

APR 08 2022

PUBLIC SERVICE
COMMISSION

April 8, 2022

VIA E-MAIL TO PSCED@KY.GOV

Linda C. Birdwell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-8294

**Re: Notice Regarding Indirect Transfer of Control of GC Pivotal, LLC
d/b/a Global Capacity**

Dear Ms. Birdwell:

GTT Communications, Inc. (“GTT Parent”) and GC Pivotal, LLC d/b/a Global Capacity (“GC Pivotal,” and together with GTT Parent, the “Parties”), through undersigned counsel, respectfully notify the Kentucky Public Service Commission (the “Commission”) of the proposed indirect transfer of control of GC Pivotal, which is registered to provide intrastate telecommunications services in Kentucky.¹

The Parties understand that Commission approval is not required to complete the transaction described herein, and no Commission action is requested.² Accordingly, the Parties provide notice of this change of control for informational purposes only.

This indirect transfer of control of GC Pivotal will occur pursuant to a Plan of Reorganization of GTT Parent and certain of its affiliates (the “Plan,” and the transactions contemplated thereunder, the “Restructuring”) under chapter 11 (“Chapter 11”) of title 11 of the United States Code (the “Bankruptcy Code”).³ The Bankruptcy Court entered an order confirming the Plan on December 16, 2021.⁴ No assignment of GC Pivotal’s licenses, assets, or customers

¹ GC Pivotal is registered to provide intrastate telecommunications services both as a Competitive Local Exchange Carrier (Utility ID 5056710) and Long Distance Carrier (Utility ID 5179360).

² See *Exemptions for Providers of Local Exchange Service Other than Incumbent Local Exchange Carriers*, Order, Admin. Case No. 370 (1998).

³ On October 31, 2021, GTT Parent and certain of GTT Parent’s indirect and direct subsidiaries (collectively, the “Debtors”) filed voluntary petitions (the “Bankruptcy Petitions”) for relief under Chapter 11 in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), commencing “prepackaged chapter 11 cases” (the “Chapter 11 Cases”) to reorganize under the Bankruptcy Code. The Chapter 11 Cases are being jointly administered under Case No. 21-11880 (MEW). Upon the commencement of the Chapter 11 Cases, GTT Parent, GC Pivotal and the other Debtors became debtors in possession that are continuing to operate their respective businesses during the court-supervised restructuring process. Additional information related to the Restructuring and the Chapter 11 Cases is available via a dedicated web page at: <https://cases.primeclerk.com/GTT>, which will be updated periodically.

⁴ See Findings of Fact, Conclusions of Law and Order (I) Approving the Debtors’ Disclosure Statement, (II) Approving the Assumption of the I Squared Infrastructure Sale Transaction Documents, Restructuring Support Agreement, and Other Executory Contracts, (III) Confirming the Third Modified Joint Prepackaged Chapter 11 Plan of Reorganization of GTT Communications, Inc. and its Debtor Affiliates and (IV) Granting Related Relief, *In re GTT Communications, Inc.*, et al., Case No. 21-11880 (MEW) (Dec. 16, 2021). The changes made to the original Plan that

will occur as a consequence of the proposed Restructuring. Immediately following the consummation of the Restructuring, GC Pivotal will continue to provide service to its existing customers pursuant to the same rates, terms, and conditions as immediately prior to the consummation of the Restructuring. Accordingly, the Restructuring will be, for all practical purposes, imperceptible for the customers of GC Pivotal. Moreover, the proposed Restructuring will not adversely affect competition in Kentucky because it will not result in a reduction of competitors, and customers will continue to have access to the same competitive alternatives they have today.

In support of this filing, the Parties provide the following information:

I. THE PARTIES

A. GTT Communications, Inc.

GTT Parent is a Delaware corporation with no majority stockholder. GTT Parent, through its subsidiaries, including GC Pivotal, is a global provider of cloud networking services and provides its customers with a wide variety of services including internet, email, instant messaging, videoconferencing and teleconferencing. GTT Parent, along with GC Pivotal, has its headquarters at 7900 Tysons One Place, Suite 1450, McLean, Virginia 22102.

B. GC Pivotal, LLC

GC Pivotal is a Delaware limited liability company. GC Pivotal is a direct, wholly-owned subsidiary of GTT Americas, LLC, which is ultimately indirectly owned and controlled by GTT Parent.⁵ In Kentucky, GC Pivotal is authorized to provide intrastate telecommunications services as a Competitive Local Exchange Carrier and a Long Distance Carrier.⁶ GC Pivotal also holds authority from the Federal Communications Commission (“FCC”) to provide interstate and international telecommunications services.

II. DESIGNATED CONTACTS

Questions, correspondence, or other communications regarding this filing should be directed to the Parties’ counsel as identified below:

was filed with the Bankruptcy Court on October 31, 2021 were not material and were largely clarifying in nature. *See* Debtors’ (I) Memorandum of Law in Support of (A) Approval of the Disclosure Statement, (B) Assumption of the I Squared Infrastructure Sale Transaction Documents, (C) Confirmation of the Plan and (D) Related Relief and (II) Reply to Objections Thereto (filed Dec. 13, 2021) at 15-17.

⁵ GTT Americas, LLC is a direct, wholly-owned subsidiary of GTT Apollo, LLC (“GTT Apollo”), a Delaware limited liability company. GTT Apollo is a direct, wholly-owned subsidiary of GTT Apollo Holdings, LLC, a Delaware limited liability company. Ninety-five percent of the membership interests of GTT Apollo Holdings, LLC (“GTT Apollo Holdings”) are owned directly by GTT RemainCo, LLC (“GTT RemainCo”), a Delaware limited liability company, and the remainder of such membership interests are owned directly by GTT Parent. GTT RemainCo, LLC is a direct, wholly-owned subsidiary of GTT Parent. *See* Exhibit A.

⁶ *See supra* note 1.

Tom W. Davidson
Matthew B. Berry
Gregory W. Coutros
Akin Gump Strauss Hauer & Feld LLP
2001 K Street, NW
Washington, DC 20006
Tel: (202) 887-4011
Fax: (202) 887-4288
tdavidson@akingump.com
mberry@akingump.com
gcoutros@akingump.com

With copies to:

Douglass Maynard
General Counsel and Secretary
GTT Communications, Inc.
7900 Tysons One Place, Suite 1450
McLean, VA 22102
doug.maynard@gtt.net

III. DESCRIPTION OF THE RESTRUCTURING

A. Background

A confluence of events and circumstances contributed to the Debtors' (as defined below) need to file the Chapter 11 Cases, including difficulties implementing the Debtors' historical acquisition strategy. As a result of these challenges, the Debtors engaged in a deliberate process to evaluate operating and restructuring alternatives. The Plan and related disclosure statement filed with the Bankruptcy Court provide a detailed background of the Restructuring and the steps that the board of directors of GTT Parent (the "Board") took to evaluate restructuring alternatives. In short, the Board determined that comprehensively addressing the Debtors' balance sheet was necessary to create financial flexibility. Without a significant reduction in the Debtors' debt load, the Board concluded the Debtors would not be able to dedicate sufficient capital to their operations.

Prior to the commencement of the Chapter 11 Cases, GTT Parent's key stakeholders, including holders of over two-thirds of its secured and unsecured funded debt, voted to accept the Plan. As a result of the prepackaged nature of the Chapter 11 Cases, the Debtors requested that the Bankruptcy Court confirm the Plan on an expedited basis. On December 16, 2021, the Bankruptcy Court entered an order confirming the Plan.⁷

B. The Restructuring

On September 1, 2021, the Debtors entered into a restructuring support agreement ("RSA") with key stakeholders, including holders of a majority of their secured and unsecured debt, to implement a comprehensive restructuring of GTT Parent's balance sheet following completion of the sale of its infrastructure division.⁸ GTT Parent completed the sale of its infrastructure division to I Squared Capital on September 16, 2021 and used a portion of the proceeds from such sale to repay approximately \$1.673 billion in the Debtors' then-existing funded debt. Prior to consummation of the infrastructure sale, the Debtors had approximately \$3.695 billion in principal amount of funded debt. Following the repayment and a subsequent interest payment, the Debtors

⁷ See *supra* note 4.

⁸ The division consisted of a pan-European, North American, and subsea fiber network, data center assets and associated infrastructure services.

have approximately \$2.015 billion in principal amount of funded debt. Through a combination of the distribution of proceeds from the sale of their infrastructure business and the balance sheet deleveraging contemplated by the Plan, the Debtors will reduce their funded debt burden from approximately \$2.015 billion to a projected \$929 million upon emergence from Chapter 11 (“Emergence”).

The Debtors worked with their key stakeholders to memorialize the terms of the RSA into the Plan. On September 24, 2021, the Debtors commenced solicitation of votes on the Plan. Following the completion of the solicitation process, on October 31, 2021, the Debtors commenced the Chapter 11 Cases. The Plan and related disclosure statement were filed with the Bankruptcy Court on October 31, 2021. On December 16, 2021, the United States Bankruptcy Court for the Southern District of New York entered an order confirming the Plan.⁹ The Parties believe that the Plan, and the Restructuring contemplated thereunder, present the optimal path forward for the Debtors. Preserving value for the benefit of the Debtors’ stakeholders depends, in large part, on the Debtors swiftly reorganizing and minimizing the effects of the Chapter 11 Cases on the Debtors’ reputation, including the value of their brand for availability and service, and the Debtors’ ongoing liquidity position. With the Bankruptcy Court’s confirmation of the Plan in December, the Debtors plan to emerge from Chapter 11 as soon as they have secured the necessary regulatory approvals to do so.

The Plan will result in a change in ownership of reorganized GTT Parent. Under the Plan, all existing equity interests in GTT Parent will be cancelled and extinguished upon Emergence. The Plan provides for the issuance of new equity interests representing 100% of the voting and equity ownership in reorganized GTT Parent at Emergence to the Debtors’ Funded Debt Creditors (as defined herein). Specifically, upon Emergence, the holders of the 2018 Credit Facility Claims¹⁰ will receive on a pro rata basis 88% of the new equity interests in reorganized GTT Parent and the holders of Senior Notes Claims¹¹ will receive 12% of the new equity interests in reorganized GTT Parent (the holders of such 2018 Credit Facility Claims and Senior Notes Claims, collectively, the “Funded Debt Creditors”).¹²

It is anticipated that only one of the Funded Debt Creditors, Anchorage Capital Group, LLC (“Anchorage”), will hold a 10% or greater direct or indirect equity and voting interest in reorganized GTT Parent at Emergence. The firm manages private investment funds across the credit, special situations and illiquid investment markets of North America and Europe using an active long and short basis, with particular focus on defaulted and leveraged issuers. Based on its

⁹ See *supra* note 4.

¹⁰ “2018 Credit Facility Claims” means that certain secured indebtedness issued and outstanding pursuant to that certain credit agreement dated as of May 31, 2018.

¹¹ “Senior Notes Claims” means any claims on account of those certain 7.875% Senior Notes due 2024 issued by GTT Parent.

¹² The Plan also provides for the issuance of warrants in reorganized GTT Parent upon Emergence to holders of the Senior Notes Claims and to existing holders of equity interests. Both types of warrants will be exercisable at the option of the holder only after GTT Parent’s Emergence. If all of the warrants issued to the existing holders of equity interests were exercised, equity interests issued upon such exercise would represent in the aggregate 4.9% of the new equity interests in reorganized GTT Parent as of the emergence date. If all of the warrants issued to holders of Senior Notes Claims were exercised, equity interests issued upon such exercise would represent in the aggregate 30% of the new equity interests in reorganized GTT Parent as of the emergence date.

current holdings of 2018 Credit Facility Claims, various Anchorage-affiliated investment funds managed and controlled by Anchorage will acquire approximately a 12% direct equity and voting interest in reorganized GTT Parent at Emergence. Anchorage is a New York-based registered investment advisor founded in 2003. None of these investment funds individually will hold a 10% or greater direct or indirect interest in reorganized GTT Parent. None of such investment funds will have any management role in reorganized GTT Parent. It is not anticipated that any other Funded Debt Creditor will have a 10% or greater equity interest in reorganized GTT Parent.

Implementation of the Plan is expected to improve the Debtors' financial and operational status to the benefit of their customers and other stakeholders by allowing the Debtors to restructure their consolidated balance sheet and reduce their outstanding debt while continuing to operate and provide service to their customers, including customers in Kentucky.

Please refer to Exhibit A for both a pre- and post-Emergence organizational chart that reflects the organizational structure of the Parties. As indicated herein, the organizational structure of reorganized GTT Parent and its subsidiaries will not change substantially as a result of the Restructuring.¹³

Notwithstanding the commencement of the Chapter 11 Cases, there has been no interruption to GC Pivotal's provision of any service to its customers. Moreover, the Restructuring will enhance GC Pivotal's ability to provide communications services in Kentucky. Further, immediately following the consummation of the Restructuring, GC Pivotal will continue to provide service to its existing and prospective customers in Kentucky in the normal course of business pursuant to the same rates, terms, and conditions as immediately prior to the consummation of the Restructuring. GC Pivotal intends to continue its existing operations and to comply with its existing regulatory obligations and commitments without any change as a result of the Chapter 11 Cases.

As a consequence of the Restructuring, the Debtors will emerge from bankruptcy with a significantly deleveraged balance sheet. They will therefore be in a better position to continue providing services and be a stronger competitor in Kentucky.

IV. PUBLIC INTEREST CONSIDERATIONS

The Parties respectfully submit that the proposed Restructuring will promote the public interest, convenience, and necessity by improving the financial condition of the Debtors, thus ensuring that GC Pivotal will continue to offer competitive, high-quality communications services to customers throughout the United States, including those in Kentucky.

The Restructuring will benefit the public because it will enhance competition. It will not reduce the number of competitors in the market, and will enhance GC Pivotal's ability to provide communications services in Kentucky. GC Pivotal expects that it will be in a better position to continue providing services and be a stronger competitor in Kentucky as a result of the

¹³ The Restructuring may include the creation of one or more direct or indirect wholly owned subsidiaries of reorganized GTT Parent for financing and organizational purposes, none of which will affect the ultimate ownership, management or operations of GC Pivotal.

Restructuring because the Debtors will emerge from bankruptcy with a significantly deleveraged balance sheet.

The Restructuring will also be seamless for customers and will not adversely affect operations, management, or employees. There will be no interruption to GC Pivotal's provision of any service to its customers. GC Pivotal intends to continue its existing operations and to comply with its existing regulatory obligations and commitments without any change as a result of the Chapter 11 Cases and the Restructuring.

V. CONCLUSION

WHEREFORE, for the reasons set forth above, the Parties respectfully submit that the public interest, convenience, and necessity will be furthered by the proposed Restructuring.

Respectfully submitted,

/s/ Tom W. Davidson

Tom W. Davidson
Matthew B. Berry
Gregory W. Coutros
Akin Gump Strauss Hauer & Feld LLP
2001 K Street, NW
Washington, DC 20006
Tel: (202) 887-4011
Fax: (202) 887-4288
tdavidson@akingump.com
mberry@akingump.com
gcoutros@akingump.com

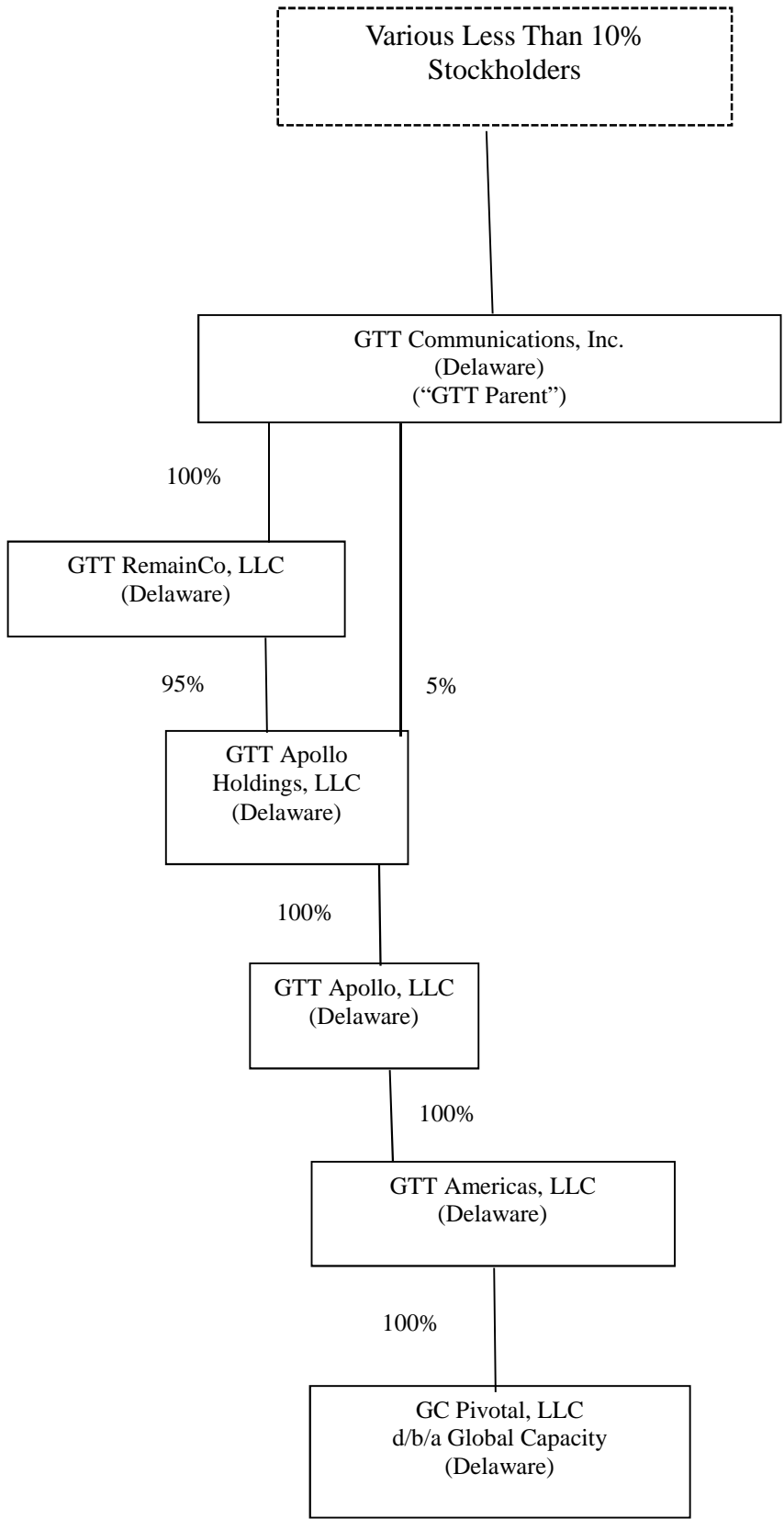
*Counsel for GTT Communications, Inc. and
GC Pivotal, LLC*

Date: April 8, 2022

EXHIBIT A

Pre- and Post-Emergence Organizational Charts

Pre-Emergence Organizational Structure Chart



Post-Emergence Organizational Structure Chart

