federal and state legislation, rules and regulations governing the communications industry; product liability and other claims asserted against Windstream; and the risks that are described in the sections entitled "risk factors" and "special note concerning forward-looking statements" in the company's proxy statement/prospectus-information statement dated May 26, 2006, and in Windstream's other filings with the SEC. In addition to these factors, actual future performance, outcomes, and results may differ materially because of other, more general, factors including (without limitation) general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes. Forward-looking statements speak only as of the date they are made, and Windstream has no obligation to update or revise any forward-looking statements in light of new information or future events. Undue reliance should not be placed on forward-looking statements, which speak only as of the date of this press release.

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