

## Windstream reports third-quarter earnings results

- Generates \$242 million in net cash from operations and \$175 million in free cash flow
- Produces \$535 million in free cash flow year-to-date in 2009, a 5 percent increase year-over-year
- Achieves lowest absolute access line loss since company's formation in 2006
- Adds approximately 26,000 new high-speed Internet customers and more than 11,000 new digital TV customers
- Repurchases 8.9 million shares and returns \$560 million to shareholders through share repurchases and dividends this year

Release date: Nov. 9, 2009

LITTLE ROCK, Ark. – Windstream Corporation (NYSE: WIN) today reported third-quarter earnings results highlighted by the lowest absolute access line loss since the company's formation in 2006.

Windstream also announced the Pennsylvania Public Utilities Commission has approved the company's acquisition of D&E Communications announced on May 11. Windstream expects to close the transaction this week.

"Our marketing efforts and promotions resonated very well in the quarter, resulting in solid broadband customer growth and our lowest line loss since we formed the company in 2006," said Jeff Gardner, president and CEO. "We remain focused on improving the trends in our business and continue to demonstrate that we can sustain our cash flows."

Windstream's third-quarter results under Generally Accepted Accounting Principles (GAAP) include the following items, which lowered earnings per share by roughly 6 cents:

- \$15 million in after-tax non-cash pension expense;
- \$5 million in after-tax restructuring charges related to a workforce reduction announced on Sept. 30;
- \$5 million in after-tax non-cash amortization of wireline franchise rights; and
- \$1 million in after-tax merger and integration costs.

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**Third-quarter financial results:**

Under GAAP:

- Revenues were \$734 million, an 8 percent decrease from a year ago.
- Operating income was \$225 million, a decrease of 17 percent year-over-year.
- Net income was \$80 million, a 24 percent decrease from a year ago, or 18 cents of diluted earnings per share.
- Net cash provided from operations was \$242 million, a 9 percent increase year-over-year.
- Average service revenue per customer per month was \$79.99, essentially the same as a year ago.
- Capital expenditures were \$67 million, a 22 percent decrease year-over-year.

Under pro forma results from current businesses:

- Operating income before depreciation and amortization (OIBDA) was \$360 million, a 10 percent decline year-over-year. Excluding the incremental non-cash pension expense and restructuring expense, OIBDA was approximately \$391 million, a 2.5 percent decline from a year ago, resulting in an OIBDA margin of approximately 54 percent.

The company generated approximately \$175 million in free cash flow, which is defined as net cash from operations less capital expenditures, during the quarter and \$535 million year-to-date in 2009, a 5 percent increase year-over-year. Windstream ended the third quarter with \$290 million in cash and cash equivalents.

**Third-quarter operating results:**

Windstream added approximately 26,000 new high-speed Internet customers during the third quarter, bringing its total broadband customer base to approximately 1,050,000 customers, an increase of 9 percent year-over-year. Overall broadband penetration is now 36 percent of total access lines and residential broadband penetration is approximately 53 percent of primary residential lines.

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Windstream added more than 11,000 new digital TV customers in the quarter, bringing its total customer base to approximately 323,000, or 18 percent penetration of primary residential lines.

Total access lines declined by approximately 27,000. Total lines at the end of the quarter were 2.93 million, a decline of approximately 5.2 percent year-over-year.

**Share repurchase plan:**

Windstream repurchased 1.1 million shares for \$11 million in the third quarter, and an additional 7.8 million shares for \$78 million that settled in early October. Collectively, the company repurchased 8.9 million shares, at an average price of \$9.95. The company has roughly \$80 million remaining under the current \$400 million share repurchase plan authorized by the board of directors in February 2008. The share repurchase authorization expires at the end of 2009. With dividends and share repurchases, Windstream has returned approximately \$560 million to shareholders this year.

**Conference call**

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

**To access the call:**

Interested parties can access the call by dialing 1-866-900-4729, conference ID 36173270, ten minutes prior to the start time.

**To access the call replay:**

A replay of the call will be available beginning at 8:30 a.m. CST today and ending at midnight CST on Dec. 9. The replay can be accessed by dialing 1-800-642-1687, conference ID 36173270.

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

**About Windstream**

Windstream Corporation is an S&P 500 company that provides phone, high-speed Internet and high-definition digital TV services to customers in 16 states.

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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. The company has approximately 2.9 million access lines and about \$3 billion in annual revenues. Windstream is ranked 4th in the 2009 BusinessWeek 50 ranking of the best performing U.S. companies. For more information about Windstream, visit [www.windstream.com](http://www.windstream.com).

Pro forma results from current businesses adjusts results of operations under GAAP to exclude the results of the disposed out-of-territory product distribution operations as well as merger and integration costs related to the pending acquisitions of D&E Communications, Lexcom, Inc. and the acquisition of CT Communications, Inc. A reconciliation of pro forma results from current businesses to the comparable GAAP measures is available on the company's Web site at [www.windstream.com/investors](http://www.windstream.com/investors).

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: 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 access line loss; the impact of new, emerging or competing technologies; the adoption of intercarrier compensation and/or universal service reforms by the Federal Communications Commission or Congress that results in a significant loss of revenue to Windstream; the possibility that the D&E Communications merger does not close, including, but not limited to, due to the failure to satisfy closing conditions; 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; 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; unexpected 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

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of equipment failure, natural disasters or terrorist acts; earnings on pension plan investments significantly below our expected long term rate of return for plan assets; unexpected results of relocation of Windstream's data center; and those additional factors under the caption "Risk Factors" in Windstream's Form 10-K for the year ended Dec. 31, 2008. 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).

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