



April 29, 2002

VIA CERTIFIED MAIL

Thomas Dorman
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

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PUBLIC SERVICE
COMMISSION

Dear Mr. Dorman:

The purpose of this letter is to advise you that Lightyear Holdings, Inc. and certain of its subsidiaries, including its operating subsidiaries, Lightyear Communications, Inc. and Lightyear Telecommunications LLC (collectively, "Lightyear"), filed a petition today under Chapter 11 of the United States Bankruptcy Code. Lightyear has reached agreement with its existing secured bank lenders to obtain debtor-in-possession financing to enable Lightyear to continue to operate while it seeks to examine all its strategic alternatives. Subject to Court approval, Lightyear has secured the right to use cash collateral from its bank lenders. While working on agreements with its secured bank lenders and other creditors, Lightyear intends to keep operating while it explores all alternatives, and will make every effort within its means to assure adequate customer notice in the event of a discontinuance of service.

Lightyear operates a telecommunications network that allows Lightyear to provide, among other things, long distance services, high-speed data services, competitive local and web and data hosting services to customers. *See*, Certificates of Authority issued in Case Nos. 96-316, 93-328 and T62-0649. In the Commonwealth of Kentucky, specifically, Lightyear provides telecommunications services to approximately 10,954 customers.

Lightyear, like so many carriers, has been affected by the problems besetting the entire competitive telecommunications industry. As with other competitive providers, the changed expectations of investors have resulted in a dramatic reduction in Lightyear's access to capital. It is hoped that Chapter 11 will give Lightyear the opportunity to reorganize its debt and capital structure under court supervision and, it is hoped, to obtain a buyer of its operations, thus enabling continued service to customers and competition in the marketplace.

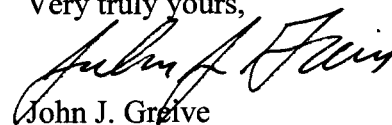
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LIGHTYEAR

Attached to this letter is a copy of a press release issued today. Further information can be found at <http://www.lightyearcom.com>. Lightyear will provide such notice or obtain such approval as may be required in connection with any resolution reached by Lightyear and its creditors.

If you would like to discuss this matter in greater detail, you may contact our outside regulatory counsel, William B. Wilhelm and Douglas D. Orvis II of Swidler Berlin Shereff Friedman, LLP. Mr. Wilhelm can be reached at (202) 424-7827; Mr. Orvis can be reached at 202-945-6941.

Very truly yours,



John J. Grøve
Vice President of Regulatory Affairs
and General Counsel

Lightyear Holdings, Inc.

Attachment

cc: William B. Wilhelm
Douglas D. Orvis II



Contact: G. Henry Hunt IV
Sr. Vice President
Lightyear Communications, Inc.
(502) 244-6666 (x1106)

FOR IMMEDIATE RELEASE

April 29, 2002

MEDIA STATEMENT

Lightyear Communications, Inc., Lightyear Telecommunications LLC and Lightyear Communications of Virginia, Inc., announced today that they filed voluntary petitions for reorganization under chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Western District of Kentucky, in Louisville. As part of the filing, Lightyear Holdings, Inc., the parent of the Lightyear operating entities, consented to entry of an order for relief in connection with the involuntary petition filed against Lightyear Holdings approximately 20 days ago.

Lightyear's management is committed to taking the actions necessary to ensure the viable businesses move forward, which maximize the value of their assets for the benefit of all its creditors.

Management does not believe that the filing of the voluntary petition will impact the daily operation of the Lightyear operating companies. With the help of its senior secured lenders, agents, primary vendors and other creditors, Lightyear Communications, Inc. intends to provide uninterrupted service to its nearly 200,000 business and residential customers as it works towards bringing its operating companies into a better cash position and make them stronger companies.

About Lightyear:

Lightyear Communications brings nearly 200,000 business and residential customers nationwide voice, data and Internet service to enhance their efficiency. As part of the Lightyear promise, the company offers first class sales consulting and customer service for cutting-edge products and services. Founded in 1993, Lightyear is a privately held company headquartered in Louisville, KY. To inquire about Lightyear's products or services, please visit its website at www.lightyearcom.com.