

WINDSTREAM CORP  
Form 8-K  
November 09, 2009

**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 9, 2009**

**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))

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

On November 9, 2009, Windstream Corporation ( "Windstream" or the "Company" ) issued a press release announcing the Company's third quarter 2009 unaudited consolidated results of operations. The press release presents the Company's consolidated results of operations measured under generally accepted accounting principles in the United States ( "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 the following transactions that may cause results reported under GAAP to be not necessarily indicative of future results:

On August 21, 2009, Windstream completed the sale of its out of territory product distribution operations to Walker and Associates of North Carolina, Inc. for approximately \$5.3 million in total consideration.

On September 8, 2009, the Company entered into a definitive agreement to acquire Lexcom, Inc. ( "Lexcom" ) based in Lexington, North Carolina, for approximately \$141.0 million in cash, net of working capital to be acquired. The acquisition is expected to close in the fourth quarter of 2009, subject to certain conditions including the necessary approvals from federal regulators.

On May 10, 2009 the Company entered into a definitive agreement to acquire all of the outstanding shares of common stock of D&E Communications ( "D&E" ) in a transaction valued at approximately \$330.0 million as of September 30, 2009. The acquisition is expected to close on November 10, 2009.

On August 31, 2007, Windstream completed the acquisition of CT Communications, Inc. ( "CTC" ).

On November 21, 2008, the Company completed the sale of the wireless business acquired from CTC and has presented the related operating results as discontinued operations.

In addition, certain amounts previously reported have been reclassified to conform to the current year presentation of the consolidated financial statements. These changes and reclassifications did not impact operating or net income.

The Company's press release includes a presentation of unaudited pro forma results of operations from current businesses that excludes the following items when compared to measures prepared in accordance with GAAP:

Merger and integration costs associated with the transactions discussed above,

Results from the out of territory product distribution operations, and

A non-cash impairment charge totaling \$6.5 million on acquired assets held for sale.

Windstream's purpose for excluding these items is to improve the comparability of results of operations for periods in 2008 to the results of operations for the same periods of 2009 in order to focus on the true earnings capacity associated with providing telecommunication services. Management believes the items 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.

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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 its operational performance. 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.

In addition, from time to time the Company's communications will also include the following non-GAAP measures:

Net debt, defined as 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.

Free cash flow, 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, 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 9, 2009

**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/ Anthony W. Thomas  
Name: **Anthony W. Thomas**  
Title: **Chief Financial Officer**

November 9, 2009

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
Exhibit 99(a)	Windstream Press Release dated November 9, 2009