

**BEFORE THE PUBLIC SERVICE COMMISSION
OF
THE STATE OF MISSISSIPPI**

FUSION, LLC
TC 123-2476-00

DOCKET NO. 2020-UA-027

FUSION CONNECT, INC.

FUSION CLOUD SERVICES, LLC
TC 123-1780-00
TC 123-1780-01

IN RE: JOINT APPLICATION OF FUSION CONNECT, INC., FUSION, LLC, AND
FUSION CLOUD SERVICES, LLC FOR CONSENT TO A TRANSACTION THAT
WILL RESULT IN A MATERIAL CHANGE TO THE OWNERSHIP AND
CONTROL OF AUTHORIZED TELECOMMUNICATIONS CARRIERS

ORDER

HAVING COME ON for consideration of the Joint Application filed with the Mississippi Public Service Commission ("Commission") on March 4, 2020, by Fusion Connect, Inc. ("Fusion Connect"), Fusion LLC ("Fusion LLC"), and Fusion Cloud Services, LLC ("Fusion Cloud") (collectively, "Applicants"), requesting approval to consummate a transaction which will result in a material change in the ultimate control of Fusion LLC and Fusion Cloud (the "Transaction") (Fusion LLC and Fusion Cloud together are referred to as the "Fusion MS Licensees"). The Commission, being fully apprised in the premises and having considered the documents, pre-filed testimony, and the record before it, as authorized by law and the Commission's Public Utilities Rules of Practice and Procedure ("Rules"), and upon recommendation of the Mississippi Public Utilities Staff ("Staff"), finds as follows:

1. The Commission has jurisdiction to enter this Order, and entry hereof is in the public interest.

2. Due and proper notice of the Joint Application was given as required by law and by the Commission's Rules.

3. There were no interventions in this matter. No protest, objection or other pleading contesting the grant of the requested relief is before the Commission.

4. Fusion Connect is a publicly traded Delaware corporation with headquarters located at 210 Interstate North Parkway, Suite 300, Atlanta, GA 30339. Fusion Connect is authorized by the Federal Communications Commission ("FCC") to provide interstate and international telecommunications. Fusion Connect, through its subsidiaries, provides a wide range of communications services, including unified communications, digital voice and data communications services, including hosted Voice over Internet Protocol and Session Initiated Protocol trunking, broadband Internet access service, data networks, cloud-based services, and other enhanced communications services and features, as well as traditional voice solutions, to business customers throughout the United States.

5. The Fusion MS Licensees each hold from the FCC domestic Section 214 authority to provide interstate telecommunications services and operate pursuant to Fusion Connect's international Section 214 authority. These subsidiaries also hold intrastate telecommunications authorizations issued by state public utility commissions.

6. Fusion LLC is a New Jersey limited liability company with a principal address located at 210 Interstate North Parkway, Suite 300, Atlanta, GA 30339. In Mississippi, the Commission authorized Fusion to operate as an interexchange service provider in Docket No. 1999-UA-119 on May 5, 1999. In total, Fusion holds intrastate telecommunications service authority in 47 states.

7. Fusion Cloud is a Georgia limited liability company with principal offices at 210 Interstate North Parkway, Suite 300, Atlanta, GA 30339. In Mississippi, the Commission authorized Fusion Cloud to operate as a competitive local exchange and interexchange service provider in Docket No. 99-UA-0967 on February 23, 2000. In total, Fusion Cloud holds intrastate telecommunications service authority in 39 states.

8. On June 3, 2019, Fusion Connect, Fusion LLC, and Fusion Cloud, together with other Fusion operating companies (“Fusion Companies”) commenced voluntary cases under chapter 11 of Title 11 of the United States Code with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). The Fusion Companies undertook this course of action in order to effectuate a reorganization that would improve their financial structure and position them more securely for future growth. Following extensive negotiations with affected parties, including creditors and lenders, and under the close observation of the Bankruptcy Court, a final reorganization plan (the “Plan”) was confirmed on December 17, 2019. Shortly thereafter, on January 14, 2020, the Fusion Companies emerged from chapter 11 protection. As a consequence of the bankruptcy process, the Fusion Companies emerged financially stronger and in a materially better position to compete effectively in the U.S. telecommunications and cloud services markets.

9. Pursuant to the Plan, at emergence, the then-existing equity interests in Fusion Connect were cancelled, certain existing debt of the Fusion Companies was extinguished, and holders of Fusion Connect’s first and second lien secured debt (the “Lenders”) received new common stock in reorganized Fusion Connect. The controlling interests in the Fusion Companies (approximately sixty-five percent) are currently held by an investment holding company named Telecom Holdings, LLC. This Commission reviewed the reorganization transaction in Docket

No. 2019-UA-123 and granted approval thereof effective with its Order of November 7, 2019. The remaining interests in Fusion Connect are widely held, with no party holding ten percent or more equity. This allocation of Fusion Connect's new equity arose, in part, from an arrangement among the Lenders designed to expedite the Fusion Companies' emergence from bankruptcy protection and thus minimize the erosive effects of a prolonged chapter 11 case. Under this arrangement, the Lenders agreed to defer the issuance of some of the shares of Fusion Connect common stock that are representative of their pre-emergence debt, until after both the emergence of the Fusion Companies and the grant of additional regulatory approvals, as would be required for the resulting changes to the ownership of Fusion Connect.

10. As contemplated by the Plan, the Transaction proposes the issuance of additional shares of Fusion Connect common stock to certain Lenders once all required regulatory approvals are secured. Upon completion of the Transaction, Telecom Holdings will no longer hold a majority controlling interest in Fusion Connect or in the Fusion MS Licensees. No individual or entity will hold a controlling interest in the Fusion Companies. Fusion Connect will become a widely held corporation with all of its common stock held by the Lenders. It is anticipated that one group of affiliated funds will hold approximately thirty-three percent (33%) of the issued and outstanding shares of Fusion Connect and that another group of affiliated funds will hold approximately thirteen percent (13%) of Fusion's issued and outstanding shares. It is anticipated that all other stockholders of Fusion Connect will hold less than ten percent (10%) of Fusion Connect's common stock. The Transaction will not have any impact on the organization and operations of the Fusion Companies, including the Fusion MS Licensees. All that will change is the relative percentage of ownership of the various Lenders in Fusion Connect.

11. The Commission finds the Transaction to be in the public interest and will promote the public interest, convenience, and necessity. The Transaction is the final step contemplated by the Plan which should improve the financial condition of the Fusion Companies, thus ensuring that they continue to offer competitive, high-quality communications and cloud services offerings to customers throughout the United States, including those in Mississippi. The Transaction will have no adverse effects upon the Mississippi or interstate telecommunications market. The Fusion MS Licensees have a small share of the intrastate telecommunications market, and the Fusion Companies have a small share of the interstate telecommunications market. The Transaction will not eliminate any market participants nor will it reduce the service choices available to consumers. Moreover, the Transaction holds no adverse effects for Mississippi customers of the Fusion MS Licensees. The Plan ensured that following emergence from bankruptcy the Fusion MS Licensees would continue providing services to their customers without any interruption or diminishment of service quality. These customers continue to receive the same services as they did previously, pursuant to the same rates, terms, and conditions. Consummation of the Transaction will have no impact on this outcome. The Transaction will not involve a change of service provider for any customer of the Fusion MS Licensees, and the change in ownership is expected to be transparent to customers. As a result, customer notice of the proposed Transaction should not be required.

12. Accordingly, this Commission having jurisdiction of the parties and the subject matter, and after having considered the Joint Application and the documents in support thereof, and upon recommendation of the Staff, finds that the relief sought should be granted.

IT IS, THEREFORE, ORDERED that:

The Transaction which will result in Telecom Holdings no longer having a majority controlling interest in Fusion Connect or in the Fusion MS Licensees is approved.

This Order shall be deemed issued on the day it is served upon the parties herein by the Executive Secretary of the Commission who shall note the service in the file of this Docket.

COMMISSION VOTE

Chairman Dane Maxwell

Aye X Nay _____

Commissioner Brent Bailey

Aye X Nay _____

Commissioner Brandon Presley

Aye X Nay _____

SO ORDERED this the 6th day of April, 2021.

MISSISSIPPI PUBLIC SERVICE COMMISSION



Dane Maxwell
Dane Maxwell, Chairman

Brent Bailey
Brent Bailey, Commissioner

Brandon Presley
Brandon Presley, Commissioner

ATTEST: A true copy

Katherine Collier
KATHERINE COLLIER, EXECUTIVE SECRETARY

Effective this the 6th day of April, 2021.