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STATE OF WASH.  
UTILITY AND TRANSPORTATION  
COMMISSION

November 30, 2009

**VIA OVERNIGHT DELIVERY**

Jeff Goltz  
Executive Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr., SW  
Olympia, Washington 98504-7250

Re: McLeodUSA Telecommunications Services, Inc. Notification of Change in  
Corporate Form, Name Change, and *Pro Forma* Reorganization

Dear Mr. Goltz:

On behalf of McLeodUSA Telecommunications Services, Inc. ("McLeodUSA"), this letter is to notify the Washington Utilities and Transportation Commission (the "Commission") of a change in corporate form for the company, 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, McLeodUSA intends to change its corporate forms by converting to a limited liability company. After the conversion, McLeodUSA will operate under the name McLeodUSA Telecommunications Services, LLC. Furthermore, McLeodUSA will participate in a *pro forma* intracorporate reorganization. The reorganization will not change the ultimate ownership or control of McLeodUSA's operations, or its corporate directors, officers, or managers, or its 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 will be transparent to the public.

By way of background, McLeodUSA is a wholly-owned indirect subsidiary of PAETEC Holding Corp ("PAETEC Holding"). PAETEC Holding is a publicly traded Delaware corporation (NASDAQ GS: PAET) headquartered in Fairport, New York. In Washington, McLeodUSA is authorized to provide resold intrastate interexchange services pursuant to the Commission's Order Authorizing Registration issued in Docket UT-961647, on January 22, 1997. Pursuant to supplemental orders issued in Docket UT-961647, on October 13, 1999, and September 27, 2000, McLeodUSA was classified as a competitive telecommunications company and its registration was amended to include switched intraexchange and interexchange telecommunications services and operator services. The company intends to undertake a change

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in corporate form whereby McLeodUSA will convert from an incorporated company to a limited liability company. McLeodUSA will operate under the name McLeodUSA Telecommunications Services, LLC, d/b/a PAETEC Business Services. It is important to note that, other than the change in corporate form and the benefits that will accrue therefrom, in all other respects, McLeodUSA will remain unaffected by the conversion to a limited liability company. Indeed, McLeodUSA will even retain its federal tax identification number and its own certifications.

In addition to the changes in corporate form, the company will undertake a *pro forma* corporate reorganization. Currently, McLeodUSA is held by PAETEC Holding through the McLeodUSA Inc. and McLeodUSA Holdings, Inc. subsidiaries. A diagram of the pre-reorganization structure of the company showing those entities are attached as Exhibit A. The company intends to execute a *pro forma* corporate reorganization whereby McLeodUSA will become an indirect wholly-owned subsidiary of PAETEC Holding under the PAETEC Corp. and PAETEC Communications, Inc. subsidiaries, rather than through its current intervening parent company. McLeodUSA Inc. will be collapsed into PAETEC Holding Corp., and McLeodUSA Holdings, Inc.'s stock will be contributed to PAETEC Communications, Inc. PAETEC Communications, Inc. is authorized in Washington to operate as a reseller of intrastate long distance telecommunications services pursuant to authorization issued in Docket No. UT-981301. There will be 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 will not result in a transfer of control of McLeodUSA because the ultimate parent of the company, *i.e.*, PAETEC Holding, will remain the same. Furthermore, the day-to-day operations of the company will continue to be managed by the same personnel, and the transaction will not affect McLeodUSA's 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 company's subscribers. Consequently, the transaction is consistent with the public interest, and will promote competition among telecommunications carriers in the state.

McLeodUSA expects that the transaction will occur by the end of the year, and will be effective as of December 31, 2009.

An original and one (1) extra copy of this notification letter are enclosed. Kindly date-stamp the extra copy of this filing, and return it to us in the enclosed self-addressed stamped

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envelope. Should you have any questions with respect to this matter, please do not hesitate to contact the undersigned at (202) 344-8065.

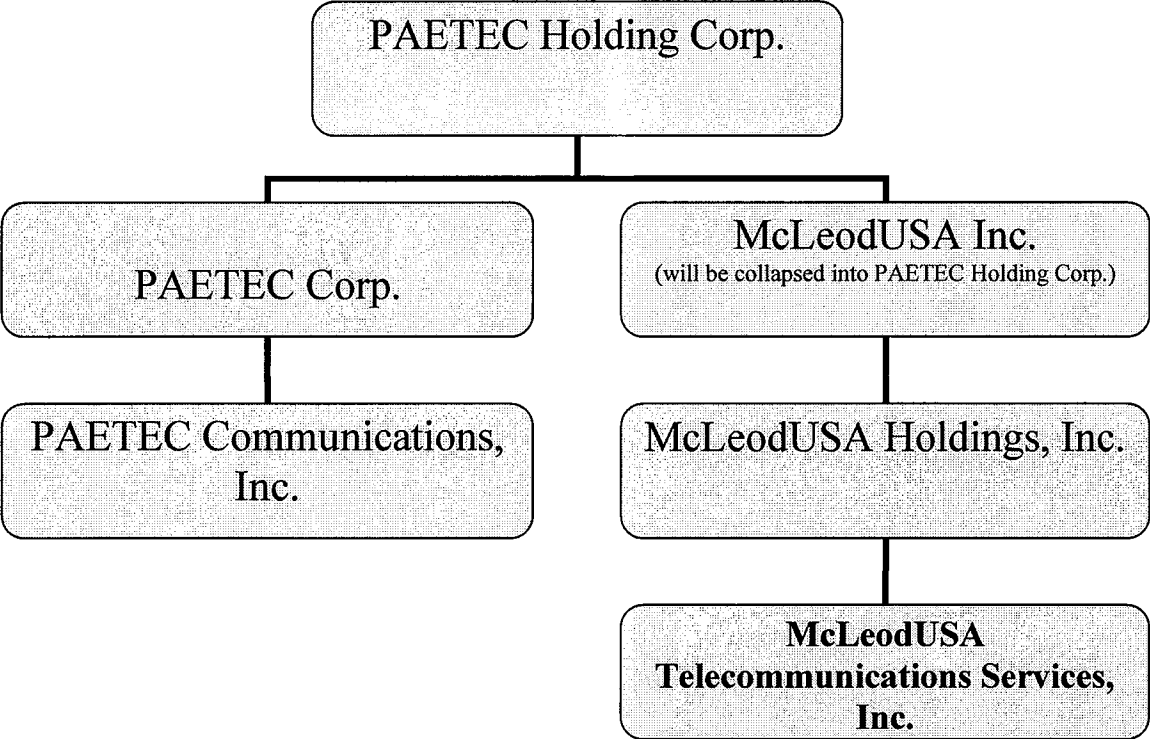
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tony S. Lee", with a long horizontal flourish extending to the right.

Tony S. Lee  
Mikhia E. Hawkins

Counsel for McLeodUSA Telecommunications  
Services, Inc.

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



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

