

WINDSTREAM HOLDINGS, INC.

Form 10-Q

August 04, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 2016

or

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

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	Commission File Number	I.R.S. Employer Identification No.
Windstream Holdings, Inc.	Delaware	001-32422	46-2847717
Windstream Services, LLC	Delaware	001-36093	20-0792300

4001
Rodney
Parham
Road
Little
Rock, 72212
Arkansas
(Address
of
principal
executive
offices) (Zip
Code)

(501) 748-7000
(Registrants'
telephone number,
including area
code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Windstream Holdings, Inc. YES NO

Windstream Services, LLC YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Windstream Holdings, Inc. YES NO

Windstream Services, LLC YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Windstream Holdings, Inc. Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Windstream Services, LLC Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).

Windstream Holdings, Inc. YES NO
Windstream Services, LLC YES NO

As of July 29, 2016, 96,264,774 shares of common stock of Windstream Holdings, Inc. were outstanding. Windstream Holdings, Inc. holds a 100 percent interest in Windstream Services, LLC.

This Form 10-Q is a combined quarterly report being filed separately by two registrants: Windstream Holdings, Inc. and Windstream Services, LLC. Windstream Services, LLC is a direct, wholly-owned subsidiary of Windstream Holdings, Inc. Accordingly, Windstream Services, LLC meets the conditions set forth in general instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format. Unless the context indicates otherwise, the use of the terms “Windstream,” “we,” “us” or “our” shall refer to Windstream Holdings, Inc. and its subsidiaries, including Windstream Services, LLC, and the term “Windstream Services” shall refer to Windstream Services, LLC and its subsidiaries.

The Exhibit Index is located on page 73.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

WINDSTREAM HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Millions, except per share amounts)	Three Months Ended		Six Months Ended		
	June 30, 2016	2015	June 30, 2016	2015	
Revenues and sales:					
Service revenues	\$1,331.3	\$1,377.2	\$2,671.9	\$2,759.0	
Product sales	28.3	43.9	61.1	80.7	
Total revenues and sales	1,359.6	1,421.1	2,733.0	2,839.7	
Costs and expenses:					
Cost of services (exclusive of depreciation and amortization included below)	667.2	685.2	1,336.0	1,365.2	
Cost of products sold	24.2	38.4	53.1	70.3	
Selling, general and administrative	196.9	215.7	400.7	440.7	
Depreciation and amortization	308.2	341.8	613.0	682.5	
Merger and integration costs	2.6	57.3	7.6	71.4	
Restructuring charges	5.9	3.4	10.3	10.4	
Total costs and expenses	1,205.0	1,341.8	2,420.7	2,640.5	
Operating income	154.6	79.3	312.3	199.2	
Dividend income on CS&L common stock	—	13.0	17.6	13.0	
Other (expense) income, net	(1.9) 9.3	(3.1) 8.1	
Net gain on disposal of investment in CS&L common stock	17.3	—	17.3	—	
Net gain (loss) on early extinguishment of debt	37.5	(43.4) 2.1	(43.4)
Other-than-temporary impairment loss on investment in CS&L common stock	—	—			