

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

May 3, 2011

IN RE:

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

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DOCKET NO.
11-00026

ORDER APPROVING FINANCING ARRANGEMENT

This matter came before Chairman Mary W. Freeman, Director Eddie Roberson and Director Sara Kyle 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 28, 2011 for consideration of the *Petition* of Primus Telecommunications, Inc. ("PTI" or "Petitioner") filed on February 9, 2011. The Petitioner requests approval to participate in a financing arrangement in an aggregate principal amount up to \$240 million.

PTI is a Delaware corporation authorized to provide telecommunications services in forty-nine states and the District of Columbia. In Tennessee, PTI is authorized to provide interexchange telecommunications services pursuant to Authority Order issued on February 20, 1996 in Case No. 95-03981.

THE PETITION

Primus Telecommunications Holdings, Inc. ("PTHI"), the corporate parent of PTI, proposes to issue new secured notes ("Exchange Notes") that will be exchanged for its existing notes. The Exchange Notes will have a term of approximately eight years, and the funds from the Exchange 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 Exchange Notes. The Exchange Notes will also be secured by liens on the Petitioner's assets and a pledge of the Petitioner's capital stock held by its corporate parent.

The *Petition* states that the proposed financing transaction will not result in a change in the Petitioner's management or in its day-to-day operations, nor will it adversely affect the Petitioner's operations in Tennessee. The proposed financing arrangement will not cause a change in the control of PTI, nor will it alter the rates, terms and conditions under which PTI currently provides service in Tennessee. The February 18, 2011 Data Response states that no transfer of certificate, authorization, assets or customers will occur as a result of PTI's participation in the debt financing transaction.

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.

Based on the record, the panel voted unanimously to approve the financing transaction pursuant to Tenn. Code Ann. § 65-4-109 based on the following findings.

1. This financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109.
2. The transaction is being made in accordance with the laws enforceable by this agency.

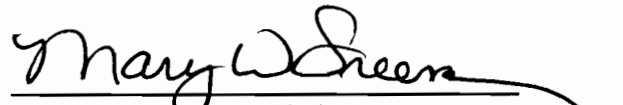
3. The purpose of this transaction is in the public interest because it will strengthen the Petitioner's ability to compete in the market for telecommunications services in Tennessee.

IT IS THEREFORE ORDERED THAT:

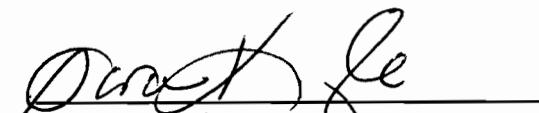
1. Primus Telecommunications, Inc. is authorized to enter into the financing arrangement described in the *Petition*.

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.


Mary W. Freeman, Chairman


Eddie Roberson, Director


Sara Kyle, Director