

# SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

THE WASHINGTON HARBOUR  
3000 K STREET, NW, SUITE 300  
WASHINGTON, DC 20007-5116  
TELEPHONE (202) 424-7500  
FACSIMILE (202) 424-7645  
WWW.SWIDLAW.COM

NEW YORK OFFICE  
THE CHRYSLER BUILDING  
405 LEXINGTON AVENUE  
NEW YORK, NY 10174  
TELEPHONE (212) 973-0111  
FACSIMILE (212) 891-9598

August 22, 2003

## VIA OVERNIGHT DELIVERY

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

**RECEIVED**

AUG 25 2003

**PUBLIC SERVICE  
COMMISSION**

RE: DSLnet Communications, LLC  
Notification of Minority Transfer of Control

Dear Mr. Dorman:

DSLnet Communications, LLC ("DSLnet"), through its undersigned counsel, hereby advises the Commission of a series of transactions through which (a) Deutsche Bank AG London ("Deutsche Bank") may obtain a substantial indirect minority interest in DSLnet and (b) DSLnet's current indirect majority investor VantagePoint Venture Partners ("VPVP") may relinquish its majority position. As described below, because the proposed transactions will be completed at the holding company level and will not change the rates, terms or conditions of DSLnet's services, the proposed transactions will be entirely transparent with respect to DSLnet's services. The transactions described below are expected to provide DSLnet and its corporate family with greater access to needed capital and to allow DSLnet to compete more effectively.

It is DSLnet's understanding that no approval is required to complete the proposed transactions.<sup>1</sup> This letter is therefore provided as a courtesy to the Commission to ensure the continuing accuracy of the Commission's records. Accordingly, DSLnet respectfully requests that the Commission retain this letter in the appropriate file and notify DSLnet if it believes further filings are required. Absent such notification within thirty (30) days, DSLnet will proceed under its understanding that no further filings are required with the Commission to complete the proposed transactions.

An original and ten (10) copies of this letter are enclosed. Please date stamp and return the enclosed extra copy in the self-addressed stamped envelope provided. Questions regarding

<sup>1</sup> See Administrative Case Nos. 359 and 370.

Thomas Dorman, Executive Director

August 22, 2003

Page 2

this filing may be directed to the undersigned.

DSLnet further states as follows:

**I. The Parties**

**A. DSLnet Communications, LLC (“DSLnet”)**

DSLnet is a limited liability company organized and existing under the laws of the State of Delaware with principal offices located in New Haven, Connecticut. DSLnet is a wholly owned subsidiary of DSL.net, Inc. (“Parent”), a publicly held Delaware Corporation also headquartered in New Haven. Parent is currently majority owned by VantagePoint Venture Partners, a family of affiliated private investor funds.<sup>2</sup> In Kentucky, DSLnet is authorized to provide interexchange and competitive local exchange service by virtue of tariffs filed with the Commission on February 11, 1999.

**B. Deutsche Bank AG London (“Deutsche Bank”)**

Deutsche Bank AG is incorporated as a German stock corporation with limited liability. Deutsche Bank AG London is the London branch of Deutsche Bank AG and is registered as a foreign company in England and Wales. Deutsche Bank AG is a widely held international financial service provider offering a broad range of first-class banking, account-keeping, cash and securities investment and asset management. Deutsche Bank AG files reports and other information that are available to the public with the US Securities and Exchange Commission under the US Securities Exchange Act of 1934, as amended.<sup>3</sup>

**II. Contact Information**

Questions or inquiries concerning this Request may be directed to:

---

<sup>2</sup> VPVP is comprised of four affiliated private investment funds: VantagePoint Venture Partners III (Q), L.P., VantagePoint Venture Partners III, L.P., VantagePoint Communications Partners, L.P. and VantagePoint Venture Partners 1996, L.P.

<sup>3</sup> SEC filings for Deutsche Bank may be found on-line at [http://ircontent.db.com/ir/fa.php?m=annual\\_sec\\_e.php&a=http://ircontent.db.com/dbaction/banner\\_ir.php?section=IRBERICHTE](http://ircontent.db.com/ir/fa.php?m=annual_sec_e.php&a=http://ircontent.db.com/dbaction/banner_ir.php?section=IRBERICHTE)  
E

Richard M. Rindler  
Edward S. Quill, Jr.  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, NW, Suite 300  
Washington, DC 20007-5116  
(202) 424-7500 (Tel)  
(202) 424-7645 (Fax)

### **III. Description of the Transactions**

Parent is in the process of completing a series of financing transactions (“Transactions”) which, if consummated, could result in an indirect minority transfer of control of DSLnet.<sup>4</sup> Specifically, in connection with an investment financing of approximately \$30 million, Parent has proposed, subject to shareholder and regulatory approvals, to issue to Deutsche Bank certain warrants through which Deutsche Bank could acquire more than 118 million shares of Parent’s common stock. In the event that such warrants are issued and exercised, Deutsche Bank would acquire an indirect minority interest of up to approximately 37% of DSLnet. In addition, although DSLnet’s current indirect majority shareholder, VPVP, will continue following such transactions to be a large minority shareholder, VPVP’s interest in Parent (and therefore indirectly in DSLnet) could be reduced below 50% by the exercise of such warrants. In order to complete the proposed series of Transactions, DSLnet has entered into a Purchase Agreement dated as of July 18, 2003 (“Purchase Agreement”).<sup>5</sup> A chart illustrating the proposed Transactions is provided in Exhibit A.

The proposed Transactions will not directly affect the rates, terms and conditions under which DSLnet provides service. All of the proposed Transactions are financial in nature and are being completed as part of an overall financing package of the DSLnet family of companies. Because DSLnet continues to have access to capital through its corporate Parent, the proposed Transactions are expected to allow DSLnet to become financially stronger and thereby be better positioned to operate in Kentucky. As a result, the Transactions will be entirely transparent to customers in terms of the services they receive.

### **IV. Public Interest Considerations**

DSLnet respectfully submits that the proposed Transactions serve the public interest. In particular, DSLnet submits that (1) the Transactions will increase competition in the Kentucky

---

<sup>4</sup> In addition to the issuance of warrants described herein, Deutsche Bank has also entered into certain debt financing arrangements. Such arrangements were completed solely at the Parent company level and do not involve any encumbrance or debt issuance by DSLnet. As a result, it is DSLnet’s understanding that no approval is required to complete such arrangements.

<sup>5</sup> A copy of the Purchase Agreement will be provided upon request.

Thomas Dorman, Executive Director

August 22, 2003

Page 4

telecommunications market by reinforcing the status of DSLnet as a viable competitor, and (2) the Transactions will be transparent to DSLnet's Kentucky customers in terms of the services that they receive.

The proposed Transactions are expected to facilitate competition in Kentucky by improving the financial position of DSLnet's corporate parent. In particular, the proposed Transactions are expected to provide Parent access to substantial additional capital which will allow Parent and DSLnet to ensure continuity of operation, expand the companies' operations as market conditions warrant and further refine their operations. All of these factors are expected to allow DSLnet to improve its position in the Kentucky market place and compete more effectively in Kentucky.

The proposed Transactions will not inconvenience or cause confusion to customers. The Transactions described herein will not affect DSLnet's current management structure or alter DSLnet's operations. The Transactions will not affect the rates, terms and conditions of the services that DSLnet currently provides. Indeed, from the customer's standpoint, the proposed Transactions will be entirely transparent.

**V. Conclusion**

For the reasons stated above, DSLnet respectfully submits that the public interest, convenience, and necessity would be furthered by the Transactions described herein. Questions regarding this filing may be directed to the undersigned.

Respectfully submitted,



Richard M. Rindler  
Edward S. Quill, Jr.

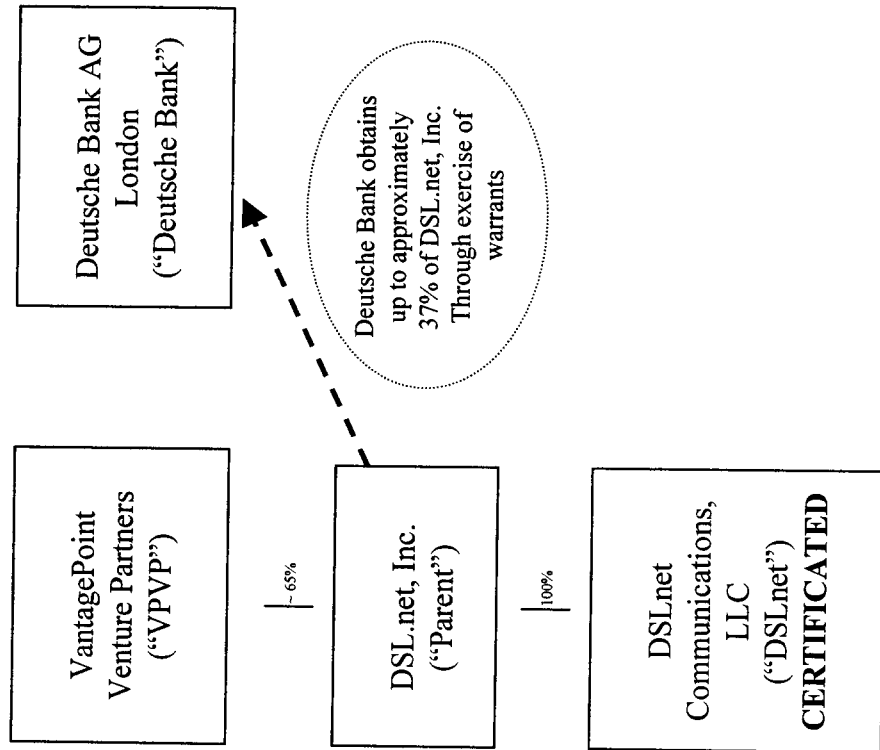
Counsel for DSLnet Communications, LLC

**Exhibit A**

**Illustrative Chart**

# Illustrative Chart

## Pre-Transaction



## Post-Transaction

