

#### **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.

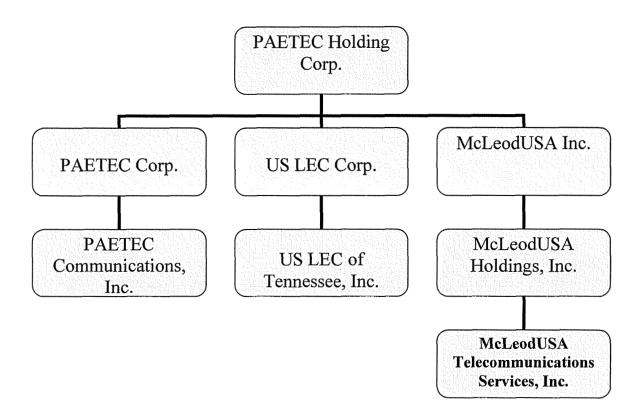
An original and 10 copies of this letter are enclosed. Please date-stamp the extra copy of this filing, and return it to us in the enclosed self-addressed stamped envelope. Should you have any questions with respect to this matter, please do not hesitate to contact the undersigned at (202) 344-8065.

Respectfully submitted.

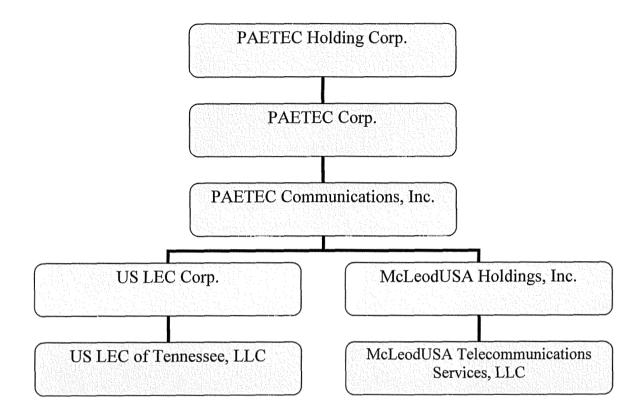
Counsel for McLeodUSA Telecommunications Services, Inc. and US LEC of Tennessee, Inc.

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<br>(Foreign Corporation)   | FCW  |
|--|--|--|
|  | RS Chapter 271B, 273 or 274, the undersigned hereby appl<br>ned below and, for that purpose, submits the following state   |  |
| 1. The corporation is a a a a  | profit corporation (KRS 271B).<br>nonprofit corporation (KRS 273).<br>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<br>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<br>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<br>Frankfort, K\<br>(502) 564-34<br>www.sos.ky.   | Y 40602<br>190   | Certificate of Aut<br>(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<br>(C   | y is_<br>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:   |  |   |  |                 |
|  | •  | •  |  |   |  |                 |
|  | n Street, Suite 512, Fr<br>Only (No Post Office I  |  | City   | State   | Zip Code   | ·               |
|  |  |  |  |   |  |                 |
| 600 Willowb  | al address of the limite<br>rook Office Park, Fai<br>or Post Office Box Nu   |  | City   | State   | Zip Code   |                 |
| 600 Willowb  | rook Office Park, Fai<br>or Post Office Box Nu   | rport, NY 14450  | City<br>nagers:  | State   | Zip Code   |                 |
| 600 Willowb<br>Street Address<br>9. The names  | rook Office Park, Fai<br>or Post Office Box Nu<br>and mailing addresse   | rport, NY 14450  | agers:   | State (Member)  | Zip Code   |                 |
| 600 Willowb<br>Street Address<br>9. The names<br>Pactec Comm   | rook Office Park, Fail<br>or Post Office Box Nu<br>and mailing addresse<br>nunications, Inc., 600  | rport, NY 14450<br>imbers<br>es of the current members/man   | agers:   |   | Zip Code<br>Zip Code   |                 |
| 600 Willowb<br>Street Address<br>9. The names<br>Paetec Comm   | rook Office Park, Fair<br>or Post Office Box Nu<br>and mailing addresse<br>nunications, Inc., 600<br>Street Address or   | rport, NY 14450<br>Imbers<br>es of the current members/man<br>Willowbrook Office Park, Fai   | agers:<br>irport, NY 14450   | (Member)  |  |                 |
| 600 Willowb<br>Street Address<br>9. The names<br>Paetec Comm<br>Name   | and mailing addresses or Street Address or cation will be effective  | rport, NY 14450 imbers es of the current members/man Willowbrook Office Park, Fai Post Office Box Numbers  | irport, NY 14450 City City effective date and/or   | (Member) State State time is provided.                  | Zip Code  Zip Code  The effective date or t  |                 |
| 600 Willowb<br>Street Address<br>9. The names<br>Paetec Comm<br>Name<br>Name   | and mailing addresses or Street Address or Street Address or cation will be effective five date cannot be printed for the cannot be cannot be printed for the cannot be cannot be cannot be cannot be printed for the cannot be cannot b | rport, NY 14450 imbers es of the current members/man Willowbrook Office Park, Fai Post Office Box Numbers upon filing, unless a delayed eior to the date the application is  | city  City  City  effective date and/or is filed. The date and   | (Member) State State time is provided. /or time is(Dela | Zip Code  Zip Code  The effective date or to the effective date and/   | or time)        |
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| 9. The names Paetec Comm Name  10. This applied delayed effect I certify that, a company under the com | and mailing addresses aunications, Inc., 600 Street Address or Street Address or cation will be effective five date cannot be price the laws of the juris ar penalty of perjuryundember, Mapager or Austration System  | rport, NY 14450 mbers es of the current members/man Willowbrook Office Park, Fai Post Office Box Numbers  upon filing, unless a delayed e ior to the date the application is this application, the above-name diction of its formation.  nder the laws of the state of Ke S. Shane Turley, V | city  City  City  effective date and/or silled. The date and med limited liability coentucky that the foregovice President of Page Printed Name 6  | (Member) State  State  time is provided. /or time is    | Zip Code  Zip Code  The effective date or to see a limited liability  orrect.  ions, Inc., its Member  | 4/21/20         |

### 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

0511276.09

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<br>withdrawal on behalf of the corporation n | ter 271B, 273 or 274, the undersigned hereb<br>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).<br>orporation (KRS 273).<br>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<br>Secretary of State as its agent for service of<br>g during the time it was authorized to transa<br>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  |  |
| (Delayed effective date and/or time)   | I SATE  | gneture  |
|  | S. Shane Turley, Vice President   |  |
| ocument No.: DN2010052519  | Type of Prin  | Name & Title   |
| odged By: KY LENDERS<br>ecorded On: 04/23/2010 01:57:47<br>otal Fees: 11.00          | Date: April 7   | , 2010   |
| ransfer Tax: ountse Clerken HORBIL HOLSCLAW-JEFF CO KY eoutyat letter CTSHIGonne     | (See stached page for instructions)   |  |
| 2-1045 - ONAPPOR C. ESTRIED ORIUM  | Car   | mets Olaula III. III. III.                               |



County Clerk, please return to: KENTUCKY LENDERS ASSISTANCE 828 LANE ALLEN ROAD, SUITE 219 LEXINGTON, KY 40504

FRANKLIN COUNTY

A77

PG 719





0761125.06

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<br>(Foreign Limited                | •                                      | ny)                      | FLC  |
|--|---|--|--------------------------|--|
| Pursuant to the provisions of KRS C of the limited liability company name                              |   | se, submits the follo                  | wing statements:         | ·  |
| · •  |   | ·                                      | il ilmited liability com | pany (PLLC).   |
| 2. The name of the limited liability co  |   |  |                          | The state of the s |
| 3. The name of the limited liability co  | mpany to be used in Kentu                           | (Only provide if "rea                  | i name" is unavallabi    | e for use; otherwise leave blank).   |
| 4. The state or country of organizati  | on is <u>DE</u>                                     | ······································ | · eli                    | *  |
| 5. The date of organization 11/14/19   | 997ar   | nd, if the limited liabili             | ty company has a st      | pecific date of dissolution, the   |
| latest date upon which the limited lia   |   | e is                                   |                          | *  |
| 6. The street address of the registers   | ed office in Kentucky is:                           |  |                          |  |
| 306 W. Main Street, Suite 512,   | on online in realitions, io.                        | 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 C T Corpo                         | oration System                         |                          | •  |
| 8. The principal address of the limited  |   |  |                          |  |
| 600 Willowbrook Office Park  |   | Fairport                               | NY                       | 14450  |
| Street Address or Post Office Box Num  | nbere   | City                                   | State                    | Zip Code   |
| 9. The names and mailing addresses   | s of the current members/n                          | nanagers:                              |                          |  |
| Paetec Communications, Inc - 600 V   | Villowbrook Office Park                             | Fairport                               | NY                       | 14450  |
|  | 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                        | d effective date and/                  | or time is provided.     | The effective date or the  |
| delayed effective date cannot be price   | r to the date the applicatio                        | n is filed. The date a                 | nd/or time is            | yed effective date and/or time)  |
| I certify that, as of the date of filing the company under the laws of the jurisd                      | is application, the above-niction of its formation. | amed limited liability                 | •                        | •  |
| I declare under perbuty of periupy und   |   |  |                          |  |
| Signature of Member, Manager or Auth   |   | Shane Turley - Auti<br>Printed Nam     |                          | 04/07/2010<br>Date   |
|  | ionabo i any  |  |                          |  |
| Print Name of Registered Agent   |   |  | •                        | d agent on behalf of the limited   |
| liability company.  C T Corporation System   | 1   |  | IES M. NEWSOM            |  |
| By: Signature of Registered Agent  | ef 7 (mode  | Printed Nam                            | Assistant Secre          | lary Date  |
| 09/09  |   |  |                          |  |
| (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