

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**December 30, 2009**

**IN RE:**

**PETITION OF PRIMUS TELECOMMUNICATIONS,  
INC. FOR APPROVAL TO PARTICIPATE IN A  
FINANCING ARRANGEMENT**

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**DOCKET NO.  
09-00182**

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**ORDER APPROVING FINANCING TRANSACTIONS**

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This matter came before Chairman Sara Kyle, Director Kenneth C. Hill 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 December 14, 2009 for consideration of the *Petition* filed on November 16, 2009 by Primus Telecommunications, Inc. ("PTI" or "Petitioner") for approval to participate in a debt arrangement. 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 PROPOSED FINANCING TRANSACTIONS**

Primus Telecommunications Holdings, Inc. ("PTHI"), the corporate parent of PTI proposes to issue secured notes ("Notes") to raise up to \$275 million. The Notes have a term of seven years, and the funds from the Notes will be used to replace and/or retire existing debt arrangements and for other general corporate purposes. According to the *Petition*, PTI will participate in the debt arrangement as a guarantor of the Notes, and the Notes will be secured by

liens on Petitioner's assets and a pledge of the capital stock of Petitioner held by its corporate parent.

The *Petition* states that the proposed financing transactions will not result in a change in Petitioner's management or in its day-to-day operations, nor will it adversely affect Petitioner's operations in Tennessee. The proposed financing arrangements will not cause a change in the control of PTI, nor will they alter the rates, terms and conditions under which PTI currently provides service in Tennessee. Immediately following the execution of the financing arrangements, the Petitioner will continue to provide service to its Tennessee customers with no change in the rates or terms and conditions of service as currently provided. According to the *Petition*, the financing arrangements will serve the public interest in promoting competition among telecommunications carriers by strengthening PTI's 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 December 14, 2009, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing transactions are subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
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 promote competition among telecommunications carriers in Tennessee by providing the Petitioner with the opportunity to strengthen its financial position.

**IT IS THEREFORE ORDERED THAT:**

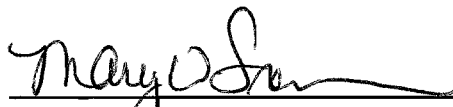
1. Primus Telecommunications, Inc. is authorized to enter into the financing transactions described in the *Petition*.

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.

  
Sara Kyle, Chairman

  
Kenneth C. Hill, Director

  
Mary W. Freeman, Director