

Aurelius Responds to Windstream's Statement Regarding Court Decision

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Aurelius Capital Management, LP →

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NEW YORK, Feb. 19, 2019 /PRNewswire/ -- Aurelius Capital Management, LP, today issued the following statement in response to the statement issued by Windstream Holdings, Inc. (NASDAQ: WIN) on February 15:

"There's no uncertainty here in my mind in terms of the outcome. ... Obviously, we are going to win." – Anthony Thomas, Windstream CEO, September 14, 2018^[1]

"As I have shared my view many times previously and will share here once again, the only uncertainty regarding this proceeding is when the decision will be issued." – Anthony Thomas, November 8, 2018^[2]

"We still feel very, very good about our case, our position. We feel very confident in our positions and prevailing." – Robert E. Gunderman, Windstream CFO, December 5, 2018^[3]

"[M]y view here is unchanged. The only uncertainty we have around this litigation is timing." – Anthony Thomas, January 8, 2019^[4]

"[T]he Court concludes that [Windstream] Services' financial maneuvers – and many of its arguments here – are too cute by half." – Judge Jesse M. Furman, February 15, 2019^[5]

Aurelius is gratified by the decision of the United States District Court for the Southern District of New York. That decision found (among other things) that Windstream's legacy 6-3/8% notes due 2023 have been accelerated and that the new 6-3/8% notes due 2023 purportedly issued in November 2017 do not constitute "Additional Notes" under the indenture governing the legacy notes. Windstream's professed "surprise" at Judge Furman's well reasoned decision, issued after a multi-day trial and several volumes of exhibits and briefing, has only the modest virtue of consistency to commend it.

We take no pleasure in Windstream's resulting financial predicament. Windstream could easily have averted it – first by not playing fast and loose with its noteholders in 2015, hoping nobody would hold the company to account, and second by settling. Instead, Windstream wasted an exorbitant amount – more than would have been needed to settle with us at the time – on an ineffective exchange offer and then on litigation.

In our view, a management and a board with an extreme and unwarranted assessment of Windstream's legal case chose to bet the company. The company lost.

According to its statement last Friday, Windstream now intends to appeal. This is welcome news for our fund, as it will require Windstream to post a surety bond exceeding \$300 million. That surety bond will pay in full the notes our fund owns when Windstream loses the appeal. We are happy to take the surety company's credit over Windstream's.

To noteholders who chose to play the company's game even after it had broken its promise, we wish you luck with your exchange notes. Between their dubious status and their OID risk in bankruptcy, we suspect you will need it.

Notes:

[1] Bloomberg transcript for Windstream's presentation at the Goldman Sachs Communacopia Conference on 9/14/2018, at p. 8, available through Bloomberg EVT.

[2] Bloomberg transcript for Windstream's third quarter 2018 earnings call held on 11/8/2018, at p. 2, available through Bloomberg EVT.

[3] Bloomberg transcript for Windstream's presentation at the Bank of America Leveraged Finance Conference on 12/5/2018, at p. 7, available through Bloomberg EVT.

[4] Bloomberg transcript for Windstream's presentation at the Citi 2019 TMT West Conference on 1/8/2019, at p. 5, available through Bloomberg EVT.

[5] Findings of Fact and Conclusions of Law dated February 15, 2019 in U.S. Bank v. Windstream Services v. Aurelius Capital Master, U.S. District Court for the Southern District of New York, at p. 54.

Media Contact

Brian Schaffer

Prosek Partners

(212) 279-3115

bschaffer@prosek.com

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