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October 14, 2008

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**VIA ELECTRONIC MAIL AND
OVERNIGHT MAIL**

Ms. Sharla Dillon, Docket Room Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Docket No. 08-00174: *Joint Petition of Global Tel*Link Corporation and GTEL Holdings, Inc. for Approval of Merger and Transfer of Control to GTEL Acquisition Corp. and for Approval of Issuance of Debt and Related Financing Transactions*

Dear Ms. Dillon:

I am responding to the October 13, 2008 letter from Jerry Kettles to Mr. Lance J.M. Steinhart concerning Data Request No. 2 in the above-referenced proceeding. The following information responds to that request.

1. *The Joint Petition indicates that Global Tel*Link ("Global") will continue to provide service under the terms and conditions of its tariff. Will the transfer of control and financing transaction lead to a change in the rates charged by Global?*

RESPONSE: We do not expect to raise rates as a result of the control and financing transaction.

2. *Indicate the purpose of the requested financing transaction.*

RESPONSE: The purpose of the financing is to support the purchase and general corporate needs of Global. The financing transaction will involve term loan and revolver components. The term loan financing is intended to provide financing to acquire the holding corporation of Global. The revolver is intended to provide short term liquidity for Global as needed and to support the growth and working capital needs of the Company.

3. *Provide a description of the rates and terms of the requested financing transaction.*

RESPONSE: The financing transaction will consist of total indebtedness not exceeding \$340 million, which consists of: a \$25 million revolving credit facility,



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which will be unfunded at closing; a \$165 million term loan facility; a \$45 million letter of credit facility, which will be collateralized with cash; and an additional \$105 million of unsecured senior subordinated notes. The term loan will bear an interest rate of either adjusted London Interbank Offered Rate ("LIBOR") plus 5% per annum or an Alternate Base rate plus 5% per annum, at the election of GTEL Merger Corp. The default rate is the applicable interest rate plus 2% per annum. The term is six years from the date of closing of the financial transaction. The unsecured senior subordinated notes will bear interest at a rate of 10% per year in cash and 3% per year in additional notes. The term of the subordinated notes is seven years from the date of closing of the financial transaction.

Enclosed please find four copies of this response along with an electronic file. Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Bennett L. Ross", written over a horizontal line.

Bennett L. Ross

BLR:rw

cc: Jerry Kettles, Chief, Economic Analysis & Policy Division
Lance J.M. Steinhart, Esquire

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