

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

November 25, 2008

IN RE:)
)
JOINT PETITION OF GLOBAL TEL*LINK AND GTEL) **DOCKET NO.**
HOLDINGS, INC. FOR APPROVAL OF MERGER AND) **08-00174**
TRANSFER OF CONTROL TO GTEL ACQUISITION)
CORPORATION AND FOR APPROVAL OF ISSUANCE)
OF DEBT AND RELATED FINANCING TRANSACTIONS)

**ORDER APPROVING TRANSFER OF AUTHORITY
AND RELATED FINANCING TRANSACTIONS**

This matter came before Director Eddie Roberson, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on November 10, 2008 for consideration of the *Joint Petition for Approval of Merger and Transfer of Control and for Approval of Issuance of Debt and Related Financing Transactions* ("Joint Petition") filed on September 12, 2008 by Global Tel*Link Corporation ("Global"), GTEL Holdings, Inc. ("GTEL Holdings"), and GTEL Acquisition Corporation ("GTEL Acquisition") (collectively, "Petitioners").

Global, a Delaware corporation with principal offices in Mobile, Alabama, is a wholly-owned subsidiary of GTEL Holdings and provides managed telecommunications services to inmates of state and county departments of corrections throughout the United States, including Tennessee. Global owns and operates prison payphones and public payphones which enable inmates to communicate with friends, family members, legal counsel and other approved parties outside the correctional facility. In Tennessee, Global was authorized to provide customer owned coin operated telephone service by the Tennessee Public Service Commission in an order issued on June 9, 1994 in Case No. 94-01256, and to provide interexchange telecommunications resell and/or operator services

in an order issued by the Tennessee Public Service Commission on April 26, 1996 in Case No. 95-03925. GTEL Holdings is a Delaware corporation with principal offices in Mobile, Alabama, also. All the business activities of GTEL Holdings are conducted through Global.

GTEL Acquisition is wholly-owned by GTEL Holdings, LLC. GTEL Merger Corporation (“Merger Sub”) is a privately held Delaware corporation and a wholly owned subsidiary of GTEL Acquisition. Merger Sub was organized solely for the purpose of entering into the merger agreement with GTEL Holdings and completing the merger and has not conducted any business operations.

The Joint Petition

The Petitioners request the Authority’s approval to consummate a transaction whereby pursuant to an agreement and plan of Merger between GTEL Acquisition, Merger Sub and GTEL Holdings dated September 11, 2008, Merger Sub shall be merged with and into GTEL Holdings. After the transaction, the separate existence of Merger Sub shall cease, and GTEL Holdings shall be the surviving corporation. GTEL Acquisition will then own 100% of the issued and outstanding capital stock of GTEL Holdings, which will remain the 100% shareholder of Global.

The proposed transfer of control will have no impact on customers because the transaction will be completed at the holding company level. There will be no change in the name of Global and the company will continue to provide services pursuant to the terms and conditions of its tariff on file with the Authority. The Petitioners state that they do not expect to raise rates as a result of the transaction.¹

The transaction will provide Global with greater operating flexibility to pursue operating purposes, including expansion of its telecommunications infrastructure, improvement of customer service, billing, financial reporting and other management information systems, possible acquisition, future investments or strategic alliances.

According to the *Joint Petition*, the transaction will be funded and capitalized with proceeds of (1) borrowings under a \$235,000,000 Senior Secured Credit Facility (the “Senior Credit Facility”),

¹ *Data Response* (October 14, 2008).

(2) issuance of \$105,000,000 unsecured senior subordinate notes (the “Notes”) and (3) \$153,000,000 of equity contributed by the Investors. The Senior Credit Facility consists of (1) a five-year \$25,000,000 revolving loan facility and (2) a six-year \$210,000,000 term loan facility, which includes a \$45,000,000 letter of credit sub-facility. The Senior Credit Facility will be secured by substantially all assets and properties of GTEL Acquisition, GTEL Holdings, LLC and Global, and a first-priority pledge of all equity of GTEL Holdings, LLC and Global. The Notes are unsecured and have a maturity date of seven years from the closing.

The Petitioners assert that the proposed transfer and related financing transactions will not result in any changes to Global’s provision of service to its current customers. Global’s corporate officers and management team responsible for its day-to-day operations are expected to remain essentially the same following the merger, thus, the proposed financing arrangements and transfer of control will be transparent to consumers in the State of Tennessee.

Findings and Conclusions

The Petitioners request approval for a merger and transfer of control pursuant to Tenn. Code Ann. § 65-4-112 and Tenn. Code Ann. § 65-4-113 (2004) and to participate in certain related debt financing transactions pursuant to Tenn. Code Ann. § 65-4-109 (2004). The Authority finds that the transaction should be considered pursuant to Tenn. Code. Ann. § 65-4-113 because it involves the transfer of control of a Tennessee certificated entity to a non-certificated entity.

Tenn. Code Ann. § 65-4-113(a) (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, which in pertinent part, states as follows:

Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

Regarding the related financing transactions, Tenn. Code Ann. § 65-4-109 (2004) provides as follows:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

At a regularly scheduled Authority Conference held on November 10, 2008, the panel voted unanimously to approve the transfer of authority pursuant to Tenn. Code Ann. § 65-4-113(b) (2004) and the financing transaction pursuant to Tenn. Code Ann. § 65-4-109 (2004) based on the following findings:²

1. The financing transaction is subject to the approval of this Authority pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The financing transaction is being made in accordance with laws enforceable by this Agency.
3. The transaction is in the public interest because it will enhance the competitive position of Global and provide Global with access to greater financial resources.

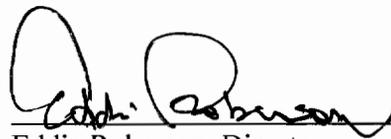
² Director Kyle noted that the Federal Communications Commission approved the transfer of authority on November 3, 2008 and stated that much concern has been expressed about the rates charged by providers of inmate calling services in past dockets. Director Kyle further stated that rates for inmates are especially important because the expense is often borne by the family of the inmate, and that as a result of the location of the detention facilities, telephone calls are often the only means of communication between the inmate, their spouse, children and other family members. Finally, Director Kyle noted that the Petitioners represent that they do not expect to raise rates as a result of the transaction and will continue to provide services pursuant to their existing terms and conditions.

IT IS THEREFORE ORDERED THAT:

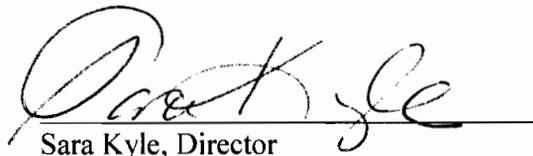
1. The transfer of authority of Global Tel*Link Corporation to GTEL Acquisition Corporation as described in the *Joint Petition* and discussed herein is approved.

2. Global Tel*Link Corporation, GTEL Holdings, Inc. and GTEL Acquisition Corporation are authorized to participate in the financing transaction as described in the *Joint Petition* and discussed herein.

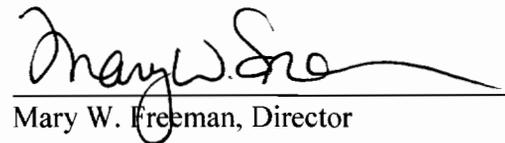
3. The Authority's approval of this transaction should not be used for the purpose of inferring an analysis or assessment of the risks involved. This decision is not intended to create any liability on the part of this Agency, the State of Tennessee or any political subdivision thereof.



Eddie Roberson, Director



Sara Kyle, Director



Mary W. Freeman, Director