

Windstream achieves solid results and generates strong cash flow in second quarter

- Capital expenditures forecast reduced for full year
- \$100 million in shares repurchased in quarter
- Access line losses improve year-over-year and sequentially
- North Carolina wireless properties slated for sale

LITTLE ROCK, Ark. – Windstream Corporation (NYSE: WIN) achieved solid results and generated \$214 million in free cash flow in the second quarter. For the first half of the year, the company produced \$374 million in free cash flow through efficient management of operating and capital expenses. Windstream has reduced its capital expenditures forecast for the year. In addition, the company repurchased another \$100 million in shares during the second quarter and has reached an agreement to sell its North Carolina wireless properties.

"Windstream continues to produce strong cash flow that, combined with our share repurchases and capital reductions, should significantly improve our dividend payout ratio compared to last year," said Jeff Gardner, president and CEO. "I am pleased that we have returned approximately \$425 million to shareholders during the first half of this year through dividends and share repurchases. This is a testament to the tremendous performance of the entire Windstream team to deliver consistent industry-leading results."

Second-quarter financial results:

Under Generally Accepted Accounting Principles (GAAP):

- Revenues were \$800 million, a 3 percent decrease from a year ago.
- Operating income was \$289 million, a decrease of 1 percent year-over-year.
- Income from continuing operations was \$118 million, a 2 percent increase from a year ago, or 27 cents per share.
- Income from discontinued operations incurred a loss of \$16 million, which included wireless operating income of \$2 million offset by an impairment charge of \$18 million, representing a loss of 4 cents per share.
- Net income was \$102 million, a 12 percent decrease from a year ago, or 23 cents per share.

Under pro forma results from current businesses, which now exclude results from the wireless properties:

- Revenues were \$800 million, a 2 percent decrease from a year ago (excludes \$12 million in wireless revenues).

- Operating income before depreciation and amortization was \$417 million, essentially flat year-over-year (excludes \$3 million in wireless operating income before depreciation and amortization).
- Operating income was \$294 million, a 5 percent increase from a year ago.
- Average revenue per customer was \$83.20, an increase of 3 percent from a year ago.
- Capital expenditures were \$77 million, a 29 percent decrease year-over-year.

Second-quarter operating results:

Windstream added approximately 23,000 new high-speed Internet customers during the second quarter, bringing its total customer base to more than 934,000 – an increase of almost 20 percent year-over-year and a 30 percent penetration rate of total access lines and 44 percent penetration of primary residential lines.

Windstream added nearly 21,000 digital TV customers in the quarter, bringing its total customer base to approximately 231,000, or 12 percent penetration of primary residential lines.

Total access lines declined by 37,000, which is a slight improvement in lines lost year-over-year and much improved from the first quarter. Total lines at the end of the quarter were 3.12 million, a decline of 5 percent year-over-year.

"This is quite an accomplishment given the gradually increasing cable TV competition for local phone service and the migration of our business customers to higher capacity circuits," Gardner said. "These results are a tribute to our team's focus at the point-of-sale as well as on customer retention."

Lower capital expenses expected for 2008

Windstream lowered its forecast for capital expenditures for the year due to improved capital management initiatives and slowing housing subdivision development.

The company now expects to spend between \$300 million to \$320 million in capital expenditures for the year, resulting in a lower expected dividend payout ratio of 56 to 61 percent for 2008.

Share repurchase continues in quarter

Windstream repurchased approximately 7.6 million shares for roughly \$100 million during the second quarter as part of a \$400 million share repurchase plan authorized by the board of directors in February.

The company now has completed \$200 million of the \$400 million share repurchase, which expires at the end of 2009.

North Carolina wireless properties slated for sale

Windstream has agreed to sell its wireless properties in North Carolina to AT&T for \$60 million in cash.

The transaction includes approximately 52,000 wireless customers; spectrum licenses and cell sites covering a four-county area of North Carolina with a population of approximately 450,000; and six retail locations. The properties operate under the Windstream Wireless brand name.

Windstream acquired the wireless properties in the acquisition of CT Communications, which offered co-branded wireless products and services through a joint operating agreement with AT&T.

The transaction is expected to close before the end of the year subject to customary closing conditions.

Conference call

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

To access the call:

Interested parties can access the call by dialing 1-866-873-7782, conference ID 55961286, 10 minutes prior to the start time.

The international dial-in number is 1-660-422-4943, conference ID 55961286.

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

CDT on Aug. 22. The replay can be accessed by dialing 1-800-642-1687, conference ID 55961286.

The international dial-in number for the replay is 1-706-645-9291, conference ID 55961286.

Webcast information:

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 webcast will be available on the Web site beginning at 10:30 a.m. CDT today.

About Windstream

Windstream Corporation is an S&P 500 company that provides digital phone, high-speed Internet and high-definition video and entertainment services to residential and business customers in 16 states. The company has approximately 3.1 million access lines and about \$3.2 billion in annual revenues. For more information, visit 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. The company acquired CT Communications (CTC) on Aug. 31, 2007.

Windstream's GAAP results reflect 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 mergers and exclude results from the split-off of the company's directory publishing business completed on Nov. 30, 2007; merger and integration costs related to the CTC and directory publishing transactions; and the company's wireless properties. 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 statements regarding the sale of its wireless properties and guidance on capital expenditures and the expected dividend payout ratio, 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; 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, 2007. 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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