

RIEFLER LINDA H
Form 3
January 09, 2009

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *		2. Date of Event Requiring Statement	3. Issuer Name and Ticker or Trading Symbol	
Â RIEFLER LINDA H		(Month/Day/Year)	MORGAN STANLEY [MS]	
(Last)	(First)	(Middle)	4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
1585 BROADWAY			(Check all applicable)	
(Street)			<input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below)	
NEW YORK,Â NYÂ 10036			Global Head of Research 6. Individual or Joint/Group Filing(Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person	
(City)	(State)	(Zip)		

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	85,841	D	Â
Common Stock	6,019.784	I	By 401(k) Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative	5. Ownership Form of Derivative Security:	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Security	Direct (D) or Indirect (I) (Instr. 5)	
Employee Stock Option (Right to Buy)	Â (1)	01/02/2009	Common Stock	4,410	\$ 30.34	D	Â
Employee Stock Option (Right to Buy)	Â (1)	01/02/2010	Common Stock	4,833	\$ 51.18	D	Â
Employee Stock Option (Right to Buy)	Â (1)	01/02/2011	Common Stock	8,158	\$ 55.61	D	Â
Employee Stock Option (Right to Buy)	Â (1)	01/02/2012	Common Stock	6,412	\$ 48.53	D	Â
Employee Stock Option (Right to Buy)	Â (1)	01/02/2013	Common Stock	4,399	\$ 36.22	D	Â
Employee Stock Option (Right to Buy)	Â (1)	01/02/2014	Common Stock	4,655	\$ 47.19	D	Â
Employee Stock Option (Right to Buy)	Â (2)	12/12/2016	Common Stock	8,700	\$ 66.73	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RIEFLER LINDA H 1585 BROADWAY NEW YORK, NY 10036	Â	Â	Â Global Head of Research	Â

Signatures

/s/ Linda H. Riefler 01/09/2009

Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Options become exercisable upon vesting. The award is fully exercisable.
- (2) Options become exercisable upon vesting. 50% of the award will vest on January 2, 2009 and 50% will vest on January 2, 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Consolidated Assets

Current Assets:

Cash and cash equivalents

\$
—

\$
—

\$
4.6

\$
49.2

\$
(26.0
)

\$
27.8

Restricted cash

6.7

—

—

—

—

6.7

Accounts receivable (less allowance for
doubtful accounts of \$43.4)

—

—

286.1

350.5

(1.1
)

635.5

Affiliates receivable, net

—

346.6

—

4,187.7

(4,534.3
)

Explanation of Responses:

—

Inventories

—

—

19.4

44.3

—

63.7

Deferred income taxes

67.4

—

—

76.5

(38.5
)

105.4

Prepaid expenses and other

35.5

—

30.9

96.5

1.7

164.6

Total current assets

109.6

346.6

341.0

4,804.7

(4,598.2
)

1,003.7

Investments in consolidated subsidiaries

10,001.3

—

0.9

—

(10,002.2
)

—

Goodwill

1,649.5

643.8

—

2,059.5

—

4,352.8

Other intangibles, net

590.7

—

413.6

759.7

—

1,764.0

Net property, plant and equipment

9.8

—

697.1

4,705.4

—

5,412.3

Explanation of Responses:

Deferred income taxes

—

219.0

63.7

—

(282.7
)

—

Other assets

104.2

—

16.8

59.6

—

180.6

Total Assets

\$
12,465.1

\$
1,209.4

\$
1,533.1

Explanation of Responses:

\$
12,388.9

\$
(14,883.1
)

\$
12,713.4

Liabilities and Shareholders' Equity

Current Liabilities:

Current maturities of long-term debt

\$
717.4

\$
—

\$
—

Explanation of Responses:

\$
0.1

\$
—

\$
717.5

Current portion of interest rate swaps

28.5

—

—

—

—

28.5

Accounts payable

2.1

—

101.9

299.3

—

403.3

Affiliates payable, net

3,277.0

—

1,430.4

—

(4,555.0

)

152.4

Advance payments and customer deposits

—

—

78.5

136.2

—

214.7

Accrued taxes

0.2

—

25.2

69.4

Explanation of Responses:

0.4

95.2

Accrued interest

94.3

3.7

1.8

2.7

—

102.5

Other current liabilities

32.3

4.9

83.0

248.3

(39.6
)

328.9

Total current liabilities

4,151.8

8.6

Explanation of Responses:

1,720.8

756.0

(4,594.2
)

2,043.0

Long-term debt

7,363.4

469.4

—

101.4

—

7,934.2

Deferred income taxes

658.6

—

—

1,502.7

(282.7
)

1,878.6

Accumulated losses in excess of

Explanation of Responses:

investments in consolidated subsidiaries

—

210.4

—

—

(210.4
)

—

Other liabilities

66.5

1.7

53.0

511.6

—

632.8

Total liabilities

12,240.3

690.1

1,773.8

2,871.7

Explanation of Responses:

(5,087.3
)

12,488.6

Commitments and Contingencies
(See Note 12)

Shareholders' Equity:

Common stock

—

—

—

67.7

Explanation of Responses:

(67.7
)

—

Additional paid-in capital

212.7

842.0

0.7

6,017.1

(6,859.8
)

212.7

Accumulated other comprehensive income

12.1

—

—

20.5

(20.5
)

12.1

Accumulated (deficit) retained earnings

—

(322.7

Explanation of Responses:

)

(241.4

)

3,411.9

(2,847.8

)

—

Total shareholders' equity

224.8

519.3

(240.7

)

9,517.2

(9,795.8

)

224.8

Total Liabilities and Shareholders' Equity

\$

12,465.1

\$

1,209.4

\$

1,533.1

\$

12,388.9

\$

Explanation of Responses:

(14,883.1
)

\$
12,713.4

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Supplemental Guarantor Information, Continued:

(Millions)	Condensed Consolidating Balance Sheet As of December 31, 2013					
	Windstream Corp.	PAETEC Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets						
Current Assets:						
Cash and cash equivalents	\$ 13.7	\$—	\$ 7.8	\$ 26.7	\$—	\$ 48.2
Restricted cash	9.7	—	—	—	—	9.7
Accounts receivable (less allowance for doubtful accounts of \$40.0)	—	—	251.0	384.5	(0.2)	635.3
Affiliates receivable, net	—	374.3	—	3,670.4	(4,044.7)	—
Inventories	—	—	10.6	57.1	—	67.7
Deferred income taxes	202.1	—	—	76.5	(37.1)	241.5
Prepaid expenses and other	35.3	0.1	29.9	116.0	1.1	182.4
Total current assets	260.8	374.4	299.3	4,331.2	(4,080.9)	1,184.8
Investments in consolidated subsidiaries	9,997.5	—	0.8	—	(9,998.3)	—
Goodwill	1,649.5	643.8	—	2,038.1	—	4,331.4
Other intangibles, net	645.0	—	533.6	841.5	—	2,020.1
Net property, plant and equipment	10.2	—	799.3	4,893.1	—	5,702.6
Deferred income taxes	—	219.0	31.0	—	(250.0)	—
Other assets	120.3	—	16.2	69.2	—	205.7
Total Assets	\$ 12,683.3	\$ 1,237.2	\$ 1,680.2	\$ 12,173.1	\$ (14,329.2)	\$ 13,444.6
Liabilities and Shareholders' Equity						
Current Liabilities:						
Current maturities of long-term debt	\$ 84.9	\$—	\$—	\$ 0.1	\$—	\$ 85.0
Current portion of interest rate swaps	30.0	—	—	—	—	30.0
Accounts payable	5.0	—	85.9	295.0	—	385.9
Affiliates payable, net	2,758.9	—	1,431.7	—	(4,039.9)	150.7
Advance payments and customer deposits	—	—	77.7	145.8	—	223.5
Accrued taxes	0.2	—	24.5	79.3	0.3	104.3
Accrued interest	95.4	3.7	2.3	2.1	—	103.5
Other current liabilities	38.1	4.0	87.1	270.5	(37.3)	362.4
Total current liabilities	3,012.5	7.7	1,709.2	792.8	(4,076.9)	1,445.3
Long-term debt	8,044.9	475.8	—	101.5	—	8,622.2
Deferred income taxes	724.7	—	—	1,563.6	(250.0)	2,038.3
Accumulated losses in excess of investments in consolidated subsidiaries	—	71.8	—	—	(71.8)	—
Other liabilities	60.7	2.3	51.6	383.7	—	498.3
Total liabilities	11,842.8	557.6	1,760.8	2,841.6	(4,398.7)	12,604.1
Commitments and Contingencies (See Note 12)						
Shareholders' Equity:						

Explanation of Responses:

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Common stock	—	—	—	67.7	(67.7) —
Additional paid-in capital	812.0	842.0	—	5,865.0	(6,707.0) 812.0
Accumulated other comprehensive income	28.5	—	—	32.4	(32.4) 28.5
Accumulated (deficit) retained earnings	—	(162.4) (80.6) 3,366.4	(3,123.4) —
Total shareholders' equity	840.5	679.6	(80.6) 9,331.5	(9,930.5) 840.5
Total Liabilities and Shareholders' Equity	\$12,683.3	\$1,237.2	\$1,680.2	\$12,173.1	\$(14,329.2) \$13,444.6

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Supplemental Guarantor Information, Continued:

(Millions)	Condensed Consolidating Statement of Cash Flows For the Year Ended December 31, 2014					
	Windstream Corp.	PAETEC Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
Cash Provided from Operations:						
Net cash (used in) provided from operations	\$(129.2)	\$(27.7)	\$211.6	\$1,414.8	\$(0.8)	\$ 1,468.7
Cash Flows from Investing Activities:						
Additions to property, plant and equipment	(1.8)	—	(177.3)	(607.4)	—	(786.5)
Broadband network expansion funded by stimulus grants	—	—	—	(13.3)	—	(13.3)
Changes in restricted cash	3.0	—	—	—	—	3.0
Grant funds received for broadband stimulus projects	33.2	—	—	—	—	33.2
Grant funds received from Connect America Fund	—	—	—	26.0	—	26.0
Network expansion funded by Connect America Fund	—	—	—	(12.8)	—	(12.8)
Acquisition of a business	(22.6)	—	—	—	—	(22.6)
Other, net	—	—	—	3.9	—	3.9
Net cash provided from (used in) investing activities	11.8	—	(177.3)	(603.6)	—	(769.1)
Cash Flows from Financing Activities:						
Distributions to Windstream Holdings, Inc.	(603.6)	—	—	—	—	(603.6)
Repayments of debt and swaps	(1,394.4)	—	—	(1.0)	—	(1,395.4)
Proceeds of debt issuance	1,315.0	—	—	—	—	1,315.0
Intercompany transactions, net	795.9	27.7	(30.5)	(767.9)	(25.2)	—
Payments under capital lease obligations	—	—	(7.0)	(19.8)	—	(26.8)
Other, net	(9.2)	—	—	—	—	(9.2)
Net cash provided from (used in) financing activities	103.7	27.7	(37.5)	(788.7)	(25.2)	(720.0)
(Decrease) increase in cash and cash equivalents	(13.7)	—	(3.2)	22.5	(26.0)	(20.4)
Cash and Cash Equivalents:						
Beginning of period	13.7	—	7.8	26.7	—	48.2
End of period	\$—	\$—	\$4.6	\$49.2	\$(26.0)	\$ 27.8

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Supplemental Guarantor Information, Continued:

(Millions)	Condensed Consolidating Statement of Cash Flows For the Year Ended December 31, 2013					
	Windstream Corp.	PAETEC Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash Provided from Operations:						
Net cash (used in) provided from operations	\$(186.2)	\$(56.0)	\$253.9	\$1,510.5	\$(2.4)	\$ 1,519.8
Cash Flows from Investing Activities:						
Additions to property, plant and equipment	(2.0)	—	(161.4)	(677.6)	—	(841.0)
Broadband network expansion funded by stimulus grants	—	—	—	(36.1)	—	(36.1)
Changes in restricted cash	15.3	—	1.5	—	—	16.8
Grant funds received for broadband stimulus projects	68.0	—	—	—	—	68.0
Grant funds received from Connect America Fund	—	—	—	60.7	—	60.7
Disposition of software business	—	—	30.0	—	—	30.0
Other, net	—	—	—	(6.0)	—	(6.0)
Net cash provided from (used in) investing activities	81.3	—	(129.9)	(659.0)	—	(707.6)
Cash Flows from Financing Activities:						
Dividends paid to shareholders	(444.6)	—	—	—	—	(444.6)
Distributions to Windstream Holdings, Inc.	(149.4)	—	—	—	—	(149.4)
Repayments of debt and swaps	(4,500.9)	(650.0)	—	(10.1)	—	(5,161.0)
Proceeds of debt issuance	4,919.6	—	—	—	—	4,919.6
Debt issuance costs	(30.0)	—	—	—	—	(30.0)
Intercompany transactions, net	273.1	706.0	(127.8)	(853.7)	2.4	—
Payments under capital lease obligations	—	—	(14.9)	(9.0)	—	(23.9)
Other, net	(6.7)	—	—	—	—	(6.7)
Net cash provided from (used in) financing activities	61.1	56.0	(142.7)	(872.8)	2.4	(896.0)
Decrease in cash and cash equivalents	(43.8)	—	(18.7)	(21.3)	—	(83.8)
Cash and Cash Equivalents:						
Beginning of period	57.5	—	26.5	48.0	—	132.0
End of period	\$13.7	\$—	\$7.8	\$26.7	\$—	\$ 48.2

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Supplemental Guarantor Information, Continued:

(Millions)	Condensed Consolidating Statement of Cash Flows For the Year Ended December 31, 2012					
	Windstream Corp.	PAETEC Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash Provided from Operations:						
Net cash provided from (used in) operations	\$170.4	\$(101.6)	\$281.3	\$1,429.1	\$(1.6)	\$1,777.6
Cash Flows from Investing Activities:						
Additions to property, plant and equipment	(0.7)	—	(208.6)	(891.9)	—	(1,101.2)
Broadband network expansion funded by stimulus grants	—	—	—	(105.4)	—	(105.4)
Changes in restricted cash	(13.2)	—	8.4	—	—	(4.8)
Grant funds received for broadband stimulus projects	45.7	—	—	—	—	45.7
Disposition of wireless assets	—	—	—	57.0	—	57.0
Disposition of energy business	—	—	6.1	—	—	6.1
Other, net	2.8	—	(1.8)	(0.1)	—	0.9
Net cash provided from (used in) investing activities	34.6	—	(195.9)	(940.4)	—	(1,101.7)
Cash Flows from Financing Activities:						
Dividends paid to shareholders	(588.0)	—	—	—	—	(588.0)
Repayments of debt and swaps	(1,744.4)	(300.0)	—	(10.1)	—	(2,054.5)
Proceeds of debt issuance	1,910.0	—	—	—	—	1,910.0
Debt issuance costs	(19.1)	—	—	—	—	(19.1)
Intercompany transactions, net	177.9	401.6	(103.2)	(477.9)	1.6	—
Payments under capital lease obligations	—	—	(19.2)	(0.8)	—	(20.0)
Other, net	0.7	—	—	—	—	0.7
Net cash (used in) provided from financing activities	(262.9)	101.6	(122.4)	(488.8)	1.6	(770.9)
Decrease in cash and cash equivalents	(57.9)	—	(37.0)	(0.1)	—	(95.0)
Cash and Cash Equivalents:						
Beginning of period	115.4	—	63.5	48.1	—	227.0
End of period	\$57.5	\$—	\$26.5	\$48.0	\$—	\$132.0

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benefits of \$128.6 million and \$(110.4) million or an after-tax charge (benefit) of \$79.1 million and \$(71.1) million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Pending Transaction - Proposed Spin-off of Certain Network and Real Estate Assets:

On July 29, 2014, we announced plans to spin off certain telecommunications network assets, including our fiber and copper networks and other real estate, into Communications Sales & Leasing, Inc. (“CS&L”), an independent, publicly traded real estate investment trust (“REIT”). We will also contribute substantially all of our consumer competitive local exchange carrier business to the REIT, which will continue to operate this business. The REIT will lease use of the assets to us through an exclusive long-term triple-net lease with an initial term of 15 years at an initial estimated rent payment of \$650.0 million per year. The lease is expected to include up to four 5 year renewal options and provide for annual rent escalations of 0.5 percent after the third year of the initial lease term. We will continue to operate and maintain the assets in order to deliver advanced communications and technology services to consumers and businesses. We will also continue to have sole responsibility for meeting our existing regulatory obligations following the creation of the REIT.

Due to various forms of continuing involvement, including Windstream Corp. remaining the legal counterparty to the various easements, permits and pole attachments related to the network assets, we will account for the transaction as a failed sale-leaseback for financial reporting purposes. As a result, the net book value of the network assets transferred to the REIT will continue to be reported in our consolidated balance sheet and will be fully depreciated over the initial lease term of 15 years. We will record a long-term lease obligation equal to the sum of the minimum future annual lease payments over the 15-year lease term discounted to the present value based on Windstream Corp.’s incremental borrowing rate. As annual lease payments are made, a portion of the payment will decrease the long-term lease obligation with the balance of the payment charged to interest expense using the effective interest method.

Our board of directors approved a plan to pursue the proposed spin-off following the receipt of a favorable private letter ruling from the Internal Revenue Service relating to certain tax matters regarding the tax-free nature of the spin-off and the qualification of the spun off assets as real property for REIT purposes.

As part of this proposed transaction, shareholders will retain their existing Windstream Holdings shares. The spin-off will be completed through a pro rata distribution of no less than 80.1 percent of the outstanding shares of the REIT to existing Windstream Holdings shareholders. After giving effect to the interest in the REIT retained by Windstream, each Windstream Holdings shareholder is expected to receive one share of the REIT for every five shares of Windstream Holdings common stock held as of the record date in the form of a tax-free dividend. We anticipate the REIT will raise approximately \$3.65 billion in new debt, the proceeds of which will be used to fund a cash payment to Windstream, the amount of which we expect to be approximately \$1.2 billion, and to complete a tax-free debt exchange of existing Windstream Corp. debt obligations of approximately \$2.35 billion. Net of estimated transaction costs and financing fees, we expect to reduce Windstream Corp.’s total outstanding long-term debt by approximately \$3.4 billion through completion of the debt exchange and receipt of the cash payment from the REIT. At the time of the spin-off, Windstream will retain a passive ownership interest in up to 19.9 percent of the common stock of the REIT. Windstream intends to use all of its shares of the REIT opportunistically during a twelve month period following the spin-off, subject to market conditions, to retire additional Windstream Corp. debt. We do not expect any significant operational changes as a result of the transaction.

On January 21, 2015, we announced that we have received all regulatory approvals from state public service commissions required to consummate the transaction. In anticipation of the spin-off, we intend to reorganize certain of our subsidiaries, including Windstream Corp., into limited liability companies and take certain other steps to facilitate the proposed transaction. At a special meeting held on February 20, 2015, Windstream shareholders approved proposals to eliminate the requirement to conduct a shareholder vote to effect the reorganization of Windstream Corp. to a limited liability company and to effect a reclassification (reverse stock split) of Windstream Holdings common

stock, whereby (i) each outstanding six (6) shares of common stock would be combined into and become one (1) share of common stock and (ii) to decrease the number of authorized shares of common stock proportionately from 1.0 billion shares to 166,666,667 shares following the spin-off.

We anticipate that the spin-off will occur in the first half of 2015. On or before March 1, 2015, we intend to convert Windstream Corp. to Windstream Services, LLC. We plan to maintain our current dividend practice through the close of the transaction. If the closing date of the spin-off is not on the record date of Windstream's normal quarterly dividend, we intend to pay a pro rata dividend to our shareholders based on the number of days elapsed in the quarter. Following the close of the spin-off transaction and the effects of the 1-for-6 reverse stock split, Windstream expects to pay an annual dividend of \$.60 per share and CS&L initially expects to pay an annual dividend of \$2.40 per share.

Completion of the proposed spin-off is contingent on the effectiveness of CS&L's Form 10 registration statement, final approval from our board of directors, execution of all definitive agreements, and satisfaction of other customary conditions. We may, at any time and for any reason until the proposed transaction is complete, abandon the spin-off or modify or change the terms of the spin-off.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Subsequent Events:

On February 11, 2015, we declared a dividend of 25 cents per share on our common stock, which is payable on April 15, 2015 to shareholders of record on March 31, 2015.

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