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April 28, 2003

**VIA OVERNIGHT DELIVERY**

Mr. Thomas Dorman  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-8294

RECEIVED

APR 29 2003

PUBLIC UTILITIES  
COMMISSION

**Re: Notice of Transfer of Control of Universal Access, Inc.**

Dear Mr. Dorman:

Universal Access, Inc. ("Universal Access") and CityNet Telecommunications, Inc. ("CityNet" and, together with Universal Access, the "Parties"), hereby notify the Kentucky Public Service Commission that the Parties have entered into a transaction which will result in an indirect transfer of control of Universal Access to CityNet.

In the proposed transaction CityNet would acquire 55% of the outstanding common stock of UAXS on a fully diluted basis. There will be no change in the immediate ownership of Universal Access; no assignment of the certification granted to Universal Access by this Commission; and no change in the day-to-day operations of the certificated company. In addition, there will not be any change in the services offered to Universal Access's customers or the rates for Universal Access's regulated services. Although there will be a change in the indirect ultimate ownership of Universal Access, the transactions will be completely transparent to Universal Access's customers.

Based on a review of Kentucky law, the Parties believe that Kentucky Public Service Commission approval is not required to complete the Transactions described herein. The Parties currently expect the proposed Transactions to be completed on or about June 30, 2003. An original and ten (10) copies of this filing are enclosed. Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, postage prepaid envelope provided.

In addition, the Parties submit the following information:

**I. THE PARTIES**

**A. Universal Access, Inc. ("Universal Access")**

Universal Access is a telecommunications carrier authorized to provide telecommunications services by the Federal Communications Commission and the public utility commissions of 46 states and the District of Columbia. In Kentucky, Universal Access is certified to provide competitive local exchange and interexchange services pursuant to an Order issued February 18, 2000. Universal Access provides telecommunications carriers and Internet service providers with dedicated transport circuits to meet bandwidth demand and cross-connects the networks of various telecommunications carriers. Universal Access, a Delaware corporation, also provides private line and interconnection services.

Universal Access is a wholly-owned subsidiary of UAXS. UAXS is a publicly-traded Delaware corporation with principal offices in Chicago, Illinois. UAXS does not have any telecommunications regulatory licenses from this or any other telecommunications regulatory agency.

Further information concerning Universal Access and its parent's technical, managerial, and financial qualifications to provide telecommunications service in Kentucky was filed with its original application for authority to provide service. That information is, therefore, already a matter of public record at the Kentucky Public Service Commission, and Parties respectfully request that it be incorporated by reference herein.

**B. CityNet Telecommunications, Inc. ("CityNet")**

CityNet is a privately-held Delaware corporation headquartered in Silver Spring, Maryland. Since beginning operations in 2000, sixteen city governments across the U.S. and two in Europe have granted CityNet the right to build dark fiber networks and point-to-point dark fiber connections. These networks are typically constructed in the applicable city's sewer systems and water mains.

**II. NOTIFICATION OF TRANSFER OF CONTROL**

Universal Access notifies Kentucky Public Service Commission that the proposed transaction will result in CityNet acquiring 55% ownership interest in UAXS. The transaction includes an acquisition of previously unissued shares of UAXS's common stock that will total 55% of the outstanding common stock on a fully-diluted basis (with any options and warrants having an exercise price in excess of \$1.00 being excluded from the calculation of "fully

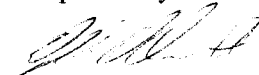
outstanding," subject to CityNet's right to receive compensating shares in the event that any of these options or warrants are subsequently exercised).<sup>1</sup>

The transaction will result in CityNet holding a controlling ownership interest in UAXS and, thus, indirectly, in Universal Access. Universal Access emphasizes that the transfer of control described herein will not involve a change in the name under which Universal Access currently operates nor any change in the manner in which Universal Access currently offers service in the State of Kentucky. Immediately following the proposed transaction, Universal Access will continue to offer the services it currently offers with no change in the rates, terms, or conditions of service. Thus, the transfer of control to CityNet will be transparent to Universal Access's customers in the State of Kentucky in regards to the service they receive. A chart showing this transaction is attached hereto as Exhibit A.

### **III. PUBLIC INTEREST CONSIDERATIONS**

The proposed transaction will serve the public interest in promoting competition among telecommunications carriers by providing Universal Access with the opportunity to strengthen its competitive position by strengthening its balance sheet and gaining access to CityNet's business and managerial expertise. The enhanced liquidity provided by the transaction will significantly enhance Universal Access's operational flexibility and efficiency as well as its long-term financial viability. The proposed transaction will directly benefit Kentucky consumers by ensuring the continued provision of innovative, high-quality telecommunications services to the public and thereby promoting competition in the Kentucky telecommunications service market.

Respectfully submitted,



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<sup>1</sup> In addition to paying UAXS \$16 Million, (a) CityNet will transfer to Universal Access ownership of certain fiber optic network assets located in Indianapolis, Indiana and Albuquerque, New Mexico and (b) Universal Access will assume a \$2 Million debt obligation to a third party.

**EXHIBIT A**  
**CHART OF PROPOSED TRANSACTION**

Exhibit A  
UNIVERSAL ACCESS CITYNET STOCK PURCHASE

PRE-TRANSACTION

POST-TRANSACTION

