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as Indenture Trustee*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: :

WINDSTREAM HOLDINGS, INC., *et al.*,¹ : Chapter 11
Debtors. : Case No. 19-22312 (RDD)
: (Jointly Administered)
: :
-----X

**LIMITED OBJECTION OF U.S. BANK NATIONAL ASSOCIATION,
SOLELY IN ITS CAPACITY AS UNSECURED NOTES INDENTURE TRUSTEE, TO
DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
AUTHORIZING THE DEBTORS TO CONTINUE (I) TO OPERATE THEIR CASH
MANAGEMENT SYSTEM, HONOR CERTAIN PREPETITION OBLIGATIONS
RELATED THERETO, AND MAINTAIN EXISTING BUSINESS FORMS AND (II)
THEIR INTERCOMPANY TRANSACTIONS**

U.S. Bank National Association (the “**Indenture Trustee**”), solely in its capacity
as unsecured notes indenture trustee under certain indentures² (as amended and supplemented, the

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief*. The location of the Debtors' service address is: 4001 North Rodney Parham Road, Little Rock, Arkansas 72212.

² The Notes are governed by the following indentures: (i) Indenture for the 7.75% Senior Notes due 2020, dated as of October 6, 2010, among Windstream Services, LLC (as successor to Windstream Corporation) and the Indenture Trustee; (ii) Indenture for the 7.75% Senior Notes due 2021, dated as of March 28, 2011, among Windstream Services, LLC (as successor to Windstream Corporation) and the Indenture Trustee; (iii) Indenture for the 7.50% Senior Notes due 2022, dated



“**Indentures**”), pursuant to which Debtor Windstream Services, LLC, as Issuer, issued and certain Debtors identified therein have guaranteed unsecured notes in excess of \$1 billion in principal amount outstanding, including (i) 2020 Senior Notes - 7.750%, due October 15, 2020; (ii) 2021 Senior Notes - 7.750%, due October 1, 2021; (iii) 2022 Senior Notes - 7.500%, due June 1, 2022; (iv) 2023 Senior Notes - 7.500%, due April 1, 2023; and (v) 2023 Senior Notes - 6.375%, due August 1, 2023 (collectively, the “**Notes**” and the holders thereof, “**Noteholders**”), by and through its undersigned counsel, respectfully submits this Limited Objection (the “**Limited Objection**”) to the Motion of the captioned debtors (the “**Debtors**”) for *Entry of Interim and Final Orders Authorizing the Debtors to Continue (I) to Operate Their Cash Management System, Honor Certain Prepetition Obligations Related Thereto, and Maintain Existing Business Forms and (II) Their Intercompany Transactions* [ECF No. 13] (as amended, the “**Cash Management Motion**”).³

In support of the Limited Objection, the Indenture Trustee respectfully represents as follows:

OBJECTION

1. The Cash Management Motion seeks, among other relief, Court approval of ongoing Intercompany Transactions between and among the Debtors, consistent with their historical practices. Cash Management Motion, at ¶ 17. Intercompany Transactions are broadly defined in the Motion to include Debtors engaging in routine business relationships with each other in the ordinary course of business. *Id.* at ¶ 16. An example set forth in the Cash Management

as of November 22, 2011, among Windstream Services, LLC (as successor to Windstream Corporation) and the Indenture Trustee; (iv) Indenture for the 6 3/8% Senior Notes due 2023, dated as of January 23, 2013, among Windstream Services, LLC (as successor to Windstream Corporation) and the Indenture Trustee (the “6 3/8 % Indenture”); and (v) Indenture for the 7.50% Senior Notes due 2023, dated as of March 16, 2011, among Windstream Services, LLC (as successor to Windstream Corporation) and the Indenture Trustee.

³ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Cash Management Motion.

Motion includes payments from Windstream Services, LLC to fund Windstream Holdings, Inc.'s obligations under the Master Lease dated April 24, 2015, by and among CSL National, LP, the landlords party thereto and Windstream Holdings, Inc., as tenant. Debtors ask the Court to approve such Intercompany Transactions and to accord administrative expense priority status to postpetition payments from one Debtor to another. *Id.* at ¶ 17. The Indenture Trustee submits this Limited Objection solely with respect to the portion of the Cash Management Motion covering Intercompany Transactions and Intercompany Claims.

2. Section 1108 of the Bankruptcy Code expressly authorizes the Debtors, as debtors in possession, to operate their businesses unless the Court orders otherwise. Thus, that aspect of the *Interim Order Authorizing the Debtors to Continue to Operate Their Cash Management System, Honor Certain Prepetition Obligations Related Thereto, and Maintain Existing Business Forms and (II) Their Intercompany Transactions* [ECF No. 58] (the “**Interim Order**”) authorizing the Debtors to continue their Intercompany Transactions in the ordinary course [Interim Order, ¶ 15] is unnecessary and could be construed as the Court’s approval of any continuing Intercompany Transactions without any evidence beyond the assertion that the failure to continue to do business in a manner already permitted by the Bankruptcy Code without such an order would be harmful.

3. To protect individual Debtors and their creditors from the over breadth of the Court’s apparent approval of all Intercompany Transactions, including ones that may be objectionable for some reason unknown at this stage of the cases, the Indenture Trustee respectfully requests that the Interim Order be modified to include additional protections limiting the effect of the Court’s authorization respecting Intercompany Transactions, as follows:

Notwithstanding the Court's authorization of postpetition Intercompany Transactions, nothing in this Order shall affect, limit or impair the right of any Debtor or party in interest (i) to challenge any particular Intercompany Transaction or type of Intercompany Transaction, or any particular Intercompany Claim or type of Intercompany Claim, or (ii) to seek other relief with respect thereto, including, without limitation, with respect to Intercompany Transactions and Intercompany Claims relating to the Master Lease dated April 24, 2015, by and among CSL National, LP, the landlords party thereto and Windstream Holdings, Inc., as tenant, obligations thereunder, the assets subject thereto, or any claims arising in connection with any of the foregoing.

4. The Indenture Trustee does not object to superpriority administrative expense status being accorded to postpetition cash transfers from the Debtors to another Debtor, provided that the above reservation language is included.

5. Finally, the Indenture Trustee requests as part of this Limited Objection that the Debtors' commitment to track all post-petition cash transfers between and among Debtors for accounting purposes be expanded to include all cash draws and payments of DIP Loans by each Debtor.

RESERVATION OF RIGHTS

6. This Limited Objection only raises issues that the Indenture Trustee believes are outstanding based upon its discussions with the Debtors. To the extent that any of the issues the Indenture Trustee believed were resolved remain unresolved at the time of the hearing on the Cash Management Motion, the Indenture Trustee reserves all of its rights to raise such issues with the Court at the hearing or amend or supplement this Limited Objection, and the filing of this Limited Objection shall not be treated as a waiver of any kind of any additional arguments or objections of the Indenture Trustee to the Cash Management Motion.

WHEREFORE, the Indenture Trustee respectfully requests that the Court (i) sustain this Limited Objection, (ii) deny the Cash Management Motion as currently proposed, and (iii) grant such other and further relief as it deemed just and equitable.

Dated: April 9, 2019

Respectfully submitted,

LOEB & LOEB LLP

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

WINDSTREAM HOLDINGS, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 19-22312 (RDD)

(Jointly Administered)

CERTIFICATE OF SERVICE

The undersigned certifies that on April 9, 2019, I caused a true and correct copy of the *Limited Objection of U.S. Bank National Association Solely In Its Capacity as Unsecured Notes Indentured Trustee, to Debtors' Motion for Entry of Interim and Final Orders Authorizing The Debtors to Continue (I) To Operate Their Cash Management System, Honor Certain Prepetition Obligations Related Thereto, and Maintain Existing Business Forms and (II) Their Intercompany Transactions* to be served electronically via the Court's electronic case filing system ("ECF") on all those parties receiving such service; and on the parties listed below:

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief*. The location of the Debtors' service address is: 4001 North Rodney Parham Road, Little Rock, Arkansas 72212.

Via Email

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Dated: April 9, 2019

Respectfully submitted,

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