

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 24, 2010

IN RE:

NOTICE OF PRIMUS TELECOMMUNICATIONS, INC.
AND LEAST COST ROUTING, INC. REGARDING A
TRANSACTION IN CONNECTION WITH THE PLANNED
CONSENSUAL FINANCIAL RESTRUCTURING OF PRIMUS
TELECOMMUNICATIONS GROUP, INCORPORATED

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DOCKET NO.
09-00094

ORDER APPROVING FINANCIAL RESTRUCTURING *NUNC PRO TUNC*

This matter came before Chairman Sara Kyle, Director Eddie Roberson 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 February 22, 2010 for consideration of the *Notice* filed on July 7, 2009 by Primus Telecommunications, Inc. ("PTI") and Least Cost Routing, Inc. ("LCR") for approval of a planned consensual financial restructuring ("Restructuring") under Chapter 11 of the Bankruptcy Code for the Parties' ultimate parent, Primus Telecommunications Group, Incorporated ("PTGI"). On January 13, 2010, PTI filed an amendment to the *Notice* to remove LCR as a petitioner as LCR had cancelled its certificate of convenience and necessity. In Tennessee, PTI is authorized to provide interexchange telecommunications services pursuant to an Order issued by the Tennessee Public Service Commission on February 20, 1996 in Case No. 95-03981.

THE RESTRUCTURING

According to the *Notice*, the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") held a confirmation hearing on the proposed Plan of Reorganization ("Plan") of PTGI and the affiliated holding company Debtors (not including the Parties) on June 12, 2009.

The Plan was confirmed, and PGTI and the other Debtors were to emerge from Chapter 11 by July 1, 2009. At the time of filing, equity ownership of parent company PTGI was widely dispersed so that no entity wielded legal (*de jure*) or actual control of PTGI. Pursuant to the Restructuring, the existing equity in PTGI will be extinguished, and certain note holders will exchange their debt for equity in the restructured PTGI. At the completion of the Restructuring, the Parties do not expect that any single entity or group of entities will obtain or hold a majority interest or the ability to exercise actual working control over PTGI (or indirectly over the Parties).

The *Notice* asserts that pursuant to the Restructuring, it is contemplated that approximately \$315 million, or over 50%, of the outstanding principal debt obligation of PTGI and affiliated non-operating companies, including Primus Telecommunications Holding, Inc. (“PTHI”), will be reduced. The Parties will continue to act as guarantors, and their assets will continue to be pledged as security for PTGI’s debt pursuant to existing term loans that will be amended as a result of the Restructuring. The amendment to the existing term loans will reflect terms more favorable to PTGI and the Parties and will not affect the services that customers receive.

This financial restructuring, including changes to parent company PTGI’s capital structure, will enable the Parties’ current operations to continue without interruption or any changes to the rates, terms and conditions of the services that their customers currently receive. The Restructuring only involves non-operating holding companies and will therefore be entirely transparent with respect to services provided to the Parties’ customers. The proposed transaction will not result in any transfer of the Parties’ operating authority, change to the Parties’ managerial and technical capabilities to provide services, or change to the day-to-day operations of the Parties.

FINDINGS AND CONCLUSIONS

The panel found that Tenn. Code Ann. § 65-4-113 applies to the Restructuring. Tenn. Code Ann. § 65-4-113(a) (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.


Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, which in pertinent part, states as follows:

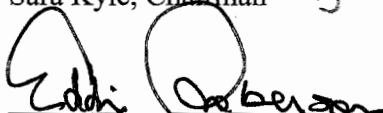
Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

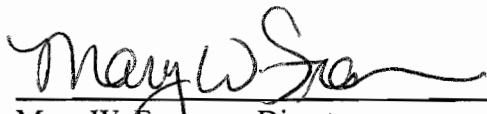
At a regularly scheduled Authority Conference held on February 22, 2010, the panel voted unanimously to approve the Restructuring *nunc pro tunc* after finding that the Restructuring is not expected to change the day-to-day operations of PTI and is expected to be transparent to customers.¹

IT IS THEREFORE ORDERED THAT:

The Restructuring of Primus Telecommunications, Inc., as set out in the *Notice* and discussed herein, is approved *nunc pro tunc*.


Sara Kyle, Chairman


Eddie Roberson, Director


Mary W. Freeman, Director

¹ The Authority typically conditions approval of a transfer of authority upon Federal Communications Commission ("FCC") approval of the transfer. The FCC approved the transfer in an order dated July 6, 2009. See DA 09-1502.