

#### **VIA OVERNIGHT DELIVERY**

June 15, 2010

David Armstrong Chairman Kentucky Public Service Commission 211 Sower Boulevard Frankfort, KY 40601 JUN 16 2010

PUBLIC SERVICE COMMISSION

Re: McLeodUSA Telecommunications Services, Inc. and US LEC of Tennessee Inc.

Notification of Change in Corporate Form, Name Change, and Pro Forma

Reorganization

Dear Mr. Armstrong:

On behalf of McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") and US LEC of Tennessee, Inc., ("US LEC") (together, the "Parties"), this letter is to notify the Kentucky Public Service Commission ("Commission") of a change in corporate form for the companies, name change, and *pro forma* reorganization. This letter is submitted for informational purposes to be included in the appropriate Commission files. As further detailed below, the Parties changed their corporate forms by converting to limited liability companies. After the conversion, McLeodUSA continued operations under the name McLeodUSA Telecommunications Services, LLC, and US LEC continued operations under the name US LEC of Tennessee, LLC. Furthermore, the Parties participated in a *pro forma* intracorporate reorganization. The reorganization did not change the ultimate ownership or control of the Parties' operations, or their corporate directors, officers, or managers, or their service offerings and pricing – other than those done in the normal course of business. In all respects, the change in corporate form and *pro forma* reorganization were transparent to the public.

By way of background, McLeodUSA and US LEC are wholly-owned indirect subsidiaries of PAETEC Holding Corp ("PAETEC Holding"). PAETEC Holding is a publicly traded Delaware corporation (NASDAQ GS: PAET) headquartered in Fairport, New York. McLeodUSA provides local and long distance telecommunications services. US LEC provides local and interexchange telecommunications service pursuant to authorization grant in Docket No. 98-088. The companies undertook a change in corporate form whereby the Parties each converted from an incorporated company to a limited liability company. McLeodUSA continued to operate under the name McLeodUSA Telecommunications Services, LLC, d/b/a PAETEC Business Services, and US LEC continued to operate under the name US LEC of Tennessee, LLC d/b/a PAETEC Business Services. It is important to note that, other than the change in corporate form and the benefits that accrued therefrom, in all other respects, the Parties remained unaffected by the conversion to limited liability companies. Indeed, McLeodUSA and US LEC even retained their respective federal tax identification numbers and their own certifications.

In addition to the changes in corporate form, the company undertook a *pro forma* corporate reorganization. McLeodUSA was held by PAETEC Holding through the McLeodUSA

Mr. David Armstrong June 15, 2010 Page 2

Inc. and McLeodUSA Holdings, Inc. subsidiaries. US LEC was held by PAETEC Holding through the US LEC Corp. subsidiary. A diagram of the pre-reorganization structure of the company showing those entities is attached as Exhibit A. The companies executed a *pro forma* corporate reorganization whereby McLeodUSA and US LEC became indirect wholly-owned subsidiaries of PAETEC Holding under the PAETEC Corp. and PAETEC Communications, Inc. subsidiaries, rather than through their previous intervening parent companies. US LEC was moved under PAETEC Communications, Inc. by way of the contribution of US LEC Corp.'s stock to PAETEC Communications, Inc. McLeodUSA Inc. was collapsed into PAETEC Holding Corp., and McLeodUSA Holdings, Inc.'s stock was contributed to PAETEC Communications, Inc. PAETEC Communications, Inc. is authorized to provide long distance service pursuant to authorization issued in Utility No. 5144500. There were no changes whatsoever in the corporate form, name, or manner in which PAETEC Communications, Inc. is held or operated. A diagram of the post-reorganization structure of the company is attached as Exhibit B.

The *pro forma* reorganization did not result in a transfer of control of McLeodUSA or US LEC because the ultimate parent of those companies, i.e., PAETEC Holding, remained the same. Furthermore, the day-to-day operations of the company continue to be managed by the same personnel, and the transaction did not affect the Parties' current rates or services. The transaction will enhance the overall operational efficiency and competitive position of the company because it expects to gain significant tax benefits as a result of the *pro forma* reorganization, which will ultimately inure to the benefit of the companies' subscribers. Consequently, the transaction is consistent with the public interest, and will promote competition among telecommunications carriers in the state.

On May 12, 2010, the State of Kentucky issued a certified copy of the withdrawal of authority to McLeodUSA Telecommunications Services, Inc., and issued a registration to McLeodUSA Telecommunications Services, LLC. These documents are attached as Exhibit C.

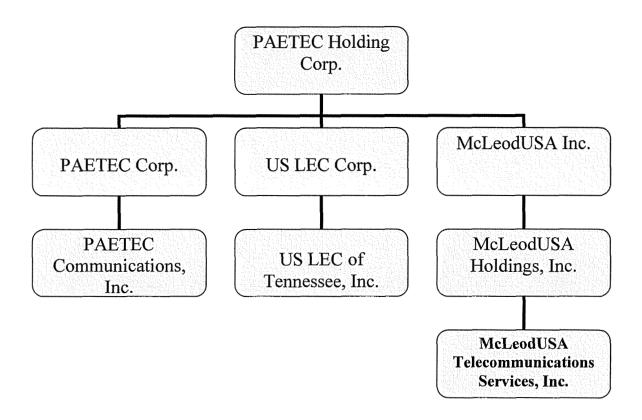
An original and 10 copies of this letter are enclosed. Please date-stamp the extra copy of this filing, and return it to us in the enclosed self-addressed stamped envelope. Should you have any questions with respect to this matter, please do not hesitate to contact the undersigned at (202) 344-8065.

Respectfully submitted.

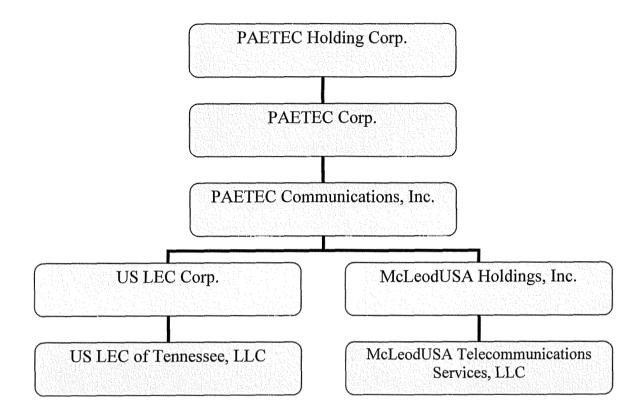
Counsel for McLeodUSA Telecommunications Services, Inc. and US LEC of Tennessee, Inc.

Enclosure

**EXHIBIT A: Pre-Transaction Corporation Structure** 



#### **EXHIBIT B: Post-Transaction Corporation Structure**



0628434.09

amcray WTH

Trey Grayson, Secretary of State Received and Filed: 5/12/2010 11:53 AM Fee Receipt: \$40.00



## COMMONWEALTH OF KENTUCKY TREY GRAYSON, SECRETARY OF STATE

Division of Corporations Business Filings PO Box 718 Frankfort, KY 40602 (502) 564-3490 www.sos.ky.gov	Certificate of Withdrawal (Foreign Corporation)	FCW
	RS Chapter 271B, 273 or 274, the undersigned hereby appl ned below and, for that purpose, submits the following state	
1. The corporation is a a a a	profit corporation (KRS 271B). nonprofit corporation (KRS 273). professional service corporation (KRS 274).	
2. The name of the corporation	is McLeodUSA Telecommunications Services, Inc. (The name of the corporation or fictitious name adopted for use in	Kentucky.)
3. The state or country of incorp	poration is Iowa	•
4. The corporation received auti	hority to transact business in Kentucky on 12/27/2005	ann agaight ann an an ann an ann an ann an ann an a
5. The corporation is not transaction	cting business in Kentucky.	
6. The corporation hereby surre	enders the authority to transact business in Kentucky.	
and hereby appoints the Secre	kes the authority of its registered agent in Kentucky to accertary of State as its agent for service of process in any prowas authorized to transact business in Kentucky.	ept service of process on its behalf sceeding based upon any cause of
8. The street address to which t	the Secretary of State may mail a copy of any process serve	ed is:
Pinehurst Centre Building, 477 Vil	king Drive, Suite 210, Virginia Beach, VA 23452	
Street Address (No P.O. Box Number	rs) City State	Zip Code
<ol><li>The corporation hereby common duestion 8 above.</li></ol>	mits to notify the Secretary of State in the future of any char	nge in the mailing address set forth
	ctive upon filing, unless a delayed effective date and/or time of be prior to the date the application is filed. The date and	
•		(Delayed effective date and/or time)
I declare under penalty of perjui	ry under the laws of the state of Kentucky that the foregoing	j is true and correct.
Marel	S. Shane Turley, Vice President	4 - 11-1 U
Signature of Authorized Party	Printed Name & Title	Date



COMMONWEALTH OF KENTUCKY
TREY GRAYSON, SECRETARY OF STATE

0762867.06

amcray ADD

Trey Grayson, Secretary of State Received and Filed: 5/12/2010 11:54 AM Fee Receipt: \$90.00

PO Box 718 Frankfort, K\ (502) 564-34 www.sos.ky.	Y 40602 190	Certificate of Aut (Foreign Limited Lia		)	FL	.C
Pursuant to the	e provisions of KRS (	Chapter 275, the undersigned hed below and, for that purpose	, submits the following	g statements:	•	on behalf
1. The compa		ed liability company (LLC) or			pany (PLLC).	
2. The name of	of the limited liability c	ompany is McLeodUSA Telec	communications Ser	vices, L.L.C.		<del></del>
3. The name of	of the limited liability c	ompany to be used in Kentuck (C	y is_ Only provide if "real na	ıme" is unavailable	o for use; otherwise lea	ve blank).
4. The state of	or country of organizat	tion is <u>Iowa</u>	What was a second of the secon			
5. The date o	f organization 07/26/	1993 and,	if the limited liability (	company has a sp	ecific date of dissoluti	on, the
latest date upo	on which the limited lia	ability company is to dissolve is	Perpetual Perpetual			
6. The street a	address of the register	red office in Kentucky is:				
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### IOWA SECRETARY OF STATE MICHAEL A. MAURO



Date: 5/10/2010

#### **CERTIFICATE OF EXISTENCE**

Name: MCLEODUSA TELECOMMUNICATIONS SERVICES, L.L.C. (489DLC - 168002)

Date of Incorporation: 7/26/1993

**Duration: PERPETUAL** 

I, MICHAEL A. MAURO, Secretary of State of the State of Iowa, custodian of the records of incorporations, certify that the limited liability company named on this certificate is in existence and was duly incorporated under the laws of Iowa, that all fees required by the Iowa Revised Uniform Limited Liability Company Act have been paid by the limited liability company, that the most recent biennial corporate report required has been filed by the Secretary of State, and that articles of dissolution have not been filed.

Certificate ID: CS39834

To validate this certificate please visit the following web site and enter the certificate ID.

www.sos.state.la.us/ValidateCertificate

MUGALL A. MALLER

#### CB 00709FG0309

#### COMMONWEALTH OF KENTUCKY TREY GRAYSON SECRETARY OF STATE

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mstratton WTH

Trey Grayson, Secretary of State Received and Filed: 4/16/2010 12:39 PM Fee Receipt: \$40.00



#### **APPLICATION FOR CERTIFICATE OF WITHDRAWAL**

Pursuant to the provisions of KRS Chapt withdrawal on behalf of the corporation n	ter 271B, 273 or 274, the undersigned hereb named below and for that purpose submits th	by applies for a certificate of ne following statements:
The corporation is  a business co  a nonprofit co  a professiona	orporation (KRS 271B). orporation (KRS 273). al service corporation (KRS 274).	
2. The name of the corporation is US LEC OF TENNESSEE INC.		
(?ta	me of corporation or fictitious name adopted for use in Kentucky)	**************************************
3. The state or country of incorporation is	3 DE	**************************************
4. The corporation received authority to to	ransact business in Kentucky on 02/26/2001	
5. The corporation is not transacting busi	iness in Kentucky.	
6. The corporation hereby surrenders the	authority to transact business in Kentucky.	
on its behalf and hereby appoints the based upon any cause of action arising	othority of its registered agent in Kentucky to Secretary of State as its agent for service of g during the time it was authorized to transa retary of State may mall a copy of any proces	process in any proceeding ct business in Kentucky.
600 Willowbrook Office Park, Fairport, NY 1	4450	
Address	City/s	tate Zip Code
address set forth in #8 (above).	tify the Secretary of State in the future of any affiling, unless a delayed effective date and/o	
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	S. Shane Turley, Vice President	
ocument No.: DN2010052519	Type of Prin	Name & Title
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County Clerk, please return to: KENTUCKY LENDERS ASSISTANCE 828 LANE ALLEN ROAD, SUITE 219 LEXINGTON, KY 40504

FRANKLIN COUNTY

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mstratton

Trey Grayson, Secretary of State Received and Filed: 4/16/2010 12:40 PM Fee Receipt: \$90.00

## COMMONWEALTH OF KENTUCKY TREY GRAYSON, SECRETARY OF STATE

Division of Corporations Business Filings PO Box 718 Frankfort, KY 40602 (502) 564-3490 www.sos.ky.gov	Certificate of A (Foreign Limited	•	ny)	FLC
Pursuant to the provisions of KRS C of the limited liability company name		ose, submits the follow	wing statements:	•
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4. The state or country of organizati	on is DE		·	*
5. The date of organization 11/14/19	997ar	nd, if the limited liabili	ty company has a sp	ecific date of dissolution, the
latest date upon which the limited lia	bility company is to dissolv	e is		*
6. The street address of the registers	ed office in Kentucky is:			
306 W. Main Street, Suite 512,	·	Frankfort,	KY	40601
Street Address Only (No Post Office B	ox Numbers)	City	State	Zip Code
7. The name of the registered agent	at that office is CT Corpo	oration System	AND	
8. The principal address of the limite				
600 Willowbrook Office Park		Fairport	NY	14450
Street Address or Post Office Box Nun	nbers	City	State	Zip Code
9. The names and mailing addresses	of the current members/n	nanagers:		
Paetec Communications, Inc - 600 V	Villowbrook Office Park	Fairport	NY	14450
Name Street Address or P	ost Office Box Numbers	City	State	Zip Code
Name Street Address or P	ost Office Box Numbers	City	State	Zip Code
10. This application will be effective to	ipon filing, unless a delaye	ed effective date and/	or time is provided.	The effective date or the
delayed effective date cannot be prior	r to the date the applicatio	n is med. The date a	(Dela	yed effective date and/or time)
I certify that, as of the date of filling the	is application, the above-niction of its formation.	amed limited liability	company validly exis	sts as a limited liability
I declare under penetty of perjupy und				
Signature of Member, Manager or Auth		Shane Turley - Auti Printed Nam		04/07/2010 Data
	A. 1994 A. 1917			
Print Name of Registered Agent liability company.				d agent on behalf of the limited
By: C T Corporation System			IES M. NEWSOM	
Signature of Registered Agent	- Les Character of the Control of th	Printed Nam	Assistant Secre	Onte
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(Y038 - 05/30/2010 C T System Online				

FRANKLIN COUNTY PG 720 A77

# Delaware

#### The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "US LEC OF TENNESSEE LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTEENTH DAY OF APRIL, A.D. 2010.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.

DOCUMENT NO: 356584
RECORDED ON: APRIL 16,2010 02:55:10PM
TOTAL FEES: \$11.00
COUNTY CLERK: GUY JETGLER
DEPUTY CLERK: ANTTA WHITAKER
BOOK A77
IRROES JUY - NEO

719-710 AW

2821392 8300

100388463

You may verify this certificate online at corp.delaware.gov/authver.shtml

AUTHENTICATION: 7933906

DATE: 04-15-10