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May 24, 2013

**Via E-Filing**

Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
Capital Building, 1st Floor  
500 East Capital Avenue  
Pierre, South Dakota 57501-5070

Re: Notification Regarding a Pro Forma Intra-Corporate Transaction

Dear Ms. Van Gerpen:

McLeodUSA Telecommunications Services, LLC, PAETEC Communications, Inc., Windstream Communications, Inc., Windstream KDL, Inc., Windstream Norlight, Inc., Windstream NTI, Inc. (collectively, "Windstream Licensees") and Windstream Corporation ("Windstream" and, together with Windstream Licensees, the "Parties"), by undersigned counsel, hereby notify the Commission of a *pro forma* intra-corporate transaction (the "Transaction") that will insert a new holding corporation, Windstream Holdings, Inc. ("WHI"), into the ownership chain above Windstream (the current parent holding company of the Windstream Licensees). It is the Parties' understanding that approval is not required for the *pro forma* Transaction described herein. Accordingly, the Parties submit this letter for informational purposes only to ensure the continuing accuracy of the Commission's records.

Windstream Corporation, a Delaware corporation headquartered at 4001 Rodney Parham Road, Little Rock, Arkansas 72212, (501) 748-7000, is a publicly traded (Nasdaq: WIN) S&P 500 diversified communications and entertainment company. Windstream's subsidiaries provide local and long distance telephone services, data hosting services, broadband and high-speed data services and video services to customers throughout the United States.

In South Dakota, Windstream's regulated subsidiaries hold the following authorizations:

1. McLeodUSA Telecommunications Services, LLC is authorized to provide local exchange and interexchange services pursuant to Commission authority in Docket TC96-054.
2. PAETEC Communications, Inc. is authorized to provide interexchange service pursuant to Commission authority in Docket TC98-177.
3. Windstream Communications, Inc. is authorized to provide interexchange service pursuant to Commission authority in Docket TC05-222.
4. Windstream KDL, Inc. is authorized to provide local exchange and interexchange services pursuant to Commission authority in Docket TC08-039.

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5. Windstream Norlight, Inc. is authorized to provide interexchange service pursuant to Commission authority in Docket TC09-008.
6. Windstream NTI, Inc. is authorized to provide local exchange and interexchange services pursuant to Commission authority in Docket TC08-095.

After the Transaction is undertaken, the Windstream Licensees will remain well-qualified to provide service to their customers, and their operations will continue to be overseen by the same well-qualified Windstream management team with substantial telecommunications experience and technical expertise.

The *pro forma* Transaction will involve the insertion of a new holding corporation, Windstream Holdings, Inc., in the ownership chain above Windstream (the current parent holding company of the Windstream Licensees). The Transaction will occur in three steps. In Step 1, Windstream will form a wholly owned subsidiary, Windstream Holdings, Inc., which will be a Delaware corporation; in Step 2, Windstream Holdings, Inc. will form a wholly owned subsidiary, Mergerco, which will be a Delaware corporation; in Step 3, Mergerco will merge with and into Windstream, with Windstream as the surviving corporation and a wholly owned subsidiary of Windstream Holdings, Inc. (See Exhibit A for a chart illustrating the Transaction.)

As a result of the Transaction, there will be a new publicly traded holding company at the top of the ownership chain. At the time of the Transaction, the existing shares of Windstream stock (which are publicly traded) will be converted into shares of WHI stock on a one-for-one basis. Thus, the existing shareholders of Windstream will continue to be the shareholders of WHI after the Transaction takes place, in the same amounts and percentages as they hold prior to the Transaction. The Transaction will not result in any change in the ultimate beneficial ownership of the Windstream Licensees; current Windstream shareholders will continue to hold the same level of indirect ownership in the Windstream Licensees as they did prior to the Transaction, albeit through a new holding company. As such, the Transaction is purely *pro forma* in nature.

The proposed reorganization of Windstream's corporate structure will provide the company with greater flexibility for future equity and debt transactions, which will increase its access to capital and benefit the Windstream Licensees and their customers. After the Transaction, Windstream (as a second tier company) will be the legal successor of the current parent company's existing obligations, including debt.<sup>1</sup> These changes will give WHI more flexibility to structure future transactions so as to obtain the most favorable tax and accounting treatment. These corporate structure changes will increase the overall company's efficiency and make it more attractive to potential creditors, which should improve its access to debt and equity capital. This, in turn, will enable both the holding company and its operating subsidiaries to keep their cost of capital low.

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<sup>1</sup> The Transaction will neither increase nor decrease any outstanding obligations of the Windstream Licensees.

Patricia Van Gerpen, Executive Director  
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This letter has been filed via the Commission's e-filing system. Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jeffrey R. Strenkowski". The signature is written in a cursive style with a horizontal line at the end.

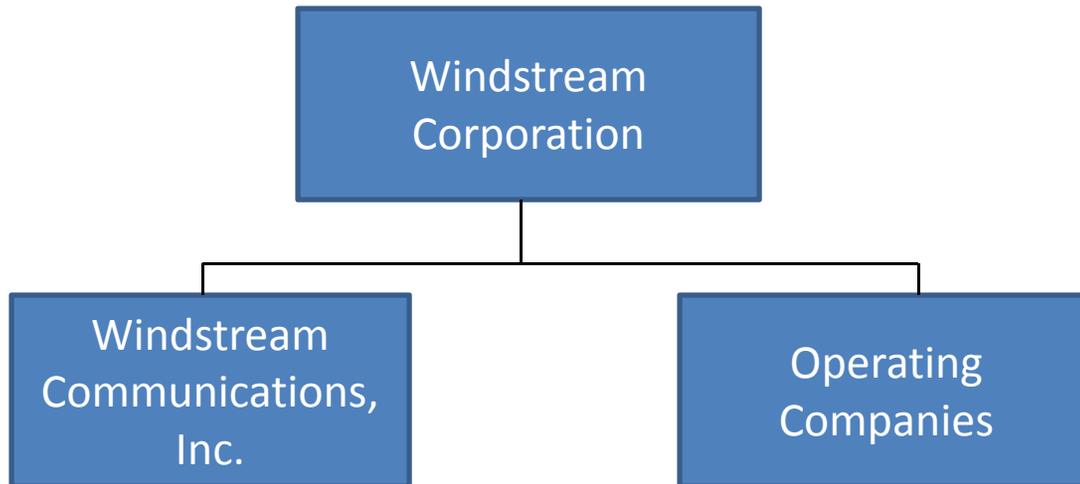
Jean L. Kiddoo  
Jeffrey R. Strenkowski

Counsel for the Parties

**EXHIBIT A**

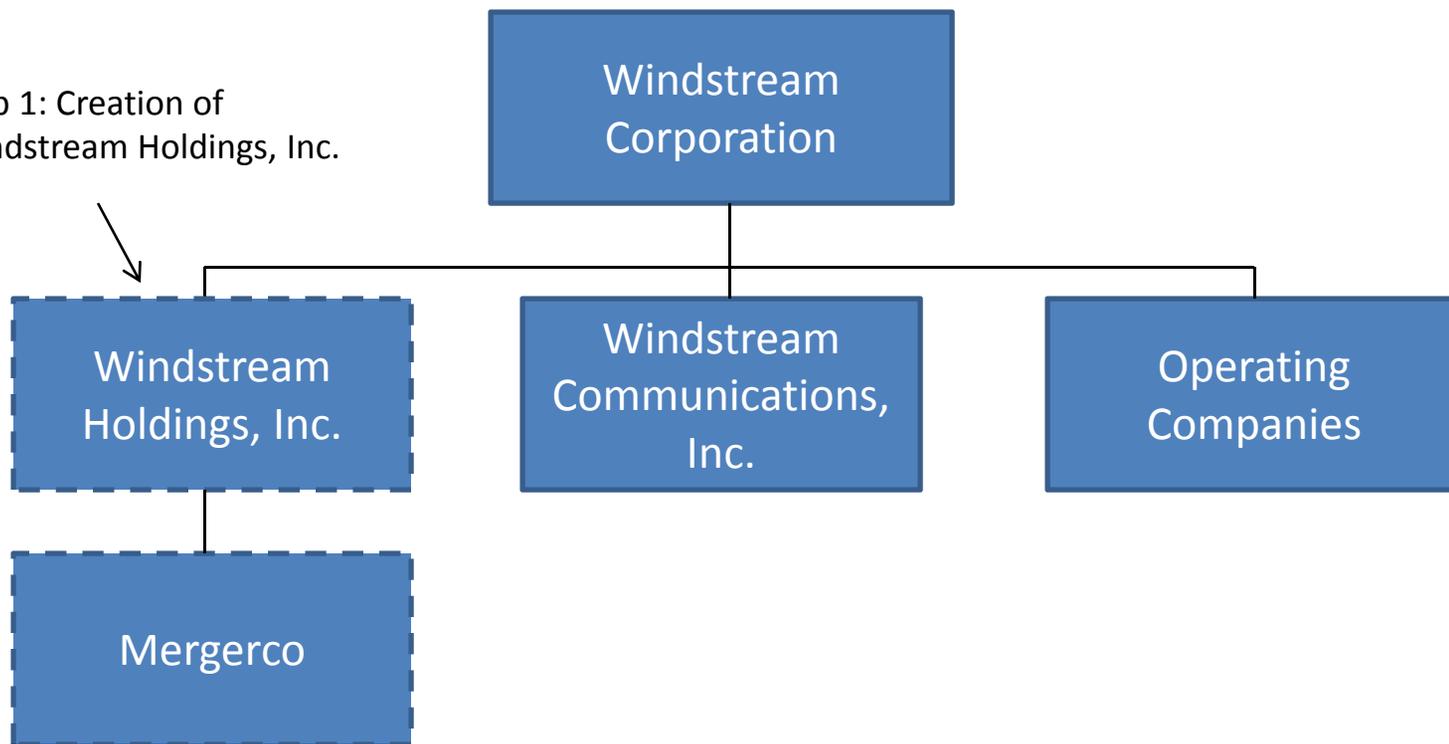
**Corporate Organizational and Transactional Charts**

# Current Corporate Structure



## Steps 1 and 2

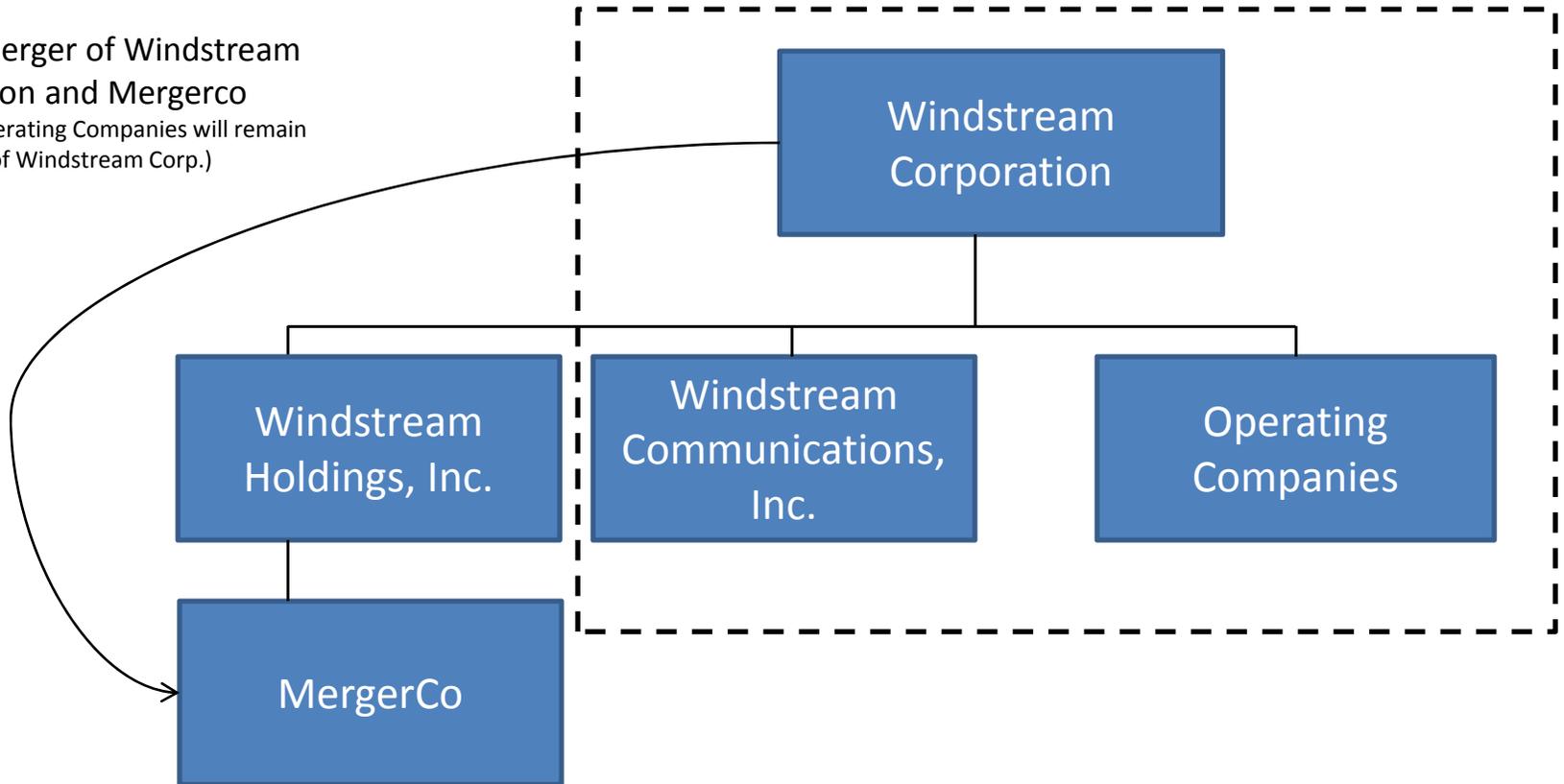
Step 1: Creation of  
Windstream Holdings, Inc.



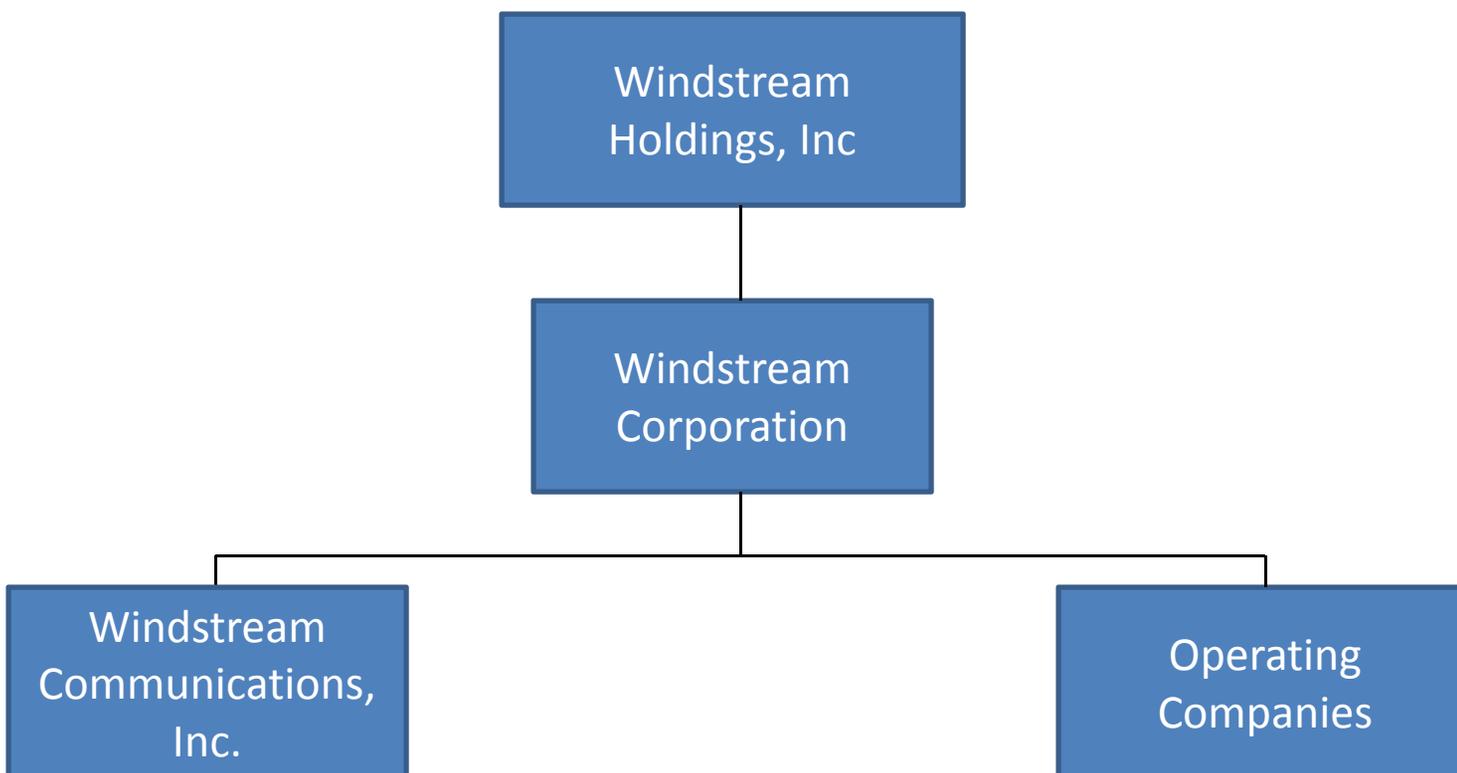
Step 2: Creation of  
Mergerco

## Step 3

Step 3: Merger of Windstream Corporation and Mergerco  
(WCI and Operating Companies will remain subsidiaries of Windstream Corp.)



## Resulting Corporate Structure

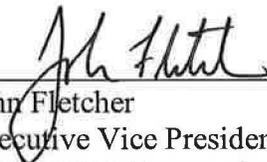


STATE OF ARKANSAS  
COUNTY OF PULASKI

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§     SS:  
§

**VERIFICATION**

I, John Fletcher, state that I am Executive Vice President, General Counsel and Secretary of Windstream Corporation and its party subsidiaries (the “Windstream Companies”); that I am authorized to make this Verification on behalf of the Windstream Companies; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
John Fletcher  
Executive Vice President & General Counsel  
Windstream Corporation

Sworn and subscribed before me this 23 day of May, 2013.

  
\_\_\_\_\_  
Notary Public

My commission expires

