

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 15, 2011

IN RE:

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

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DOCKET NO.
11-00092

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Eddie Roberson, Director Kenneth C. Hill 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 July 11, 2011 for consideration of the *Petition* filed by Primus Telecommunications, Inc. ("Petitioner" or "Primus") requesting approval pursuant to Tenn. Code Ann. § 65-4-109 (2004) to participate in certain financing arrangements in an aggregate principal amount of up to \$244 million.

Primus is a Delaware corporation authorized to provide telecommunications services in 49 states and the District of Columbia. In Tennessee, Primus is authorized to provide interexchange telecommunications services pursuant to an Authority Order in Docket No. 95-03981 issued on February 20, 1996.

The *Petition*

Primus Telecommunications Holdings, Inc. ("PTHI"), the corporate parent of Primus, proposes to issue senior secured notes ("Exchange Notes") that will be exchanged for its outstanding existing notes. The Exchange Notes will have a term of approximately 6 years. 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*, Primus will participate in the debt arrangement as a

guarantor of the Exchange Notes and the Exchange Notes will be secured by liens on the Petitioner's assets.

The *Petition* states that the proposed financing transaction will not result in a change in Petitioner's management or in its day-to-day operations; nor will it adversely affect the Petitioner's operations in Tennessee. The *Petition* also notes that the proposed financing arrangement will not cause a change in the control of Primus and will not alter the rates, terms and conditions under which Primus currently provides service in Tennessee. The June 8, 2011 Data Response states that no transfer of certificate, authorization, assets or customers will occur as a result of its participation in the debt financing transaction.

The July 11, 2011 Authority Conference

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

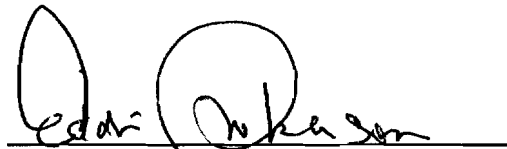
No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after 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 July 11, 2011, the panel voted unanimously to approve the *Petition* based on the *Petition* and responses to Data Requests and made the following findings:

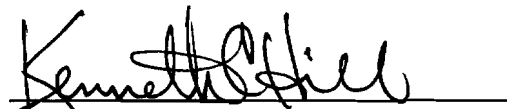
1. The proposed transaction is subject to approval pursuant to Tenn. Code Ann. § 65-4-109 (2004);
2. The proposed transaction is being made in accordance with the laws enforceable by the Authority; and
3. The purpose of the transaction is in the public interest because the transaction will promote competition among telecommunications carriers in Tennessee by allowing Primus with the opportunity to strengthen its financial position.

IT IS THEREFORE ORDERED THAT:

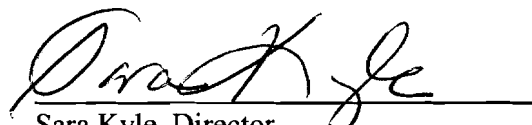
1. Primus Telecommunications, Inc. is authorized to enter into the financing transaction as described in the *Petition* and discussed herein.
2. The authorization and approval given hereby shall not be used by any party, including, but not limited to, any lending party, for the purpose of inferring an 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



Kenneth C. Hill, Director



Sara Kyle, Director