

Stephen E. Hessler, P.C.
 Marc Kieselstein, P.C.
 Cristine Pirro Schwarzman
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
 601 Lexington Avenue
 New York, New York 10022
 Telephone: (212) 446-4800
 Facsimile: (212) 446-4900

James H.M. Sprayregen, P.C.
 Ross M. Kwasteniet, P.C. (*pro hac vice* pending)
 Brad Weiland (*pro hac vice* pending)
 John R. Luze (*pro hac vice* pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
 300 North LaSalle Street
 Chicago, Illinois 60654
 Telephone: (312) 862-2000
 Facsimile: (312) 862-2200

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)

NOTICE OF FILING OF DIP TERM SHEET

PLEASE TAKE NOTICE that on February 25, 2019 (the “Petition Date”) the above-captioned debtors and debtors in possession (collectively, the “Debtors”) each filed voluntary petition for relief under chapter 11 of title 11 of the United States Code with the United States Bankruptcy Court for the Southern District of New York (the “Court”).

PLEASE TAKE FURTHER NOTICE that the Debtors intend to file the *Debtors’ Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503, and 507 (I) Authorizing the Debtors to Obtain Senior Secured Superpriority Postpetition Financing,*

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.



(II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing Use of Cash Collateral, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief (the “DIP Motion”).

PLEASE TAKE FURTHER NOTICE the term sheet for the Debtors’ proposed postpetition financing (the “DIP Term Sheet”) is attached as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that a hearing to consider interim approval of the DIP Motion will be held on February 26, 2019, at 2:00 p.m. (ET) before the Honorable Robert D. Drain, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York, 300 Quarropas St., White Plains, New York 10061.

Dated: February 25, 2019
New York, New York

/s/ Stephen E. Hessler

Stephen E. Hessler, P.C.
Marc Kieselstein, P.C.
Cristine Pirro Schwarzman
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

- and -

James H.M. Sprayregen, P.C.
Ross M. Kwasteniet, P.C. (*pro hac vice* pending)
Brad Weiland (*pro hac vice* pending)
John R. Luze (*pro hac vice* pending)
KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
300 North LaSalle Street
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Proposed Counsel to the Debtors and Debtors in Possession

Exhibit A

DIP Term Sheet

Windstream Services, LLC

SUMMARY OF TERMS AND CONDITIONS OF THE \$1,000,000,000 SENIOR SECURED SUPERPRIORITY DEBTOR-IN-POSSESSION FACILITIES

Borrower: Windstream Services, LLC (the “**Borrower**”), as a debtor-in-possession under Chapter 11 of the United States Bankruptcy Code (the “**Bankruptcy Code**”), in jointly administered cases with certain of its subsidiaries and affiliates as debtors-in-possession under Chapter 11 of the Bankruptcy Code (collectively, the “**Cases**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) filed on or about February 25, 2019 (the “**Petition Date**”) and any other Debtors that Citi and the Borrower shall agree.

Guarantors: All obligations under the Facilities (defined below) and the other DIP Loan Documents (as defined below) will be unconditionally guaranteed (the “**Guarantee**”) by (a) Windstream Holdings, Inc. (“**Holdings**”) and (b) each existing and future direct and indirect domestic subsidiary of the Borrower to the extent required by Section 5.10 of the Existing Credit Facility (the “**Subsidiary Guarantors**”, collectively with the Holdings, the “**Guarantors**”).

The Guarantors shall be debtors-in-possession under Chapter 11 of the United States Bankruptcy Code (such Guarantors, together with the Borrower, the “**Debtors**”, which have been identified in Annex I hereto).

Certain Prepetition Facilities /Secured Notes:

Existing Credit Facility. That certain Sixth Amended and Restated Credit Agreement, originally dated as of July 17, 2006 and as amended and restated as of April 24, 2015 among the Borrower, as borrower, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, the other agents and other entities party thereto and the financial institutions and other persons or entities party thereto as lenders (in each case as amended, supplemented or otherwise modified prior to the date hereof, and including all exhibits and other ancillary documentation in respect thereof, the “**Existing Credit Facility**”).

Existing First Lien Notes. That certain Indenture dated as of November 6, 2017 for 8.625% notes due 2025 among the Borrower and Windstream Finance Corp., as co-issuers, the subsidiary guarantors party thereto, U.S. Bank, National Association, as trustee, as amended, supplemented or otherwise modified prior to the date hereof, and including all exhibits and other ancillary documentation in respect thereof, the “**Existing First Lien Notes**”).

Existing Midwest Notes. That certain Indenture dated as of February 23, 1998 for 6.75% notes due 2028 among the Windstream Holdings of the Midwest, Inc., as issuer, U.S. Bank, National Association, as trustee and holders party thereto (in each case as amended, supplemented or otherwise modified prior to the date hereof, and including all exhibits and other ancillary documentation in respect thereof, the “**Existing Midwest Notes**”).

Existing Second Lien Notes. That certain Indenture dated as of August 2, 2018 for 10.5% notes due 2024 among the Borrower and Windstream Finance Corp., as co-issuers, the subsidiary guarantors party thereto, Wilmington Trust, National Association, as trustee and notes collateral agent and holders party thereto (in each case as amended, supplemented or otherwise modified prior to the date hereof, and including all exhibits and other ancillary documentation in respect thereof, the “**Existing 2024 Second Lien Notes**”) and that Indenture dated as of August 2, 2018 for 9.0% notes due 2025 among the Borrower and Windstream Finance Corp., as co-issuers, the subsidiary guarantors party thereto, Wilmington Trust, National Association, as trustee and notes collateral agent and holders party thereto (in each case as amended, supplemented or otherwise modified prior to the date hereof, and including all exhibits and other ancillary documentation in respect thereof, the “**Existing 2025 Second Lien Notes**”, together with the Existing 2024 Second Lien Notes, the “**Existing Second Lien Notes**”).

DIP Facilities:

Term Facility: A superpriority term loan facility (the “**Term Facility**”) in an aggregate principal amount of up to \$500,000,000 (the “**Term Loan Commitments**”). Amounts paid or prepaid under the Term Facility may not be reborrowed.

Revolving Facility: A superpriority non-amortizing revolving credit facility (the “**Revolving Facility**” and, together with the Term Facility, the “**Facilities**”) in an aggregate principal amount of up to \$500,000,000 (the “**Revolving Commitments**” and, together with the Term Loan Commitments the “**Commitments**”), subject to Revolving Availability (as defined below). Up to \$50,000,000 of the Revolving Facility in connection with both the Initial Availability and Full Availability (as defined below), in each case subject to Revolving Facility Availability (as defined below), will be available in the form of letters of credit by the Issuer (as defined below) for the account of the Borrower (“**Letters of Credit**”).

The Commitment of each Lender (as defined below) will be set forth on Annex IV hereto.

The Facilities will be documented under one credit agreement.

Purpose/Use of Proceeds:

The proceeds of the Facilities will be used: (i) to pay related transaction costs, fees and expenses, (ii) to provide working capital for the Debtors and for other general corporate purposes of the Debtors, (iii) to pay

Adequate Protection (as defined herein) payments as authorized by the Bankruptcy Court in the Interim Order or the Final Order (each as defined herein), (iv) to pay obligations arising from or related to the Carve-Out and (v) to pay restructuring costs incurred in connection with the Cases.

Arranger: Citigroup Global Markets Inc. (“**CGMI**”) on behalf of Citi (as defined below) and each Additional Arranger (as defined in the Commitment Letter) (collectively, together with their affiliates, the “**Arranger**”).

“**Citi**” means CGMI, Citibank, N.A., Citicorp USA, Inc., Citicorp North America, Inc. and/or any of their affiliates as Citi shall determine appropriate to provide the servicers contemplated herein.

Lenders: With respect to the Term Facility, the Arranger and the other institutions identified in Annex IV hereto, and other financial institutions or entities acceptable to Citi and the Borrower (such acceptance not to be unreasonably withheld) (other than Disqualified Institutions) (collectively, the “**Term Lenders**”).

With respect to the Revolving Facility, the Arranger or any of their respective affiliates, and other financial institutions or entities acceptable to Citi and the Borrower (such acceptance not to be unreasonably withheld) (other than Disqualified Institutions) (collectively, the “**Revolving Lenders**”, and together with the Term Lenders, the “**Lenders**”).

Letter of Credit Issuer: Citibank, N.A. or an affiliate thereof and each other Arranger under the Revolving Facility, on a pro rata basis in accordance with their commitments to the Revolving Facility (collectively, the “**Issuer**”).

**Term Facility
Administrative Agent:** Citi (the “**Term Facility Agent**”).

**Revolving Facility
Administrative Agent:** Citi or an affiliate (the “**Revolving Facility Agent**” and together with the Term Facility Agent, the “**Agents**”).

**Term Facility
Initial Availability:** During the period commencing on the date (the “**Interim Order Entry Date**”) of the Bankruptcy Court’s entry of the Interim Order (as defined in Annex II attached hereto) and ending on the date the Bankruptcy Court enters a final non-appealable order in form and substance satisfactory to Citi (the “**Final Order**”) (such period, the “**Interim Period**”), a portion of the Term Loan Commitments shall be available to the Borrower, subject to satisfaction or waiver by all of the Lenders of the applicable conditions precedent set forth in Annex II of this Summary of Terms and Conditions (this “**Term Sheet**”) (the “**Initial Availability**”) in an amount equal to the lesser of \$300,000,000 and such other amount as may be approved by order of the Bankruptcy Court, to be made available on the first day of the Interim Period.

Term Facility Full Availability: Upon the Bankruptcy Court's entry of the Final Order (the "**Final Order Entry Date**"), the full remaining amount of the Term Loan Commitments shall be available to the Borrower, subject to the satisfaction or waiver by the Agent of the applicable conditions precedent in Annex II (the "**Full Availability**"). Subject to the terms hereof, the balance of the Term Facility may be borrowed in a single drawing on the Final Order Entry Date.

**Revolving Facility
Initial Availability:**

Availability under the Revolving Facility ("**Revolving Facility Initial Availability**") will be, at any date after the Interim Order Entry Date and prior to the Final Order Entry Date, an amount equal to \$100,000,000.

**Revolving Facility
Full Availability:**

From and after the Final Order Entry Date, the full remaining amount of the Revolving Facility shall be available to the Borrower on a revolving basis from time to time, subject to the satisfaction or waiver in accordance with the DIP Loan Documents of the Conditions to All Borrowings referred to below.

Budget:

As used in this Term Sheet and in Annex II hereto, "**Budget**" means the following (each in form and substance satisfactory to Citi exercising its judgment in good faith):

(a) in the case of the initial Budget (delivered as a condition to the closing and initial funding of the Facilities), a 13-week statement of sources and uses for the next 13 weeks of the Holdings and its subsidiaries, on a consolidated basis, broken down by week, including the anticipated uses of the Facilities for such period (a "**13-week Projection**"), and thereafter, prior to the Final Order Entry Date, at the end of each four week period (and thereafter, as shall have been agreed to in the Definitive Documentation), an updated 13-week Projection for the subsequent 13 week period; and

(b) a business plan and projected operating budget for a period of two (2) years (the "**Operating Forecast**"), broken down by month, including, without limitation, income statements, balance sheets, cash flow statements, projected capital expenditures, asset sales, cost savings and headcount reductions, targeted facility closures, targeted facility idlings and other milestones, a line item for total available liquidity for the period commencing on the date of such Budget, and which shall set forth the anticipated uses of the Facilities for such period; the associated underlying assumptions shall be mutually agreed by the Borrower and the Citi. Citi acknowledges and agrees that it has received the Operating Forecast and the underlying assumptions are acceptable to it.

Maturity: The maturity date of the Facilities will be (and all loans and obligations under the Facilities shall be repaid in full in cash on) the stated maturity, which shall be the date that is 24 months after the Closing Date (as defined herein) (the “**Maturity Date**”).

Any confirmation order entered in the Cases shall not discharge or otherwise affect in any way any of the joint and several obligations of the Debtors to the Lenders under the Facilities and the DIP Loan Documents, other than after the payment in full and in cash to the Lenders of all obligations under the Facilities and the DIP Loan Documents on or before the effective date of a plan of reorganization and the termination of the Commitments.

Closing Date: The date on or before March 1, 2019 on which the specified portion of the Commitments is made available for borrowings under the Facilities (the “**Closing Date**”), which shall be no later than two (2) days after the Interim Order Entry Date, subject to satisfaction (or waiver) of the applicable conditions precedent set forth herein.

Amortization: None.

Interest Rate and Fees: As set forth on Annex III.

Borrowing Procedure: Borrowings under the Revolving Facility will be in minimum amounts of \$1,000,000 or multiples of \$250,000 in excess thereof (or, if less, the remaining available balance of the applicable Commitments).

Borrowings under the Term Facility after the Interim Order Entry Date will be in minimum amounts to be set forth in the Definitive Documentation (or, if less, the remaining available balance of the applicable Commitments).

Borrowing requests under each facility shall be signed by the Borrower and, after the Closing Date, made (i) on three business days’ notice, in the case of loans bearing interest at a rate based on LIBOR (“**LIBOR Loans**”) and (ii) on one business day’s notice, in the case of loans bearing interest based on the Alternate Base Rate (“**ABR Loans**”).

Currency: Borrowings may be made in U.S. Dollars. All payments under the Facilities will be made without setoff or counterclaim.

Funding Protection: Subject to the Documentation Standard.

Voluntary Prepayments and Commitment Reductions: The Borrower may repay the loans under the Term Facility and/or reduce the Term Loan Commitments (1) subject to a prepayment premium of 1.00% of the principal amount of loans under the Term Facility so prepaid or the Term Loan Commitments so reduced, if the prepayment or reduction occurs prior to the six month anniversary of the Closing Date or (2) without premium or penalty, if the prepayment or reduction occurs on or after the six month anniversary of the Closing

Date (other than breakage costs) upon (i) at least 3 business days' notice in the case of LIBOR Loans and (ii) one business day's notice in the case of ABR Loans; *provided* that in the case of repayment, each partial repayment shall be in an amount of \$1,000,000 or multiples of \$250,000 in excess thereof (or, if less, the outstanding amount of applicable loans), and, in the case of reduction of the Term Loan Commitments, each partial reduction shall be in an amount of \$1,000,000 or multiples of \$250,000 in excess thereof (or, if less, the remaining available balance of the Term Loan Commitments).

The Borrower may repay the loans under the Revolving Facility at any time without premium or penalty (other than breakage costs, if applicable) upon (i) at least 3 business days' notice in the case of LIBOR Loans and (ii) one business day's notice in the case of ABR Loans; *provided* that in the case of repayment, each partial repayment shall be in an amount of \$1,000,000 or multiples of \$250,000 in excess thereof (or, if less, the outstanding amount of applicable loans), and, in the case of reduction of the Revolving Commitments, each partial reduction shall be in an amount of \$1,000,000 or multiples of \$250,000 in excess thereof (or, if less, the remaining available balance of the Revolving Commitments).

Mandatory Prepayments:

The following mandatory prepayments shall be required:

1. Asset Sales: Prepayments of the Term Facility in an amount equal to 100% of the net cash proceeds of certain non-ordinary course sales or other dispositions to be mutually agreed of any property or assets of the Borrower or any of its respective subsidiaries that exceeds \$25,000,000 in the aggregate for each fiscal year.
2. Insurance Proceeds: Prepayments of the Term Facility in an amount equal to 100% of the net cash proceeds of insurance paid on account of any loss of any property or assets of the Borrower or any of its subsidiaries (other than any such proceeds received prior to the date of commencement of the Cases), subject to any Legal Limitations and with restrictions to be agreed, and subject to exceptions to be agreed on in the Definitive Documentation.
3. Incurrence of Indebtedness: Prepayments of the Term Facility in an amount equal to 100% of the net cash proceeds received from the incurrence of indebtedness by the Borrower or any of its other restricted subsidiaries (other than indebtedness otherwise permitted under the DIP Loan Documents), payable no later than the date of receipt
4. Revolving Facility Overdraw. On any date that outstanding loans under the Revolving Facility and Letter of Credit exposures exceed Revolving Facility Availability then, not later than the next business day, the Borrower must prepay the loans

under the Revolving Facility so that outstanding loans under the Revolving Facility and Letter of Credit exposures no longer exceed Revolving Facility Availability.

**Application of
Mandatory Prepayments:**

Any mandatory prepayments (other than 4 and 5 above) shall be applied, first, to repayment of the loans under the Term Facility until repaid in full and second to repayment of loans under the Revolving Facility (without a corresponding commitment of the Revolving Facility), until repaid in full.

**Mandatory Cancellation
of Commitments:**

Automatic if no loan under the Term Facility has been advanced by close of business in New York on the Closing Date.

Priority/Security:

All obligations of the Debtors to the Lenders under the DIP Loan Documents, including all loans made under the Facilities, shall, subject in each case to the Carve-Out (as defined below), at all times:

(i) pursuant to Bankruptcy Code section 364(c)(1), be entitled to joint and several superpriority administrative expense claim status in the Cases, which claims in respect of the Revolving Facility and the Term Facility shall be *pari passu*;

(ii) pursuant to Bankruptcy Code section 364(c)(2), be secured by a perfected first priority lien on the Collateral to the extent that such Collateral is not subject to valid, perfected and non-avoidable liens as of the commencement of the Cases or liens that were in existence immediately prior to the commencement of the Cases that are perfected as permitted by Section 546(b) of the Bankruptcy Code;

(iv) pursuant to Bankruptcy Code section 364(d), be secured by a perfected superpriority priming lien on all Collateral to the extent that such Collateral is subject to valid, perfected and non-avoidable liens in favor of third parties as of the commencement of the Cases, *including*, all accounts receivable, inventory, real and personal property, plant and equipment of the Debtors that secure the obligations of the Debtors under the Existing Credit Facility, the Existing First Lien Notes and the Existing Second Lien Notes (collectively, the “**Existing Primed Secured Facilities**”); the lenders, holders, agents and indenture trustees under the Existing Primed Secured Facilities, the “**Existing Primed Secured Parties**”);

subject in each case only to the carve-out set forth in the draft DIP Order sent by Davis Polk & Wardwell LLP to Kirkland & Ellis LLP at 3:02 p.m. New York City time on February 25, 2019, subject to changes acceptable to Citi and the Borrower (the “**Carve-Out**”).

“**Collateral**” means all now owned or hereafter acquired assets and property of the Debtors, including real and personal property, plant and

equipment and the proceeds thereof, but in each case not including the Excluded Assets.

“**Excluded Assets**” means: (a) all claims and causes of action under sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code (collectively, the “**Avoidance Actions**”) and the proceeds of Avoidance Actions (collectively, the “**Avoidance Action Proceeds**”), (b) the assets and properties set forth in the last proviso to Section 2(a) of the Security Agreement (as defined in the Existing Credit Facility), (c) prior to entry of the Final Order, any amounts surcharged pursuant to section 506(c) of the Bankruptcy Code and (d) proceeds of any of the foregoing, but only to the extent such proceeds would otherwise independently constitute “Excluded Assets” under clauses (a)-(d).

The Carve-Out shall be applied pro rata to the Collateral securing the Revolving Facility and to the Collateral securing the Term Facility.

All of the liens described herein shall be effective and perfected as of the Interim Order Entry Date and without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements or other agreements.

Adequate Protection:

Pursuant to sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code, the administrative agents and the indenture trustees under the applicable Existing Primed Secured Facilities and the Existing Midwest Notes, for the benefit of themselves and the respective lenders and holders thereunder, shall be granted, respectively, the following adequate protection (collectively, the “**Adequate Protection**”) of their respective pre-petition security interests for, and equal in amount to, the diminution in the value (each such diminution, a “**Diminution in Value**”) of the pre-petition security interests of such lender under the Bankruptcy Code:

- (a) Adequate Protection Lien. As security for and solely to the extent of any Diminution in Value of the pre-petition security interests, the agents and indenture trustees under the Existing Primed Secured Facilities and Existing Midwest Notes shall be granted for their benefit and the benefit of the applicable lenders, effective and perfected as of Interim Order Entry Date and without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements or other agreements, a security interest in and lien on Collateral (provided that, with respect to the Existing Midwest Notes, a security interest and lien on only the assets of the issuer of the Existing Midwest Notes (the “**Prepetition Midwest Notes Issuer**”) and Windstream Network Services of the Midwest, Inc.) (together, the “**Adequate Protection Liens**”), subject and subordinate to (x) the Carve-Out and (y) the liens securing the Facilities, which Adequate Protection Liens shall rank in the same relative priority and right as do the respective security

interests and liens of the respective Existing Primed Secured Facilities as of the Petition Date.

- (b) Super-Priority Claim. To the extent of any Diminution in Value of the pre-petition security interests, the agents and indenture trustees under the Existing Primed Secured Facilities, on behalf of themselves and the applicable lenders and holders, shall be granted, subject to the payment of the Carve-Out, a superpriority administrative expense claim as provided for in section 507(b) of the Bankruptcy Code, immediately junior to the claims under section 364(c)(1) of the Bankruptcy Code held by the Term Facility Agent and Revolving Facility Agent and the lenders under the Facilities, which superpriority claim shall respectively among the Existing Primed Secured Parties and Existing Midwest Notes rank in the same right and priority as do the respective claims thereof as of the Petition Date, *provided* that the Agents, Lenders and holders under the Existing Primed Secured Facilities and Existing Midwest Notes shall not receive or retain any payments, property or other amounts in respect of the superpriority claims under section 507(b) of the Bankruptcy Code granted hereunder or under the Existing Primed Secured Facilities or Existing Midwest Notes unless and until the obligations under the Facilities have indefeasibly been paid in cash in full; *provided further*, that the Existing Midwest Notes' superpriority claim shall be payable only from the assets of the Prepetition Midwest Notes Issuer and Windstream Network Service of the Midwest, Inc.
- (c) Fees and Expenses. The agents and indenture trustees under the Existing Primed Secured Facilities and Existing Midwest Notes shall receive (for the benefit of the lenders thereunder) from the Debtors current cash payments of all reasonable professional fees and expenses payable to any agent or indenture trustees pursuant to the documentation of the Existing Primed Secured Facilities, including, but not limited to, the reasonable fees and disbursements of counsel, financial and other consultants for the agents and indenture trustees under the Existing Primed Secured Facilities promptly upon receipt of invoices therefor.
- (d) Monitoring of Pre-Petition Collateral. The agents and indenture trustees under the Existing Primed Secured Facilities and Existing Midwest Notes shall be permitted to retain expert consultants and financial advisors at the expense of the Debtors, which consultants and advisors shall be given reasonable access for purposes of monitoring the business of the Debtors and the value of the collateral that secures the Existing Primed Secured Facilities.
- (e) Financial Reporting. The Debtors shall continue to provide the agents and indenture trustees under the Existing Primed Secured Facilities and the Existing Midwest Notes with financial and other reporting substantially in compliance with the Existing Primed

Secured Facilities and the Existing Midwest Notes and any reporting described herein; provided that no audited financial statements shall be required as adequate protection and there shall be longer deadlines to be mutually agreed for certain reporting.

As additional adequate protection, the agent under the Existing Credit Facility, the Existing First Lien Notes and the Existing Midwest Notes, on behalf of itself and the lenders and noteholders thereunder, are hereby granted the following:

- (a) Interest. The agent under the Existing Credit Facility and trustees under the Existing First Lien Notes and Existing Midwest Notes shall receive from the Debtors (i) immediate cash payment of all accrued and unpaid interest on the Existing Credit Facility, Existing First Lien Notes and Existing Midwest Notes, as applicable, and letter of credit fees at the non-default rates provided for in the Existing Credit Facility, Existing First Lien Notes and Existing Midwest Notes, as applicable, and all other accrued and unpaid fees and disbursements owing to any of the agent or lenders under the Existing Credit Facility, Existing First Lien Notes and Existing Midwest Notes, as applicable, and incurred prior to the Petition Date and (ii) on the first business day of each month, subject to satisfaction of an excess cash flow test to be determined, all accrued but unpaid interest on the Existing Credit Facility, Existing First Lien Notes and Existing Midwest Notes, as applicable, and letter of credit and other fees at the non-default contract rate applicable on the Petition Date (including LIBOR pricing options available in accordance with the Existing Credit Facility) under the Existing Credit Facility, Existing First Lien Notes and Existing Midwest Notes, as applicable.

All intercompany/affiliate liens of the Debtors, if any (other than any liens securing the Revolving Facility or the Term Facility), will be contractually subordinated to the Facilities and to the Adequate Protection on terms satisfactory to Citi.

Documentation Standard:

(a) The Facilities will be documented in a credit agreement that will be negotiated in good faith and be substantially consistent with the Existing Credit Facility (including customary provisions regarding yank-a-bank, defaulting lenders, disqualified lenders and other customary provisions) (collectively, with the related collateral documents, the “**DIP Loan Documents**”) and will reflect the terms and provisions set forth in this Term Sheet, and (b) subject to the following, the DIP Loan Documents will be generally consistent with those in the Existing Credit Facility, as applicable, and the related collateral documents, in each case modified (i) to the extent required to reflect the express terms and conditions set forth in this Term Sheet, (ii) to the extent required to reflect the shorter tenor of the Facilities, (iii) to account for the existence and continuance of the Cases (including customary representations and warranties, covenants and events of default for facilities of this type), the operational needs and requirements of the Debtors between the commencement of the Cases and the Maturity Date and to include provisions applicable to debtor-in-possession facilities generally and other customary changes to be mutually agreed including with respect to additional restrictions on indebtedness, liens, restricted payments, asset sales and investments, (iv) to reflect changes in law and market practice since the date of the Existing Credit Facility, (v) to reflect the policies and procedures of the Administrative Agent in deals where it acts as administrative agent and (vi) as otherwise agreed between the Borrower and Citi. Notwithstanding the foregoing or any other provision hereof, certain “thresholds,” “baskets,” “grace periods,” and “cure periods” shall be modified in a customary manner for debtor-in-possession facilities and the Borrower and Citi agree to negotiate such modifications in good faith. The provisions of clauses (a) and (b) are collectively referred to as the “**Documentation Standard.**”

Representations and Warranties:

Each of the Debtors under the Facilities makes the representations and warranties set forth in the Existing Credit Facility (excluding the representations and warranties contained in Sections 3.04(b), 3.06(a), 3.06(c) and 3.07 (excluding clause (a) thereof) of the Existing Credit Facility and any other representations and warranties that cannot be made as a result of the commence of the Cases or the events and circumstances giving rise thereto) and, in addition, that: there are no defaults under material agreements entered into after the date of commencement of the Cases; specific material contracts have been continued and are in full force and effect; orders of the Bankruptcy Court remain in effect; the Debtors have not failed to disclose any material assumptions with respect to the Budget. The representations and warranties in the DIP Loan Documents will include the foregoing and be consistent with the Documentation Standards.

Covenants:

Affirmative covenants:

Each of the Debtors under the Facilities (with respect to itself and each of its subsidiaries) agrees to the affirmative covenants set forth in the Existing Credit Facility (excluding the affirmative covenants contained in Sections 5.01(a), 5.01(c), 5.02(a), 5.02(b) and 5.05 of the Existing Credit Facility and any other affirmative covenants that cannot be complied with, in each case, to the extent such non-compliance is a result of the commencement of the Cases or the events and circumstances giving rise thereto) and the following:

- (a) delivery of periodic updates of the Cash Flow Forecast (as defined in Annex II attached hereto) and weekly variance reports;
- (b) delivery of (i) annual audited financial statements within 90 days of the end of any fiscal year (commencing with the fiscal year ended December 31, 2018) and quarterly unaudited financial statements within 45 days of the end of the first three fiscal quarters of any fiscal year, and, with annual financial statements to be accompanied by an opinion of an independent accounting firm (which opinion shall not contain any scope qualification);
- (c) delivery of monthly reports by the company's financial advisor with respect to asset sales, cost savings, facility closures and other matters reasonably requested by the Lenders;
- (d) delivery to the Agent as soon as practicable in advance of filing with the Bankruptcy Court the Interim Order and the Final Order (which must be in form and substance satisfactory to the Agent in its capacity as such), any plan of reorganization or liquidation, and/or any disclosure statement related to such plan;
- (e) additional reporting requirements consistent with the Documentation Standard, including, without limitation, with respect to litigation, contingent liabilities, material contracts (together with consultation rights) and ERISA and environmental events;
- (f) access to information (including historical information) and personnel, including, without limitation, regularly scheduled telephonic meetings as mutually agreed with senior management and PJT and other company advisors and the Arranger shall be provided with access to all information it shall reasonably request; and
- (g) use of commercially reasonable efforts to obtain credit ratings in respect of the Facilities from (x) either of Standard & Poor's Ratings Services or Fitch Ratings and (y) Moody's Investors Service, Inc.

The affirmative covenants in the DIP Loan Documents will include the foregoing and be consistent with the Documentation Standards.

Negative covenants:

Each of the Debtors under the Facilities (with respect to itself and each of its subsidiaries) agrees to the negative covenants set forth in the Existing Credit Facility, modified to eliminate the baskets and carve-outs set forth therein (other than baskets and carveouts to the extent necessary for the Debtors to run their business in the ordinary course of business), and agrees that the DIP Loan Documents will contain negative covenants consistent with the foregoing and the Documentation Standard (with baskets and carve-outs to be agreed consistent therewith) and additional restrictions on the following:

- (a) creating or permitting to exist any liens or encumbrances on any assets, other than liens securing the Facilities and any permitted liens (which liens shall include scheduled liens in existence on the Closing Date to the extent subordinated pursuant to the orders, junior liens granted in connection with adequate protection granted by the Debtors as required hereunder) and other liens described in “Priority/Security” above;
- (b) creating or permitting to exist any other superpriority claim which is pari passu with or senior to the claims of the Lenders under the Facilities, except for the Carve-Out and liens securing the obligations;
- (c) disposing of assets outside of the ordinary course of business (including, without limitation, any sale and leaseback transaction and any disposition under Bankruptcy Code section 363) in respect of a transaction for total consideration of more than \$25 million in the aggregate for each fiscal year (with an exception for the currently pending sale of certain out-of-territory fiber network located in Nebraska for a sale price of approximately \$11,000,000);
- (d) modifying or altering (i) in any material manner the nature and type of its business or the manner in which such business is conducted or (ii) its organizational documents, except as required by the Bankruptcy Code or in a manner that is not materially adverse to the interests of the DIP lenders in their capacities as such;
- (e) paying pre-petition indebtedness, except as expressly provided for herein or pursuant to “first day” or other orders entered upon pleadings in form and substance reasonably satisfactory to Citi;
- (f) asserting any right of subrogation or contribution against any other Debtors until all borrowings under the Facilities are paid in full and the Commitments are terminated; and
- (g) making Investments (as defined in the Definitive Documentation) and restricted payments (including debt prepayments).

For the avoidance of doubt, intercompany transactions among the Debtors in the ordinary course of business shall be permitted if they are not otherwise prohibited.

Events of Default:

The Facilities shall be subject to the events of default set forth in the Existing Credit Facility (excluding, for the avoidance of doubt, the events of default contained in Sections 7(b), , 7(e), 7(g), 7(h), 7(j), 7(k), 7(l), 7(s) and 7(t)) of the Existing Credit Facility and any other events of defaults in each case to the extent triggered prior to the commencement of the Cases as a result of the commencement of the Cases or the events and circumstances giving rise thereto) and the following additional events of default. The DIP Loan Documents will contain events of default consistent with the Documentation Standard and the following:

The Facilities shall be subject to additional events of default consistent with the Documentation Standards, including the following:

- (a) The Interim Order Entry Date shall not have been occurred within 5 business days after the Petition Date;
- (b) The Final Order Entry Date shall not have been occurred within 60 days after the Petition Date;
- (c) Any of the Cases shall be dismissed or converted to a Chapter 7 Case; a trustee, receiver, interim receiver or receiver and manager shall be appointed in any of the Cases, or a responsible officer or an examiner with enlarged powers shall be appointed in any of the Cases (having powers beyond those set forth in Bankruptcy Code sections 1106(a)(3) and (4)); or any other superpriority administrative expense claim or lien (other than the Carve-Out) which is pari passu with or senior to the claims or liens of the Lender under the Facilities shall be granted in any of the Cases without the consent of the Arranger;
- (d) Other than payments authorized by the Bankruptcy Court in respect of “first day” or other orders entered upon pleadings in form and substance reasonably satisfactory to the Arranger, as required by the Bankruptcy Code, or as may be permitted in the DIP Loan Documents or herein, the Debtors shall make any payment (whether by way of adequate protection or otherwise) of principal or interest or otherwise on account of any pre-petition indebtedness or payables;
- (e) The Bankruptcy Court shall enter an order granting relief from the automatic stay to any creditor or party in interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of the Debtors which have an aggregate value in excess of \$25,000,000 or to permit other actions that

would have a material adverse effect on the Debtors or their estates;

- (f) An order shall be entered reversing, amending, supplementing, staying for a period of five days or more, vacating or otherwise modifying the Interim Order or the Final Order, or any of the Borrower or any of their affiliates shall apply for authority to do so, without the prior written consent of the Lenders, or the Interim Order or Final Order with respect to the Facilities shall cease to be in full force and effect;
- (g) Any judgments which are in the aggregate in excess of \$25,000,000 as to any post-petition obligation shall be rendered against the Debtors or any other material subsidiaries and the enforcement thereof shall not be stayed (by operation of law, the rules or orders of a court with jurisdiction over the matter or by consent of the party litigants);
- (h) A plan shall be confirmed in any of the Cases that does not provide for termination of the Commitments under the Facilities and payment in full in cash of the Debtors' obligations under the DIP Loan Documents on the effective date of such plan of reorganization or liquidation, or an order shall be entered which dismisses any of the Cases and which order does not provide for termination of the Commitments under the Facilities and payment in full in cash of the Debtors' obligations under the DIP Loan Documents, or any of the Debtors shall seek, support, or fail to contest in good faith the filing or confirmation of such a plan or the entry of such an order;
- (i) The Debtors or any other material subsidiaries shall take any action in support of any of the foregoing or any person other than the Debtors or any other material subsidiaries shall do so and such application is not contested in good faith by the Debtors or any other material subsidiaries and the relief requested is granted in an order that is not stayed pending appeal; and
- (j) Any DIP Loan Document shall cease to be effective or shall be contested by Borrower or any of their affiliates.
- (k) Any of the Borrower or their affiliates shall fail to comply with the Interim Order or Final Order.
- (l) The filing of a motion, pleading or proceeding by any of the Borrower or their affiliates which could reasonably be expected to result in a material impairment of the rights or interests of the Lenders or a determination by a court with respect to a

motion, pleading or proceeding brought by another party which results in a material impairment.

- (m) DIP Loan Documents, in form and substance satisfactory to the Citi acting in good faith, shall not have been entered into within twenty-one days after the Interim Order Entry Date and prior to the Final Order Entry Date, unless such date is extended by Citi acting in good faith.

Conditions Precedent to Initial Borrowings:

The obligation of the Lenders to make loans under the Facilities will be subject only to the conditions precedent listed on Annex II attached hereto.

Conditions Precedent to Full Availability:

The obligation to provide extensions of credit up to the full amount of the Commitments shall be subject to the satisfaction or waiver by the Requisite Lenders and the Requisite Term Lenders of the applicable conditions precedent listed on Annex II attached hereto.

Conditions to All Borrowings:

The conditions to all borrowings will be limited to prior written notice of borrowing, the accuracy in all material respects of representations and warranties, the absence of any Default or Event of Default and the following:

- (a) As a result of such extension of credit, usage of the Commitments shall not exceed (i) the applicable Commitments then in effect, (ii) the aggregate amount authorized by the Interim Order or the Final Order, as the case may be and (iii) in the case of the Revolving Facility, Revolving Facility Availability;
- (b) The Interim Order or Final Order, as the case may be, and the cash management order, shall be in full force and effect, and shall not have been reversed, modified, amended, stayed, vacated or subject to a stay pending appeal, in the case of any modification, amendment or stay pending appeal, in a manner, or relating to a matter, that is materially adverse to the interests of the Lenders;
- (c) The Debtors shall have paid the balance of all fees then due and payable as referenced herein; and
- (d) The making of such extension of credit will not violate any requirement of material law and shall not be enjoined, temporarily, preliminarily or permanently.

Assignments and Participations:

Each Lender may assign all or any part of the Facilities to one or more affiliates, banks, financial institutions or other entities (other than Disqualified Institutions) subject to the prior written consent of the Administrative Agent and Borrower, and in the case of an assignment under the Revolving Facility, each Issuer (each such consent not to be

unreasonably withheld, delayed or conditioned); provided that no consent of the Borrower shall be required with respect to any assignment to a Lender, an affiliate of such a Lender or a fund engaged in investing in commercial loans that is advised or managed by such a Lender (in each case, that is not a Disqualified Institution). Consent from the Borrower shall not be required during the continuance of an event of default under the DIP Loan Documents and shall be deemed given unless the Borrower shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice thereof). Upon such assignment, such affiliate, bank, financial institution or entity will become a Lender for all purposes under the Loan Documents. The Lenders will also have the right to sell participations (other than to Disqualified Institutions), subject to customary limitations on voting rights, in the Facilities.

The Agents shall have the authority to make the list of Disqualified Institutions available to all Lenders.

Requisite Lenders:

The vote of Lenders holding more than 50% of total Commitments (or if no Commitments are outstanding, total exposure) under the Facilities (the “**Requisite Lenders**”) shall be required to amend, waive or modify either Facility, except that with respect to matters relating to, among others consistent with the Documentation Standard, the reduction in, or compromise of payment rights with respect to, principal or interest rates, extension of maturity, release of guarantees and/or liens granted on all or substantially all of the Collateral (other than liens on Collateral subject to permitted dispositions), any waiver of the definition of Requisite Lenders, Requisite Lenders will be defined as Lenders holding 100% of total Commitments (or if no Commitments are outstanding, total exposure) under such Facility affected thereby or all affected Lenders, as appropriate.

Taxes:

The Facilities will include customary provisions reasonably acceptable to the Arranger, to the effect that all payments are to be made free and clear of any taxes (other than applicable franchise taxes and taxes on overall net income), imposts, assessments, withholdings or other deductions whatsoever, subject to customary qualifications.

Indemnity; Expenses:

The Borrower shall indemnify, pay and hold harmless the Arranger and the Lenders and their affiliates (and their respective directors, officers, employees, agents and advisors) against any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence or willful misconduct of the indemnified party) including the expenses incurred by the the Arranger and in connection with the negotiation, documentation and administration of the Facilities (including fees and expenses of counsel and other advisors), and expenses incurred by any Lender in connection with any default in respect of the Facilities and any exercise of remedies in respect thereof.

**Governing Law and
Jurisdiction:**

The Facilities will provide that the Debtors will submit to the exclusive jurisdiction and venue of the Bankruptcy Court in New York; and shall waive any right to trial by jury. New York law shall govern the Loan Documents (other than security documents to be governed by local law, to be determined by the Arranger).

ANNEX I

Windstream Services, LLC

LIST OF DEBTORS

<u>Name</u>	<u>Jurisdiction of Organization</u>
Allworx Corp.	Delaware
ARC Networks, Inc.	Delaware
ATX Communications, Inc.	Delaware
ATX Telecommunications Services of Virginia, LLC	Delaware
BOB, LLC	Illinois
Boston Retail Partners LLC	Massachusetts
BridgeCom Holdings, Inc.	Delaware
BridgeCom Solutions Group, Inc.	Delaware
Broadview Networks of Massachusetts, Inc.	Delaware
Broadview Networks of Virginia, Inc.	Virginia
Buffalo Valley Management Services, Inc.	Delaware
Business Telecom of Virginia, Inc.	Virginia
BV-BC Acquisition Corporation	Delaware
Cavalier IP TV, LLC	Delaware
Cavalier Services, LLC	Delaware

Cavalier Telephone, L.L.C.	Virginia
CCL Historical, Inc.	Delaware
Choice One Communications of Connecticut Inc.	Delaware
Choice One Communications of Maine Inc.	Delaware
Choice One Communications of Massachusetts Inc.	Delaware
Choice One Communications of Ohio Inc.	Delaware
Choice One Communications of Rhode Island Inc.	Delaware
Choice One Communications of Vermont Inc.	Delaware
Choice One of New Hampshire, Inc.	Delaware
Cinergy Communications Company of Virginia, LLC	Virginia
Conestoga Enterprises, Inc.	Pennsylvania
Conestoga Management Services, Inc.	Delaware
Connecticut Broadband, LLC	Connecticut
Connecticut Telephone & Communication Systems, Inc.	Connecticut
Conversent Communications Long Distance, LLC	New Hampshire

Conversent Communications of Connecticut, LLC	Connecticut
Conversent Communications of Maine, LLC	Maine
Conversent Communications of Massachusetts, Inc.	Massachusetts
Conversent Communications of New Hampshire, LLC	New Hampshire
Conversent Communications of Rhode Island, LLC	Rhode Island
Conversent Communications of Vermont, LLC	Vermont
CoreComm-ATX, Inc.	Delaware
CoreComm Communications, LLC	Delaware
CTC Communications of Virginia, Inc.	Virginia
D&E Communications, LLC	Delaware
D&E Management Services, Inc.	Nevada
D&E Networks, Inc.	Pennsylvania
Equity Leasing, Inc.	Nevada
Eureka Broadband Corporation	Delaware
Eureka Holdings, LLC	Delaware
Eureka Networks, LLC	Delaware

Eureka Telecom of VA, Inc.	Virginia
Heart of the Lakes Cable Systems, Inc.	Minnesota
Info-Highway International, Inc.	Texas
InfoHighway Communications Corporation	Delaware
InfoHighway of Virginia, Inc.	Virginia
Iowa Telecom Data Services, L.C.	Iowa
Iowa Telecom Technologies, LLC	Iowa
IWA Services, LLC	Iowa
KDL Holdings, LLC	Delaware
McLeodUSA Information Services LLC	Delaware
McLeodUSA Purchasing, LLC	Iowa
MPX, Inc.	Delaware
Norlight Telecommunications of Virginia, LLC	Virginia
Oklahoma Windstream, LLC	Oklahoma
Open Support Systems, LLC	Connecticut
PaeTec Communications of Virginia, LLC	Virginia
PAETEC Holding, LLC	Delaware

PAETEC iTEL, L.L.C.	North Carolina
PAETEC Realty LLC	New York
PAETEC, LLC	Delaware
PCS Licenses, Inc.	Nevada
Progress Place Realty Holding Company, LLC	North Carolina
RevChain Solutions, LLC	Delaware
SM Holdings, LLC	Delaware
Southwest Enhanced Network Services, LLC	Delaware
Talk America of Virginia, LLC	Virginia
Televue, LLC	Georgia
Texas Windstream, LLC	Texas
US LEC of Alabama LLC	North Carolina
US LEC of Florida LLC	North Carolina
US LEC of South Carolina LLC	Delaware
US LEC of Tennessee LLC	Delaware
US LEC of Virginia LLC	Delaware
US Xchange Inc.	Delaware

US Xchange of Illinois, L.L.C.	Delaware
US Xchange of Michigan, L.L.C.	Delaware
US Xchange of Wisconsin, L.L.C.	Delaware
Valor Telecommunications of Texas, LLC	Delaware
WIN Sales & Leasing, Inc.	Minnesota
Windstream Alabama, LLC	Alabama
Windstream Arkansas, LLC	Delaware
Windstream Business Holdings, LLC	Delaware
Windstream BV Holdings, LLC	Delaware
Windstream Cavalier, LLC	Delaware
Windstream Communications Kerrville, LLC	Texas
Windstream Communications Telecom, LLC	Texas
Windstream CTC Internet Services, Inc.	North Carolina
Windstream Direct, LLC	Minnesota
Windstream Eagle Holdings LLC	Delaware
Windstream Eagle Services, LLC	Delaware
Windstream EN-TEL, LLC	Minnesota

Windstream Finance Corp	Delaware
Windstream Holding of the Midwest, Inc.	Nebraska
Windstream Iowa Communications, LLC	Delaware
Windstream Iowa-Comm, LLC	Iowa
Windstream KDL-VA, LLC	Virginia
Windstream Kerrville Long Distance, LLC	Texas
Windstream Lakedale Link, Inc.	Minnesota
Windstream Lakedale, Inc.	Minnesota
Windstream Leasing, LLC	Delaware
Windstream Lexcom Entertainment, LLC	North Carolina
Windstream Lexcom Long Distance, LLC	North Carolina
Windstream Lexcom Wireless, LLC	North Carolina
Windstream Montezuma, LLC	Iowa
Windstream Network Services of the Midwest, Inc.	Nebraska
Windstream NorthStar, LLC	Minnesota
Windstream NuVox Arkansas, LLC	Delaware
Windstream NuVox Illinois, LLC	Delaware

Windstream NuVox Indiana, LLC	Delaware
Windstream NuVox Kansas, LLC	Delaware
Windstream NuVox Oklahoma, LLC	Delaware
Windstream Oklahoma, LLC	Delaware
Windstream SHAL Networks, Inc.	Minnesota
Windstream SHAL, LLC	Minnesota
Windstream Shared Services, LLC	Delaware
Windstream South Carolina, LLC	South Carolina
Windstream Southwest Long Distance, LLC	Delaware
Windstream Sugar Land, LLC	Texas
Windstream Supply, LLC	Ohio
Xeta Technologies, Inc.	Oklahoma

Annex II

Windstream Services, LLC

SUMMARY OF CONDITIONS PRECEDENT TO THE FACILITIES

This Summary of Conditions Precedent outlines all of the conditions precedent to the Facilities referred to in the Summary of Terms and Conditions.

A. CONDITIONS TO INITIAL AVAILABILITY

1. Interim Order/Bankruptcy Matters.

- (a) The Bankruptcy Court shall have entered, upon motion in form and substance reasonably satisfactory to the Arranger, on such prior notice as may be reasonably satisfactory to the Arranger, an interim order (the “**Interim Order**”) as to the Initial Availability no later than three (3) business days after the date of commencement of the Cases, approving and authorizing the Facilities, all provisions thereof and the priorities and liens granted under Bankruptcy Code section 364(c) and (d), as applicable, in form and substance satisfactory to the Arranger and their counsel.
- (b) The Interim Order shall not have been reversed, modified, amended, stayed or vacated, in the case of any modification or amendment, in a manner, or relating to a matter, without the consent of the Arranger.
- (c) The Debtors shall be in compliance in all respects with the Interim Order.
- (d) The Cases shall have been commenced in the Bankruptcy Court for the Southern District of New York and all of the “first day orders” and all related pleadings to be entered at the time of commencement of the Cases or shortly thereafter shall have been reviewed in advance by the Arranger and shall be reasonably satisfactory in form and substance to the Arranger.
- (e) No trustee or examiner with enlarged powers (beyond those set forth in Bankruptcy Code sections 1106(a)(3) and (4)) shall have been appointed with respect to the Borrower or their respective properties.
- (f) A cash management order encompassing the cash management arrangements currently in place under the Existing Credit Facility and otherwise reasonably satisfactory to the Arranger shall be in full force and effect.
- (g) No material adverse change in the operations, assets, revenues, financial condition of Borrower and its subsidiaries (other than by virtue of the commencement of the Cases and the events and circumstances giving rise thereto) shall have occurred since December 31, 2017.

2. Financial Statements, Budgets and Reports.

- (a) The Arranger shall have received the Budget, which Budget shall be in form and substance reasonably satisfactory to them and at least in the detail attached in Annex II-1;

- (b) The Arranger shall have received a forecast of sources and uses of cash by the Debtors on a weekly basis for the succeeding 13 calendar weeks, which shall be in form and substance reasonably satisfactory to them (the “**Cash Flow Forecast**”); and
- (d) The Arranger shall have received such information (financial or otherwise) as may be reasonably requested by them.

3. Performance of Obligations.

- (a) All reasonable and documented costs, fees, expenses (including, without limitation, reasonable and documented legal fees) and other compensation contemplated by the Loan Documents to be payable to the Lenders shall have been paid to the extent due;
- (b) No Default or Event of Default shall exist; and
- (c) Representations and warranties shall be true and correct in all material respects.

4. Customary Closing Documents.

- (a) Satisfaction of all other customary closing conditions as to: (i) authority, authorization, execution and delivery; corporate records and documents from public officials; and officer’s certificates (ii) evidence of authority; (iii) obtaining of any material third party and governmental consents necessary in connection with the Facilities, the financing thereunder and related transactions; and (iv) Patriot Act and Beneficial Ownership.
- (b) Execution and delivery by the Debtors of this Term Sheet and promissory notes evidencing the loans made and to be made under the Facilities, in each case reasonably satisfactory in all respects to Citi; the parties hereto acknowledging that funding of the Initial Availability shall be made, as to loan documentation, solely on the basis of this Term Sheet and such promissory notes, and that funding of the Full Availability is subject to the parties entering into the DIP Loan Documents.
- (c) All corporate and judicial proceedings and all instruments and agreements in connection with the loan transactions among the Debtors and the Lenders contemplated by the Loan Documents shall be satisfactory in form and substance to the Arranger, and the Lenders shall have received all information and copies of all documents or papers requested by any of them.

B. CONDITIONS TO FULL AVAILABILITY

1. Final Order.

- (a) Not later than 60 days following the Petition Date, the Final Order shall have been entered by the Bankruptcy Court on a motion by the Debtors that is in form and substance reasonably satisfactory to the Arranger, which Final Order shall have been entered on such prior notice to such parties as may be reasonably satisfactory to the Arranger, approving and authorizing on a final basis the matters and containing the provisions described in A.1. above.
- (b) The Definitive Documentation shall have been entered into, and the lenders shall have perfection of liens and pledges on the UCC collateral securing the Facilities.

- (b) The Final Order shall not have been reversed, modified, amended, stayed or vacated.
- (c) The Debtors shall be in compliance with the Final Order.

2. Other Conditions.

- (a) The delivery of legal opinions as to authority, authorization, execution and delivery; corporate records and documents from public officials; and officer's certificates;
- (b) The Lenders shall have received the required periodic updates of the Cash Flow Forecast and weekly variance reports, each in form and substance reasonably satisfactory to the Arranger;
- (c) No Default or Event of Default shall exist under the Facilities;
- (d) Representations and warranties shall be true and correct in all material respects at the date of each extension of credit except to the extent such representations and warranties relate to an earlier date;
- (e) The Debtors shall have paid the balance of all fees then payable as referenced herein;

Annex III

Windstream Services, LLC

INTEREST AND FEES

Interest Rates: Loans under the Term Facility and the Revolving Facility will bear interest, at the option of the Borrower, at one of the following rates:

(i) the Applicable Margin (as defined in the Fee Letter) *plus* the Alternate Base Rate which shall be defined as the highest of (i) Citibank's base rate, (ii) the three-month certificate of deposit rate plus 1/2 of 1%, (iii) the Federal Funds Effective Rate plus 1/2 of 1% and (iv) the one-month LIBO Rate plus 1.00% per annum, in each case, calculated on a 365/366-day basis and payable monthly in arrears; or

(ii) the Applicable Margin *plus* the current LIBO rate as quoted by Reuters Screen LIBOR01 Page, adjusted for reserve requirements, if any, and subject to customary change of circumstance provisions, for interest periods of one month (the "**LIBO Rate**"), calculated on a 360-day basis and payable at the end of the relevant interest period, but in any event at least quarterly; *provided* that the LIBO Rate will at no time be less than 0% per annum.

Not more than 5 LIBO Rate interest periods may be in effect at any one time under either Facility.

Default Interest: During the continuance of an event of default under the Facilities, loans will bear interest at an additional 2% *per annum*.

Unused Commitment Fee: From and after the Closing Date, a non-refundable unused commitment fee will accrue at the rate of 0.50% per annum on the daily average unused portion of the Revolving Facility (whether or not then available), payable quarterly in arrears and on the date when the Commitments are terminated.

Letter of Credit Fees: A percentage per annum equal to the Applicable LIBOR Margin to the Lenders, and 0.125% per annum to the Issuer, will accrue on the outstanding undrawn amount of any Letter of Credit, payable quarterly in arrears and computed on a 360-day basis.

OID The "Up-Front Fee" as defined in the fee letter, which may take the form of original issue discount to be paid in connection with each borrowing under the Term Facility based on the amount borrowed.

Nature of Fees: Fully earned on the Closing Date and non-refundable under all circumstances

Annex IV
Commitments

Lender	Term Loan Commitment	Revolving Commitment
Citi	\$500,000,000.00	\$500,000,000.00
Total	\$500,000,000.00	\$500,000,000.00