



Control Number: 25000



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25000

BINGHAM

Catherine Wang
Danielle Burt
Katie B. Besha

June 22, 2009

Via Overnight Delivery

James Galloway, Filing Clerk
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, Texas 78711-3326

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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

Dear Mr. Galloway:

Primus Telecommunications, Inc. ("PTI") and Least Cost Routing, Inc. ("LCR" and together the "Parties"), through undersigned counsel, hereby notify the Commission of a transaction in connection with a planned consensual financial restructuring ("Restructuring") under Chapter 11 of the Bankruptcy Code of the Parties' ultimate corporate parent, Primus Telecommunications Group, Incorporated ("PTGI").

Currently, equity ownership of PTGI is widely dispersed so that no entity wields legal (*de jure*) or actual (*de facto*) 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 in PTGI (or, indirectly, in the Parties).¹ Nonetheless, the Parties advise the Commission of this Restructuring.

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 holding companies, including Primus Telecommunications Holding, Inc. ("PTHI") (hereinafter, PTGI, PTHI and the other non-operating holding company debtors, will be referred to as the "Debtors") will be reduced.² In addition, interest

- Boston
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¹ The precise distribution of equity ownership of PTGI will not be known until PTGI emerges from bankruptcy. Upon emergence, the new entity will be predominantly owned by note holders who will exchange their debt for stock.

² On April 14, 2009, the Parties notified the Commission that PTGI and PTHI, the direct parent of PTI and the indirect parent of LCR, each filed a petition with the United States Bankruptcy Court for the District of Delaware to reorganize under Chapter 11. The Chapter 11

(Footnote Continued on Next Page.)

Bingham McCutchen LLP
2020 K Street NW
Washington, DC
20006-1806

T 202.373.6000
F 202.373.6001
bingham.com

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payments will be reduced by over 50% and certain debt maturities will be extended. The combination of these outcomes will dramatically improve the liquidity of the affected entities.

This purely financial Restructuring, including changes to 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.³

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 PTGI and the other Debtors will emerge from Chapter 11 by July 1, 2009. Any delay or other impediment to that process would be extremely detrimental to PTGI and the Parties.

In support, the Parties provide the following information:

(Footnote continued from Previous Page.)

cases are being jointly administered under the caption *In Re: Primus Telecommunications Group, Incorporated, et al., Debtors*, Case No. 09-10867 (KG).

³ The financial restructuring and related corporate transactions are essential aspects of the parent company's Plan of Reorganization and its emergence from Chapter 11 bankruptcy. Insofar as the proposed transactions are integral to the Plan being considered in the bankruptcy proceeding, there is no clear legal requirement for the Commission direct involvement in the approval of the parent company's reorganization and emergence from bankruptcy. This is particularly the case given the structure of this proceeding. First, the emergence from bankruptcy will not transfer control of the Parties since under the Plan no single shareholder will own a controlling interest in or exercise actual working control of PTGI. Second, this restructuring does not involve a sale of assets or assignment of customers or facilities to a third party purchaser and instead is merely a reorganization of the capital structure of the non-operating holding companies. Third, the financial restructuring will be complete at the holding company level and will not result in an increase in market share for the Parties post-emergence and will not otherwise affect service. Nonetheless, out of an abundance of caution and without prejudice as to their legal position in this matter, the Parties submit this letter. If the Commission decides to review this matter, the Parties request that such review be completed no later than July 1, 2009, to ensure that the Commission's review will not impede, or delay or otherwise jeopardize the successful emergence of the Debtors from bankruptcy.

I. DESCRIPTION OF THE PARTIES

A. Primus Telecommunications, Inc. ("PTI")

PTI is a corporation organized pursuant to the laws of the State of Delaware and maintains its principal offices at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102. PTI is authorized to provide interexchange telecommunications services in 49 states and the District of Columbia pursuant to certification, registration or tariff requirements, or on a deregulated basis. In addition, PTI holds competitive local exchange carrier authority in 8 states and the Commonwealth of Puerto Rico. PTI is also authorized by the Federal Communications Commission ("FCC") to provide interstate and international services as a non-dominant carrier.

In Texas, PTI is authorized to provide interexchange telecommunications services pursuant to Registration No. IX011059, issued on February 17, 1995. Information regarding PTI's legal, technical, managerial and financial qualifications have previously been submitted to the Commission and is therefore a matter of public record, and the Parties request that it be incorporated herein by reference.

B. Least Cost Routing, Inc. ("LCR")

LCR is a Florida corporation that maintains its principal offices at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102. LCR is authorized to provide interchange services in numerous states throughout the continental United States and is authorized by the FCC to provide interstate and international services as a nondominant carrier. LCR is a wholly owned subsidiary of TresCom International, Inc., a Florida corporation with the sole purpose of serving as a telecommunications holding company ("TresCom").

In Texas, LCR is authorized to provide interexchange telecommunications services pursuant to Registration No. IX010771, issued on January 5, 1995. Further information regarding LCR and the services it provides has previously been submitted to the Commission and is therefore a matter of public record, and the Parties request that it be incorporated herein by reference.

II. CONTACTS

Questions or any correspondence pertaining to this filing should be directed to the following:

Catherine Wang
Danielle Burt
Katie B. Besha
Bingham McCutchen LLP
2020 K Street, N.W.
Washington, DC 20006
(202) 373-6000 (Tel)

With copies to:
Legal Department
c/o John DePodesta
Primus Telecommunications, Inc.
7901 Jones Branch Drive, Suite 900
McLean, Virginia 22102
Tel: (703) 902-2800

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(202) 373-6001 (Fax)
catherine.wang@bingham.com
danielle.burt@bingham.com
katie.besha@bingham.com

III. DESCRIPTION OF THE TRANSACTION

On March 16, 2009, PTGI and certain of its non-operating holding company affiliates (not including the Parties) filed petitions with the Bankruptcy Court to reorganize under Chapter 11.³ The Debtors, along with certain secured creditors and note holders, have agreed on a proposed Plan, which, among other things, will materially improve the capital structure and liquidity of the company in order to ensure that its operating subsidiaries, including the Parties, will have access to sufficient financial resources needed to meet their working capital, debt service and capital expenditure needs. The financial Restructuring and consummation of the Plan will allow the Debtors to emerge from bankruptcy and eliminate approximately \$315 million of debt. Among other things, the Plan provides that (1) the common stock now held by the equity holders of PTGI will be extinguished as of the effective date of the plan and (2) certain note holders will receive new common stock of the reorganized PTGI in exchange for releasing their claims. Currently, the equity ownership of PTGI (and, indirectly, of the Parties) is widely held such that no entity wields legal, majority control or exercises actual working control over PTGI's voting stock. Following consummation of the Plan, it is expected that the reorganized PTGI's equity will also be held by diverse and unaffiliated entities, such that after the Plan is consummated, no entity is expected to hold legal majority control or actual working control of PTGI's voting stock.

Given that the proposed transaction only involves non-operating holding company entities, the Parties expect that the proposed transaction will be entirely transparent to their customers. The proposed transaction will not result in any transfer of the Parties' operating authority, change the Parties' managerial and technical capabilities to provide services, or change the day-to-day operations of the Parties. Furthermore, the Parties do not anticipate that the proposed transaction will have any effect on their rates, terms or conditions of service. As a result, the proposed transaction will not directly affect any end user customers of the Parties or the services they currently receive.

IV. PUBLIC INTEREST STATEMENT

The Parties submit that the financial Restructuring serves the public interest. In particular: (1) the Restructuring will enhance the financial strength of PTGI and therefore

³ See *Primus Telecommunications Group Incorporated, et. al.*, Debtors, Case Nos. 09-10867 (KG) through 09-10970 (KG), U.S. Bankruptcy Court (DE filed Mar. 16, 2009).

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of the Parties and (2) the Restructuring will benefit competition in the Texas telecommunications market by ensuring that the Parties remain viable competitors.

The Restructuring is primarily related to the capital structure and ultimate ownership of PTGI and will not affect the Parties' operations. The company that emerges from bankruptcy will be much stronger financially with significantly reduced debt. In addition, PTGI's improved financial position is expected to benefit the operations of the Parties. The continued vitality of PTGI and its operating companies after the completion of the bankruptcy will assure that the Parties will be positioned to continue to offer competitive services to the ultimate benefit to consumers.

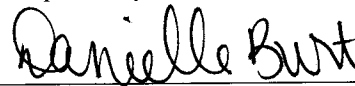
Moreover, the Restructuring will not adversely impact the Parties' customers because the Restructuring is not expected to adversely affect the Parties' managerial or technical capabilities or qualifications to provide service in Texas. The Parties' rates, terms and conditions of services will be unaffected by the Restructuring. Therefore, the Restructuring is expected to be transparent to the Parties' customers.

V. CONCLUSION

For the reasons stated above, the Parties respectfully submit that the public interest, convenience, and necessity would be furthered by the financial Restructuring of PTGI.

An original and three (3) copies of this letter are enclosed for filing. Also enclosed is a copy of the electronic filing confirmation. Please date-stamp the extra copy and return in the envelope provided. If there are any questions regarding this matter, please contact Danielle Burt at 202-373-6039.

Respectfully submitted,



Catherine Wang
Danielle Burt
Katie B. Besh
Bingham McCutchen LLP
2020 K Street, NW
Washington, DC 20006
(202) 373-6000 (Tel)
(202) 373-6001 (Fax)
catherine.wang@bingham.com
danielle.burt@bingham.com
katie.besha@bingham.com

Counsel for the Parties

LIST OF EXHIBITS

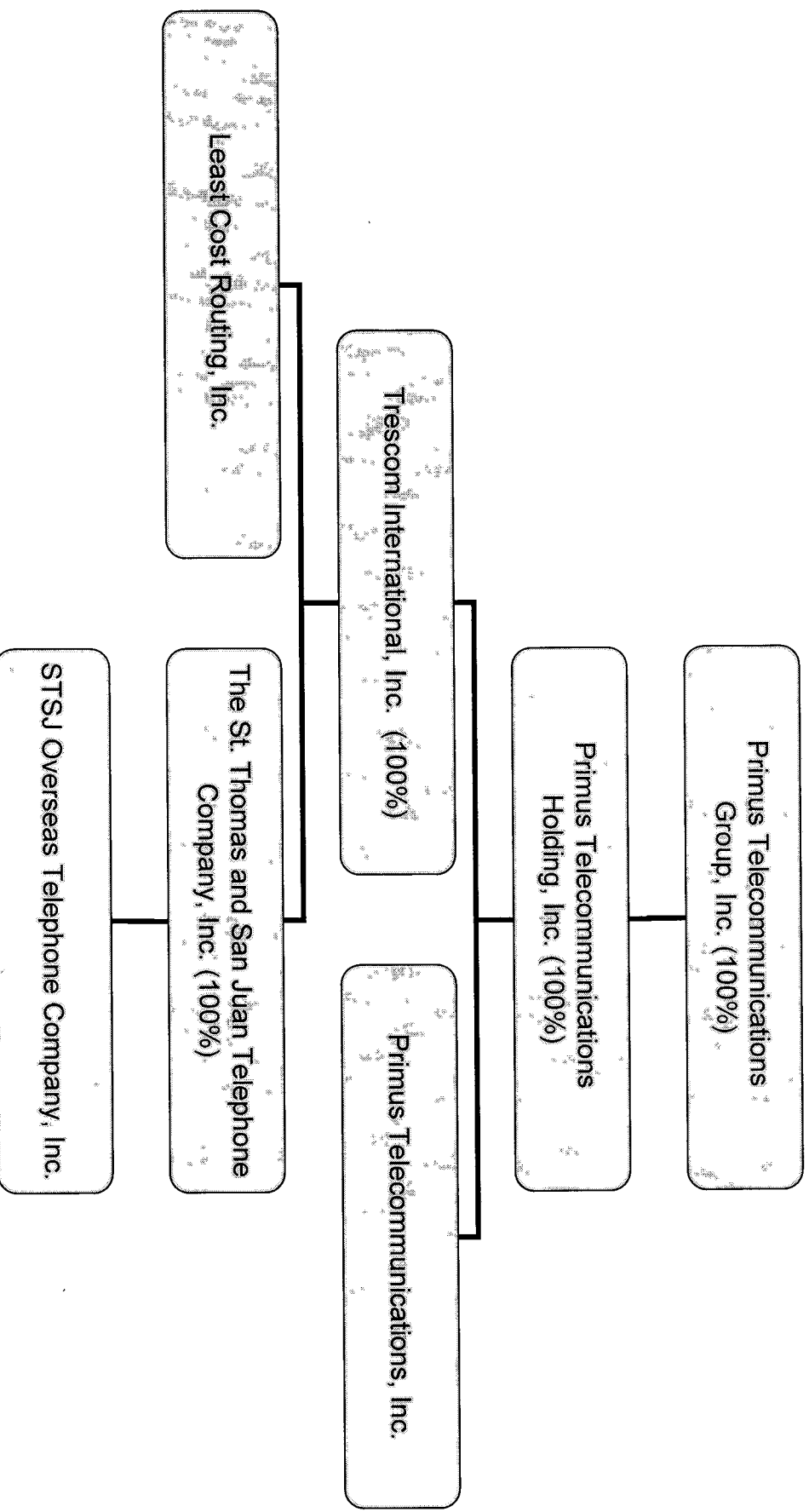
Exhibit A Illustrative Organizational Chart

Verification

EXHIBIT A

Illustrative Organizational Chart

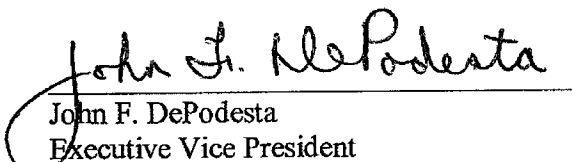
Pre-Restructuring & Post-Restructuring (no change)



Verification

I, John F. DePodesta, state that I am Executive Vice President of Primus Telecommunications Group, Incorporated, the parent of Primus Telecommunications, Inc. and Least Cost Routing, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 5th day of June 2009.



John F. DePodesta
Executive Vice President
Primus Telecommunications Group, Incorporated