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Proposed Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	Chapter 11
WINDSTREAM HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 19-22312 (RDD)
)	
Debtors.)	(Joint Administration Requested)
)	

**DEBTORS’ MOTION FOR ENTRY OF INTERIM
AND FINAL ORDERS AUTHORIZING THE DEBTORS TO MAINTAIN
AND ADMINISTER THEIR EXISTING CUSTOMER PROGRAMS AND
HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO**

Windstream Holdings, Inc. and its debtor affiliates as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) respectfully state the following in support of this motion (this “Motion”):

¹ The last four digits of Debtor Windstream Holdings, Inc.’s tax identification number are 7717. Due to the large number of debtor entities in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://www.kccllc.net/windstream>. The location of the Debtors’ service address for purposes of these chapter 11 cases is: 4001 North Rodney Parham Road, Little Rock, Arkansas 72212.



Relief Requested²

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the “Interim Order” and “Final Order”), authorizing the Debtors to maintain and administer their prepetition customer-related programs in the ordinary course on a postpetition basis (collectively, the “Customer Programs”). In addition, the Debtors request a final hearing be scheduled by the Bankruptcy Court, as defined herein, within approximately 25 days of the Petition Date to consider approval of this Motion on a final basis.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated February 1, 2012. The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the Bankruptcy Court in connection with this Motion to the extent that it is later determined that the Bankruptcy Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief sought herein are sections 105(a) and 363(b) of title 11 of the United States Code (the “Bankruptcy Code”), Bankruptcy Rule 6003, and rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”).

² Capitalized terms used but not defined have the meanings given to them elsewhere in this Motion.

Background

5. The Debtors are a leading provider of advanced network communications and technology solutions for businesses across the United States. The Debtors also offer broadband, entertainment and security solutions to consumers and small businesses primarily in rural areas in 18 states. Additionally, the Debtors supply core transport solutions on a local and long-haul fiber network spanning approximately 150,000 miles. As of the date hereof, the Debtors have approximately 11,600 employees.

6. As set forth in greater detail in the *Declaration of Tony Thomas, Chief Executive Officer and President of Windstream Holdings, Inc., (I) in Support of Debtors' Chapter 11 Petitions and First Day Motions and (II) Pursuant to Local Bankruptcy Rule 1007-2* (the "First Day Declaration"), on February 15, 2019, the United States District Court for the Southern District of New York entered a *Memorandum Decision and Order* against Debtor Windstream Services, LLC after trial in the matter styled *U.S. Bank National Association v. Windstream Services, Inc. v. Aurelius Capital Master, Ltd.*, Case No. 17-cv-7857 (JMF), that recognized an event of default under the Debtors' prepetition unsecured bond indentures, which in turn resulted in a cross-default under the Debtors' secured term loan and revolver credit facilities. As of the date hereof, the Debtors are obligated for approximately \$5.6 billion in funded debt obligations. To avoid any precipitous action against the Debtors' assets that would have harmed the Debtors' businesses and to gain access to much-needed liquidity in the form of debtor-in-possession financing, the Debtors commenced these chapter 11 cases.

7. On February 25, 2019 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their business and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date hereof, the Office of the United States Trustee for the

Southern District of New York (the “U.S. Trustee”) has not appointed an official committee of unsecured creditors in these chapter 11 cases. Additional information regarding the Debtors’ business, their capital structure, and the circumstances leading to these chapter 11 filings is contained in the First Day Declaration.

Description of Customer Programs³

8. The Debtors provide certain incentives, discounts, and other accommodations to customers to develop and maintain positive customer relationships. The Customer Programs promote and maintain customer satisfaction, which, in turn, increases the Debtors’ goodwill and the value of their brand. In such a competitive industry, maintaining the goodwill of their customers is critical to the Debtors’ ongoing operations and the preservation and maximization of stakeholder value. Therefore, the Debtors seek authorization to continue to provide the Customer Programs to their customers, as well as to honor certain prepetition claims that directly benefit the Debtors’ customers.

9. Most of the Debtors’ prepetition obligations under the Customer Programs comprises of accrued credits, adjustments, discounts, or other similar obligations owing to their customers, including amounts owing under the Sale Promotions, Referral Program, Customer Reference Program, Email Campaigns, Service Level Guarantees, Wholesale Program, Third-Party Providers Program, and the Transition Services Agreement, the vast majority of which *do not* entail the expenditure of cash.

10. For the avoidance of doubt, pursuant to this Motion the Debtors are not seeking to assume or reject any executory contracts pursuant to section 365 of the Bankruptcy Code.

³ Although this motion is intended to be comprehensive, the Debtors may have inadvertently omitted some Customer Programs. The debtors request relief with respect to all Customer Programs, regardless of whether such Customer Program is specifically identified herein.

I. Customer Contracts.

11. Customer receipts are a major component of the Debtors' receivables. The Debtors primarily conduct their operations through long term contracts with their residential and commercial customers under which the Debtors provide telecommunication services (the "Customer Contracts"). The Debtors' business operations are thus highly dependent on the uninterrupted continuation of these Customer Contracts.

12. The Debtors' customers are the lifeblood of their businesses. Among others, the Debtors' commercial customers include, various Fortune 500 companies, private enterprises, major hospitals and universities, K-12 schools, and local, state, and federal government agencies. Maintaining the Customer Contracts is critical to the Debtors' long-term success and viability. Any interruption, including discontinuation, reduction, loss, or impairment of the Debtors' telecommunication services or changes to the existing rates and terms of conditions that govern the Debtors' relationships with the customers would diminish the Debtors' stream of revenue, could lead to significant capital expenditures, and be irreparably detrimental to the estates. While the Debtors do not believe they are delinquent on any prepetition obligations arising under the Customer Contracts, out of an abundance of caution, the Debtors request authority to honor all obligations arising under the Customer Contracts, including any such obligations that may have arisen prior to the Petition Date.

13. Accordingly, by this Motion the Debtors seek authorization to maintain the Customer Contracts and to continue to perform all customer-related obligations in the ordinary course of business notwithstanding the commencement of these chapter 11 cases.

II. Sales Promotions.

14. The Debtors offer various sales promotions (the “Sales Promotions”) that are available to both residential and commercial customers. Under the Sale Promotions, the Debtors offer bill credits in exchange for new and existing customers ordering particular services or committing to a specific service term length. The bill credits are applied on a monthly basis, and range from an amount equal to a customer’s total monthly service charges to a partial credit.

III. The Referral Program.

15. The Debtors offer a referral program to their existing residential and small business customers (the “Referral Program”). Under the Referral Program, the Debtors offer each customer a \$100 bill credit, which is split equally over five months, for each person referred to the Debtors by the existing customers. Each referred customer also receives a \$50 bill credit in return for its business with the Debtors. For these credits to be paid, certain terms and conditions must be met, such as the referred customer remaining a customer for 30 days after installation, purchase of certain services, and full payment of the referred customer’s first bill.

IV. Customer Reference Program.

16. In the ordinary course of business, the Debtors offer certain benefits, primarily bill credits, to the commercial customers that are willing to serve as a reference for the Debtors (the “Customer Reference Program”). Under the Customer Reference Program, there are three levels of participation, each of which includes a different associated benefit. Under level one of the Customer Reference Program, the Debtors offer a one-time \$500 billing credit for a formal letter of reference. In addition to the benefits provided under level one, level two provides a one-time 5% monthly bill credit of up to \$1,000 and an additional \$100 bill credit for up to two reference calls or emails. Level three includes the same benefits of levels one and two, and a one-

time 10% off monthly bill credit of up to \$2,500 and an additional \$100 bill credit for each additional reference.

V. Email Campaigns.

17. In the ordinary course of business, the Debtors via email offer incentives to their commercial customers who schedule and keep appointments with the sales team, referred to internally as a “door opener” (the “Email Campaigns”). The Debtors run the Email Campaigns on a quarterly basis. During each Email Campaign, the Debtors send multiple emails to those customers that are opted-in to the program by Debtors’ sales representatives. The final email in the campaign offers a door opener to induce the targeted customers to schedule and keep a sales meeting with the Debtors to discuss the Debtors’ products and services.

VI. Service Level Guarantees.

18. In the ordinary course of business, the Debtors provide service level guarantees with respect to certain commercial goods and services (the “Service Level Guarantees”), including but not limited to data products, SD-WAN, and OfficeSuite. A service level agreement is incorporated into a Customer’s Contract at the time of execution. The service level agreement outlines the terms under which the Service Level Guarantee will apply. Pursuant to these Service Level Guarantees, customers experiencing a service interruption or outage rising to the definition of an “outage” may request a pro-rata bill credit for the length of time of the outage. Bill credits start at 1/30th of the customer’s monthly recurring charges for the service in question, and the Debtors offer a maximum credit of the total monthly recurring charges for the month in which the outage was experienced. The service level agreement continues so long as the customer maintains the covered service with the Debtors or executes a new service agreement with a different applicable service level agreement.

VII. The Wholesale Programs and Resale.

19. As part of the Debtors' Customer Programs, the Debtors offer their wholesale customers volume and term pricing, discounted off-list pricing, service level guarantees applicable to wholesale services, and promotional prices (collectively, the "Wholesale Programs"). The Debtors' wholesale customers have become accustomed to these special prices and consider it an advantage of doing business with the Debtors on a wholesale basis. The Debtors are contractually bound to offer these programs and if they were to cease, the Debtors would be in breach of contract and the wholesale customers may stop doing business with the Debtors and may switch their business to the Debtors' competitors.

20. Separately, the Debtors resell certain of their own services, including communication and broadband services, to certain wholesale customers. The Debtors may bill and collect fees from their end user customers on behalf of the wholesale customer. These services ultimately complement certain transactions and preserve valuable ongoing customer relationships.

VIII. Third-Party Providers Program.

21. As part of their relationship with the customers, the Debtors provide certain services (the "Third-Party Providers Program") through procurement of third-party service providers (the "Third Party Providers"). For example, the Debtors resell satellite TV services of Third-Party Providers to the customers. Through the Third-Party Providers Program, the Debtors offer a valued service for customers that would otherwise have to procure directly from the Third-Party Providers.

22. The Third-Party Providers Program generates revenue that the Debtors collect and transmit to the Third-Party Providers. Without the ability to compensate the Third-Party Providers, the Debtors' capability to generate revenue from their customers may be limited. The Third-Party

Providers Program provides a valuable complement to the Debtors' services and maximizes customer experience.

IX. Transition Services Agreements.

23. As part of certain transactions consummated in the recent past, the Debtors entered into certain transition services agreements (the "Transition Services Agreements"). Pursuant to the Transition Services Agreements, the Debtors provide certain services to the counter parties to such transactions to assist in the transition of accounting services, invoice processing for vendor payments, customer payment processing, IT services, and network connectivity. The service terms of each Transition Services Agreement varies. Each Transition Services Agreement remains in effect so long as the term of a service provided pursuant to the agreement has not expired.

X. Channel Partners.

24. The Debtors enter into contracts with third-party entities and individuals (collectively, the "Channel Partners") to refer and to solicit orders for the Debtors' portfolio of products, solutions, and technology services (the "Channel Partners Agreements") to potential customers. The Debtors generate revenue through both direct sales to the customers and the Channel Partners. In most cases after the initial referral or solicitation, the Channel Partners provide substantial assistance to the Debtors in servicing the customers established by the Channel Partners. In effect, the Channel Partners are the Debtors' salesforce and, in turn, are critical to the Debtors' businesses. The Debtors currently have Channel Partner Agreements with approximately 1,700 Channel Partners.

25. The Debtors pay Channel Partners a commission in exchange for their referral services and order solicitation (collectively, the "Channel Partner Commissions"). The amount of each commission varies by agreement and is a percentage of the contract value of each customer

that enters into a service contract with the Debtors as a result of the Channel Partners' efforts. The Debtors spend approximately \$11.6 million per month on average on account of the Channel Partner Commissions.

26. Due to the generally short-term and non-exclusive nature of the Channel Partners Agreements, these parties have few incentives to promote the Debtors' products and services and, instead, may focus on selling competitors' products and services. If this were to occur, the Debtors' revenue would not only be impaired in the near term, but, the Debtors will permanently damage business relationships with both their Channel Partners and end users.

Basis for Relief

I. Continuing to Honor Customer Programs in the Ordinary Course Is Warranted Under Sections 105(a) and 363(b) of the Bankruptcy Code.

27. Courts in this district generally acknowledge that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (granting authority to pay prepetition wages); *Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.)*, 29 B.R. 391, 398 (S.D.N.Y. 1983) (granting authority to pay prepetition claims of suppliers); *see also In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). In doing so, these courts acknowledge that several legal theories rooted in sections 105(a) and 363(b) of the Bankruptcy Code support the payment of prepetition claims as provided herein.

28. Pursuant to section 363(b) of the Bankruptcy Code, courts may authorize payment of prepetition obligations where a sound business purpose exists for doing so. *See In re Ionosphere Clubs*, 98 B.R. at 175 (noting that section 363(b) provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification); *see also*

James A. Phillips, Inc., 29 B.R. at 397 (relying upon section 363 as a basis to allow a contractor to pay the prepetition claims of suppliers who were potential lien claimants). Indeed, courts have recognized that there are instances when a debtor's fiduciary duty can "only be fulfilled by the pre-plan satisfaction of a prepetition claim." *In re CoServ*, 273 B.R. at 497.

29. In addition, courts may authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code, which codifies the Bankruptcy Court's inherent equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." Under section 105(a) of the Bankruptcy Code, courts may authorize pre-plan payments of prepetition obligations when essential to the continued operation of a debtor's business. *See In re C.A.F. Bindery, Inc.*, 199 B.R. 828, 835 (Bankr. S.D.N.Y. 1996); *see also In re Fin. News Network Inc.*, 134 B.R. 732, 735–36 (Bankr. S.D.N.Y. 1991) (holding that the "doctrine of necessity" stands for the principle that a bankruptcy court may allow pre-plan payments of prepetition obligations where such payments are critical to the debtor's reorganization). Specifically, the Bankruptcy Court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations pursuant to the "necessity of payment" rule (also referred to as the "doctrine of necessity"). *In re Ionosphere Clubs*, 98 B.R. at 176.

30. Several courts apply the doctrine of necessity where payment of a prepetition claim (a) is "necessary for the successful reorganization of the debtor," (b) falls within "the sound business judgment of the debtor," and (c) will not "prejudice other unsecured creditors." *In re United Am., Inc.*, 327 B.R. 776, 782 (Bankr. E.D. Va. 2005). A bankruptcy court's use of its equitable powers to "authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept." *See, e.g., In re Ionosphere Clubs*,

98 B.R. at 175. That is because the rehabilitation of a debtor in reorganization cases remains “the paramount policy and goal of Chapter 11.” *Id.* at 175-76; *see also In re Just For Feet*, 242 B.R. 821, 826 (Bankr. D. Del 1999) (finding that payment of prepetition claims to certain trade vendors was “essential to the survival of the debtor during the chapter 11 reorganization”).

31. Implicit in the fiduciary duties of any debtor-in-possession is the obligation to “protect and preserve the estate, including an operating business’s going concern value.” *In re CoServ*, 273 B.R. at 497. Some courts note that there are instances in which a debtor can fulfill this fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” *Id.* The court in *CoServ* specifically noted the pre plan satisfaction of prepetition claims would be a valid exercise of the debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate” *Id.* Consistent with a debtor’s fiduciary duties, courts have also authorized payment of prepetition obligations under section 363(b) of the Bankruptcy Code where a sound business purpose exists for doing so. *See, e.g., In re Ionosphere Clubs*, 98 B.R. at 175.

32. Here, the Customer Programs are an important aspect of the Debtors’ relationship with their customers. As described above, the Debtors’ Customer Programs promote and maintain customer satisfaction, which, in turn, increases the Debtors’ goodwill, the value of their brand, and ultimately their revenues. Continuing to administer the Customer Programs without interruption during the pendency of these chapter 11 cases is critical to preserve the value of the Debtors’ assets, which will inure to the benefit of the Debtors’ estates and their creditors. Therefore, the Debtors seek authorization to continue to provide the Customer Programs to their customers, as well as to honor certain prepetition claims that directly benefit the Debtors’ customers.

33. Courts have granted relief similar to that requested herein. *See, e.g., In re Nine West Holdings, Inc.*, Case No. 18-10947 (SCC) (Bankr. S.D.N.Y. Apr. 9, 2018) (granting debtors

authority to continue to maintain and administer prepetition customer programs in the ordinary course of business and honor prepetition obligations related to same); *In re Cenveo Inc.*, Case No. 18-22178 (RDD) (Bankr. S.D.N.Y. Feb. 6, 2018) (same); *In re Avaya, Inc.*, Case No. 17-10089 (SMB) (Bankr. S.D.N.Y. Feb. 10, 2017) (approving over \$90 million in prepetition payments to customer programs and third party providers for the benefit of customers); *In re BCBG Max Azria Glob. Holdings, LLC*, Case No. 17-0566 (SCC) (Bankr. S.D.N.Y. Mar. 29, 2017) (granting debtors authority to continue to maintain and administer prepetition customer programs in the ordinary course of business and honor prepetition obligations related to same); *In re Aéropostale, Inc.*, Case No. 16-11275 (SHL) (Bankr. S.D.N.Y. June 3, 2016) (same).⁴ Accordingly, the Debtors submit that the Bankruptcy Court should authorize the Debtors to continue the Customer Programs in the ordinary course of business on a postpetition basis.

Processing of Checks and Electronic Fund Transfers Should Be Authorized

34. The Debtors have sufficient funds to pay the amounts described in this Motion by virtue of expected cash flows during the chapter 11 cases and anticipated access to cash collateral. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment with regard to a Vendor Claim. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize all applicable financial institutions to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion. Any such financial institution may rely on the representations of such

⁴ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request of the Debtors' proposed counsel.

Debtors as to which checks are issued or wire transfers are made (or, as applicable, requested to be issued or made) and authorized to be paid in accordance with this Motion without any duty of further inquiry and without liability for following the Debtors' instructions.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

35. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable harm." As set forth in this Motion, the Debtors believe an immediate and orderly transition into these chapter 11 cases is critical to the viability of their operations and that any delay in granting the relief requested could hinder the Debtors operations and cause irreparable harm. Furthermore, the failure to receive the requested relief during the first 21 days of these chapter 11 cases would severely disrupt the Debtors' operations at this critical juncture and imperil the Debtors' restructuring. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

36. To successfully implement the foregoing, the Debtors request that the Bankruptcy Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

Reservation of Rights

37. Nothing contained in this Motion or any actions taken pursuant to any order granting the relief requested by this Motion is intended or should be construed as (a) an admission as to the validity of any particular claim against the Debtors, (b) a waiver of the Debtors' rights to dispute any particular claim on any grounds, (c) a promise or requirement to pay any particular

claim, (d) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion, (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code, (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law, or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Motion are valid, and the Debtors expressly reserves their rights to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Bankruptcy Court grants the relief sought herein, any payment made pursuant to the Bankruptcy Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

Motion Practice

38. This Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated and a discussion of its application to this Motion. Accordingly, the Debtors submit that this Motion satisfies Local Rule 9013-1(a).

Notice

39. The Debtors will provide notice of this Motion to the following parties and/or their respective counsel, as applicable: (a) the Office of the United States Trustee for the Southern District of New York; (b) the holders of the 50 largest unsecured claims against the Debtors (on a consolidated basis); (c) the agent under the proposed postpetition debtor in possession financing facility; (d) the administrative agents and indenture trustees under the Debtors' prepetition credit agreement and note indentures; (e) Milbank LLP, counsel to an *ad hoc* group of second lien noteholders; (f) Paul, Weiss, Rifkind, Wharton & Garrison LLP, counsel to an *ad hoc* group of first lien term lenders; (g) Shearman & Sterling LLP, counsel to the Midwest noteholders; (h) the Pension Benefit Guaranty Corporation; (i) the United States Attorney's Office for the Southern

District of New York; (j) the Internal Revenue Service; (k) the United States Securities and Exchange Commission; (l) the attorneys general in the states where the Debtors conduct their business operations; (m) the Federal Communications Commission; and (n) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

40. No prior request for the relief sought in this Motion has been made to this or any other court.

[Remainder of Page Intentionally Left Blank.]

WHEREFORE, the Debtors respectfully requests that the Bankruptcy Court enter the Interim Order and Final Order granting the relief requested herein and such other relief as the Bankruptcy Court deems appropriate under the circumstances.

Dated: February 25, 2019
New York, New York

/s/ Stephen E. Hessler

Stephen E. Hessler, P.C.

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Proposed Counsel to the Debtors and Debtors in Possession

Exhibit A

Proposed Interim Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
WINDSTREAM HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 19-22312 (RDD)
)	
Debtors.)	(Joint Administration Requested)
)	

**INTERIM ORDER AUTHORIZING THE DEBTORS TO MAINTAIN
AND ADMINISTER THEIR EXISTING CUSTOMER PROGRAMS
AND HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”): authorizing the Debtors to maintain and administer the Customer Programs and honor certain prepetition obligations related thereto, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Bankruptcy Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a)-(b) and 1334(b) and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated February 1, 2012; and that this Bankruptcy Court may enter a final order consistent with Article III of the United States Constitution; and this Bankruptcy Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Bankruptcy Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Bankruptcy Court

¹ The last four digits of Debtor Windstream Holdings, Inc.’s tax identification number are 7717. Due to the large number of debtor entities in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://www.kcellc.net/windstream>. The location of the Debtors’ service address for purposes of these chapter 11 cases is: 4001 North Rodney Parham Road, Little Rock, Arkansas 72212.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Bankruptcy Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Bankruptcy Court (the "Hearing"); and this Bankruptcy Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Bankruptcy Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.
2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2019, at __:__.m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time, on _____, 2019, and shall be served on: (a) the Debtors, Windstream Holdings, Inc., 4001 North Rodney Parham Road, Little Rock, Arkansas 72212, Attn.: Kristi M. Moody; (b) proposed counsel to the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn.: Stephen E. Hessler, P.C., and Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn.: Ross M. Kwasteniet, P.C., Brad Weiland, and John R. Luze; (c) counsel to any statutory committee appointed in these cases; and (d) the Office of The United States Trustee, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, New York 10014, Attn.: Paul K. Schwartzberg and Serene Nakano. In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

3. The Debtors are authorized to continue Customer Contracts and honor all obligations related thereto, including obligations that arose prior to the Petition Date.

4. The Debtors are authorized to continue to administer the Customer Programs in effect and honor any prepetition obligations related to the Customer Programs, in each case, in the ordinary course of business on a postpetition basis.

5. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity of any particular claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens. Any payment made pursuant to this Order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

6. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim

Order without any duty to inquire otherwise and without liability for following the Debtors' instructions.

7. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

8. Notwithstanding anything in the Motion or this Interim Order to the contrary, any payment made or action taken by any of the Debtors pursuant to the authority granted herein, as well as the exercise of any and all other rights and authorizations granted or approved hereunder, shall be subject in all respects to, as applicable: (i) the orders approving the Debtors' use of cash collateral and/or post-petition debtor-in-possession financing facilities (collectively, the "DIP Orders"); (ii) the other documentation governing the Debtors' use of cash collateral and postpetition financing facilities; and (iii) the Budget (as defined in the DIP Orders).

9. To the extent there is any inconsistency between the terms of any of the DIP Orders and this Interim Order, the terms of the DIP Order (or DIP Orders, as applicable) shall control.

10. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

11. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

12. Notwithstanding anything to the contrary, the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

14. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

White Plains, New York
Dated: _____, 2019

THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Proposed Final Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
WINDSTREAM HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 19-22312 (RDD)
Debtors.)	(Joint Administration Requested)

**FINAL ORDER AUTHORIZING THE DEBTORS TO
MAINTAIN AND ADMINISTER THEIR EXISTING CUSTOMER PROGRAMS
AND HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of a final order (this “Final Order”), authorizing the Debtors to maintain and administer the Customer Programs and honor certain prepetition obligations related thereto, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Bankruptcy Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a)-(b) and 1334(b) and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated February 1, 2012; and that this Bankruptcy Court may enter a final order consistent with Article III of the United States Constitution; and this Bankruptcy Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Bankruptcy Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Bankruptcy Court having found that the

¹ The last four digits of Debtor Windstream Holdings, Inc.’s tax identification number are 7717. Due to the large number of debtor entities in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://www.kcellc.net/windstream>. The location of the Debtors’ service address for purposes of these chapter 11 cases is: 4001 North Rodney Parham Road, Little Rock, Arkansas 72212.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Bankruptcy Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Bankruptcy Court (the "Hearing"); and this Bankruptcy Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Bankruptcy Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.
2. The Debtors are authorized to continue Customer Contracts and honor all obligations related thereto, including obligations that arose prior to the Petition Date.
3. The Debtors are authorized to continue to administer the Customer Programs in effect and honor any prepetition obligations related to the Customer Programs, in each case, in the ordinary course of business on a postpetition basis.
4. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity of any particular claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion

are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens. Any payment made pursuant to this Final Order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

5. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order without any duty to inquire otherwise and without liability for following the Debtors' instructions.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

7. Notwithstanding anything in the Motion, the Interim Order, or this Final Order to the contrary, any payment made or action taken by any of the Debtors pursuant to the authority granted herein, as well as the exercise of any and all other rights and authorizations granted or approved hereunder, shall be subject in all respects to, as applicable: (i) the orders approving the Debtors' use of cash collateral and/or post-petition debtor-in-possession financing facilities (collectively, the "DIP Orders"); (ii) the other documentation governing the Debtors' use of cash collateral and postpetition financing facilities; and (iii) the Budget (as defined in the DIP Orders).

8. To the extent there is any inconsistency between the terms of any of the DIP Orders and this Final Order, the terms of the DIP Order (or DIP Orders, as applicable) shall control.

9. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

10. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

11. Notwithstanding anything to the contrary, the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

13. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

White Plains, New York
Dated: _____, 2019

THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE