

WINDSTREAM CORP  
Form 8-K  
November 07, 2008

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): November 7, 2008**

**WINDSTREAM CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-32422**  
(Commission File Number)

**20-0792300**  
(I.R.S. Employer  
Identification No.)

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4001 Rodney Parham Road,

Little Rock, Arkansas  
(Address of principal executive offices)

(501) 748-7000

72212  
(Zip Code)

Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 2.02 Results of Operations and Financial Condition.**

On November 7, 2008, Windstream Corporation ( "Windstream" or the "Company" ) issued a press release announcing the Company's third quarter 2008 unaudited consolidated results of operations. The press release presents the Company's consolidated results of operations measured under generally accepted accounting principles ( "GAAP" ) and certain unaudited pro forma results of operations from current businesses, which are not calculated in accordance with GAAP. A non-GAAP financial measure is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's financial statements. The non-GAAP financial measures used by the Company may not be comparable to similarly titled measures used by other companies and should not be considered in isolation or as a substitute for measures of performance or liquidity prepared in accordance with GAAP.

Windstream Corporation has entered into various transactions over the last year that may cause results reported under GAAP to be not necessarily indicative of future results. On August 31, 2007, Windstream completed the acquisition of CT Communications, Inc. ( "CTC" ). Subsequently, the Company reached a definitive purchase agreement dated August 7, 2008, for the sale of the wireless business acquired from CTC. Upon consummation, we will have no significant continuing involvement in the operations or cash flows of the wireless business. In the second quarter of 2008, we have classified these operations as held for sale, recognized a pre-tax loss of \$18.0 million to reduce the net carrying value of the assets and liabilities held for sale to the contemplated transaction price less costs to sell, and reported the operating results of the wireless business as discontinued operations. In the third quarter of 2008, the Company recognized a non-cash impairment charge of \$6.5 million to reduce the carrying value of certain wireless spectrum licenses designated as held for sale, and not used in operations, to their fair market value. The fair market value of these holdings has been reduced to a nominal amount due to an impairment resulting from general market conditions and limited interest on this bandwidth of spectrum. Additionally, on November 30, 2007, Windstream completed the split off of its directory publishing business (the "publishing business" ) in a tax-free transaction with entities affiliated with Welsh, Carson, Anderson & Stowe ( "WCAS" ), a private equity investment firm.

The press release includes a presentation of unaudited pro forma results of operations from current businesses that reflect the following adjustments to measures prepared in accordance with GAAP:

Inclusion of operating results from CTC for periods prior to August 31, 2007;

Inclusion of additional amortization expense for definite-lived intangible assets acquired from CTC for the periods prior to August 31, 2007;

Exclusion of non-cash impairment charge for assets held for sale;

Exclusion of operating results from its CTC wireless business for each period presented;

Exclusion of results from the directory publishing business for each period presented; and

Exclusion of merger and integration costs related to acquisitions and dispositions for each period presented.

Windstream's purpose for including the results of the acquired business, and excluding the directory publishing business, CTC wireless business and the non-recurring items listed above, is to improve the comparability of results of operations for periods in 2007 to the results of operations for the same periods of 2008. Windstream's purpose for these adjustments is to focus on the true earnings capacity associated with providing telecommunication services. Management believes the items either included or excluded from the pro forma results from current businesses are related to strategic activities or other events, specific to the time and opportunity available, and should be treated accordingly when evaluating the Company's operations. The Company's presentation of pro forma results from current businesses includes restructuring charges, consisting primarily of severance expenses, as these types of expenses should not necessarily be viewed as non-recurring.

For these reasons, management believes that presenting current business measures assists investors by providing more meaningful comparisons of results from current and prior periods and by providing information that is a better reflection of the core earnings capacity of the businesses. The Company uses pro forma results from current businesses as a key measure of the operational performance of its business segments.

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Windstream management, including the chief operating decision-maker, uses these measures consistently for all purposes, including internal reporting, the evaluation of business objectives, opportunities and performance, and the determination of management compensation.

The Company's press release, and other communications from time to time, include a non-GAAP measure titled operating income before depreciation and amortization, or OIBDA. OIBDA can be calculated directly from the Company's financial statements by taking operating income and adding back depreciation and amortization expense. The Company will also at times make reference to pro forma OIBDA from current businesses, which is also a non-GAAP measure. Pro forma OIBDA from current businesses adjusts OIBDA for the items that are either included or excluded from pro forma results from current businesses. Management considers OIBDA to be useful to investors because OIBDA provides information specific to the Company's operating performance.

The Company's communications from time to time include a non-GAAP measure entitled net debt. Net debt is consolidated debt, including current maturities, less cash and cash equivalents. The Company believes net debt provides useful information to investors about the Company's capital structure.

The Company will also from time to time include non-GAAP measures entitled free cash flow and dividend payout ratio. Free cash flow is defined as net cash provided from operations less net cash used in the procurement of property, plant and equipment. The Company believes free cash flow provides the investor useful information about cash available to pay dividends. Dividend payout ratio is defined as dividends paid on common shares divided by free cash flow. The Company believes the dividend payout ratio provides the investor useful information about its remaining investable funds after the payment of dividends to shareholders.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits*

<b>Exhibit Number</b>	<b>Description</b>
Exhibit 99(a)	Windstream Press Release dated November 7, 2008

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WINDSTREAM CORPORATION

By: /s/ Brent K. Whittington  
Name: Brent K. Whittington  
Title: Executive Vice President and Chief Financial  
Officer

November 7, 2008

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
Exhibit 99(a)	Windstream Press Release dated November 7, 2008