

## **Windstream completes first full year with solid quarterly results**

LITTLE ROCK, Ark. – Windstream Corporation (NYSE: WIN) achieved solid financial results in the fourth quarter and delivered a strong financial performance in its first full fiscal year as a public company. The company’s board of directors also adopted a \$400 million share repurchase plan.

“Windstream delivered another quarter with solid financial performance and industry leading operating metrics despite gradually increasing competition,” said Jeff Gardner, president and CEO. “We achieved revenue and operating cash flow growth, on a pro forma basis, for the year and met the financial guidance we provided in early 2007. Strategically, we nearly doubled our presence in North Carolina with the acquisition of CT Communications and successfully split off our directory publishing business to focus entirely on our core communications and entertainment business.”

Windstream achieved diluted earnings per share for the quarter under Generally Accepted Accounting Principles (GAAP) of \$1.25, which included a tax-free gain of approximately \$451 million related to the sale of the company’s directory publishing business and \$3.3 million in merger and integration costs related primarily to the acquisition of CT Communications. Diluted earnings per share under GAAP for the year was \$1.94.

Free cash flow, defined as net cash provided from operations less capital expenditures, was \$668 million for the year, equating to a dividend payout ratio of 71 percent.

### **Financial highlights:**

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

- Revenues were \$828 million, essentially the same as a year ago.
- Operating income was \$300 million, a 5 percent increase year-over-year.
- Net income was \$584 million, a 396 percent increase from a year ago.

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

- Revenues were \$804 million, a 3 percent decrease from a year ago.
- Operating income before depreciation and amortization was \$415 million, essentially the same year-over-year.

- Operating income was \$292 million, a 4 percent increase from a year ago.
- Average revenue per customer was \$80.85, an increase of 3 percent from a year ago.

Among the highlights for 2007 on a GAAP basis:

- Revenues were \$3.261 billion, an 8 percent increase from a year ago.
- Operating income was \$1.151 billion, a 28 percent increase year-over-year.
- Net income was \$917 million, a 68 percent increase from a year ago.
- Net cash provided from operations was \$1.034 billion.
- Capital expenditures were \$366 million.

Among the pro forma highlights for 2007 from current businesses:

- Revenues were \$3.262 billion, a 1 percent increase from a year ago.
- Operating income before depreciation and amortization was \$1.657 billion, a 1 percent increase year-over-year.
- Operating income was \$1.123 billion, a 3 percent increase from a year ago.
- Average revenue per customer was \$80.22, a 6 percent increase year-over-year.
- Capital expenditures were \$397 million for the year.

#### **Fourth-quarter operating highlights:**

Windstream added more than 41,000 broadband customers during the quarter, bringing its total broadband customer base to more than 871,000 – a 28 percent increase from a year ago and a 27 percent penetration rate of total access lines.

Windstream added more than 18,000 digital TV customers, increasing its total customer base to approximately 196,000, or 10 percent penetration of primary residential lines.

Total access lines declined by roughly 38,000, or 4.6 percent year-over-year, a 7,000 line improvement year-over-year in the absolute lines lost. Total lines at the end of the year were 3.2 million.

“Broadband growth in the quarter continued to outpace declines in access lines, which slowed year-over-year, a notable accomplishment in light of increasing voice competition in our markets,” Gardner said.

## Share repurchase plan

Windstream’s board of directors adopted a \$400 million share repurchase plan that will expire at the end of 2009. Based on the closing stock price as of Thursday, Feb. 7, 2008, the repurchase plan would equate to approximately 8 percent of total shares outstanding and reduce the dividend payout ratio by 300 to 400 basis points when completed. Under the repurchase plan, the company anticipates purchasing shares either in the open market or through private transactions, in accordance with applicable securities laws. The timing and extent to which the company repurchases its shares will depend upon market conditions and other corporate considerations as may be considered in the company’s sole discretion. The program is scheduled to expire on Dec. 31, 2009, unless extended by the board, but may be suspended or discontinued at any time. As of Dec. 31, 2007, Windstream had 454 million shares outstanding.

## Financial outlook for 2008

Windstream issued the following financial guidance for 2008:

<b>2007 Pro Forma Results</b>	<b>2008 Guidance Range</b>	<b>% Change</b>
Revenue \$3.262 billion	\$3.160 - \$3.290 billion	(3%) – 1%
OIBDA \$1.657 billion	\$1.605 - \$1.675 billion	(3%) – 1%
Capex \$397 million	\$340 - \$370 million	(14%) – (7%)

The company expects depreciation and amortization expense of approximately \$500 million to \$505 million; cash interest of approximately \$410 million to \$415 million; and a cash tax rate in the low 30 percent range for 2008.

The company expects its dividend payout ratio to stay within a range of 70 to 75 percent of free cash flow again in 2008, without contemplating accretion from the authorized share repurchase program.

“Windstream has quality operating assets with significant cash generating capabilities that we

believe can be sustained over a long period of time. We implemented several new operational initiatives near the end of 2007 to provide even greater focus on serving our customers and improving our competitiveness. As a result, we are optimistic about 2008,” Gardner said.

## **Conference call**

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

### ***To access the call:***

Interested parties can access the call by dialing 1-866-873-7782, conference ID 30589672, 10 minutes prior to the start time.

The international dial-in number is 1-660-422-4943, conference ID 30589672.

### ***To access the call replay:***

A replay of the call will be available beginning at 10:30 a.m. CST today and ending at midnight CST on Feb. 22. The replay can be accessed by dialing 1-800-642-1687, conference ID 30589672.

The international dial-in number for the replay is 1-706-645-9291, conference ID 30589672.

## **Web cast information:**

The conference call also will be streamed live over the company’s Web site at [www.windstream.com/investors](http://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 10:30 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 \$3.3 billion in annual revenues. For more information, visit [www.windstream.com](http://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.

Windstream's GAAP results reflect the Alltel wireline business for the entire year of 2006 through the fourth quarter of 2007; the VALOR business starting July 17, 2006; and 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 merger, and excludes various non-recurring items related to the transactions, the discontinuance of SFAS No. 71 and the split-off of the company's directory publishing business. 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 the statements regarding Windstream's financial guidance for 2008, 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 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; the adoption of inter-carrier compensation and/or universal service reforms by the Federal Communications Commission or Congress that results in a significant loss of revenue to Windstream; an adverse development regarding the tax treatment of the spinoff from Alltel on July 17, 2006, and the restrictions on certain financing and other activities imposed by the tax sharing agreement with Alltel; 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; 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, 2006. 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](http://www.sec.gov).

-end-

**Media Relations Contact:**

David Avery, 501-748-5876

[david.avery@windstream.com](mailto:david.avery@windstream.com)

**Investor Relations Contacts:**

Mary Michaels, 501-748-7578

[mary.michaels@windstream.com](mailto:mary.michaels@windstream.com)

Rob Clancy, 501-748-5550

[rob.clancy@windstream](mailto:rob.clancy@windstream.com)