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Counsel to the Debtors and Debtors in Possession

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

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

NOTICE OF FILING CERTAIN CLEANSING MATERIALS

PLEASE TAKE NOTICE that pursuant to the *Order Appointing a Mediator* [Docket No. 874], entered by the Court on July 30, 2019, the above-captioned debtors and debtors in possession (collectively, the “Debtors”), Uniti Group, Inc. (“Uniti”), the official committee of unsecured creditors appointed in these chapter 11 cases, and certain of the Debtors’ creditor constituencies have been engaged in mediation (the “Mediation”). The parties have not reached a resolution with respect to the issues and claims subject to the Mediation. Therefore, the Mediation has been suspended indefinitely by the Mediator.

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.



PLEASE TAKE FURTHER NOTICE that prior to the date hereof, the Debtors, Uniti, and certain holders of the Debtors' funded debt obligations entered into confidentiality agreements (collectively, the "Confidentiality Agreements") for the purpose of sharing confidential information in connection with the Mediation. The Confidentiality Agreements require that no later than twenty-four hours following November 11, 2019, which is the Outside Date (as defined in the Confidentiality Agreements) under the Confidentiality Agreements triggering certain disclosure obligations, the Debtors publicly disclose certain Cleansing Materials (as defined in the Confidentiality Agreements).

PLEASE TAKE FURTHER NOTICE that consistent with the Debtors' obligations set forth in the Confidentiality Agreements, the Debtors hereby disclose the following Cleansing Materials:

- **Exhibit A**: Joint proposal of the Debtors and the ad hoc group of the Debtors' second lien obligations dated October 29, 2019.
- **Exhibit B**: Proposal of Uniti dated October 18, 2019.²
- **Exhibit C**: Certain additional Cleansing Materials presented in connection with the Mediation.

PLEASE TAKE FURTHER NOTICE that the Debtors have determined that disclosure of the foregoing Cleansing Materials satisfies all cleansing obligations of the Debtors under the Confidentiality Agreements and the Debtors do not intend to make any further disclosure.

PLEASE TAKE FURTHER NOTICE that a copy of the Cleansing Materials and 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

² Although the terms were presented by Uniti to the Mediation parties, Uniti has characterized such terms as a construct as opposed to a formal proposal.

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.

Dated: November 12, 2019
New York, New York

/s/ Stephen E. Hessler

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Exhibit A

Debtors and Second Lien Ad Hoc Group Proposal

<i>Summary of Settlement Terms</i>	
Effective Date	<ul style="list-style-type: none"> January 1, 2020
Cash Consideration	<ul style="list-style-type: none"> \$525mm
UNIT Common Equity Consideration	<ul style="list-style-type: none"> Shares equal to 19.99% of Uniti's current shares outstanding
Fiber TCI Commitment by Uniti	<ul style="list-style-type: none"> Uniti will fund up to an aggregate of \$1,750mm of fiber and fixed wireless tower tenant capital improvements ("TCI") through April 2030 based on the following commitment schedule <ul style="list-style-type: none"> Year 1: \$175mm; years 2-4: \$225mm / year; years 5-10: \$150mm / year Any unspent annual TCI commitments will be rolled over into a subsequent year and any unspent TCI commitments through April 2030 will be rolled over into the subsequent renewal period Windstream will pay to Uniti a 1.5% cap rate per year on the average annual cumulative balance of TCIs funded by Uniti¹ All investments in fiber assets, including tower investments² used to deploy fixed wireless, shall be eligible for fiber TCI funding
<i>Summary of Asset Purchase Terms</i>	
Cash Consideration	<ul style="list-style-type: none"> \$175mm
Contracts Sold to UNIT	<ul style="list-style-type: none"> Uniti acquires the following: <ul style="list-style-type: none"> \$21mm of dark fiber IRU EBITDA exclusively on Uniti owned/Windstream leased assets; and Access rights to 1.6mm Uniti-owned Windstream-leased fiber strand miles <ul style="list-style-type: none"> Consists of 1.3m unutilized fiber strand miles and 0.3m fiber strand miles associated with transferred CLEC dark fiber IRU contracts Uniti will pay Windstream \$250 annually per fiber route mile utilized by Uniti, in accordance with normal "Operating & Maintenance"

¹ Such rate shall not be subject to any escalator.

² Exclusive of investments in electronics used to transmit or receive wireless signals.

	<p>relationships</p> <ul style="list-style-type: none"> Windstream retains 12 fiber strands beyond what Windstream is utilizing today
MLA Structure	<ul style="list-style-type: none"> Current MLA to be bifurcated into structurally similar but independent agreements governing the ILEC Facilities and the CLEC Facilities (the “ILEC Arrangement” and the “CLEC Arrangement”, respectively) <ul style="list-style-type: none"> Certain CLEC copper assets shall be included in the ILEC Arrangement
CLEC Arrangement Structure	<ul style="list-style-type: none"> <u>Windstream Maintenance Fee</u>: As noted above, Uniti will pay Windstream \$250 annually per fiber route mile utilized by Uniti, in accordance with normal “Operating & Maintenance” relationships <u>Windstream Permitted Operations</u>: Windstream shall be permitted to operate in the same manner as it is currently operating concerning utilization of any CLEC fibers <u>Uniti Permitted Operations</u>: Uniti shall be permitted to promote and sell dark fiber solutions so long as such promotion or sale does not occur within a Windstream incumbent local exchange territory
ILEC Competing Business	<ul style="list-style-type: none"> Competition restrictions on Landlord within Windstream’s ILEC territories and / or adjoining territories remain Language shall be modified to permit the sale of properties and IRU terms in ILEC territories subject to the satisfaction of conditions to be outlined in the ILEC Arrangement
Parties	<ul style="list-style-type: none"> Windstream Services and its subsidiaries shall be added as tenants / guarantors
Covenants	<ul style="list-style-type: none"> No financial or operational covenants except as outlined herein
Uniti Transfer / Securitization Rights	<ul style="list-style-type: none"> The MLA shall be amended to remove all restrictions on Uniti’s transfer rights and other ability to monetize or encumber the MLA, except that Uniti shall not be permitted to transfer its interest to a Windstream Competitor³
Right of First Refusal on WIN Construction of Towers / Small Cells /	<ul style="list-style-type: none"> None

³ As defined under the current MLA, section 2.1, at page 7.

Fiber Builds	
General	<ul style="list-style-type: none">• Thresholds and other relevant provisions of the MLA shall be conformed to the bifurcation of the MLA into the ILEC and CLEC Arrangements and other foregoing terms• All terms of modified MLA must satisfy “true lease” analysis, including residual value / economic useful life requirements at end of relevant lease term, fair market value rent for renewal terms, etc.
Conditions Precedent	<ul style="list-style-type: none">• The parties agree to mutual releases from any and all liability related to all legal claims and causes of action• The parties agree that Uniti has no consent rights over Windstream’s business plan, including Windstream's network deployment strategies

Exhibit B

Uniti Proposal

Proposed Terms¹

Effective Date	<ul style="list-style-type: none"> January 1, 2020
Fiber Investment Commitment by UNITI	<ul style="list-style-type: none"> Aggregate Amount: \$1,750mm through April 2030 Annual TCI Schedule: <ul style="list-style-type: none"> Years 1 – 10: \$175mm / year Cap Rate: 8.0% WIN Matching: None TCI Basket: No exclusions of any funded TCI commitments from lease payment calculation upon renewal in 2030
Rent Escalator	<ul style="list-style-type: none"> Rent escalator remains in place
Upfront Consideration	<ul style="list-style-type: none"> Cash: \$100mm Uniti Stock: None
Exclusion of UOWL CLEC Fiber Rent	<ul style="list-style-type: none"> Exclusion of Uniti-owned, Windstream-leased (“UOWL”) CLEC Fiber Rent: 2030 renewal rent will exclude the 1.3m fiber strands and the 0.3m fiber strands associated with UOWL CLEC dark fiber contracts
Asset Purchase Terms	<ul style="list-style-type: none"> Cash Consideration: \$150mm Contracts Sold to UNITI: <ul style="list-style-type: none"> \$21mm of dark fiber IRU EBITDA exclusively on Uniti owned/Windstream leased assets transferred to Uniti Windstream relinquishes its rights to access 1.3mm UOWL unlit fiber strands and the 0.3mm fiber strands associated with UOWL CLEC dark fiber contracts

¹ These terms were not endorsed by Uniti; hypothetical proposed terms prepared for discussion.

Exhibit C

Additional Cleansing Materials

Significant 1GB Expansion Opportunities within Kinetic Markets

Expansion Opportunities Target Most Economical Markets

Method	Build Priority	Capital per HH passed (Includes both enablement and success-based capital.)	Incremental HH passed	
			Fixed Wireless Focused Plan	Aerial Fiber to the Premise Focused Plan
Aerial Fiber to the Premise	On-Going	\$520	0.3M	1.1M (60% Penetration of Opportunity)
Fixed Wireless	2021 & Beyond	\$660	1.9M	1.1M
Buried Fiber to the Premise	Not Included in Plan Today	\$1,050+	Not In Plan Today (Buried FttP opportunity to be diligenced in final plan.)	Not In Plan Today (Buried FttP opportunity to be diligenced in final plan.)

Spectrum Auction Update

28 Ghz – 1.0M HHs
 24 Ghz – 1.4M HHs
 Total – 2.4M HHs

 Cost ~ \$11/HH
 Coverage ~ 52% of HHs

1GB Coverage Areas

	Broadband HH's	% Aerial FttP Opportunity	% MM Wave Opportunity	Total 1GB Opportunity
AL	38,725	49%	1%	50%
AR	104,724	32%	50%	82%
FL	106,009	7%	0%	7%
GA	686,223	38%	42%	80%
IA	218,965	29%	28%	57%
KY	612,812	71%	17%	88%
MN	22,982	1%	59%	60%
MO	60,678	23%	37%	60%
MS	13,738	4%	0%	4%
NC	408,833	30%	39%	69%
NE	242,957	41%	57%	98%
NM	97,614	53%	30%	83%
NY	100,020	77%	9%	86%
OH	269,574	58%	6%	64%
OK	164,153	31%	0%	31%
PA	351,188	73%	6%	79%
SC	73,949	14%	6%	20%
TX	441,884	39%	32%	71%
Total	4,015,028	46%	27%	73%

* Currently 73% of WIN Households can be served by combination of Aerial FttP or current Fixed Wireless spectrum in buried plant markets. Current business plan targets 60% coverage utilizing these deployment methods.

Tenant Capital Improvements
(Dollars in Millions)

	Fiscal Year Ending 12/31,										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Fixed Wireless Focused Plan											
Total Fiber	\$ 64	\$ 70	\$ 47	\$ 44	\$ 40	\$ 36	\$ 34	\$ 32	\$ 30	\$ 29	\$ 28
Copper	33	23	16	11	8	6	4	3	2	1	1
Other (Buildings, Poles, Conduit)	9	8	7	6	6	5	5	4	4	3	3
Total TCIs	\$ 105	\$ 101	\$ 70	\$ 61	\$ 53	\$ 47	\$ 43	\$ 39	\$ 36	\$ 34	\$ 31
Fiber To The Prem Focused Plan											
Fiber	\$ 176	\$ 200	\$ 186	\$ 143	\$ 106	\$ 93	\$ 83	\$ 77	\$ 70	\$ 70	\$ 70
Copper	33	23	16	11	8	6	4	3	2	1	1
Other (Buildings, Poles, Conduit)	9	8	7	6	6	5	5	4	4	3	3
Total TCIs	\$ 217	\$ 230	\$ 209	\$ 160	\$ 120	\$ 104	\$ 91	\$ 84	\$ 76	\$ 75	\$ 74

* Upon additional due diligence, Windstream identified incremental TCIs within its capex budget that would support Uniti's funding commitment of \$1,750mm of fiber and fixed wireless tower TCIs through April 2030.