



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

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT)
PETITION OF WAVE2WAVE)
COMMUNICATIONS, INC. AND RNK, INC.)
d/b/a RNK TELECOM FOR APPROVAL OF)
A CHANGE IN OWNERSHIP OF)
AUTHORIZED TELECOMMUNICATIONS)
PROVIDER AND FOR APPROVAL OF)
RELATED FINANCING)

ORDER OF APPROVAL

DOCKET NO. TM07110874

(SERVICE LIST ATTACHED)

BY THE BOARD:

On October 30, 2007, RNK, Inc. d/b/a RNK Telecom (RNK) and Wave2Wave Communications, Inc. (Wave2Wave), (collectively, Petitioners), filed a petition pursuant to N.J.S.A. 48:2-51.1, 48:3-7, 48:3-9 and 48:3-10 seeking the Board's approval for the transfer of control of RNK, and for related financing transactions. Following the transfer, RNK will continue to offer services at the same terms, rates and conditions on which it currently offers such services in the state.

BACKGROUND

Wave2Wave is a Delaware corporation with its principal office located in Hackensack, New Jersey. Wave2Wave is the parent corporation of Wave2Wave VoIP Communications, LLC, a provider of voice over Internet Protocol (VoIP) or IP-enabled services to business customers. It is also the parent of Wave2Wave Data Communications, LLC, Wave2Wave Data Communications, LLC, and Wave2Wave Mid-West Region Communications, LLC, all providers of resold dedicated data transport services. Wave2Wave provides high speed wired and wireless-broadband services to universities, hospitals, and communities. According to the petition, Mr. Steve Asman, a United States citizen, is the largest shareholder of Wave2Wave and currently holds approximately 35.3% ownership in Wave2Wave. Mr. Asman is the President of Wave2Wave. The Mennen Trust is the second largest shareholder and holds approximately 20.7% of Wave2Wave shares. No other shareholders own more than 10% of Wave2Wave.

RNK is a Massachusetts corporation whose sole shareholder is RNK Holding Company, a Massachusetts business trust. Richard N. Koch and Joy Tessier, both United States citizens, own all of the issued and outstanding shares of the beneficial interests of RNK Holding Company. RNK offers origination and termination products, services, and customized network solutions. According to the petition, some of the services that RNK provides include intrastate

interexchange services, residential and business local exchange services, and wholesale telecommunications services. RNK is authorized to provide interexchange and intrastate telecommunications services in Connecticut, District of Columbia, Florida, Maine, Maryland, Massachusetts, New Hampshire, New York Pennsylvania, Rhode Island, Texas, Vermont, and Virginia. In New Jersey RNK is authorized to provide local and interexchange telecommunications services. See Order I/M/O Verified Petition of RNK, Inc, d/b/a RNK Telecom, for Approval to Provide Local Exchange and Interexchange Telecommunications Services within the State of New Jersey, Docket No. TE04080753, dated October 5, 2004. RNK currently has 103 business customers and 225 residential customers in New Jersey. RNK does not have any employees in New Jersey.

DISCUSSION

On October 12, 2007 RNK, its parent, and its shareholders (collectively, Sellers) entered into an Amended and Restated Stock Purchase Agreement (Agreement) with Wave2Wave (Buyer) pursuant to which Wave2Wave will purchase for cash and promissory notes all of the issued and outstanding common shares of the capital stock of RNK. RNK will thereafter become a direct subsidiary of Wave2Wave, RNK's subsidiaries will become indirect subsidiaries of Wave2Wave. After consummation of the transaction, Mr. Asman will remain the largest shareholder of Wave2Wave, and the Mennen Trust will remain the second largest shareholder. Following the transaction, RNK will continue to offer services at the same terms, rates and conditions on which it currently offers such services in the state. RNK points out that the proposed transaction will not result in an assignment of its regulatory authority, customers, or assets.

The petition also contains a request for a dual-phase financing. Wave2Wave will purchase the outstanding shares of capital stock of RNK for \$44.7 million. The first phase of financing for the transfer of control transaction consists of a \$34 million loan from Greystone Business Credit II, L.L.C. to Wave2Wave, Wilmington Trust Company and Jeff Mennen dated October 12, 2007 with a maturity date of October 11, 2008. This loan bears interest at a fluctuating rate equal to the prime rate plus 3.25% per year and is secured by a security interest in all assets of Wave2Wave and certain securities assets of the Mennen Trust ("Greystone Loan"). Upon receipt of regulatory approvals, Wave2Wave will acquire RNK and its subsidiary, RNK-VA, and RNK and RNK-VA will join into the Greystone Loan as additional guarantors.

In the second phase of the financing, Wave2Wave will issue a series of promissory notes to RNK Holding Company in a total principal amount of \$30,666,939. These notes will bear interest at 6% per annum, and have a maturity date of October 11, 2009. They will be secured by an interest in all assets of Wave2Wave, and Wave2Wave's interest in RNK stock. Upon completion of the transfer of control, RNK will grant security interests in all of its assets, and Wave2Wave will grant security interests in its ownership interest in RNK. The Petitioners have stated that the remaining portion of the loan, approximately \$20 million, will be used for working capital needs by Wave2Wave for all of its operating subsidiaries including RNK.

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 RNK's New Jersey customers will continue to receive the same services from the same entity at the same rates and under the same terms and conditions. As RNK currently does not have any employees in New Jersey,

there will be no impact on employees. Moreover, a positive benefit is likely as Petitioners expect the transaction to yield operational and financial benefits which will allow RNK 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. 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 because as discussed above, the post-transaction combined entities will emerge as stronger competitors. 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.

The Board has reviewed the proposed financing transactions, and concludes that the financing arrangements are necessary and appropriate. Further, the Board FINDS that the financing transactions described above will serve the public interest in promoting competition among telecommunications carriers in New Jersey. The Board HEREBY APPROVES and AUTHORIZES Petitioners to participate in the financings as described above.

This Order is issued subject to the following provisions:

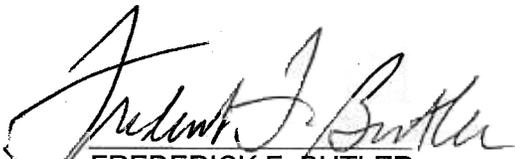
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioners.
2. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
3. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.

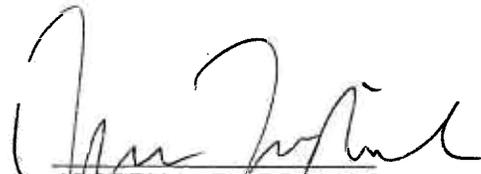
4. Board approval is expressly limited to the transactions as described herein and as more fully described in the supporting documents.
5. Petitioners shall notify the Board, within five business days, of any material changes in the notes and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
6. Petitioners shall notify the Board of any material default on the terms of the notes within five business days of such occurrence.

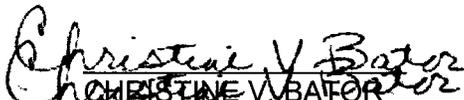
DATED: 12/21/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

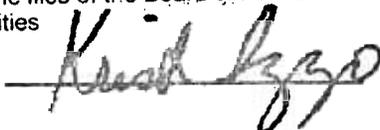

JOSEPH L. FIORDALISO
COMMISSIONER


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



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