



January 14, 2003

**VIA OVERNIGHT COURIER**

030000 - PU

Blanca S. Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

Re: Notification of Emergence of ICG Communications, Inc., *et al.* from  
Chapter 11

Dear Ms. Bayo:

ICG Communications, Inc. (Debtor-in-Possession) ("ICG Communications") and its wholly owned subsidiary ICG Telecom Group, Inc. (Debtor-in-Possession) ("ICG Telecom") are pleased to inform the Florida Public Service Commission ("Commission") of their emergence from protection under Chapter 11 of the U.S. Bankruptcy Code pursuant to a Modified Plan of Reorganization ("Plan") (ICG Communications and ICG Telecom, collectively, "Parties").<sup>1</sup> Further information regarding the Parties and the Plan are provided below.

In summary, the Parties emphasize that consummation of the Plan will have no impact on the direct shareholding or corporate structure of ICG Telecom. The Plan will not involve a change in the name under which ICG Telecom operates nor any change in the manner in which ICG Telecom provides telecommunications service. Thus, consummation of the Plan will be seamless and transparent to ICG Telecom's telecommunications service customers, in terms of the services they receive.

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<sup>1</sup> We note that for certain purposes, the Parties are no longer operating as debtors-in-possession as a result of court approval of the Plan.

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### **Description of the Parties**

**ICG Communications:** ICG Communications is a corporation organized and existing under the laws of the State of Delaware with principal offices located at 161 Inverness Drive West, Englewood, Colorado 80112. ICG Communications is a facilities-based alternative communications company with a nationwide data and voice network, operating switches in 27 major metropolitan areas and providing voice, data, and Internet communications services nationwide. As an integrated metropolitan and nationwide fiber optic infrastructure company, ICG provides access and bandwidth to thousands of customers nationwide, including interexchange carriers, Internet service providers, businesses and other end users.

**ICG Telecom:** ICG Telecom is a wholly owned subsidiary of ICG Communications. ICG Telecom is a Colorado corporation with principal offices also located at 161 Inverness Drive West, Englewood, Colorado 80112. ICG Telecom holds authority to provide competitive local exchange and intrastate interexchange telecommunications services in over forty (40) states, including Florida. In Florida, ICG Telecom is authorized to provide intrastate telecommunications services pursuant to Certificate Nos. 3166 and 3986. Further information concerning ICG Telecom's legal, technical and financial qualifications to provide service was submitted with its applications for certification with the Commission and is a matter of public record.

### **Description of the Plan**

On November 14, 2000, ICG Communications and most of its subsidiaries, including ICG Telecom, filed for protection of the U.S. Bankruptcy Court for the District of Delaware ("Bankruptcy Court") pursuant to Chapter 11 of the U.S. Bankruptcy Code.<sup>2</sup> To facilitate its reorganization and emergence from bankruptcy, on October 10, 2002, the Bankruptcy Court approved a Plan to recapitalize ICG Communications and restructure its debt.

ICG Communications' restructuring will be accomplished by converting general unsecured claims into 100% of newly issued voting common stock of the reorganized ICG Communications. The Plan calls for cancellation of ICG Communications' common and preferred stock and the issuance of 8,000,000 shares of new common stock ("New Common Shares").<sup>3</sup> On consummation of the Plan, all of the New Common Shares will be distributed to various ICG Communications creditors pursuant to an allocation scheme set forth in the Plan.<sup>4</sup> Thus, ICG Communications' creditors will become its new equity

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<sup>2</sup> *ICG Communications, Inc. et al.*, Case No. 00-4238(PJW) (Bankr. D. Del., Nov. 14, 2000).

<sup>3</sup> Under the Plan, there is no recovery for holders of the cancelled common and preferred stock.

<sup>4</sup> These holdings are subject to dilution as a result of exercise of convertible warrants and implementation of a management stock option plan.

holders. Upon consummation, it is expected that ICG Communications' stock will continue to be widely-held. It is also expected that shortly after their issuance, the New Common Shares will be traded publicly.

In addition to issuance and allocation of the New Common Shares, the Plan also specifies that certain other creditors will be issued a *pro rata* share of five-year convertible warrants for the purchase of approximately 10% of the New Common Shares. Through the Plan, ICG Communications also received \$25 million in exit financing upon the Plan's approval. As specified in the Plan, the exit financing will be used to repay outstanding obligations of certain secured creditors, and the balance of such obligations will be converted to new secured debt of the reorganized company. The Plan also calls for the lenders of the exit financing to receive five-year convertible warrants for the purchase of approximately 5% of the New Common Shares. Further, the Plan includes the issuance of stock options to ICG Communications' management in an aggregate amount of approximately 7% of the fully diluted equity of the reorganized company.

The Plan also includes provisions regarding composition of ICG Communications' board of directors ("Board"). Under the Plan, the Board will be comprised of five directors. Two of the five Board members are to be appointed by Cerberus Capital Management, L.P. or any of its affiliates ("Cerberus"), and two of the five Board members are to be appointed by W.R. Huff Asset Management, L.P. ("Huff"). ICG Communications' chief executive officer, who is also a current Board member, will continue in that position and hold the remaining directorship in the reorganized company, serving as Chairman of the Board. Neither Cerberus nor Huff is affiliated with the other and they are not expected to act in concert with one another. Further, neither Cerberus nor Huff will exercise control over the day-to-day operations of ICG Communications, and the Parties will retain the same experienced telecommunications management team immediately following consummation of the Plan.

#### **Public Interest Considerations**

Consummation of the Plan described herein will serve the public interest in promoting competition among telecommunications carriers in Florida. Specifically, the recapitalization of ICG Communications will provide ICG Telecom with the opportunity to strengthen its competitive position through access to the improved capital structure of ICG Communications. In addition, the improved financial position of ICG Communications resulting from this financial restructuring will enable it to implement its long-term growth plans and to significantly enhance the operational flexibility and efficiency, as well as the long-term financial viability, of ICG Telecom. These enhancements will inure directly to the benefit of ICG Telecom's customers in Florida. Consummation of the Plan will therefore ensure the provision of innovative, high quality telecommunications services to the public and should promote competition in the Florida telecommunications services market.

The Parties emphasize that consummation of the Plan will have no impact on the direct shareholding or corporate structure of ICG Telecom. Upon consummation of the Plan, ICG Telecom will remain an indirect, wholly-owned subsidiary of ICG Communications. The Plan will not involve a change in the name under which ICG Telecom operates nor any change in the manner in which ICG Telecom provides telecommunications service. Immediately following consummation of the Plan, ICG Telecom will continue to offer the services it currently offers with no change in rates, terms or conditions of service. Moreover, ICG Telecom will continue to be led by the same team of experienced telecommunications management. Thus, consummation of the Plan therefore will be seamless and transparent to ICG Telecom's telecommunications service customers, in terms of the services they receive.

### **Conclusion**

Upon a review of applicable law, it is the Parties understanding that prior Commission approval is not required for consummation of the Plan. ICG therefore submits this letter for the Commission's information and asks the Commission to retain it in the appropriate file. Therefore, the Parties respectfully request that the Commission notify the Parties promptly if it has any questions either regarding the Plan or ICG's emergence from Chapter 11.

An original and six (6) copies of this notification letter are enclosed for filing. Please date-stamp the enclosed extra copy of this letter and return it in the attached self-addressed, stamped envelope. Please contact Nancy Killien Spooner or Jeanne W. Stockman at (202) 424-7500 if the Commission has any questions regarding this letter or consummation of the Plan.

Very truly yours,



Scott Beer  
Director, Industry & Corporate Affairs