



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION)
OF FIRST COMMUNICATIONS, LLC AND)
GORES FC HOLDINGS FOR APPROVAL)
OF TRANSFER OF CONTROL .)

ORDER OF APPROVAL

DOCKET NO. TM07070543

(SERVICE LIST ATTACHED)

BY THE BOARD:

On July 18, 2007, First Communications, LLC(FCL) and Gores FC Holdings (Gores FC), (collectively, Petitioners), filed a petition pursuant to N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-9 and 48:3-10 seeking the Board's approval to consummate a transaction whereby Gores FC will obtain the right to appoint a majority of the board of directors of First Communications, Inc. (FCI), giving Gores FC *de facto* control of FCI, the parent company of FCL, and Xtension Services, Inc. (Xtension), FCL's sister company. Gores FC will also obtain a 13.1 percent interest in FCI by converting non-voting shares of common stock to voting shares and will exercise warrants to increase its interest in FCI up to 35.6 percent. Following the transfer, FCL and Xtension will continue to offer services at the same terms, rates and conditions on which they currently provide such services in the State.

BACKGROUND

FCL was formed on July 1, 1998 under the laws of the State of Ohio and is a wholly owned subsidiary of FCI, a corporation listed on the Alternanative Investment Market of the London Stock Exchange. FCL's headquarters are located in Akron, Ohio. According to the petition, FCL is authorized to provide local, private line, and/or long distance services to both business and residential customers in 49 states. Its services include local and long distance services, toll free packages, Internet access and dedicated and private line services. In New Jersey, First was authorized to provide facilities-based and resold local exchange and interexchange telecommunications services. See Order I/M/O the Verified Petition of First Communications, LLC, for Approval to Provide Local Exchange and Interexchange Telecommunications Services in The State of New Jersey, Docket No. TE04030220, dated May 12, 2004. Xtension operates solely as a reseller in New Jersey.

Gores FC is a limited liability corporation with its principal office located in Los Angeles, California. Gores FC is ultimately controlled by The Gores Group, LLC, and its managing member, Alec E. Gores. The Gores Group LLC, is a private investment firm that focuses its investments in technology and telecommunications sectors. The petition states that Gores FC has a history of enhancing the value and operations of its investment companies by focusing on

customers and employees, supporting management and providing access to capital. The petition asserts that Gores FC is well qualified managerially, technically and financially to own and control FCI.

The petition also states that the Gores FC is financially qualified to take control of FCI, and through it, FCL and Xtension. In addition, the Gores Groups' private equity fund which has combined capital commitments of \$400 million from institutional investors and Gores Group principals, also can provide access to working capital for its portfolio companies that might not be available to those companies as stand alone enterprises.

DISCUSSION

The petition seeks approval for a transaction that will result in Gores FC, having the right to appoint a majority of the board of directors and having *de facto* control of FCI. Gores FC currently holds a 9.9 percent voting interest in FCI, the parent of FCL and Xtension. Gores FC acquisition agreement permits it to increase its interest to 13.1 percent by converting its non-voting shares of common stock to voting shares upon receipt of the necessary regulatory approvals and to increase its voting interest in FCI up to 35.6 percent through certain warrants, if fully exercised. The agreement also provides for Gores FC to appoint a majority of the board of directors, thereby giving it *de facto* control of FCI and therefore control of FCL and Xtension.

Petitioners state that the only change to FCL will be to its ultimate ownership and control and the transfer of control of FCL will be transparent to customers. The transfer involves no disruption of service to customers or to the rates, terms and conditions of such services. Further, the proposed transactions will provide FCL access to Gore's financial resources, which will enable FCL the ability to expand its offerings and provide more advanced telecommunications services in New Jersey. The proposed transactions therefore facilitate the Board's long-standing goal of fostering facilities-based competition. By letter dated August 8, 2007, the Division of Rate Counsel advised the Board that it recommends approval of the petition.

FINDINGS AND CONCLUSIONS

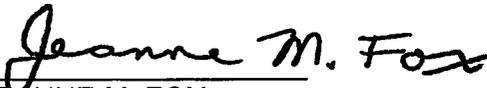
After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since FCL's New Jersey customers will continue to receive the same services from the same entities at the same rates and under the same terms and conditions; nor will there be a negative impact on employees. Moreover, a positive benefit may be expected from FCL's access to additional financial resources which will allow FCL to better compete in the marketplace.

Accordingly, after careful review of this matter, the Board FINDS that the change of control will have no negative impact on the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board FINDS that the proposed transfer is in accordance with the law and is in the public interest. The Board HEREBY ORDERS that the Petitioners shall notify the Board of the closing of the proposed transactions within 7 days of the consummation of the transfer.

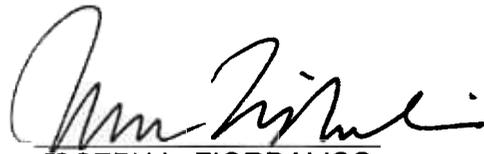
DATED:

10/3/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

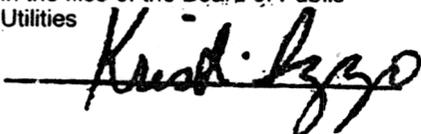

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



Service List

Docket No. TM07070543

Dennis C. Linken
Stryker, Tams & Dill LLP
Two Penn Plaza East
Newark, NJ 07105

Jean L. Kiddoo
Danielle C. Burt
Bingham McCutchen LLP
2020 K Street, NW,
Washington, DC 20006

Mary Cegelski
First Communications, LLC
15278 Neo Parkway
Garfield Heights, OH 44128

Brent Bradley
Vice President and Assistant Counsel
Gores Technology Group
10877 Wilshire Boulevard, Suite 1805
Los Angeles

Kimberley K. Holmes
James W. Glassen
Department of the Public Advocate
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

James F. Murphy
Rocco Della Serra
Board of Public Utilities
Division of Telecommunications
Two Gateway Center
Newark, NJ 07102

Elise Goldblat,
Babette Tenzer
Department of Law & Public Safety
Division of Law
124 Halsey Street – 5th Floor
P.O. Box 45029
Newark, New Jersey 07102