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A Professional Limited Liability Company

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July 20, 2006

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PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT DELIVERY

Executive Secretary
Kentucky Public Utilities Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: Notice of Guarantee of Indebtedness

Dear Sir or Madam:

This letter is filed on behalf of Vanco Direct USA, LLC ("Vanco") which is presently authorized to provide resold interexchange and local services in this State. The purpose of the letter is to inform the Commission of a transaction whereby Barclays Bank PLC, The Royal Bank of Scotland Plc and Lloyds TSB Bank Plc will collectively make available to Vanco, Vanco's parent company (Vanco plc) and certain of its affiliates, the sum of 92 million pounds Sterling (approximately \$170,000,000.00) which will be secured by the guarantee of Vanco, a security interest in Vanco's assets and a pledge of Vanco's membership interests.

The subject transaction will not result in a change of control of any entity. The transaction will enable Vanco to achieve better liquidity and capitalization, which in turn, will enhance their ability to provide quality services to customers of this State at competitive prices, thereby serving the public interest.

Vanco is a Delaware limited liability company with principal offices located at 200 S. Wacker Drive, Suite 1200, Chicago, Illinois, 60606. As previously stated, Vanco is presently authorized to provide resold interexchange and local services in this State.¹

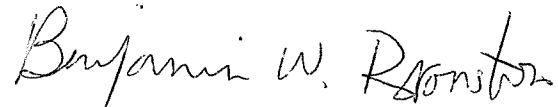
¹ Vanco's authorization to provide resold interexchange and local services in this State was granted on 7/18/05, IXC 22205492, CLEC 5054920.

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This letter is filed for informational purposes to keep the Commission abreast of the financial activities of Vanco. It is our understanding that no action by the Commission is necessary.

Enclosed are an original and ten (10) copies of this letter. Please return one (1) of the copies file-stamped in the envelope provided. Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Benjamin W. Bronston".

Benjamin W. Bronston
(713) 626-1661 ext. 1114

cc: Steve Dyde