

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

April 17, 2009

IN RE:)	
)	
PETITION OF AMERICATEL CORPORATION,)	
MATRIX TELECOM, INC. AND STARTEC)	DOCKET NO.
GLOBAL OPERATING COMPANY FOR)	09-00010
APPROVAL TO PARTICIPATE IN CERTAIN)	
FINANCING ARRANGEMENTS)	

ORDER APPROVING FINANCING TRANSACTIONS

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on March 30, 2009 for consideration of the *Petition* filed on January 16, 2009 by Americatel Corporation ("Americatel"), Matrix Telecom, Inc. ("Matrix"), and Startec Global Operating Company ("Startec") (Americatel, Matrix, Startec collectively "Petitioners") for approval to participate in certain financing arrangements.

Americatel is authorized to provide resell telecommunications services in Tennessee pursuant to Authority Order in Docket No. 98-00065 issued on February 2, 1999. Americatel provides international and domestic facilities-based and resold long distance services, including "dial around" casual calling (i.e., 1010XXX) service and presubscribed 1+ calling services, in each of the forty-eight contiguous states.

Matrix is authorized to provide facilities-based and/or resold competitive local exchange telecommunications service in Tennessee pursuant to Authority Orders in Docket No. 07-00003

issued on May 22, 2007, and Docket No. 05-00083 issued on June 30, 2005, respectively, and resold interexchange telecommunications service by action of the Authority in Docket No. 95-03215 on October 13, 1995. Matrix is also authorized to provide facilities-based and/or resold interexchange and/or competitive local exchange telecommunications services in all fifty states and the District of Columbia.

Startec is a wholly-owned direct subsidiary of Startec Global Communications Corporation (“SGCC”), and is authorized to provide resold telecommunications services in Tennessee pursuant to Authority Order in Docket No. 07-00104 issued on July 10, 2007. Startec also provides long distance, internet, and other communications services to persons and businesses residing in forty-nine states (all except Alaska) and the District of Columbia, and through affiliates, in Canada.

THE PETITION

The Petitioners request the Authority’s approval to participate in certain financing arrangements, whereby the Petitioners will grant a security interest in their assets to secure certain long-term debt obligations consisting of a senior secured second lien facility and a senior secured third lien facility. The *Petition* asserts that Petitioners intend to borrow these obligations under guarantee.

The Petitioners have executed several credit agreements and related transaction documents that will establish long-term financing arrangements to provide for working capital, financing capital expenditures, refinancing existing indebtedness, and for other general corporate purposes. The *Petition* states the financing arrangements are expected to consist of: (1) a senior secured second lien facility in an aggregate principal amount to be determined based on market conditions, currently expected to be up to \$40 million (the “Second Facility”); and (2) a senior secured third lien facility in an aggregate principal amount to be determined based on market conditions, currently expected to be

up to \$40 million (the “Third Facility”). The proceeds of loans under both facilities will be used to refinance certain existing indebtedness and for other permissible general corporate purposes.

The *Petition* notes that all obligations under the Second and Third Facilities will be guaranteed by the Petitioners, subject to certain exceptions to be determined. The Second and Third Facilities will also be secured by substantially all of the assets of the Petitioners, subject to certain exceptions to be determined.¹

The *Petition* states that the proposed financing arrangements will not result in a change in the Petitioners’ management or in their day-to-day operations, nor will it affect the Petitioners’ current or expected operations in Tennessee. The financing arrangements will be entirely transparent to Tennessee consumers, and will not alter the rates, terms, and conditions under which the Petitioners provide service in Tennessee. The *Petition* further asserts the financing will provide the Petitioners with the opportunity to strengthen their financial position.

FINDINGS AND CONCLUSIONS

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

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 March 30, 2009, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing agreements are subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).

¹ The Second and Third Facility and related guarantees will be secured on a second and third priority basis, respectively, to an existing Senior First Lien Facility for which the Petitioners have previously obtained Authority approval. See *In re: Joint Petition of Matrix Telecom, Inc., Americatel Corporation, and Startec Global Operating Company for Approval of Certain Financing Arrangements and a Pro Forma Reorganization*, Docket No. 07-00213

2. The proposed financing transactions are being made in accordance with laws enforceable by this agency.

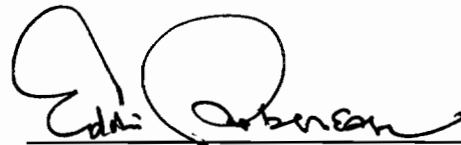
3. The proposed financing transactions are in the public interest because they will enable the Petitioners to refinance existing obligations, provide additional capital for capital expenditures and other corporate purposes.

IT IS THEREFORE ORDERED THAT:

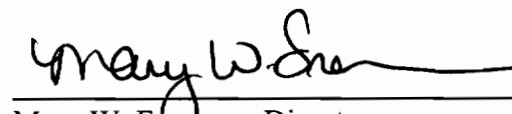
1. Americatel Corporation, Matrix Telecom, Inc., and Startec Global Operating Company are authorized to enter into the financing transactions as described in the *Petition*.

2. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risks involved.

3. 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.


Eddie Roberson, Chairman


Sara Kyle, Director


Mary W. Freeman, Director