



October 23, 2001

## West Corporation Announces Third Quarter 2001 Earnings

OMAHA, Neb., Oct 23, 2001 -- West Corporation (Nasdaq: WSTC) (or "West"), a leading provider of innovative full service customer relationship management solutions utilizing the latest in voice and Internet technology, today announced results for the third quarter ended September 30, 2001 and the conclusion of its relationship with Synchrony Communications.

### Financial Summary (unaudited)

(In thousands, except per share amounts and percentages)

	Three Months Ended			Nine Months Ended		
	Sep 30 2001	Sep 30 2000	Percent Change	2001	2000	Percent Change
Total Revenue	\$180,968	\$189,513	-4.5%	\$577,015	\$531,109	8.6%
Operating Income	25,519	28,600	-10.8%	89,839	79,109	13.6%
Other Income (Expenses)						
includes write down of investment	(3,000)	-		(3,000)	-	
Net Income	14,741	18,356	-19.7%	56,063	51,104	9.7%
Pro Forma Net Income per diluted share	0.26*	-		0.86*	-	
Net Income per diluted share	0.22	0.27		0.82	0.75	

\*Excludes one-time charge of \$0.04 per share, related to investment in Synchrony Communications

"The downturn in the overall economy and the events of September 11th impacted many U.S. companies during the quarter and West was no exception," commented Thomas B. Barker, President and Chief Executive Officer. "We are pleased with our operational performance this quarter, with pro forma earnings of \$0.26 per share, which was due to our ability to maintain solid margins and strictly control costs during these unusual circumstances. Our performance during the first nine months of 2001 proves that West's business model remains intact and that we can be trusted to successfully manage our clients needs in a tough economic environment."

### Operating Results

For the quarter ended September 30, 2001, revenues were \$181.0 million compared to \$189.5 million in the third quarter 2000, a 4.5% decrease. Third quarter operating income fell by 10.8% to \$25.5 million, compared to \$28.6 million in the same period last year. EBITDA (earnings before interest, taxes, depreciation and amortization) decreased 10.5% to \$35.8 million from \$40.0 million in the third quarter of 2000. Net income for the third quarter stood at \$14.7 million versus \$18.4 million in third quarter 2000, a decline of 19.7%. Fully diluted earnings per share were 22 cents, versus 27 cents in the comparable period of 2000. Excluding one-time charges, fully diluted earnings per share were 26 cents, in line with internal expectations.

### Other Income (expenses)

Based on its assessment of the current valuation of its investment in Synchrony Communications, West recorded a one-time charge of \$3 million, or \$0.04 per share during the third quarter. The board of Synchrony Communications decided it would be in the best interests of the company to accept the acquisition offer made by divine inc., which was announced on October 23, 2001. In return for its original investment announced in August 2000, West Corporation expects to receive restricted stock of divine inc. The company believes it is prudent to write down its entire original investment of \$3 million, as management believes

the value of the investment is permanently impaired.

### **Nine-Month Operating Results**

For the nine-month period ended September 30, 2001, revenues rose 8.6% to \$577.0 million from \$531.1 million for the same period last year. Operating income increased 13.6% to \$89.8 million from \$79.1 million in last year's nine-month period. Net Income grew 9.7% to \$56.1 million from \$51.1 million in the nine month 2000 period. EBITDA increased by 11.0% to \$125.2 million from \$112.7 million the first nine months of 2000.

"The impact of the September 11th tragedy was lessened by our ability to control variable costs," explained Michael Micek, Chief Financial Officer of West. "We continued to control our fixed costs on a year-to-date basis and SG&A expense, as a percentage of revenues, decreased 0.2% to 33.3% for the first nine months of 2001."

### **Margins**

For the reasons mentioned above, operating margins declined slightly during the quarter to 14.1%. For the nine months ended September 30, 2001, operating margins were 15.6% of revenue, exceeding our annual target of 15% and compares favorably to 14.9% for the first nine months of 2000.

### **Balance Sheet**

West continues to maintain a strong and liquid balance sheet. At the end of the third quarter, the company had cash and short-term investments totaling \$163.2 million. At quarter end, the company had no outstanding borrowings under its lines of credit and maintained a healthy current ratio of 3.2 - 1. During the first nine months of 2001 the company invested \$40.6 million in capital expenditures, primarily for contact center upgrades and expansion. So far during 2001, the company has opened and begun processing calls in three new contact centers bringing the total number of workstations to 11,221.

### **Outlook**

"Despite the difficult economic conditions encountered this quarter, we are confident in our ability to continue to successfully strengthen our company and report profitable results. We are comfortable with the guidance issued in our September 26 release and expect fourth quarter revenues to be between \$190 and \$200 million with EPS of \$0.28 to \$0.30," Barker explained.

### **Conference Call**

The company will hold a conference call to discuss earnings on October 24th at 10:00 AM Central Time. Investors may access the call by visiting the Investor Relations section of the West Corporation website at [www.west.com](http://www.west.com) and clicking on the Live Webcast icon. If you are unable to participate during the live webcast, a replay of the call will also be available on the website.

### **About West Corporation**

West Corporation is a leading provider of innovative, full-service customer care solutions that help Fortune 500 companies acquire, retain and grow profitable customer relationships. West's customer relationship management solutions incorporate agent and automated services using the latest in voice and Internet technology.

Founded in 1986 and headquartered in Omaha, Nebraska, West has a team of approximately 25,000 employees, including an IT staff of approximately 780, occupying 31 state-of-the-art contact centers and seven interactive automated voice and data processing centers across North America and India.

Statements which are not historical facts contained in this release are forward-looking statements that involve risks and uncertainties. Such risks and uncertainties include, but are not limited to: planned expansion of operating facilities; labor market conditions; mergers, acquisitions, or joint ventures, including their execution; customer concentrations; technological innovation; and general economic conditions. Further information regarding the factors that could cause actual results to differ from expected or projected results can be found in documents filed by the Company with the United States Securities and Exchange Commission (the "SEC").

Unaudited

(\$ in thousands except per share amounts and selected operating data)

	Three Months Ended			Nine Months		
	30-Sep			30-Sep		
	2001	2000	% change	2001	2000	% change
Total revenue	\$180,968	\$189,513	-4.5%	\$577,015	\$531,109	8.6%
Cost of services	93,713	98,593	-4.9%	295,178	274,014	7.7%
Selling, general and administrative expense	61,736	62,320	-0.9%	191,998	177,986	7.9%
Operating Income	25,519	28,600	-10.8%	89,839	79,109	13.6%
Other Income (expense)	(2,063)	460	-548.5%	(415)	1,793	-123.1%
Income before tax	23,456	29,060	-19.3%	89,424	80,902	10.5%
Income tax expense	8,691	10,704	-18.8%	33,055	29,798	10.9%
Minority Interest	24	-		306	-	
Net income	\$14,741	\$18,356	-19.7%	\$56,063	\$51,104	9.7%
Earnings per common share						
Basic	\$0.23	\$0.29		\$0.86	\$0.80	
Diluted	\$0.22	\$0.27		\$0.82	\$0.75	
Weighted average number of shares outstanding:						
Basic common shares	64,956	64,304		64,876	63,943	
Diluted common shares	67,844	67,861		68,139	67,704	
Selected operating data:						
Operating margin	14.10%	15.09%		15.57%	14.90%	
Number of workstations (end of period)	11,221	9,912		11,221	9,912	
Number of Cash and short-term investments	\$163,158	\$108,113	50.9%			
Trade accounts receivable, net	107,826	129,695	-16.9%			
Other current assets	42,214	45,857	-7.9%			
Total current assets	313,198	283,665	10.4%			
Net property and equipment	202,367	197,178	2.6%			
Goodwill	42,363	43,627	-2.9%			
Other assets	20,426	29,437	-30.6%			
Total assets	\$578,354	\$553,907	4.4%			
Current liabilities	98,984	132,659	-25.4%			
Other liabilities & Minority Interest	37,225	43,123	-13.7%			
Stockholders' equity	442,145	378,125	16.9%			

Total liabilities and stockholders equity	\$578,354	\$553,907	4.4%
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