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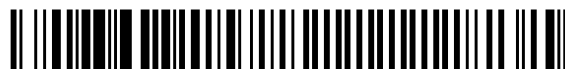
UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

NOTICE OF FILING OF DISCLOSURE STATEMENT RELATING TO THE FIRST AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF WINDSTREAM HOLDINGS, INC. *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (the "Debtors") hereby file the *Disclosure Statement Relating to the First Amended Joint Chapter 11 Plan of Reorganization of Windstream Holdings, Inc. et al., Pursuant to Chapter 11 of the Bankruptcy Code* (the "Amended Disclosure Statement"), which is attached hereto as **Exhibit A**. A redline is attached hereto as **Exhibit B**, which reflects incremental changes from the *Disclosure Statement Relating to the Joint Chapter 11 Plan of Reorganization of Windstream*

[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 joint administration has been granted, 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' 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.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Holdings, Inc. et al., Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 1632] filed on April 1, 2020 (the "Disclosure Statement").

PLEASE TAKE FURTHER NOTICE that the Debtors reserve the right to materially alter, amend, or modify the Amended Disclosure Statement; *provided*, that if the Amended Disclosure Statement is altered, amended, or modified in any materials respect, the Debtors will file a revised version of such document with the United States Bankruptcy Court for the Southern District of New York.

PLEASE TAKE FURTHER NOTICE that the hearing at which the Court will consider approval of the Amended Disclosure Statement will be held telephonically before the Honorable Robert D. Drain of the United States Bankruptcy Court for the Southern District of New York on **May 7, 2020, at 10:00 a.m. (prevailing Eastern Time)**

PLEASE TAKE FURTHER NOTICE that copies of all documents filed in these chapter 11 cases may be obtained free of charge by visiting the website of Kurtzman Carson Consultants LLC at http://www.kccllc.net/windstream. You may also obtain copies of any pleadings by visiting the Court's website at http://www.nysb.uscourts.gov in accordance with the procedures and fees set forth therein.

[*Remainder of page intentionally left blank.*]

Dated: May 6, 2020
New York, New York

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Exhibit A

Amended Disclosure Statement

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

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

DISCLOSURE STATEMENT RELATING TO THE FIRST AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF WINDSTREAM HOLDINGS, INC. *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: May 6, 2020

[1] The last four digits of Debtor Windstream Holdings, Inc.'s tax identification number are 7717. Due to the large number of Debtors in these chapter 11 cases, for which joint administration has been granted, 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' 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.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS OR INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE JOINT PLAN OF REORGANIZATION OF WINDSTREAM HOLDINGS, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREIN.

THE DEBTORS URGE HOLDERS OF CLAIMS OR INTERESTS WHOSE VOTES ARE BEING SOLICITED TO VOTE TO ACCEPT THE PLAN.

THE DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN ANTICIPATED EVENTS IN THE CHAPTER 11 CASES. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH ANTICIPATED EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR ANY OTHER AUTHORIZED PARTY MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN ARTICLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED (OR WAIVED).

YOU ARE ENCOURAGED TO READ THE PLAN AND THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING ARTICLE VIII, ENTITLED "RISK FACTORS" BEFORE SUBMITTING YOUR BALLOT TO VOTE ON THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

SUMMARIES OF THE PLAN AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS ANNEXED TO THIS DISCLOSURE STATEMENT OR OTHERWISE INCORPORATED HEREIN BY REFERENCE ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THOSE DOCUMENTS. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT, AND THERE IS NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR IN ACCORDANCE WITH APPLICABLE LAW, THE DEBTORS ARE UNDER NO DUTY TO UPDATE OR SUPPLEMENT THIS DISCLOSURE STATEMENT.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING VOTES FOR THE ACCEPTANCES AND CONFIRMATION OF THE PLAN AND MAY NOT BE RELIED ON FOR ANY OTHER PURPOSE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AGENCY, NOR HAS THE SEC OR ANY OTHER AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DEBTORS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED HEREIN BY REFERENCE HAS NOT BEEN, AND WILL NOT BE, AUDITED OR REVIEWED BY THE DEBTORS' INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE.

UPON CONFIRMATION OF THE PLAN, CERTAIN OF THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, OR SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN LAWS, IN RELIANCE ON THE EXEMPTION SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE. OTHER SECURITIES MAY BE ISSUED PURSUANT TO OTHER APPLICABLE EXEMPTIONS UNDER THE FEDERAL SECURITIES LAWS. TO THE EXTENT EXEMPTIONS FROM REGISTRATION UNDER SECTION 1145 OF THE BANKRUPTCY CODE OR APPLICABLE FEDERAL

SECURITIES LAW DO NOT APPLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO A VALID EXEMPTION OR UPON REGISTRATION UNDER THE SECURITIES ACT.

THE DEBTORS MAKE STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE CONSIDERED FORWARD-LOOKING STATEMENTS UNDER FEDERAL SECURITIES LAWS. THE DEBTORS CONSIDER ALL STATEMENTS REGARDING ANTICIPATED OR FUTURE MATTERS TO BE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS MAY INCLUDE STATEMENTS ABOUT:

- **THE DEBTORS' BUSINESS STRATEGY;**
- **THE DEBTORS' TECHNOLOGY;**
- **THE DEBTORS' FINANCIAL CONDITION, REVENUES, CASH FLOWS, AND EXPENSES;**
- **THE DEBTORS' LEVELS OF INDEBTEDNESS, LIQUIDITY, AND COMPLIANCE WITH DEBT COVENANTS;**
- **THE DEBTORS' FINANCIAL STRATEGY, BUDGET, PROJECTIONS, AND OPERATING RESULTS;**
- **THE OVERALL HEALTH OF THE TELECOMMUNICATIONS INDUSTRY;**
- **THE AMOUNT, NATURE, AND TIMING OF THE DEBTORS' CAPITAL EXPENDITURES;**
- **THE AVAILABILITY AND TERMS OF CAPITAL;**
- **SUCCESSFUL RESULTS FROM THE DEBTORS' OPERATIONS;**
- **THE INTEGRATION AND BENEFITS OF ASSET AND PROPERTY ACQUISITIONS OR THE EFFECTS OF ASSET AND PROPERTY ACQUISITIONS OR DISPOSITIONS ON THE DEBTORS' CASH POSITION AND LEVELS OF INDEBTEDNESS;**
- **COSTS OF CONDUCTING THE DEBTORS' OTHER OPERATIONS;**
- **GENERAL ECONOMIC AND BUSINESS CONDITIONS;**
- **EFFECTIVENESS OF THE DEBTORS' RISK MANAGEMENT ACTIVITIES;**
- **COUNTERPARTY CREDIT RISK;**
- **THE OUTCOME OF PENDING AND FUTURE LITIGATION;**
- **GOVERNMENTAL REGULATION AND TAXATION OF THE TELECOMMUNICATIONS INDUSTRY;**
- **INTRODUCTION OF NEW COMPETITORS INTO THE DEBTORS' MARKETS;**
- **UNCERTAINTY REGARDING THE DEBTORS' FUTURE OPERATING RESULTS;**
- **PLANS, OBJECTIVES, AND EXPECTATIONS;**
- **THE ADEQUACY OF THE DEBTORS' CAPITAL RESOURCES AND LIQUIDITY;**
- **RISKS IN CONNECTION WITH ACQUISITIONS;**
- **THE POTENTIAL ADOPTION OF NEW GOVERNMENTAL REGULATIONS; AND**

- **THE DEBTORS' ABILITY TO SATISFY FUTURE CASH OBLIGATIONS.**

STATEMENTS CONCERNING THESE AND OTHER MATTERS ARE NOT GUARANTEES OF THE REORGANIZED DEBTORS' FUTURE PERFORMANCE. THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE REORGANIZED DEBTORS' ACTUAL PERFORMANCE OR ACHIEVEMENTS TO BE DIFFERENT FROM THOSE THEY MAY PROJECT, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE THE PROJECTIONS MADE HEREIN. THESE RISKS, UNCERTAINTIES, AND FACTORS MAY INCLUDE THE FOLLOWING: THE DEBTORS' ABILITY TO CONFIRM AND CONSUMMATE THE PLAN; THE POTENTIAL THAT THE DEBTORS MAY NEED TO PURSUE AN ALTERNATIVE TRANSACTION IF THE PLAN IS NOT CONFIRMED; THE DEBTORS' ABILITY TO REDUCE THEIR OVERALL FINANCIAL LEVERAGE; THE POTENTIAL ADVERSE IMPACT OF THE CHAPTER 11 CASES ON THE DEBTORS' OPERATIONS, MANAGEMENT, AND EMPLOYEES; THE RISKS ASSOCIATED WITH OPERATING THE DEBTORS' BUSINESSES DURING THE CHAPTER 11 CASES; CUSTOMER RESPONSES TO THE CHAPTER 11 CASES; THE DEBTORS' INABILITY TO DISCHARGE OR SETTLE CLAIMS DURING THE CHAPTER 11 CASES; GENERAL ECONOMIC, BUSINESS, AND MARKET CONDITIONS; CURRENCY FLUCTUATIONS; INTEREST RATE FLUCTUATIONS; PRICE INCREASES; EXPOSURE TO LITIGATION; A DECLINE IN THE DEBTORS' MARKET SHARE DUE TO COMPETITION; THE DEBTORS' ABILITY TO IMPLEMENT COST REDUCTION INITIATIVES IN A TIMELY MANNER; THE DEBTORS' ABILITY TO DIVEST EXISTING BUSINESSES; FINANCIAL CONDITIONS OF THE DEBTORS' CUSTOMERS; ADVERSE TAX CHANGES; LIMITED ACCESS TO CAPITAL RESOURCES; CHANGES IN DOMESTIC AND FOREIGN LAWS AND REGULATIONS; TRADE BALANCE; NATURAL DISASTERS; GEOPOLITICAL INSTABILITY; AND THE EFFECTS OF GOVERNMENTAL REGULATION ON THE DEBTORS' BUSINESSES.

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EXHIBITS[2]

EXHIBIT A Plan of Reorganization

EXHIBIT B Liquidation Analysis

EXHIBIT C Financial Projections

EXHIBIT D Valuation Analysis

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[2] Each Exhibit is incorporated herein by reference.

I. INTRODUCTION

Windstream Holdings, Inc. and its debtor affiliates, as debtors and debtors in possession (collectively, the "Debtors" or "Windstream"), submit this disclosure statement (this "Disclosure Statement"), pursuant to section 1125 of the Bankruptcy Code, to holders of Claims against and Interests in the Debtors in connection with the solicitation of votes for acceptance of the *First Amended Joint Chapter 11 Plan of Reorganization of Windstream Holdings, Inc. et al., Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), dated May 6, 2020.[1] A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference. The Plan constitutes a separate chapter 11 plan for each of the Debtors.

THE DEBTORS BELIEVE THAT THE COMPROMISES CONTEMPLATED UNDER THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDE THE BEST RECOVERY TO STAKEHOLDERS. AT THIS TIME, THE DEBTORS BELIEVE THE PLAN REPRESENTS THE BEST AVAILABLE OPTION FOR COMPLETING THE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

THE COMMITTEE DOES NOT SUPPORT THE PLAN AND STRONGLY URGES ALL HOLDERS OF GENERAL UNSECURED CLAIMS IN CLASS 6A (OBLIGOR GENERAL UNSECURED CLAIMS) TO VOTE TO REJECT THE PLAN.

II. PRELIMINARY STATEMENT

The Debtors are a leading provider of advanced network communications, technology, broadband, entertainment, security, and core transport solutions to both consumer and business customers across the United States, with a national footprint spanning approximately 150,000 fiber miles. The Debtors also offer broadband, entertainment and security solutions to consumers and small businesses, primarily in rural areas, in 18 states. As of the Petition Date, the Debtors had approximately 11,600 employees. As of the Petition Date, the Debtors had approximately $5.6 billion in aggregate funded-debt obligations under a revolving credit facility, two tranches under Debtor Windstream Services' term loan facility, one series of secured first lien notes, two series of secured second lien notes, six series of unsecured notes, and one issuance of secured subsidiary notes. All debt, other than the secured subsidiary notes, has been incurred by Debtor Windstream Services and its guarantor subsidiaries (*i.e.*, the Obligor Debtors). Certain Debtors (the Non-Obligor Debtors), including Windstream Holdings, are not a party to, or otherwise obligated with respect to the funded-debt obligations.

In April 2015, Debtor Windstream Services and related debtor subsidiaries spun off certain telecommunications network, real estate, and other assets through a transaction involving a real estate investment trust now known as Uniti Group Inc. ("Uniti"). Subsequent to the Uniti spin-off, Windstream Holdings entered into that certain master lease dated April 24, 2015 (the "Uniti Arrangement") with certain subsidiaries of Uniti, which purported to govern Windstream's post-spin-off use of the applicable assets. As described in greater detail herein, on February 15, 2019, the Debtors received an adverse judgment related to the Uniti Arrangement wherein the United States District Court for the Southern District of New York ruled that the Uniti spin-off constituted an impermissible sale-leaseback transaction under one of Windstream's unsecured note indentures and that Windstream's subsequent efforts to secure a waiver was ineffective to waive or cure the default. In the face of the cross-defaults throughout their capital structure triggered by this adverse judgment, the Debtors faced a significant liquidity shortfall and no access to out-

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[1] Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to such terms in the Plan. The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between this Disclosure Statement and the Plan, the Plan will govern.

of-court financing. Accordingly, on February 25, 2019, (the "Petition Date"), the Debtors commenced these chapter 11 cases to both obtain the benefit of the automatic stay to enjoin parties from taking collection action and to gain access to critical debtor-in-possession financing.

The Debtors were ultimately able to secure $1 billion in debtor-in-possession financing on market terms over the course of a mere business week (the "DIP Facilities"), which was approved on April 22, 2019 [Docket No. 376]. The DIP Facilities consist of a $500 million DIP Revolving Facility and a $500 million DIP Term Loan Facility. Throughout the course of these cases, the DIP Facilities have provided sufficient liquidity to ensure the Debtors able to pay their debts as they come due.

Following the Petition Date, the Debtors conducted an independent investigation and asserted that the Uniti Arrangement is in fact a disguised financing agreement for purposes of applicable bankruptcy law and should be recharacterized as such. On July 25, 2019, the Debtors filed a complaint (the "Complaint") commencing an adversary proceeding (the "Uniti Adversary Proceeding") seeking, among other things, a declaration that the Uniti Arrangement is a financing and is not a lease of nonresidential real property, in each case for purposes of applicable bankruptcy law [Adv. Pro. Docket No. 1]. A number of other parties including, the Committee, intervened in the Uniti Adversary Proceeding and joined in the Debtors' claims. Uniti has consistently maintained that the Uniti Arrangement is a true lease of nonresidential real property. The Court entered a stipulated scheduling order in the Uniti Adversary Proceeding on October 1, 2019, setting deadlines for a trial contemplated to begin in early March 2020 [Adv. Pro. Docket No. 31].

In an attempt to consensually resolve issues relating to the Uniti Arrangement with all stakeholders, on July 12, 2019, the Debtors and Uniti filed a motion to appoint a mediator and to include mediation parties from across the Debtors' capital structure [Docket No. 803]. The Debtors proposed that mediation and litigation proceed in parallel so as to most efficiently reach a global resolution of matters regarding the relationship between the Debtors and Uniti. On July 30, 2019 the Court entered an order appointing the Honorable Judge Chapman to mediate issues regarding the Uniti Arrangement [Docket No. 874]. In an attempt to create breathing room throughout the course of the mediation, the Debtors and Uniti—with the assistance of Judge Chapman—agreed to an extension of the purported application of the deadline under section 365(d)(4) of the Bankruptcy Code (the "365(d)(4) Stipulation") [Docket No. 965]. The 365(d)(4) Stipulation provided an extension of the section 365(d)(4) deadline until December 6, 2019 in exchange for, among other things, continued payments under the Uniti Arrangement (with all parties' rights reserved as to the ultimate treatment or disgorgement of any such payments). Also as part of the 365(d)(4) Stipulation, the Debtors were required to seek Court approval to cease payments to Uniti under the Uniti Arrangement and Uniti was required to seek Court approval to evict the Debtors from, or compel the surrender of, the property subject to the Uniti Arrangement.

On November 22, 2019, the parties reached agreement on the terms of a second consensual extension of the deadline under section 365(d)(4) as to the Uniti Arrangement (the "Second 365(d)(4) Stipulation") [Docket No. 1265] that extended the purported application on the same terms as the 365(d)(4) Stipulation through and including 30 calendar days following entry of an order resolving count I (recharacterization) and count II (personal property) of the Complaint. After a hearing on December 12, 2019, and consistent with the Court's comments on the record, on January 10, 2020 the Debtors filed an amended complaint (the "Amended Complaint") and a third stipulation with Uniti (the "Count II Stipulation") that stayed further litigation of the personal property count of the Complaint without prejudice to the Debtors' right to resume prosecution upon reasonable notice to Uniti. The Count II Stipulation also extended the purported application of the section 365(d)(4) deadline to the Uniti Arrangement to 90 calendar days following the entry of an order by the Court resolving count I of the Complaint. On January 30, 2020, the parties reached an agreement to bifurcate the recharacterization count from the other remaining counts [Adv. Docket No. 79].

Over the course of late 2019 and early 2020, the Uniti Adversary Proceeding proceeded in parallel with the mediation process, including substantial document discovery and depositions of key potential witnesses. Ultimately, through the mediation process as well as informal negotiations, and in advance of the commencement of any trial in the Uniti Adversary Proceeding, the Debtors were able to reach a settlement with Uniti (the "Uniti Settlement") that was submitted to the Court on March 6, 2020 [Docket No. 1558] (the "Uniti 9019 Motion"). The Uniti Settlement ultimately facilitated a negotiation on the terms of a restructuring with certain of Windstream's creditor constituencies. As a result, and after extensive negotiations, these parties reached an agreement on the terms of the restructuring transactions set forth in a plan support agreement filed on March 6, 2020 [Docket No. 1533], and as amended on March 9, 2020 [Docket No. 1559] and March 16, 2020 [Docket No. 1584] (the "Plan Support Agreement"), and enumerated in the Plan. Holders of more than 94% of First Lien Claims, including the Debtors' largest creditor, Elliott Investment Management, L.P. and its affiliated funds ("Elliott"), 54% of Second Lien Claims, 39% of unsecured claims, and 72% of Midwest Notes Claims have agreed to support the approval and consummation of the Uniti Settlement and confirmation of the Plan, including voting their respective Claims to accept the Plan.

Upon consummation of the Restructuring Transactions, pursuant to and in accordance with the Plan, the Reorganized Debtors will, among other things: (a) issue one hundred percent (100%) of the issued and outstanding Reorganized Windstream Equity Interests to Allowed First Lien Claims (subject to dilution by the Rights Offering, the Backstop Premium, the Special Warrants and the Management Incentive Plan) in accordance with the Equity Allocation Mechanism, and (b) enter into the New Exit Facility, which is currently estimated to consist of loans and undrawn revolving commitments in the aggregate amount up to $3,250 million.

The Debtors filed their initial chapter 11 plan and disclosure statement on April 1, 2020 [Docket Nos. 1631, 1632]. Several objectors raised concerns and objections with respect to the Plan and Disclosure Statement. Specifically, on April 30, 2020, Element Fleet Corporation filed its objection to the Disclosure Statement [Docket No. 1719], raising concerns over the executory contract assumption and rejection procedures, the timeline for definitive assumption and rejection of such contracts, claim releases, and set-off rights under such executory contracts. The SEC filed its objection to the Disclosure Statement [Docket No. 1726], asserting concerns for non-consensual third-party releases, and the Court's authority to grant such releases. Finally, the Securities Litigation plaintiff filed the objection to the Disclosure Statement [Docket No. 1726], asserting concerns for adequate information provided to the Securities Litigation plaintiffs, third-party release provisions related to the Securities Litigation plaintiffs, and preservation of evidence for the ongoing securities litigation. The Debtors have engaged in discussions with such parties and have resolved a number of the issues raised in the objections. However, the Debtors reserve all rights related to such objections and underlying claims.

The Plan provides for the reorganization of the Debtors as a going concern with a deleveraged capital structure and sufficient liquidity to fund the Debtors' post-emergence business plan. The Plan, Plan Support Agreement, and Uniti Settlement are significant achievements for the Debtors in these chapter 11 cases, which were initiated unexpectedly and with no clear path to confirmation in sight, and now will culminate in a restructuring transaction that maximizes value for all stakeholders.

The Debtors strongly believe that the Plan is in the best interests of the Debtors' estates, and represents the best available alternative at this time. Given the Debtors' core strengths, including their experienced management team and broad and diverse customer base, they are confident that they can implement the restructuring embodied in the Plan to ensure the Debtors' long-term viability. For these reasons, the Debtors strongly recommend that holders of Claims entitled to vote to accept or reject the Plan vote to accept the Plan.

The Committee's position is that the Plan provides *de minimis* recoveries for general unsecured creditors of the Obligor Debtors (Class 6A), and allocates none of the value received by the Debtors on account of the Uniti Settlement to those creditors although the Committee believes that neither the assets that are the subject of count I (recharacterization) of the Uniti Adversary Proceeding, nor the other claims and causes of action being settled and released under the Uniti Settlement are encumbered by prepetition liens in favor of the Debtors' secured lenders, and any proceeds of the settlement are likewise unencumbered. The Committee strongly recommends that holders of Claims in Class 6A (Obligor General Unsecured Claims) vote to reject the Plan. The Debtors and the First Lien Ad Hoc Group disagree with this characterization and reserve all rights.

III. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND PLAN

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a chapter 11 plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtors' liabilities in accordance with the terms of the confirmed plan.

B. Why are the Debtors sending me this Disclosure Statement?

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan and to share such disclosure statement with all holders of Claims or Interests whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with these requirements.

C. Am I entitled to vote on the Plan?

Your ability to vote on, and your distribution under, the Plan, if any, depends on what type of Claim or Interest you hold. Each category of holders of Claims or Interests, as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth below:

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Secured Claims	Unimpaired	Deemed to Accept
Class 2	Other Priority Claims	Unimpaired	Deemed to Accept

Class	Claims and Interests	Status	Voting Rights
Class 3	First Lien Claims	Impaired	Entitled to Vote
Class 4	Midwest Notes Claims	Impaired	Entitled to Vote
Class 5	Second Lien Claims	Impaired	Entitled to Vote
Class 6A	Obligor General Unsecured Claims	Impaired	Entitled to Vote
Class 6B	Non-Obligor General Unsecured Claims	Unimpaired	Deemed to Accept
Class 7	Intercompany Claims	Impaired or Unimpaired	Deemed to Reject or Deemed to Accept
Class 8	Intercompany Interests	Impaired or Unimpaired	Deemed to Reject or Deemed to Accept
Class 9	Interests in Windstream	Impaired	Deemed to Reject

D. What will I receive from the Debtors if the Plan is consummated?

The following chart provides a summary of the anticipated recovery to holders of Claims or Interests under the Plan. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.[2]

Each holder of an Allowed Claim or Allowed Interest, as applicable, shall receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Claim or Allowed Interest, except to the extent that a holder of an Allowed Claim or Allowed Interest agrees to a less favorable treatment. Unless otherwise indicated, the holder of an Allowed Claim or Allowed Interest, as applicable, shall receive such treatment on the Effective Date or as soon as reasonably practicable thereafter.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Interest**	**Treatment of Claim/ Interest**	**Projected Amount of Claims**	**Estimated Range of Recovery Under Plan**
Class 1	Other Secured Claims	Each holder of an Allowed Other Secured Claim shall receive, at the Debtors' option, in consultation with the Required Consenting Creditors and the Requisite Backstop Parties: (a) payment in full in cash; (b) the collateral securing its Allowed Other Secured Claim; (c) Reinstatement of its Allowed Other Secured	$0	100%

2 The recoveries set forth below may change based upon changes in the amount of Claims that are "Allowed" as well as other factors related to the Debtors' business operations and general economic conditions.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Interest**	**Treatment of Claim/ Interest**	**Projected Amount of Claims**	**Estimated Range of Recovery Under Plan**
		Claim; or (d) such other treatment rendering its Allowed Other Secured Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.		
Class 2	Other Priority Claims	Each holder of an Allowed Other Priority Claim shall receive treatment in a manner consistent with section 1129(a)(9) of the Bankruptcy Code.	$0	100%
Class 3	First Lien Claims	Each holder of an Allowed First Lien Claim shall receive its Pro Rata share of: (a) 100% of the Reorganized Windstream Equity Interests, subject to dilution on account of the Rights Offering, the Backstop Premium, the Special Warrants, and the Management Incentive Plan; (b) cash in an amount equal to the sum of (i) the Distributable Exit Facility Proceeds, (ii) the Distributable Flex Proceeds, (iii) the cash proceeds of the Rights Offering, and (iv) all other cash held by the Debtors as of the Effective Date in excess of the Minimum Cash Balance; (c) the Distributable Subscription Rights; and (d) as applicable, the First Lien Replacement Term Loans. Notwithstanding the foregoing, the distribution of Reorganized Windstream Equity Interests to holders of Allowed First Lien Claims pursuant to Article III.B.3.b.i of the Plan, pursuant to the Rights Offering, and on account of the Backstop Premium shall be made pursuant to, and subject to the terms and conditions of, the Equity Allocation Mechanism.	$3,151 million	62.8 - 71.3%
Class 4	Midwest Notes Claims	Each holder of an Allowed Midwest Notes Claim shall receive its Pro Rata share of the Midwest Notes Exit Facility Term Loans, the principal amount of which shall be $100 million, plus any interest and fees due and owing under the Midwest Notes Indenture and/or the Final DIP Order to the extent unpaid as of the Effective Date, and any additional Midwest Notes OID Consideration.	$100 million	100%
Class 5	Second Lien Claims	***If holders of Allowed Second Lien Claims vote as a class to accept the Plan***, on the Effective Date, each holder of an Allowed Second Lien Claim shall receive cash in an amount equal to $0.00125 for each $1.00 of Allowed Second Lien Claims. ***If holders of Allowed Second Lien Claims vote as a class to reject the Plan***, on the Effective Date, each holder of an Allowed Second Lien Claim shall receive treatment consistent with section 1129(a)(7) of the Bankruptcy Code.	$1,235 million	0 - 0.125%

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Interest**	**Treatment of Claim/ Interest**	**Projected Amount of Claims**	**Estimated Range of Recovery Under Plan**
Class 6A	Obligor General Unsecured Claims	***If holders of Allowed Obligor General Unsecured Claims vote as a class to accept the Plan***, on the Effective Date, each holder of an Allowed Obligor General Unsecured Claim shall receive cash in an amount equal to $0.00125 for each $1.00 of such Allowed Obligor General Unsecured Claims. ***If holders of Allowed Obligor General Unsecured Claims vote as a class to reject the Plan***, on the Effective Date, each holder of such an Allowed Obligor General Unsecured Claim shall receive treatment consistent with section 1129(a)(7) of the Bankruptcy Code.	$1,183 – 1,203 million]	0 – 0.125%
Class 6B	Non-Obligor General Unsecured Claims	On the later of the Effective Date or the date that such Allowed Non-Obligor General Unsecured Claim becomes due in the ordinary course of the Debtors' or Reorganized Debtors' business, each holder of an Allowed Non-Obligor General Unsecured Claim shall, at the election of the Requisite Backstop Parties, in consultation with the Debtors, be (a) Reinstated or (b) paid in full in Cash.	$34 – 39 million	100%
Class 7	Intercompany Claims	Subject to the Description of Restructuring Transactions, on the Effective Date, each Allowed Intercompany Claim shall be Reinstated, distributed, contributed, set off, settled, cancelled and released, or otherwise addressed at the option of the Debtors in consultation with the Required Consenting Creditors and Requisite Backstop Parties.	N/A	N/A
Class 8	Intercompany Interests	Subject to the Description of Restructuring Transactions, Intercompany Interests shall receive no recovery or distribution and be Reinstated, solely to the extent necessary to maintain the Debtors' corporate structure.	N/A	N/A
Class 9[3]	Interests in Windstream	Each holder of an Interest in Windstream shall have such Interest cancelled, released, and extinguished without any distribution.	N/A	N/A

[3] Claims against the Debtors in connection with the Securities Litigation are subordinated to the same level as Interests in Windstream pursuant to section 510(b) of the Bankruptcy Code and, accordingly, will receive treatment consistent with Class 9. The Securities Litigation lead plaintiff has asserted that such Claims should be preserved solely to the extent of available insurance under the D&O Liability Insurance Policies. The Debtors and the Securities Litigation lead plaintiff have agreed to attempt to resolve this issue prior to Confirmation.

E. What will I receive from the Debtors if I hold an Allowed Administrative Claim, DIP Facilities Claim, or a Priority Tax Claim?

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Facilities Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims or Interests set forth in Article III of the Plan.

1. Administrative Claims

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than holders of Professional Fee Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim.

2. DIP Facilities Claims

Except to the extent that a holder of an Allowed DIP Facilities Claim agrees to a less favorable treatment, each Allowed DIP Facilities Claim, as well as any other fees, interest or other obligations owing to third parties under the DIP Credit Agreement and/or the DIP Orders, shall be indefeasibly paid in full, in Cash, by the Debtors on the Effective Date in accordance with the terms of the DIP Credit Agreement and the DIP Orders, including without limitation, the execution and delivery of a release agreement, on terms and conditions acceptable to the DIP Agent and the DIP Lenders, and contemporaneously with the foregoing payment and delivery of the release agreement, the DIP Facilities shall be deemed cancelled, all Liens on property of the Debtors and the Reorganized Debtors arising out of or related to the DIP Facilities shall automatically terminate, and all collateral subject to such Liens shall be automatically released, in each case without further action by the DIP Agent or the DIP Lenders and all guarantees of the Debtors and Reorganized Debtors arising out of or related to the DIP Facilities Claims shall be automatically discharged and released, in each case without further action by the DIP Agent or the DIP Lenders pursuant to the terms of the DIP Facilities. The DIP Agent and the DIP Lenders shall take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors. For the avoidance of doubt, to the extent that any obligations under the DIP Credit Agreement and/or the DIP Orders remain unsatisfied as of the Effective Date, any unsatisfied claims thereunder shall not be released by the terms of this Plan until such obligations are indefeasibly paid in full, in cash.

3. Priority Tax Claims

Priority Tax Claims will be satisfied as set forth in Article II.D of the Plan, as summarized herein. Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

F. What is the basis for the separate classification and different treatment of creditors holding claims in Class 6A (Obligor General Unsecured Claims) and Class 6B (Non-Obligor General Unsecured Claims)?

The Plan designates each Debtor as either an "Obligor Debtor" or a "Non-Obligor Debtor." The Obligor Debtors are borrowers, issuers, or guarantors under the Debtors' prepetition funded debt

obligations, which total approximately $5.6 billion, and are therefore each jointly and severally liable for those debts. The Non-Obligor Debtors are not parties to those obligations.

G. Are any regulatory approvals required to consummate the Plan?

Yes. To the extent any such regulatory approvals or other authorizations, consents, rulings, or documents are necessary to implement and effectuate the Plan, they must be obtained prior to the Effective Date.

H. What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to reorganize their businesses. It is possible that any alternative may provide holders of Claims with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, *see* Article XI.B of this Disclosure Statement, entitled "Best Interests of Creditors/Liquidation Analysis," and the Liquidation Analysis attached hereto as **Exhibit C**.

I. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation?"

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to holders of Allowed Claims will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as reasonably practicable thereafter, as specified in the Plan. *See* Article XI of this Disclosure Statement, entitled "Confirmation of the Plan," for a discussion of the conditions precedent to consummation of the Plan.

J. What are the sources of Cash and other consideration required to fund the Plan?

The Reorganized Debtors shall fund distributions under the Plan with (a) Cash on hand; (b) the issuance and distribution of Reorganized Windstream Equity Interests and Special Warrants; (c) proceeds of the New Exit Facility; (d) the Midwest Notes Exit Facility Term Loans issued under the New Exit Facility; (e) the First Lien Replacement Term Loans, as applicable; (f) subscription rights to participate in the Rights Offering; and (g) proceeds of the Rights Offering.

K. Are there risks to owning the Reorganized Windstream Equity Interests upon emergence from chapter 11?

Yes. *See* Article VIII of this Disclosure Statement, entitled "Risk Factors."

L. Is there potential litigation related to the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may object to Confirmation of the Plan as well, which objections potentially could give rise to litigation. *See* Article VIII.C.7 of this Disclosure Statement, entitled "The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases."

In the event that it becomes necessary to confirm the Plan over the rejection of certain Classes, the Debtors may seek confirmation of the Plan notwithstanding the dissent of such rejecting Classes. The

Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code. *See* Article VIII.A.4 of this Disclosure Statement, entitled "The Debtors May Not Be Able to Secure Confirmation of the Plan."

M. What is the Management Incentive Plan and how will it affect the distribution I receive under the Plan?

The Management Incentive Plan shall provide for customary terms, the details of which will be set forth in the Plan Supplement.

If you are a holder of an Allowed First Lien Claim who receives New Windstream Equity Interests under the Plan, the value of your New Windstream Equity Interests will be diluted by any New Windstream Equity Interests distributed pursuant to the Management Incentive Plan.

N. Will the final amount of Allowed General Unsecured Claims affect the recovery of holders of Allowed General Unsecured Claims under the Plan?

The final amount of Allowed General Unsecured Claims will not affect the recovery of holders of Allowed General Unsecured Claims in Class 6B (Non-Obligor General Unsecured Claims), who will be paid in full.

Holders of Allowed Obligor General Unsecured Claims (Class 6A) will either receive $0.00125 for each $1.00 of such Allowed Claims if the Class votes to accept the Plan or will receive treatment consistent with section 1129(a)(7) of the Bankruptcy Code if the Class votes to reject the Plan. As a result, the final amount of Allowed General Unsecured Claims will not affect the recovery of holders of Allowed General Unsecured Claims in Class 6A if the Class votes to accept the Plan, but may affect recoveries for those creditors if that Class votes to reject the Plan.

O. How will the preservation of the Causes of Action impact my recovery under the Plan?

The Plan provides for the retention of all Causes of Action other than those that are expressly waived, relinquished, exculpated, released, compromised, or settled.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, each Reorganized Debtor, as applicable, shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtors, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, which shall be deemed released and waived by the Debtors and the Reorganized Debtors as of the Effective Date.

The Reorganized Debtors may pursue such retained Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity (other than the Released Parties) may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action of the Debtors against it. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless otherwise agreed upon in writing by the parties to the applicable Cause of Action, all objections to the Schedule of Retained Causes of Action must be filed with the Bankruptcy Court on or before thirty (30) days**

after the Effective Date. Any such objection that is not timely filed shall be disallowed and forever barred, estopped, and enjoined from assertion against any Reorganized Debtor, without the need for any objection or responsive pleading by the Reorganized Debtors or any other party in interest or any further notice to or action, order, or approval of the Bankruptcy Court. The Reorganized Debtors may settle any such objection without any further notice to or action, order, or approval of the Bankruptcy Court. If there is any dispute regarding the inclusion of any Cause of Action on the Schedule of Retained Causes of Action that remains unresolved by the Debtors or Reorganized Debtors, as applicable, and the objection party for thirty (30) days, such objection shall be resolved by the Bankruptcy Court. Unless any Causes of Action of the Debtors against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action of the Debtors notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, except as otherwise expressly provided in the Plan. The applicable Reorganized Debtors, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

P. Will there be releases and exculpation granted to parties in interest as part of the Plan?

Yes, the Plan proposes to release the Released Parties and to exculpate the Exculpated Parties. The Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Debtors' overall restructuring efforts and were an essential element of the negotiations among the Debtors and various parties in interest in obtaining their support for the Plan.

The Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtors' restructuring through efforts to negotiate and implement the Plan, which will maximize and preserve the going-concern value of the Debtors for the benefit of all parties in interest. Accordingly, each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

IMPORTANTLY, THE FOLLOWING PARTIES ARE INCLUDED IN THE DEFINITION OF "RELEASING PARTIES" AND WILL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY, INDIVIDUALLY, AND COLLECTIVELY RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE DEBTORS AND THE RELEASED PARTIES: ALL HOLDERS OF CLAIMS OR INTERESTS WHO DO NOT (X) VALIDLY OPT OUT OF THE RELEASES CONTAINED IN THE PLAN, (Y) FILE AN OBJECTION TO THE RELEASES CONTAINED IN THE PLAN BY THE PLAN OBJECTION DEADLINE, OR (Z) TIMELY VOTE TO REJECT THE PLAN. THE RELEASES ARE AN INTEGRAL ELEMENT OF THE PLAN.

Based on the foregoing, the Debtors believe that the releases and exculpations in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Second Circuit. Moreover, the Debtors will present evidence at the Confirmation Hearing

to demonstrate the basis for and propriety of the release and exculpation provisions. The release, exculpation, and injunction provisions that are contained in the Plan are copied in pertinent part below.

4. *Releases by the Debtors.*

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates from any and all Causes of Action, including any derivative claims, asserted by or on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against or Interest in a Debtor or other Entity, based on or relating to or in any manner arising from in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Plan Support Agreement, the Disclosure Statement, the DIP Facility, the Final DIP Order, the Plan, the Rights Offering, the New Exit Facility, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan Support Agreement, the Backstop Commitment Agreement, the Disclosure Statement, the DIP Facility, the Final DIP Order, the Rights Offering, the New Exit Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.

5. *Releases by Holders of Claims and Interests.*[4]

As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Plan Support Agreement, the Backstop Commitment Agreement, the Disclosure Statement, the DIP Facility, the Final DIP Order, the Plan, the Rights Offering, the New Exit Facility, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan Support Agreement, the Disclosure Statement, the DIP Facility, the Final DIP Order, the Rights Offering, the New Exit Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or

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[4] The Securities Litigation lead plaintiff has asserted that (a) neither he nor the members of the putative class in the Securities Litigation, in their capacity as such, should be Releasing Parties or otherwise be deemed to grant the release set forth in Article VIII.D of the Plan, (b) the Plan and Confirmation Order should not release, enjoin, or otherwise impact the claims now or hereafter asserted against any non-Debtor in the Securities Litigation, (c) the release and injunction set forth in Articles VIII.D and F of the Plan are impermissible as a matter of law to the extent they release or enjoin the prosecution of any claims or causes of action against any non-Debtor in the Securities Litigation, and (d) the Disclosure Statement Order should confirm that he has the inherent authority to opt out of the release set forth in Article VIII.D of the Plan on behalf of the entire putative class in the Securities Litigation. The Debtors and the Securities Litigation lead plaintiff have agreed to attempt in good faith to resolve this issue prior to Confirmation.

any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.

6. *Exculpation*

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to or arising out of the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Plan Support Agreement and related prepetition transactions, the Disclosure Statement, the Plan, the DIP Facility, the Final DIP Order, the Rights Offering, the New Exit Facility, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP Facility, the Final DIP Order, the Rights Offering, the New Exit Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a final order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

7. *Injunction*

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Final DIP Order, the Plan, or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a claim or interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

For more detail, see Article VIII of the Plan, entitled "Settlement, Release, Injunction, and Related Provisions," which is incorporated herein by reference.

Q. What is the deadline to vote on the Plan?

The Voting Deadline is June 8, 2020, at 4:00 p.m. (prevailing Eastern Time).

R. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to holders of Claims or Interests that are entitled to vote on the Plan. For your vote to be counted, your ballot must be properly completed, executed, and delivered as directed, so that your ballot or a master ballot including your vote is **actually received** by the Debtors' Claims and Balloting Agent, Kurtzman Carson Consultants (the "Claims and Balloting Agent") **on or before the Voting Deadline, *i.e.* June 8, 2020 at 4:00 p.m. prevailing Eastern Time**. *See* Article X of this Disclosure Statement, entitled "Solicitation and Voting Procedures."

S. Why is the Bankruptcy Court holding a Confirmation Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan. The Confirmation Hearing will be scheduled by the Bankruptcy Court and all parties in interest will be served notice of the time, date, and location of the Confirmation Hearing once scheduled. The Confirmation Hearing may be adjourned from time to time without further notice.

T. What is the purpose of the Confirmation Hearing?

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

U. What is the effect of the Plan on the Debtors' ongoing businesses?

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code. As a result, the occurrence of the Effective Date means that the Debtors will not be liquidated or forced to go out of business. Following Confirmation, the Plan will be consummated on the Effective Date, which is a date that is the first Business Day after the Confirmation Date on which (1) no stay of the Confirmation Order is in effect, (2) all conditions to Consummation have been satisfied or waived (*see* Article IX of the Plan), and (3) the Debtors declare the Plan effective. Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in, or entered into in connection with or pursuant to, the Plan, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On or after the Effective Date, and unless otherwise provided in the Plan, the Reorganized Debtors may operate their businesses and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

V. Will any party have significant influence over the corporate governance and operations of the Reorganized Debtors?

The Reorganized Windstream Board shall be appointed, by the Requisite Backstop Parties in accordance with the Governance Term Sheet and the identities of the directors on the Reorganized Windstream Board shall be set forth in the Plan Supplement to the extent known at the time of filing. Corporate governance for Reorganized Windstream, including the Reorganized Windstream Organizational Documents, shall be consistent with the Governance Term Sheet and section 1123(a)(6) of the Bankruptcy Code.

W. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Debtors' Claims and Balloting Agent, Kurtzman Carson Consultants, via one of the following methods:

By regular mail at:
Kurtzman Carson Consultants
Attn: Windstream Claims Processing Center
222 N. Pacific Coast Highway, Ste 300
El Segundo, CA 90245

By hand delivery or overnight mail at:
Kurtzman Carson Consultants
Attn: Windstream Claims Processing Center
222 N. Pacific Coast Highway, Ste 300
El Segundo, CA 90245

By electronic mail at:
WindstreamInfo@kccllc.com

By telephone (toll free) at:
877-759-8815

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the chapter 11 cases are available upon written request to the Claims and Balloting Agent at the address above or by downloading the exhibits and documents from the website of the Claims and Balloting Agent at http://www.kccllc.net/windstream (free of charge) or the Bankruptcy Court's website at http://www.nysb.uscourts.gov (for a fee).

X. Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe that the Plan provides for a larger distribution to the Debtors' creditors and equity holders than would otherwise result from any other available alternative. The Debtors believe that the Plan, which contemplates a significant deleveraging of the Debtors' balance sheet and enables them to emerge from chapter 11 expeditiously, is in the best interest of all holders of Claims or Interests, and that any other alternatives (to the extent they exist) fail to realize or recognize the value inherent under the Plan.

Y. Who supports confirmation of the Plan?

Uniti and Holders of more than 94% of the First Lien Claims, approximately 54% of the Second Lien Claims, more than 39% of the Unsecured Notes Claims, and approximately 72% of Midwest Notes Claims have executed the Plan Support Agreement and support confirmation of the Plan.

Z. Who opposes confirmation of the Plan?

The Committee, which is appointed by the Office of the United States Trustee to serve as a representative and fiduciary for the interests of unsecured creditors, opposes confirmation of the Plan in its current form and recommends that Holders of Claims in Class 6A (Obligor General Unsecured Claims) vote to reject the Plan. U.S. Bank National Association and UMB Bank, National Association, solely in their capacities as indenture trustees for the Debtors' senior unsecured notes, also oppose confirmation of the Plan in its current form.

IV. THE DEBTORS' PLAN

As discussed in Article III herein, the Plan contemplates, among other things, the repayment of a portion of the First Lien Claims from proceeds of the New Exit Facility and Rights Offering, as well as other cash on hand in excess of the Minimum Cash Balance, the equitization of a portion of the First Lien Claims, the distribution of subscription rights to participate in the Rights Offering and, if applicable, the distribution of replacement term loans under the New Exit Facility to the remaining portion of First Lien Claims, the distribution of replacement term loans under the New Exit Facility to holders of Midwest Notes Claims, cash distributions to holders of Second Lien Claims and Obligor General Unsecured Claims if the classes of such creditors accept the Plan, reinstatement or repayment of Non-Obligor General Unsecured Claims, and the cancellation of existing Interests in Windstream. The Plan contemplates the following key terms, among others described herein and therein:

A. Issuance of Reorganized Windstream Equity Interests

All existing Interests in the Debtors will be cancelled as of the Effective Date and Reorganized Windstream will issue the Reorganized Windstream Equity Interests to holders of First Lien Claims.

All of the shares or units of Reorganized Windstream Equity Interests issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessed. Each distribution and issuance of the Reorganized Windstream Equity Interests under the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

B. Management Incentive Plan

Upon the Effective Date, the Management Incentive Plan will be adopted and effective. The terms of the Management Incentive Plan shall be set forth in the Plan Supplement.

C. Windstream Pension Plan

PBGC is a wholly-owned United States government corporation and agency created under Title IV of ERISA to administer the federal pension insurance program and to guarantee the payment of certain pension benefits upon termination of a pension plan covered by Title IV of ERISA. Debtor Windstream Services sponsors the Windstream Pension Plan, which is covered by Title IV of ERISA. PBGC asserts

that the other Debtors are each members of Windstream Services' controlled group, as defined in 29 U.S.C. § 1301(a)(14).

During the bankruptcy proceeding, the Windstream Pension Plan may terminate under the distress termination provisions of 29 U.S.C. § 1341(c) or under the provisions for PBGC initiation of 29 U.S.C. § 1342(a). If the Windstream Pension Plan terminates, PBGC asserts that the sponsor of the Windstream Pension Plan and all members of its controlled group are jointly and severally liable for the unfunded benefit liabilities of the terminated Windstream Pension Plan(s). PBGC has filed an estimated contingent claim, subject to termination of the Windstream Pension Plan during the bankruptcy proceeding, against each of the Debtors for unfunded benefit liabilities in the amount of $472,700,000. PBGC asserts that this termination liability claim is entitled to priority under 11 U.S.C. §§ 507(a)(2) and (a)(8) in unliquidated amounts. The Debtors and Reorganized Debtors reserve all rights relating to any asserted liability, including but not limited to the validity and amount of such claims.

PBGC asserts that the sponsor of the Windstream Pension Plan and all other members of its controlled group are obligated to pay the contributions necessary to satisfy the minimum funding standards under sections 412 and 430 of the Internal Revenue Code and sections 302 and 303 of ERISA. PBGC has filed an estimated claim against each of the Debtors for unpaid required minimum contributions owed to the Windstream Pension Plan in the amount of $12,792,649. PBGC asserts that the claim for required minimum contributions owed is entitled to priority under 11 U.S.C. §§ 507(a)(2) and(a)(5) in the amounts of $1,179,952 and $3,570,390, respectively. The Debtors and Reorganized Debtors reserve all rights relating to any asserted liability, including but not limited to the validity and amount of such claims.

PBGC asserts that the sponsor of the Windstream Pension Plan and all other members of its controlled group are jointly and severally liable to PBGC for all premium obligations owed to the Windstream Pension Plan. PBGC has filed a claim against each of the Debtors for unpaid statutory premiums, if any, owed to PBGC on behalf of the Windstream Pension Plan in an unliquidated amount. The Debtors and Reorganized Debtors reserve all rights relating to any asserted liability, including but not limited to the validity and amount of such claims.

If the Windstream Pension Plan terminates in a distress or PBGC-initiated termination during the course of the bankruptcy proceeding, PBGC asserts that the sponsor of the Windstream Pension Plan and its controlled group are liable to PBGC for a termination premium at the rate of $1,250 per plan participant per year for three years under 29 U.S.C. § 1306(a)(7). PBGC asserts that if a Windstream Pension Plan is terminated prior to confirmation of the Plan, the obligation to PBGC for termination premiums does not exist until after the Plan is confirmed and the Debtors have exited bankruptcy. PBGC asserts that under these circumstances, termination premiums are not a dischargeable claim or debt within the meaning of the Bankruptcy Code. PBGC estimates that the amount of the termination premium liability for the Windstream Pension Plan would total approximately $32,452,500. The Debtors and Reorganized Debtors reserve all rights relating to any asserted liability, including but not limited to the validity and amount of such claims.

On the Effective Date the Reorganized Debtors shall assume and continue to maintain the Windstream Pension Plan in accordance with its terms (as such terms may be amended from time to time) and applicable non-bankruptcy law (and the Reorganized Debtors reserve all rights thereunder).

After the Effective Date, the Reorganized Debtors shall: (i) satisfy the minimum funding requirements under 29 U.S.C. §§ 412 and 430 and 29 U.S.C. §§ 1082 and 1083; (ii) pay all required premiums, if any, owed to PBGC under 29 U.S.C. §§ 1306 and 1307, for the Windstream Pension Plan under ERISA or the Internal Revenue Code; and (iii) administer the Windstream Pension Plan in accordance with the applicable provisions of ERISA and the Internal Revenue Code (and the Reorganized Debtors reserve all rights thereunder).

Since the Plan provides that the Reorganized Debtors will continue the Windstream Pension Plan, PBGC and the Debtors agree that all PBGC claims will be withdrawn as of the Effective Date without incurring liability in the bankruptcy.

With respect to the Windstream Pension Plan, no provision of the Disclosure Statement, Plan, Confirmation Order, or section 1141 of the Bankruptcy Code shall be construed to discharge, release, or relieve the Reorganized Debtors, their successors, or individuals from liabilities or requirements imposed under any law or regulatory provision with respect to the Windstream Pension Plan or from claims of the PBGC. PBGC and the Windstream Pension Plan will not be enjoined or precluded from enforcing such liability with respect to the Windstream Pension Plan as a result of any provision of the Disclosure Statement, Plan, Confirmation Order, or section 1141 of the Bankruptcy Code.

D. Exit Financing

Prior to the Effective Date, the Debtors will secure commitments to fund a new money senior secured credit facility in an aggregate amount up to $3,250 million, which will include the following facilities:

(a) the New Exit Facility Revolver which will be undrawn on the Effective Date and may include (a) a letter of credit sub-facility up to an aggregate principal amount of $350 million to support obligations related to funding received from state and federal broadband subsidy programs and (b) an additional letter of credit sub-facility up to an aggregate principal amount of $50 million; and

(b) the New Exit Facility Term Loan, which will be funded or distributed, as applicable, on the Effective Date and (a) will include the Required Exit Facility Term Loans, which shall include the Midwest Notes Exit Facility Term Loans, and (b) may include the Flex Exit Facility Term Loans at the election of the Requisite Backstop Parties, in consultation with the Debtors and otherwise on the terms set forth in the Plan Support Agreement. The Midwest Notes Exit Facility Term Loans will rank *pari passu* with, and be secured on the same terms as, the other Required Exit Facility Term Loans, and have the same terms as, and be fungible in all respects with, the other Required Exit Facility Term Loans. The interest rate, maturity date, and other terms of the New Exit Facility will be consistent with the Plan Support Agreement and otherwise reasonably acceptable to the Debtors, the Required Consenting Creditors, and the Requisite Backstop Parties. To the extent that the Required Exit Facility Term Loans are issued with an original issue discount, then holders of Midwest Notes Claims will receive Midwest Notes OID Consideration, either in the form of cash or additional Midwest Notes Exit Facility Term Loans corresponding to such original issue discount.

The Required Exit Facility Term Loans (other than the Midwest Notes Exit Facility Term Loans) may be reduced to an amount less than $2,050 million at the election of Requisite Backstop Parties. To the extent the amount of the Required Exit Facility Term Loans funded on the Effective Date is lower than the Required Exit Facility Term Loans Target, the Debtors will distribute the First Lien Replacement Term Loans in an amount equal to the difference between the Required Exit Facility Term Loans Target and the amount of Required Exit Facility Term Loans actually funded on the Plan Effective Date to holders of First Lien Claims in lieu of the applicable cash distributions; provided that the aggregate amount of the First Lien Replacement Term Loans will not exceed an amount to be agreed by the Requisite Backstop Parties and set forth in the Plan Supplement. The First Lien Replacement Term Loans, as applicable, will rank pari passu with and secured on substantially the same terms as the New Exit Facility Term Loan and have

the same terms as the New Exit Facility Term Loan or such other terms as agreed by the Requisite Backstop Parties and the Debtors.

On the Effective Date, the net cash proceeds of the remaining Required Exit Facility Term Loans (and other cash on hand held by the Debtors as of the Effective Date) will be:

a. first, used to pay in full in cash Allowed DIP Claims, Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Secured Claims, Allowed Other Priority Claims, and executory contract and unexpired lease Cure Claims as and to the extent that such Claims are required to be paid in cash under this Plan;

b. second, used to fund the Non-Obligor General Unsecured Claims Reserve;

c. third, used to fund the Obligor Claims Reserve;

d. fourth, used, to the extent necessary, to fund the Minimum Cash Balance; and

e. fifth, distributed to holders of Allowed First Lien Claims in accordance with Article IV.D.1 of the Plan, which amounts shall constitute the Distributable Exit Facility Proceeds.

Confirmation of the Plan shall be deemed (a) approval of the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans) and all the transactions and related agreements contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors or the Reorganized Debtors, as applicable, in connection therewith, to the extent not approved by the Bankruptcy Court previously, and (b) authorization for the Debtors or the Reorganized Debtors, as applicable, to, without further notice to or order of the Bankruptcy Court, (i) execute and deliver those documents and agreements necessary or appropriate to pursue or obtain the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans), and incur and pay any fees and expenses in connection therewith, and (ii) act or take action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any person, subject to such modifications as the Debtors or the Reorganized Debtors, as applicable, may deem to be necessary to consummate the New Exit Facility.

On the Effective Date, all Liens and security interests granted pursuant to, or in connection with the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans): (i) shall be deemed to be approved and shall, without the necessity of the execution, recordation, or filing of mortgages, security agreements, control agreements, pledge agreements, financing statements, or other similar documents, be valid, binding, fully perfected, fully enforceable Liens on, and security interests in, the collateral securing the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans), with the priorities established in respect thereof under applicable non-bankruptcy law, the Plan, and the Confirmation Order; and (ii) shall not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law, the Plan, or the Confirmation Order.

The Reorganized Debtors and the Persons granted Liens and security interests under the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans) are authorized to make all filings and recordings and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of

the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order without the need for any filings or recordings) and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties.

E. Rights Offering

On the Effective Date, the Debtors will consummate the $750 million Rights Offering pursuant to which holders of Allowed First Lien Claims will be distributed subscription rights to purchase the Reorganized Windstream Equity Interests at a 37.5% discount to Plan Equity Value. Both the amount of the Rights Offering and the Plan Equity Value are subject to the Flex Adjustment in the event that the Flex Exit Facility Term Loans are funded on the Effective Date in a manner that preserves the 37.5% discount to Plan Equity Value, as set forth in the Backstop Commitment Agreement, such that if the aggregate principal amount of the Flex Exit Facility Term Loans is $350 million, the Plan Equity Value will equal $900 million and the Rights Offering amount will equal $540 million.

Without limiting the obligations of the Backstop Parties to fund the full amount of the Rights Offering, the Backstop Parties will have the option to purchase the Backstop Priority Tranche on a Pro Rata Basis based on their backstop commitments and otherwise in accordance with the Plan Support Agreement. The Priority Non-Backstop Parties shall be eligible to participate in up to $79.4 million of the Backstop Priority Tranche on a Pro Rata basis; *provided* that no single Priority Non-Backstop Party, together with any of its affiliates or managed funds, may participate on account of more than $141 million in aggregate principal amount of First Lien Claims for purposes of determining its pro rata share of the Backstop Priority Tranche. Any rights not exercised by the Priority Non-Backstop Parties in the Backstop Priority Tranche shall be made available for the Backstop Parties to purchase on a Pro Rata basis based on their backstop commitments. Any rights not exercised by the Backstop Parties in the Backstop Priority Tranche shall be available for distribution as Distributable Subscription Rights to Holders of First Lien Claims pursuant to Article III.B.3 of the Plan.

The issuance of such subscription rights to participate in the Rights Offering will be exempt from SEC registration under applicable law. The proceeds of the Rights Offering will be distributed to holders of First Lien Claims in accordance with the Plan. The Reorganized Windstream Equity Interests issued to the Backstop Parties, the Priority Non-Backstop Parties and other holders of Allowed First Lien Claims in connection with the Rights Offering will be subject to dilution on account of the Backstop Premium and the Management Incentive Plan.

F. Equity Allocation Mechanism and Special Warrant Agreement

In the event that the Debtors seek FCC approval for the 2-step regulatory process described below, on the Effective Date, the Reorganized Debtors are authorized to issue and shall issue the Reorganized Windstream Equity Interests and the Special Warrants in accordance with the terms of the Plan, the Special Warrant Agreement, and the Equity Allocation Mechanism without the need for any further corporate or stockholder action. All of the Reorganized Windstream Equity Interests issuable under the Plan, when so issued, shall be duly authorized, validly issued, fully paid, and non-assessable, and the Special Warrants issued pursuant to the Plan shall be duly authorized and validly issued. For the avoidance of doubt, the acceptance of Reorganized Windstream Equity Interests and/or Special Warrants by a holder of an Allowed First Lien Claim shall be deemed as such holder's agreement to the Special Warrant Agreement, as may be amended or modified from time to time following the Effective Date in accordance with the terms of such documents.

With the exception of Elliott, which, notwithstanding any Certification as a U.S. Holder, shall receive a combination of Reorganized Windstream Equity Interests and Special Warrants as if it were a Non-U.S. Holder as described below, each holder of an Allowed First Lien Claim that (i) timely delivers

an Ownership Certification by the Ownership Certification Deadline (or delivers an Ownership Certification that the Debtors determine in their discretion to treat as timely) and (ii) certifies therein that its foreign ownership, as calculated in accordance with FCC rules, is zero, and is thus a "U.S. Holder", shall receive Reorganized Windstream Equity Interests on the Effective Date in accordance Article III.B.3 of the Plan, the Rights Offering Procedures, and the New Warrant Agreement. For the avoidance of doubt, any Reorganized Windstream Equity Interests received by such U.S. Holders on the Effective Date shall be subject to dilution on account of, among other things, the Special Warrants.

Each holder of an Allowed First Lien Claim that (i) (A) timely delivers an Ownership Certification by the Ownership Certification Deadline (or delivers an Ownership Certification that the Debtors determine in their discretion to treat as timely) and (B) certifies therein that its foreign ownership, calculated in accordance with FCC rules, is greater than zero, (ii) does not timely deliver, and the Debtors do not treat as having timely delivered, an Ownership Certification by a date to be disclosed in the Plan Supplement, or (iii) delivers an Ownership Certification that does not allow the Debtors to determine such holder's foreign ownership (with respect to sections (A)–(C) herein, each a "Non-U.S. Holder," and collectively, the "Non-U.S. Holders") shall, on the Effective Date, receive one or both of Reorganized Windstream Equity Interests and Special Warrants, as of the Effective Date and pending the occurrence of the Exercise Date, as defined below.

Subject to the terms and conditions set forth in the Special Warrant Agreement, Special Warrants may be exercised only on or after the Exercise Date or otherwise as specified by the Special Warrant Agreement. The Exercise Date shall occur within five business days after the following conditions have been satisfied: (i) any required declaratory ruling is granted by the FCC to allow Reorganized Windstream or its affiliates, as applicable, to exceed 25 percent indirect foreign ownership and specifically approve any foreign investor with an interest greater than 5 percent; (ii) the FCC has issued all other requisite approvals for the exercise of the Special Warrants; and (iii) the State PUCs grant any requisite approvals for the change of ownership that will arise from the exercise of the Special Warrants. Prior to the Exercise Date, Special Warrants will be subject to the same restrictions on transfer as apply to Reorganized Windstream Equity Interests.

In determining foreign ownership for distributions of Reorganized Windstream Equity Interests on the Effective Date, the Debtors will rely on the information provided in each holder's Ownership Certification. The Debtors will treat any holder that does not (i) timely deliver an Ownership Certification by the Ownership Certification Deadline or (ii) deliver an Ownership Certification that allows the Debtors to clearly determine such holder's foreign ownership as a 100 percent foreign-owned, non-U.S. holder; provided, that the Debtors shall have discretion, in consultation with the Requisite Backstop Parties, to treat any Ownership Certification delivered after the Ownership Certification Deadline but prior to the Effective Date as if such Ownership Certification had been delivered prior to the Ownership Certification Deadline if the Debtors reasonably believe, after consulting with the Requisite Backstop Parties, that doing so will not delay the receipt of the required regulatory approvals or the occurrence of the Effective Date.

G. Corporate Existence

Except as otherwise provided in the Plan (including with respect to any Restructuring Transaction undertaken pursuant to the Plan) or as otherwise set forth in the Description of Restructuring Transactions, the Reorganized Windstream Organizational Documents, or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, including the Backstop Commitment Agreement, on and after the Effective Date, or as otherwise may be agreed between the Debtors, the Required Consenting Creditors, and the Requisite Backstop Parties ,and, to the extent required under section 3.02 of the Plan Support Agreement, the Required Consenting Midwest Noteholders, each Debtor shall continue to exist as a Reorganized Debtor and as a separate corporation, limited liability company, partnership, or other form

of entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other analogous formation documents) in effect before the Effective Date, except to the extent such certificate of incorporation and bylaws (or other analogous formation documents) are amended by the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

H. General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the Plan is and shall be deemed a good-faith compromise and settlement of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest.

The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. The compromises, settlements, and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors, may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities.

I. Releases

The Plan contains certain releases (as described more fully in Article III.P of this Disclosure Statement, entitled "Will there be releases and exculpation granted to parties in interest as part of the Plan?").

J. Exemption from Certain Transfer Taxes and Recording Fees

To the maximum extent permitted pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment. Unless the Bankruptcy Court orders otherwise, all sales, transfers, and assignments of owned and leased property approved by the Bankruptcy Court on or before the Effective Date shall be deemed to have been in furtherance of, or in connection with, the Plan

V. THE DEBTORS' CORPORATE HISTORY, STRUCTURE, AND BUSINESS OVERVIEW

A. Windstream's Corporate History and Business Operations

Windstream traces its roots back to 1943, when Allied Telephone Company was founded in Little Rock, Arkansas to serve rural communities in Arkansas, Oklahoma, and Missouri. Over time Allied

Telephone Company (subsequently re-branded as Alltel) grew into one of the country's largest telephone companies. In 2006, Windstream Corporation was formed through the spinoff of Alltel's landline business and merger with VALOR Communications Group. The new business initially served 3.4 million access lines in 16 states. Windstream's business generates revenue by delivering voice and data services over channels known as "access lines". Windstream continued Alltel's legacy of growth and innovation, expanding significantly both organically and through acquisitions.

Windstream Holdings, Windstream's publicly-traded holding company, was incorporated in the state of Delaware on May 23, 2013, and is the parent of Windstream Services, LLC ("Windstream Services"), formerly a Delaware corporation and now a Delaware limited liability company organized on March 1, 2004. Windstream Holdings' only material asset is a 100 percent interest in Windstream Services. Windstream Services and its guarantor subsidiaries are the sole obligors of all of Windstream's outstanding debt obligations. Windstream Holdings is not a guarantor of nor subject to the restrictive covenants included in any of Windstream Services' debt agreements (other than the DIP Facilities).

Windstream is a leading provider of advanced network communications and related technology that increase the network communication abilities for businesses across the United States, including in the banking, content and media, education, government, healthcare, hospitality, and retail spaces. Windstream also offers broadband, entertainment and security solutions to consumers and small businesses, primarily in rural areas, in 18 states. Additionally, Windstream supplies core transport solutions[5] on a local and long-haul fiber network spanning approximately 150,000 miles. The market for the telecommunications services Windstream offers is highly competitive and continued industry-wide merger and acquisition activity has resulted in fewer customers and intensified pricing pressure. To maintain its competitive edge, Windstream keeps a sharp focus on providing a top of the line customer experience and continued technological innovation—objectives it has successfully pursued to date.

Windstream primarily conducts its operations through three business units: (i) the Consumer & Small Business unit, which serves customers located in service areas in which Windstream is the incumbent local exchange carrier ("ILEC");[6] (ii) the Enterprise business unit, which serves customers located in service areas in which Windstream is a competitive local exchange carrier ("CLEC");[7] and (iii) the Wholesale business unit, which provides bandwidth and transport services to wholesale customers. Each unit is described in greater detail below.

Consumer & Small Business. The Consumer & Small Business unit includes approximately 1.4 million residential and small business customers. Windstream's consumer services primarily consist of high-speed internet and traditional voice and video services, including 911 services. Windstream is also committed to providing high-speed broadband and additional value-added services to its consumer base, as well as bundling its service offerings to provide a comprehensive solution to meet its customers' needs at a competitive value. During 2019, the Consumer & Small Business unit generated $2 billion in revenue.

Enterprise. Windstream's Enterprise business segment provides advanced network communications and technology solutions, including software defined wide area networking (SD-WAN)

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5 In Windstream's industry, the term "core network" refers to the highly functional communication facilities that interconnect primary nodes. The core network delivers routes to exchange information among various sub-networks.

6 An incumbent local exchange carrier is local telecommunications company (or its corporate successor) provided landline service within a specified service territory on February 8, 1996 (the date federal law opened local telecommunications markets o competition) and was a member of the association exchange carriers established by 47 C.F.R. § 69.601(b).

7 A competitive local exchange carrier is a telecommunications company that is not an ILEC, and that offers its services in competition with other telecommunications companies.

and unified communications as a service (UCaaS), to businesses across the United States and offers solutions to enable businesses to compete more effectively in the digital economy, as well as a variety of other data services including cloud computing as an alternative to traditional technology infrastructure. Windstream's Enterprise segment supports some of the most demanding IT organizations within the retail, healthcare, financial services, manufacturing, government and education sectors. Throughout 2019, the Enterprise segment generated $2.6 billion in revenue.

Wholesale. Windstream's Wholesale segment leverages its nationwide network to provide 100 Gbps[8] bandwidth and transport services to wholesale customers, including telecom companies, content providers, and cable and other network operators. In addition, Windstream offers voice and data carrier services to other communications providers and to larger-scale purchasers of network capacity. During 2019, the Wholesale segment generated $350 million in revenue. Today, Windstream's fiber network spans approximately 150,000 route miles of fiber.

B. Regulation of the Debtors' Business

In the United States, the telecommunications services Windstream provides are generally subject to varying degrees of federal, state and local regulation, including regulation by the Federal Communications Commission (the "FCC") and the public utilities commissions or similar regulatory agencies in each U.S. state and the District of Columbia (the "State PUCs"). While these regulatory agencies grant Windstream the authority to operate its telecommunications network, the regulation they exert over service offerings and pricing is minimal.

1. *FCC Regulation*

Windstream is subject to FCC regulation under the Communications Act of 1934 (as amended, the "Communications Act"). Windstream has the necessary authority under Section 214 of the Communications Act to operate in the United States as a provider of domestic interstate telecommunications services, as well as the necessary authority to operate as an international provider. Windstream also maintains various wireless licenses that authorize it to use the licensed spectrum, issued and regulated by the FCC.

To facilitate a prompt emergence from bankruptcy, the Debtors may request that the FCC approve a two-step process under which, as the first step, Windstream would emerge from bankruptcy with indirect foreign ownership at levels that would not require a declaratory ruling under section 310(b)(4) of the Communications Act. The prospective foreign investments would be reflected in the form of Special Warrants (consistent with the Equity Allocation Mechanism) that would, upon exercise, entitle the foreign parties to obtain indirect equity interests, but would not themselves constitute actual interests. Then, as the second step, after the Effective Date, the Reorganized Debtors would request the FCC to permit the exercise of the Special Warrants, and thus, the actual acquisition by foreign entities of indirect interests in Windstream. The Special Warrants would not be exercised before any required FCC approval.

On the Effective Date, Allowed First Lien Claims will acquire approximately one hundred percent (100%) of the Reorganized Windstream Equity Interests, subject to dilution by the Rights Offering, Backstop Premium and Management Incentive Plan. Consequently, the Restructuring Transaction will effect a transfer of control of licenses and authorizations held by Windstream and its subsidiaries. The Debtors may file applications requesting FCC consent to the transfer in control, and seeking any further consent required to allow the two-step process described above. In that event, following completion of the

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8 Gbps stands for billions of bits per second and is a measure of bandwidth on a digital data transmission medium such as optical fiber.

first step of the two-step process, Reorganized Windstream will file a petition seeking a declaratory ruling pursuant to section 310(b)(4) of the Communications Act that it is in the public interest to permit a greater than twenty-five (25) percent indirect foreign ownership interest in Windstream and its subsidiaries, as well as seeking any other consents required for exercise of the Special Warrants.

Each holder of an Allowed First Lien Claim must submit an Ownership Certification providing information regarding the prospective stockholder to establish that issuance of the Reorganized Windstream Equity Interests and/or Special Warrants to such holder would not result in a violation of law, impair the qualifications of the Reorganized Debtors to hold FCC Licenses, or impede the grant of any FCC Applications on behalf of the Reorganized Debtors.

Because Windstream is subject to FCC regulation, holders of Reorganized Windstream Equity Interests will be subject to specific regulatory requirements if their holdings exceed certain thresholds. Any holder with 10 percent or more of the equity or voting percentage of Reorganized Windstream will be required to disclose 10 percent or more ownership interests in other FCC-regulated entities and make specific certifications during the application process described above. As long as the holder continues to hold a 10 percent or more equity or voting percentage of Reorganized Windstream, it must also disclose its interest in Windstream should it seek to acquire an ownership interest of 10 percent or more in any other FCC-regulated entity, and may be prevented from acquiring such an interest should the acquisition violate any FCC cross-ownership restrictions or cause a competitive overlap contrary to public interest. In the second step of the application process described above, the petition for declaratory ruling must also seek specific approval for any foreign entity that holds or seeks to acquire greater than a 5 percent equity or voting percentage of Reorganized Windstream.

2. *FCC and State PUC Regulation*

Windstream companies also hold intrastate telecommunications authorizations issued by the State PUCs. Should a Windstream service provider fail at any time to obtain the licenses required to provide intrastate telecommunication services, or fail to meet any of the FCC and State PUC requirements to maintain licenses, including but not limited to, the payment of required regulatory fees and fund contributions, regular report filings, or compliance with service quality measures, Windstream could be subject to fines and/or other penalties, including revocation of operating authorizations.

C. The Debtors' Prepetition Capital Structure

As of the Petition Date, Windstream had approximately $5.6 billion in aggregate funded-debt obligations. These obligations arose under a revolving credit facility, two tranches under Debtor Windstream Services' term loan facility, one series of secured first lien notes, two series of secured second lien notes, six series of unsecured notes, and one issuance of secured subsidiary notes. Windstream Holdings and the other Non-Obligor Debtors are not party to Windstream's prepetition debt obligations. All debt, other than the secured subsidiary notes, has been incurred by Windstream Services and its guarantor subsidiaries (*i.e.*, the Obligor Debtors). The table below summarizes Windstream's capital structure as of the Petition Date:

First Lien Debt Obligations	***Principal Amount*** *(in US$ millions)*
Term Loan, Tranche B6 – variable rates, due March 29, 2021	1,180.5
Term Loan, Tranche B7 – variable rates, due February 17, 2024	568.4

Revolver – variable rates, due April 24, 2020	802.0
2025 First Lien Notes – 8.625%, due October 31, 2025	600.0
Secured Subsidiary Notes	
Subsidiary First Lien Notes – 6.75%, due April 1, 2028[9]	100.0
Second Lien Debt Obligations	
2024 Second Lien Notes - 10.500%, due June 20, 2024	414.9
2025 Second Lien Notes - 9.00%, due June 30, 2025	802.0
Total Secured Debt Obligations	**$4,467.8**
Unsecured Note Issuances *(in US$ millions)*	
2020 Senior Notes – 7.750%, due October 15, 2020	78.1
2021 Senior Notes – 7.750%, due October 1, 2021	70.1
2022 Senior Notes – 7.500%, due June 1, 2022	36.2
2023 Senior Notes – 7.500%, due April 1, 2023	34.4
2023 Senior Notes – 6.375%, due August 1, 2023 ***("6 3/8% Notes")***[10]	806.9
2024 Senior Notes – 8.750%, due December 15, 2024	105.8
Total Unsecured Note Obligations	**$ 1,131.5**
Total Funded-Debt Obligations	**$5,599.3 million**[11]

In addition to outstanding funded-debt obligations, Windstream Holdings' equity traded publicly on the NASDAQ under the ticker symbol "WIN" since 2009[12] (having previously traded on the New York Stock Exchange from the time of its formation). In August 2017, Windstream Holdings' board of directors elected to eliminate Windstream Holdings' quarterly common stock dividend of $0.15 per share commencing in the third quarter of 2017, intending to use the cash savings from the elimination of the quarterly dividend payment to repay certain of its debt obligations.

Windstream's capital structure is a product of the spin-off and merger that led to its formation and a series of financings, refinancings, and exchange transactions that have fueled Windstream's growth and technical advancement over the last decade. In recent years, Windstream has engaged in a number of refinancings and debt repayments, including the March 2016 closing of an incremental term loan to repurchase $441 million of 7.875% Senior Notes due 2017; the September 2016 redemption of the remaining 7.875% Senior Notes due 2017 via incremental B-6 term loans and revolver borrowings; and the

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9 These notes were assumed as part of an acquisition transaction and are secured by certain assets of the issuer of these notes and its subsidiaries. The issuer of these notes, Windstream Holding of the Midwest, Inc, is a guarantor of Windstream Services other debt obligations.

10 The 6 3/8% Notes, as described above, are inclusive of outstanding 6.375% senior notes due 2023 issued in 2013 and 2017.

11 Includes less of a net discount on long term debt (31.7), unamortized debt issuance costs (60.8), and current maturities (17.9).

12 WIN was delisted from NASDAQ on March 6, 2019.

February 2017 closing of the $580 million B-7 term loans to refinance term loans in prior tranches maturing in August 2019.

Windstream continued to actively monitor its balance sheet through 2017, and in mid-2017 was considering additional market transactions to improve its capital structure. But in mid-2017 and as further described below, Aurelius acquired the 6 3/8% Notes and alleged certain defaults under the 6 3/8% Notes Indenture related to the Uniti spin-off transaction, ultimately resulting in litigation in November 2017. The uncertainty left in the wake of Aurelius' actions effectively eliminated Windstream's access to the capital markets for additional unsecured debt or equity capital (and leaving exchange offers as the most viable alternative to strengthen their balance sheet).[13]

VI. EVENTS LEADING TO THE CHAPTER 11 FILINGS

A. The Uniti Spin-Off Transaction

In March 2015,[14] Windstream Holdings and Windstream Services entered into a Separation and Distribution Agreement with Uniti, pursuant to which, among other things, Windstream Services and certain of its subsidiaries contributed to Uniti (then a subsidiary of Windstream Services) certain assets consisting of approximately 66,000 route miles of fiber optic cable lines, 235,000 route miles of copper cable lines, central office land and buildings, beneficial rights to permits, pole agreements and easements, and a small consumer competitive local exchange carrier business owned by Windstream Services. Those assets were exchanged for (a) the issuance of Uniti common stock to Windstream Services, (b) the transfer of approximately $1.035 billion in cash from Uniti to Windstream Services, and (c) the transfer from Uniti to Windstream Services of approximately $2.5 billion of Uniti debt, consisting of term loans and secured and unsecured notes. Services then distributed approximately 80.4% of the outstanding shares of Uniti common stock to Windstream Holdings. Windstream Holdings, in turn, distributed the shares of Uniti common stock pro rata to holders of Windstream Holdings common stock in a tax free spin-off. In two separate transactions completed in June 2016, Windstream Services transferred the remaining 19.6% of Uniti's common stock to its secured bank creditors in exchange for the retirement of $672.0 million of aggregate borrowings outstanding under its revolver and to satisfy transaction-related expenses.

Windstream Holdings, Windstream Services, and Uniti entered into multiple further agreements to implement portions of and govern the relationship after the Uniti spin-off. One such agreement was the Uniti Arrangement.

B. District Court Litigation and Exchange and Consent Transactions

Beginning in early August 2017, Windstream became aware of market rumors that an unidentified fund was acquiring notes in one or more of Windstream's outstanding issuances of unsecured notes for the purpose of attempting to call a default under one of the indentures. Soon thereafter, Windstream learned that the fund was Aurelius, who had accumulated a position in the 6 3/8% Notes and intended to issue a notice of default related to the Uniti spin-off, which had closed more than two years earlier.

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13 Recently, Windstream engaged in an August 2018 notes exchange of $414.8 million of 7.50% Senior Notes due 2020 in exchange for 10.500% Secured Second Lien Notes due 2024, as well as $18.8 million of 7.75% Senior Notes due 2021, $5.3 million of 7.50% Senior Notes due 2022, $86.0 million of 7.50% Senior Notes due 2023, $340.7 million of 2023 Notes, and $578.6 million of 8.75% Senior Notes due 2024 in exchange for $802.0 million of new 9.000% Secured Second Lien Notes due 2025.

14 Although the Separation and Distribution Agreement was signed in March 2015, the spin off was completed in April 2015.

In addition to learning that Aurelius had accumulated a position in the 6 3/8% Notes, in late 2017, Windstream also learned that Aurelius had accumulated a sizeable position in Windstream Services' credit default swaps, which would be triggered upon a payment default or bankruptcy filing. In a notice letter received September 22, 2017, Aurelius asserted a default under the 6 3/8% Notes indenture related to the Uniti spin-off transaction, although no other creditor or noteholder had previously complained. In simple terms, Aurelius alleged that the Uniti spin-off constituted a prohibited "Sale and Leaseback Transaction" under section 4.19 of the 6 3/8% Notes Indenture. The Aurelius notice purported to constitute a written notice of default under the 6 3/8% Notes Indenture, which would trigger a 60-day grace or cure period after which the indenture trustee or holders of at least 25% in aggregate principal amount of outstanding 6 3/8% Notes could declare the principal amount of all outstanding 6 3/8% Notes to be immediately due and payable.

Shortly after Aurelius issued its notice, Windstream Services filed suit against U.S. Bank, the indenture trustee under the 6 3/8% Notes Indenture, in Delaware Chancery Court, seeking a declaration that it had not violated any provision of the 6 3/8% Notes Indenture and related injunctive relief. On October 12, 2017, U.S. Bank, at Aurelius' direction, filed suit in the Southern District of New York seeking relief essentially mirroring the relief sought by Windstream in the Delaware Chancery Court action. Windstream Services responded to the Trustee's complaint the following day and asserted counterclaims against the Trustee and Aurelius for declaratory relief.

On October 18, 2017, Windstream Services launched debt exchange offers with respect to its senior notes, including the 6 3/8% Notes, and related consent solicitations. The transactions contemplated the exchange of outstanding notes with earlier maturities into new notes, including into new 2023 Notes, coupled with consent solicitations that would waive any alleged defaults relating to the Uniti spin off, including the defaults alleged by Aurelius.

On October 31, 2017, it became clear that, based on tenders of notes in the exchange offers and consents delivered in the consent solicitations, holders representing the requisite percentage of the 6 3/8% Notes needed to waive the defaults alleged in the Aurelius purported notice of default would be received. On November 6, 2017, Windstream Services and U.S. Bank executed a supplemental indenture, and new 2023 Notes were issued, which sought to give effect to the waivers and consents for the 6 3/8% Notes. Windstream also completed other consent solicitations waiving any alleged default related to the Uniti spin-off under its other note issuances (which are based on substantially identical indentures). Aurelius and U.S. Bank subsequently challenged the validity of the exchange transactions and consent solicitation through litigation.

On February 15, 2019, the District Court for the Southern District of New York issued findings of fact and conclusions of law stating that Windstream was in breach of its bond indentures by engaging in an impermissible Sale and Leaseback Transaction, and that any of Windstream's subsequent efforts to secure a waiver neither waived nor cured the default that arose from that breach. The immediate consequences of the findings were severe. Because the findings stated that Aurelius' Notice of Default ripened into an Event of Default on December 7, 2017, Aurelius would be entitled to a money judgment in the amount of the 6 3/8% Notes it holds plus interest, a figure amounting to approximately $300 million, with additional interest accruing from July 23, 2018.

The findings also led to a cross default under the credit agreement governing Windstream's secured term and revolving loan obligations and the valid acceleration of the 6 3/8% Notes by Aurelius would give rise to a cross-acceleration event of default under the indentures governing Windstream's other series of secured and unsecured notes. In the absence of Windstream filing for chapter 11, these defaults would have permitted Aurelius to exercise remedies against Windstream and ultimately its assets, potentially leading to a value-destructive piecemeal liquidation, and the defaults would have allowed other parties to accelerate other debt obligations and exercise similar remedies.

C. Immediate Financing Solutions and DIP Financing

Due to the District Court's findings, Windstream lost the ability to draw on its revolving facility under its then existing terms, and therefore Windstream lacked the ability to fund day-to-day cash needs and faced a significant and near term liquidity shortfall. In response, Windstream immediately engaged in discussions with certain key stakeholders regarding potential means to resolve debt defaults and liquidity challenges in the days leading up to the Petition Date.

In connection with discussions of all available alternatives, Windstream pursued an amendment and waiver under its first lien revolving credit facility. On February 21, 2019, Windstream obtained a limited waiver from the required revolving lenders under the credit agreement regarding certain conditions to borrowing (the "Amendment and Waiver"). The Amendment and Waiver allowed Windstream to draw $25 million in immediate funding and provided that any additional borrowings under the revolving credit facility were now subject to consent from all revolving lenders. The liquidity resulting from the Amendment and Waiver provided Windstream with critical additional days to plan for a smooth transition into chapter 11.

In parallel with general chapter 11 preparations, negotiations of the Amendment and Waiver, and exploration of the Out-of-Court Proposal, Windstream and its advisors pursued an acceptable debtor-in-possession financing arrangement. More specifically, on February 20, 2019, PJT Partners ("PJT"), on behalf of Windstream, contacted eight different money-center banks, each an existing lender under the first lien revolving credit facility and having the financial wherewithal to provide up to $1 billion in financing.

On February 21, 2019 and February 22, 2019, PJT received six different debtor-in-possession financing proposals, each providing $1 billion in financing allocated between term loan and revolving credit facilities. Ultimately, Windstream decided to pursue a proposal for a superpriority debtor-in-possession financing facility (the "DIP Financing"), which provided Windstream with much-needed liquidity to fund its business and the administration of these chapter 11 cases. The DIP Financing represented the best of all available options and provided Windstream with postpetition financing in the form of a senior secured, superpriority term loan and revolving credit facility and contemplates consensual use of Windstream's secured lenders' cash collateral.

On February 25, 2019, Windstream and its debtor affiliates filed voluntary petitions for chapter 11 bankruptcy.

VII. MATERIAL DEVELOPMENTS AND ANTICIPATED EVENTS OF THE CHAPTER 11 CASES

A. First and Second Day Relief and Other Case Matters

On the Petition Date, along with their voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Petitions"), the Debtors filed several motions (the "First Day Motions") designed to facilitate the administration of the chapter 11 cases and minimize disruption to the Debtors' operations, by, among other things, easing the strain on the Debtors' relationships with employees, vendors, and customers following the commencement of the Chapter 11 Cases. A brief description of each of the First Day Motions and the evidence in support thereof is set forth 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* [Docket No. 27]. At a hearing on February 26, 2019, the Bankruptcy Court granted all of the relief initially requested in the First Day Motions.

On April 16, 2019, the Debtors held their second day hearing before the Bankruptcy Court. At the second day hearing, the Bankruptcy Court granted certain of the first day relief on a final basis, including authority to continue to pay employee wages and benefits, pay certain taxes, continue the cash management system, and pay certain vendor claims in the ordinary course.

The First Day Motions, the First Day Declaration, and all orders for relief granted in these cases can be viewed free of charge at: http://www.kccllc.net/windstream.

The Debtors also filed several other motions subsequent to the Petition Date to further facilitate the smooth and efficient administration of these chapter 11 cases and ease administrative burdens, including the Debtors' *Motion for the Retention and Compensation of Professionals Utilized in the Ordinary Course of Business* Docket No. 187] (the "OCP Motion"). The OCP Motion seeks to establish procedures for the retention and compensation of certain professionals utilized by the Debtors in the ordinary course operation of their businesses. On April 22, 2017, the Bankruptcy Court entered an order granting the OCP Motion [Docket No. 1179]. In addition, the Debtors filed a number of retention applications seeking to retain certain professionals postpetition pursuant to sections 327 and 328 of the Bankruptcy Code, including Kirkland & Ellis, LLP as legal counsel, Katten Munchin Rosenman, LLP as conflicts counsel, PJT Partners LP as investment banker, Alvarez & Marsal North America, LLC as financial advisor, PricewaterhouseCoopers LLP as independent auditor and accounting services provider, Kurtzman Carson Consultants LLC as administrative advisor, SolomonEdwards Group, LLC as bankruptcy accounting consultant, and Altman Vilandrie & Company as telecom services consultants. Between April 22, 2019, and July 30, 2019, the court approved each of the Retention Applications. The foregoing professionals are each, in part, responsible for the administration of the chapter 11 cases. The postpetition compensation of all of the Debtors' professionals retained pursuant to sections 327 and 328 of the Bankruptcy Code is subject to the approval of the Court.

B. Schedules and Statements

On May 10, 2019, the Debtors filed their Schedules of Assets and Liabilities and Statements of Financial Affairs. The Debtors filed amended Schedules of Assets and Liabilities on January 17, 2020.

C. Establishment of a Claims Bar Date

On May 13, 2019, the Bankruptcy Court entered an order (the "Bar Date Order") establishing July 15, 2019 as the general claims bar date and August 26, 2019 as the governmental claims bar date [Docket No. 518]. On or before 21 days before the general bar date, the Debtors served notice of the bar dates in accordance with the Bar Date Order. On or before 28 days before the general claims bar date, the Debtors published notice of the bar dates in accordance with the Bar Date Order.

Any party required to file a proof of claim under the Bar Date Order which failed to do so before the applicable bar date is forever barred, estopped, and enjoined from asserting such claim against the Debtors and the Debtors will be forever discharged from any indebtedness or liability relating to such claim. Such party will not be permitted to vote to accept or reject the Plan or receive any recovery under the Plan.

D. Appointment of Official Committee of Unsecured Creditors

On March 12, 2019, the U.S. Trustee filed a notice [Docket No. 136] appointing an official committee of unsecured creditors in the Debtors' chapter 11 cases (the "Committee"). The Committee is currently composed of the following members: The Pension Benefit Guaranty Corporation; the Communication Workers of America, AFL-CIO, CLC; AT&T Services, Inc.; VeloCloud Networks, Inc.; Crown Castle Fiber, LEC Services, Inc.; and UMB Bank. The Committee has retained Morrison & Foerster LLP as its legal counsel, AlixPartners as its financial advisor, and Perella Weinberg Partners as investment banker.

The Debtors were ultimately able to consensually resolve all concerns raised by the Committee with respect to the First Day Motions. The Committee has subsequently focused on extensive diligence and discovery efforts targeted at understanding the Debtors' business, investigating potential claims against the Debtors' prepetition secured lenders, and investigating claims arising in connection with the Debtors' relationship with Uniti. The Debtors have provided substantial diligence to the Committee's advisors. The Committee is also an intervenor in the Uniti Adversary Proceeding, as well as a mediation party, and actively participated in multiple mediation sessions held between July 2019 and November 2019.

1. ***The Committee's Lien Investigation***

Under the final order approving the DIP Financing (the "DIP Order"), the Debtors stipulated to, among other things, the extent, priority, and validity of the liens and security interests that purport to secure the Debtors' first lien prepetition debt (the "Lien Stipulations"). The Lien Stipulations will be binding on third parties unless a challenge is commenced by a party with appropriate standing within the time limits set under the DIP Order. Promptly following its appointment, the Committee commenced an investigation into the basis for the Lien Stipulations (the "Lien Investigation"). The Committee asserts that the Lien Investigation is largely complete, although certain discrete topics remain under investigation by the Committee. In the meantime, the deadline for the Committee to commence a challenge has been extended by agreement with the relevant parties to June 1, 2020 (the "Challenge Deadline"), without prejudice to further extensions.

As part of the Lien Investigation, the Committee asserts that it conducted a detailed review of the relevant prepetition security documents and UCC-1 financing statements of record for each of the Debtors, as well as other relevant documents and diligence provided to the Committee's professionals by the Debtors and certain prepetition secured parties. It is the Committee's position that potential challenges to the Lien Stipulations exist, including (but not limited to) claims and related causes of action (a) declaring that the Debtors' interests in the following categories of property are unencumbered and not subject to any liens or security interests (perfected or unperfected) of the prepetition secured parties, or (b) seeking to avoid any unperfected liens or security interests of the prepetition secured parties on such categories of property:

- All real property interests held by the Debtors excluding fixtures that are equipment as defined in the New York Uniform Commercial Code;
- Cash in certain accounts holding not less than $8,423,991 in the aggregate as of the Petition Date;
- Certain copyrights that do not appear to have been properly perfected through a filing with the U.S. Copyright Office;
- Tax attributes, including net operating losses, capital losses and certain tax credits;
- Commercial tort claims; and
- Postpetition proceeds of any of the foregoing.

The Committee has not yet been able to assign a value to the apparently unencumbered real property, although the Committee has asserted that it has requested certain information from the Debtors to facilitate that analysis.

In addition, it the Committee's position that, under the security agreements related to the Prepetition Debt, certain of the Debtors' assets were expressly excluded from the prepetition secured parties' collateral

(the "Excluded Assets").[15] The Committee has not yet formulated a view regarding the value of the Excluded Assets, nor is the identification or valuation of the Excluded Assets subject to the Challenge Deadline.

As described in further detail below, the Committee also believes that the claims and causes of action proposed to be settled and released under the Uniti Settlement (which are not subject to the Challenge Deadline) are unencumbered by the prepetition secured parties' liens. The Committee further believes that the Debtors' claims against Charter Communications, Inc., as asserted in the adversary proceeding captioned *Windstream Holdings, Inc., et al. v. Charter Communications, Inc. et al.*, Adv. Pro. No. 19-08246 (Bankr. S.D.N.Y.), and any proceeds thereof should be allocated to satisfy unsecured claims.

E. Litigation Matters

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims.

With certain exceptions, the filing of the chapter 11 cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of these chapter 11 cases. In addition, the Debtors' liability with respect to stayed litigation is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the chapter 11 cases.

A putative securities class action against Windstream Holdings, Inc. and certain current and former officers and directors of Windstream Holdings, Inc. and EarthLink Holdings Corp. is pending in the United States District Court for the Eastern District of Arkansas (the "Arkansas District Court"), captioned as *Robert Murray v. EarthLink Holdings Corp., et al.*, Case No. 4:18-cv-00202-jm (the "Securities Litigation"). The Securities Litigation asserts claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 and Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 arising from the 2017 merger between EarthLink Holdings Corp. and Windstream Holdings, Inc. (the "2017 Merger") on behalf of a putative class consisting of all other persons or entities (except for the defendants in the Securities Litigation) who purchased or otherwise acquired Windstream Holdings, Inc. common shares pursuant and/or traceable to the Offering Documents in connection with the 2017 Merger and all persons or entities (except for the defendants in the Securities Litigation) who held stock in EarthLink Holdings Corp. on the record date for the 2017 Merger. At a hearing held June 17, 2019, the Bankruptcy Court granted the Debtors' motion to extend the automatic stay to the non-Debtor defendants in the Securities Litigation and granted a cross-motion by the lead plaintiff in the Securities Litigation for relief from the automatic stay to permit the Arkansas District Court to conduct oral argument and rule on the motions to dismiss the Securities Litigation that have been fully briefed since November 29, 2018, and which remain pending as of the date hereof.

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[15] The Committee asserts that the Excluded Assets include, but are not limited to: (a) various motor vehicles; (b) certain licenses granted to the Debtors by the FCC and other federal and state agencies for which the requisite governmental approvals to grant security interests thereon have not been obtained; (c) 34% of the voting equity interests in foreign subsidiaries; and (d) equity interests in and asset of the following Debtors: Birmingham Data Link, LLC; Nashville Data Link, Inc.; Conversent Communications Resale, L.L.C.; Choice One Communications Resale, L.L.C. The Committee asserts that the Excluded Assets also include the assets that were contributed or otherwise transferred in connection with the Uniti spin-off transaction, the ownership of which is at issue in the Uniti Adversary Proceeding.

F. Uniti Adversary Proceeding and Mediation

On July 25, 2019, the Debtors filed the Complaint commencing the Uniti Adversary Proceeding seeking, among other things, a declaration that the Uniti Arrangement is a financing and not a lease of nonresidential real property, in each case for purposes of applicable bankruptcy law. Various parties, including the Committee, intervened in the Uniti Adversary Proceeding and joined in the Debtors' claims against Uniti. Uniti has consistently maintained that the Uniti Arrangement is a true lease of nonresidential real property.

In an attempt to consensually resolve issues relating to the Uniti Arrangement with all stakeholders, on July 12, 2019, the Debtors and Uniti filed a motion to appoint a mediator and to include mediation parties from across the Debtors' capital structure. The Debtors proposed that mediation and litigation proceed in parallel so as to most efficiently reach a global resolution of matters regarding the relationship between the Debtors and Uniti. On July 30, 2019 the Court entered an order appointing the Honorable Judge Chapman to mediate issues regarding the Uniti Arrangement. In an attempt to create breathing room throughout the course of the mediation, the Debtors and Uniti—with the assistance of Judge Chapman—agreed to an extension of the purported application of the deadline under section 365(d)(4) of the Bankruptcy Code and filed the 365(d)(4) Stipulation.

On November 22, 2019, the parties reached agreement on the terms of the Second 365(d)(4) Stipulation that extended the purported application on the same terms as the 365(d)(4) Stipulation through and including 30 calendar days following entry of an order resolving count I (recharacterization) and count II (personal property) of the Complaint. After a hearing on December 12, 2019, and consistent with the Court's comments on the record, on January 10, 2020 the Debtors filed the Amended Complaint and the Count II Stipulation that stayed further litigation of the personal property count of the Complaint without prejudice to the Debtors' right to resume prosecution upon reasonable notice to Uniti. The Count II Stipulation also extended the purported application of the section 365(d)(4) deadline to the Uniti Arrangement to 90 calendar days following the entry of an order by the Court resolving count I of the Complaint. On January 30, 2020, the parties reached an agreement to bifurcate the recharacterization count from the other remaining counts.

Over the course of late 2019 and early 2020, the Uniti Adversary Proceeding continued in parallel with the mediation process, including substantial document discovery and depositions of key potential witnesses. Ultimately, through the mediation process as well as informal negotiations, and in advance of the commencement of any trial in the Uniti Adversary Proceeding, the Debtors were able to reach a settlement with Uniti (the "Uniti Settlement") that was submitted to the Court on March 6, 2020 [Docket No. 1558] (the "Uniti 9019 Motion"). The Uniti Settlement ultimately facilitated a negotiation on the terms of a restructuring with certain of Windstream's creditor constituencies. As a result, and after extensive negotiations, these parties reached an agreement on the terms of the restructuring transactions set forth in the Plan Support Agreement and enumerated in the Plan. The parties to the Plan Support Agreement include holders of more than 94% of the First Lien Claims, approximately 54% of the Second Lien Claims, more than 39% of the Unsecured Notes Claims, and approximately 72% of the Midwest Notes Claims and have agreed to support confirmation of the Plan, including voting their respective Claims to accept the Plan. In addition to the Plan, the Plan Support Agreement requires that the Debtors, Uniti, and the Consenting Creditors support and pursue the approval and implementation of the terms of the Uniti Settlement, the material provisions of which are as follows:

1. *Uniti GCI Commitment*

Uniti commits to fund up to an aggregate of $1.75 billion of Growth Capital Improvements ("GCI") through December 2029 based on the following calendar year schedule:

a. Year 1: $125 million

b. Years 2-5: $225 million per year

c. Years 6-7: $175 million per year

d. Years 8-10: $125 million per year

2. *Equipment Loan Program*

During the GCI funding period (including January – April 2030), and in lieu of GCI commitments, Uniti will provide up to $125 million in the aggregate in the form of loans for equipment purchases by Windstream that Windstream demonstrates in reasonable detail is related to network upgrades or customer premises equipment to be used in connection with the operation of assets subject to either Lease; provided that, and subject to footnote 2 of the Term Sheet, Uniti's total funding commitment in any calendar year for both GCIs and equipment loans will not exceed $250 million and the equipment loan commitment will not exceed $25 million in any single year.

3. *Asset Purchase Terms*

In consideration for the assets described below, Uniti shall pay $244,549,865.10 to the subsidiary or subsidiaries of Windstream designated by the mutual agreement of the Debtors, the Required Consenting Creditors (as defined in the Plan Support Agreement), and the Requisite Backstop Parties (as defined in the Backstop Commitment Agreement), which shall be funded through and conditioned upon the closing of a purchase of Uniti common stock yielding net cash proceeds to Uniti equal to or in excess of such amount. Uniti has entered into binding agreements with Elliott and the First Lien Ad Hoc Group for the purchase of this stock.

Uniti will acquire Windstream dark fiber IRU contracts currently generating an estimated $21 million of EBITDA; and reversion of rights to 1.8 million Uniti-owned Windstream-leased fiber strand miles.

Uniti will also acquire certain Windstream-owned assets and certain fiber IRU contracts currently generating $8 million of annual EBITDA at a purchase price of $40 million.

For segments with at least 24 unused fiber strands, Windstream will retain 12 fiber strands beyond what Windstream is utilizing today.

4. *Cash Transfer*

Uniti will pay to the subsidiary or subsidiaries of Windstream designated by the mutual agreement of the Debtors, the Required Consenting First Lien Creditors, and the Requisite Backstop Parties $490,109,111 in 20 equal consecutive quarterly installments beginning on the 5th business day of the first month following the Effective Date.

5. *Parties*

The parties to the Uniti Settlement are (i) Windstream Holdings and Windstream Services, the direct and indirect subsidiaries of Windstream Services, and their successors, assigns, transferees, and subtenants, as applicable, and/or one or more entities formed to acquire all or a portion of the assets of any of the foregoing as tenants, subject to any regulatory limitations and (ii) the same landlord(s) as those under the Uniti Arrangement..

6. *Effective Date*

The effective date of the Uniti Settlement will occur promptly upon entry of an order approving the agreements described in the Uniti Term Sheet and the satisfaction of all conditions relating to "true lease" and REIT compliance, but in no event later than Windstream's emergence from Chapter 11.

7. *Uniti Arrangement Structure/Terms*

The Uniti Arrangement will be bifurcated into structurally similar but independent agreements governing the ILEC Facilities and the CLEC Facilities (the "ILEC Lease" and the "CLEC Lease," and together, the "Leases").

All assignment, transfer, change of control, and similar provisions in the current Uniti Arrangement shall be amended and restated in each ILEC and CLEC Lease to provide that Windstream will be permitted to assign, sell, or otherwise transfer (whether in a standalone transaction, in connection with a sale of assets or equity interests, or otherwise) any of its interests in any or both of the ILEC Lease or the CLEC Lease subject to certain restrictions.

The ILEC Lease and CLEC Lease shall be cross-defaulted and cross-guaranteed so long as the tenants under both Leases are affiliates of Windstream.

Windstream may request that Uniti sell non-core assets in ILEC territories, subject to an annual cap of $10 million on proceeds, a portion of which will be remitted to Windstream in consideration of its leasehold interest in the sold assets and rent under the ILEC Lease not being reduced.

Windstream or any successor, assign, or subtenant will be permitted to sell fiber IRUs or lease dark fiber services in ILEC and CLEC territories with term dates that extend beyond the then current term of the Lease subject to an annual cap of $10 million on proceeds and certain other restrictions.

Uniti will be prohibited from competing in Windstream ILEC territories (for purposes of clarification, selling dark fiber or lit transport and building long haul routes with no laterals or extensions in a Windstream ILEC territory shall not be deemed competitive, but selling services originating or terminating traffic in said territories shall be deemed competitive), and, for avoidance of doubt, "Uniti" refers to landlord and its affiliates, including Uniti, and all existing, acquired, or newly-formed direct or indirect subsidiaries of Uniti, any entities in common control with any such entity, and their respective successors and assigns, during the initial Term and all renewal terms of the ILEC Lease. Further, Uniti will not be permitted to transfer its interest in the CLEC or ILEC Lease to a Windstream Competitor.

8. *Windstream Financial Covenants*

Exit Financing as of Emergence:

a. As of the date of emergence, on a pro forma basis giving effect to Windstream's emergence (including the repayment, discharge, or extinguishment of any Indebtedness and the incurrence of any new Indebtedness (as defined in the Uniti Term Sheet)), Windstream's total leverage ratio will not exceed 3.00x. For the avoidance of doubt, for the foregoing test, amounts payable in cash on account of contract cures, lease cures, or administrative expenses, and/or amounts to be paid to holders of allowed general unsecured claims after emergence, in each case payable upon completion of the applicable claims resolution process before the Bankruptcy Court, shall not be considered Indebtedness.

Lease Financial Covenants:

a. The ILEC Lease and the CLEC Lease will contain the following covenants:

b. Windstream and its subsidiaries cannot incur any Indebtedness (other than (a) refinancing Indebtedness in a principal amount not exceeding the sum of (x) the principal amount of the Indebtedness refinanced, (y) the accrued and unpaid interest on such Indebtedness refinanced and any other amounts owing thereon, and (z) any customary costs, fees, or expenses incurred in connection with such refinancing or (b) drawings under its third party syndicated revolving credit facility, in an amount not to exceed $750 million (the "RCF Facility")), if its total leverage ratio, pro forma for the incurrence of such Indebtedness, would exceed 3.00x.

c. If at any time (a) Windstream's total leverage ratio exceeds 3.50x (the "Maintenance Leverage Covenant") and (b) Windstream or any of its subsidiaries takes any of the following actions, an event of default will have occurred:

   (i) incur any Indebtedness;

   (ii) make any dividends on its capital stock or repurchase any stock, or prepay any unsecured debt;

   (iii) make (a) any acquisitions or (b) investments, other than investments (1) in consolidated subsidiaries existing before the applicable date of Windstream's non-compliance with the Maintenance Leverage Covenant and customary permitted investments, (2) in joint ventures in existence prior to the date of the applicable non-compliance with the Maintenance Leverage Covenant (and not created in contemplation thereof), or (3) with the consent of Uniti (not to be unreasonably withheld); or

   (iv) enter into any transaction with any investor in Windstream who has one or more of its representatives on the Windstream Board of Directors, unless (i) Uniti consents to the entry into such transaction (such consent not to be unreasonably withheld) or (ii) such transaction is (x) in the ordinary course of business or (y) to continue or renew management, consultancy, or advisory services.

d. If (a) any bankruptcy event of default, or (b) any payment event of default or any other event of default under any Material Indebtedness (as defined in the Uniti Arrangement) has occurred, such event of default shall constitute an event of default under the Leases and Uniti will not be required to comply with its GCI commitment obligations following any such breach.

e. Notwithstanding anything to the contrary in the Uniti Term Sheet, the Leases shall provide that the Incurrence Leverage Covenant and the Maintenance Leverage Covenant shall not apply at any time that Windstream maintains a corporate family rating of not less than (i) "B2" (stable) by Moody's and (ii) either "B" (stable) by S&P or "B" (stable) by Fitch.

9. ***Stay of Pending Litigation***

Upon announcement of the Uniti Settlement, all pending litigation was stayed pending closing of the transactions contemplated, without prejudice to Windstream's right to resume prosecution.

10. *The Committee's Investigation of the Uniti Arrangement and Opposition to the Allocation of Value Attributable to the Uniti Settlement under the Plan*

Promptly following its appointment on March 12, 2019, the Committee commenced its own investigation into the circumstances surrounding the Uniti Arrangement. On July 10, 2019, the Committee sent a letter to the Debtors' counsel identifying and describing various claims and causes of action, including claims to recharacterize the Uniti Arrangement as a disguised financing. In that letter, the Committee requested that the Debtors advise the Committee whether, and by what date, they intended to pursue those claims and causes of action. On July 12, 2019, the Committee filed a motion [Docket No. 786] seeking standing to commence and prosecute various colorable recharacterization, fraudulent transfer, and other claims it identified in connection with its investigation of the Uniti Arrangement. On July 25, 2019 the Debtors commenced the Uniti Adversary Proceeding and the Committee ultimately agreed to adjourn its standing motion indefinitely, while joining in the Uniti Adversary Proceeding as an intervenor.

Based on its analysis of the claims and evidence at issue in the Uniti Adversary Proceeding, it is the Committee's position that the value attributable to the Uniti Settlement is improperly allocated under the Plan. Specifically, the Committee believes that the assets that were purportedly transferred to Uniti spin-off transaction are specifically excluded from the scope of the liens granted in favor of the Debtors' prepetition secured lenders under the relevant security documents. The Committee also believes that the claims and causes of action asserted by the Debtors against Uniti in the Uniti Adversary Proceeding are unencumbered by such liens because they do not constitute the types of claims that can be perfected through the filing of a financing statement under applicable case law. Similarly, the Committee believes that any avoidance claims against Uniti released under the Uniti Settlement are not subject to prepetition liens because they constitute "after-acquired property" within the meaning of section 552(a) of the Bankruptcy Code. Finally, the Committee asserts that Bankruptcy Code section 552(b) only allows a continuing security interest in postpetition proceeds of prepetition collateral if the postpetition proceeds are directly attributable to prepetition collateral, without the addition of estate resources, but the claims against Uniti were prosecuted solely using the Debtors' postpetition resources or efforts. Accordingly, the Committee believes that, even if the prepetition secured lenders do hold valid liens on the Debtors' claims against Uniti, any value attributable to the Uniti Settlement is not subject to those liens. In addition, the Committee believes that, under the terms of the DIP Order, the proceeds of avoidance actions and commercial tort claims are not available to repay the DIP Facility and the postpetition lenders' adequate protection claims unless and until commercially reasonable efforts are taken to exhaust all other collateral securing the DIP Facility. The Committee believes that, based on the value ascribed to the DIP Facility collateral by the Debtors, there should be no need for the postpetition lenders to look to the proceeds of avoidance actions to satisfy their claims. Based on each of these arguments, the Committee believes that the value attributable to the Uniti Settlement should be available primarily to satisfy the claims of unsecured creditors. The Debtors do not agree with the Committee's position and reserve all rights.

G. Plan Support Agreement and Allocation of Value Attributable to the Uniti Settlement under the Plan

Through the mediation process, the parties focused not only on the terms of the Uniti Settlement, but also on the terms of the Plan. Certain holders of First Lien Claims, Uniti, Elliott, and certain holders of Midwest Notes Claims are parties to the Plan Support Agreement. The Plan Support Agreement memorializes not only a commitment to transactions required to facilitate the Uniti Settlement, but also support for the Plan. The Plan Support Agreement was entered into on March 2, 2020, and was amended on March 9, 2020 and March 13, 2020. The Debtors reserve all rights to, with the consent of any applicable counterparties to the extent required under the Plan Support Agreement, amend, revise or supplement the Plan Support Agreement at any time before the Effective Date of the Plan.

It is the Debtors' and the First Lien Ad Hoc Group's view that the Plan Support Agreement and Plan, among other things, properly allocates the value attributable to the Uniti Settlement, notwithstanding the position of the Committee described above. ***First,*** as it relates to allocation of value as between Obligor Debtors and Non-Obligor Debtors, allocation of settlement value predominantly to Non-Obligor Debtors would not provide holders of General Unsecured Claims (against either Obligor Debtors or Non-Obligor Debtors) a higher recovery than what is provided for in the Plan. The Plan provides that General Unsecured Claims at Non-Obligor Debtors will be paid in full or reinstated, irrespective of allocation of settlement value. To the extent allocation of settlement value to a Non-Obligor Debtor would result in excess equity value at such Debtor, that value would accrue to the benefit of the Debtors' secured lenders, who benefit from share pledges over the equity interest of Non-Obligor Debtors that are direct subsidiaries of Obligor Debtors. Allocation of settlement value predominantly to Obligor Debtors likewise would not provide holders of General Unsecured Claims a higher recovery than what is provided for in the Plan. General Unsecured Claims at the Obligor Debtors (against either Obligor Debtors or Non-Obligor Debtors) are junior to more than $3.1 billion in first lien secured debt and more than $1.2 billion in second lien secured debt outstanding as of the Petition Date. General Unsecured Claims at the Obligor Debtors are also junior to up to $1 billion in superpriority financing arising under the DIP Facility and $25 million to $75 million of administrative and priority claims on a consolidated basis as of the Effective Date. Even taking into account the value attributable to the Uniti Settlement, based on the Debtors' analysis, there will not be sufficient value in their estates on the Effective Date to pay administrative, priority, and first lien claims at Obligor Debtors in full, such that second lien claims and General Unsecured Claims at Obligor Debtors are entitled to a recovery in excess of what is provided for in the Plan.

Second, as it relates to allocation of the value attributable to the Uniti Settlement as between the claims asserted in the Uniti Adversary Proceeding, even if settlement value was allocated predominantly to claims that do not constitute collateral of the Debtors' prepetition first and second lien secured lenders holders of General Unsecured Claims (against either Obligor Debtors or Non-Obligor Debtors) would not be entitled to a higher recovery than what is provided for in the Plan. The Debtors and the First Lien Ad Hoc Group believe that all or most of the value attributable to the Uniti Settlement would constitute collateral of the Debtors' first lien lenders. The Debtors' secured lenders have a prepetition lien on substantially all of the Debtors' assets. To the extent the value attributable to the Uniti Settlement is on account of settlement of the recharacterization claims asserted in the Uniti Adversary Proceeding, which is the primary claim asserted in the Uniti Adversary Proceeding, the Debtors and the First Lien Ad Hoc Group believe that such value would constitute collateral of the Debtors' secured lenders and would not constitute proceeds of a commercial tort claim that would potentially be outside of the secured lenders' collateral. Even if some portion of the value attributable to the Uniti Settlement were not subject to the prepetition liens of the Debtors' secured lenders and was on account of postpetition avoidance actions, such value would be subject to the adequate protection liens of the Debtors' secured lenders to the extent of any diminution in value, which amount may be significant. Additionally, as summarized above, in addition to first and second lien claims outstanding as of the Petition Date, the Obligor Debtors will be liable for up to $1 billion in superpriority obligations under the DIP Facility, an obligation that attaches to proceeds of avoidance actions that would otherwise not be encumbered by the liens of the Debtors' prepetition first and second lien lenders. Additionally, as of the Effective Date, the Debtors are likely to be liable for $25 million to $75 million of administrative and priority claims on a consolidated basis that are senior to General Unsecured Claims and entitled to payment in full prior to the Debtors' emergence from chapter 11. Since the value attributable to the Uniti Settlement is not in excess of these amounts, even disregarding existing first and second lien claims at the Obligor Debtors, allocation of settlement value predominantly to claims that would not constitute collateral of the Debtors' prepetition secured lenders would not result in holders of General Unsecured Claims at Obligor Debtors being entitled to a recovery in excess of what is provided for in the Plan.

The Unsecured Notes Trustees believe that the Final DIP Order prohibits the allocation of value attributable to the Uniti Settlement in the manner described in the preceding paragraph. Specifically, the Final DIP Order provides that "prior to seeking payment of any DIP Obligations, DIP Superpriority Claims, or Adequate Protection Claims, including 507(b) Claims, from the proceeds of (a) Avoidance Actions, (b) claims and causes of action against any current or former officers and directors of the Debtors, (c) claims and causes of action against the Prepetition Secured Parties other than the prepetition Revolving Lenders, and/or (d) any commercial tort claim on which the Prepetition Secured Parties did not hold validly perfected liens as of the Petition Date, the DIP Secured Parties and the Prepetition Secured Parties, as applicable, shall use commercially reasonable efforts to first satisfy such claims from all other DIP Collateral." Final DIP Order, ¶ 10(d). The Unsecured Notes Trustees believe that sufficient assets exist to repay the DIP Obligations without recourse to unencumbered assets. The Unsecured Notes Trustees believe that the Final DIP Order also prohibits any adequate protection claims of the Prepetition Secured Parties from attaching to value arising from Uniti Settlement, including the recharacterization claim asserted in the Uniti Adversary Proceeding. Final DIP Order, ¶ 8(a), n.9 ("[N]othing in this Final Order shall impact or prejudice the rights of any such party to benefit from any adjudication or settlement of any claims arising from, asserted, or that could have been asserted on account of the Uniti Spin-Off").

Ultimately, the Debtors do not have another actionable path to emergence from chapter 11, other than the transactions embodied in the Plan Support Agreement and Plan. For the reasons described above and elsewhere in this Disclosure Statement, the Debtors and the First Lien Ad Hoc Group believe that the Plan complies with the requirements of the Bankruptcy Code for confirmation, including as it relates to recoveries on account of General Unsecured Claims. For the reasons described above, the Committee's assertions related to allocation of the value attributable to the Uniti Settlement, whether allocation as between Non-Obligor Debtors and Obligor Debtors or allocation between the different claims asserted in the Uniti Adversary, even if true, do not compel a different conclusion.

H. Chubb Insurance Policies

Notwithstanding anything to the contrary in the Disclosure Statement, the Plan, Plan Supplement, the Confirmation Order, any agreement or order related to post-petition or exit financing, any bar date notice or claim objection, or any other order of the Bankruptcy Court (including, without limitation, any other provision that purports to be preemptory or supervening or grants an injunction or release, confers bankruptcy court jurisdiction or requires a party to opt out of any releases):

(a) nothing alters, modifies or otherwise amends the terms and conditions of the Chubb Insurance Program (including any agreement to arbitrate disputes and any provisions regarding the provision, maintenance, use, nature and priority of the Chubb Collateral) except that on and after the Effective Date, the Reorganized Debtors jointly and severally shall assume the Chubb Insurance Program in its entirety pursuant to sections 105 and 365 of the Bankruptcy Code;

(b) nothing therein releases or discharges (i) Chubb's security interests in and liens on the Chubb Collateral and (ii) the claims of Chubb arising from or pursuant to the Chubb Insurance Program and such claims are actual and necessary expenses of the Debtors' estates (or the Reorganized Debtors, as applicable) and shall be paid in full in the ordinary course of businesses, whether as an Allowed Administrative Claim under section 503(b)(1)(A) of the Bankruptcy Code or otherwise, regardless of when such amounts are or shall become liquidated, due or paid without the need or requirement for Chubb to file or serve a request, motion, or application for payment of

or proof of any Administrative Claim (and further and for the avoidance of doubt, any claim bar date shall not be applicable to Chubb); and

(c) the automatic stay of Bankruptcy Code section 362(a) and the injunction set forth in Article VIII of the Plan, if and to the extent applicable, shall be deemed lifted without further order of the Bankruptcy Court, solely to permit: (A) claimants with valid workers' compensation claims or direct action claims against an Insurer under applicable non-bankruptcy law to proceed with their claims; (B) Chubb to administer, handle, defend, settle, and/or pay, in the ordinary course of business and without further order of the Bankruptcy Court, (i) all workers' compensation claims covered by the Chubb Insurance Program, (ii) all claims where a claimant asserts a direct claim against Chubb under applicable law or an order has been entered by the Bankruptcy Court granting a claimant relief from the automatic stay or the injunction set forth in Article XI of the Plan to proceed with its claim and (iii) all costs in relation to each of the foregoing; (C) Chubb to draw against any or all of the Chubb Collateral provided by or on behalf of the Debtors (or the Reorganized Debtors, as applicable) at any time and to hold the proceeds thereof as security for the obligations of the Debtors (and the Reorganized Debtors, as applicable) to Chubb and/or apply such proceeds to the obligation of the Debtors (and the Reorganized Debtors, as applicable) under the Chubb Insurance Program, in such order as Chubb may determine; and (D) subject to the terms of the Chubb Insurance Program and/or applicable non-bankruptcy law, Chubb to (i) cancel any policies under the Chubb Insurance Program, and (ii) take other actions relating thereto, to the extent permissible under applicable non-bankruptcy law, each in accordance with the terms of the Chubb Insurance Program.

Terms used in Article VII.H of the Disclosure Statement but not defined in the Plan shall have the meanings attributed to them in that certain *Order (I) Authorizing Assumption of the Prepetition Insurance Program, (II) Authorizing the Debtors to Enter into the Postpetition Insurance Program, and (III) Granting Related Relief* entered by the Bankruptcy Court on June 20, 2019 [Docket No. 702].

VIII. RISK FACTORS

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

A. Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of holders of Claims in such Impaired Classes.

1. *Parties in Interest May Object to the Plan's Classification of Claims and Interests*

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. *The Conditions Precedent to the Effective Date of the Plan May Not Occur*

As more fully set forth in Article IX of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not waived or not met, the Effective Date will not take place.

3. *The Debtors May Fail to Satisfy Vote Requirements*

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the holders of Interests and Allowed Claims as those proposed in the Plan and the Debtors do not believe that any such transaction exists or is likely to exist that would be more beneficial to the Estates than the Plan.

4. *The Debtors May Not Be Able to Secure Confirmation of the Plan*

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims or equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met. If a chapter 11 plan of reorganization is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors will be able to reorganize their business and what, if anything, holders of Interests and Allowed Claims against them would ultimately receive.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in less favorable treatment of any non-accepting class of Claims or Interests, as well as any class junior to such

non-accepting class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property with a lesser value than currently provided in the Plan or no distribution whatsoever under the Plan.

5. *Nonconsensual Confirmation*

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

6. *Continued Risk upon Confirmation*

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further deterioration or other changes in economic conditions, changes in the industry, potential revaluing of their assets due to chapter 11 proceedings, changes in demand for telecommunications services, changes in telecommunications technology, and increasing expenses. See Article VIII.C of this Disclosure Statement, entitled "Risks Related to the Debtors' and the Reorganized Debtors' Businesses". Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that a chapter 11 plan of reorganization reflecting the Plan will achieve the Debtors' stated goals.

In addition, at the outset of the chapter 11 cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their Petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' businesses after the completion of the proceedings related to the chapter 11 cases. Adequate funds may not be available when needed or may not be available on favorable terms.

7. *The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code*

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather

than reorganizing the business in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

8. *The Debtors May Object to the Amount or Classification of a Claim*

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any holder of a Claim where such Claim is subject to an objection. Any holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

9. *Risk of Non-Occurrence of the Effective Date*

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

10. *Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan*

The distributions available to holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to holders of Allowed Claims under the Plan.

11. *Releases, Injunctions, and Exculpations Provisions May Not Be Approved*

Article VIII of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Reorganized Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.

The releases provided to the Released Parties and the exculpation provided to the Exculpated Parties is necessary to the success of the Debtors' reorganization because the Released Parties and Exculpated Parties have made significant contributions to the Debtors' reorganizational efforts and have agreed to make further contributions, including by agreeing to forgo full payment in Cash of their claims against the Debtors' estates, but only if they receive the full benefit of the Plan's release and exculpation provisions. The Plan's release and exculpation provisions are an inextricable component of the Plan Support Agreement and Plan and the significant deleveraging and financial benefits that they embody.

B. Risks Related to Recoveries under the Plan

1. *The Reorganized Debtors May Not Be Able to Achieve their Projected Financial Results*

The Reorganized Debtors may not be able to achieve their projected financial results. The Financial Projections set forth in this Disclosure Statement represent the Debtors' management team's best estimate of the Debtors' future financial performance, which is necessarily based on certain assumptions regarding the anticipated future performance of the Reorganized Debtors' operations, as well as the United States and world economies in general, and the industry segments in which the Debtors operate in particular. While the Debtors believe that the Financial Projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized. If the Debtors do not achieve their projected financial results, the value of the Reorganized Windstream Equity Interests may be negatively affected and the Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date. Moreover, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

2. *The Reorganized Debtors May Be Controlled by Significant Holders*

If the Plan is confirmed and consummated, holders of First Lien Claims will receive the Reorganized Windstream Equity Interests. The holders of First Lien Claims will own 100% of the Reorganized Windstream Equity Interests (subject to dilution on account of the Management Incentive Plan).

3. *Certain Tax Implications of the Plan*

Holders of Allowed Claims should carefully review Article XII of this Disclosure Statement, entitled "Certain United States Federal Income Tax Consequences of the Plan," to determine how the tax implications of the Plan and the chapter 11 cases may adversely affect the Reorganized Debtors and holders of certain Claims.

4. *The Debtors May Not Be Able to Accurately Report Their Financial Results*

The Debtors have established internal controls over financial reporting. However, internal controls over financial reporting may not prevent or detect misstatements or omissions in the Debtors' financial statements because of their inherent limitations, including the possibility of human error, and the circumvention or overriding of controls or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Debtors fail to maintain the adequacy of their internal controls, the Debtors may be unable to provide financial information in a timely and reliable manner within the time periods required for the Debtors' financial reporting under SEC rules and regulations and the terms of the agreements governing the Debtors' indebtedness. Any such difficulties or failure could materially adversely affect the Debtors' business, results of operations, and financial condition. Further, the Debtors may discover other internal control deficiencies in the future and/or fail to adequately correct previously identified control deficiencies, which could materially adversely affect the Debtors' businesses, results of operations, and financial condition.

C. Risks Related to the Debtors' and the Reorganized Debtors' Businesses

1. *The Reorganized Debtors May Not Be Able to Generate Sufficient Cash to Service All of their Indebtedness*

The Reorganized Debtors' ability to make scheduled payments on, or refinance their debt obligations, depends on the Reorganized Debtors' financial condition and operating performance, which are subject to prevailing economic, industry, and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may be unable to maintain a level of cash flow from operating activities sufficient to permit the Reorganized Debtors to pay the principal, premium, if any, and interest on their indebtedness upon emergence.

2. *The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases*

For the duration of the chapter 11 cases, the Debtors' ability to operate, develop, and execute a business plan, and continue as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following: (a) ability to develop, confirm, and consummate the Restructuring Transactions specified in the Plan; (b) ability to obtain Bankruptcy Court approval with respect to motions filed in the chapter 11 cases from time to time; (c) ability to maintain relationships with suppliers, vendors, service providers, customers, employees, and other third parties; (d) ability to maintain contracts that are critical to the Debtors' operations; (e) ability of third parties to seek and obtain Bankruptcy Court approval to terminate contracts and other agreements with the Debtors; (f) ability of third parties to seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (g) the actions and decisions of the Debtors' creditors and other third parties who have interests in the chapter 11 cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the chapter 11 cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees, and other third parties, which in turn could adversely affect the Debtors' operations and financial condition. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the chapter 11 cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the chapter 11 cases that may be inconsistent with the Debtors' plans.

3. *Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Businesses*

The Debtors' future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' businesses, financial condition, results of operations, and liquidity. So long as the proceedings related to the chapter 11 cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' businesses. In addition, the longer the proceedings related to the chapter 11 cases continue, the more likely it is that customers and suppliers will lose confidence in the Debtors' ability to reorganize their businesses successfully and will seek to establish alternative commercial relationships.

So long as the proceedings related to the chapter 11 cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the administration of the chapter 11 cases. The chapter 11 proceedings also required the Debtors to seek debtor-in-possession financing to fund operations. If the Debtors are unable to fully draw on the availability under the DIP Facilities, the chances of successfully reorganizing the Debtors' businesses may be seriously jeopardized, the likelihood that the Debtors will instead be required to liquidate or sell their assets may be increased, and, as a result, creditor recoveries may be significantly impaired.

Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Reorganized Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from bankruptcy protection.

4. *Financial Results May Be Volatile and May Not Reflect Historical Trends*

The Financial Projections attached hereto as **Exhibit C** are based on assumptions that are an integral part of the projections, including Confirmation and Consummation of the Plan in accordance with its terms, the anticipated future performance of the Debtors, industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Debtors and some or all of which may not materialize.

In addition, unanticipated events and circumstances occurring after the date hereof may affect the actual financial results of the Debtors' operations. These variations may be material and may adversely affect the value of the Reorganized Windstream Equity Interests and the ability of the Debtors to make payments with respect to their indebtedness. Because the actual results achieved may vary from projected results, perhaps significantly, the Financial Projections should not be relied upon as a guarantee or other assurance of the actual results that will occur.

Further, during the chapter 11 cases, the Debtors financial results may be volatile as restructuring activities and expenses, contract terminations and rejections, and claims assessments significantly impact the Debtors' consolidated financial statements. As a result, the Debtors' historical financial performance likely will not be indicative of their financial performance after the Petition Date. In addition, if the Debtors emerge from the chapter 11 cases, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to the Debtors' operating plans pursuant to a plan of reorganization. The Debtors also may be required to adopt fresh start accounting, in which case their assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on the Debtors' consolidated balance sheets. The Debtors' financial results after the application of fresh start accounting also may be different from historical trends.

Lastly, the business plan was developed by the Debtors with the assistance of their advisors. There can be no assurances that the Debtors' business plan will not change, perhaps materially, as a result of decisions that the board of directors may make after fully evaluating the strategic direction of the Debtors and their business plan. Any deviations from the Debtors' existing business plan would necessarily cause a deviation

5. *The Debtors' Substantial Liquidity Needs May Impact Revenue*

The Debtors operate in a capital-intensive industry. If the Debtors' cash flow from operations remains depressed or decreases the Debtors may not have the ability to expend the capital necessary to improve or maintain their current operations, resulting in decreased revenues over time.

The Debtors face uncertainty regarding the adequacy of their liquidity and capital resources. In addition to the cash necessary to fund ongoing operations, the Debtors have incurred significant professional fees and other costs in connection with preparing for the chapter 11 cases and expect to continue to incur significant professional fees and costs throughout the chapter 11 cases. The Debtors cannot guarantee that cash on hand, cash flow from operations, and cash provided by the DIP Facilities will be sufficient to continue to fund their operations and allow the Debtors to satisfy obligations related to the chapter 11 cases until the Debtors are able to emerge from bankruptcy protection.

The Debtors' liquidity, including the ability to meet ongoing operational obligations, will be dependent upon, among other things: (a) their ability to comply with the terms and condition of any debtor-in-possession financing and/or cash collateral order entered by the Bankruptcy Court in connection with the chapter 11 cases; (b) their ability to maintain adequate cash on hand; (c) their ability to develop, confirm, and consummate the Plan or other alternative restructuring transaction; and (d) the cost, duration, and outcome of the chapter 11 cases. The Debtors' ability to maintain adequate liquidity depends, in part, upon industry conditions and general economic, financial, competitive, regulatory, and other factors beyond the Debtors' control. In the event that cash on hand, cash flow from operations, and cash provided under the DIP Facilities are not sufficient to meet the Debtors' liquidity needs, the Debtors may be required to seek additional financing. The Debtors can provide no assurance that additional financing would be available or, if available, offered to the Debtors on acceptable terms. The Debtors' access to additional financing is, and for the foreseeable future likely will continue to be, extremely limited if it is available at all. The Debtors' long-term liquidity requirements and the adequacy of their capital resources are difficult to predict at this time.

6. *The Debtors' Business is Subject to Complex Laws and Regulations That Can Adversely Affect the Cost, Manner, or Feasibility of Doing Business*

The Debtors' operations are subject to extensive federal, state and local laws and regulations, including complex telecommunication laws. The Debtors may be required to make large expenditures to comply with such regulations. Failure to comply with these laws and regulations may result in the suspension or termination of operations and subject the Debtors to administrative, civil and criminal penalties. These liabilities and costs could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Reorganized Debtors.

7. *The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases*

In the future, the Reorganized Debtors may become parties to litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the Reorganized Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims under the Plan. It is not possible to predict the potential litigation that the Reorganized Debtors may become party to, nor the final resolution of such litigation. The impact of any such litigation on the Reorganized Debtors' businesses and financial stability, however, could be material.

8. *The Loss of Key Personnel Could Adversely Affect the Debtors' Operations*

The Debtors' operations are dependent on a relatively small group of key management personnel and a highly-skilled employee base. The Debtors' recent liquidity issues and the chapter 11 cases have created distractions and uncertainty for key management personnel and employees. Because competition for experienced personnel can be significant, the Debtors may be unable to find acceptable replacements with comparable skills and experience and the loss of such key management personnel could adversely affect the Debtors' ability to operate their businesses. In addition, a loss of key personnel or material

erosion of employee morale could have a material adverse effect on the Debtors' ability to meet expectations, thereby adversely affecting the Debtors' businesses and the results of operations.

9. ***Certain Claims May Not Be Discharged and Could Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations***

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all Claims that arise prior to the Debtors' filing of their Petitions or before confirmation of the plan of reorganization (a) would be subject to compromise and/or treatment under the plan of reorganization and/or (b) would be discharged in accordance with the terms of the plan of reorganization. Any Claims not ultimately discharged through a plan of reorganization could be asserted against the reorganized entity and may have an adverse effect on the Reorganized Debtors' financial condition and results of operations.

D. Risks Related to Regulation

The Debtors can provide no assurance that the required regulatory and government consents will be obtained in connection with the Restructuring Transactions. In addition, even if all required regulatory and other governmental consents are obtained and the closing conditions are satisfied, no assurance can be given as to the terms, conditions, and timing of the approvals or clearances.

1. ***The Debtors' Business Depends upon Licenses Issued by the FCC, and If Licenses Were Not Renewed or the Reorganized Debtors Were to Be Out of Compliance with FCC Regulations and Policies, the Reorganized Debtors' Business Could Be Materially Impaired.***

The Debtors are subject to regulation by the FCC under the Communications Act of 1934, as amended. The Debtors' business depends upon maintaining their licenses issued by the FCC, including licenses for the use of wireless spectrum, which are renewable upon timely application to the FCC. Interested parties may challenge a renewal application. The FCC has authority to revoke licenses, not grant renewal applications, or grant renewal with significant conditions, including renewals for less than a full term. The Debtors cannot be certain that the Reorganized Debtors' future renewal applications will be approved, or that the renewals will not include conditions or qualifications that could adversely affect the Reorganized Debtors' operations, could result in material impairment and could adversely affect the Reorganized Debtors' liquidity and financial condition.

If any of the Reorganized Debtors' FCC licenses are not renewed, it could adversely impact the Reorganized Debtors' operations and revenue. Further, the FCC routinely imposes monetary forfeitures for violations of its rules, and such forfeitures can be significant for certain types of violations and for repeated violations. FCC rules governing the Debtors' regulated service offerings impose costs on their operations, and changes in those rules could have an adverse effect on the Reorganized Debtors' business. In addition, the FCC has rules governing the privacy of specified customer information. Among other things, these FCC rules oblige carriers to implement procedures to: protect specified customer information from inappropriate disclosure; obtain customer permission to use specified information in marketing; authenticate customers before disclosing account information; and annually certify compliance with the FCC's rules. Although most of these regulations are generally consistent with the Debtors' business plans, they may restrict the Reorganized Debtors' flexibility in operating the business. Moreover, governmental regulations and policies may change over time, and the changes may have a material adverse impact upon the Reorganized Debtors' businesses, financial condition, and results of operations.

2. *There Will Be FCC Approval Requirements in Connection with Emergence from Chapter 11.*

The FCC has authority to review any proposed transaction, including a chapter 11 reorganization, that involves the assignment or transfer of control, or substantial change in ownership of, FCC Licenses, and has broad discretion to impose conditions on any application to assign or transfer control of FCC Licenses.

The consent of the FCC is required for the assignment of FCC Licenses or for the transfer of control of , or substantial change of ownership of, an entity that holds or controls FCC Licenses. Except in the case of "involuntary" assignments and transfers of control, prior consent of the FCC is required before an assignment of FCC Licenses or a transfer of control of FCC licensees may be consummated.

Upon the commencement of the Chapter 11 Cases, the Debtors, many of which either hold or control FCC Licenses, changed to debtor-in-possession status. The FCC considers this change in status to be an "involuntary" transaction, and after-the-fact approval of this involuntary transaction is necessary. The Debtors' emergence from bankruptcy pursuant to the Plan will require further consent of the FCC to effectuate an assignment or transfer of control of the FCC Licenses from the debtor-in-possession licensees to the Reorganized Debtors. The FCC will conduct a more thorough inquiry to determine whether the proposed transaction serves the public interest, convenience, and necessity; this entails a public proceeding whereby the FCC will seek comment on the applications related to the Plan. FCC approval will also be required for the transfer of assets to Uniti described in Section VII.F.3.

The FCC treats emergence from bankruptcy by a licensee or its parent company as a "voluntary" assignment of FCC Licenses or a transfer of control of FCC licensees. Prior approval of the FCC is required for such voluntary transfers or assignments. The two-step application process described above, if pursued by the Debtors, is intended to facilitate the FCC's review of Windstream's transfer of control application and result in the company's prompt emergence from bankruptcy. It is not possible, however, to guarantee the FCC's grant of the application by any particular date.

3. *There Will Likely Be State Regulatory Approval Requirements in Connection with Emergence from Chapter 11.*

Many State PUCs have processes similar to those of the FCC, for approving transfers of control of local exchange carriers and interchange carriers, like Windstream, pursuant to chapter 11 proceedings.

Depending on the details of the reorganization, the Debtors might also need to obtain approvals from or interact with State PUCs for states in which it is the incumbent local exchange carrier: Alabama, Arkansas, Florida, Georgia, Iowa, Kentucky, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, and Texas. State filings or approvals may also be required in other states in which Windstream is a competitive local exchange carrier as well. If State PUC approval is required for certain plan-related financing arrangements, such requests are typically combined and processed with the applicants' transfer of control applications. In addition, depending on the specific assets transferred, State PUC approval may also be required for the transfer of assets to Uniti described in Section VII.F.3.

The Chapter 11 Cases may create strong political reactions (potentially by unions, public interest groups, and/or entities that compete with the Company) that could prompt State PUC hearings and negative publicity, and negative perceptions of the Company's performance within a state could create additional complications.

IX. CERTAIN SECURITIES LAW MATTERS

The Debtors believe that the Reorganized Windstream Equity Interests and the Subscription Rights (and any Reorganized Windstream Equity Interests issuable upon exercise of Subscription Rights) issuable pursuant to the Plan are "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and any applicable state securities law (a "Blue Sky Law"). The Debtors further believe that the offer, sale, issuance and initial distribution of the Reorganized Windstream Equity Interests, Special Warrants (and any Reorganized Windstream Equity Interests issuable upon exercise of such Special Warrants), and the Subscription Rights (and any Reorganized Windstream Equity Interests issuable upon exercise of such Subscription Rights) by Reorganized Windstream pursuant to the Plan is exempt from federal and state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code and any applicable state Blue Sky Law as described in more detail below. The Reorganized Windstream Equity Interests underlying the Management Incentive Plan will be issued pursuant to a registration statement or another available exemption from registration under the Securities Act and other applicable law.

The following discussion of the issuance and transferability of the Reorganized Windstream Equity Interests relates solely to matters arising under federal and state securities laws. The rights of holders of Reorganized Windstream Equity Interests, including the right to transfer such interests, will also be governed by the New Organizational Documents, which will be filed with the Plan Supplement.

A. 1145 Securities

As discussed herein, the Plan provides for the offer, issuance, sale and distribution by Reorganized Windstream of the Reorganized Windstream Equity Interests to holders of Allowed First Lien Claims, the issuance of Special Warrants to holders of Allowed First Lien Claims (and any Reorganized Windstream Equity Interests issuable upon exercise of such Special Warrants), Subscription Rights (and Reorganized Windstream Equity Interests issuable upon exercise of such Subscription Rights) pursuant to the Rights Offering and the Reorganized Windstream Equity Interests to the Backstop Parties in payment of the Backstop Premium pursuant to the Backstop Commitment Agreement (collectively, the "1145 Securities"). The Reorganized Windstream Equity Interests issuable in payment of the Backstop Premium pursuant to the Backstop Commitment Agreement constitute allowed administrative expenses of the Debtors' estates under sections 503(b) and 507 of the Bankruptcy Code.

1. *Issuance*

(a) Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act, and state securities laws if three principal requirements are satisfied: (a) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (b) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (c) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in exchange for such claim or interest and partly for cash or property.

(b) Because the total value of an Eligible Claim, as implied by the value of distributions under the Plan, significantly exceeds the cash value payable on account of such Claim pursuant to Subscription Rights in the Rights

Offering, the Debtors submit that all 1145 Securities issued pursuant to the Plan will be issued principally in exchange for the corresponding Eligible Claims, and only partly in exchange for the cash purchase price to be paid pursuant to the Rights Offering. Accordingly, the 1145 Securities satisfy all the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws (except with respect to an underwriter as described below). Furthermore, the Debtors believe that the value of the direct distributions being made to holders of Allowed First Lien Claims (excluding the Subscription Rights), and thus the value of the interests in any such Eligible Claim to be exchanged pursuant to the Rights Offering, exceeds the value of the capital being raised pursuant to the exercise of the Subscription Rights.

Recipients of any 1145 Securities are advised to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act and any applicable state Blue Sky Law.

2. *Subsequent Transfers*

The 1145 Securities may be freely transferred by most recipients following the initial issuance under the Plan, and all resales and subsequent transfers of the 1145 Securities are exempt from registration under the Securities Act and state securities laws, unless the holder is an "underwriter" with respect to such securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer": (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; (b) offers to sell securities offered or sold under a plan for the holders of such securities; (c) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (d) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

The definition of an "issuer" for purposes of whether a person is an underwriter under section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as "statutory underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. The reference to "issuer," as used in the definition of "underwriter" contained in section 2(a)(11) of the Securities Act, is intended to cover "Controlling Persons" of the issuer of the securities. "Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "Controlling Person" of the debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. In addition, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent or more of a class of securities of a reorganized debtor may be presumed to be a "Controlling Person" and, therefore, an underwriter.

Resales of 1145 Securities by entities deemed to be "underwriters" (which definition includes "Controlling Persons") are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, holders of Reorganized Windstream Equity Interests who are deemed to be "underwriters" may be entitled to resell their Reorganized Windstream Equity Interests pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act. Generally, Rule 144 of the Securities Act would permit the public sale of securities received by such Person if the required holding period has been met and, under certain circumstances, current information regarding the issuer is publicly available and volume limitations, manner of sale requirements and certain other conditions are met. Whether any particular Person would be deemed to be an "underwriter" (including whether the Person is a "Controlling Person") with respect to the Reorganized Windstream Equity Interests would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to the Reorganized Windstream Equity Interests and, in turn, whether any Person may freely resell Reorganized Windstream Equity Interests.

The Debtors recommend that potential recipients of Reorganized Windstream Equity Interests consult their own counsel concerning their ability to freely trade such securities without compliance with the federal law and any applicable state Blue Sky Law.

B. 4(a)(2) Securities

1. *Issuance*

Section 4(a)(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving any public offering are exempt from registration under the Securities Act. Regulation D is a non-exclusive safe harbor from registration promulgated by the SEC under section 4(a)(2) of the Securities Act.

The Debtors believe that any Reorganized Windstream Equity Interests not subscribed for in the Rights Offering that are issued to the Backstop Parties pursuant to the Backstop Commitment Agreement (the "4(a)(2) Securities") would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. The Debtors submit that the 4(a)(2) Securities are issuable without registration under the Securities Act in reliance upon the exemption from registration provided under section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder. The 4(a)(2) Securities will be "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration, or an applicable exemption from registration, under the Securities Act and other applicable law, as described below.

2. *Subsequent Transfers*

Unlike the securities that will be issued pursuant to section 1145(a)(1) of the Bankruptcy Code, the 4(a)(2) Securities will be deemed "restricted securities" that may not be offered, sold, exchanged, assigned or otherwise transferred unless they are registered under the Securities Act, or an exemption from registration under the Securities Act is available.

The Backstop Parties will not be permitted to offer, sell, or otherwise transfer their 4(a)(2) Securities except pursuant to a registration statement or an available exemption from registration.

Rule 144 provides an exemption for the public resale of "restricted securities" if certain conditions are met. These conditions vary depending on whether the holder of the restricted securities is an affiliate

of the issuer. An affiliate is defined as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer."

A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is available certain current public information regarding the issuer, and may sell the securities after a one-year holding period whether or not there is current public information regarding the issuer. Adequate current public information is available for a reporting issuer if the issuer has filed all periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 during the twelve months preceding the sale of the restricted securities. If the issuer is a non-reporting issuer, adequate current public information is available if certain information about the issuer is made publicly available. The Debtors currently expect that Reorganized Windstream will continue to be a reporting issuer and file all such required periodic reports and that current public information will be available to allow resales by non-affiliates when the six-month holding period expires (approximately six months after the Effective Date).

An affiliate may resell restricted securities after the six-month holding period if at the time of the sale certain current public information regarding the issuer is available. As noted above, the Debtors currently expect that this information requirement will be satisfied. The affiliate must also comply with the volume, manner of sale and notice requirements of Rule 144. First, the rule limits the number of restricted securities (plus any unrestricted securities) sold for the account of an affiliate (and related persons) in any three-month period to the greater of one percent of the outstanding securities of the same class being sold, or, if the class is listed on a stock exchange, the greater of one percent of the average weekly reported volume of trading in such restricted securities during the four weeks preceding the filing of a notice of proposed sale on Form 144. Second, the manner of sale requirement provides that the restricted securities must be sold in a broker's transaction, which generally means they must be sold through a broker and handled as a routine trading transaction. The broker must receive no more than the usual commission and cannot solicit orders for the sale of the restricted securities except in certain situations. Third, if the sale exceeds 5,000 restricted securities or has an aggregate sale price greater than $50,000 in any three-month period, an affiliate must file with the SEC three copies of a notice of proposed sale on Form 144. The sale must occur within three months of filing the notice unless an amended notice is filed.

The Debtors believe that the Rule 144 exemption will not be available with respect to any 4(a)(2) Securities (whether held by non-affiliates or affiliates) until at least six months after the Effective Date. Accordingly, holders of 4(a)(2) Securities will be required to hold their 4(a)(2) Securities for at least six months and, thereafter, to sell them only in accordance with the applicable requirements of Rule 144.

All 4(a)(2) Securities will be issued in certificated or book-entry form and will bear a restrictive legend. Each certificate or book-entry representing, or issued in exchange for or upon the transfer, sale or assignment of, any 4(a)(2) Securities shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON ISSUANCE DATE, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

The Reorganized Debtors will reserve the right to require certification or other evidence of compliance with Rule 144 as a condition to the removal of such legend or to any resale of the 4(a)(2) Securities. The Reorganized Debtors will also reserve the right to stop the transfer of any 4(a)(2) Securities

if such transfer is not in compliance with Rule 144. Any Person who receives 4(a)(2) Securities will be required to acknowledge and agree not to resell such securities except in accordance with Rule 144, when available, and that the securities will be subject to the other restrictions described above.

Any Persons receiving "restricted securities" under the Plan should consult with their own counsel concerning the availability of an exemption from registration for resale of these securities under the Securities Act and other applicable law.

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE AND THE HIGHLY FACT-SPECIFIC NATURE OF THE AVAILABILITY OF EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, INCLUDING THE EXEMPTIONS AVAILABLE UNDER SECTION 1145 OF THE BANKRUPTCY CODE AND RULE 144 UNDER THE SECURITIES ACT, NONE OF THE DEBTORS OR THE REORGANIZED DEBTORS MAKE ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF THE SECURITIES TO BE ISSUED UNDER THE PLAN CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

Should the Reorganized Debtors elect on or after the Effective Date to reflect any ownership of the Reorganized Windstream Equity Interests or other securities to be issued under the Plan through the facilities of the DTC, the Reorganized Debtors need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of the Reorganized Windstream Equity Interests or other securities to be issued under the Plan under applicable securities laws. DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether the Reorganized Windstream Equity Interests or other securities to be issued under the Plan are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services. Notwithstanding anything to the contrary in the Plan, no Person (including, for the avoidance of doubt, DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether the Reorganized Windstream Equity Interests or other securities to be issued under the Plan are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

X. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a Ballot or Ballots to be used for voting on the Plan, is being distributed to the holders of Claims or Interests in those Classes that are entitled to vote to accept or reject the Plan.

A. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against or interests in a debtor are entitled to vote on a chapter 11 plan. The table in Article III.C of this Disclosure Statement, entitled "Am I entitled to vote on the Plan?," provides a summary of the status and voting rights of each Class (and, therefore, of each holder within such Class absent an objection to the holder's Claim or Interest) under the Plan.

As shown in the table, the Debtors are soliciting votes to accept or reject the Plan only from holders of Claims or Interests in Classes 3, 4, 5, and 6A (the "Voting Classes"). The holders of Claims or Interests in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution

under the Plan. Accordingly, holders of Claims or Interests in the Voting Classes have the right to vote to accept or reject the Plan. The Debtors are ***not*** soliciting votes from holders of Claims or Interests in Classes 1, 2, 6B, 7, 8, and 9.

B. Voting Record Date

The Voting Record Date is May 7, 2020. The Voting Record Date is the date on which it will be determined which holders of Claims or Interests in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims or Interests have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the holder of a Claim or Interest.

C. Voting on the Plan

The Voting Deadline is June 8, 2020, at 4:00 p.m. (prevailing Eastern Time). In order to be counted as votes to accept or reject the Plan, all ballots must be properly executed, completed, and delivered as directed, so that your ballot or the master ballot containing your vote is **actually received** by the Claims and Balloting Agent on or before the Voting Deadline.

To vote, complete, sign, and date your ballot and return it (with an original signature) *promptly* via electronic mail to WindstreamInfo@kccllc.com with "Windstream Vote" in the subject line.

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE CLAIMS AND BALLOTING AGENT TOLL FREE AT (888) 909-0100 OR VIA ELECTRONIC MAIL TO WindstreamInfo@kccllc.com

D. Ballots Not Counted

No ballot will be counted toward Confirmation if, among other things: (1) it is illegible or contains insufficient information to permit the identification of the holder of the Claim or Interest; (2) it was transmitted by means other than as specifically set forth in the ballots; (3) it was cast by an entity that is not entitled to vote on the Plan; (4) it was cast for a Claim listed in the Debtors' schedules as contingent, unliquidated, or disputed for which the applicable Bar Date has passed and no proof of claim was timely filed; (5) it was cast for a Claim that is subject to an objection pending as of the Voting Record Date; (6) it was sent to the Debtors, the Debtors' agents/representatives (other than the Claims and Balloting Agent), or the Debtors' financial or legal advisors instead of the Claims and Balloting Agent; (7) it is unsigned; or (8) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan.

ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR THAT IS OTHERWISE NOT IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER WILL NOT BE COUNTED. [16]

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[16] For any ballot cast via electronic mail, a format of the attachment must be found in the common workplace and industry standard format (*i.e.*, industry-standard PDF file) and a received date and time in the Claims and Balloting Agent's inbox will be used as a timestamp for a receipt.

XI. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (1) the Plan is accepted by all Impaired Classes of Claims or Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (2) the Plan is feasible; and (3) the Plan is in the "best interests" of holders of Claims or Interests.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (1) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11 for plan confirmation; (2) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11 for plan confirmation; and (3) the Plan has been proposed in good faith.

B. Best Interests of Creditors/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such impaired class either (1) has accepted the plan or (2) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the debtors liquidated under chapter 7.

Attached hereto as **Exhibit B** and incorporated herein by reference is a liquidation analysis (the "Liquidation Analysis") prepared by the Debtors with the assistance of the Debtors' advisors. As reflected in the Liquidation Analysis, the Debtors believe that liquidation of the Debtors' businesses under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value to be realized by holders of Claims or Interests as compared to distributions contemplated under the Plan. Consequently, the Debtors and their management believe that Confirmation of the Plan will provide a substantially greater return to holders of Claims or Interests than would a liquidation under chapter 7 of the Bankruptcy Code.

If the Plan is not confirmed, and the Debtors fail to propose and confirm an alternative plan of reorganization, the Debtors' businesses may be liquidated pursuant to the provisions of a chapter 11 liquidating plan. In liquidations under chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation may result in larger recoveries than a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Any distribution to holders of Claims or Interests (to the extent holders of Interests would receive distributions at all) under a chapter 11 liquidation plan would most likely be substantially delayed. Most importantly, the Debtors believe that any distributions to creditors in a chapter 11 liquidation scenario would fail to capture the significant going concern value of their businesses, which is reflected in the Reorganized Windstream Equity Interests to be distributed under the Plan. Accordingly, the Debtors believe that a chapter 11 liquidation would not result in distributions as favorable as those under the Plan.

As set forth in Note 18 to the Liquidation Analysis, the Liquidation Analysis recognizes more than $225 billion in intercompany payables, which amounts are reflected as accounting entries on the Debtors' books and records. To the extent that holders of General Unsecured Claims at Obligor Debtors were entitled to distribution of any value under the Liquidation Analysis, recoveries to such holders of General Unsecured Claims would be substantially diluted by the intercompany payables reflected on the Debtors' books and records. Even if intercompany payables were not recognized in the Liquidation Analysis, however, holders

of General Unsecured Claims at Obligor Debtors would not receive a distribution of value under the Liquidation Analysis since there is no distributable value to holders of Claims at Obligor Debtors in excess of first lien claims under the Liquidation Analysis. The Debtors conducted a postpetition review of the enforceability and priority of the intercompany payables. The Unsecured Notes Trustees reserve all rights with respect to the recognition and treatment of intercompany payables in the Liquidation Analysis.

C. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in such plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtors, with the assistance of their advisors, have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors have prepared their projected consolidated balance sheet, income statement, and statement of cash flows (the "Financial Projections"). Creditors and other interested parties should review Article VIII of this Disclosure Statement, entitled "Risk Factors," for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtors.

The Financial Projections are attached hereto as **Exhibit C** and incorporated herein by reference. Based upon the Financial Projections, the Debtors believe that they will be a viable operation following the Chapter 11 Cases and that the Plan will meet the feasibility requirements of the Bankruptcy Code.

D. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.[17]

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have *actually* voted to accept or to reject the plan. Thus, a class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number of the Allowed Claims in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired equity interests as acceptance by holders of at least two-thirds in amount of allowed interests in that class, counting only those interests that have *actually* voted to accept or to reject the plan. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds in amount of the Allowed Interests in such class that vote on the Plan actually cast their ballots in favor of acceptance.

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[17] A class of claims is "impaired" within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

If a Class contains holders of Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the holders of such Claims or Interests in such class.

E. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided*, that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors may request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. *No Unfair Discrimination*

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims or interests of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. *Fair and Equitable Test*

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. With respect to the fair and equitable requirement, no Class under the Plan will receive more than 100 percent of the amount of Allowed Claims or Interests in that Class. The Debtors believe that the Plan and the treatment of all Classes of Claims or Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

F. Valuation of the Debtors

In conjunction with formulating the Plan and satisfying its obligations under section 1129 of the Bankruptcy Code, the Debtors determined that it was necessary to estimate the post-Confirmation going concern value of the Debtors. Accordingly, the Debtors, with the assistance of PJT, produced the Valuation Analysis that is set forth in **Exhibit D** attached hereto and incorporated herein by reference. As set forth in the Valuation Analysis, the Debtors' going concern value is substantially less than the aggregate amount of its funded-debt obligations. Accordingly, the Valuation Analysis further supports the Debtors conclusion that the treatment of Classes under the Plan is fair and equitable and otherwise satisfies the Bankruptcy Code's requirements for confirmation.

XII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain United States ("U.S.") federal income tax consequences of the consummation of the Plan to the Debtors, Reorganized Debtors, and to certain holders of Claims. The following summary does not address the U.S. federal income tax consequences to holders of Claims or Interests not entitled to vote to accept or reject the Plan. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the U.S. Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial authorities, published administrative positions of the U.S. Internal Revenue Service (the "IRS"), and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained. The Debtors are currently seeking a ruling from the IRS as to the appropriate characterization and tax consequences of a transaction structure intended to be a NewCo Transaction (as defined below). However, the Debtors do not intend to seek a ruling from the IRS regarding any of the other tax consequences of the Plan discussed below. The discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors, Reorganized Debtors, or to certain holders of Claims or Interests in light of their individual circumstances. This discussion does not address tax issues with respect to such holders of Claims or Interests subject to special treatment under the U.S. federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, subchapter S corporations, dealers and traders in securities, insurance companies, financial institutions, tax exempt organizations, small business investment companies, foreign taxpayers, Persons who are related to the Debtors within the meaning of the IRC, Persons using a mark-to-market method of accounting, holders of Claims who are themselves in bankruptcy, and regulated investment companies and those holding, or who will hold, Claims or Interests, or the Reorganized Windstream Equity Interests or any other consideration to be received under the Plan, as part of a hedge, straddle, conversion, or other integrated transaction). No aspect of state, local, estate, gift, or non-U.S. taxation is addressed. Furthermore, this summary assumes that holders of Claims hold only Claims in a single Class and hold Claims or Interests as "capital assets" (within the meaning of section 1221 of the IRC). This summary does not address any special arrangements or contractual rights that are not being received or entered into in respect of an underlying Claim, including the tax treatment of any backstop fees or similar arrangements (including any ramifications such arrangements may have on the treatment of a holder under the Plan). This summary also assumes that the various debt and other

arrangements to which the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form.

For purposes of this discussion, a "U.S. Holder" is a holder that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons has authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "Non-U.S. Holder" is any holder that is not a U.S. Holder other than any partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a pass-through entity for U.S. federal income tax purposes) is a holder of a Claim or Interest, the tax treatment of a partner (or other beneficial owner) of such entity generally will depend upon the status of the partner (or other beneficial owner) and the activities of the partner (or other beneficial owner) and the entity. Partners (or other beneficial owners) of partnerships (or other pass-through entities) that are holders of Claims or Interests should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR INTEREST. ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

A. Certain U.S. Federal Income Tax Consequences of the Plan to the Debtors and the Reorganized Debtors

1. *In General*

The Debtors expect that the Restructuring Transactions will be structured in one of two ways: (a) a recapitalization of the existing Debtors under their current corporate structure (a "Recapitalization Transaction"), or (b) a disposition of the assets and liabilities of the Debtors to a newly-formed entity in a tax-free reorganization pursuant to sections 368(a)(1)(G) and 354 of the IRC (a "NewCo Transaction"). The Debtors have not yet determined whether the Restructuring Transactions will be consummated as a Recapitalization Transaction or a NewCo Transaction. Such decision will depend on, among other things, the ability of the Debtors to obtain a favorable ruling from the IRS regarding a NewCo Transaction and the ability to satisfy certain requirements of a NewCo Transaction with respect to which the Debtors are not seeking a ruling from the IRS. In either case, the Debtors do not expect to recognize any gain or loss as a result of consummating such a transaction (although the Debtors may engage in certain Restructuring Transactions that do result in the recognition of gain or loss), so long as the intended tax treatment of such transactions are respected. However, in either case, the Restructuring will be subject to the application of section 382 of the IRC, and, depending on certain factors, a Recapitalization Transaction may also be

subject to the rules discussed below with respect to cancellation of indebtedness income ("COD Income"), as described below.

2. *Effects of the Restructuring Transactions on Tax Attributes of Debtors*

(a) Preservation of Tax Attributes and Cancellation of Indebtedness Income

In a Recapitalization Transaction, the tax attributes of the Reorganized Debtors may, depending on certain factors, be reduced by the amount of their excluded COD Income, and assuming COD Income does arise, the Debtors expect that it will be substantial. In general, absent an exception, a debtor will realize and recognize cancellation of debt income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (X) the amount of Cash paid, (Y) the issue price of any new indebtedness of the debtor issued, and (Z) the fair market value of any new consideration, in each case, given in satisfaction of such indebtedness at the time of the satisfaction. Unless an exception or exclusion applies, COD Income constitutes taxable income like any other item of taxable income.

Pursuant to section 108 of the IRC, a debtor will not, however, be required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of indebtedness occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income pursuant to section 108 of the IRC. In general, the tax attributes of a debtor will be reduced in the following order: (a) NOLs and NOL carryforwards; (b) general business credit carryovers; (c) minimum tax credit carryovers (d) capital loss carryovers; (e) tax basis in assets (subject to the Asset Tax Basis Floor, as described below); (f) passive activity loss and credit carryovers; and (g) foreign tax credits. A debtor with COD Income may elect to first reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the IRC prior to effecting any other reductions in tax attributes set forth above, though it has not been determined whether the Debtors will make this election. The reduction in tax attributes occurs only after the taxable income (or loss) for the taxable year of the debt discharge has been determined and any excess COD Income over the amount of available tax attributes will generally not give rise to U.S. federal income tax and will generally have no other U.S. federal income tax impact.

The Treasury Regulations address the method and order for applying tax attribute reduction to an affiliated group of corporations. Pursuant thereto, the tax attributes of each debtor member of an affiliated group of corporations that is excluding COD Income are first subject to reduction. To the extent the debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. If a debtor member's excluded COD Income exceeds its tax attributes, the excess COD Income is applied to reduce certain remaining consolidated tax attributes of the affiliated group.

The aggregate tax basis of the Debtors in their assets (determined on an entity-by-entity basis, and in the case of an affiliated group of corporations, subject to the look-through rule described above) is not required to be reduced below the amount of indebtedness (determined on an entity-by-entity basis) that the Debtors will be subject to immediately after the cancellation of debt giving rise to COD Income (the "Asset Tax Basis Floor"). Generally, all of an entity's obligations that are treated as debt under general U.S. federal income tax principles (including intercompany debt treated as debt for U.S. federal income tax purposes) are taken into account in determining an entity's Asset Tax Basis Floor.

One of the rulings the Debtors are requesting from the IRS in connection with the NewCo Transaction is that the NewCo transaction does not give rise to COD Income, but instead, would give rise

to taxable income that is excludable under relevant provisions of the IRC. The Debtors may, depending on various factors, take the position that the same result applies in a Recapitalization Transaction (that is, that even in a Recapitalization Transaction, consummation of the Plan does not give rise to COD Income), but such a position would potentially be subject to uncertainty. The exact amount of the COD Income (if any) that will be realized by the Debtors will not be determinable until after the consummation of the Plan.

(b) Limitation of NOL Carryforwards and Other Tax Attributes Under Sections 382 and 383 of the IRC

After giving effect to the reduction in tax attributes from excluded COD Income (if any), the Debtors' ability to use any tax attributes post-emergence will be subject to certain limitations under sections 382 and 383 of the IRC.

(i) General Sections 382 and 383 Annual Limitations

Under sections 382 and 383 of the IRC, if a corporation undergoes an "ownership change," the amount of its NOLs and NOL carryforwards, disallowed business interest carryovers under section 163(j) of the IRC ("163(j) Carryovers"), tax credit carryforwards, net unrealized built-in losses, and possibly certain other attributes of the Reorganized Debtors allocable to periods prior to the Effective Date (collectively, "Pre-Change Losses") that may be utilized to offset future taxable income generally are subject to an annual limitation. For this purpose, if a corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then generally built-in losses (including amortization or depreciation deductions attributable to such built-in losses) and deductions recognized during the following five years (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses and similarly will be subject to the annual limitation. In general, a corporation's (or consolidated group's) net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (a) $10,000,000, or (b) 15 percent of the fair market value of its assets (with certain adjustments) before the ownership change.

The rules of sections 382 and 383 of the IRC are complicated, but as a general matter, the Debtors anticipate that the issuance of Reorganized Windstream Equity Interests pursuant to the Plan will result in an "ownership change" of the Debtors for these purposes, and that the Reorganized Debtors' use of their Pre-Change Losses will be subject to limitation unless an exception to the general rules of sections 382 and 383 of the IRC applies.

(ii) General Section 382 Annual Limitation

In general, the amount of the annual limitation to which a corporation that undergoes an "ownership change" would be subject (the "382 Limitation") is equal to the product of (a) the fair market value of the stock of the corporation immediately before the "ownership change" (with certain adjustments), multiplied by (b) the "long-term tax-exempt rate" (which is the highest of the adjusted federal long-term rates in effect for any month in the 3-calendar-month period ending with the calendar month in which the "ownership change" occurs: 1.63% percent for April 2020). The 382 Limitation may be increased, up to the amount of any net unrealized built-in gain (if any) at the time of the ownership change, to the extent that the Debtors recognize certain built-in gains in their assets during the five-year period following the ownership change, or are treated as recognizing built-in gains pursuant to the safe harbors provided in IRS Notice 2003-65.[18]

[18] Regulations have been proposed that would significantly change the application of the rules relating to built-in gains and losses for purposes of computing the 382 Limitation. However, proposed regulations have also been released that would "grandfather" companies that undergo an "ownership change" pursuant to an order entered in a bankruptcy case that was commenced prior to, or within 30 days of, the publication of the finalized new rules in this area. Accordingly, the Debtors do

Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year. As discussed below, however, special rules may apply in the case of a corporation that experiences an ownership change as the result of a bankruptcy proceeding.

Notwithstanding the rules described above, if subsequent to an ownership change, a debtor corporation and its subsidiaries do not continue the debtor corporation's historic business or use a significant portion of its historic business assets in a new business for two years after the ownership change, the annual limitation resulting from the ownership change is zero.

(iii) Special Bankruptcy Exceptions

An exception to the foregoing annual limitation rules generally applies when so-called "qualified creditors" of a debtor corporation in chapter 11 receive, in respect of their Claims, at least 50 percent of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in chapter 11) pursuant to a confirmed chapter 11 plan (the "382(l)(5) Exception"). Under the 382(l)(5) Exception, a debtor's Pre-Change Losses are not limited on an annual basis, but, instead, NOLs, NOL carryforwards, and 163(j) Carryovers will be reduced by the amount of any interest deductions claimed during the three taxable years preceding the effective date of the plan of reorganization, and during the part of the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization. If the 382(l)(5) Exception applies and the Debtors undergo another "ownership change" within two years after the Effective Date, then the Debtors' Pre-Change Losses thereafter would be effectively eliminated in their entirety. If the Debtors were to undergo another "ownership change" after the expiration of this two year period, the resulting 382 limitation would be determined under the regular rules for ownership changes.

Where the 382(l)(5) Exception is not applicable to a corporation in bankruptcy (either because the debtor does not qualify for the 382(l)(5) Exception or the debtor otherwise elects not to utilize the 382(l)(5) Exception), a second special rule will generally apply (the "382(l)(6) Exception"). Under the 382(l)(6) Exception, the 382 Limitation will be calculated by reference to the lesser of the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule for determining the 382 Limitation, which requires the fair market value of a debtor corporation that undergoes an "ownership change" to be determined before the events giving rise to the ownership change. The 382(l)(6) Exception also differs from the 382(l)(5) Exception because the debtor corporation is not required to reduce its NOL carryforwards by the amount of interest deductions claimed within the prior three-year period, and the debtor may undergo a change of ownership within two years without automatically triggering the elimination of its Pre-Change Losses. The resulting limitation would be determined under the regular rules for ownership changes.

The Debtors do not currently know whether they are eligible for the 382(l)(5) Exception, and regardless of whether the 382(l)(5) Exception is available, the Reorganized Debtors may decide to affirmatively elect out of the 382(l)(5) Exception so that the 382(l)(6) Exception instead applies. Whether the Reorganized Debtors take advantage of the 382(l)(6) Exception or the 382(l)(5) Exception, though, the Reorganized Debtors' use of their Pre-Change Losses after the Effective Date may be adversely affected if an "ownership change" within the meaning of section 382 of the IRC were to occur after the Effective Date.

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not expect the proposed regulations to apply to them or to the Reorganized Debtors with respect to the "ownership change" that will occur pursuant to the Plan.

B. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Claims Entitled to Vote

1. *General Considerations*

The treatment of each holder of Claims will be the same regardless of whether the Restructuring Transactions are structured as a Recapitalization Transaction or a NewCo Transaction.

In general, as discussed in more detail below, the Restructuring Transactions will be taxable transactions for U.S. federal income tax purposes for holders of Class 5 Second Lien Claims, Class 6A Obligor General Unsecured Claims, and Class 4 Midwest Note Claims.[19].

The U.S. federal income tax consequences for Class 3 First Lien Claims will depend, in part, on whether the Claims surrendered, and any take-back debt received in exchange for such Claims, constitute "securities" for U.S. federal income tax purposes.

Neither the IRC nor the Treasury Regulations define the term "security." Whether a debt instrument constitutes a "security" for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued.

The character of any gain or loss recognized by a U.S. Holder as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Claim in such holder's hands, whether the Claim constitutes a capital asset in the hands of the holder, whether the Claim was purchased at a discount, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. If recognized gain is capital gain, it generally would be long term capital gain if the holder held its Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations as discussed below.

2. *Consequences to Holders of Class 3 First Lien Claims*

In exchange for full and final satisfaction, compromise, settlement, release and discharge of the Class 3 First Lien Claims, each holder thereof will receive its Pro Rata share of: (a) Reorganized Windstream Equity Interests, subject to dilution on account of the Rights Offering, Backstop Premium, and the Management Incentive Plan; (b) Cash; (c) the Distributable Subscription Rights; and (d) if applicable, the First Lien Replacement Term Loans.

(a) Treatment of Holders of Class 3 First Lien Claims if such Claims Are Treated as Securities

[19] In the case of Class 4 Midwest Notes Claims, this is because the Midwest Notes Exit Facility Term Loans are expected to be issued by an entity other than the issuer of the Class 4 Midwest Notes Claims for U.S. federal income tax purposes and, therefore, the holders of such Claims are not exchanging a security for a security of the same issuer.

If the Class 3 First Lien Claims are treated as securities, then the exchange of such Claims should be a partial tax-free exchange pursuant to sections 354 and 356 of the IRC. A U.S. Holder of such a Claim should recognize gain (but not loss), to the extent of the lesser of (a) the amount of gain realized from the exchange, which should be equal to (i) the sum of (A) any Cash received, and (B) the fair market value (or issue price, in the case of debt instruments) of any non-Cash consideration, minus (ii) the U.S. Holder's adjusted basis, if any, in the Claim; and (b) the sum of (i) any Cash received, and (ii) the fair market value (or issue price, in the case of debt instruments) of any non-Cash consideration that constitutes "other property" that is not permitted to be received under sections 354 and 356 of the IRC without recognition of gain.

With respect to non-Cash consideration that is treated as a "stock or security" of Reorganized Windstream, such U.S. Holder should obtain a tax basis in such property equal to: (a) the tax basis of the Claim surrendered, less (b) the Cash and "other property" received, plus (c) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the exchanged Claims.

With respect to non-Cash consideration that is not treated as a "stock or security" of Reorganized Windstream, U.S. Holders should obtain a tax basis in such property equal to the property's fair market value (or issue price, in the case of debt instruments) as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such property.

For the treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but unpaid interest, original issue discount ("OID") or market discount (which differs from the treatment described above), see the sections entitled "Accrued Interest (and OID)" and "Market Discount" below.

(b) Treatment of Holders of Class 3 First Lien Claims if such Claims Are Not Treated as Securities

If the Class 3 First Lien Claims are not treated as securities, then the exchange of such Claims should be treated as a taxable exchange pursuant to section 1001 of the IRC.

A U.S. Holder of a Class 3 First Lien Claim who is subject to this treatment should recognize gain or loss equal to: (a) the sum of (i) any Cash received, (ii) the fair market value (or issue price, in the case of debt instruments) of any non-Cash consideration, minus (b) the Holder's adjusted tax basis in its Class 3 First Lien Claim.

Such U.S. Holder should obtain a tax basis in the non-Cash consideration received equal to the consideration's fair market value (or issue price, in the case of debt instruments) as of the date such

consideration is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such consideration.

For the treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but unpaid interest, OID or market discount, (which differs from the treatment described above), see the sections entitled "Accrued Interest (and OID)" and "Market Discount" below.

3. *Consequences to Holders of Class 4 Midwest Notes Claims*

In exchange for full and final satisfaction, compromise, settlement, release and discharge of the Class 4 Midwest Notes Claims, each holder thereof will receive its Pro Rata share of the Midwest Notes Exit Facility Term Loans.

The exchange of such Claims should be treated as a taxable exchange pursuant to section 1001 of the IRC. A U.S. Holder of a Class 4 Midwest Notes Claim who is subject to this treatment should recognize gain or loss equal to: (a) the issue price of the Midwest Notes Exit Facility Term Loans, minus (b) the Holder's adjusted tax basis in its Class 4 Midwest Notes Claim.

Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or OID), and subject to the rules relating to market discount, such U.S. Holder should obtain a tax basis in the Midwest Notes Exit Facility Term Loans, equal to its issue price as of the date such consideration is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such consideration.

For the treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but unpaid interest, OID or market discount, (which differs from the treatment described above), see the sections entitled "Accrued Interest (and OID)" and "Market Discount" below.

4. *Consequences to Holders of Class 5 Second Lien Claims and Class 6A Obligor General Unsecured Claims*

In exchange for full and final satisfaction, compromise, settlement, release and discharge of the Class 5 Second Lien Claims and Class 6A Obligor General Unsecured Claims, each holder thereof will either: (a) receive its Pro Rata share of the amount of Cash specified in the Plan, or (b) if any such class of holders votes as a class to reject the Plan, then such class will receive treatment consistent with section 1129(a)(7) of the Bankruptcy Code.

A U.S. Holder of a Class 5 Second Lien Claims or Class 6A Obligor General Unsecured Claims who is subject to this treatment should recognize gain or loss equal to: (a) the Cash received, minus (b) the Holder's adjusted tax basis in its Claim. Holders of Claims should consult with their own tax advisors regarding the treatment of any consideration other than Cash that may be received pursuant to the Plan.

For the treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but unpaid interest, OID or market discount, (which differs from the treatment described above), see the sections entitled "Accrued Interest (and OID)" and "Market Discount" below.

5. *Treatment of Rights Offering*

Although not entirely free from doubt, the Reorganized Debtors intend to take the position that a U.S. Holder of a Class 3 First Lien Claim that elects to exercise its Distributable Subscription Rights should be treated as purchasing, in exchange for its Distributable Subscription Rights and the amount of Cash paid by the U.S. Holder to exercise such Distributable Subscription Rights, Reorganized Windstream Equity Interests. Such a purchase should generally be treated as the exercise of an option under general U.S.

federal income tax principles, and such U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the Distributable Subscription Rights. A U.S. Holder's aggregate tax basis in the Reorganized Windstream Equity Interests should equal the sum of (a) the amount of Cash paid by the U.S. Holder to exercise the Distributable Subscription Rights, plus (b) such U.S. Holder's tax basis in the Distributable Subscription Rights immediately before the Distributable Subscription Rights are exercised. A U.S. Holder's holding period for the Reorganized Windstream Equity Interests received pursuant to such exercise should begin on the day following the Effective Date.

A U.S. Holder that elects not to exercise the Distributable Subscription Rights may be entitled to claim a (likely short-term capital) loss equal to the amount of tax basis allocated to such Distributable Subscription Rights, subject to any limitation on such U.S. Holder's ability to utilize capital losses. U.S. Holders electing not to exercise their Distributable Subscription Rights should consult with their own tax advisors as to the tax consequences of such decision.

6. ***Accrued Interest (and OID)***

To the extent that any amount received by a U.S. Holder of a surrendered Claim under the Plan is attributable to accrued but untaxed interest (or OID) on the debt instruments constituting the surrendered Claim, such amount should be taxable to the U.S. Holder as ordinary interest income (to the extent not already included in income by the U.S. Holder). Conversely, a U.S. Holder of a surrendered Claim may be able to recognize a deductible loss to the extent that any accrued interest on the debt instruments constituting such Claim was previously included in the Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point. The tax basis of any non-Cash consideration treated as received in satisfaction of accrued but untaxed interest (or OID) should equal the amount of such accrued but untaxed interest (or OID). The holding period for such non-Cash consideration should begin on the day following the receipt of such property.

The extent to which the consideration received by a U.S. Holder of a surrendered Claim will be attributable to accrued interest on the debt constituting the surrendered Claim is unclear. Certain legislative history and case law indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, while certain Treasury Regulations treat payments as allocated first to any accrued but untaxed interest. The Plan provides that amounts paid to Holders of Claims will be allocated first to unpaid principal and then to unpaid interest. The IRS could take the position that the consideration received by the Holder should be allocated in some way other than as provided in the Plan. Holders of Claims are urged to consult their tax advisor regarding the allocation of consideration and the deductibility of accrued but unpaid interest for U.S. federal income tax purposes.

7. ***Market Discount***

Under the "market discount" provisions of sections 1276 through 1278 of the IRC, some or all of any gain realized by a U.S. Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt constituting the surrendered Claim.

Any gain recognized by a U.S. Holder on the taxable disposition (determined as described above) of a Claim that was acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debt instruments were considered to be held by the U.S. Holder (unless the U.S. Holder elected to include such market discount in its income as the market discount accrued). To the extent that a U.S. Holder surrendered Claims that were acquired by the U.S. Holder with market discount in exchange for other property pursuant to a tax-free or other reorganization transaction for other property, any market discount that accrued on such surrendered Claims and was not recognized

by the U.S. Holder may be required to be carried over to the property received therefor and any gain recognized by the U.S. Holder on the subsequent sale, exchange, redemption, or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the surrendered Claim.

8. *Certain Considerations Regarding the First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans*

(a) Cash Interest

Cash interest on the First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans will be includable by a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with such holder's regular method of accounting for U.S. federal income tax purposes.

(b) Issue Price

Holders of Class 4 Midwest Notes Claims will receive their Pro Rata share of Midwest Notes Exit Facility Term Loans. The Midwest Notes Exit Facility Term Loans will be issued as part of the New Exit Facility Term Loan and have the same terms as all other term loans issued as New Exit Facility Term Loans and, in fact, shall constitute a portion of the New Exit Facility Term Loans. Accordingly, this discussion assumes that the Midwest Notes Exit Facility Term Loans will be part of the same "issue" as the rest of the New Exit Facility Term Loans. Assuming that is the case, since a portion of the New Exit Facility Term Loans will be issued for Cash, the issue price of the Midwest Notes Exit Facility Term Loans will be determined based on such Cash amount.

The consideration received by U.S. Holders of Class 3 First Lien Claims will include some combination of Reorganized Windstream Equity Interests, First Lien Replacement Term Loans, Distributable Subscription Rights, and Cash. Collectively, this will likely be subject to the "investment unit" rules for purposes of determining the issue price for any First Lien Replacement Term Loans received on account of such Claims. In such case, the issue price of the First Lien Replacement Term Loans will depend, in part, on whether the First Lien Replacement Term Loans are treated as part of the same "issue" as the New Exit Facility Term Loans which will, in turn, depend on whether the First Lien Replacement Term Loans have precisely the same terms as the New Exit Facility Term Loans. The discussion below assumes that the First Lien Replacement Term Loans are treated as part of a single "issue" with the New Exit Facility Term Loans; if that is ultimately not the case, the tax consequences will differ.

The application of the "investment unit" rules, and the determination of the issue price of a debt instrument to which the "investment unit" rules apply, is highly complex where, as here, only a portion of the investment unit may be publicly traded. That complexity is further heightened here where, in the absence of the "investment unit" rules, the issue price of the First Lien Replacement Term Loans would be determined by reference to the cash paid for the New Exit Facility Term Loans if they are part of the same issue. While not free from doubt, the Debtors expect to take the position that, under these circumstances, the issue price of the First Lien Replacement Term Loans will be the same as the issue price for the New Exit Facility Term Loans and, accordingly, will be established by the amount of cash paid for the New Exit

Facility Term Loans. Other outcomes, which could depend on trading values (or price quotes) of the First Lien Replacement Term Loans *or* the Class 3 First Lien Claims.

An issuer's application of these rules is binding on all holders unless a holder explicitly discloses a different allocation on a timely filed income tax return for the taxable year that includes the acquisition date of the relevant debt instrument.

A debt instrument is treated as issued with OID for U.S. federal income tax purposes if its issue price is less than its stated redemption price at maturity by more than a de minimis amount. A debt instrument's stated redemption price at maturity includes all principal and interest payable over the term of the debt instrument, other than "qualified stated interest." Stated interest payable at a fixed rate is "qualified stated interest" if it is unconditionally payable in cash at least annually. The terms of the New Exit Facility Term Loans, including the extent to which they will be issued with OID, have not yet been determined; to the extent not all the interest on the New Exit Facility Term Loans is unconditionally payable in cash at least annually, or to the extent the purchase price is less than the face amount of such debt, New Exit Facility Term Loans (and, accordingly, the Midwest Notes Exit Facility Term Loans and the First Lien Replacement Term Loans) may be considered to be issued with OID.

The determination of the issue price of, and OID with respect to, the First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans could be significantly different in the event they are not treated as part of a single "issue" with the New Exit Facility Term Loans.

(c) Acquisition Premium or Amortizable Bond Premium on the First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans

If, pursuant to the rules described above, a U.S. Holder's initial tax basis in the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans is greater than the issue price of such debt but less than the stated principal amount of such debt, such First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans will have an "acquisition premium." Under the acquisition premium rules, the amount of OID that must be included by the U.S. Holder in its gross taxable income with respect to the applicable First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans for any taxable year will be reduced by the portion of the acquisition premium properly allocable to that year. Alternatively, if a U.S. Holder's initial tax basis in the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans exceeds its stated principal amount, the U.S. Holder will be considered to have acquired the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans with "amortizable bond premium" and will not be required to include any OID in income. A U.S. Holder may generally elect to amortize the premium over the remaining term of the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans on a constant yield method as an offset to stated interest when includible in income under such holder's regular accounting method. If a U.S. Holder elects to amortize bond premium, such holder must reduce its tax basis in the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans by the amount of the premium used to offset stated interest. If a U.S. Holder does not elect to amortize the premium, that premium will decrease the gain or increase the loss otherwise recognized on disposition of the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans. If, pursuant to the rules described above, a U.S. Holder's initial tax basis in the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans is less than the issue price of such debt, see the above section, entitled "Market Discount."

9. *Dividends on Reorganized Windstream Equity Interests*

Any distributions made on account of the Reorganized Windstream Equity Interests will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and

profits of Reorganized Windstream as determined under U.S. federal income tax principles. Certain qualified dividends received by a non-corporate taxpayer are taxed at preferential rates. To the extent that a holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the holder's basis in its shares. Any such distributions in excess of the holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain.

Distributions that constitute dividends for U.S. federal income tax purposes are paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

10. *Sale, Redemption, or Repurchase of Non-Cash Consideration.*

Unless a non-recognition provision of the IRC applies, and subject to the market discount rules discussed above, holders generally will recognize capital gain or loss upon the sale, redemption, or other taxable disposition of non-Cash consideration received pursuant to the Plan. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the holder held the applicable non-Cash consideration for more than one year. Long-term capital gains of a non-corporate taxpayer generally are taxed at preferential rates. Under the recapture rules of section 108(e)(7) of the IRC, a U.S. Holder may be required to treat gain recognized on such dispositions of the Reorganized Windstream Equity Interests as ordinary income if such U.S. Holder took a bad debt deduction with respect to its Claim or recognized an ordinary loss on the exchange of its Claim for Reorganized Windstream Equity Interests.

For a description of certain limitations on the deductibility of capital losses, see the section entitled "Limitation on Use of Capital Losses" below.

11. *Limitations on Use of Capital Losses.*

A U.S. Holder of a Claim or Interest who recognizes capital losses as a result of the distributions under the Plan will be subject to limits on the use of such capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (1) $3,000 annually ($1,500 for married individuals filing separate returns) or (2) the excess of the capital losses over the capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate holders, capital losses may only be used to offset capital gains. A corporate U.S. Holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

12. *Medicare Tax*

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8 percent tax on, among other things, interest, dividends and gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the

effect, if any, of this tax provision on their ownership and disposition of debt of, and equity interests in, the Debtors and Reorganized Debtors.

13. *Distribution Reserve Accounts and Delayed Equity Distributions*

The Plan provides that certain distributions may be delayed while contingent, unliquidated, or disputed Claims are addressed. Pending the resolution of such Claims, a portion of the property to be received by holders of Claims or Interests may be deposited into various Claim distribution accounts described in the Plan (including the Non-Obligor General Unsecured Claims Reserve and the Obligor Claims Reserve, but for the avoidance of doubt, not including the Professional Fee Escrow). The property that is subject to delayed distribution will be subject to "disputed ownership fund" treatment under section 1.468B-9 of the Treasury Regulations. Pursuant to such treatment, a separate federal income tax return shall be filed with the IRS with respect to such accounts. Such accounts will be liable, as an entity, for taxes, including with respect to interest, if any, or appreciation in property between the Effective Date and date of distribution. Such taxes shall be paid out of the assets of such accounts (and reductions shall be made to amounts disbursed from such accounts to account for the need to pay such taxes). To the extent property is not distributed to U.S. Holders of applicable Claims on the Effective Date but, instead, is transferred to such accounts, although not free from doubt, U.S. Holders should not recognize any gain or loss on the date that the property is so transferred. Instead, gain or loss should be recognized when and to the extent property is actually distributed to such U.S. Holders.

C. Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders of Claims

The following discussion includes only certain U.S. federal income tax consequences to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax consequences to such Non-U.S. Holder and the ownership and disposition of non-Cash consideration.

1. *Gain Recognition*

Whether a Non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

Any gain realized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year in which the exchange occurs and certain other conditions are met, or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide properly executed original copies of IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30

percent (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. *Interest Payments; Accrued but Untaxed Interest.*

Payments to a Non-U.S. Holder that are attributable to either (a) interest on (or OID accruals with respect to) debt received under the Plan, or (b) accrued but untaxed interest on their Allowed Claim generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person, unless:

- the Non-U.S. Holder actually or constructively owns 10 percent or more of the total combined voting power of all classes of the Debtor obligor on a Claim (in the case of consideration received in respect of accrued but unpaid interest) or Reorganized Windstream, with respect to the debt received under the Plan (in the case of interest payments with respect thereto);

- the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to the Debtors (each, within the meaning of the IRC);

- the Non-U.S. Holder is a bank receiving interest described in section 881(c)(3)(A) of the IRC; or

- such interest (or OID) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent), the Non-U.S. Holder (i) generally will not be subject to withholding tax, but (ii) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30 percent rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on (a) interest on debt received under the Plan and (b) payments that are attributable to accrued but untaxed interest on such Non-U.S. Holder's Allowed Claim. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations

for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

3. *Sale, Redemption, or Repurchase of Non-Cash Consideration.*

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other disposition (including a cash redemption) of its Pro Rata share of the non-Cash consideration received under the Plan unless:

- such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States;

- such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States); or

- in the case of the sale of Reorganized Windstream Equity Interests, Reorganized Windstream (or a relevant successor thereto) is, or has been during a specified testing period, a "U.S. real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes.

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax on any gain recognized on the disposition of all or a portion of its Reorganized Windstream Equity Interests under the Foreign Investment in Real Property Tax Act ("FIRPTA"). Taxable gain from the disposition of an interest in a USRPHC (generally equal to the difference between the amount realized and such Non-U.S. Holder's adjusted tax basis in such interest) will constitute effectively connected income pursuant to the application of the second exception described above. Further, the buyer of the Reorganized Windstream Equity Interests will be required to withhold a tax equal to 15 percent of the amount realized on the sale. The amount of any such withholding would be allowed as a credit against the Non-U.S. Holder's federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the Non-U.S. Holder properly and timely files a tax return with the IRS. In general, the FIRPTA provisions will not apply if (a) the Non-U.S. Holder does not directly or indirectly own (and has not directly or indirectly owned) more than 5 percent by value of a class of stock of a USRPHC during a specified testing period, and (b) such class of stock is regularly traded on an established securities market. In the event Reorganized Windstream Equity Interests are regularly traded on an established securities market, the withholding obligation described above would not apply, even if a Non-U.S. Holder is subject to the substantive FIRPTA tax. The Debtors have not yet determined whether the Reorganized Windstream

Equity Interests will be regularly traded on an established securities market on, or any time after, the Effective Date.

In general, a corporation is a USRPHC as to a Non-U.S. Holder if the fair market value of the corporation's U.S. real property interests (as defined in the IRC and applicable Treasury Regulations) equals or exceeds 50 percent of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (applying certain look-through rules to evaluate the assets of subsidiaries) at any time within the shorter of the 5-year period ending on the effective time of the applicable disposition by the Non-U.S. Holder or the period of time the Non-U.S. Holder held stock of such corporation. The Debtors have not determined whether they are, or whether Reorganized Windstream will be (as of the Effective Date or at any point in the future), a USRPHC.

4. ***Dividends on Reorganized Windstream Equity Interests***

Any distributions made with respect to Reorganized Windstream Equity Interests will constitute dividends for U.S. federal income tax purposes to the extent of the issuer's current or accumulated earnings and profits as determined under U.S. federal income tax principles. Unless Reorganized Windstream is considered a USRPHC (see discussion below), to the extent that a Non-U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the Non-U.S. Holder's basis in its shares. Any such distributions in excess of a Non-U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain from a sale or exchange (and the respective excess distributions as proceeds from a sale or exchange).

Except as described below, dividends paid with respect to Reorganized Windstream Equity Interests held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to withholding at a rate of 30 percent (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to Reorganized Windstream Equity Interests held by a Non-U.S. Holder that are effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

If Reorganized Windstream is considered a USRPHC, distributions to a Non-U.S. Holder will generally be subject to withholding by Reorganized Windstream at a rate of 15 percent to the extent they are not treated as dividends for U.S. federal income tax purposes. In the event Reorganized Windstream Equity Interests are regularly traded on an established securities market, withholding would not be required if the Non-U.S. Holder does not directly or indirectly own (and has not directly or indirectly owned) more than 5 percent of the aggregate fair market value of the class of equity interests that includes Reorganized Windstream Equity Interests during a specified testing period. Exceptions to such withholding may also

be available to the extent a Non-U.S. Holder furnishes a certificate qualifying such Non-U.S. Holder for a reduction or exemption of withholding pursuant to applicable Treasury Regulations.

5. *FATCA.*

Under legislation commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30 percent on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income (including dividends, if any, on shares of Reorganized Windstream Equity Interests). FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

Withholding with respect to the gross proceeds of a disposition of any stock, debt instrument, or other property that can produce U.S.-source dividends or interest has been eliminated under proposed Treasury Regulations, which can be relied on until final regulations become effective.

Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. Holder's ownership of the Claims or the Reorganized Windstream Equity Interests.

D. Information Reporting and Withholding

The Debtors, Reorganized Debtors, Distribution Agent and applicable withholding agents will withhold all amounts required by law to be withheld from payments of interest and dividends, whether in connection with distributions under the Plan or in connection with payments made on account of consideration received pursuant to the Plan, and will comply with all applicable information reporting requirements. The IRS may make the information returns reporting such interest and dividends and withholding available to the tax authorities in the country in which a Non-U.S. Holder is resident. In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a holder of a Claim may be subject to backup withholding (currently at a rate of 24 percent) with respect to distributions or payments made pursuant to the Plan unless that holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact; or (b) timely provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding (generally in the form of a properly executed IRS Form W-9 for a U.S. Holder, and, for a Non-U.S. Holder, in the form of a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption)). Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; provided that the required information is timely provided to the IRS.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders of Claims subject to the Plan are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS

TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

[*Remainder of page intentionally left blank.*]

XIII. RECOMMENDATION OF THE DEBTORS

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Dated: May 6, 2020

WINDSTREAM HOLDINGS, INC.
on behalf of itself and all other Debtors

/s/ Tony Thomas

Tony Thomas
Chief Executive Officer and President

Exhibit B

Redline

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

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

DISCLOSURE STATEMENT RELATING TO THE ~~~~FIRST AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF WINDSTREAM HOLDINGS, INC. *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Counsel to the Debtors and Debtors in Possession

Dated: ~~April 1~~May 6, 2020

[1] The last four digits of Debtor Windstream Holdings, Inc.'s tax identification number are 7717. Due to the large number of Debtors in these chapter 11 cases, for which joint administration has been granted, 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' 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.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS OR INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE JOINT PLAN OF REORGANIZATION OF WINDSTREAM HOLDINGS, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREIN.

THE DEBTORS URGE HOLDERS OF CLAIMS OR INTERESTS WHOSE VOTES ARE BEING SOLICITED TO VOTE TO ACCEPT THE PLAN.

THE DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN ANTICIPATED EVENTS IN THE CHAPTER 11 CASES. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH ANTICIPATED EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR ANY OTHER AUTHORIZED PARTY MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO

COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN ARTICLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED (OR WAIVED).

YOU ARE ENCOURAGED TO READ THE PLAN AND THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING ARTICLE VIII, ENTITLED "RISK FACTORS" BEFORE SUBMITTING YOUR BALLOT TO VOTE ON THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

SUMMARIES OF THE PLAN AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS ANNEXED TO THIS DISCLOSURE STATEMENT OR OTHERWISE INCORPORATED HEREIN BY REFERENCE ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THOSE DOCUMENTS. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT, AND THERE IS NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR IN ACCORDANCE WITH APPLICABLE LAW, THE DEBTORS ARE UNDER NO DUTY TO UPDATE OR SUPPLEMENT THIS DISCLOSURE STATEMENT.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING VOTES FOR THE ACCEPTANCES AND CONFIRMATION OF THE PLAN AND MAY NOT BE RELIED ON FOR ANY OTHER PURPOSE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AGENCY, NOR HAS THE SEC OR ANY OTHER AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DEBTORS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED HEREIN BY REFERENCE HAS NOT BEEN, AND WILL NOT BE, AUDITED OR REVIEWED BY THE DEBTORS' INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE.

UPON CONFIRMATION OF THE PLAN, CERTAIN OF THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, OR SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN LAWS, IN RELIANCE ON THE EXEMPTION SET FORTH

IN SECTION 1145 OF THE BANKRUPTCY CODE. OTHER SECURITIES MAY BE ISSUED PURSUANT TO OTHER APPLICABLE EXEMPTIONS UNDER THE FEDERAL SECURITIES LAWS. TO THE EXTENT EXEMPTIONS FROM REGISTRATION UNDER SECTION 1145 OF THE BANKRUPTCY CODE OR APPLICABLE FEDERAL SECURITIES LAW DO NOT APPLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO A VALID EXEMPTION OR UPON REGISTRATION UNDER THE SECURITIES ACT.

THE DEBTORS MAKE STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE CONSIDERED FORWARD-LOOKING STATEMENTS UNDER FEDERAL SECURITIES LAWS. THE DEBTORS CONSIDER ALL STATEMENTS REGARDING ANTICIPATED OR FUTURE MATTERS TO BE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS MAY INCLUDE STATEMENTS ABOUT:

- **THE DEBTORS' BUSINESS STRATEGY;**
- **THE DEBTORS' TECHNOLOGY;**
- **THE DEBTORS' FINANCIAL CONDITION, REVENUES, CASH FLOWS, AND EXPENSES;**
- **THE DEBTORS' LEVELS OF INDEBTEDNESS, LIQUIDITY, AND COMPLIANCE WITH DEBT COVENANTS;**
- **THE DEBTORS' FINANCIAL STRATEGY, BUDGET, PROJECTIONS, AND OPERATING RESULTS;**
- **THE OVERALL HEALTH OF THE TELECOMMUNICATIONS INDUSTRY;**
- **THE AMOUNT, NATURE, AND TIMING OF THE DEBTORS' CAPITAL EXPENDITURES;**
- **THE AVAILABILITY AND TERMS OF CAPITAL;**
- **SUCCESSFUL RESULTS FROM THE DEBTORS' OPERATIONS;**
- **THE INTEGRATION AND BENEFITS OF ASSET AND PROPERTY ACQUISITIONS OR THE EFFECTS OF ASSET AND PROPERTY ACQUISITIONS OR DISPOSITIONS ON THE DEBTORS' CASH POSITION AND LEVELS OF INDEBTEDNESS;**
- **COSTS OF CONDUCTING THE DEBTORS' OTHER OPERATIONS;**
- **GENERAL ECONOMIC AND BUSINESS CONDITIONS;**
- **EFFECTIVENESS OF THE DEBTORS' RISK MANAGEMENT ACTIVITIES;**
- **COUNTERPARTY CREDIT RISK;**
- **THE OUTCOME OF PENDING AND FUTURE LITIGATION;**
- **GOVERNMENTAL REGULATION AND TAXATION OF THE TELECOMMUNICATIONS INDUSTRY;**
- **INTRODUCTION OF NEW COMPETITORS INTO THE DEBTORS' MARKETS;**
- **UNCERTAINTY REGARDING THE DEBTORS' FUTURE OPERATING RESULTS;**
- **PLANS, OBJECTIVES, AND EXPECTATIONS;**
- **THE ADEQUACY OF THE DEBTORS' CAPITAL RESOURCES AND LIQUIDITY;**

- **RISKS IN CONNECTION WITH ACQUISITIONS;**
- **THE POTENTIAL ADOPTION OF NEW GOVERNMENTAL REGULATIONS; AND**
- **THE DEBTORS' ABILITY TO SATISFY FUTURE CASH OBLIGATIONS.**

STATEMENTS CONCERNING THESE AND OTHER MATTERS ARE NOT GUARANTEES OF THE REORGANIZED DEBTORS' FUTURE PERFORMANCE. THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE REORGANIZED DEBTORS' ACTUAL PERFORMANCE OR ACHIEVEMENTS TO BE DIFFERENT FROM THOSE THEY MAY PROJECT, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE THE PROJECTIONS MADE HEREIN. THESE RISKS, UNCERTAINTIES, AND FACTORS MAY INCLUDE THE FOLLOWING: THE DEBTORS' ABILITY TO CONFIRM AND CONSUMMATE THE PLAN; THE POTENTIAL THAT THE DEBTORS MAY NEED TO PURSUE AN ALTERNATIVE TRANSACTION IF THE PLAN IS NOT CONFIRMED; THE DEBTORS' ABILITY TO REDUCE THEIR OVERALL FINANCIAL LEVERAGE; THE POTENTIAL ADVERSE IMPACT OF THE CHAPTER 11 CASES ON THE DEBTORS' OPERATIONS, MANAGEMENT, AND EMPLOYEES; THE RISKS ASSOCIATED WITH OPERATING THE DEBTORS' BUSINESSES DURING THE CHAPTER 11 CASES; CUSTOMER RESPONSES TO THE CHAPTER 11 CASES; THE DEBTORS' INABILITY TO DISCHARGE OR SETTLE CLAIMS DURING THE CHAPTER 11 CASES; GENERAL ECONOMIC, BUSINESS, AND MARKET CONDITIONS; CURRENCY FLUCTUATIONS; INTEREST RATE FLUCTUATIONS; PRICE INCREASES; EXPOSURE TO LITIGATION; A DECLINE IN THE DEBTORS' MARKET SHARE DUE TO COMPETITION; THE DEBTORS' ABILITY TO IMPLEMENT COST REDUCTION INITIATIVES IN A TIMELY MANNER; THE DEBTORS' ABILITY TO DIVEST EXISTING BUSINESSES; FINANCIAL CONDITIONS OF THE DEBTORS' CUSTOMERS; ADVERSE TAX CHANGES; LIMITED ACCESS TO CAPITAL RESOURCES; CHANGES IN DOMESTIC AND FOREIGN LAWS AND REGULATIONS; TRADE BALANCE; NATURAL DISASTERS; GEOPOLITICAL INSTABILITY; AND THE EFFECTS OF GOVERNMENTAL REGULATION ON THE DEBTORS' BUSINESSES.

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2 Each Exhibit is incorporated herein by reference.

I. INTRODUCTION

Windstream Holdings, Inc. and its debtor affiliates, as debtors and debtors in possession (collectively, the "Debtors" or "Windstream"), submit this disclosure statement (this "Disclosure Statement"), pursuant to section 1125 of the Bankruptcy Code, to holders of Claims against and Interests in the Debtors in connection with the solicitation of votes for acceptance of the *First Amended Joint Chapter 11 Plan of Reorganization of Windstream Holdings, Inc. et al., Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), dated ~~April 1~~May 6, 2020.[1] A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference. The Plan constitutes a separate chapter 11 plan for each of the Debtors.

THE DEBTORS BELIEVE THAT THE COMPROMISES CONTEMPLATED UNDER THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDE THE BEST RECOVERY TO STAKEHOLDERS. AT THIS TIME, THE DEBTORS BELIEVE THE PLAN REPRESENTS THE BEST AVAILABLE OPTION FOR COMPLETING THE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

THE COMMITTEE DOES NOT SUPPORT THE PLAN AND STRONGLY URGES ALL HOLDERS OF GENERAL UNSECURED CLAIMS IN CLASS 6A (OBLIGOR GENERAL UNSECURED CLAIMS) TO VOTE TO REJECT THE PLAN.

II. PRELIMINARY STATEMENT

The Debtors are a leading provider of advanced network communications, technology, broadband, entertainment, security, and core transport solutions to both consumer and business customers across the United States, with a national footprint spanning approximately 150,000 fiber miles. The Debtors also offer broadband, entertainment and security solutions to consumers and small businesses, primarily in rural areas, in 18 states. As of the Petition Date, the Debtors had approximately 11,600 employees. As of the Petition Date, the Debtors had approximately $5.6 billion in aggregate funded-debt obligations under a revolving credit facility, two tranches under Debtor Windstream~~'s~~ Services' term loan facility, one series of secured first lien notes, two series of secured second lien notes, six series of unsecured notes, and one issuance of secured subsidiary notes. All debt, other than the secured subsidiary notes, has been incurred by Debtor Windstream Services and its guarantor subsidiaries~~.~~ (*i.e.*, the Obligor Debtors). Certain Debtors (the Non-Obligor Debtors), including Windstream Holdings, are not a party to, or otherwise obligated with respect to the funded-debt obligations.

In April 2015, Debtor Windstream Services and related debtor subsidiaries spun off certain telecommunications network, real estate, and other assets through a transaction involving a real estate investment trust now known as Uniti Group Inc. ("Uniti"). Subsequent to the Uniti spin-off, Windstream Holdings entered into that certain master lease dated April 24, 2015 (the "Uniti Arrangement") with certain subsidiaries of Uniti, which purported to govern Windstream's post-spin-off use of the applicable assets. As described in greater detail herein, on February 15, 2019, the Debtors received an adverse judgment related to the Uniti Arrangement wherein the United States District Court for the Southern District of New York ruled that the Uniti spin-off constituted an impermissible sale-leaseback transaction under one of Windstream's unsecured note indentures and that Windstream's subsequent efforts to secure a waiver was ineffective to waive or cure the default. In the face of the cross-defaults throughout ~~its~~their

[1] Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to such terms in the Plan. The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between this Disclosure Statement and the Plan, the Plan will govern.

capital structure triggered by this adverse judgment, the Debtors faced a significant liquidity shortfall and no access to out-of-court financing. Accordingly, on February 25, 2019, (the "Petition Date"), the Debtors commenced these chapter 11 cases to both obtain the benefit of the automatic stay to enjoin parties from taking collection action and to gain access to critical debtor-in-possession financing.

The Debtors were ultimately able to secure $1 billion in debtor-in-possession financing on market terms over the course of a mere business week (the "DIP Facilities"), which was approved on April 22, 2019 [Docket No. 376]. The DIP Facilities consist of a $500 million DIP Revolving Facility and a $500 million DIP Term Loan Facility. Throughout the course of these cases, the DIP Facilities have provided sufficient liquidity to ensure the Debtors able to pay their debts as they come due.

Following the Petition Date, the Debtors conducted an independent investigation and asserted that the Uniti Arrangement is in fact a disguised financing agreement for purposes of applicable bankruptcy law and should be recharacterized as such. On July 25, 2019, the Debtors filed a complaint (the "Complaint") commencing an adversary proceeding (the "Uniti Adversary Proceeding") seeking, among other things, a declaration that the Uniti Arrangement is a financing and is not a lease of nonresidential real property, in each case for purposes of applicable bankruptcy law [Adv. Pro. Docket No. 1]. A number of other parties including, the Committee, intervened in the Uniti Adversary Proceeding and joined in the Debtors' claims. Uniti has consistently maintained that the Uniti Arrangement is a true lease of nonresidential real property. The Court entered a stipulated scheduling order in the Uniti Adversary Proceeding on October 1, 2019, setting deadlines for a trial contemplated to begin in early March 2020 [Adv. Pro. Docket No. 31].

In an attempt to consensually resolve issues relating to the Uniti Arrangement with all stakeholders, on July 12, 2019, the Debtors and Uniti filed a motion to appoint a mediator and to include mediation parties from across the Debtors' capital structure [Docket No. 803]. The Debtors proposed that mediation and litigation proceed in parallel so as to most efficiently reach a global resolution of matters regarding the relationship between the Debtors and Uniti. On July 30, 2019 the Court entered an order appointing the Honorable Judge Chapman to mediate issues regarding the Uniti Arrangement [Docket No. 874]. In an attempt to create breathing room throughout the course of the mediation, the Debtors and Uniti—with the assistance of Judge Chapman—agreed to an extension of the purported application of the deadline under section 365(d)(4) of the Bankruptcy Code (the "365(d)(4) Stipulation") [Docket No. 965]. The 365(d)(4) Stipulation provided an extension of the section 365(d)(4) deadline until December 6, 2019 in exchange for, among other things, continued payments under the Uniti Arrangement (with all parties' rights reserved as to the ultimate treatment or disgorgement of any such payments). Also as part of the 365(d)(4) Stipulation, the Debtors were required to seek Court approval to cease payments to Uniti under the Uniti Arrangement and Uniti was required to seek Court approval to evict the Debtors from, or compel the surrender of, the property subject to the Uniti Arrangement.

On November 22, 2019, the parties reached agreement on the terms of a second consensual extension of the deadline under section 365(d)(4) as to the Uniti Arrangement (the "Second 365(d)(4) Stipulation") [Docket No. 1265] that extended the purported application on the same terms as the 365(d)(4) Stipulation through and including 30 calendar days following entry of an order resolving count I (recharacterization) and count II (personal property) of the Complaint. After a hearing on December 12, 2019, and consistent with the Court's comments on the record, on January 10, 2020 the Debtors filed an amended complaint (the "Amended Complaint") and a third stipulation with Uniti (the "Count II Stipulation") that stayed further litigation of the personal property count of the Complaint without prejudice to the Debtors' right to resume prosecution upon reasonable notice to Uniti. The Count II Stipulation also extended the purported application of the section 365(d)(4) deadline to the Uniti Arrangement to 90 calendar days following the entry of an order by the Court resolving count I of the

Complaint. On January 30, 2020, the parties reached an agreement to bifurcate the recharacterization count from the other remaining counts [Adv. Docket No. 79].

Over the course of late 2019 and early 2020, the Uniti Adversary Proceeding proceeded in parallel with the mediation process, including substantial document discovery and depositions of key potential witnesses. Ultimately, through the mediation process as well as informal negotiations, and in advance of the commencement of any trial in the Uniti Adversary Proceeding, the Debtors were able to reach a settlement with Uniti (the "Uniti Settlement") that was submitted to the Court on March 6, 2020 [Docket No. 1558] (the "Uniti 9019 Motion"). The Uniti Settlement ultimately facilitated a negotiation on the terms of a restructuring with certain of Windstream's creditor constituencies. As a result, and after extensive negotiations, these parties reached an agreement on the terms of the restructuring transactions set forth in a plan support agreement filed on March 6, 2020 [Docket No. 1533], and as amended on March 9, 2020 [Docket No. 1559] and March 16, 2020 [Docket No. 1584] (the "Plan Support Agreement"), and enumerated in the Plan. Holders of more than 94% of First Lien Claims, including the Debtors' largest creditor, Elliott Investment Management, L.P. and its affiliated funds ("Elliott"), 54% of Second Lien Claims, 39% of unsecured claims, and 72% of Midwest Notes Claims have agreed to support the approval and consummation of the Uniti Settlement and confirmation of the Plan, including voting their respective Claims to accept the Plan.

Upon consummation of the Restructuring Transactions, pursuant to and in accordance with the Plan, the Reorganized Debtors will, among other things: (a) issue one hundred percent (100%) of the issued and outstanding Reorganized Windstream Equity Interests to Allowed First Lien Claims (subject to dilution by the Rights Offering, the Backstop Premium, the Special Warrants and the Management Incentive Plan) in accordance with the Equity Allocation Mechanism, and (b) enter into the New Exit Facility, which is currently estimated to consist of loans and undrawn revolving commitments in the aggregate amount up to $3,250 million.

The Debtors filed their initial chapter 11 plan and disclosure statement on April 1, 2020 [Docket Nos. 1631, 1632]. Several objectors raised concerns and objections with respect to the Plan and Disclosure Statement. Specifically, on April 30, 2020, Element Fleet Corporation filed its objection to the Disclosure Statement [Docket No. 1719], raising concerns over the executory contract assumption and rejection procedures, the timeline for definitive assumption and rejection of such contracts, claim releases, and set-off rights under such executory contracts. The SEC filed its objection to the Disclosure Statement [Docket No. 1726], asserting concerns for non-consensual third-party releases, and the Court's authority to grant such releases. Finally, the Securities Litigation plaintiff filed the objection to the Disclosure Statement [Docket No. 1726], asserting concerns for adequate information provided to the Securities Litigation plaintiffs, third-party release provisions related to the Securities Litigation plaintiffs, and preservation of evidence for the ongoing securities litigation. The Debtors have engaged in discussions with such parties and have resolved a number of the issues raised in the objections. However, the Debtors reserve all rights related to such objections and underlying claims.

The Plan provides for the reorganization of the Debtors as a going concern with a deleveraged capital structure and sufficient liquidity to fund the Debtors' post-emergence business plan. The Plan, Plan Support Agreement, and Uniti Settlement are significant achievements for the Debtors in these chapter 11 cases, which were initiated unexpectedly and with no clear path to confirmation in sight, and now will culminate in a restructuring transaction that maximizes value for all stakeholders.

The Debtors strongly believe that the Plan is in the best interests of the Debtors' estates, and represents the best available alternative at this time. Given the Debtors' core strengths, including their experienced management team and broad and diverse customer base, they are confident that they can implement the restructuring embodied in the Plan to ensure the Debtors' long-term viability. For these

reasons, the Debtors strongly recommend that holders of Claims entitled to vote to accept or reject the Plan vote to accept the Plan.

The Committee's position is that the Plan provides *de minimis* recoveries for general unsecured creditors of the Obligor Debtors (Class 6A), and allocates none of the value received by the Debtors on account of the Uniti Settlement to those creditors although the Committee believes that neither the assets that are the subject of count I (recharacterization) of the Uniti Adversary Proceeding, nor the other claims and causes of action being settled and released under the Uniti Settlement are encumbered by prepetition liens in favor of the Debtors' secured lenders, and any proceeds of the settlement are likewise unencumbered. The Committee strongly recommends that holders of Claims in Class 6A (Obligor General Unsecured Claims) vote to reject the Plan. The Debtors and the First Lien Ad Hoc Group disagree with this characterization and reserve all rights.

III. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND PLAN

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a chapter 11 plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtors' liabilities in accordance with the terms of the confirmed plan.

B. Why are the Debtors sending me this Disclosure Statement?

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan and to share such disclosure statement with all holders of Claims or Interests whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with these requirements.

C. Am I entitled to vote on the Plan?

Your ability to vote on, and your distribution under, the Plan, if any, depends on what type of Claim or Interest you hold. Each category of holders of Claims or Interests, as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth below:

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Secured Claims	Unimpaired	Deemed to Accept

Class	Claims and Interests	Status	Voting Rights
Class 2	Other Priority Claims	Unimpaired	Deemed to Accept
Class 3	First Lien Claims	Impaired	Entitled to Vote
Class 4	Midwest Notes Claims	Impaired	Entitled to Vote
Class 5	Second Lien Claims	Impaired	Entitled to Vote
Class 6A	Obligor General Unsecured Claims	Impaired	Entitled to Vote
Class 6B	Non-Obligor General Unsecured Claims	Unimpaired	Deemed to Accept
Class 7	Intercompany Claims	Impaired or Unimpaired	Deemed to Reject or Deemed to Accept
Class 8	Intercompany Interests	Impaired or Unimpaired	Deemed to Reject or Deemed to Accept
Class 9	Interests in Windstream	Impaired	Deemed to Reject

D. What will I receive from the Debtors if the Plan is consummated?

The following chart provides a summary of the anticipated recovery to holders of Claims or Interests under the Plan. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.[2]

Each holder of an Allowed Claim or Allowed Interest, as applicable, shall receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Claim or Allowed Interest, except to the extent that a holder of an Allowed Claim or Allowed Interest agrees to a less favorable treatment. Unless otherwise indicated, the holder of an Allowed Claim or Allowed Interest, as applicable, shall receive such treatment on the Effective Date or as soon as reasonably practicable thereafter.

SUMMARY OF EXPECTED RECOVERIES				
Class	Claim/Interest	Treatment of Claim/ Interest	Projected Amount of Claims	Estimated Range of Recovery Under Plan
Class 1	Other Secured	Each holder of an Allowed Other Secured	$~~[ ]~~0	~~[ ]~~100%

[2] The recoveries set forth below may change based upon changes in the amount of Claims that are "Allowed" as well as other factors related to the Debtors' business operations and general economic conditions.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Interest**	**Treatment of Claim/ Interest**	**Projected Amount of Claims**	**Estimated Range of Recovery Under Plan**
	Claims	Claim shall receive, at the Debtors' option, in consultation with the Required Consenting Creditors and the Requisite Backstop Parties: (a) payment in full in cash; (b) the collateral securing its Allowed Other Secured Claim; (c) Reinstatement of its Allowed Other Secured Claim; or (d) such other treatment rendering its Allowed Other Secured Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.		
Class 2	Other Priority Claims	Each holder of an Allowed Other Priority Claim shall receive treatment in a manner consistent with section 1129(a)(9) of the Bankruptcy Code.	$[—]0	[—]100%
Class 3	First Lien Claims	Each holder of an Allowed First Lien Claim shall receive its Pro Rata share of: (a) 100% of the Reorganized Windstream Equity Interests, subject to dilution on account of the Rights Offering, the Backstop Premium, the Special Warrants, and the Management Incentive Plan; (b) cash in an amount equal to the sum of (i) the Distributable Exit Facility Proceeds, (ii) the Distributable Flex Proceeds, (iii) the cash proceeds of the Rights Offering, and (iv) all other cash held by the Debtors as of the Effective Date in excess of the Minimum Cash Balance; (c) the Distributable Subscription Rights; and (d) as applicable, the First Lien Replacement Term Loans. Notwithstanding the foregoing, the distribution of Reorganized Windstream Equity Interests to holders of Allowed First Lien Claims pursuant to Article III.B.3.b.i of the Plan, pursuant to the Rights Offering, and on account of the Backstop Premium shall be made pursuant to, and subject to the terms and conditions of, the Equity Allocation Mechanism.	$[—]3,151 million	[—]62.8 - 71.3%
Class 4	Midwest Notes Claims	Each holder of an Allowed Midwest Notes Claim shall receive its Pro Rata share of the Midwest Notes Exit Facility Term Loans, the principal amount of which shall be $100 million, plus any interest and fees due and owing under the Midwest Notes Indenture and/or the Final DIP Order to the extent unpaid as of the Effective Date, and any additional Midwest Notes OID Consideration.	$[—]100 million	[—]100%
Class 5	Second Lien Claims	***If holders of Allowed Second Lien Claims vote as a class to accept the Plan***, on the Effective Date, each holder of an Allowed Second Lien Claim shall receive cash in an amount equal to $0.00125 for each $1.00 of Allowed Second Lien Claims.	$[—]1,235 million	[—]0 - 0.125%

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Interest**	**Treatment of Claim/ Interest**	**Projected Amount of Claims**	**Estimated Range of Recovery Under Plan**
		If holders of Allowed Second Lien Claims vote as a class to reject the Plan, on the Effective Date, each holder of an Allowed Second Lien Claim shall receive treatment consistent with section 1129(a)(7) of the Bankruptcy Code.		
Class 6A	Obligor General Unsecured Claims	***If holders of Allowed Obligor General Unsecured Claims vote as a class to accept the Plan***, on the Effective Date, each holder of an Allowed Obligor General Unsecured Claim shall receive cash in an amount equal to $0.00125 for each $1.00 of such Allowed Obligor General Unsecured Claims. ***If holders of Allowed Obligor General Unsecured Claims vote as a class to reject the Plan***, on the Effective Date, each holder of such an Allowed Obligor General Unsecured Claim shall receive treatment consistent with section 1129(a)(7) of the Bankruptcy Code.	$[1,183 – 1,203 million]	[ ]0 – 0.125%
Class 6B	Non-Obligor General Unsecured Claims	On the later of the Effective Date or the date that such Allowed Non-Obligor General Unsecured Claim becomes due in the ordinary course of the Debtors' or Reorganized Debtors' business, each holder of an Allowed Non-Obligor General Unsecured Claim shall, at the election of the Requisite Backstop Parties, in consultation with the Debtors, be (a) Reinstated or (b) paid in full in Cash.	$[ ]34 – 39 million	[ ]100%
Class 7	Intercompany Claims	Subject to the Description of Restructuring Transactions, on the Effective Date, each Allowed Intercompany Claim shall be Reinstated, distributed, contributed, set off, settled, cancelled and released, or otherwise addressed at the option of the Debtors in consultation with the Required Consenting Creditors and Requisite Backstop Parties.	N/A	N/A
Class 8	Intercompany Interests	Subject to the Description of Restructuring Transactions, Intercompany Interests shall receive no recovery or distribution and be Reinstated, solely to the extent necessary to maintain the Debtors' corporate structure.	N/A	N/A
Class 9[3]	Interests in Windstream	Each holder of an Interest in Windstream shall have such Interest cancelled, released, and extinguished without any distribution.	N/A	N/A

[3] Claims against the Debtors in connection with the Securities Litigation are subordinated to the same level as Interests in Windstream pursuant to section 510(b) of the Bankruptcy Code and, accordingly, will receive treatment consistent with Class 9. The Securities Litigation lead plaintiff has asserted that such Claims should be preserved solely to the extent of available insurance under the D&O Liability Insurance Policies. The Debtors and the Securities Litigation lead plaintiff have agreed to attempt to resolve this issue prior to Confirmation.

E. What will I receive from the Debtors if I hold an Allowed Administrative Claim, DIP Facilities Claim, or a Priority Tax Claim?

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Facilities Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims or Interests set forth in Article III of the Plan.

1. Administrative Claims

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than holders of Professional Fee Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim.

2. DIP Facilities Claims

Except to the extent that a holder of an Allowed DIP Facilities Claim agrees to a less favorable treatment, each Allowed DIP Facilities Claim, as well as any other fees, interest or other obligations owing to third parties under the DIP Credit Agreement and/or the DIP Orders, shall be indefeasibly paid in full, in Cash, by the Debtors on the Effective Date in accordance with the terms of the DIP Credit Agreement and the DIP Orders, including without limitation, the execution and delivery of a release agreement, on terms and conditions acceptable to the DIP Agent and the DIP Lenders, and contemporaneously with the foregoing payment and delivery of the release agreement, the DIP Facilities shall be deemed cancelled, all Liens on property of the Debtors and the Reorganized Debtors arising out of or related to the DIP Facilities shall automatically terminate, and all collateral subject to such Liens shall be automatically released, in each case without further action by the DIP Agent or the DIP Lenders and all guarantees of the Debtors and Reorganized Debtors arising out of or related to the DIP Facilities Claims shall be automatically discharged and released, in each case without further action by the DIP Agent or the DIP Lenders pursuant to the terms of the DIP Facilities. The DIP Agent and the DIP Lenders shall take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors. For the avoidance of doubt, to the extent that any obligations under the DIP Credit Agreement and/or the DIP Orders remain unsatisfied as of the Effective Date, any unsatisfied claims thereunder shall not be released by the terms of this Plan until such obligations are indefeasibly paid in full, in cash.

3. Priority Tax Claims

Priority Tax Claims will be satisfied as set forth in Article II.D of the Plan, as summarized herein. Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

F. What is the basis for the separate classification and different treatment of creditors holding claims in Class 6A (Obligor General Unsecured Claims) and Class 6B (Non-Obligor General Unsecured Claims)?

The Plan designates each Debtor as either an "Obligor Debtor" or a "Non-Obligor Debtor." The Obligor Debtors are borrowers, issuers, or guarantors under the Debtors' prepetition funded debt

obligations, which total approximately $5.6 billion, and are therefore each jointly and severally liable for those debts. The Non-Obligor Debtors are not parties to those obligations.

G. ~~F.~~ Are any regulatory approvals required to consummate the Plan?

Yes. To the extent any such regulatory approvals or other authorizations, consents, rulings, or documents are necessary to implement and effectuate the Plan, they must be obtained prior to the Effective Date.

H. ~~G.~~ What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to reorganize their businesses. It is possible that any alternative may provide holders of Claims with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, *see* Article XI.B of this Disclosure Statement, entitled "Best Interests of Creditors/Liquidation Analysis," and the Liquidation Analysis attached hereto as **Exhibit C**.

I. ~~H.~~ If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation?"

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to holders of Allowed Claims will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as reasonably practicable thereafter, as specified in the Plan. *See* Article XI of this Disclosure Statement, entitled "Confirmation of the Plan," for a discussion of the conditions precedent to consummation of the Plan.

J. ~~I.~~ What are the sources of Cash and other consideration required to fund the Plan?

The Reorganized Debtors shall fund distributions under the Plan with (a) Cash on hand; (b) the issuance and distribution of Reorganized Windstream Equity Interests and Special Warrants; (c) proceeds of the New Exit Facility; (d) the Midwest Notes Exit Facility Term Loans issued under the New Exit Facility; (e) the First Lien Replacement Term Loans, as applicable; (f) subscription rights to participate in the Rights Offering; and (g) proceeds of the Rights Offering.

K. ~~J.~~ Are there risks to owning the Reorganized Windstream Equity Interests upon emergence from chapter 11?

Yes. *See* Article VIII of this Disclosure Statement, entitled "Risk Factors."

L. ~~K.~~ Is there potential litigation related to the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may object to Confirmation of the Plan as well, which objections potentially could give rise to litigation. *See* Article VIII.C.7 of this Disclosure Statement, entitled "The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases."

In the event that it becomes necessary to confirm the Plan over the rejection of certain Classes, the Debtors may seek confirmation of the Plan notwithstanding the dissent of such rejecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code. *See* Article VIII.A.4 of this Disclosure Statement, entitled "The Debtors May Not Be Able to Secure Confirmation of the Plan."

M. ~~L.~~ What is the Management Incentive Plan and how will it affect the distribution I receive under the Plan?

The Management Incentive Plan shall provide for customary terms, the details of which will be set forth in the Plan Supplement.

If you are a holder of an Allowed First Lien Claim who receives New Windstream Equity Interests under the Plan, the value of your New Windstream Equity Interests will be diluted by any New Windstream Equity Interests distributed pursuant to the Management Incentive Plan.

N. ~~M.~~ Will the final amount of Allowed General Unsecured Claims affect the recovery of holders of Allowed General Unsecured Claims under the Plan?

~~No, the~~The final amount of Allowed General Unsecured Claims will not affect the recovery of holders of Allowed General Unsecured Claims~~. Holders of Allowed~~ in Class 6B (Non-Obligor General Unsecured Claims), who will ~~either~~ be paid in full ~~or receive its Pro Rata share based on the holder's status as an Obligor or Non-Obligor General Unsecured Creditor~~.

Holders of Allowed Obligor General Unsecured Claims (Class 6A) will either receive $0.00125 for each $1.00 of such Allowed Claims if the Class votes to accept the Plan or will receive treatment consistent with section 1129(a)(7) of the Bankruptcy Code if the Class votes to reject the Plan. As a result, the final amount of Allowed General Unsecured Claims will not affect the recovery of holders of Allowed General Unsecured Claims in Class 6A if the Class votes to accept the Plan, but may affect recoveries for those creditors if that Class votes to reject the Plan.

O. ~~N.~~ How will the preservation of the Causes of Action impact my recovery under the Plan?

The Plan provides for the retention of all Causes of Action other than those that are expressly waived, relinquished, exculpated, released, compromised, or settled.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, each Reorganized Debtor, as applicable, shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtors, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, which shall be deemed released and waived by the Debtors and the Reorganized Debtors as of the Effective Date.

The Reorganized Debtors may pursue such retained Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity (other than the Released Parties) may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action of the**

Debtors against it. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless otherwise agreed upon in writing by the parties to the applicable Cause of Action, all objections to the Schedule of Retained Causes of Action must be filed with the Bankruptcy Court on or before thirty (30) days after the Effective Date. Any such objection that is not timely filed shall be disallowed and forever barred, estopped, and enjoined from assertion against any Reorganized Debtor, without the need for any objection or responsive pleading by the Reorganized Debtors or any other party in interest or any further notice to or action, order, or approval of the Bankruptcy Court. The Reorganized Debtors may settle any such objection without any further notice to or action, order, or approval of the Bankruptcy Court. If there is any dispute regarding the inclusion of any Cause of Action on the Schedule of Retained Causes of Action that remains unresolved by the Debtors or Reorganized Debtors, as applicable, and the objection party for thirty (30) days, such objection shall be resolved by the Bankruptcy Court. Unless any Causes of Action of the Debtors against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action of the Debtors notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, except as otherwise expressly provided in the Plan. The applicable Reorganized Debtors, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

P. ~~O.~~ Will there be releases and exculpation granted to parties in interest as part of the Plan?

Yes, the Plan proposes to release the Released Parties and to exculpate the Exculpated Parties. The Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Debtors' overall restructuring efforts and were an essential element of the negotiations among the Debtors and various parties in interest in obtaining their support for the Plan.

The Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtors' restructuring through efforts to negotiate and implement the Plan, which will maximize and preserve the going-concern value of the Debtors for the benefit of all parties in interest. Accordingly, each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

IMPORTANTLY, THE FOLLOWING PARTIES ARE INCLUDED IN THE DEFINITION OF "RELEASING PARTIES" AND WILL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY, INDIVIDUALLY, AND COLLECTIVELY RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE DEBTORS AND THE RELEASED PARTIES: ALL HOLDERS OF CLAIMS OR INTERESTS WHO DO NOT (X) VALIDLY OPT OUT OF THE RELEASES CONTAINED IN THE PLAN, (Y) FILE AN OBJECTION TO THE RELEASES CONTAINED IN THE PLAN BY THE PLAN OBJECTION

DEADLINE, OR (Z) TIMELY VOTE TO REJECT THE PLAN. THE RELEASES ARE AN INTEGRAL ELEMENT OF THE PLAN.

Based on the foregoing, the Debtors believe that the releases and exculpations in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Second Circuit. Moreover, the Debtors will present evidence at the Confirmation Hearing to demonstrate the basis for and propriety of the release and exculpation provisions. The release, exculpation, and injunction provisions that are contained in the Plan are copied in pertinent part below.

4. ~~1.~~ *Releases by the Debtors.*

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates from any and all Causes of Action, including any derivative claims, asserted by or on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against or Interest in a Debtor or other Entity, based on or relating to or in any manner arising from in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Plan Support Agreement, the Disclosure Statement, the DIP Facility, the Final DIP Order, the Plan, the Rights Offering, the New Exit Facility, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Plan Support Agreement, the Backstop Commitment Agreement, the Disclosure Statement, the DIP Facility, the Final DIP Order, the Rights Offering, the New Exit Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.

5. ~~2.~~ *Releases by Holders of Claims and Interests.*[4]

As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Plan Support Agreement, the Backstop Commitment Agreement, the Disclosure Statement, the DIP Facility, the Final DIP Order, the Plan, the Rights Offering, the New Exit Facility, or any Restructuring Transaction, contract, instrument,

[4] The Securities Litigation lead plaintiff has asserted that (a) neither he nor the members of the putative class in the Securities Litigation, in their capacity as such, should be Releasing Parties or otherwise be deemed to grant the release set forth in Article VIII.D of the Plan, (b) the Plan and Confirmation Order should not release, enjoin, or otherwise impact the claims now or hereafter asserted against any non-Debtor in the Securities Litigation, (c) the release and injunction set forth in Articles VIII.D and F of the Plan are impermissible as a matter of law to the extent they release or enjoin the prosecution of any claims or causes of action against any non-Debtor in the Securities Litigation, and (d) the Disclosure Statement Order should confirm that he has the inherent authority to opt out of the release set forth in Article VIII.D of the Plan on behalf of the entire putative class in the Securities Litigation. The Debtors and the Securities Litigation lead plaintiff have agreed to attempt in good faith to resolve this issue prior to Confirmation.

release, or other agreement or document created or entered into in connection with the Plan Support Agreement, the Disclosure Statement, the DIP Facility, the Final DIP Order, the Rights Offering, the New Exit Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.

6. ~~3.~~ *Exculpation*

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to or arising out of the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Plan Support Agreement and related prepetition transactions, the Disclosure Statement, the Plan, the DIP Facility, the Final DIP Order, the Rights Offering, the New Exit Facility, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP Facility, the Final DIP Order, the Rights Offering, the New Exit Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a final order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

7. ~~4.~~ *Injunction*

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Final DIP Order, the Plan, or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a claim or interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any

kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

For more detail, see Article VIII of the Plan, entitled "Settlement, Release, Injunction, and Related Provisions," which is incorporated herein by reference.

Q. ~~P.~~ What is the deadline to vote on the Plan?

The Voting Deadline is June 8, 2020, at 4:00 p.m. (prevailing Eastern Time).

R. ~~Q.~~ How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to holders of Claims or Interests that are entitled to vote on the Plan. For your vote to be counted, your ballot must be properly completed, executed, and delivered as directed, so that your ballot or a master ballot including your vote is **actually received** by the Debtors' Claims and Balloting Agent, Kurtzman Carson Consultants (the "Claims and Balloting Agent") **on or before the Voting Deadline, *i.e.* June 8, 2020 at 4:00 p.m. prevailing Eastern Time**. *See* Article X of this Disclosure Statement, entitled "Solicitation and Voting Procedures."

S. ~~R.~~ Why is the Bankruptcy Court holding a Confirmation Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan. The Confirmation Hearing will be scheduled by the Bankruptcy Court and all parties in interest will be served notice of the time, date, and location of the Confirmation Hearing once scheduled. The Confirmation Hearing may be adjourned from time to time without further notice.

T. ~~S.~~ What is the purpose of the Confirmation Hearing?

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

U. ~~T.~~ What is the effect of the Plan on the Debtors' ongoing businesses?

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code. As a result, the occurrence of the Effective Date means that the Debtors will not be liquidated or forced to go out of business. Following Confirmation, the Plan will be consummated on the Effective Date, which is a date that is the first Business Day after the Confirmation Date on which (1) no stay of the Confirmation Order is in effect, (2) all conditions to Consummation have been satisfied or waived (*see* Article IX of the Plan), and (3) the Debtors declare the Plan effective. Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in, or entered into in connection with or pursuant to, the Plan, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On or after the Effective Date, and unless otherwise provided in the Plan, the Reorganized Debtors may operate their businesses and, except as

otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

V. ~~U.~~ Will any party have significant influence over the corporate governance and operations of the Reorganized Debtors?

The Reorganized Windstream Board shall be appointed, by the Requisite Backstop Parties in accordance with the Governance Term Sheet and the identities of the directors on the Reorganized Windstream Board shall be set forth in the Plan Supplement to the extent known at the time of filing. Corporate governance for Reorganized Windstream, including the Reorganized Windstream Organizational Documents, shall be consistent with the Governance Term Sheet and section 1123(a)(6) of the Bankruptcy Code.

W. ~~V.~~ Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Debtors' Claims and Balloting Agent, Kurtzman Carson Consultants, via one of the following methods:

By regular mail at:
Kurtzman Carson Consultants
Attn: Windstream Claims Processing Center
222 N. Pacific Coast Highway, Ste 300
El Segundo, CA 90245

By hand delivery or overnight mail at:
Kurtzman Carson Consultants
Attn: Windstream Claims Processing Center
222 N. Pacific Coast Highway, Ste 300
El Segundo, CA 90245

By electronic mail at:
WindstreamInfo@kccllc.com

By telephone (toll free) at:
877-759-8815

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the chapter 11 cases are available upon written request to the Claims and Balloting Agent at the address above or by downloading the exhibits and documents from the website of the Claims and Balloting Agent at http://www.kccllc.net/windstream (free of charge) or the Bankruptcy Court's website at http://www.nysb.uscourts.gov (for a fee).

X. ~~W.~~ Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe that the Plan provides for a larger distribution to the Debtors' creditors and equity holders than would otherwise result from any other available alternative. The Debtors believe that the Plan, which contemplates a significant deleveraging of the Debtors' balance sheet and enables them to emerge from chapter 11 expeditiously, is in the best interest of all holders of Claims or Interests,

and that any other alternatives (to the extent they exist) fail to realize or recognize the value inherent under the Plan.

Y. ~~X.~~ Who supports confirmation of the Plan?

Uniti and Holders of more than 94% of the First Lien Claims, approximately 54% of the Second Lien Claims, more than 39% of the Unsecured Notes Claims, and approximately 72% of Midwest Notes Claims have executed the Plan Support Agreement and support confirmation of the Plan.

Z. Who opposes confirmation of the Plan?

The Committee, which is appointed by the Office of the United States Trustee to serve as a representative and fiduciary for the interests of unsecured creditors, opposes confirmation of the Plan in its current form and recommends that Holders of Claims in Class 6A (Obligor General Unsecured Claims) vote to reject the Plan. U.S. Bank National Association and UMB Bank, National Association, solely in their capacities as indenture trustees for the Debtors' senior unsecured notes, also oppose confirmation of the Plan in its current form.

IV. THE DEBTORS' PLAN

As discussed in Article III herein, the Plan contemplates, among other things, the repayment of a portion of the First Lien Claims from proceeds of the New Exit Facility and Rights Offering, as well as other cash on hand in excess of the Minimum Cash Balance, the equitization of a portion of the First Lien Claims, the distribution of subscription rights to participate in the Rights Offering and, if applicable, the distribution of replacement term loans under the New Exit Facility to the remaining portion of First Lien Claims, the distribution of replacement term loans under the New Exit Facility to holders of Midwest Notes Claims, cash distributions to holders of Second Lien Claims and Obligor General Unsecured Claims if the classes of such creditors accept the Plan, reinstatement or repayment of Non-Obligor General Unsecured Claims, and the cancellation of existing Interests in Windstream. The Plan contemplates the following key terms, among others described herein and therein:

A. Issuance of Reorganized Windstream Equity Interests

All existing Interests in the Debtors will be cancelled as of the Effective Date and Reorganized Windstream will issue the Reorganized Windstream Equity Interests to holders of First Lien Claims.

All of the shares or units of Reorganized Windstream Equity Interests issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessed. Each distribution and issuance of the Reorganized Windstream Equity Interests under the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

B. Management Incentive Plan

Upon the Effective Date, the Management Incentive Plan will be adopted and effective. The terms of the Management Incentive Plan shall be set forth in the Plan Supplement.

C. Windstream Pension Plan

PBGC is a wholly-owned United States government corporation and agency created under Title IV of ERISA to administer the federal pension insurance program and to guarantee the payment of certain

pension benefits upon termination of a pension plan covered by Title IV of ERISA. Debtor Windstream Services sponsors the Windstream Pension Plan, which is covered by Title IV of ERISA. PBGC asserts that the other Debtors are each members of Windstream Services' controlled group, as defined in 29 U.S.C. § 1301(a)(14).

During the bankruptcy proceeding, the Windstream Pension Plan may terminate under the distress termination provisions of 29 U.S.C. § 1341(c) or under the provisions for PBGC initiation of 29 U.S.C. § 1342(a). If the Windstream Pension Plan terminates, PBGC asserts that the sponsor of the Windstream Pension Plan and all members of its controlled group are jointly and severally liable for the unfunded benefit liabilities of the terminated Windstream Pension Plan(s). PBGC has filed an estimated contingent claim, subject to termination of the Windstream Pension Plan during the bankruptcy proceeding, against each of the Debtors for unfunded benefit liabilities in the amount of $472,700,000. PBGC asserts that this termination liability claim is entitled to priority under 11 U.S.C. §§ 507(a)(2) and (a)(8) in unliquidated amounts. The Debtors and Reorganized Debtors reserve all rights relating to any asserted liability, including but not limited to the validity and amount of such claims.

PBGC asserts that the sponsor of the Windstream Pension Plan and all other members of its controlled group are obligated to pay the contributions necessary to satisfy the minimum funding standards under sections 412 and 430 of the Internal Revenue Code and sections 302 and 303 of ERISA. PBGC has filed an estimated claim against each of the Debtors for unpaid required minimum contributions owed to the Windstream Pension Plan in the amount of $12,792,649. PBGC asserts that the claim for required minimum contributions owed is entitled to priority under 11 U.S.C. §§ 507(a)(2) and(a)(5) in the amounts of $1,179,952 and $3,570,390, respectively. The Debtors and Reorganized Debtors reserve all rights relating to any asserted liability, including but not limited to the validity and amount of such claims.

PBGC asserts that the sponsor of the Windstream Pension Plan and all other members of its controlled group are jointly and severally liable to PBGC for all premium obligations owed to the Windstream Pension Plan. PBGC has filed a claim against each of the Debtors for unpaid statutory premiums, if any, owed to PBGC on behalf of the Windstream Pension Plan in an unliquidated amount. The Debtors and Reorganized Debtors reserve all rights relating to any asserted liability, including but not limited to the validity and amount of such claims.

If the Windstream Pension Plan terminates in a distress or PBGC-initiated termination during the course of the bankruptcy proceeding, PBGC asserts that the sponsor of the Windstream Pension Plan and its controlled group are liable to PBGC for a termination premium at the rate of $1,250 per plan participant per year for three years under 29 U.S.C. § 1306(a)(7). PBGC asserts that if a Windstream Pension Plan is terminated prior to confirmation of the Plan, the obligation to PBGC for termination premiums does not exist until after the Plan is confirmed and the Debtors have exited bankruptcy. PBGC asserts that under these circumstances, termination premiums are not a dischargeable claim or debt within the meaning of the Bankruptcy Code. PBGC estimates that the amount of the termination premium liability for the Windstream Pension Plan would total approximately $32,452,500. The Debtors and Reorganized Debtors reserve all rights relating to any asserted liability, including but not limited to the validity and amount of such claims.

On the Effective Date the Reorganized Debtors shall assume and continue to maintain the Windstream Pension Plan in accordance with its terms (as such terms may be amended from time to time) and applicable non-bankruptcy law (and the Reorganized Debtors reserve all rights thereunder).

After the Effective Date, the Reorganized Debtors shall: (i) satisfy the minimum funding requirements under 29 U.S.C. §§ 412 and 430 and 29 U.S.C. §§ 1082 and 1083; (ii) pay all required premiums, if any, owed to PBGC under 29 U.S.C. §§ 1306 and 1307, for the Windstream Pension Plan

under ERISA or the Internal Revenue Code; and (iii) administer the Windstream Pension Plan in accordance with the applicable provisions of ERISA and the Internal Revenue Code (and the Reorganized Debtors reserve all rights thereunder).

Since the Plan provides that the Reorganized Debtors will continue the Windstream Pension Plan, PBGC and the Debtors agree that all PBGC claims will be withdrawn as of the Effective Date without incurring liability in the bankruptcy.

With respect to the Windstream Pension Plan, no provision of the Disclosure Statement, Plan, Confirmation Order, or section 1141 of the Bankruptcy Code shall be construed to discharge, release, or relieve the Reorganized Debtors, their successors, or individuals from liabilities or requirements imposed under any law or regulatory provision with respect to the Windstream Pension Plan or from claims of the PBGC. PBGC and the Windstream Pension Plan will not be enjoined or precluded from enforcing such liability with respect to the Windstream Pension Plan as a result of any provision of the Disclosure Statement, Plan, Confirmation Order, or section 1141 of the Bankruptcy Code.

D. ~~C.~~ Exit Financing

Prior to the Effective Date, the Debtors will secure commitments to fund a new money senior secured credit facility in an aggregate amount up to $3,250 million, which will include the following facilities:

(a) the New Exit Facility Revolver which will be undrawn on the Effective Date and may include (a) a letter of credit sub-facility up to an aggregate principal amount of $350 million to support obligations related to funding received from state and federal broadband subsidy programs and (b) an additional letter of credit sub-facility up to an aggregate principal amount of $50 million; and

(b) the New Exit Facility Term Loan, which will be funded or distributed, as applicable, on the Effective Date and (a) will include the Required Exit Facility Term Loans, which shall include the Midwest Notes Exit Facility Term Loans, and (b) may include the Flex Exit Facility Term Loans at the election of the Requisite Backstop Parties, in consultation with the Debtors and otherwise on the terms set forth in the Plan Support Agreement. The Midwest Notes Exit Facility Term Loans will rank *pari passu* with, and be secured on the same terms as, the other Required Exit Facility Term Loans, and have the same terms as, and be fungible in all respects with, the other Required Exit Facility Term Loans. The interest rate, maturity date, and other terms of the New Exit Facility will be consistent with the Plan Support Agreement and otherwise reasonably acceptable to the Debtors, the Required Consenting Creditors, and the Requisite Backstop Parties. To the extent that the Required Exit Facility Term Loans are issued with an original issue discount, then holders of Midwest Notes Claims will receive Midwest Notes OID Consideration, either in the form of cash or additional Midwest Notes Exit Facility Term Loans corresponding to such original issue discount.

The Required Exit Facility Term Loans (other than the Midwest Notes Exit Facility Term Loans) may be reduced to an amount less than $2,050 million at the election of Requisite Backstop Parties. To the extent the amount of the Required Exit Facility Term Loans funded on the Effective Date is lower than the Required Exit Facility Term Loans Target, the Debtors will distribute the First Lien Replacement Term Loans in an amount equal to the difference between the Required Exit Facility Term Loans Target and the amount of Required Exit Facility Term Loans actually funded on the Plan Effective Date to

holders of First Lien Claims in lieu of the applicable cash distributions; provided that the aggregate amount of the First Lien Replacement Term Loans will not exceed an amount to be agreed by the Requisite Backstop Parties and set forth in the Plan Supplement. The First Lien Replacement Term Loans, as applicable, will rank pari passu with and secured on substantially the same terms as the New Exit Facility Term Loan and have the same terms as the New Exit Facility Term Loan or such other terms as agreed by the Requisite Backstop Parties and the Debtors.

On the Effective Date, the net cash proceeds of the remaining Required Exit Facility Term Loans (and other cash on hand held by the Debtors as of the Effective Date) will be:

a. first, used to pay in full in cash Allowed DIP Claims, Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Secured Claims, Allowed Other Priority Claims, and executory contract and unexpired lease Cure Claims as and to the extent that such Claims are required to be paid in cash under this Plan;

b. second, used to fund the Non-Obligor General Unsecured Claims Reserve;

c. third, used to fund the Obligor Claims Reserve;

d. fourth, used, to the extent necessary, to fund the Minimum Cash Balance; and

e. fifth, distributed to holders of Allowed First Lien Claims in accordance with ~~**Error! Reference source not found.**~~Article IV.D.1 of the Plan, which amounts shall constitute the Distributable Exit Facility Proceeds.

Confirmation of the Plan shall be deemed (a) approval of the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans) and all the transactions and related agreements contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors or the Reorganized Debtors, as applicable, in connection therewith, to the extent not approved by the Bankruptcy Court previously, and (b) authorization for the Debtors or the Reorganized Debtors, as applicable, to, without further notice to or order of the Bankruptcy Court, (i) execute and deliver those documents and agreements necessary or appropriate to pursue or obtain the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans), and incur and pay any fees and expenses in connection therewith, and (ii) act or take action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any person, subject to such modifications as the Debtors or the Reorganized Debtors, as applicable, may deem to be necessary to consummate the New Exit Facility.

On the Effective Date, all Liens and security interests granted pursuant to, or in connection with the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans): (i) shall be deemed to be approved and shall, without the necessity of the execution, recordation, or filing of mortgages, security agreements, control agreements, pledge agreements, financing statements, or other similar documents, be valid, binding, fully perfected, fully enforceable Liens on, and security interests in, the collateral securing the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans), with the priorities established in respect thereof under applicable non-bankruptcy law, the Plan, and the Confirmation Order; and (ii) shall not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law, the Plan, or the Confirmation Order.

The Reorganized Debtors and the Persons granted Liens and security interests under the New Exit Facility (including, for the avoidance of doubt, the Midwest Notes Exit Facility Term Loans) are authorized to make all filings and recordings and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of the applicable state, provincial, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order without the need for any filings or recordings) and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties.

E. ~~D.~~ Rights Offering

On the Effective Date, the Debtors will consummate the $750 million Rights Offering pursuant to which holders of Allowed First Lien Claims will be distributed subscription rights to purchase the Reorganized Windstream Equity Interests at a 37.5% discount to Plan Equity Value. Both the amount of the Rights Offering and the Plan Equity Value are subject to the Flex Adjustment in the event that the Flex Exit Facility Term Loans are funded on the Effective Date in a manner that preserves the 37.5% discount to Plan Equity Value, as set forth in the Backstop Commitment Agreement, such that if the aggregate principal amount of the Flex Exit Facility Term Loans is $350 million, the Plan Equity Value will equal $900 million and the Rights Offering amount will equal $540 million.

Without limiting the obligations of the Backstop Parties to fund the full amount of the Rights Offering, the Backstop Parties will have the option to purchase the Backstop Priority Tranche on a Pro Rata Basis based on their backstop commitments and otherwise in accordance with the Plan Support Agreement. The Priority Non-Backstop Parties shall be eligible to participate in up to $79.4 million of the Backstop Priority Tranche on a Pro Rata basis; *provided* that no single Priority Non-Backstop Party, together with any of its affiliates or managed funds, may participate on account of more than $141 million in aggregate principal amount of First Lien Claims for purposes of determining its pro rata share of the Backstop Priority Tranche. Any rights not exercised by the Priority Non-Backstop Parties in the Backstop Priority Tranche shall be made available for the Backstop Parties to purchase on a Pro Rata basis based on their backstop commitments. Any rights not exercised by the Backstop Parties in the Backstop Priority Tranche shall be available for distribution as Distributable Subscription Rights to Holders of First Lien Claims pursuant to Article III.B.3 of the Plan.

The issuance of such subscription rights to participate in the Rights Offering will be exempt from SEC registration under applicable law. The proceeds of the Rights Offering will be distributed to holders of First Lien Claims in accordance with the Plan. The Reorganized Windstream Equity Interests issued to the Backstop Parties, the Priority Non-Backstop Parties and other holders of Allowed First Lien Claims in connection with the Rights Offering will be subject to dilution on account of the Backstop Premium and the Management Incentive Plan.

F. Equity Allocation Mechanism and Special Warrant Agreement

In the event that the Debtors seek FCC approval for the 2-step regulatory process described below, on the Effective Date, the Reorganized Debtors are authorized to issue and shall issue the Reorganized Windstream Equity Interests and the Special Warrants in accordance with the terms of the Plan, the Special Warrant Agreement, and the Equity Allocation Mechanism without the need for any further corporate or stockholder action. All of the Reorganized Windstream Equity Interests issuable under the Plan, when so issued, shall be duly authorized, validly issued, fully paid, and non-assessable, and the Special Warrants issued pursuant to the Plan shall be duly authorized and validly issued. For the avoidance of doubt, the acceptance of Reorganized Windstream Equity Interests and/or Special Warrants by a holder of an Allowed First Lien Claim shall be deemed as such holder's agreement to the Special

Warrant Agreement, as may be amended or modified from time to time following the Effective Date in accordance with the terms of such documents.

With the exception of Elliott, which, notwithstanding any Certification as a U.S. Holder, shall receive a combination of Reorganized Windstream Equity Interests and Special Warrants as if it were a Non-U.S. Holder as described below, each holder of an Allowed First Lien Claim that (i) timely delivers an Ownership Certification by the Ownership Certification Deadline (or delivers an Ownership Certification that the Debtors determine in their discretion to treat as timely) and (ii) certifies therein that its foreign ownership, as calculated in accordance with FCC rules, is zero, and is thus a "U.S. Holder", shall receive Reorganized Windstream Equity Interests on the Effective Date in accordance Article III.B.3 of the Plan, the Rights Offering Procedures, and the New Warrant Agreement. For the avoidance of doubt, any Reorganized Windstream Equity Interests received by such U.S. Holders on the Effective Date shall be subject to dilution on account of, among other things, the Special Warrants.

Each holder of an Allowed First Lien Claim that (i) (A) timely delivers an Ownership Certification by the Ownership Certification Deadline (or delivers an Ownership Certification that the Debtors determine in their discretion to treat as timely) and (B) certifies therein that its foreign ownership, calculated in accordance with FCC rules, is greater than zero, (ii) does not timely deliver, and the Debtors do not treat as having timely delivered, an Ownership Certification by a date to be disclosed in the Plan Supplement, or (iii) delivers an Ownership Certification that does not allow the Debtors to determine such holder's foreign ownership (with respect to sections (A)–(C) herein, each a "Non-U.S. Holder," and collectively, the "Non-U.S. Holders") shall, on the Effective Date, receive one or both of Reorganized Windstream Equity Interests and Special Warrants, as of the Effective Date and pending the occurrence of the Exercise Date, as defined below.

Subject to the terms and conditions set forth in the Special Warrant Agreement, Special Warrants may be exercised only on or after the Exercise Date or otherwise as specified by the Special Warrant Agreement. The Exercise Date shall occur within five business days after the following conditions have been satisfied: (i) any required declaratory ruling is granted by the FCC to allow Reorganized Windstream or its affiliates, as applicable, to exceed 25 percent indirect foreign ownership and specifically approve any foreign investor with an interest greater than 5 percent; (ii) the FCC has issued all other requisite approvals for the exercise of the Special Warrants; and (iii) the State PUCs grant any requisite approvals for the change of ownership that will arise from the exercise of the Special Warrants. Prior to the Exercise Date, Special Warrants will be subject to the same restrictions on transfer as apply to Reorganized Windstream Equity Interests.

In determining foreign ownership for distributions of Reorganized Windstream Equity Interests on the Effective Date, the Debtors will rely on the information provided in each holder's Ownership Certification. The Debtors will treat any holder that does not (i) timely deliver an Ownership Certification by the Ownership Certification Deadline or (ii) deliver an Ownership Certification that allows the Debtors to clearly determine such holder's foreign ownership as a 100 percent foreign-owned, non-U.S. holder; provided, that the Debtors shall have discretion, in consultation with the Requisite Backstop Parties, to treat any Ownership Certification delivered after the Ownership Certification Deadline but prior to the Effective Date as if such Ownership Certification had been delivered prior to the Ownership Certification Deadline if the Debtors reasonably believe, after consulting with the Requisite Backstop Parties, that doing so will not delay the receipt of the required regulatory approvals or the occurrence of the Effective Date.

G. ~~E.~~ Corporate Existence

Except as otherwise provided in the Plan (including with respect to any Restructuring Transaction undertaken pursuant to the Plan) or as otherwise set forth in the Description of Restructuring Transactions, the Reorganized Windstream Organizational Documents, or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, including the Backstop Commitment Agreement, on and after the Effective Date, or as otherwise may be agreed between the Debtors, the Required Consenting Creditors, and the Requisite Backstop Parties ,and, to the extent required under section 3.02 of the Plan Support Agreement, the Required Consenting Midwest Noteholders, each Debtor shall continue to exist as a Reorganized Debtor and as a separate corporation, limited liability company, partnership, or other form of entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other analogous formation documents) in effect before the Effective Date, except to the extent such certificate of incorporation and bylaws (or other analogous formation documents) are amended by the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

H. ~~F.~~ General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the Plan is and shall be deemed a good-faith compromise and settlement of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest.

The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. The compromises, settlements, and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors, may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities.

I. ~~G.~~ Releases

The Plan contains certain releases (as described more fully in Article ~~III.O~~ III.P of this Disclosure Statement, entitled "Will there be releases and exculpation granted to parties in interest as part of the Plan?").

J. ~~H.~~ Exemption from Certain Transfer Taxes and Recording Fees

To the maximum extent permitted pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or

governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment. Unless the Bankruptcy Court orders otherwise, all sales, transfers, and assignments of owned and leased property approved by the Bankruptcy Court on or before the Effective Date shall be deemed to have been in furtherance of, or in connection with, the Plan

V. THE DEBTORS' CORPORATE HISTORY, STRUCTURE, AND BUSINESS OVERVIEW

A. Windstream's Corporate History and Business Operations

Windstream traces its roots back to 1943, when Allied Telephone Company was founded in Little Rock, Arkansas to serve rural communities in Arkansas, Oklahoma, and Missouri. Over time Allied Telephone Company (subsequently re-branded as Alltel) grew into one of the country's largest telephone companies. In 2006, Windstream Corporation was formed through the spinoff of Alltel's landline business and merger with VALOR Communications Group. The new business initially served 3.4 million access lines in 16 states. Windstream's business generates revenue by delivering voice and data services over channels known as "access lines". Windstream continued Alltel's legacy of growth and innovation, expanding significantly both organically and through acquisitions.

Windstream Holdings, Windstream's publicly-traded holding company, was incorporated in the state of Delaware on May 23, 2013, and is the parent of Windstream Services, LLC ("Windstream Services"), formerly a Delaware corporation and now a Delaware limited liability company organized on March 1, 2004. Windstream Holdings' only material asset is a 100 percent interest in Windstream Services. Windstream Services and its guarantor subsidiaries are the sole obligors of all of Windstream's outstanding debt obligations. Windstream Holdings is not a guarantor of nor subject to the restrictive covenants included in any of Windstream Services' debt agreements (other than the DIP Facilities).

Windstream is a leading provider of advanced network communications and related technology that increase the network communication abilities for businesses across the United States, including in the banking, content and media, education, government, healthcare, hospitality, and retail spaces. Windstream also offers broadband, entertainment and security solutions to consumers and small businesses, primarily in rural areas, in 18 states. Additionally, Windstream supplies core transport solutions[~~3~~5] on a local and long-haul fiber network spanning approximately 150,000 miles. The market for the telecommunications services Windstream offers is highly competitive and continued industry-wide merger and acquisition activity has resulted in fewer customers and intensified pricing pressure. To maintain its competitive edge, Windstream keeps a sharp focus on providing a top of the line customer experience and continued technological innovation—objectives it has successfully pursued to date.

Windstream primarily conducts its operations through three business units: (i) the Consumer & Small Business unit, which serves customers located in service areas in which Windstream is the incumbent local exchange carrier ("ILEC");[~~4~~6] (ii) the Enterprise business unit, which serves customers located in service areas in which Windstream is a competitive local exchange carrier ("CLEC");[~~5~~7] and (iii)

[~~3~~5] In Windstream's industry, the term "core network" refers to the highly functional communication facilities that interconnect primary nodes. The core network delivers routes to exchange information among various sub-networks.

[~~4~~6] An incumbent local exchange carrier is local telecommunications company (or its corporate successor) ~~that held the regional monopoly on~~provided landline service ~~in an area before regulation opened the market to competitive local~~within a specified service territory on February 8, 1996 (the date federal law opened local telecommunications markets o competition) and was a member of the association exchange carriers established by 47 C.F.R. § 69.601(b).

[~~5~~7] A competitive local exchange carrier is a telecommunications company that~~, through regulation, is allowed to compete in territories where ILECs had historically had a monopoly~~ is not an ILEC, and that offers its services in competition with

the Wholesale business unit, which provides bandwidth and transport services to wholesale customers. Each unit is described in greater detail below.

Consumer & Small Business. The Consumer & Small Business unit includes approximately 1.4 million residential and small business customers. Windstream's consumer services primarily consist of high-speed internet and traditional voice and video services, including 911 services. Windstream is also committed to providing high-speed broadband and additional value-added services to its consumer base, as well as bundling its service offerings to provide a comprehensive solution to meet its customers' needs at a competitive value. During 2019, the Consumer & Small Business unit generated $2 billion in revenue.

Enterprise. Windstream's Enterprise business segment provides advanced network communications and technology solutions, including software defined wide area networking (SD-WAN) and unified communications as a service (UCaaS), to businesses across the United States and offers solutions to enable businesses to compete more effectively in the digital economy, as well as a variety of other data services including cloud computing as an alternative to traditional technology infrastructure. Windstream's Enterprise segment supports some of the most demanding IT organizations within the retail, healthcare, financial services, manufacturing, government and education sectors. Throughout 2019, the Enterprise segment generated $2.6 billion in revenue.

Wholesale. Windstream's Wholesale segment leverages its nationwide network to provide 100 Gbps[68] bandwidth and transport services to wholesale customers, including telecom companies, content providers, and cable and other network operators. In addition, Windstream offers voice and data carrier services to other communications providers and to larger-scale purchasers of network capacity. During 2019, the Wholesale segment generated $350 million in revenue. Today, Windstream's fiber network spans approximately 150,000 route miles of fiber.

B. Regulation of the Debtors' Business

In the United States, the telecommunications services Windstream provides are generally subject to varying degrees of federal, state and local regulation, including regulation by the Federal Communications Commission (the "FCC") and the public utilities commissions or similar regulatory agencies in each U.S. state and the District of Columbia (the "State PUCs"). While these regulatory agencies grant Windstream the authority to operate its telecommunications network, the regulation they exert over service offerings and pricing is minimal.

1. FCC Regulation

~~More specifically,~~ Windstream is subject to FCC regulation under the Communications Act of 1934 (as amended, the "Communications Act"). Windstream has the necessary authority under Section 214 of the Communications Act to operate in the United States as a provider of domestic interstate telecommunications services, as well as the necessary authority to operate as an international provider. Windstream also maintains various wireless licenses ~~and is the owner of~~that authorize it to use the licensed spectrum, issued and regulated by the FCC. ~~In addition,~~

~~territories where ILECs had historically had a monopoly~~ is not an ILEC, and that offers its services in competition with other telecommunications companies.

[6][8] Gbps stands for billions of bits per second and is a measure of bandwidth on a digital data transmission medium such as optical fiber.

To facilitate a prompt emergence from bankruptcy, the Debtors may request that the FCC approve a two-step process under which, as the first step, Windstream would emerge from bankruptcy with indirect foreign ownership at levels that would not require a declaratory ruling under section 310(b)(4) of the Communications Act. The prospective foreign investments would be reflected in the form of Special Warrants (consistent with the Equity Allocation Mechanism) that would, upon exercise, entitle the foreign parties to obtain indirect equity interests, but would not themselves constitute actual interests. Then, as the second step, after the Effective Date, the Reorganized Debtors would request the FCC to permit the exercise of the Special Warrants, and thus, the actual acquisition by foreign entities of indirect interests in Windstream. The Special Warrants would not be exercised before any required FCC approval.

On the Effective Date, Allowed First Lien Claims will acquire approximately one hundred percent (100%) of the Reorganized Windstream Equity Interests, subject to dilution by the Rights Offering, Backstop Premium and Management Incentive Plan. Consequently, the Restructuring Transaction will effect a transfer of control of licenses and authorizations held by Windstream and its subsidiaries. The Debtors may file applications requesting FCC consent to the transfer in control, and seeking any further consent required to allow the two-step process described above. In that event, following completion of the first step of the two-step process, Reorganized Windstream will file a petition seeking a declaratory ruling pursuant to section 310(b)(4) of the Communications Act that it is in the public interest to permit a greater than twenty-five (25) percent indirect foreign ownership interest in Windstream and its subsidiaries, as well as seeking any other consents required for exercise of the Special Warrants.

Each holder of an Allowed First Lien Claim must submit an Ownership Certification providing information regarding the prospective stockholder to establish that issuance of the Reorganized Windstream Equity Interests and/or Special Warrants to such holder would not result in a violation of law, impair the qualifications of the Reorganized Debtors to hold FCC Licenses, or impede the grant of any FCC Applications on behalf of the Reorganized Debtors.

Because Windstream is subject to FCC regulation, holders of Reorganized Windstream Equity Interests will be subject to specific regulatory requirements if their holdings exceed certain thresholds. Any holder with 10 percent or more of the equity or voting percentage of Reorganized Windstream will be required to disclose 10 percent or more ownership interests in other FCC-regulated entities and make specific certifications during the application process described above. As long as the holder continues to hold a 10 percent or more equity or voting percentage of Reorganized Windstream, it must also disclose its interest in Windstream should it seek to acquire an ownership interest of 10 percent or more in any other FCC-regulated entity, and may be prevented from acquiring such an interest should the acquisition violate any FCC cross-ownership restrictions or cause a competitive overlap contrary to public interest. In the second step of the application process described above, the petition for declaratory ruling must also seek specific approval for any foreign entity that holds or seeks to acquire greater than a 5 percent equity or voting percentage of Reorganized Windstream.

2. *FCC and State PUC Regulation*

Windstream companies also hold intrastate telecommunications authorizations issued by the State PUCs. Should a Windstream service provider fail at any time to obtain the licenses required to provide intrastate telecommunication services, or fail to meet any of the FCC and State PUC requirements to maintain licenses, including but not limited to, the payment of required regulatory fees and fund

contributions, regular report filings, or compliance with service quality measures, Windstream could be subject to fines and/or other penalties, including revocation of operating authorizations.

C. The Debtors' Prepetition Capital Structure

As of the Petition Date, Windstream had approximately $5.6 billion in aggregate funded-debt obligations. These obligations arose under a revolving credit facility, two tranches under Debtor Windstream~~'s~~ Services' term loan facility, one series of secured first lien notes, two series of secured second lien notes, six series of unsecured notes, and one issuance of secured subsidiary notes. Windstream Holdings ~~is~~and the other Non-Obligor Debtors are not party to Windstream's prepetition debt obligations. All debt, other than the secured subsidiary notes, has been incurred by Windstream Services and its guarantor subsidiaries (*i.e.*, the Obligor Debtors). The table below summarizes Windstream's capital structure as of the Petition Date:

First Lien Debt Obligations	***Principal Amount*** *(in US$ millions)*
Term Loan, Tranche B6 – variable rates, due March 29, 2021	1,180.5
Term Loan, Tranche B7 – variable rates, due February 17, 2024	568.4
Revolver – variable rates, due April 24, 2020	802.0
2025 First Lien Notes – 8.625%, due October 31, 2025	600.0
Secured Subsidiary Notes	
Subsidiary First Lien Notes – 6.75%, due April 1, 2028[~~7~~9]	100.0
Second Lien Debt Obligations	
2024 Second Lien Notes - 10.500%, due June 20, 2024	414.9
2025 Second Lien Notes - 9.00%, due June 30, 2025	802.0
Total Secured Debt Obligations	**$4,467.8**
Unsecured Note Issuances *(in US$ millions)*	
2020 Senior Notes – 7.750%, due October 15, 2020	78.1
2021 Senior Notes – 7.750%, due October 1, 2021	70.1
2022 Senior Notes – 7.500%, due June 1, 2022	36.2
2023 Senior Notes – 7.500%, due April 1, 2023	34.4
2023 Senior Notes – 6.375%, due August 1, 2023 ***("6 3/8% Notes")***[~~8~~10]	806.9
2024 Senior Notes – 8.750%, due December 15, 2024	105.8
Total Unsecured Note Obligations	**$ 1,131.5**

[~~7~~9] These notes were assumed as part of an acquisition transaction and are secured by certain assets of the issuer of these notes and its subsidiaries. The issuer of these notes, Windstream Holding of the Midwest, Inc, is a guarantor of Windstream Services other debt obligations.

[~~8~~10] The 6 3/8% Notes, as described above, are inclusive of outstanding 6.375% senior notes due 2023 issued in 2013 and 2017.

Total Funded-Debt Obligations	**$5,599.3 million**[9][11]

In addition to outstanding funded-debt obligations, Windstream Holdings' equity traded publicly on the NASDAQ under the ticker symbol "WIN" since 2009[10][12] (having previously traded on the New York Stock Exchange from the time of its formation). In August 2017, Windstream Holdings' board of directors elected to eliminate Windstream Holdings' quarterly common stock dividend of $0.15 per share commencing in the third quarter of 2017, intending to use the cash savings from the elimination of the quarterly dividend payment to repay certain of its debt obligations.

Windstream's capital structure is a product of the spin-off and merger that led to its formation and a series of financings, refinancings, and exchange transactions that have fueled Windstream's growth and technical advancement over the last decade. In recent years, Windstream has engaged in a number of refinancings and debt repayments, including the March 2016 closing of an incremental term loan to repurchase $441 million of 7.875% Senior Notes due 2017; the September 2016 redemption of the remaining 7.875% Senior Notes due 2017 via incremental B-6 term loans and revolver borrowings; and the February 2017 closing of the $580 million B-7 term loans to refinance term loans in prior tranches maturing in August 2019.

Windstream continued to actively monitor its balance sheet through 2017, and in mid-2017 was considering additional market transactions to improve its capital structure. But in mid-2017 and as further described below, Aurelius acquired the 6 3/8% Notes and alleged certain defaults under the 6 3/8% Notes Indenture related to the Uniti spin-off transaction, ultimately resulting in litigation in November 2017. The uncertainty left in the wake of Aurelius' actions effectively eliminated Windstream's access to the capital markets for additional unsecured debt or equity capital (and leaving exchange offers as the most viable alternative to strengthen their balance sheet).[11][13]

VI. EVENTS LEADING ~~TO THE~~TO THE CHAPTER 11 FILINGS

A. The Uniti Spin-Off Transaction~~.~~

In March 2015,[12][14] Windstream Holdings and Windstream Services entered into a Separation and Distribution Agreement with Uniti, pursuant to which, among other things, Windstream Services and certain of its subsidiaries contributed to Uniti (then a subsidiary of Windstream Services) certain assets consisting of approximately 66,000 route miles of fiber optic cable lines, 235,000 route miles of copper cable lines, central office land and buildings, beneficial rights to permits, pole agreements and easements, and a small consumer competitive local exchange carrier business owned by Windstream Services. Those assets were exchanged for (a) the issuance of Uniti common stock to Windstream Services, (b) the transfer of approximately $1.035 billion in cash from Uniti to Windstream Services, and (c) the transfer

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[9][11] Includes less of a net discount on long term debt (31.7), unamortized debt issuance costs (60.8), and current maturities (17.9).

[12][0][12] WIN was delisted from NASDAQ on March 6, 2019.

[13][1][13] Recently, Windstream engaged in an August 2018 notes exchange of $414.8 million of 7.50% Senior Notes due 2020 in exchange for 10.500% Secured Second Lien Notes due 2024, as well as $18.8 million of 7.75% Senior Notes due 2021, $5.3 million of 7.50% Senior Notes due 2022, $86.0 million of 7.50% Senior Notes due 2023, $340.7 million of 2023 Notes, and $578.6 million of 8.75% Senior Notes due 2024 in exchange for $802.0 million of new 9.000% Secured Second Lien Notes due 2025.

[14][2][14] Although the Separation and Distribution Agreement was signed in March 2015, the spin off was completed in April 2015.

from Uniti to Windstream Services of approximately $2.5 billion of Uniti debt, consisting of term loans and secured and unsecured notes. Services then distributed approximately 80.4% of the outstanding shares of Uniti common stock to Windstream Holdings. Windstream Holdings, in turn, distributed the shares of Uniti common stock pro rata to holders of Windstream Holdings common stock in a tax free spin-off. In two separate transactions completed in June 2016, Windstream Services transferred the remaining 19.6% of Uniti's common stock to its secured bank creditors in exchange for the retirement of $672.0 million of aggregate borrowings outstanding under its revolver and to satisfy transaction-related expenses.

Windstream Holdings, Windstream Services, and Uniti entered into multiple further agreements to implement portions of and govern the relationship after the Uniti spin-off. One such agreement was the Uniti Arrangement.

B. District Court Litigation and Exchange and Consent Transactions~~.~~

Beginning in early August 2017, Windstream became aware of market rumors that an unidentified fund was acquiring notes in one or more of Windstream's outstanding issuances of unsecured notes for the purpose of attempting to call a default under one of the indentures. Soon thereafter, Windstream learned that the fund was Aurelius, who had accumulated a position in the 6 3/8% Notes and intended to issue a notice of default related to the Uniti spin-off, which had closed more than two years earlier.

In addition to learning that Aurelius had accumulated a position in the 6 3/8% Notes, in late 2017, Windstream also learned that Aurelius had accumulated a sizeable position in Windstream Services' credit default swaps, which would be triggered upon a payment default or bankruptcy filing. In a notice letter received September 22, 2017, Aurelius asserted a default under the 6 3/8% Notes indenture related to the Uniti spin-off transaction, although no other creditor or noteholder ha~~s~~d previously complained. In simple terms, Aurelius alleged that the Uniti spin-off constituted a prohibited "Sale and Leaseback Transaction" under section 4.19 of the 6 3/8% Notes Indenture. The Aurelius notice purported to constitute a written notice of default under the 6 3/8% Notes Indenture, which would trigger a 60-day grace or cure period after which the indenture trustee or holders of at least 25% in aggregate principal amount of outstanding 6 3/8% Notes could declare the principal amount of all outstanding 6 3/8% Notes to be immediately due and payable.

Shortly after Aurelius issued its notice, Windstream Services filed suit against U.S. Bank, the indenture trustee under the 6 3/8% Notes Indenture, in Delaware Chancery Court, seeking a declaration that it had not violated any provision of the 6 3/8% Notes Indenture and related injunctive relief. On October 12, 2017, U.S. Bank, at Aurelius' direction, filed suit in the Southern District of New York seeking relief essentially mirroring the relief sought by Windstream in the Delaware Chancery Court action. Windstream Services responded to the Trustee's complaint the following day and asserted counterclaims against the Trustee and Aurelius for declaratory relief.

On October 18, 2017, Windstream Services launched debt exchange offers with respect to its senior notes, including the 6 3/8% Notes, and related consent solicitations. The transactions contemplated the exchange of outstanding notes with earlier maturities into new notes, including into new 2023 Notes, coupled with consent solicitations that would waive any alleged defaults relating to the Uniti spin off, including the defaults alleged by Aurelius.

On October 31, 2017, it became clear that, based on tenders of notes in the exchange offers and consents delivered in the consent solicitations, holders representing the requisite percentage of the 6 3/8% Notes needed to waive the defaults alleged in the Aurelius purported notice of default would be received. On November 6, 2017, Windstream Services and U.S. Bank executed a supplemental indenture, and new

2023 Notes were issued, which sought to give effect to the waivers and consents for the 6 3/8% Notes. Windstream also completed other consent solicitations waiving any alleged default related to the Uniti spin-off under its other note issuances (which are based on substantially identical indentures). Aurelius and U.S. Bank subsequently challenged the validity of the exchange transactions and consent solicitation through litigation.

On February 15, 2019, the District Court for the Southern District of New York issued findings of fact and conclusions of law ~~were issued~~ stating that Windstream was in breach of its bond indentures by engaging in an impermissible Sale and Leaseback Transaction, and that any of Windstream's subsequent efforts to secure a waiver neither waived nor cured the default that arose from that breach. The immediate consequences of the findings were severe. Because the findings stated that Aurelius' Notice of Default ripened into an Event of Default on December 7, 2017, Aurelius would be entitled to a money judgment in the amount of the 6 3/8% Notes it holds plus interest, a figure amounting to approximately $300 million, with additional interest accruing from July 23, 2018.

The findings also led to a cross default under the credit agreement governing Windstream's secured term and revolving loan obligations and the valid acceleration of the 6 3/8% Notes by Aurelius would give rise to a cross-acceleration event of default under the indentures governing Windstream's other series of secured and unsecured notes. In the absence of Windstream filing for chapter 11, these defaults would have permitted Aurelius to exercise remedies against Windstream and ultimately its assets, potentially leading to a value-destructive piecemeal liquidation, and the defaults would have allowed other parties to accelerate other debt obligations and exercise similar remedies.

C. Immediate Financing Solutions and DIP Financing~~.~~

Due to the District ~~c~~Court's findings, Windstream lost the ability to draw on its revolving facility under its then existing terms, and therefore Windstream lacked the ability to fund day-to-day cash needs and faced a significant and near term liquidity shortfall. In response, Windstream immediately engaged in discussions with certain key stakeholders regarding potential means to resolve debt defaults and liquidity challenges in the days leading up to the Petition Date.

In connection with discussions of all available alternatives, Windstream pursued an amendment and waiver under its first lien revolving credit facility. On February 21, 2019, Windstream obtained a limited waiver from the required revolving lenders under the credit agreement regarding certain conditions to borrowing (the "Amendment and Waiver"). The Amendment and Waiver allowed Windstream to draw $25 million in immediate funding and provided that any additional borrowings under the revolving credit facility were now subject to consent from all revolving lenders. The liquidity resulting from the Amendment and Waiver ~~allowed the~~provided Windstream with critical additional days to plan for a smooth transition into chapter 11.

In parallel with general chapter 11 preparations, negotiations of the Amendment and Waiver, and exploration of the Out-of-Court Proposal, Windstream and its advisors pursued an acceptable debtor-in-possession financing arrangement. More specifically, on February 20, 2019, PJT Partners ("PJT"), on behalf of Windstream, contacted eight different money-center banks, each an existing lender under the first lien revolving credit facility and having the financial wherewithal to provide up to $1 billion in financing.

On February 21, 2019 and February 22, 2019, PJT received six different debtor-in-possession financing proposals, each providing $1 billion in financing allocated between term loan and revolving credit facilities. Ultimately, Windstream decided to pursue a proposal ~~that provides~~for a superpriority debtor-in-possession financing facility (the "DIP Financing"), which provided Windstream with much-needed liquidity to fund its business and the administration of these chapter 11 cases. The DIP Financing

represented the best of all available options and provided Windstream with postpetition financing in the form of a senior secured, superpriority term loan and revolving credit facility and contemplates consensual use of Windstream's secured lenders' cash collateral.

On February 25, 2019, Windstream and its debtor affiliates filed voluntary petitions for chapter 11 bankruptcy.

VII. MATERIAL DEVELOPMENTS AND ANTICIPATED EVENTS OF THE CHAPTER 11 CASES

A. Corporate Structure upon Emergence.

Except as otherwise provided in the Plan (including, for the avoidance of doubt, the Restructuring Transactions), or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, including the Backstop Commitment Agreement, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and by-laws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws (or other formation documents) are amended under the Plan or otherwise, in each case to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

A. B. First and Second Day Relief and Other Case Matters

On the Petition Date, along with their voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Petitions"), the Debtors filed several motions (the "First Day Motions") designed to facilitate the administration of the chapter 11 cases and minimize disruption to the Debtors' operations, by, among other things, easing the strain on the Debtors' relationships with employees, vendors, and customers following the commencement of the Chapter 11 Cases. A brief description of each of the First Day Motions and the evidence in support thereof is set forth 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* [Docket No. 27]. At a hearing on February 26, 2019, the Bankruptcy Court granted all of the relief initially requested in the First Day Motions.

On April 16, 2019, the Debtors held their second day hearing before the Bankruptcy Court. At the second day hearing, the Bankruptcy Court granted certain of the first day relief on a final basis, including authority to continue to pay employee wages and benefits, pay certain taxes, continue the cash management system, and pay certain vendor claims in the ordinary course.

The First Day Motions, the First Day Declaration, and all orders for relief granted in these cases can be viewed free of charge at: http://www.kccllc.net/windstream.

The Debtors also filed several other motions subsequent to the Petition Date to further facilitate the smooth and efficient administration of these chapter 11 cases and ease administrative burdens, including the Debtors' *Motion for the Retention and Compensation of Professionals Utilized in the Ordinary Course of Business* Docket No. 187] (the "OCP Motion"). The OCP Motion seeks to establish procedures for the retention and compensation of certain professionals utilized by the Debtors in the ordinary course operation of their businesses. On April 22, 2017, the Bankruptcy Court entered an order

granting the OCP Motion [Docket No. 1179]. In addition, the Debtors filed a number of retention applications seeking to retain certain professionals postpetition pursuant to sections 327 and 328 of the Bankruptcy Code, including Kirkland & Ellis, LLP as legal counsel, Katten Munchin Rosenman, LLP as conflicts counsel, PJT Partners LP as investment banker, Alvarez & Marsal North America, LLC as financial advisor, PricewaterhouseCoopers LLP as independent auditor and accounting services provider, Kurtzman Carson Consultants LLC as administrative advisor, SolomonEdwards Group, LLC as bankruptcy accounting consultant, and Altman Vilandrie & Company as telecom services consultants. Between April 22, 2019, and July 30, 2019, the court approved each of the Retention Applications. The foregoing professionals are each, in part, responsible for the administration of the chapter 11 cases. The postpetition compensation of all of the Debtors' professionals retained pursuant to sections 327 and 328 of the Bankruptcy Code is subject to the approval of the Court.

B. ~~C.~~ Schedules and Statements

On May 10, 2019, the Debtors filed their Schedules of Assets and Liabilities and Statements of Financial Affairs. The Debtors filed amended Schedules of Assets and Liabilities on January 17, 2020.

C. ~~D.~~ Establishment of a Claims Bar Date

On May 13, 2019, the Bankruptcy Court entered an order (the "Bar Date Order") establishing July 15, 2019 as the general claims bar date and August 26, 2019 as the governmental claims bar date [Docket No. 518]. On or before 21 days before the general bar date, the Debtors served notice of the bar dates in accordance with the Bar Date Order. On or before 28 days before the general claims bar date, the Debtors published notice of the bar dates in accordance with the Bar Date Order.

Any party required to file a proof of claim under the Bar Date Order which failed to do so before the applicable bar date is forever barred, estopped, and enjoined from asserting such claim against the Debtors and the Debtors will be forever discharged from any indebtedness or liability relating to such claim. Such party will not be permitted to vote to accept or reject the Plan or receive any recovery under the Plan.

D. ~~E.~~ Appointment of Official Committee of Unsecured Creditors

On March 12, 2019, the U.S. Trustee filed ~~the~~a ~~N~~notice ~~*of Appointment of Official Committee of Unsecured Creditors*~~ [Docket No. 136]~~. The creditors'~~ appointing an official committee of unsecured creditors in the Debtors' chapter 11 cases (the "Committee"). The ~~c~~Committee is currently composed of the following members: The Pension Benefit Guaranty Corporation~~,~~; the Communication Workers of America, AFL-CIO, CLC~~,~~; AT&T Services, Inc.~~,~~; VeloCloud Networks, Inc.~~,~~; Crown Castle Fiber, LEC Services, Inc.; and UMB Bank. The ~~creditors' c~~Committee has retained Morrison & Foerster LLP as its legal counsel, AlixPartners as its financial advisor, and Perella Weinberg Partners as investment banker.

The Debtors were ultimately able to consensually resolve all concerns raised by the ~~creditors' c~~Committee with respect to the First Day Motions. The ~~creditors' c~~Committee has subsequently focused on extensive diligence and discovery efforts targeted at understanding the Debtors' business, ~~their~~investigating potential claims against the Debtors' prepetition secured lenders, and investigating claims arising in connection with the Debtors' relationship with ~~certain of their affiliates, and the relationship with~~ Uniti. The Debtors have provided substantial diligence to the ~~creditors' c~~Committee's advisors. The ~~creditors' c~~Committee ~~was~~is also an intervenor in the Uniti Adversary Proceeding, as well as a mediation party, and actively participated in multiple mediation sessions held between July 2019 and November 2019.

1. *The Committee's Lien Investigation*

Under the final order approving the DIP Financing (the "DIP Order"), the Debtors stipulated to, among other things, the extent, priority, and validity of the liens and security interests that purport to secure the Debtors' first lien prepetition debt (the "Lien Stipulations"). The Lien Stipulations will be binding on third parties unless a challenge is commenced by a party with appropriate standing within the time limits set under the DIP Order. Promptly following its appointment, the Committee commenced an investigation into the basis for the Lien Stipulations (the "Lien Investigation"). The Committee asserts that the Lien Investigation is largely complete, although certain discrete topics remain under investigation by the Committee. In the meantime, the deadline for the Committee to commence a challenge has been extended by agreement with the relevant parties to June 1, 2020 (the "Challenge Deadline"), without prejudice to further extensions.

As part of the Lien Investigation, the Committee asserts that it conducted a detailed review of the relevant prepetition security documents and UCC-1 financing statements of record for each of the Debtors, as well as other relevant documents and diligence provided to the Committee's professionals by the Debtors and certain prepetition secured parties. It is the Committee's position that potential challenges to the Lien Stipulations exist, including (but not limited to) claims and related causes of action (a) declaring that the Debtors' interests in the following categories of property are unencumbered and not subject to any liens or security interests (perfected or unperfected) of the prepetition secured parties, or (b) seeking to avoid any unperfected liens or security interests of the prepetition secured parties on such categories of property:

- All real property interests held by the Debtors excluding fixtures that are equipment as defined in the New York Uniform Commercial Code;
- Cash in certain accounts holding not less than $8,423,991 in the aggregate as of the Petition Date;
- Certain copyrights that do not appear to have been properly perfected through a filing with the U.S. Copyright Office;
- Tax attributes, including net operating losses, capital losses and certain tax credits;
- Commercial tort claims; and
- Postpetition proceeds of any of the foregoing.

The Committee has not yet been able to assign a value to the apparently unencumbered real property, although the Committee has asserted that it has requested certain information from the Debtors to facilitate that analysis.

In addition, it the Committee's position that, under the security agreements related to the Prepetition Debt, certain of the Debtors' assets were expressly excluded from the prepetition secured parties' collateral (the "Excluded Assets").[15] The Committee has not yet formulated a view regarding the

[15] The Committee asserts that the Excluded Assets include, but are not limited to: (a) various motor vehicles; (b) certain licenses granted to the Debtors by the FCC and other federal and state agencies for which the requisite governmental approvals to grant security interests thereon have not been obtained; (c) 34% of the voting equity interests in foreign subsidiaries; and (d) equity interests in and asset of the following Debtors: Birmingham Data Link, LLC; Nashville Data Link, Inc.; Conversent Communications Resale, L.L.C.; Choice One Communications Resale, L.L.C. The Committee asserts that the Excluded Assets also include the assets that were contributed or otherwise transferred in connection with the Uniti spin-off transaction, the ownership of which is at issue in the Uniti Adversary Proceeding.

value of the Excluded Assets, nor is the identification or valuation of the Excluded Assets subject to the Challenge Deadline.

As described in further detail below, the Committee also believes that the claims and causes of action proposed to be settled and released under the Uniti Settlement (which are not subject to the Challenge Deadline) are unencumbered by the prepetition secured parties' liens. The Committee further believes that the Debtors' claims against Charter Communications, Inc., as asserted in the adversary proceeding captioned *Windstream Holdings, Inc., et al. v. Charter Communications, Inc. et al.*, Adv. Pro. No. 19-08246 (Bankr. S.D.N.Y.), and any proceeds thereof should be allocated to satisfy unsecured claims.

E. ~~F.~~ Litigation Matters

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims.

With certain exceptions, the filing of the chapter 11 cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of these chapter 11 cases. In addition, the Debtors' liability with respect to stayed litigation is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the chapter 11 cases.

A putative securities class action against Windstream Holdings, Inc. and certain current and former officers and directors of Windstream Holdings, Inc. and EarthLink Holdings Corp. is pending in the United States District Court for the Eastern District of Arkansas (the "Arkansas District Court"), captioned as *Robert Murray v. EarthLink Holdings Corp., et al.*, Case No. 4:18-cv-00202-jm (the "Securities Litigation"). The Securities Litigation asserts claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 and Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 arising from the 2017 merger between EarthLink Holdings Corp. and Windstream Holdings, Inc. (the "2017 Merger") on behalf of a putative class consisting of all other persons or entities (except for the defendants in the Securities Litigation) who purchased or otherwise acquired Windstream Holdings, Inc. common shares pursuant and/or traceable to the Offering Documents in connection with the 2017 Merger and all persons or entities (except for the defendants in the Securities Litigation) who held stock in EarthLink Holdings Corp. on the record date for the 2017 Merger. At a hearing held June 17, 2019, the Bankruptcy Court granted the Debtors' motion to extend the automatic stay to the non-Debtor defendants in the Securities Litigation and granted a cross-motion by the lead plaintiff in the Securities Litigation for relief from the automatic stay to permit the Arkansas District Court to conduct oral argument and rule on the motions to dismiss the Securities Litigation that have been fully briefed since November 29, 2018, and which remain pending as of the date hereof.

F. ~~G.~~ Uniti Adversary Proceeding and Mediation

On July 25, 2019, the Debtors filed the Complaint commencing the Uniti Adversary Proceeding seeking, among other things, a declaration that the Uniti Arrangement is a financing and not a lease of nonresidential real property, in each case for purposes of applicable bankruptcy law. Various parties, including the Committee, intervened in the Uniti Adversary Proceeding and joined in the Debtors' claims against Uniti. Uniti has consistently maintained that the Uniti Arrangement is a true lease of nonresidential real property.

In an attempt to consensually resolve issues relating to the Uniti Arrangement with all stakeholders, on July 12, 2019, the Debtors and Uniti filed a motion to appoint a mediator and to include mediation parties from across the Debtors' capital structure. The Debtors proposed that mediation and litigation proceed in parallel so as to most efficiently reach a global resolution of matters regarding the relationship between the Debtors and Uniti. On July 30, 2019 the Court entered an order appointing the Honorable Judge Chapman to mediate issues regarding the Uniti Arrangement. In an attempt to create breathing room throughout the course of the mediation, the Debtors and Uniti—with the assistance of Judge Chapman—agreed to an extension of the purported application of the deadline under section 365(d)(4) of the Bankruptcy Code and filed the 365(d)(4) Stipulation.

On November 22, 2019, the parties reached agreement on the terms of the Second 365(d)(4) Stipulation that extended the purported application on the same terms as the 365(d)(4) Stipulation through and including 30 calendar days following entry of an order resolving count I (recharacterization) and count II (personal property) of the Complaint. After a hearing on December 12, 2019, and consistent with the Court's comments on the record, on January 10, 2020 the Debtors filed the Amended Complaint and the Count II Stipulation that stayed further litigation of the personal property count of the Complaint without prejudice to the Debtors' right to resume prosecution upon reasonable notice to Uniti. The Count II Stipulation also extended the purported application of the section 365(d)(4) deadline to the Uniti Arrangement to 90 calendar days following the entry of an order by the Court resolving count I of the Complaint. On January 30, 2020, the parties reached an agreement to bifurcate the recharacterization count from the other remaining counts.

Over the course of late 2019 and early 2020, the Uniti Adversary Proceeding continued in parallel with the mediation process, including substantial document discovery and depositions of key potential witnesses. Ultimately, through the mediation process as well as informal negotiations, and in advance of the commencement of any trial in the Uniti Adversary Proceeding, the Debtors were able to reach a settlement with Uniti (the "Uniti Settlement") that was submitted to the Court on March 6, 2020 [Docket No. 1558] (the "Uniti 9019 Motion"). The Uniti Settlement ultimately facilitated a negotiation on the terms of a restructuring with certain of Windstream's creditor constituencies. As a result, and after extensive negotiations, these parties reached an agreement on the terms of the restructuring transactions set forth in the Plan Support Agreement and enumerated in the Plan. The parties to the Plan Support Agreement include holders of more than 94% of the First Lien Claims, approximately 54% of the Second Lien Claims, more than 39% of the Unsecured Notes Claims, and approximately 72% of the Midwest Notes Claims and have agreed to support confirmation of the Plan, including voting their respective Claims to accept the Plan. In addition to the Plan, the Plan Support Agreement requires that the Debtors, Uniti, and the Consenting Creditors support and pursue the approval and implementation of the terms of the Uniti ~~s~~Settlement, the material provisions of which are as follows:

1. *Uniti GCI Commitment*

Uniti commits to fund up to an aggregate of $1.75 billion of Growth Capital Improvements ("GCI") through December 2029 based on the following calendar year schedule:

a. Year 1: $125 million

b. Years 2-5: $225 million per year

c. Years 6-7: $175 million per year

d. Years 8-10: $125 million per year

2. *Equipment Loan Program*

During the GCI funding period (including January – April 2030), and in lieu of GCI commitments, Uniti will provide up to $125 million in the aggregate in the form of loans for equipment purchases by Windstream that Windstream demonstrates in reasonable detail is related to network upgrades or customer premises equipment to be used in connection with the operation of assets subject to either Lease; provided that, and subject to footnote 2 of the Term Sheet, Uniti's total funding commitment in any calendar year for both GCIs and equipment loans will not exceed $250 million and the equipment loan commitment will not exceed $25 million in any single year.

3. *Asset Purchase Terms*

In consideration for the assets described below, Uniti shall pay $244,549,865.10 to the subsidiary or subsidiaries of Windstream designated by the mutual agreement of the Debtors, the Required Consenting Creditors (as defined in the Plan Support Agreement), and the Requisite Backstop Parties (as defined in the Backstop Commitment Agreement), which shall be funded through and conditioned upon the closing of a purchase of Uniti common stock yielding net cash proceeds to Uniti equal to or in excess of such amount. Uniti has entered into binding agreements with Elliott and the First Lien Ad Hoc Group for the purchase of this stock.

Uniti will acquire Windstream dark fiber IRU contracts currently generating an estimated $21 million of EBITDA; and reversion of rights to 1.8 million Uniti-owned Windstream-leased fiber strand miles.

Uniti will also acquire certain Windstream-owned assets and certain fiber IRU contracts currently generating $8 million of annual EBITDA at a purchase price of $40 million.

For segments with at least 24 unused fiber strands, Windstream will retain 12 fiber strands beyond what Windstream is utilizing today.

4. *Cash Transfer*

Uniti will pay to the subsidiary or subsidiaries of Windstream designated by the mutual agreement of the Debtors, the Required Consenting First Lien Creditors, and the Requisite Backstop Parties $490,109,111 in 20 equal consecutive quarterly installments beginning on the 5th business day of the first month following the Effective Date.

5. *Parties*

The parties to the Uniti Settlement are (i) Windstream Holdings and Windstream Services, the direct and indirect subsidiaries of Windstream Services, and their successors, assigns, transferees, and subtenants, as applicable, and/or one or more entities formed to acquire all or a portion of the assets of any of the foregoing as tenants, subject to any regulatory limitations and (ii) the same landlord(s) as those under the Uniti Arrangement..

6. *Effective Date*

The effective date of the Uniti Settlement will occur promptly upon entry of an order approving the agreements described in the Uniti Term Sheet and the satisfaction of all conditions relating to "true lease" and REIT compliance, but in no event later than Windstream's emergence from Chapter 11.

7. *Uniti Arrangement Structure/Terms*

The Uniti Arrangement will be bifurcated into structurally similar but independent agreements governing the ILEC Facilities and the CLEC Facilities (the "ILEC Lease" and the "CLEC Lease," and together, the "Leases").

All assignment, transfer, change of control, and similar provisions in the current Uniti Arrangement shall be amended and restated in each ILEC and CLEC Lease to provide that Windstream will be permitted to assign, sell, or otherwise transfer (whether in a standalone transaction, in connection with a sale of assets or equity interests, or otherwise) any of its interests in any or both of the ILEC Lease or the CLEC Lease subject to certain restrictions.

The ILEC Lease and CLEC Lease shall be cross-defaulted and cross-guaranteed so long as the tenants under both Leases are affiliates of Windstream.

Windstream may request that Uniti sell non-core assets in ILEC territories, subject to an annual cap of $10 million on proceeds, a portion of which will be remitted to Windstream in consideration of its leasehold interest in the sold assets and rent under the ILEC Lease not being reduced.

Windstream or any successor, assign, or subtenant will be permitted to sell fiber IRUs or lease dark fiber services in ILEC and CLEC territories with term dates that extend beyond the then current term of the Lease subject to an annual cap of $10 million on proceeds and certain other restrictions.

Uniti will be prohibited from competing in Windstream ILEC territories (for purposes of clarification, selling dark fiber or lit transport and building long haul routes with no laterals or extensions in a Windstream ILEC territory shall not be deemed competitive, but selling services originating or terminating traffic in said territories shall be deemed competitive), and, for avoidance of doubt, "Uniti" refers to landlord and its affiliates, including Uniti, and all existing, acquired, or newly-formed direct or indirect subsidiaries of Uniti, any entities in common control with any such entity, and their respective successors and assigns, during the initial Term and all renewal terms of the ILEC Lease. Further, Uniti will not be permitted to transfer its interest in the CLEC or ILEC Lease to a Windstream Competitor.

8. *Windstream Financial Covenants*

Exit Financing as of Emergence:

a. As of the date of emergence, on a pro forma basis giving effect to Windstream's emergence (including the repayment, discharge, or extinguishment of any Indebtedness and the incurrence of any new Indebtedness (as defined in the Uniti Term Sheet)), Windstream's total leverage ratio will not exceed 3.00x. For the avoidance of doubt, for the foregoing test, amounts payable in cash on account of contract cures, lease cures, or administrative expenses, and/or amounts to be paid to holders of allowed general unsecured claims after emergence, in each case payable upon completion of the applicable claims resolution process before the Bankruptcy Court, shall not be considered Indebtedness.

Lease Financial Covenants:

a. The ILEC Lease and the CLEC Lease will contain the following covenants:

b. Windstream and its subsidiaries cannot incur any Indebtedness (other than (a) refinancing Indebtedness in a principal amount not exceeding the sum of (x) the principal amount of the Indebtedness refinanced, (y) the accrued and

unpaid interest on such Indebtedness refinanced and any other amounts owing thereon, and (z) any customary costs, fees, or expenses incurred in connection with such refinancing or (b) drawings under its third party syndicated revolving credit facility, in an amount not to exceed $750 million (the "RCF Facility")), if its total leverage ratio, pro forma for the incurrence of such Indebtedness, would exceed 3.00x.

c. If at any time (a) Windstream's total leverage ratio exceeds 3.50x (the "Maintenance Leverage Covenant") and (b) Windstream or any of its subsidiaries takes any of the following actions, an event of default will have occurred:

(i) incur any Indebtedness;

(ii) make any dividends on its capital stock or repurchase any stock, or prepay any unsecured debt;

(iii) make (a) any acquisitions or (b) investments, other than investments (1) in consolidated subsidiaries existing before the applicable date of Windstream's non-compliance with the Maintenance Leverage Covenant and customary permitted investments, (2) in joint ventures in existence prior to the date of the applicable non-compliance with the Maintenance Leverage Covenant (and not created in contemplation thereof), or (3) with the consent of Uniti (not to be unreasonably withheld); or

(iv) enter into any transaction with any investor in Windstream who has one or more of its representatives on the Windstream Board of Directors, unless (i) Uniti consents to the entry into such transaction (such consent not to be unreasonably withheld) or (ii) such transaction is (x) in the ordinary course of business or (y) to continue or renew management, consultancy, or advisory services.

d. If (a) any bankruptcy event of default, or (b) any payment event of default or any other event of default under any Material Indebtedness (as defined in the Uniti Arrangement) has occurred, such event of default shall constitute an event of default under the Leases and Uniti will not be required to comply with its GCI commitment obligations following any such breach.

e. Notwithstanding anything to the contrary in the Uniti Term Sheet, the Leases shall provide that the Incurrence Leverage Covenant and the Maintenance Leverage Covenant shall not apply at any time that Windstream maintains a corporate family rating of not less than (i) "B2" (stable) by Moody's and (ii) either "B" (stable) by S&P or "B" (stable) by Fitch.

9. *Stay of Pending Litigation*

Upon announcement of the Uniti Settlement, all pending litigation was stayed pending closing of the transactions contemplated, without prejudice to Windstream's right to resume prosecution.

10. *The Committee's Investigation of the Uniti Arrangement and Opposition to the Allocation of Value Attributable to the Uniti Settlement under the Plan*

Promptly following its appointment on March 12, 2019, the Committee commenced its own investigation into the circumstances surrounding the Uniti Arrangement. On July 10, 2019, the Committee sent a letter to the Debtors' counsel identifying and describing various claims and causes of action, including claims to recharacterize the Uniti Arrangement as a disguised financing. In that letter, the Committee requested that the Debtors advise the Committee whether, and by what date, they intended to pursue those claims and causes of action. On July 12, 2019, the Committee filed a motion [Docket No. 786] seeking standing to commence and prosecute various colorable recharacterization, fraudulent transfer, and other claims it identified in connection with its investigation of the Uniti Arrangement. On July 25, 2019 the Debtors commenced the Uniti Adversary Proceeding and the Committee ultimately agreed to adjourn its standing motion indefinitely, while joining in the Uniti Adversary Proceeding as an intervenor.

Based on its analysis of the claims and evidence at issue in the Uniti Adversary Proceeding, it is the Committee's position that the value attributable to the Uniti Settlement is improperly allocated under the Plan. Specifically, the Committee believes that the assets that were purportedly transferred to Uniti spin-off transaction are specifically excluded from the scope of the liens granted in favor of the Debtors' prepetition secured lenders under the relevant security documents. The Committee also believes that the claims and causes of action asserted by the Debtors against Uniti in the Uniti Adversary Proceeding are unencumbered by such liens because they do not constitute the types of claims that can be perfected through the filing of a financing statement under applicable case law. Similarly, the Committee believes that any avoidance claims against Uniti released under the Uniti Settlement are not subject to prepetition liens because they constitute "after-acquired property" within the meaning of section 552(a) of the Bankruptcy Code. Finally, the Committee asserts that Bankruptcy Code section 552(b) only allows a continuing security interest in postpetition proceeds of prepetition collateral if the postpetition proceeds are directly attributable to prepetition collateral, without the addition of estate resources, but the claims against Uniti were prosecuted solely using the Debtors' postpetition resources or efforts. Accordingly, the Committee believes that, even if the prepetition secured lenders do hold valid liens on the Debtors' claims against Uniti, any value attributable to the Uniti Settlement is not subject to those liens. In addition, the Committee believes that, under the terms of the DIP Order, the proceeds of avoidance actions and commercial tort claims are not available to repay the DIP Facility and the postpetition lenders' adequate protection claims unless and until commercially reasonable efforts are taken to exhaust all other collateral securing the DIP Facility. The Committee believes that, based on the value ascribed to the DIP Facility collateral by the Debtors, there should be no need for the postpetition lenders to look to the proceeds of avoidance actions to satisfy their claims. Based on each of these arguments, the Committee believes that the value attributable to the Uniti Settlement should be available primarily to satisfy the claims of unsecured creditors. The Debtors do not agree with the Committee's position and reserve all rights.

G. ~~H.~~ Plan Support Agreement and Allocation of Value Attributable to the Uniti Settlement under the Plan

Through the mediation process, the parties focused not only on the terms of the Uniti Settlement, but also on the terms of the Plan. Certain holders of First Lien Claims, Uniti, Elliott, and certain holders of Midwest Notes Claims are parties to the Plan Support Agreement. The Plan Support Agreement memorializes not only a commitment to transactions required to facilitate the Uniti Settlement, but also support for the Plan. The Plan Support Agreement was entered into on March 2, 2020, and was amended on March 9, 2020 and March 13, 2020. The Debtors reserve all rights to, with the consent of any

applicable counterparties to the extent required under the Plan Support Agreement, amend, revise or supplement the Plan Support Agreement at any time before the Effective Date of the Plan.

It is the Debtors' and the First Lien Ad Hoc Group's view that the Plan Support Agreement and Plan, among other things, properly allocates the value attributable to the Uniti Settlement, notwithstanding the position of the Committee described above. ***First,*** as it relates to allocation of value as between Obligor Debtors and Non-Obligor Debtors, allocation of settlement value predominantly to Non-Obligor Debtors would not provide holders of General Unsecured Claims (against either Obligor Debtors or Non-Obligor Debtors) a higher recovery than what is provided for in the Plan. The Plan provides that General Unsecured Claims at Non-Obligor Debtors will be paid in full or reinstated, irrespective of allocation of settlement value. To the extent allocation of settlement value to a Non-Obligor Debtor would result in excess equity value at such Debtor, that value would accrue to the benefit of the Debtors' secured lenders, who benefit from share pledges over the equity interest of Non-Obligor Debtors that are direct subsidiaries of Obligor Debtors. Allocation of settlement value predominantly to Obligor Debtors likewise would not provide holders of General Unsecured Claims a higher recovery than what is provided for in the Plan. General Unsecured Claims at the Obligor Debtors (against either Obligor Debtors or Non-Obligor Debtors) are junior to more than $3.1 billion in first lien secured debt and more than $1.2 billion in second lien secured debt outstanding as of the Petition Date. General Unsecured Claims at the Obligor Debtors are also junior to up to $1 billion in superpriority financing arising under the DIP Facility and $25 million to $75 million of administrative and priority claims on a consolidated basis as of the Effective Date. Even taking into account the value attributable to the Uniti Settlement, based on the Debtors' analysis, there will not be sufficient value in their estates on the Effective Date to pay administrative, priority, and first lien claims at Obligor Debtors in full, such that second lien claims and General Unsecured Claims at Obligor Debtors are entitled to a recovery in excess of what is provided for in the Plan.

Second, as it relates to allocation of the value attributable to the Uniti Settlement as between the claims asserted in the Uniti Adversary Proceeding, even if settlement value was allocated predominantly to claims that do not constitute collateral of the Debtors' prepetition first and second lien secured lenders holders of General Unsecured Claims (against either Obligor Debtors or Non-Obligor Debtors) would not be entitled to a higher recovery than what is provided for in the Plan. The Debtors and the First Lien Ad Hoc Group believe that all or most of the value attributable to the Uniti Settlement would constitute collateral of the Debtors' first lien lenders. The Debtors' secured lenders have a prepetition lien on substantially all of the Debtors' assets. To the extent the value attributable to the Uniti Settlement is on account of settlement of the recharacterization claims asserted in the Uniti Adversary Proceeding, which is the primary claim asserted in the Uniti Adversary Proceeding, the Debtors and the First Lien Ad Hoc Group believe that such value would constitute collateral of the Debtors' secured lenders and would not constitute proceeds of a commercial tort claim that would potentially be outside of the secured lenders' collateral. Even if some portion of the value attributable to the Uniti Settlement were not subject to the prepetition liens of the Debtors' secured lenders and was on account of postpetition avoidance actions, such value would be subject to the adequate protection liens of the Debtors' secured lenders to the extent of any diminution in value, which amount may be significant. Additionally, as summarized above, in addition to first and second lien claims outstanding as of the Petition Date, the Obligor Debtors will be liable for up to $1 billion in superpriority obligations under the DIP Facility, an obligation that attaches to proceeds of avoidance actions that would otherwise not be encumbered by the liens of the Debtors' prepetition first and second lien lenders. Additionally, as of the Effective Date, the Debtors are likely to be liable for $25 million to $75 million of administrative and priority claims on a consolidated basis that are senior to General Unsecured Claims and entitled to payment in full prior to the Debtors' emergence from chapter 11. Since the value attributable to the Uniti Settlement is not in excess of these amounts, even disregarding existing first and second lien claims at the Obligor Debtors, allocation of settlement value predominantly to claims that would not constitute collateral of the Debtors' prepetition secured

lenders would not result in holders of General Unsecured Claims at Obligor Debtors being entitled to a recovery in excess of what is provided for in the Plan.

The Unsecured Notes Trustees believe that the Final DIP Order prohibits the allocation of value attributable to the Uniti Settlement in the manner described in the preceding paragraph. Specifically, the Final DIP Order provides that "prior to seeking payment of any DIP Obligations, DIP Superpriority Claims, or Adequate Protection Claims, including 507(b) Claims, from the proceeds of (a) Avoidance Actions, (b) claims and causes of action against any current or former officers and directors of the Debtors, (c) claims and causes of action against the Prepetition Secured Parties other than the prepetition Revolving Lenders, and/or (d) any commercial tort claim on which the Prepetition Secured Parties did not hold validly perfected liens as of the Petition Date, the DIP Secured Parties and the Prepetition Secured Parties, as applicable, shall use commercially reasonable efforts to first satisfy such claims from all other DIP Collateral." Final DIP Order, ¶ 10(d). The Unsecured Notes Trustees believe that sufficient assets exist to repay the DIP Obligations without recourse to unencumbered assets. The Unsecured Notes Trustees believe that the Final DIP Order also prohibits any adequate protection claims of the Prepetition Secured Parties from attaching to value arising from Uniti Settlement, including the recharacterization claim asserted in the Uniti Adversary Proceeding. Final DIP Order, ¶ 8(a), n.9 ("[N]othing in this Final Order shall impact or prejudice the rights of any such party to benefit from any adjudication or settlement of any claims arising from, asserted, or that could have been asserted on account of the Uniti Spin-Off").

Ultimately, the Debtors do not have another actionable path to emergence from chapter 11, other than the transactions embodied in the Plan Support Agreement and Plan. For the reasons described above and elsewhere in this Disclosure Statement, the Debtors and the First Lien Ad Hoc Group believe that the Plan complies with the requirements of the Bankruptcy Code for confirmation, including as it relates to recoveries on account of General Unsecured Claims. For the reasons described above, the Committee's assertions related to allocation of the value attributable to the Uniti Settlement, whether allocation as between Non-Obligor Debtors and Obligor Debtors or allocation between the different claims asserted in the Uniti Adversary, even if true, do not compel a different conclusion.

H. Chubb Insurance Policies

Notwithstanding anything to the contrary in the Disclosure Statement, the Plan, Plan Supplement, the Confirmation Order, any agreement or order related to post-petition or exit financing, any bar date notice or claim objection, or any other order of the Bankruptcy Court (including, without limitation, any other provision that purports to be preemptory or supervening or grants an injunction or release, confers bankruptcy court jurisdiction or requires a party to opt out of any releases):

(a) nothing alters, modifies or otherwise amends the terms and conditions of the Chubb Insurance Program (including any agreement to arbitrate disputes and any provisions regarding the provision, maintenance, use, nature and priority of the Chubb Collateral) except that on and after the Effective Date, the Reorganized Debtors jointly and severally shall assume the Chubb Insurance Program in its entirety pursuant to sections 105 and 365 of the Bankruptcy Code;

(b) nothing therein releases or discharges (i) Chubb's security interests in and liens on the Chubb Collateral and (ii) the claims of Chubb arising from or pursuant to the Chubb Insurance Program and such claims are actual and necessary expenses of the Debtors' estates (or the Reorganized Debtors, as applicable) and shall be paid in full in the ordinary course of businesses, whether as an Allowed Administrative

Claim under section 503(b)(1)(A) of the Bankruptcy Code or otherwise, regardless of when such amounts are or shall become liquidated, due or paid without the need or requirement for Chubb to file or serve a request, motion, or application for payment of or proof of any Administrative Claim (and further and for the avoidance of doubt, any claim bar date shall not be applicable to Chubb); and

(c) the automatic stay of Bankruptcy Code section 362(a) and the injunction set forth in Article VIII of the Plan, if and to the extent applicable, shall be deemed lifted without further order of the Bankruptcy Court, solely to permit: (A) claimants with valid workers' compensation claims or direct action claims against an Insurer under applicable non-bankruptcy law to proceed with their claims; (B) Chubb to administer, handle, defend, settle, and/or pay, in the ordinary course of business and without further order of the Bankruptcy Court, (i) all workers' compensation claims covered by the Chubb Insurance Program, (ii) all claims where a claimant asserts a direct claim against Chubb under applicable law or an order has been entered by the Bankruptcy Court granting a claimant relief from the automatic stay or the injunction set forth in Article XI of the Plan to proceed with its claim and (iii) all costs in relation to each of the foregoing; (C) Chubb to draw against any or all of the Chubb Collateral provided by or on behalf of the Debtors (or the Reorganized Debtors, as applicable) at any time and to hold the proceeds thereof as security for the obligations of the Debtors (and the Reorganized Debtors, as applicable) to Chubb and/or apply such proceeds to the obligation of the Debtors (and the Reorganized Debtors, as applicable) under the Chubb Insurance Program, in such order as Chubb may determine; and (D) subject to the terms of the Chubb Insurance Program and/or applicable non-bankruptcy law, Chubb to (i) cancel any policies under the Chubb Insurance Program, and (ii) take other actions relating thereto, to the extent permissible under applicable non-bankruptcy law, each in accordance with the terms of the Chubb Insurance Program.

Terms used in Article VII.H of the Disclosure Statement but not defined in the Plan shall have the meanings attributed to them in that certain *Order (I) Authorizing Assumption of the Prepetition Insurance Program, (II) Authorizing the Debtors to Enter into the Postpetition Insurance Program, and (III) Granting Related Relief* entered by the Bankruptcy Court on June 20, 2019 [Docket No. 702].

VIII. RISK FACTORS

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

A. Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to holders of Allowed Claims under the Plan but will not necessarily

affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of holders of Claims in such Impaired Classes.

1. *Parties in Interest May Object to the Plan's Classification of Claims and Interests*

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. *The Conditions Precedent to the Effective Date of the Plan May Not Occur*

As more fully set forth in Article IX of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not waived or not met, the Effective Date will not take place.

3. *The Debtors May Fail to Satisfy Vote Requirements*

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the holders of Interests and Allowed Claims as those proposed in the Plan and the Debtors do not believe that any such transaction exists or is likely to exist that would be more beneficial to the Estates than the Plan.

4. *The Debtors May Not Be Able to Secure Confirmation of the Plan*

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims or equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met. If a chapter 11 plan of reorganization is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors will be able to reorganize their business and what, if anything, holders of Interests and Allowed Claims against them would ultimately receive.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in less favorable treatment of any non-accepting class of Claims or Interests, as well as any class junior to such non-accepting class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property with a lesser value than currently provided in the Plan or no distribution whatsoever under the Plan.

5. *Nonconsensual Confirmation*

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

6. *Continued Risk upon Confirmation*

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further deterioration or other changes in economic conditions, changes in the industry, potential revaluing of their assets due to chapter 11 proceedings, changes in demand for telecommunications services, changes in telecommunications technology, and increasing expenses. See Article VIII.C of this Disclosure Statement, entitled "Risks Related to the Debtors' and the Reorganized Debtors' Businesses". Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that a chapter 11 plan of reorganization reflecting the Plan will achieve the Debtors' stated goals.

In addition, at the outset of the chapter 11 cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their Petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' businesses after the completion of the proceedings related to the chapter 11 cases. Adequate funds may not be available when needed or may not be available on favorable terms.

7. *The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code*

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under

chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather than reorganizing the business in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

8. *The Debtors May Object to the Amount or Classification of a Claim*

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any holder of a Claim where such Claim is subject to an objection. Any holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

9. *Risk of Non-Occurrence of the Effective Date*

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

10. *Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan*

The distributions available to holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to holders of Allowed Claims under the Plan.

11. *Releases, Injunctions, and Exculpations Provisions May Not Be Approved*

Article VIII of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Reorganized Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.

The releases provided to the Released Parties and the exculpation provided to the Exculpated Parties is necessary to the success of the Debtors' reorganization because the Released Parties and

Exculpated Parties have made significant contributions to the Debtors' reorganizational efforts and have agreed to make further contributions, including by agreeing to forgo full payment in Cash of their claims against the Debtors' estates, but only if they receive the full benefit of the Plan's release and exculpation provisions. The Plan's release and exculpation provisions are an inextricable component of the Plan Support Agreement and Plan and the significant deleveraging and financial benefits that they embody.

B. Risks Related to Recoveries under the Plan

1. *The Reorganized Debtors May Not Be Able to Achieve their Projected Financial Results*

The Reorganized Debtors may not be able to achieve their projected financial results. The Financial Projections set forth in this Disclosure Statement represent the Debtors' management team's best estimate of the Debtors' future financial performance, which is necessarily based on certain assumptions regarding the anticipated future performance of the Reorganized Debtors' operations, as well as the United States and world economies in general, and the industry segments in which the Debtors operate in particular. While the Debtors believe that the Financial Projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized. If the Debtors do not achieve their projected financial results, the value of the Reorganized Windstream Equity Interests may be negatively affected and the Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date. Moreover, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

2. *The Reorganized Debtors May Be Controlled by Significant Holders*

If the Plan is confirmed and consummated, holders of First Lien Claims will receive the Reorganized Windstream Equity Interests. The holders of First Lien Claims will own 100% of the Reorganized Windstream Equity Interests (subject to dilution on account of the Management Incentive Plan).

3. *Certain Tax Implications of the Plan*

Holders of Allowed Claims should carefully review Article XII of this Disclosure Statement, entitled "Certain United States Federal Income Tax Consequences of the Plan," to determine how the tax implications of the Plan and the chapter 11 cases may adversely affect the Reorganized Debtors and holders of certain Claims.

4. *The Debtors May Not Be Able to Accurately Report Their Financial Results*

The Debtors have established internal controls over financial reporting. However, internal controls over financial reporting may not prevent or detect misstatements or omissions in the Debtors' financial statements because of their inherent limitations, including the possibility of human error, and the circumvention or overriding of controls or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Debtors fail to maintain the adequacy of their internal controls, the Debtors may be unable to provide financial information in a timely and reliable manner within the time periods required for the Debtors' financial reporting under SEC rules and regulations and the terms of the agreements governing the Debtors' indebtedness. Any such difficulties or failure could materially adversely affect the Debtors' business, results of operations, and financial condition. Further, the Debtors may discover other internal control deficiencies in the future and/or fail to adequately correct previously identified control

deficiencies, which could materially adversely affect the Debtors' businesses, results of operations, and financial condition.

C. Risks Related to the Debtors' and the Reorganized Debtors' Businesses

1. *The Reorganized Debtors May Not Be Able to Generate Sufficient Cash to Service All of their Indebtedness*

The Reorganized Debtors' ability to make scheduled payments on, or refinance their debt obligations, depends on the Reorganized Debtors' financial condition and operating performance, which are subject to prevailing economic, industry, and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may be unable to maintain a level of cash flow from operating activities sufficient to permit the Reorganized Debtors to pay the principal, premium, if any, and interest on their indebtedness upon emergence.

2. *The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases*

For the duration of the chapter 11 cases, the Debtors' ability to operate, develop, and execute a business plan, and continue as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following: (a) ability to develop, confirm, and consummate the Restructuring Transactions specified in the Plan; (b) ability to obtain Bankruptcy Court approval with respect to motions filed in the chapter 11 cases from time to time; (c) ability to maintain relationships with suppliers, vendors, service providers, customers, employees, and other third parties; (d) ability to maintain contracts that are critical to the Debtors' operations; (e) ability of third parties to seek and obtain Bankruptcy Court approval to terminate contracts and other agreements with the Debtors; (f) ability of third parties to seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (g) the actions and decisions of the Debtors' creditors and other third parties who have interests in the chapter 11 cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the chapter 11 cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees, and other third parties, which in turn could adversely affect the Debtors' operations and financial condition. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the chapter 11 cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the chapter 11 cases that may be inconsistent with the Debtors' plans.

3. *Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Businesses*

The Debtors' future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' businesses, financial condition, results of operations, and liquidity. So long as the proceedings related to the chapter 11 cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating

under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' businesses. In addition, the longer the proceedings related to the chapter 11 cases continue, the more likely it is that customers and suppliers will lose confidence in the Debtors' ability to reorganize their businesses successfully and will seek to establish alternative commercial relationships.

So long as the proceedings related to the chapter 11 cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the administration of the chapter 11 cases. The chapter 11 proceedings also required the Debtors to seek debtor-in-possession financing to fund operations. If the Debtors are unable to fully draw on the availability under the DIP Facilities, the chances of successfully reorganizing the Debtors' businesses may be seriously jeopardized, the likelihood that the Debtors will instead be required to liquidate or sell their assets may be increased, and, as a result, creditor recoveries may be significantly impaired.

Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Reorganized Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from bankruptcy protection.

4. ***Financial Results May Be Volatile and May Not Reflect Historical Trends***

The Financial Projections attached hereto as **Exhibit C** are based on assumptions that are an integral part of the projections, including Confirmation and Consummation of the Plan in accordance with its terms, the anticipated future performance of the Debtors, industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Debtors and some or all of which may not materialize.

In addition, unanticipated events and circumstances occurring after the date hereof may affect the actual financial results of the Debtors' operations. These variations may be material and may adversely affect the value of the Reorganized Windstream Equity Interests and the ability of the Debtors to make payments with respect to their indebtedness. Because the actual results achieved may vary from projected results, perhaps significantly, the Financial Projections should not be relied upon as a guarantee or other assurance of the actual results that will occur.

Further, during the chapter 11 cases, the Debtors financial results may be volatile as restructuring activities and expenses, contract terminations and rejections, and claims assessments significantly impact the Debtors' consolidated financial statements. As a result, the Debtors' historical financial performance likely will not be indicative of their financial performance after the Petition Date. In addition, if the Debtors emerge from the chapter 11 cases, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to the Debtors' operating plans pursuant to a plan of reorganization. The Debtors also may be required to adopt fresh start accounting, in which case their assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on the Debtors' consolidated balance sheets. The Debtors' financial results after the application of fresh start accounting also may be different from historical trends.

Lastly, the business plan was developed by the Debtors with the assistance of their advisors. There can be no assurances that the Debtors' business plan will not change, perhaps materially, as a result of decisions that the board of directors may make after fully evaluating the strategic direction of the

Debtors and their business plan. Any deviations from the Debtors' existing business plan would necessarily cause a deviation

5. *The Debtors' Substantial Liquidity Needs May Impact Revenue*

The Debtors operate in a capital-intensive industry. If the Debtors' cash flow from operations remains depressed or decreases the Debtors may not have the ability to expend the capital necessary to improve or maintain their current operations, resulting in decreased revenues over time.

The Debtors face uncertainty regarding the adequacy of their liquidity and capital resources. In addition to the cash necessary to fund ongoing operations, the Debtors have incurred significant professional fees and other costs in connection with preparing for the chapter 11 cases and expect to continue to incur significant professional fees and costs throughout the chapter 11 cases. The Debtors cannot guarantee that cash on hand, cash flow from operations, and cash provided by the DIP Facilities will be sufficient to continue to fund their operations and allow the Debtors to satisfy obligations related to the chapter 11 cases until the Debtors are able to emerge from bankruptcy protection.

The Debtors' liquidity, including the ability to meet ongoing operational obligations, will be dependent upon, among other things: (a) their ability to comply with the terms and condition of any debtor-in-possession financing and/or cash collateral order entered by the Bankruptcy Court in connection with the chapter 11 cases; (b) their ability to maintain adequate cash on hand; (c) their ability to develop, confirm, and consummate the Plan or other alternative restructuring transaction; and (d) the cost, duration, and outcome of the chapter 11 cases. The Debtors' ability to maintain adequate liquidity depends, in part, upon industry conditions and general economic, financial, competitive, regulatory, and other factors beyond the Debtors' control. In the event that cash on hand, cash flow from operations, and cash provided under the DIP Facilities are not sufficient to meet the Debtors' liquidity needs, the Debtors may be required to seek additional financing. The Debtors can provide no assurance that additional financing would be available or, if available, offered to the Debtors on acceptable terms. The Debtors' access to additional financing is, and for the foreseeable future likely will continue to be, extremely limited if it is available at all. The Debtors' long-term liquidity requirements and the adequacy of their capital resources are difficult to predict at this time.

6. *The Debtors' Business is Subject to Complex Laws and Regulations That Can Adversely Affect the Cost, Manner, or Feasibility of Doing Business*

The Debtors' operations are subject to extensive federal, state and local laws and regulations, including complex telecommunication laws. The Debtors may be required to make large expenditures to comply with such regulations. Failure to comply with these laws and regulations may result in the suspension or termination of operations and subject the Debtors to administrative, civil and criminal penalties. These liabilities and costs could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Reorganized Debtors.

7. *The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases*

In the future, the Reorganized Debtors may become parties to litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the Reorganized Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims under the Plan. It is not possible to predict the potential litigation that the Reorganized Debtors may become party to, nor the

final resolution of such litigation. The impact of any such litigation on the Reorganized Debtors' businesses and financial stability, however, could be material.

8. *The Loss of Key Personnel Could Adversely Affect the Debtors' Operations*

The Debtors' operations are dependent on a relatively small group of key management personnel and a highly-skilled employee base. The Debtors' recent liquidity issues and the chapter 11 cases have created distractions and uncertainty for key management personnel and employees. Because competition for experienced personnel can be significant, the Debtors may be unable to find acceptable replacements with comparable skills and experience and the loss of such key management personnel could adversely affect the Debtors' ability to operate their businesses. In addition, a loss of key personnel or material erosion of employee morale could have a material adverse effect on the Debtors' ability to meet expectations, thereby adversely affecting the Debtors' businesses and the results of operations.

9. *Certain Claims May Not Be Discharged and Could Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations*

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all Claims that arise prior to the Debtors' filing of their Petitions or before confirmation of the plan of reorganization (a) would be subject to compromise and/or treatment under the plan of reorganization and/or (b) would be discharged in accordance with the terms of the plan of reorganization. Any Claims not ultimately discharged through a plan of reorganization could be asserted against the reorganized entity and may have an adverse effect on the Reorganized Debtors' financial condition and results of operations.

D. Risks Related to Regulation

The Debtors can provide no assurance that the required regulatory and government consents will be obtained in connection with the Restructuring Transactions. In addition, even if all required regulatory and other governmental consents are obtained and the closing conditions are satisfied, no assurance can be given as to the terms, conditions, and timing of the approvals or clearances.

1. *The Debtors' Business Depends upon Licenses Issued by the FCC, and If Licenses Were Not Renewed or the Reorganized Debtors Were to Be Out of Compliance with FCC Regulations and Policies, the Reorganized Debtors' Business Could Be Materially Impaired.*

The Debtors are subject to regulation by the FCC under the Communications Act of 1934, as amended. The Debtors' business depends upon maintaining their licenses issued by the FCC, including licenses for the use of wireless spectrum, which are renewable upon timely application to the FCC. Interested parties may challenge a renewal application. The FCC has authority to revoke licenses, not grant renewal applications, or grant renewal with significant conditions, including renewals for less than a full term. The Debtors cannot be certain that the Reorganized Debtors' future renewal applications will be approved, or that the renewals will not include conditions or qualifications that could adversely affect the Reorganized Debtors' operations, could result in material impairment and could adversely affect the Reorganized Debtors' liquidity and financial condition.

If any of the Reorganized Debtors' FCC licenses are not renewed, it could adversely impact the Reorganized Debtors' operations and revenue. Further, the FCC routinely imposes monetary forfeitures for violations of its rules, and such forfeitures can be significant for certain types of violations and for repeated violations. FCC rules governing the Debtors' regulated service offerings impose costs on their

operations, and changes in those rules could have an adverse effect on the Reorganized Debtors' business. In addition, the FCC has rules governing the privacy of specified customer information. Among other things, these FCC rules oblige carriers to implement procedures to: protect specified customer information from inappropriate disclosure; obtain customer permission to use specified information in marketing; authenticate customers before disclosing account information; and annually certify compliance with the FCC's rules. Although most of these regulations are generally consistent with the Debtors' business plans, they may restrict the Reorganized Debtors' flexibility in operating the business. Moreover, governmental regulations and policies may change over time, and the changes may have a material adverse impact upon the Reorganized Debtors' businesses, financial condition, and results of operations.

2. *There Will Be FCC Approval Requirements in Connection with Emergence from Chapter 11.*

The FCC has authority to review any proposed transaction, including a chapter 11 reorganization, that involves the assignment or transfer of control, or substantial change in ownership of, FCC Licenses, and has broad discretion to impose conditions on any application to assign or transfer control of FCC Licenses.

The consent of the FCC is required for the assignment of FCC Licenses or for the transfer of control of , or substantial change of ownership of, an entity that holds or controls FCC Licenses. Except in the case of "involuntary" assignments and transfers of control, prior consent of the FCC is required before an assignment of FCC Licenses or a transfer of control of FCC licensees may be consummated.

Upon the commencement of the Chapter 11 Cases, the Debtors, many of which either hold or control FCC Licenses, changed to debtor-in-possession status. The FCC considers this change in status to be an "involuntary" transaction, and after-the-fact approval of this involuntary transaction is necessary. The Debtors' emergence from bankruptcy pursuant to the Plan will require further consent of the FCC to effectuate an assignment or transfer of control of the FCC Licenses from the debtor-in-possession licensees to the Reorganized Debtors. The FCC will conduct a more thorough inquiry to determine whether the proposed transaction serves the public interest, convenience, and necessity; this entails a public proceeding whereby the FCC will seek comment on the applications related to the Plan. FCC approval will also be required for the transfer of assets to Uniti described in Section VII.F.3.

The FCC treats emergence from bankruptcy by a licensee or its parent company as a "voluntary" assignment of FCC Licenses or a transfer of control of FCC licensees. Prior approval of the FCC is required for such voluntary transfers or assignments. The two-step application process described above, if pursued by the Debtors, is intended to facilitate the FCC's review of Windstream's transfer of control application and result in the company's prompt emergence from bankruptcy. It is not possible, however, to guarantee the FCC's grant of the application by any particular date.

3. *There Will Likely Be State Regulatory Approval Requirements in Connection with Emergence from Chapter 11.*

Many State PUCs have processes similar to those of the FCC, for approving transfers of control of local exchange carriers and interchange carriers, like Windstream, pursuant to chapter 11 proceedings.

Depending on the details of the reorganization, the Debtors might also need to obtain approvals from or interact with State PUCs for states in which it is the incumbent local exchange carrier: Alabama, Arkansas, Florida, Georgia, Iowa, Kentucky, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, and Texas. State filings or

approvals may also be required in other states in which Windstream is a competitive local exchange carrier as well. If State PUC approval is required for certain plan-related financing arrangements, such requests are typically combined and processed with the applicants' transfer of control applications. In addition, depending on the specific assets transferred, State PUC approval may also be required for the transfer of assets to Uniti described in Section VII.F.3.

The Chapter 11 Cases may create strong political reactions (potentially by unions, public interest groups, and/or entities that compete with the Company) that could prompt State PUC hearings and negative publicity, and negative perceptions of the Company's performance within a state could create additional complications.

IX. CERTAIN SECURITIES LAW MATTERS

The Debtors believe that the Reorganized Windstream Equity Interests and the Subscription Rights (and any Reorganized Windstream Equity Interests issuable upon exercise of Subscription Rights) issuable pursuant to the Plan are "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and any applicable state securities law (a "Blue Sky Law"). The Debtors further believe that the offer, sale, issuance and initial distribution of the Reorganized Windstream Equity Interests, Special Warrants (and any Reorganized Windstream Equity Interests issuable upon exercise of such Special Warrants), and the Subscription Rights (and any Reorganized Windstream Equity Interests issuable upon exercise of such Subscription Rights) by Reorganized Windstream pursuant to the Plan is exempt from federal and state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code and any applicable state Blue Sky Law as described in more detail below. The Reorganized Windstream Equity Interests underlying the Management Incentive Plan will be issued pursuant to a registration statement or another available exemption from registration under the Securities Act and other applicable law.

The following discussion of the issuance and transferability of the Reorganized Windstream Equity Interests relates solely to matters arising under federal and state securities laws. The rights of holders of Reorganized Windstream Equity Interests, including the right to transfer such interests, will also be governed by the New Organizational Documents, which will be filed with the Plan Supplement.

A. 1145 Securities

As discussed herein, the Plan provides for the offer, issuance, sale and distribution by Reorganized Windstream of the Reorganized Windstream Equity Interests to holders of Allowed First Lien Claims, the issuance of Special Warrants to holders of Allowed First Lien Claims (and any Reorganized Windstream Equity Interests issuable upon exercise of such Special Warrants), Subscription Rights (and Reorganized Windstream Equity Interests issuable upon exercise of such Subscription Rights) pursuant to the Rights Offering and the Reorganized Windstream Equity Interests to the Backstop Parties in payment of the Backstop Premium pursuant to the Backstop Commitment Agreement (collectively, the "1145 Securities"). The Reorganized Windstream Equity Interests issuable in payment of the Backstop Premium pursuant to the Backstop Commitment Agreement constitute allowed administrative expenses of the Debtors' estates under sections 503(b) and 507 of the Bankruptcy Code.

1. *Issuance*

(a) Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act, and state securities laws if three principal requirements are satisfied: (a) the securities must be offered and sold

under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (b) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (c) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in exchange for such claim or interest and partly for cash or property.

(b) Because the total value of an Eligible Claim, as implied by the value of distributions under the Plan, significantly exceeds the cash value payable on account of such Claim pursuant to Subscription Rights in the Rights Offering, the Debtors submit that all 1145 Securities issued pursuant to the Plan will be issued principally in exchange for the corresponding Eligible Claims, and only partly in exchange for the cash purchase price to be paid pursuant to the Rights Offering. Accordingly, the 1145 Securities satisfy all the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws (except with respect to an underwriter as described below). Furthermore, the Debtors believe that the value of the direct distributions being made to holders of Allowed First Lien Claims (excluding the Subscription Rights), and thus the value of the interests in any such Eligible Claim to be exchanged pursuant to the Rights Offering, exceeds the value of the capital being raised pursuant to the exercise of the Subscription Rights.

Recipients of any 1145 Securities are advised to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act and any applicable state Blue Sky Law.

2. *Subsequent Transfers*

The 1145 Securities may be freely transferred by most recipients following the initial issuance under the Plan, and all resales and subsequent transfers of the 1145 Securities are exempt from registration under the Securities Act and state securities laws, unless the holder is an "underwriter" with respect to such securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer": (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; (b) offers to sell securities offered or sold under a plan for the holders of such securities; (c) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (d) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

The definition of an "issuer" for purposes of whether a person is an underwriter under section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as "statutory underwriters" all persons who, directly or indirectly, through one or more intermediaries,

control, are controlled by, or are under common control with, an issuer of securities. The reference to "issuer," as used in the definition of "underwriter" contained in section 2(a)(11) of the Securities Act, is intended to cover "Controlling Persons" of the issuer of the securities. "Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "Controlling Person" of the debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. In addition, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent or more of a class of securities of a reorganized debtor may be presumed to be a "Controlling Person" and, therefore, an underwriter.

Resales of 1145 Securities by entities deemed to be "underwriters" (which definition includes "Controlling Persons") are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, holders of Reorganized Windstream Equity Interests who are deemed to be "underwriters" may be entitled to resell their Reorganized Windstream Equity Interests pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act. Generally, Rule 144 of the Securities Act would permit the public sale of securities received by such Person if the required holding period has been met and, under certain circumstances, current information regarding the issuer is publicly available and volume limitations, manner of sale requirements and certain other conditions are met. Whether any particular Person would be deemed to be an "underwriter" (including whether the Person is a "Controlling Person") with respect to the Reorganized Windstream Equity Interests would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to the Reorganized Windstream Equity Interests and, in turn, whether any Person may freely resell Reorganized Windstream Equity Interests.

The Debtors recommend that potential recipients of Reorganized Windstream Equity Interests consult their own counsel concerning their ability to freely trade such securities without compliance with the federal law and any applicable state Blue Sky Law.

B. 4(a)(2) Securities

1. *Issuance*

Section 4(a)(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving any public offering are exempt from registration under the Securities Act. Regulation D is a non-exclusive safe harbor from registration promulgated by the SEC under section 4(a)(2) of the Securities Act.

The Debtors believe that any Reorganized Windstream Equity Interests not subscribed for in the Rights Offering that are issued to the Backstop Parties pursuant to the Backstop Commitment Agreement (the "4(a)(2) Securities") would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. The Debtors submit that the 4(a)(2) Securities are issuable without registration under the Securities Act in reliance upon the exemption from registration provided under section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder. The 4(a)(2) Securities will be "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration, or an applicable exemption from registration, under the Securities Act and other applicable law, as described below.

2. ***Subsequent Transfers***

Unlike the securities that will be issued pursuant to section 1145(a)(1) of the Bankruptcy Code, the 4(a)(2) Securities will be deemed "restricted securities" that may not be offered, sold, exchanged, assigned or otherwise transferred unless they are registered under the Securities Act, or an exemption from registration under the Securities Act is available.

The Backstop Parties will not be permitted to offer, sell, or otherwise transfer their 4(a)(2) Securities except pursuant to a registration statement or an available exemption from registration.

Rule 144 provides an exemption for the public resale of "restricted securities" if certain conditions are met. These conditions vary depending on whether the holder of the restricted securities is an affiliate of the issuer. An affiliate is defined as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer."

A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is available certain current public information regarding the issuer, and may sell the securities after a one-year holding period whether or not there is current public information regarding the issuer. Adequate current public information is available for a reporting issuer if the issuer has filed all periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 during the twelve months preceding the sale of the restricted securities. If the issuer is a non-reporting issuer, adequate current public information is available if certain information about the issuer is made publicly available. The Debtors currently expect that Reorganized Windstream will continue to be a reporting issuer and file all such required periodic reports and that current public information will be available to allow resales by non-affiliates when the six-month holding period expires (approximately six months after the Effective Date).

An affiliate may resell restricted securities after the six-month holding period if at the time of the sale certain current public information regarding the issuer is available. As noted above, the Debtors currently expect that this information requirement will be satisfied. The affiliate must also comply with the volume, manner of sale and notice requirements of Rule 144. First, the rule limits the number of restricted securities (plus any unrestricted securities) sold for the account of an affiliate (and related persons) in any three-month period to the greater of one percent of the outstanding securities of the same class being sold, or, if the class is listed on a stock exchange, the greater of one percent of the average weekly reported volume of trading in such restricted securities during the four weeks preceding the filing of a notice of proposed sale on Form 144. Second, the manner of sale requirement provides that the restricted securities must be sold in a broker's transaction, which generally means they must be sold through a broker and handled as a routine trading transaction. The broker must receive no more than the usual commission and cannot solicit orders for the sale of the restricted securities except in certain situations. Third, if the sale exceeds 5,000 restricted securities or has an aggregate sale price greater than $50,000 in any three-month period, an affiliate must file with the SEC three copies of a notice of proposed sale on Form 144. The sale must occur within three months of filing the notice unless an amended notice is filed.

The Debtors believe that the Rule 144 exemption will not be available with respect to any 4(a)(2) Securities (whether held by non-affiliates or affiliates) until at least six months after the Effective Date. Accordingly, holders of 4(a)(2) Securities will be required to hold their 4(a)(2) Securities for at least six months and, thereafter, to sell them only in accordance with the applicable requirements of Rule 144.

All 4(a)(2) Securities will be issued in certificated or book-entry form and will bear a restrictive legend. Each certificate or book-entry representing, or issued in exchange for or upon the transfer, sale or

assignment of, any 4(a)(2) Securities shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON ISSUANCE DATE, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

The Reorganized Debtors will reserve the right to require certification or other evidence of compliance with Rule 144 as a condition to the removal of such legend or to any resale of the 4(a)(2) Securities. The Reorganized Debtors will also reserve the right to stop the transfer of any 4(a)(2) Securities if such transfer is not in compliance with Rule 144. Any Person who receives 4(a)(2) Securities will be required to acknowledge and agree not to resell such securities except in accordance with Rule 144, when available, and that the securities will be subject to the other restrictions described above.

Any Persons receiving "restricted securities" under the Plan should consult with their own counsel concerning the availability of an exemption from registration for resale of these securities under the Securities Act and other applicable law.

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE AND THE HIGHLY FACT-SPECIFIC NATURE OF THE AVAILABILITY OF EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, INCLUDING THE EXEMPTIONS AVAILABLE UNDER SECTION 1145 OF THE BANKRUPTCY CODE AND RULE 144 UNDER THE SECURITIES ACT, NONE OF THE DEBTORS OR THE REORGANIZED DEBTORS MAKE ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF THE SECURITIES TO BE ISSUED UNDER THE PLAN CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

Should the Reorganized Debtors elect on or after the Effective Date to reflect any ownership of the Reorganized Windstream Equity Interests or other securities to be issued under the Plan through the facilities of the DTC, the Reorganized Debtors need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of the Reorganized Windstream Equity Interests or other securities to be issued under the Plan under applicable securities laws. DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether the Reorganized Windstream Equity Interests or other securities to be issued under the Plan are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services. Notwithstanding anything to the contrary in the Plan, no Person (including, for the avoidance of doubt, DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether the Reorganized Windstream Equity Interests or other securities to be issued under the Plan are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

X. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a Ballot or Ballots to be used for voting on the Plan, is being distributed to the holders of Claims or Interests in those Classes that are entitled to vote to accept or reject the Plan.

A. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against or interests in a debtor are entitled to vote on a chapter 11 plan. The table in Article III.C of this Disclosure Statement, entitled "Am I entitled to vote on the Plan?," provides a summary of the status and voting rights of each Class (and, therefore, of each holder within such Class absent an objection to the holder's Claim or Interest) under the Plan.

As shown in the table, the Debtors are soliciting votes to accept or reject the Plan only from holders of Claims or Interests in Classes 3, 4, 5, and 6A (the "Voting Classes"). The holders of Claims or Interests in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, holders of Claims or Interests in the Voting Classes have the right to vote to accept or reject the Plan. The Debtors are ***not*** soliciting votes from holders of Claims or Interests in Classes 1, 2, 6B, 7, 8, and 9.

B. Voting Record Date

The Voting Record Date is May 7, 2020. The Voting Record Date is the date on which it will be determined which holders of Claims or Interests in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims or Interests have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the holder of a Claim or Interest.

C. Voting on the Plan

The Voting Deadline is June 8, 2020, at 4:00 p.m. (prevailing Eastern Time). In order to be counted as votes to accept or reject the Plan, all ballots must be properly executed, completed, and delivered as directed, so that your ballot or the master ballot containing your vote is **actually received** by the Claims and Balloting Agent on or before the Voting Deadline.

To vote, complete, sign, and date your ballot and return it (with an original signature) *promptly* via electronic mail to WindstreamInfo@kccllc.com with "Windstream Vote" in the subject line.

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE CLAIMS AND BALLOTING AGENT TOLL FREE AT (888) 909-0100 OR VIA ELECTRONIC MAIL TO WindstreamInfo@kccllc.com

D. Ballots Not Counted

No ballot will be counted toward Confirmation if, among other things: (1) it is illegible or contains insufficient information to permit the identification of the holder of the Claim or Interest; (2) it was transmitted by means other than as specifically set forth in the ballots; (3) it was cast by an entity that is not entitled to vote on the Plan; (4) it was cast for a Claim listed in the Debtors' schedules as contingent, unliquidated, or disputed for which the applicable Bar Date has passed and no proof of claim was timely filed; (5) it was cast for a Claim that is subject to an objection pending as of the Voting

Record Date; (6) it was sent to the Debtors, the Debtors' agents/representatives (other than the Claims and Balloting Agent), or the Debtors' financial or legal advisors instead of the Claims and Balloting Agent; (7) it is unsigned; or (8) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan.

ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR THAT IS OTHERWISE NOT IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER WILL NOT BE COUNTED. [13][16]

XI. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (1) the Plan is accepted by all Impaired Classes of Claims or Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (2) the Plan is feasible; and (3) the Plan is in the "best interests" of holders of Claims or Interests.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (1) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11 for plan confirmation; (2) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11 for plan confirmation; and (3) the Plan has been proposed in good faith.

B. Best Interests of Creditors/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such impaired class either (1) has accepted the plan or (2) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the debtors liquidated under chapter 7.

Attached hereto as **Exhibit B** and incorporated herein by reference is a liquidation analysis (the "Liquidation Analysis") prepared by the Debtors with the assistance of the Debtors' advisors. As reflected in the Liquidation Analysis, the Debtors believe that liquidation of the Debtors' businesses under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value to be realized by holders of Claims or Interests as compared to distributions contemplated under the Plan. Consequently, the Debtors and their management believe that Confirmation of the Plan will provide a substantially greater return to holders of Claims or Interests than would a liquidation under chapter 7 of the Bankruptcy Code.

If the Plan is not confirmed, and the Debtors fail to propose and confirm an alternative plan of reorganization, the Debtors' businesses may be liquidated pursuant to the provisions of a chapter 11 liquidating plan. In liquidations under chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation may result in larger recoveries than a chapter 7 liquidation, but the delay in distributions could result in

[163][16] For any ballot cast via electronic mail, a format of the attachment must be found in the common workplace and industry standard format (*i.e.*, industry-standard PDF file) and a received date and time in the Claims and Balloting Agent's inbox will be used as a timestamp for a receipt.

lower present values received and higher administrative costs. Any distribution to holders of Claims or Interests (to the extent holders of Interests would receive distributions at all) under a chapter 11 liquidation plan would most likely be substantially delayed. Most importantly, the Debtors believe that any distributions to creditors in a chapter 11 liquidation scenario would fail to capture the significant going concern value of their businesses, which is reflected in the Reorganized Windstream Equity Interests to be distributed under the Plan. Accordingly, the Debtors believe that a chapter 11 liquidation would not result in distributions as favorable as those under the Plan.

As set forth in Note 18 to the Liquidation Analysis, the Liquidation Analysis recognizes more than $225 billion in intercompany payables, which amounts are reflected as accounting entries on the Debtors' books and records. To the extent that holders of General Unsecured Claims at Obligor Debtors were entitled to distribution of any value under the Liquidation Analysis, recoveries to such holders of General Unsecured Claims would be substantially diluted by the intercompany payables reflected on the Debtors' books and records. Even if intercompany payables were not recognized in the Liquidation Analysis, however, holders of General Unsecured Claims at Obligor Debtors would not receive a distribution of value under the Liquidation Analysis since there is no distributable value to holders of Claims at Obligor Debtors in excess of first lien claims under the Liquidation Analysis. The Debtors conducted a postpetition review of the enforceability and priority of the intercompany payables. The Unsecured Notes Trustees reserve all rights with respect to the recognition and treatment of intercompany payables in the Liquidation Analysis.

C. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in such plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtors, with the assistance of their advisors, have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors have prepared their projected consolidated balance sheet, income statement, and statement of cash flows (the "Financial Projections"). Creditors and other interested parties should review Article VIII of this Disclosure Statement, entitled "Risk Factors," for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtors.

The Financial Projections are attached hereto as **Exhibit C** and incorporated herein by reference. Based upon the Financial Projections, the Debtors believe that they will be a viable operation following the Chapter 11 Cases and that the Plan will meet the feasibility requirements of the Bankruptcy Code.

D. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.[14][17]

[17][4][17] A class of claims is "impaired" within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have *actually* voted to accept or to reject the plan. Thus, a class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number of the Allowed Claims in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired equity interests as acceptance by holders of at least two-thirds in amount of allowed interests in that class, counting only those interests that have *actually* voted to accept or to reject the plan. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds in amount of the Allowed Interests in such class that vote on the Plan actually cast their ballots in favor of acceptance.

If a Class contains holders of Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the holders of such Claims or Interests in such class.

E. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided*, that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors may request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. *No Unfair Discrimination*

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims or interests of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. *Fair and Equitable Test*

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of

the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. With respect to the fair and equitable requirement, no Class under the Plan will receive more than 100 percent of the amount of Allowed Claims or Interests in that Class. The Debtors believe that the Plan and the treatment of all Classes of Claims or Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

F. Valuation of the Debtors

In conjunction with formulating the Plan and satisfying its obligations under section 1129 of the Bankruptcy Code, the Debtors determined that it was necessary to estimate the post-Confirmation going concern value of the Debtors. Accordingly, the Debtors, with the assistance of PJT, produced the Valuation Analysis that is set forth in **Exhibit D** attached hereto and incorporated herein by reference. As set forth in the Valuation Analysis, the Debtors' going concern value is substantially less than the aggregate amount of its funded-debt obligations. Accordingly, the Valuation Analysis further supports the Debtors conclusion that the treatment of Classes under the Plan is fair and equitable and otherwise satisfies the Bankruptcy Code's requirements for confirmation.

XII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain United States ("U.S.") federal income tax consequences of the consummation of the Plan to the Debtors, Reorganized Debtors, and to certain holders of Claims. The following summary does not address the U.S. federal income tax consequences to holders of Claims or Interests not entitled to vote to accept or reject the Plan. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the U.S. Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial authorities, published administrative positions of the U.S. Internal Revenue Service (the "IRS"), and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained. The Debtors are currently seeking a ruling from the IRS as to the appropriate characterization and tax consequences of a transaction structure intended to be a NewCo Transaction (as defined below). However, the Debtors do not intend to seek a ruling from the IRS regarding any of the other tax consequences of the Plan discussed below. The discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors, Reorganized Debtors, or to certain holders of Claims or Interests in light of their individual circumstances. This discussion does not address tax issues with respect to such holders of Claims or Interests subject to special treatment under the U.S. federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, subchapter S corporations, dealers and traders in securities, insurance companies, financial institutions, tax exempt organizations, small business investment companies, foreign taxpayers, Persons who are related to the Debtors within the meaning of the IRC, Persons using a mark-to-market method of accounting, holders of Claims who are themselves in bankruptcy, and regulated investment companies and those holding, or who will hold, Claims or Interests, or the Reorganized Windstream Equity Interests or any other consideration to be received under the Plan, as part of a hedge, straddle, conversion, or other integrated transaction). No aspect of state, local, estate, gift, or non-U.S. taxation is addressed. Furthermore, this summary assumes that holders of Claims hold only Claims in a single Class and hold Claims or Interests as "capital assets" (within the meaning of section 1221 of the IRC). This summary does not address any special arrangements or contractual rights that are not being received or entered into in respect of an underlying Claim, including the tax treatment of any backstop fees or similar arrangements (including any ramifications such arrangements may have on the treatment of a holder under the Plan). This summary also assumes that the various debt and other arrangements to which the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form.

For purposes of this discussion, a "U.S. Holder" is a holder that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons has authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "Non-U.S. Holder" is any holder that is not a U.S. Holder other than any partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a pass-through entity for U.S. federal income tax purposes) is a holder of a Claim or Interest, the tax treatment of a partner (or other beneficial owner) of such entity generally will depend upon the status of the partner (or other beneficial owner) and the activities of the partner (or other beneficial owner) and the entity. Partners (or other beneficial owners) of partnerships (or other pass-through entities) that are holders of Claims or Interests should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR INTEREST. ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

A. Certain U.S. Federal Income Tax Consequences of the Plan to the Debtors and the Reorganized Debtors

1. *In General*

The Debtors expect that the Restructuring Transactions will be structured in one of two ways: (a) a recapitalization of the existing Debtors under their current corporate structure (a "Recapitalization Transaction"), or (b) a disposition of the assets and liabilities of the Debtors to a newly-formed entity in a tax-free reorganization pursuant to sections 368(a)(1)(G) and 354 of the IRC (a "NewCo Transaction"). The Debtors have not yet determined whether the Restructuring Transactions will be consummated as a Recapitalization Transaction or a NewCo Transaction. Such decision will depend on, among other things, the ability of the Debtors to obtain a favorable ruling from the IRS regarding a NewCo Transaction and the ability to satisfy certain requirements of a NewCo Transaction with respect to which the Debtors are not seeking a ruling from the IRS. In either case, the Debtors do not expect to recognize any gain or loss as a result of consummating such a transaction (although the Debtors may engage in certain Restructuring Transactions that do result in the recognition of gain or loss), so long as the intended tax treatment of such transactions are respected. However, in either case, the Restructuring will be subject to the application of section 382 of the IRC, and, depending on certain factors, a Recapitalization Transaction may also be subject to the rules discussed below with respect to cancellation of indebtedness income ("COD Income"), as described below.

2. *Effects of the Restructuring Transactions on Tax Attributes of Debtors*

(a) Preservation of Tax Attributes and Cancellation of Indebtedness Income

In a Recapitalization Transaction, the tax attributes of the Reorganized Debtors may, depending on certain factors, be reduced by the amount of their excluded COD Income, and assuming COD Income does arise, the Debtors expect that it will be substantial. In general, absent an exception, a debtor will realize and recognize cancellation of debt income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (X) the amount of Cash paid, (Y) the issue price of any new indebtedness of the debtor issued, and (Z) the fair market value of any new consideration, in each case, given in satisfaction of such indebtedness at the time of the satisfaction. Unless an exception or exclusion applies, COD Income constitutes taxable income like any other item of taxable income.

Pursuant to section 108 of the IRC, a debtor will not, however, be required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of indebtedness occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income pursuant to section 108 of the IRC. In general, the tax attributes of a debtor will be reduced in the following order: (a) NOLs and NOL carryforwards; (b) general business credit carryovers; (c) minimum tax credit carryovers (d) capital loss carryovers; (e) tax basis in assets (subject to the Asset Tax Basis Floor, as described below); (f) passive activity loss and credit carryovers; and (g) foreign tax credits. A debtor with COD Income may elect to first reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the IRC prior to effecting any other reductions in tax attributes set forth above, though it has not been determined whether the Debtors will make this election. The reduction in tax attributes occurs only after the taxable income (or loss) for the taxable year of the debt discharge has been determined and any excess COD Income over the amount of available tax attributes will generally not give rise to U.S. federal income tax and will generally have no other U.S. federal income tax impact.

The Treasury Regulations address the method and order for applying tax attribute reduction to an affiliated group of corporations. Pursuant thereto, the tax attributes of each debtor member of an affiliated group of corporations that is excluding COD Income are first subject to reduction. To the extent the debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. If a debtor member's excluded COD Income exceeds its tax attributes, the excess COD Income is applied to reduce certain remaining consolidated tax attributes of the affiliated group.

The aggregate tax basis of the Debtors in their assets (determined on an entity-by-entity basis, and in the case of an affiliated group of corporations, subject to the look-through rule described above) is not required to be reduced below the amount of indebtedness (determined on an entity-by-entity basis) that the Debtors will be subject to immediately after the cancellation of debt giving rise to COD Income (the "Asset Tax Basis Floor"). Generally, all of an entity's obligations that are treated as debt under general U.S. federal income tax principles (including intercompany debt treated as debt for U.S. federal income tax purposes) are taken into account in determining an entity's Asset Tax Basis Floor.

One of the rulings the Debtors are requesting from the IRS in connection with the NewCo Transaction is that the NewCo transaction does not give rise to COD Income, but instead, would give rise to taxable income that is excludable under relevant provisions of the IRC. The Debtors may, depending on various factors, take the position that the same result applies in a Recapitalization Transaction (that is, that even in a Recapitalization Transaction, consummation of the Plan does not give rise to COD Income), but such a position would potentially be subject to uncertainty. The exact amount of the COD Income (if any) that will be realized by the Debtors will not be determinable until after the consummation of the Plan.

(b) Limitation of NOL Carryforwards and Other Tax Attributes Under Sections 382 and 383 of the IRC

After giving effect to the reduction in tax attributes from excluded COD Income (if any), the Debtors' ability to use any tax attributes post-emergence will be subject to certain limitations under sections 382 and 383 of the IRC.

(i) General Sections 382 and 383 Annual Limitations

Under sections 382 and 383 of the IRC, if a corporation undergoes an "ownership change," the amount of its NOLs and NOL carryforwards, disallowed business interest carryovers under section 163(j) of the IRC ("163(j) Carryovers"), tax credit carryforwards, net unrealized built-in losses, and possibly certain other attributes of the Reorganized Debtors allocable to periods prior to the Effective Date (collectively, "Pre-Change Losses") that may be utilized to offset future taxable income generally are subject to an annual limitation. For this purpose, if a corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then generally built-in losses (including amortization or depreciation deductions attributable to such built-in losses) and deductions recognized during the following five years (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses and similarly will be subject to the annual limitation. In general, a corporation's (or consolidated group's) net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (a) $10,000,000, or (b) 15 percent of the fair market value of its assets (with certain adjustments) before the ownership change.

The rules of sections 382 and 383 of the IRC are complicated, but as a general matter, the Debtors anticipate that the issuance of Reorganized Windstream Equity Interests pursuant to the Plan will result in an "ownership change" of the Debtors for these purposes, and that the Reorganized Debtors' use of their Pre-Change Losses will be subject to limitation unless an exception to the general rules of sections 382 and 383 of the IRC applies.

(ii) General Section 382 Annual Limitation

In general, the amount of the annual limitation to which a corporation that undergoes an "ownership change" would be subject (the "382 Limitation") is equal to the product of (a) the fair market value of the stock of the corporation immediately before the "ownership change" (with certain adjustments), multiplied by (b) the "long-term tax-exempt rate" (which is the highest of the adjusted federal long-term rates in effect for any month in the 3-calendar-month period ending with the calendar month in which the "ownership change" occurs: 1.63% percent for April 2020). The 382 Limitation may be increased, up to the amount of any net unrealized built-in gain (if any) at the time of the ownership change, to the extent that the Debtors recognize certain built-in gains in their assets during the five-year period following the ownership change, or are treated as recognizing built-in gains pursuant to the safe harbors provided in IRS Notice 2003-65.[~~15~~18] Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year. As discussed below, however, special

[18~~5~~18] Regulations have been proposed that would significantly change the application of the rules relating to built-in gains and losses for purposes of computing the 382 Limitation. However, proposed regulations have also been released that would "grandfather" companies that undergo an "ownership change" pursuant to an order entered in a bankruptcy case that was commenced prior to, or within 30 days of, the publication of the finalized new rules in this area. Accordingly, the Debtors do not expect the proposed regulations to apply to them or to the Reorganized Debtors with respect to the "ownership change" that will occur pursuant to the Plan.

rules may apply in the case of a corporation that experiences an ownership change as the result of a bankruptcy proceeding.

Notwithstanding the rules described above, if subsequent to an ownership change, a debtor corporation and its subsidiaries do not continue the debtor corporation's historic business or use a significant portion of its historic business assets in a new business for two years after the ownership change, the annual limitation resulting from the ownership change is zero.

(iii) Special Bankruptcy Exceptions

An exception to the foregoing annual limitation rules generally applies when so-called "qualified creditors" of a debtor corporation in chapter 11 receive, in respect of their Claims, at least 50 percent of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in chapter 11) pursuant to a confirmed chapter 11 plan (the "382(l)(5) Exception"). Under the 382(l)(5) Exception, a debtor's Pre-Change Losses are not limited on an annual basis, but, instead, NOLs, NOL carryforwards, and 163(j) Carryovers will be reduced by the amount of any interest deductions claimed during the three taxable years preceding the effective date of the plan of reorganization, and during the part of the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization. If the 382(l)(5) Exception applies and the Debtors undergo another "ownership change" within two years after the Effective Date, then the Debtors' Pre-Change Losses thereafter would be effectively eliminated in their entirety. If the Debtors were to undergo another "ownership change" after the expiration of this two year period, the resulting 382 limitation would be determined under the regular rules for ownership changes.

Where the 382(l)(5) Exception is not applicable to a corporation in bankruptcy (either because the debtor does not qualify for the 382(l)(5) Exception or the debtor otherwise elects not to utilize the 382(l)(5) Exception), a second special rule will generally apply (the "382(l)(6) Exception"). Under the 382(l)(6) Exception, the 382 Limitation will be calculated by reference to the lesser of the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule for determining the 382 Limitation, which requires the fair market value of a debtor corporation that undergoes an "ownership change" to be determined before the events giving rise to the ownership change. The 382(l)(6) Exception also differs from the 382(l)(5) Exception because the debtor corporation is not required to reduce its NOL carryforwards by the amount of interest deductions claimed within the prior three-year period, and the debtor may undergo a change of ownership within two years without automatically triggering the elimination of its Pre-Change Losses. The resulting limitation would be determined under the regular rules for ownership changes.

The Debtors do not currently know whether they are eligible for the 382(l)(5) Exception, and regardless of whether the 382(l)(5) Exception is available, the Reorganized Debtors may decide to affirmatively elect out of the 382(l)(5) Exception so that the 382(l)(6) Exception instead applies. Whether the Reorganized Debtors take advantage of the 382(l)(6) Exception or the 382(l)(5) Exception, though, the Reorganized Debtors' use of their Pre-Change Losses after the Effective Date may be adversely affected if an "ownership change" within the meaning of section 382 of the IRC were to occur after the Effective Date.

B. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Claims Entitled to Vote

1. *General Considerations*

The treatment of each holder of Claims will be the same regardless of whether the Restructuring Transactions are structured as a Recapitalization Transaction or a NewCo Transaction.

In general, as discussed in more detail below, the Restructuring Transactions will be taxable transactions for U.S. federal income tax purposes for holders of Class 5 Second Lien Claims, Class 6A Obligor General Unsecured Claims, and Class 4 Midwest Note Claims.[16][19].

The U.S. federal income tax consequences for Class 3 First Lien Claims will depend, in part, on whether the Claims surrendered, and any take-back debt received in exchange for such Claims, constitute "securities" for U.S. federal income tax purposes.

Neither the IRC nor the Treasury Regulations define the term "security." Whether a debt instrument constitutes a "security" for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued.

The character of any gain or loss recognized by a U.S. Holder as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Claim in such holder's hands, whether the Claim constitutes a capital asset in the hands of the holder, whether the Claim was purchased at a discount, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. If recognized gain is capital gain, it generally would be long term capital gain if the holder held its Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations as discussed below.

2. *Consequences to Holders of Class 3 First Lien Claims*

In exchange for full and final satisfaction, compromise, settlement, release and discharge of the Class 3 First Lien Claims, each holder thereof will receive its Pro Rata share of: (a) Reorganized Windstream Equity Interests, subject to dilution on account of the Rights Offering, Backstop Premium, and the Management Incentive Plan; (b) Cash; (c) the Distributable Subscription Rights; and (d) if applicable, the First Lien Replacement Term Loans.

(a) Treatment of Holders of Class 3 First Lien Claims if such Claims Are Treated as Securities

[19][6][19] In the case of Class 4 Midwest Notes Claims, this is because the Midwest Notes Exit Facility Term Loans are expected to be issued by an entity other than the issuer of the Class 4 Midwest Notes Claims for U.S. federal income tax purposes and, therefore, the holders of such Claims are not exchanging a security for a security of the same issuer.

If the Class 3 First Lien Claims are treated as securities, then the exchange of such Claims should be a partial tax-free exchange pursuant to sections 354 and 356 of the IRC. A U.S. Holder of such a Claim should recognize gain (but not loss), to the extent of the lesser of (a) the amount of gain realized from the exchange, which should be equal to (i) the sum of (A) any Cash received, and (B) the fair market value (or issue price, in the case of debt instruments) of any non-Cash consideration, minus (ii) the U.S. Holder's adjusted basis, if any, in the Claim; and (b) the sum of (i) any Cash received, and (ii) the fair market value (or issue price, in the case of debt instruments) of any non-Cash consideration that constitutes "other property" that is not permitted to be received under sections 354 and 356 of the IRC without recognition of gain.

With respect to non-Cash consideration that is treated as a "stock or security" of Reorganized Windstream, such U.S. Holder should obtain a tax basis in such property equal to: (a) the tax basis of the Claim surrendered, less (b) the Cash and "other property" received, plus (c) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the exchanged Claims.

With respect to non-Cash consideration that is not treated as a "stock or security" of Reorganized Windstream, U.S. Holders should obtain a tax basis in such property equal to the property's fair market value (or issue price, in the case of debt instruments) as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such property.

For the treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but unpaid interest, original issue discount ("OID") or market discount (which differs from the treatment described above), see the sections entitled "Accrued Interest (and OID)" and "Market Discount" below.

(b) Treatment of Holders of Class 3 First Lien Claims if such Claims Are Not Treated as Securities

If the Class 3 First Lien Claims are not treated as securities, then the exchange of such Claims should be treated as a taxable exchange pursuant to section 1001 of the IRC.

A U.S. Holder of a Class 3 First Lien Claim who is subject to this treatment should recognize gain or loss equal to: (a) the sum of (i) any Cash received, (ii) the fair market value (or issue price, in the case of debt instruments) of any non-Cash consideration, minus (b) the Holder's adjusted tax basis in its Class 3 First Lien Claim.

Such U.S. Holder should obtain a tax basis in the non-Cash consideration received equal to the consideration's fair market value (or issue price, in the case of debt instruments) as of the date such consideration is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such consideration.

For the treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but unpaid interest, OID or market discount, (which differs from the treatment described above), see the sections entitled "Accrued Interest (and OID)" and "Market Discount" below.

3. *Consequences to Holders of Class 4 Midwest Notes Claims*

In exchange for full and final satisfaction, compromise, settlement, release and discharge of the Class 4 Midwest Notes Claims, each holder thereof will receive its Pro Rata share of the Midwest Notes Exit Facility Term Loans.

The exchange of such Claims should be treated as a taxable exchange pursuant to section 1001 of the IRC. A U.S. Holder of a Class 4 Midwest Notes Claim who is subject to this treatment should recognize gain or loss equal to: (a) the issue price of the Midwest Notes Exit Facility Term Loans, minus (b) the Holder's adjusted tax basis in its Class 4 Midwest Notes Claim.

Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or OID), and subject to the rules relating to market discount, such U.S. Holder should obtain a tax basis in the Midwest Notes Exit Facility Term Loans, equal to its issue price as of the date such consideration is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the receipt of such consideration.

For the treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but unpaid interest, OID or market discount, (which differs from the treatment described above), see the sections entitled "Accrued Interest (and OID)" and "Market Discount" below.

4. *Consequences to Holders of Class 5 Second Lien Claims and Class 6A Obligor General Unsecured Claims*

In exchange for full and final satisfaction, compromise, settlement, release and discharge of the Class 5 Second Lien Claims and Class 6A Obligor General Unsecured Claims, each holder thereof will either: (a) receive its Pro Rata share of the amount of Cash specified in the Plan, or (b) if any such class of holders votes as a class to reject the Plan, then such class will receive treatment consistent with section 1129(a)(7) of the Bankruptcy Code.

A U.S. Holder of a Class 5 Second Lien Claims or Class 6A Obligor General Unsecured Claims who is subject to this treatment should recognize gain or loss equal to: (a) the Cash received, minus (b) the Holder's adjusted tax basis in its Claim. Holders of Claims should consult with their own tax advisors regarding the treatment of any consideration other than Cash that may be received pursuant to the Plan.

For the treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but unpaid interest, OID or market discount, (which differs from the treatment described above), see the sections entitled "Accrued Interest (and OID)" and "Market Discount" below.

5. *Treatment of Rights Offering*

Although not entirely free from doubt, the Reorganized Debtors intend to take the position that a U.S. Holder of a Class 3 First Lien Claim that elects to exercise its Distributable Subscription Rights should be treated as purchasing, in exchange for its Distributable Subscription Rights and the amount of Cash paid by the U.S. Holder to exercise such Distributable Subscription Rights, Reorganized Windstream Equity Interests. Such a purchase should generally be treated as the exercise of an option under general U.S. federal income tax principles, and such U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the Distributable Subscription Rights. A U.S. Holder's aggregate tax basis in the Reorganized Windstream Equity Interests should equal the sum of (a) the amount of Cash paid by the U.S. Holder to exercise the Distributable Subscription Rights, plus (b) such U.S. Holder's tax basis in the Distributable Subscription Rights immediately before the Distributable Subscription Rights are exercised. A U.S. Holder's holding period for the Reorganized Windstream Equity Interests received pursuant to such exercise should begin on the day following the Effective Date.

A U.S. Holder that elects not to exercise the Distributable Subscription Rights may be entitled to claim a (likely short-term capital) loss equal to the amount of tax basis allocated to such Distributable Subscription Rights, subject to any limitation on such U.S. Holder's ability to utilize capital losses. U.S.

Holders electing not to exercise their Distributable Subscription Rights should consult with their own tax advisors as to the tax consequences of such decision.

6. *Accrued Interest (and OID)*

To the extent that any amount received by a U.S. Holder of a surrendered Claim under the Plan is attributable to accrued but untaxed interest (or OID) on the debt instruments constituting the surrendered Claim, such amount should be taxable to the U.S. Holder as ordinary interest income (to the extent not already included in income by the U.S. Holder). Conversely, a U.S. Holder of a surrendered Claim may be able to recognize a deductible loss to the extent that any accrued interest on the debt instruments constituting such Claim was previously included in the Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point. The tax basis of any non-Cash consideration treated as received in satisfaction of accrued but untaxed interest (or OID) should equal the amount of such accrued but untaxed interest (or OID). The holding period for such non-Cash consideration should begin on the day following the receipt of such property.

The extent to which the consideration received by a U.S. Holder of a surrendered Claim will be attributable to accrued interest on the debt constituting the surrendered Claim is unclear. Certain legislative history and case law indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, while certain Treasury Regulations treat payments as allocated first to any accrued but untaxed interest. The Plan provides that amounts paid to Holders of Claims will be allocated first to unpaid principal and then to unpaid interest. The IRS could take the position that the consideration received by the Holder should be allocated in some way other than as provided in the Plan. Holders of Claims are urged to consult their tax advisor regarding the allocation of consideration and the deductibility of accrued but unpaid interest for U.S. federal income tax purposes.

7. *Market Discount*

Under the "market discount" provisions of sections 1276 through 1278 of the IRC, some or all of any gain realized by a U.S. Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt constituting the surrendered Claim.

Any gain recognized by a U.S. Holder on the taxable disposition (determined as described above) of a Claim that was acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debt instruments were considered to be held by the U.S. Holder (unless the U.S. Holder elected to include such market discount in its income as the market discount accrued). To the extent that a U.S. Holder surrendered Claims that were acquired by the U.S. Holder with market discount in exchange for other property pursuant to a tax-free or other reorganization transaction for other property, any market discount that accrued on such surrendered Claims and was not recognized by the U.S. Holder may be required to be carried over to the property received therefor and any gain recognized by the U.S. Holder on the subsequent sale, exchange, redemption, or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the surrendered Claim.

8. *Certain Considerations Regarding the First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans*

(a) Cash Interest

Cash interest on the First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans will be includable by a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with such holder's regular method of accounting for U.S. federal income tax purposes.

(b) Issue Price

Holders of Class 4 Midwest Notes Claims will receive their Pro Rata share of Midwest Notes Exit Facility Term Loans. The Midwest Notes Exit Facility Term Loans will be issued as part of the New Exit Facility Term Loan and have the same terms as all other term loans issued as New Exit Facility Term Loans and, in fact, shall constitute a portion of the New Exit Facility Term Loans. Accordingly, this discussion assumes that the Midwest Notes Exit Facility Term Loans will be part of the same "issue" as the rest of the New Exit Facility Term Loans. Assuming that is the case, since a portion of the New Exit Facility Term Loans will be issued for Cash, the issue price of the Midwest Notes Exit Facility Term Loans will be determined based on such Cash amount.

The consideration received by U.S. Holders of Class 3 First Lien Claims will include some combination of Reorganized Windstream Equity Interests, First Lien Replacement Term Loans, Distributable Subscription Rights, and Cash. Collectively, this will likely be subject to the "investment unit" rules for purposes of determining the issue price for any First Lien Replacement Term Loans received on account of such Claims. In such case, the issue price of the First Lien Replacement Term Loans will depend, in part, on whether the First Lien Replacement Term Loans are treated as part of the same "issue" as the New Exit Facility Term Loans which will, in turn, depend on whether the First Lien Replacement Term Loans have precisely the same terms as the New Exit Facility Term Loans. The discussion below assumes that the First Lien Replacement Term Loans are treated as part of a single "issue" with the New Exit Facility Term Loans; if that is ultimately not the case, the tax consequences will differ.

The application of the "investment unit" rules, and the determination of the issue price of a debt instrument to which the "investment unit" rules apply, is highly complex where, as here, only a portion of the investment unit may be publicly traded. That complexity is further heightened here where, in the absence of the "investment unit" rules, the issue price of the First Lien Replacement Term Loans would be determined by reference to the cash paid for the New Exit Facility Term Loans if they are part of the same issue. While not free from doubt, the Debtors expect to take the position that, under these circumstances, the issue price of the First Lien Replacement Term Loans will be the same as the issue price for the New Exit Facility Term Loans and, accordingly, will be established by the amount of cash paid for the New Exit Facility Term Loans. Other outcomes, which could depend on trading values (or price quotes) of the First Lien Replacement Term Loans *or* the Class 3 First Lien Claims.

An issuer's application of these rules is binding on all holders unless a holder explicitly discloses a different allocation on a timely filed income tax return for the taxable year that includes the acquisition date of the relevant debt instrument.

A debt instrument is treated as issued with OID for U.S. federal income tax purposes if its issue price is less than its stated redemption price at maturity by more than a de minimis amount. A debt instrument's stated redemption price at maturity includes all principal and interest payable over the term of the debt instrument, other than "qualified stated interest." Stated interest payable at a fixed rate is "qualified stated interest" if it is unconditionally payable in cash at least annually. The terms of the New Exit Facility Term Loans, including the extent to which they will be issued with OID, have not yet been determined; to the extent not all the interest on the New Exit Facility Term Loans is unconditionally payable in cash at least annually, or to the extent the purchase price is less than the face amount of such debt, New Exit Facility Term Loans (and, accordingly, the Midwest Notes Exit Facility Term Loans and the First Lien Replacement Term Loans) may be considered to be issued with OID.

The determination of the issue price of, and OID with respect to, the First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans could be significantly different in the event they are not treated as part of a single "issue" with the New Exit Facility Term Loans.

(c) Acquisition Premium or Amortizable Bond Premium on the First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans

If, pursuant to the rules described above, a U.S. Holder's initial tax basis in the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans is greater than the issue price of such debt but less than the stated principal amount of such debt, such First Lien Replacement Term Loans and Midwest Notes Exit Facility Term Loans will have an "acquisition premium." Under the acquisition premium rules, the amount of OID that must be included by the U.S. Holder in its gross taxable income with respect to the applicable First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans for any taxable year will be reduced by the portion of the acquisition premium properly allocable to that year. Alternatively, if a U.S. Holder's initial tax basis in the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans exceeds its stated principal amount, the U.S. Holder will be considered to have acquired the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans with "amortizable bond premium" and will not be required to include any OID in income. A U.S. Holder may generally elect to amortize the premium over the remaining term of the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans on a constant yield method as an offset to stated interest when includible in income under such holder's regular accounting method. If a U.S. Holder elects to amortize bond premium, such holder must reduce its tax basis in the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans by the amount of the premium used to offset stated interest. If a U.S. Holder does not elect to amortize the premium, that premium will decrease the gain or increase the loss otherwise recognized on disposition of the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans. If, pursuant to the rules described above, a U.S. Holder's initial tax basis in the First Lien Replacement Term Loans or Midwest Notes Exit Facility Term Loans is less than the issue price of such debt, see the above section, entitled "Market Discount."

9. *Dividends on Reorganized Windstream Equity Interests*

Any distributions made on account of the Reorganized Windstream Equity Interests will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of Reorganized Windstream as determined under U.S. federal income tax principles. Certain qualified dividends received by a non-corporate taxpayer are taxed at preferential rates. To the extent that a holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the holder's basis in its shares. Any such distributions in excess of the holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain.

Distributions that constitute dividends for U.S. federal income tax purposes are paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

10. *Sale, Redemption, or Repurchase of Non-Cash Consideration.*

Unless a non-recognition provision of the IRC applies, and subject to the market discount rules discussed above, holders generally will recognize capital gain or loss upon the sale, redemption, or other taxable disposition of non-Cash consideration received pursuant to the Plan. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the holder held the applicable non-Cash consideration for more than one year. Long-term capital gains of a non-corporate taxpayer generally are taxed at preferential rates. Under the recapture rules of section 108(e)(7) of the IRC, a U.S. Holder may be required to treat gain recognized on such dispositions of the Reorganized Windstream Equity Interests as ordinary income if such U.S. Holder took a bad debt deduction with respect to its Claim or recognized an ordinary loss on the exchange of its Claim for Reorganized Windstream Equity Interests.

For a description of certain limitations on the deductibility of capital losses, see the section entitled "Limitation on Use of Capital Losses" below.

11. *Limitations on Use of Capital Losses.*

A U.S. Holder of a Claim or Interest who recognizes capital losses as a result of the distributions under the Plan will be subject to limits on the use of such capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (1) $3,000 annually ($1,500 for married individuals filing separate returns) or (2) the excess of the capital losses over the capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate holders, capital losses may only be used to offset capital gains. A corporate U.S. Holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

12. *Medicare Tax*

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8 percent tax on, among other things, interest, dividends and gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of debt of, and equity interests in, the Debtors and Reorganized Debtors.

13. *Distribution Reserve Accounts and Delayed Equity Distributions*

The Plan provides that certain distributions may be delayed while contingent, unliquidated, or disputed Claims are addressed. Pending the resolution of such Claims, a portion of the property to be received by holders of Claims or Interests may be deposited into various Claim distribution accounts described in the Plan (including the Non-Obligor General Unsecured Claims Reserve and the Obligor Claims Reserve, but for the avoidance of doubt, not including the Professional Fee Escrow). The property that is subject to delayed distribution will be subject to "disputed ownership fund" treatment under section 1.468B-9 of the Treasury Regulations. Pursuant to such treatment, a separate federal income tax return shall be filed with the IRS with respect to such accounts. Such accounts will be liable, as an entity, for taxes, including with respect to interest, if any, or appreciation in property between the Effective Date and date of distribution. Such taxes shall be paid out of the assets of such accounts (and reductions shall be made to amounts disbursed from such accounts to account for the need to pay such taxes). To the extent property is not distributed to U.S. Holders of applicable Claims on the Effective Date but, instead, is transferred to such accounts, although not free from doubt, U.S. Holders

should not recognize any gain or loss on the date that the property is so transferred. Instead, gain or loss should be recognized when and to the extent property is actually distributed to such U.S. Holders.

C. Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders of Claims

The following discussion includes only certain U.S. federal income tax consequences to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax consequences to such Non-U.S. Holder and the ownership and disposition of non-Cash consideration.

1. *Gain Recognition*

Whether a Non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

Any gain realized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year in which the exchange occurs and certain other conditions are met, or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide properly executed original copies of IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30 percent (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. *Interest Payments; Accrued but Untaxed Interest.*

Payments to a Non-U.S. Holder that are attributable to either (a) interest on (or OID accruals with respect to) debt received under the Plan, or (b) accrued but untaxed interest on their Allowed Claim generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person, unless:

- the Non-U.S. Holder actually or constructively owns 10 percent or more of the total combined voting power of all classes of the Debtor obligor on a Claim (in the case of consideration received in respect of accrued but unpaid interest) or Reorganized Windstream, with respect to the debt received under the Plan (in the case of interest payments with respect thereto);

- the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to the Debtors (each, within the meaning of the IRC);

- the Non-U.S. Holder is a bank receiving interest described in section 881(c)(3)(A) of the IRC; or

- such interest (or OID) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent), the Non-U.S. Holder (i) generally will not be subject to withholding tax, but (ii) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30 percent rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on (a) interest on debt received under the Plan and (b) payments that are attributable to accrued but untaxed interest on such Non-U.S. Holder's Allowed Claim. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

3. *Sale, Redemption, or Repurchase of Non-Cash Consideration.*

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other disposition (including a cash redemption) of its Pro Rata share of the non-Cash consideration received under the Plan unless:

- such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States;

- such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States); or

- in the case of the sale of Reorganized Windstream Equity Interests, Reorganized Windstream (or a relevant successor thereto) is, or has been during a specified testing period, a "U.S. real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes.

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax on any gain recognized on the disposition of all or a portion of its Reorganized Windstream Equity Interests under the Foreign Investment in Real Property Tax Act ("FIRPTA"). Taxable gain from the disposition of an interest in a USRPHC (generally equal to the difference between the amount realized and such Non-U.S. Holder's adjusted tax basis in such interest) will constitute effectively connected income pursuant to the application of the second exception described above. Further, the buyer of the Reorganized Windstream Equity Interests will be required to withhold a tax equal to 15 percent of the amount realized on the sale. The amount of any such withholding would be allowed as a credit against the Non-U.S. Holder's federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the Non-U.S. Holder properly and timely files a tax return with the IRS. In general, the FIRPTA provisions will not apply if (a) the Non-U.S. Holder does not directly or indirectly own (and has not directly or indirectly owned) more than 5 percent by value of a class of stock of a USRPHC during a specified testing period, and (b) such class of stock is regularly traded on an established securities market. In the event Reorganized Windstream Equity Interests are regularly traded on an established securities market, the withholding obligation described above would not apply, even if a Non-U.S. Holder is subject to the substantive FIRPTA tax. The Debtors have not yet determined whether the Reorganized Windstream Equity Interests will be regularly traded on an established securities market on, or any time after, the Effective Date.

In general, a corporation is a USRPHC as to a Non-U.S. Holder if the fair market value of the corporation's U.S. real property interests (as defined in the IRC and applicable Treasury Regulations) equals or exceeds 50 percent of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (applying certain look-through rules to evaluate the assets of subsidiaries) at any time within the shorter of the 5-year period ending on the effective time of the applicable disposition by the Non-U.S. Holder or the period of time the Non-U.S. Holder held stock of such corporation. The Debtors have not determined whether they are, or whether Reorganized Windstream will be (as of the Effective Date or at any point in the future), a USRPHC.

4. *Dividends on Reorganized Windstream Equity Interests*

Any distributions made with respect to Reorganized Windstream Equity Interests will constitute dividends for U.S. federal income tax purposes to the extent of the issuer's current or accumulated earnings and profits as determined under U.S. federal income tax principles. Unless Reorganized Windstream is considered a USRPHC (see discussion below), to the extent that a Non-U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the Non-U.S. Holder's basis in its shares. Any such distributions in excess of a Non-U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain from a sale or exchange (and the respective excess distributions as proceeds from a sale or exchange).

Except as described below, dividends paid with respect to Reorganized Windstream Equity Interests held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to withholding at a rate of 30 percent (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to Reorganized Windstream Equity Interests held by a Non-U.S. Holder that are effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

If Reorganized Windstream is considered a USRPHC, distributions to a Non-U.S. Holder will generally be subject to withholding by Reorganized Windstream at a rate of 15 percent to the extent they are not treated as dividends for U.S. federal income tax purposes. In the event Reorganized Windstream Equity Interests are regularly traded on an established securities market, withholding would not be required if the Non-U.S. Holder does not directly or indirectly own (and has not directly or indirectly owned) more than 5 percent of the aggregate fair market value of the class of equity interests that includes Reorganized Windstream Equity Interests during a specified testing period. Exceptions to such withholding may also be available to the extent a Non-U.S. Holder furnishes a certificate qualifying such Non-U.S. Holder for a reduction or exemption of withholding pursuant to applicable Treasury Regulations.

5. *FATCA.*

Under legislation commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30 percent on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income (including dividends, if any, on shares of Reorganized Windstream Equity Interests). FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

Withholding with respect to the gross proceeds of a disposition of any stock, debt instrument, or other property that can produce U.S.-source dividends or interest has been eliminated under proposed Treasury Regulations, which can be relied on until final regulations become effective.

Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. Holder's ownership of the Claims or the Reorganized Windstream Equity Interests.

D. Information Reporting and Withholding

The Debtors, Reorganized Debtors, Distribution Agent and applicable withholding agents will withhold all amounts required by law to be withheld from payments of interest and dividends, whether in connection with distributions under the Plan or in connection with payments made on account of consideration received pursuant to the Plan, and will comply with all applicable information reporting requirements. The IRS may make the information returns reporting such interest and dividends and withholding available to the tax authorities in the country in which a Non-U.S. Holder is resident. In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a holder of a Claim may be subject to backup withholding (currently at a rate of 24 percent) with respect to distributions or payments made pursuant to the Plan unless that holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact; or (b) timely provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding (generally in the form of a properly executed IRS Form W-9 for a U.S. Holder, and, for a Non-U.S. Holder, in the form of a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption)). Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; provided that the required information is timely provided to the IRS.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders of Claims subject to the Plan are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

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XIII. RECOMMENDATION OF THE DEBTORS

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Dated: ~~April 1~~May 6, 2020

WINDSTREAM HOLDINGS, INC.
on behalf of itself and all other Debtors

/s/ Tony Thomas

Tony Thomas
Chief Executive Officer and President