

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE
April 24, 2007

IN RE:

**PETITION OF GLOBAL TEL*LINK CORPORATION
FOR APPROVAL OF ISSUANCE OF DEBT AND
RELATED FINANCING TRANSACTIONS**

)
)
)
)
)

**DOCKET NO.
07-00033**

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Sara Kyle, Director Eddie Roberson and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on February 5, 2007 for consideration of the *Petition* filed by Global Tel*Link Corporation ("GTL" or "Petitioner") requesting authority to participate in certain debt issuance finance arrangements.

Background

GTL is a Delaware Corporation with offices located in Mobile, Alabama. GTL is authorized to provide interstate and international telecommunications services by the Federal Communications Commission ("FCC"), and holds authorization to provide competitive telecommunications services in most states. GTL specializes in the provision of payphone and inmate only services. In Tennessee, GTL is authorized to provide operator services, resold interexchange telecommunications services and Customer Owned Coin/Coinless Operated Telephone ("COCOT") services pursuant to Authority Orders in Docket Nos. 94-01256 and 95-03925.

GTL is a wholly-owned direct subsidiary of GTEL Holdings, Inc. ("Holdings"), a privately-held Delaware corporation. Holdings is owned by a private equity fund managed by The Gores Group, LLC, and another group of private equity funds managed by Goldman Sachs.

The *Petition*

On January 19, 2007, GTL filed its *Petition* requesting Authority approval to borrow up to \$220,000,000. On January 22, 2007, the Petitioner filed a supplement to the *Petition* increasing the amount requested to be approved from \$220,000,000 to \$250,000,000. On January 26, 2007, GTL filed an amendment to its *Petition* adding TCG Public Communications, Inc. a/k/a GTL Public Communications, Inc. (“TCG”) as a co-petitioner. On January 31, 2007, GTL filed a second amendment to the *Petition* removing TCG as a co-petitioner.

GTL seeks approval to act as a borrower in certain new senior secured and long term debt arrangements with Credit Suisse Securities (USA) LLC. GTL asserts that the proposed transactions will replace its outstanding credit facilities, allow it to obtain long term credit on favorable terms, and substantially increase its ability to expand its operations in Tennessee. GTL also states that the proposed transactions will be entirely transparent to existing GTL customers because the transactions do not create any new owners of GTL, will not affect the day to day management of GTL, and will not affect the rates, terms and conditions of the services GTL provides. In a Data Response received on January 24, 2007, the Petitioner stated that it has assets in Tennessee and intends to pledge said assets as collateral for the debt issued.

The February 5, 2007 Authority Conference

Tenn. Code Ann. § 65-4-109 (2004) states:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

At a regularly scheduled Authority Conference held on August 7, 2006, the panel voted unanimously to approve the *Petition*, as supplemented, and made the following findings:

1. That the proposed financing agreement is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004);

2. That the transaction is being made in accordance with laws enforceable by this agency;
and

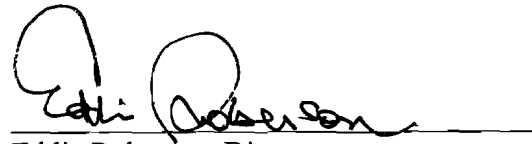
3. The purpose of this transaction is in the public interest because it will provide the Petitioner with the financial resources necessary to compete effectively with other service providers in Tennessee.¹

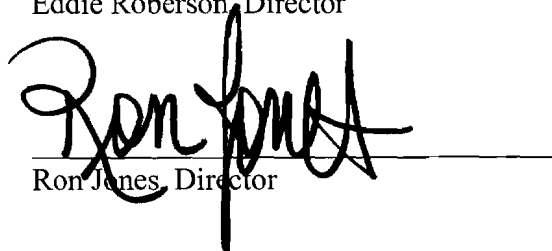
IT IS THEREFORE ORDERED THAT:

1. Global Tel*Link Corporation is authorized to enter into the financing transaction as described in the *Petition*, as supplemented, and discussed herein.

2. The authorization and approval given hereby shall not be used by any party for the purpose of inferring an analysis or assessment of the risks involved. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.


Sara Kyle, Chairman


Eddie Roberson, Director


Ron Jones, Director

¹ Director Jones made the following additional findings:

1. The proposed financing transaction is expected to affect the Tennessee assets of a Tennessee certificated entity.
2. Petitioners are in the process of filing similar petitions or notices in other states and have not filed for approval with any federal agency.
3. Tennessee has a legitimate interest in monitoring the integrity of the competitive marketplace which includes obtaining information on the financial transactions and fitness of certificated telecommunications carriers.
4. The burden of compliance with Tenn. Code Ann. §65-4-109 (2004) is minimal as such compliance should be perfunctory given the telecommunications industry's movement to a competitive environment.