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October 9, 2000

Ms. Helen C. Helton, Executive Director  
Kentucky Public Service Commission  
730 Schenkel Lane  
Post Office Box 615  
Frankfort, KY 40602

RECEIVED  
OCT 10 2000  
PUBLIC SERVICE  
COMMISSION

RE: Application for Authority to Transfer Ownership or Control of  
KDD America, Inc. to DDI Corporation

05153600

Dear Ms. Helton:

KDD America, Inc. ("KDDA") by its attorneys, hereby notifies the Kentucky Public Service Commission ("Commission") of the proposed transfer of control of KDDA to DDI Corporation ("DDI"). It is our understanding that under the circumstances set forth below, no formal approval of the Commission is required for this transaction.

KDDA, a New York corporation, is currently authorized to provide intrastate toll telecommunication services in Kentucky.<sup>1</sup> KDDA is currently authorized as a reseller of intrastate, interexchange telecommunications services in 31 states. It also is authorized by the Federal Communications Commission to resell interstate and international service.

DDI is a Japanese corporation providing primarily long distance telephone service in Japan. DDI also provides international telephone service, leased circuit service, and data services such as Internet access and frame relay.

On April 5, 2000, KDD, the ultimate corporate parent of KDDA and DDI executed a Merger Agreement ("Agreement"), whereby DDI will own all of the issued and outstanding stock of KDD, which in turn will own all of the issued and outstanding stock of KDDA. The transfer of control of KDDA to DDI is in the public interest. The addition of KDDA to DDI's other interests will enhance KDDA's ability to compete in the market for telecommunication services in Kentucky and elsewhere. After the transaction, KDDA will continue to operate as it has in the past, using the same names, tariff, and operating authority. DDI intends to retain all key KDDA personnel, including certain senior management personnel. Thus, the transfer of ownership or control will be transparent to, and have no adverse impact upon the KDDA customers. The benefit from increased economies of scale will permit KDDA to operate more efficiently and thus to compete more effectively.

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<sup>1</sup>KDDA was authorized by the Commission to provide intrastate telecommunications services as a reseller effective June 22, 2000 in Tariff Filing T61-0623.

EARLY, LENNON, PETERS & CROCKER, P.L.C.

Ms. Helton  
October 9, 2000  
Page 2

As a result of this transaction, KDDA will have access to the financial resources it needs to introduce new products and services and to respond to competition in the competitive telecommunications environment in Kentucky. Over time, consumers in Kentucky will benefit from a greater number of products and service options, as well as lower prices.

KDDA's address and telephone number will continue as follows:

KDD America, Inc.  
375 Park Avenue 7<sup>th</sup> Floor  
New York, NY 10152  
888-533-4649

Questions concerning this matter should be directed to Patrick D. Crocker at the address indicated below:

Patrick D. Crocker  
EARLY, LENNON, PETERS & CROCKER, P.L.C.  
900 Comerica Building  
Kalamazoo, MI 49007

Finally, please stamp the enclosed duplicate copy of this letter and return it to our firm using the self-addressed, stamped envelope provided.

Respectfully submitted,

KDD America, Inc.

By: \_\_\_\_\_

  
Patrick D. Crocker  
EARLY, LENNON, PETERS & CROCKER, P.L.C.  
Attorneys for KDDA

PDC/pas