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May 30, 2002

VIA OVERNIGHT MAIL

Ms. Blanco S. Bayo
Director, Division of Public Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

011286-TP

**Re: Teligent Services, Inc. ("TSI") – Plan of Reorganization to Emerge from Chapter 11-
TIME SENSITIVE CORRESPONDENCE**

Dear Ms. Bayo:

Teligent Services, Inc., ("TSI") submits this letter to update the Commission on its plan to emerge from Chapter 11 bankruptcy *on or about July 15, 2002*, and to obtain, as quickly as possible, any required regulatory consents necessary to consummate the plan in that timeframe. To that end, TSI provides the following information:

Background

As the Commission is aware, TSI and its parent company, Teligent, Inc., ("Teligent") have been operating under Chapter 11 bankruptcy protection since May 21, 2001.[1] During this one-year timeframe TSI, along with Teligent, has been diligently working with its primary secured lenders, other unsecured creditors, potential investors, suppliers and the Bankruptcy Court to develop a viable plan that would enable TSI to emerge from Chapter 11 in some form, as an operational communications service provider. As the Commission is also aware, TSI presented an initial plan of "emergence" to this Commission last September 2001. That plan, called TSI's "Re-emergence Plan,"[2]

[1] Teligent, Inc. and its subsidiaries including TSI filed for bankruptcy on May 21, 2001, and currently operate under the protection of Chapter 11 of the U. S. Bankruptcy Code before the U. S. Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court.") *See* Chapter 11 Case No. 01-12974 (SMB) (Bankr. S.D.N.Y.) TSI notified the Commission of this Chapter 11 filing via letter dated the same day.

[2] *See* Emergency Joint Letter Application of Teligent Services, Inc., and TAC License Corporation – Chapter 11 for Grant of Authority Necessary to Consummate a Chapter 11 "Re-emergence" Plan, Docket No. 011286-TP, filed September 6, 2001, and supplemented via letter dated October 3, 2001. The Commission approved this application pursuant to Notice of Proposed Agency Action: Order Approving Assignment of Florida Operations and Assets, Assignment of and Name Change on Alternative Local Exchange Telecommunications Certificate, Interexchange Telecommunications Certificate and Alternative Access Vendor Certificate, Docket No. 011-286-TP, Order PSC-01-2154-PAA-TP, issued November 5, 2001 and Consummating Order, Docket No. 011-286-TP, Order No. PSC-01-2437-CO-TP, issued December 13, 2002. Effective March 14, 2002, at TSI's request, the Commission vacated Order

involved the creation of a brand new "Teligent" legal entity named TAC License Corp. ("TAC"), to be later renamed "New TSI." Under the TAC Transaction Re-emergence Plan, the service-providing assets, operations and employees of the current TSI would have been purchased out of bankruptcy by TAC, which was to be owned and funded by numerous institutional investors. The TAC Transaction required various regulatory approvals/consents to transfer/assign TSI's existing state and federal certifications and assets to TAC and/or to obtain new certification(s) for TAC, depending on the particular state and FCC requirements.

Unfortunately, after an extremely resource intensive three month effort last Fall to obtain all necessary approvals/consents or non-oppositions, including that required from this Commission, to enable the TAC Transaction to close in the required timeframe (early December 2001), the TAC Transaction *was ultimately not able to be confirmed* by the Bankruptcy Court for lack of required funding. Consequently, it was never consummated. Unfortunately, the events that occurred in the United States on September 11, 2001, and shortly thereafter (a time period which fell in the middle of the TAC Transaction capital raising effort) had such a severe adverse impact on the financial markets that were already in a volatile state, the anticipated capital funding from the institutional investors necessary to enable the TAC Transaction to proceed was unable to be raised.[3] As a result, the TAC Transaction no longer was a viable avenue for TSI to "emerge." In spite of the fact that the TAC Transaction fell through late last year, Teligent and TSI continued to diligently work with its lenders and the Bankruptcy Court to develop an alternative plan, potentially still using the newly-created TAC legal entity that had already been formed and for which numerous state and FCC regulatory approvals had already been obtained.

It was not until very recently, that it became clear that "emergence" through the TAC entity in any form would not occur. Indeed, as a result of Teligent's ability to

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No. 01-254-PAA-TP and Consummation Order PSC-01-2437-CO-TP in Docket No. 11286-TP because the transaction had not yet closed. See Order No. PSC-02-0344-FOF-TP.

[3] Moreover, as a direct result of the failure of the TAC Transaction to proceed, TSI was forced to dramatically scale back some of the services it offered in order to conserve what little cash it had to continue as much of its operations as possible. This ultimately resulted in the discontinuance of local service in many markets where Teligent had local service operations during the third and fourth quarter of 2001. Prior to that time, many of Teligent's local service customers had already migrated to other carriers out of concern that Teligent may end up like many other companies that had been forced into bankruptcy (ultimately discontinuing service to customers without sufficient notice to enable their orderly transition to another carrier.) In those markets where Teligent did find it necessary to provide customers notice of eventual local service discontinuation, Teligent did so with the consent of the State Commission and FCC, where required, as well as provided sufficient notice and a great deal of assistance to its customers and their new carriers during their transition to a new carrier so that minimal, if any, service disruption or interruption occurred.

develop a Plan of Reorganization ("POR") that its primary secured lenders agreed to support, TSI expects to come out of Chapter 11 as the same legal entity previously authorized by this Commission as the telecommunications service provider in the state. Accordingly, by separate correspondence this same day, the Commission is being officially notified of the fact that the TAC entity no longer seeks to become a service provider and, to the extent necessary, the Commission is being asked to vacate, nullify or otherwise cancel whatever authority or consent it previously granted to TSI and/or TAC to enable the TAC Transaction to be consummated. Instead, as explained further below, TSI will continue as the service provider upon emergence from Chapter 11 just as it is today.

To that end, TSI is filing this instant correspondence *to obtain as quickly as possible*, any necessary consent from this Commission that may be required with respect to TSI's current plan to emerge from bankruptcy in the next 45 days or so. Because this plan will enable the existing certificated TSI to emerge from Chapter 11 with *the same current management and customer service organization* as well as with no change in its current corporate structure or name, TSI believes that this plan may not require any formal approval/consent from the Commission. Nevertheless, out of an abundance of caution and because TSI has endeavored throughout this extremely difficult past twelve months to ensure that all of its regulatory obligations have been met on a continuing basis (including the filing of all required annual and other regulatory reports, payment of all regulatory-related fees (including State USF and TRS), prompt resolution of customer complaints when notified thereof, and any and all other requirements mandated by the Commission to maintain its good standing with the Commission), TSI is informing the Commission of the details of its emergence plan and is seeking any necessary consent/approval as soon as possible.

TSI cannot stress enough the urgency in gaining such approvals/consents, to the extent necessary, so that no delay beyond the July 15, 2002 date set forth in the POR for consummation occurs. This consummation date is intrinsically tied to the remaining funds Teligent has available to continue operations as a debtor-in-possession. Teligent's secured creditors *continue to fund its current operations* in weekly increments from a pool of funds created at the onset of the bankruptcy proceeding. The pool of funds is extremely limited and nearly exhausted and thus *it is critical* that the POR be confirmed and consummated at the earliest possible date, which is expected to be no later than July 15, 2002.[4]

[4] Teligent's secured lenders have set a deadline such that if consummation of the POR cannot occur by July 15, 2002, (assuming the POR has been confirmed by the Court) they will almost certainly move to convert the case to Chapter 7 liquidation. Under a Chapter 7 liquidation plan, Teligent's secured lenders, which hold the security interest in all of Teligent's current assets, will be entitled to the assets. They are expected to bring the assets, including the telecommunications service operations, out of the bankrupt estate and put them in a newly-created shell company subject to obtaining all regulatory approvals necessary for the new company to provide service. This new company would be funded by the same

Below is a summary of the POR, explaining how it will enable TSI and Teligent to emerge from bankruptcy, and to continue to provide the current services TSI is providing (as well as new ones) to the consumers of this State on an uninterrupted, completely transparent basis.

Description of TSI's Chapter 11 Plan of Reorganization

Pursuant to the Plan of Reorganization ("POR"), which was filed with the Bankruptcy Court on May 21, 2002, Teligent's current senior secured lenders have agreed to provide the necessary capital to Teligent (which owns and controls 100% of the stock of the certificated TSI) to permit Teligent and TSI to emerge from Chapter 11 and continue the uninterrupted provision of TSI's existing (as well as new services) to current and prospective customers until Teligent is projected to be cash flow positive under the terms of its newly- revised business plan. The funding level will provide sufficient capital to TSI for a two-year period.

After several difficult months of often 18 to 20 hour days for the current management and employees of Teligent, diligently working through Teligent's financial and operational challenges and revising its business plan to reflect the realities of today's telecommunications marketplace in terms of customer expectation, investor expectation, and service demand, TSI is anxious and excited about emerging as quickly as possible to rebuild its businesses to better able it to bring the benefits of competition to the public in a manner which maximizes the use of the capital Teligent will have at its disposal for TSI's on-going operations without the need to rely on future uncertain funding which, as the industry has recently seen, many never be available.

Upon Bankruptcy Court confirmation of the POR, which is currently anticipated on or about July 9, 2002, TSI will emerge from Chapter 11, still a 100% wholly-owned subsidiary of Teligent just as it is today and just as it was prior to entering Chapter 11 status last year. No change whatsoever will occur in the stock of TSI or in its management, employees, Customer Service Organization or physical location. Its parent company, Teligent, will experience certain changes, which will be transparent to customers upon emerging, which are summarized as follows:

Just like TSI, Teligent, Inc., will remain the same legal corporate entity *i.e.*, a Delaware Corporation located at 460 Herndon Parkway, Suite 100, Herndon, Virginia 20170, that it currently is today. However, it will no longer be a debtor-in-possession, and no longer be a publicly-traded corporation. 100% of its previously issued and

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banks and financial institutions that constitute Teligent's current secured lender group with the same funds currently earmarked for the emerged TSI. If this were to occur, TSI will immediately withdraw this instant application and replacement applications to assign its certifications to the newly-created entity or obtain authority for the newly-created entity will be filed.

outstanding stock will be cancelled and new shares of privately- held stock will be issued. Just as no single shareholder owns a controlling interest in the current publicly- traded Teligent, no single shareholder will own a controlling interest in the emerged Teligent. Upon emerging, Teligent, like TSI, will continue to be run by the same senior management team in management positions comparable to those currently held in Teligent today. Attachment 1 to this Application sets forth the names, titles and brief biographical information about those individuals, individuals with whom the Commission should already be familiar because they currently manage Teligent and TSI today.

Moreover, just as today, Teligent has only one non-controlling shareholder that holds a ten percent or greater voting interesting the company, similarly, upon emerging, only one non-controlling shareholder will hold a greater than 10% voting interest.[5]

Upon emerging Teligent's stock will be owned by a number of banks and financial institutions (approximately 34 in total) which currently constitute Teligent's senior secured lender group. These banks and financial institutions, which are providing the capital to enable the company to emerge, have collectively determined that the current management and employees of Teligent and TSI who are intimately familiar with the financial and operational needs of TSI's business through their on-going managerial experience and participation in Teligent's on-going operations over the past few years (especially this past very difficult year), can, through its newly-developed business plan, make the company a viable and successful competitor.

Under the revised business plan, Teligent will continue to provide its current non-switched facilities-based fixed wireless transport, private line and other wholesale and carrier-to-carrier services as well as switched long distance and other resold services, while it explores facilities-based market opportunities in the local service and broadband service area for the efficient use of its fixed-wireless capabilities. For this reason, TSI has gone to great lengths during this past several months since entering Chapter 11 to keep its 39 state local exchange service certifications and its 50 intrastate interexchange long distance service certifications in good standing.[6] This will enable TSI to rapidly enter new markets to provide whatever services the marketplace demands as quickly and effectively as possible consistent with Teligent's financial abilities.

Upon emerging from Chapter 11, no single Teligent shareholder or group of shareholders acting together will hold *de jure* or *de facto* control of Teligent. The

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[5] JPMorgan Chase Bank will own a 14% interest in Teligent. The numerous other shareholders, approximately 33 other commercial institutions (no individuals) will each own less than 10% each.

[6] It is for this reason also that TSI is maintaining its interconnection agreements with the ILECs in its authorized service areas and is renegotiating follow-on agreements even now.

shareholders will be advised by Teligent's three member Board of Directors[7] that will consist of emerged Teligent's, CEO, Jim Continenza, initially brought into the Company as Teligent's COO by its former CEO in September 2000, and two independent directors that will be appointed and approved by the shareholders. Mr. Continenza, the CEO of the emerged Teligent, the COO of current Teligent and a current member of Teligent's Board, together with Teligent's current Senior Vice President, General Counsel and Secretary, Stuart Kupinsky who has been with Teligent since October 1997, have been shepherding Teligent through its difficult and arduous bankruptcy process, interfacing and negotiating daily with its numerous and varied creditor groups, the Bankruptcy Court, potential investors and ongoing suppliers to enable Teligent and TSI to have this opportunity to emerge from Chapter 11 as a going concern. Along with these two individuals, as stated above, Teligent's and TSI's day-to-day operations will continue under the supervision and direction of the existing Teligent senior management team, each of whom were employed by Teligent prior to its bankruptcy filing, and most of whom have been with Teligent for many years.

Conclusion

In view of the facts set forth above, as well as the over one year long period of uncertainty and instability which TSI has experienced (and continues to experience each day it remains in Chapter 11 status), TSI respectfully requests that the Commission respond to this correspondence as quickly as possible to advise TSI how it wishes to proceed. Should the Commission conclude that a formal request for approval of its POR to emerge from Chapter 11 is necessary, TSI, again, respectfully requests that the Commission treat this correspondence as such an application and contact TSI at the earliest possible time to provide whatever additional information it may require to grant any consent it may deem necessary. TSI reiterates that a delay beyond the projected consummation date of July 15, 2002, could result in an immediate conversion to Chapter 7 status, at which time the current Teligent management would loose any ability to control and manage the operation of the company, including the services currently provided to existing customers.[8]

TSI, on behalf of itself and its parent company, Teligent, wish to sincerely thank the Commission and its staff during these extremely difficult past several months. The staff has worked cooperatively with TSI with respect to all of those matters involving applications, authorizations, compliance matters and other necessary interactions in order to enable the service operations of TSI to continue as efficiently and effectively as

[7] The shareholders will appoint a shareholder committee to interface with the Board on a routine basis. Just as Teligent today is ultimately controlled by all of its shareholders through its current three-member board of directors, the emerged Teligent will also be controlled by all of its shareholders through its three-member board.

[8] This control would be granted to a third party trustee that would be appointed by the Court.

possible, recognizing the limited resources which TSI has had to successfully accomplish this objective. TSI looks forward to emerging from bankruptcy in the next six weeks or so, debt-free, with a wealth of experience and first-hand knowledge of what it now takes to run a truly successful competitive telecommunications company. With the Commission's consent (or lack of opposition thereto) in the next 40 days, Teligent's POR as described-above can become a reality.

Please do not hesitate to contact me at your earliest possible convenience to discuss this further and to require any additional information that may be necessary to facilitate TSI's aggressive timeframe. I can be reached at:

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Thank you in advance for your consideration of this matter.

Sincerely,

Terri B Natoli

Terri B. Natoli
Vice President
Regulatory Affairs and Public Policy

TBN:kmm

Attachments

cc: Thomas E. Williams, III

TELIGENT SENIOR MANAGEMENT TEAM UPON EMERGENCE[1]

I. Senior Management

Upon consummation of the POR, Teligent's senior management team is expected to be as follows:

Name	Title
James V. Continenza	Chief Executive Officer, President and Director
Stuart H. Kupinsky	Senior Vice President, General Counsel, Secretary
William L. Marshall	Chief Financial Officer, Treasurer
Roger A. Sullivan	Vice President, Network Operations
William R. Tyson	Vice President, Customer Operations
Denisse Goldbarg	Vice President, Marketing
Terri B. Natoli	Vice President, Regulatory Affairs and Public Policy

II. Management Experience

James V. Continenza. Mr. Continenza will be a director and will serve as Chief Executive Officer and President. Mr. Continenza has served as Chief Operating Officer and a director of Teligent since May 2001. Mr. Continenza served as Senior Vice President of Sales and Operations of Teligent from October 2000 to May 2001. Mr. Continenza served Lucent Technologies Product Finance, a CIT Company, as its President and Chief Executive Officer from April 1999 to September 2000 and as its Senior Vice President-Worldwide Sales and Marketing from September 1997 to April 1999.

Stuart H. Kupinsky. Mr. Kupinsky will serve as General Counsel and Secretary. Mr. Kupinsky has served as Senior Vice President, General Counsel and Secretary of Teligent since May 2001. He served as the Vice President of Legal and Business Affairs of Teligent from July 1999 to May 2001 and was responsible for providing legal advice regarding corporate, technology, human resources and other issues. He served as an Associate General Counsel of Teligent from October 1997 to July 1999 and as its Assistant Secretary from October 1997 to May 2001. Mr. Kupinsky served as a trial attorney with the U.S. Department of Justice from September 1996 to October 1997, where he was primarily responsible for telecommunications antitrust enforcement actions. From March 1995 to August 1996, Mr. Kupinsky served at the FCC as one of the primary attorneys responsible for drafting the implementing regulations of the Telecommunications Act.

William L. Marshall. Mr. Marshall will serve as the Chief Financial Officer and Treasurer. Mr. Marshall has served as Director of Business Operations and Planning of Teligent

[1] These individuals currently hold comparable positions with Teligent.

since November 2000. He served Lucent Technologies as COO for its Enterprise Network Northeast Region Operation (1999-2000) and prior to that was CFO for Lucent's Global Accounts United (1996-1999). Mr. Marshall also served in a number of headquarters and field operational assignments with AT&T and Lucent (from 1986 – 1996) in the areas of sales, technical support, marketing and business strategy.

Roger A. Sullivan. Mr. Sullivan will serve as Vice President, Network Operations. Mr. Sullivan has been the Vice President of Network Operations of Teligent since February 2001. He has served in a variety of capacities with Teligent, including: National Vice President of Field Operations and Engineering from April 2000 to February 2001; Vice President of Network Services from August of 1999 to April 2000; and Director of Market Development from April 1998 to August 1999. He served as a manager of the Telecommunications Group for Pittiglio Rabin Todd and McGrath, a management consulting firm, from August 1995 to April 1998 and previously held various engineering and technology management positions for Raytheon Company.

William R. Tyson. Mr. Tyson will serve as Vice President, Customer Operations. Mr. Tyson has been the Vice President of Customer Services of Teligent since February 2001. He has served in a variety of capacities with Teligent, including: Vice President of Sales Operations from February 2000 to February 2001; and Director of Local Order Provisioning/Customer Service from January 1998 to February 2000. He served MCI WorldCom as Director of Local Network Operations from November 1996 to January 1998. From May 1993 to November 1996, Mr. Tyson served MFS Communications as Director of Customer Service and Network Operations.

Denisse Goldbarg. Ms. Goldbarg will serve as Vice President, Marketing. Ms. Goldbarg has been the Vice President of Marketing of Teligent since May 2001. She served as the Vice President of Marketing Business Analysis of Teligent from November 2000 to April 2001 and as Director of Marketing Business Analysis of Teligent from February 2000 to October 2000, directing the development of product pricing and profitability measurement tools for Teligent's products. She served MCI WorldCom in a variety of strategic planning and analysis positions for its local business unit from September 1997 to January 2000. Ms. Goldbarg held various marketing and brand management positions at Colgate Palmolive from March 1994 to July 1997.

Terri B. Natoli. Ms. Natoli will serve as Vice President, Regulatory Affairs and Public Policy and Assistant Secretary. Ms. Natoli has been the Vice President of Regulatory Affairs and Public Policy and an Assistant Secretary of Teligent since July 1999. She served as Associate General Counsel, Director of Regulatory Affairs and Assistant Secretary of Teligent from September 1997 to July 1999, responsible for providing legal advice regarding all aspects of federal and state regulatory matters and public policy. In addition, she was responsible for regulatory compliance, state and federal licensing and interconnection-related matters. From May 1995 to September 1997, Ms. Natoli was an associate with the law firm of Fleischman and Walsh, L.L.P., where she practiced in the federal and state telecommunications regulatory arenas on behalf of a diversified base of telecommunications clients, including Teligent's predecessor. She has also held numerous regulatory positions with other telecommunications companies including GTE and Sprint since beginning her career in telecommunications in April 1979.