

Catherine Wang  
Danielle Burt  
Katie B. Besha

June 24, 2009

**Via Overnight Courier**

Elizabeth O'Donnell, Executive Director  
Kentucky Public Service Commission  
221 Sower Boulevard  
Frankfort, Kentucky 40602-8294

RECEIVED

JUN 25 2009

PUBLIC SERVICE  
COMMISSION

**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 Sir or Madam:

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").

In Kentucky, PTI is authorized to provide resold intrastate interexchange telecommunications services pursuant to authority granted in Case No. 95-442 on February 7, 1997 and LCR provides interexchange telecommunications services pursuant to its tariff filed on November 11, 1996. Information regarding PTI's and LCR's legal, technical, managerial and financial qualifications 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.

Currently, equity ownership of parent company 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). Nonetheless, the Parties advise the Commission of this Restructuring.

Boston  
Hartford  
Hong Kong  
London  
Los Angeles  
New York  
Orange County  
San Francisco  
Santa Monica  
Silicon Valley  
Tokyo  
Washington

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

T 202.373.6000  
F 202.373.6001  
bingham.com

A/73073104.1

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.<sup>1</sup> In addition, interest payments will be reduced by over 50% and certain debt maturities will be extended. The Parties also notify the Commission that they will continue to act as guarantors and their assets will continue to be pledged as security for PTGI's debt pursuant to existing term loans that will be amended as a result of the Restructuring. The amendment to the existing term loans will reflect terms more favorable to the PTGI and the Parties and will not affect the services that customers receive. The combination of these outcomes will dramatically improve the liquidity of the affected entities.

This purely financial Restructuring, including changes to parent company 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.<sup>2</sup> The proposed transaction will not result in any transfer of the Parties'

---

<sup>1</sup> 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 cases are being jointly administered under the caption *In Re: Primus Telecommunications Group, Incorporated, et al., Debtors*, Case No. 09-10867 (KG).

<sup>2</sup> 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's 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 notice. 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.

Elizabeth O'Donnell, Executive Director  
June 24, 2009  
Page 3

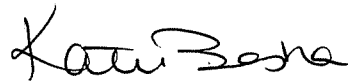
operating authority, change to the Parties' managerial and technical capabilities to provide services, or to change the day-to-day operations of the Parties.

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

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.

An original and ten (10) copies of this letter are enclosed for filing. Please date-stamp the extra copy and return it 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. Besha  
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*

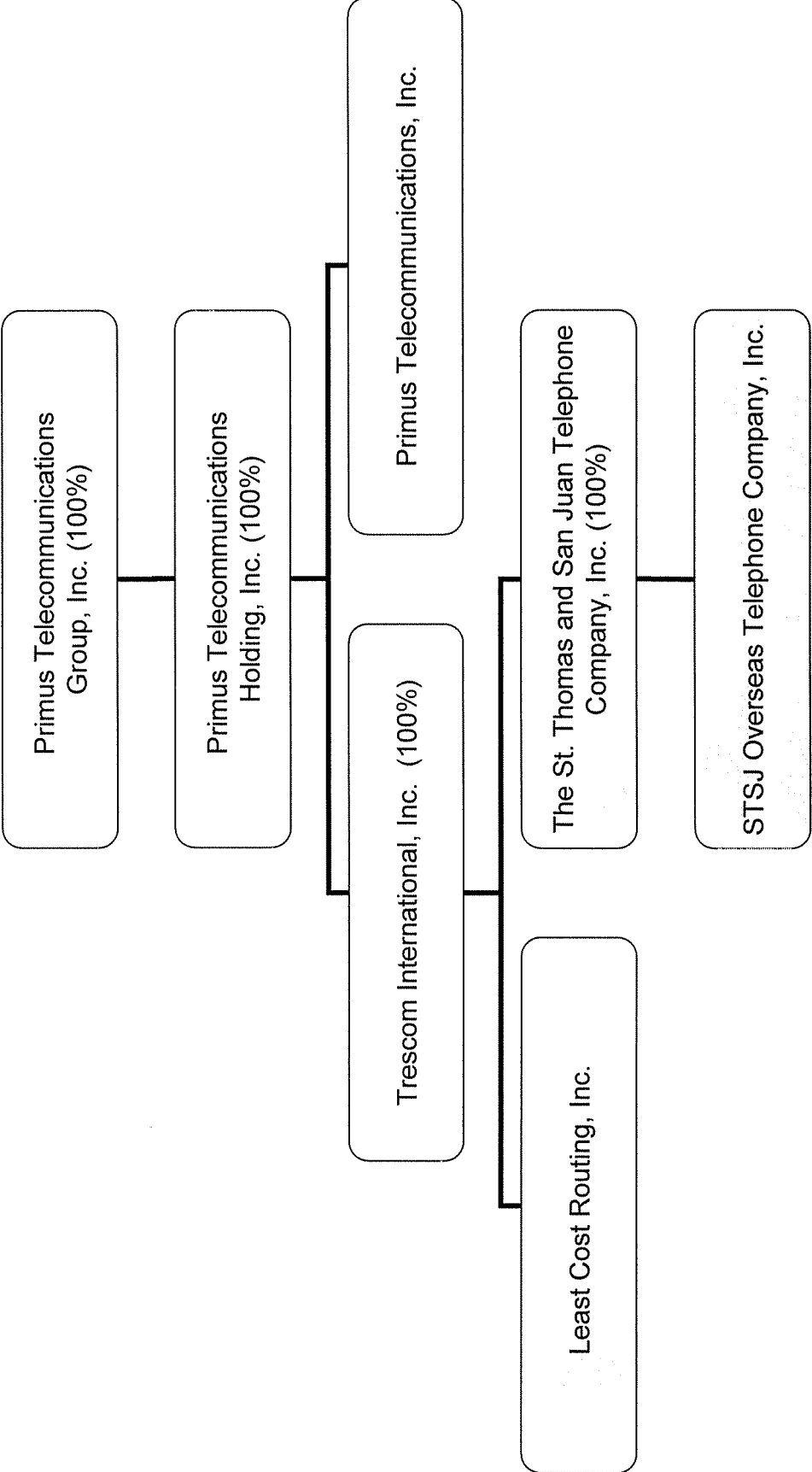
## **LIST OF EXHIBITS**

**Exhibit A     Illustrative Organizational Chart  
Verification**

**EXHIBIT A**

**Illustrative Organizational Chart**

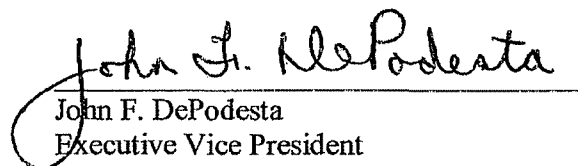
# Pre-Restructuring & Post-Restructuring (no change)



**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 5<sup>th</sup> day of June 2009.

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