

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

In re:

WINDSTREAM HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 19-22312 (RDD)

(Jointly Administered)

Re: Docket No. 1356

**ORDER APPROVING THE DEBTORS'
2020 KEY EMPLOYEE INCENTIVE PROGRAM**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”), approving the 2020 key employee incentive program (the “2020 KEIP”) as set forth herein, all as more fully set forth in the Motion; and upon the Georgeson declaration and the Smith declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a)-(b) and 1334(b) and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) that this Court may decide by a final order consistent with Article III of the United States Constitution; and venue in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and there being due and sufficient notice of the Motion and the hearing thereon, and no additional notice being required; and upon the record of and representations made at the hearing

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.

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



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held by the Court on the Motion on January 16, 2020 and all of the proceedings herein; and there being no objections to the relief granted hereby; and, after due deliberation and for the reasons stated by the Court at the hearing, this Court having found that the relief granted hereby is in the best interests of the Debtors' estates, their creditors, and other parties in interest and that the legal and factual bases set forth in the Motion and at the hearing establish good and sufficient cause for the relief granted herein; now, therefore, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Debtors' 2020 KEIP as described in the Motion is hereby approved, subject to the following modifications:
 - (a) for each of the Chief Executive Officer, Chief Financial Officer, and General Counsel, the "Enterprise strategic revenue" will be eliminated and replaced with a new performance metric for "Enterprise contribution margin";
 - (b) for the President - Enterprise, the percentage weighting of performance metrics will be modified as follows: (i) Enterprise strategic revenue will be reduced from 20% to 10% and (ii) Enterprise service revenue will be increased from 20% to 30%;
 - (c) the 2020 KEIP will terminate upon the effective date of the Debtors' chapter 11 plan of reorganization;
 - (d) 50% of all 2020 KEIP payments will be deferred to the effective date of the Debtors' chapter 11 plan of reorganization, rather than the earlier of the effective date and March 1, 2021; and
 - (e) the below performance metrics shall be modified by increasing the threshold performance amounts from 10% below the plan target amount to 7% below the plan target amount and reducing the maximum performance amounts from 10% above

the plan target amount to 7% above the plan target amount; the revised performance metrics are as follows:³

FY20 Targets			Spread	
Threshold:	Plan:	Maximum:	Threshold	Threshold
50% Payout	100% Payout	200% Payout	to Plan	to Max

CEO/CFO/GC

Adjusted OIBDAR	FY20	\$1,518	\$1,632	\$1,746	\$114	\$228
	Q1	\$389	\$418	\$447	\$29	\$58
	Q2	\$384	\$414	\$443	\$30	\$59
	Q3	\$371	\$399	\$427	\$28	\$56
	Q4	\$373	\$401	\$429	\$28	\$56
Enterprise Cont Margin	FY20	\$416	\$448	\$479	\$32	\$63
	Q1	\$107	\$115	\$124	\$8	\$17
	Q2	\$110	\$117	\$125	\$7	\$15
	Q3	\$102	\$110	\$118	\$8	\$16
	Q4	\$97	\$105	\$112	\$8	\$15

Enterprise

Enterprise Cont Margin	FY20	\$416	\$448	\$479	\$32	\$63
	Q1	\$107	\$115	\$124	\$8	\$17
	Q2	\$110	\$117	\$125	\$7	\$15
	Q3	\$102	\$110	\$118	\$8	\$16
	Q4	\$97	\$105	\$112	\$8	\$15
Enterprise Strategic Revenue	FY20	\$312	\$335	\$359	\$23	\$47
	Q1	\$73	\$79	\$85	\$6	\$12
	Q2	\$75	\$81	\$88	\$6	\$13
	Q3	\$80	\$85	\$91	\$5	\$11
	Q4	\$84	\$90	\$96	\$6	\$12
Enterprise Service Revenue	FY20	\$2,016	\$2,167	\$2,319	\$151	\$303
	Q1	\$528	\$568	\$607	\$40	\$79
	Q2	\$514	\$552	\$591	\$38	\$77
	Q3	\$496	\$533	\$571	\$37	\$75
	Q4	\$478	\$514	\$550	\$36	\$72

³ Dollar amounts in millions.

Kinetic

Kinetic Cont Margin	FY20	\$1,082	\$1,163	\$1,244	\$81	\$162
	Q1	\$277	\$298	\$319	\$21	\$42
	Q2	\$271	\$291	\$312	\$20	\$41
	Q3	\$262	\$283	\$303	\$21	\$41
	Q4	\$271	\$291	\$311	\$20	\$40
SMB Revenue	FY20	\$282	\$304	\$325	\$22	\$43
	Q1	\$70	\$75	\$81	\$5	\$11
	Q2	\$70	\$76	\$81	\$6	\$11
	Q3	\$71	\$76	\$82	\$5	\$11
	Q4	\$71	\$76	\$82	\$5	\$11

4. The Debtors are authorized to take all actions necessary to implement the 2020 KEIP on the terms and conditions set forth in the Motion, including making any payments that become due pursuant to the terms of the 2020 KEIP.

5. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the 14-days stay thereunder is waived, for cause, and this Order is immediately effective and enforceable upon its entry.

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

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

Dated: White Plains, New York
January 17, 2020

/s/ Robert D. Drain

THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE