

JUN 23 2009

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSIONCatherine Wang
Danielle Burt
Katie B. Besha

June 22, 2009

Via Overnight CourierPatricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Avenue
State Capitol Building, 1st Floor
Pierre, SD 57501**Re: Notice of Primus Telecommunications, Inc. Regarding a Transaction
in Connection with the Planned Consensual Financial Restructuring
of Primus Telecommunications Group, Incorporated**

Dear Ms. Van Gerpen:

Primus Telecommunications, Inc. ("PTI" or the "Party"), through undersigned counsel, hereby notifies the Commission of a transaction in connection with a planned consensual financial restructuring ("Restructuring") under Chapter 11 of the Bankruptcy Code of the Party's 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 Party does 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 Party).¹ Nonetheless, the Party advises 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

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 Party notified the Commission that PTGI and PTHI, the direct parent of PTI, each filed a petition with the United States Bankruptcy Court for the District of

(Footnote Continued on Next Page.)

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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 Party's 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 Party's 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 Party) 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 Party.

In support, the Party provides the following information:

(Footnote continued from Previous Page.)

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).

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'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 Party 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 Party 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 Party submits this letter. If the Commission decides to review this matter, the Party requests 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 PARTY

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 South Dakota, PTI is authorized to provide interexchange telecommunications services pursuant to Docket No. TC96-044, issued on August 14, 1996. 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 Party requests that it be incorporated herein by reference.

II. CONTACTS

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

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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

III. DESCRIPTION OF THE TRANSACTION

On March 16, 2009, PTGI and certain of its non-operating holding company affiliates (not including the Party) filed petitions with the Bankruptcy Court to reorganize under Chapter 11.³ The Debtors, along with certain secured creditors and note holders,

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).

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 Party, 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 Party) 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 Party expects that the proposed transaction will be entirely transparent to its customers. The proposed transaction will not result in any transfer of the Party's operating authority, change the Party's managerial and technical capabilities to provide services, or change the day-to-day operations of the Party. Furthermore, the Party does 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 Party or the services they currently receive.

IV. PUBLIC INTEREST STATEMENT

The Party submits that the financial Restructuring serves the public interest. In particular: (1) the Restructuring will enhance the financial strength of PTGI and therefore of the Party and (2) the Restructuring will benefit competition in the South Dakota telecommunications market by ensuring that the Party remains a viable competitor.

The Restructuring is primarily related to the capital structure and ultimate ownership of PTGI and will not affect the Party's 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 Party. The continued vitality of PTGI and its operating companies after the completion of the bankruptcy will assure that the Party will be positioned to continue to offer competitive services to the ultimate benefit to consumers.

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

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V. CONCLUSION

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

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,



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Counsel for the Party

LIST OF EXHIBITS

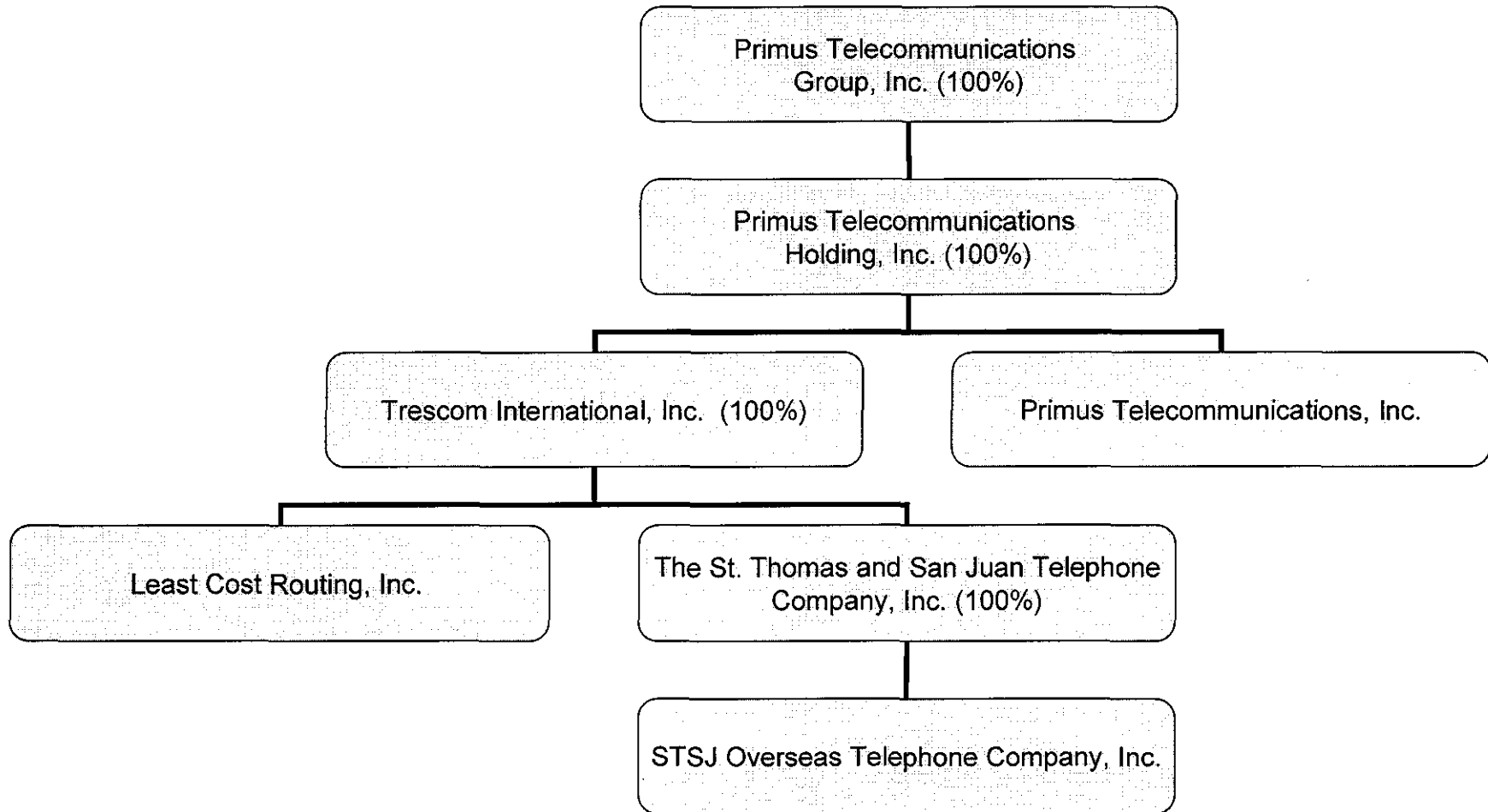
Exhibit A Illustrative Organizational Chart

Verification

EXHIBIT A

Illustrative Organizational Chart

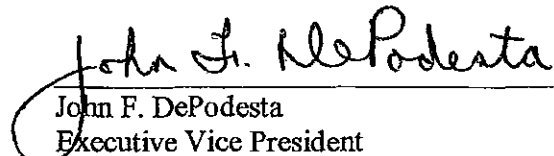
Pre-Restructuring & Post-Restructuring (no change)



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