

WINDSTREAM CORP
Form 8-K
November 22, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 22, 2011

WINDSTREAM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-32422
(Commission
File Number)

20-0792300
(I.R.S. Employer
Identification No.)

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**4001 Rodney Parham Road,
Little Rock, Arkansas**
(Address of principal executive offices)

(501) 748-7000

72212
(Zip Code)

Registrant's telephone number, including area code

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On November 22, 2011 (the Closing Date), Windstream Corporation (the Company) announced that it had completed its previously announced private offering of its 7.50% Senior Notes due 2022 (the Notes). In connection with the issuance of the Notes, the Company entered into an Indenture, dated as of the Closing Date (the Indenture), among the Company, certain subsidiaries of the Company named therein, as guarantors (the Guarantors), and U.S. Bank National Association, as Trustee, and a Registration Rights Agreement, dated as of the Closing Date (the Registration Rights Agreement), among the Company, the Guarantors, and J.P. Morgan Securities LLC, as representative of the several initial purchasers of the Notes (the Initial Purchasers). The Notes were offered only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act), and outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act. A copy of the press release announcing the completion of the offering of the Notes is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

Indenture

Pursuant to the Indenture, the Company issued and sold to the Initial Purchasers \$500 million aggregate principal amount of the Notes. The terms of the Indenture provide that, among other things, the Notes are senior unsecured obligations of the Company and will rank equally with the Company's unsecured unsubordinated debt, senior to any of the Company's subordinated debt, and will effectively be subordinated to the Company's secured debt, including indebtedness under the Company's Amended and Restated Credit Agreement, to the extent of the assets securing such debt. The Company's obligations under the Notes are jointly and severally guaranteed by all of the Company's domestic subsidiaries that guarantee the borrowings under the Company's Amended and Restated Credit Agreement.

Interest on the Notes accrues at a rate of 7.50% per annum. Interest on the Notes is payable semiannually in arrears on June 1 and December 1 of each year, commencing on June 1, 2012. The Company will make each interest payment to the holders of record of the Notes on the immediately preceding May 15 and November 15.

Optional Redemption. At any time prior to June 1, 2017, the Company may redeem all or part of the Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem some or all of the Notes on or after June 1, 2017, at redemption prices set forth in the Indenture, together with accrued and unpaid interest. At any time prior to June 1, 2015, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the Notes, including any permitted additional Notes, at a redemption price equal to 107.50% of the principal amount.

Repurchase upon Change of Control. Upon the occurrence of a change in control triggering event (as defined in the Indenture), each holder of the Notes may require the Company to repurchase all or a portion of the Notes in cash at a price equal to 101% of the aggregate principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any, thereon to the date of repurchase.

Other Covenants. The Indenture contains covenants that limit, among other things, the Company's and certain of its subsidiaries' ability to (1) incur additional debt and issue preferred stock, (2) make certain restricted payments, (3) consummate specified asset sales, (4) enter into transactions with affiliates, (5) create liens, (6) declare or pay any dividend or make any other distributions, (7) make certain investments, and (8) merge or consolidate with another person.

Events of Default. The Indenture provides for customary events of default (subject in certain cases to customary grace and cure periods), which include non-payment, breach of covenants in the Indenture, payment defaults or acceleration of other indebtedness, a failure to pay certain judgments and certain events of bankruptcy and insolvency. Generally, if an event of default occurs, the Trustee or holders of at least 25% in principal amount of the then-outstanding Notes may declare the principal of and accrued but unpaid interest, including additional interest, on all the Notes to be due and payable.

Use of Proceeds. The Company expects to use a portion of the net proceeds of the offering of Notes to redeem all of the approximately \$201.5 million outstanding aggregate principal amount of its 8.625% Senior Notes due 2016 (the 2016 Notes). The Company expects to use the remaining net proceeds of the offering of Notes to repay amounts that the Company has borrowed under its revolving credit facility. Assuming consummation of its pending acquisition of PAETEC Holding Corp. (PAETEC), which is expected to close by the end of 2011, the Company intends to use borrowings under its revolving credit facility to repurchase the \$300.0 million aggregate principal amount of PAETEC s outstanding 9.5% Senior Notes due 2015.

The foregoing description of the Indenture and the Notes is qualified in its entirety by reference to the full text of the Indenture and the Notes, copies of which are attached hereto as Exhibits 4.1 and 4.2, respectively, and are incorporated herein by reference.

Registration Rights Agreement

In connection with the issuance of the Notes, the Company has agreed, pursuant to the Registration Rights Agreement, to file a registration statement (the Exchange Offer Registration Statement) with the United States Securities and Exchange Commission (the SEC) with respect to a registered offer (the Registered Exchange Offer) to exchange the Notes for new notes of the Company (the Exchange Notes) having terms substantially identical in all material respects to the Notes within 120 days of the Closing Date, and to use its commercially reasonable efforts to cause the Exchange Offer Registration Statement to be declared effective under the Securities Act by the SEC within 180 days of the Closing Date, and to use its commercially reasonable efforts to cause the Registered Exchange Offer to be consummated not later than 210 days following the Closing Date. The Exchange Notes will generally be freely transferable under the Securities Act.

In addition, the Company has agreed under certain circumstances to file one or more shelf registration statements to cover resales of the Notes. In the event that (i) applicable interpretations of the staff of the SEC do not permit the Company to effect a Registered Exchange Offer, (ii) for any other reason the Registered Exchange Offer is not consummated within 210 days of the Closing Date, (iii) an Initial Purchaser notifies the Company following consummation of the Registered Exchange Offer that Notes held by such Initial Purchaser are not eligible to be exchanged for the Exchange Notes in the Registered Exchange Offer, or (iv) certain holders of the Notes are not permitted to participate in the Registered Exchange Offer or do not receive fully tradable Exchange Notes pursuant to the Registered Exchange Offer, the Company will, at its cost, (a) promptly file and use its commercially reasonable efforts to cause to become effective no later than 210 days after the Closing Date a shelf registration statement with the SEC covering resales of the Notes and (b) use its commercially reasonable efforts to keep the shelf registration statement continuously effective for a period of two years after its effective date (subject to certain exceptions).

If the Company fails to satisfy these obligations and its other obligations as set forth in the Registration Rights Agreement, the Company will be required to pay additional interest to the holders of the Notes. The Company agrees that if: (i) it does not file an Exchange Offer Registration Statement with respect to the Notes with the SEC on or prior to the 120th day following the Closing Date, (ii) the Exchange Offer Registration Statement is not declared effective on or prior to the 180th calendar day following the Closing Date, or (iii) the Registered Exchange Offer is not consummated or a shelf registration statement is not declared effective, in each case on or prior to the 210th day following the Closing Date, (any event described in (i) through (iii) being referred to individually as a Registration

Default), then the Company will pay additional cash interest on the Notes. The rate of the additional interest will be 0.25% per annum for the first 90-day period immediately following the occurrence of a Registration Default, and such rate will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum additional interest rate of 1.0% per annum. The Company will pay such additional interest on regular interest payment dates. Such additional interest will be in addition to any other interest payable from time to time with respect to the Notes and the Exchange Notes.

The foregoing description of the Registration Rights Agreement is qualified in its entirety by reference to the full text of the Registration Rights Agreement, a copy of which is attached hereto as Exhibit 4.3 and incorporated herein by reference.

Certain of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment and commercial banking, financial advisory and other commercial dealings in the ordinary course of business with the Company or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Each of the Initial Purchasers or its affiliates act as lenders under the Company's credit facilities and therefore will receive a portion of the proceeds of the offering of Notes. Citibank, N.A., an affiliate of Citigroup Global Markets Inc. and Wells Fargo Bank, N.A., an affiliate of Wells Fargo Securities, LLC, are acting as co-documentation agents under the Company's senior secured credit facilities. J.P. Morgan Securities LLC is an affiliate of JPMorgan Chase Bank, N.A., which is the administrative agent and collateral agent under the Company's senior secured credit facilities. Furthermore, the Company intends to use a portion of the net proceeds of the issuance of the Notes to redeem the outstanding 2016 Notes, and, to the extent any of the Initial Purchasers hold 2016 Notes, they will receive a *pro rata* portion of the redemption price for such 2016 Notes.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information in Item 1.01 of this Form 8-K is hereby incorporated into this Item 2.03.

Item 8.01. Other Events.

On the Closing Date, the Company called for redemption all of the approximately \$201.5 million outstanding aggregate principal amount of its 2016 Notes on December 22, 2011, at a redemption price payable in cash that is equal to \$1,043.13 per \$1,000 principal amount of 2016 Notes, plus accrued and unpaid interest to, but excluding, the redemption date. A notice of redemption is being sent to all currently registered holders of the 2016 Notes by U.S. Bank National Association, the trustee under the indenture governing the 2016 Notes. A copy of the press release announcing the redemption of the Company's 2016 Notes is attached hereto as Exhibit 99.2 and is incorporated by reference herein.

Forward Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, statements about the Company's expected ability to recover revenue loss from expected declines in intercarrier compensation for access to the Company's network, expected levels of support from universal service funds or other government programs, the expected consummation of the Company's pending acquisition of PAETEC and the Company's plans to use a portion of the net proceeds of the offering of Notes to repurchase certain PAETEC debt following such closing, expected rates of loss of voice lines or intercarrier compensation, expected increases in high-speed Internet and business data connections, the Company's expected ability to fund operations, capital expenditures and certain debt maturities from cash flows from operations, expected synergies and other benefits from completed acquisitions, the expected timing and amount of contributions to the Company's pension plan, expected effective federal income tax rates and forecasted capital expenditure amounts. Such forward-looking statements are subject to uncertainties that could cause actual future events and results to

differ materially from those expressed in the forward-looking statements. These forward-looking statements are based on estimates, projections, beliefs, and assumptions that the Company believes are reasonable but are not guarantees of future events and results. Actual future events and results of the Company may differ materially from those expressed in these forward-looking statements as a result of a number of important factors. Factors that could cause actual results to differ materially from those contemplated above include, among others: further adverse changes in economic conditions in the markets served by the Company; the extent, timing and overall effects of competition in the communications business; continued access line loss; the impact of new, emerging or competing technologies; the adoption of inter-carrier compensation and/or universal service reform proposals by the Federal Communications Commission or Congress that results in a significant loss of revenue to the Company; the risk that the Company will not be able to consummate its pending acquisition of PAETEC within its expected timeframe, or at all, or without the imposition of adverse restrictions or conditions by regulatory authorities; the risks associated with the integration of acquired businesses or the ability to realize anticipated synergies, cost savings and growth opportunities; for the Company's competitive local exchange carrier operations, adverse effects on the availability, quality of service and price of facilities and services provided by other incumbent local exchange carriers on which the Company's competitive local exchange carrier services depend; the availability and cost of financing in the corporate debt markets; the potential for adverse changes in the ratings given to the Company's debt securities by nationally accredited ratings organizations; the effects of federal and state legislation, and rules and regulations governing the communications industry; material changes in the communications industry that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers; unfavorable results of litigation; unfavorable rulings by state public service commissions in proceedings regarding universal service funds, inter-carrier compensation or other matters that could reduce revenues or increase expenses; the effects of work stoppages; the impact of equipment failure, natural disasters or terrorist acts; earnings on pension plan investments significantly below the Company's expected long term rate of return for plan assets; and those additional factors under the caption "Risk Factors" in the Company's Form 10-K for the year ended December 31, 2010, and in subsequent filings with the Securities and Exchange Commission. In addition to these factors, actual future performance, outcomes and results may differ materially because of more general factors including, among others, general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause the Company's actual results to differ materially from those contemplated in the forward-looking statements contained in this Current Report on Form 8-K should be considered in connection with information regarding risks and uncertainties that may affect the Company's future results included in the Company's filings with the Securities and Exchange Commission at www.sec.gov.

Item 9.01 Exhibits.

(d) Exhibits

Exhibit

Number	Description
4.1	Indenture, dated as of November 22, 2011, among Windstream Corporation, certain subsidiaries of Windstream Corporation as guarantors thereto, and U.S. Bank National Association, as trustee.
4.2	Form of 7.50% Senior Note due 2022 (included in Exhibit 4.1).
4.3	Registration Rights Agreement, dated as of November 22, 2011, among Windstream Corporation, certain subsidiaries of Windstream Corporation as guarantors thereto, and J.P. Morgan Securities LLC, as representative of the several initial purchasers of the 7.50% Senior Notes due 2022 of Windstream Corporation.
99.1	Press Release dated November 22, 2011, announcing completion of offering of 7.50% Senior Note due 2022.
99.2	Press Release dated November 22, 2011, announcing redemption of 8.625% Senior Notes due 2016.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WINDSTREAM CORPORATION

By: /s/ JOHN P. FLETCHER
Name: **John P. Fletcher**
Title: **Executive Vice President and General Counsel**

November 22, 2011

EXHIBIT INDEX

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