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November 16, 1998

BY OVERNIGHT DELIVERY

Blanca Bayo
Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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Re: Request for Approval to Transfer Control of American International Telephone, Inc. to Interoute Telecommunications, Inc.

Dear Ms. Bayo:

Interoute Telecommunications, Inc. ("Interoute") and American International Telephone, Inc. ("AIT"), by their counsel, hereby respectfully request the Florida Public Service Commission's ("Commission's") approval, pursuant to Section 364 of the Florida Statutes, to effectuate a transfer of control of a certificated interexchange carrier, AIT, to Interoute. In particular, under the proposed transaction, Interoute intends to acquire all outstanding shares of AIT from AIT shareholders. Both Interoute and AIT (collectively, "Applicants") respectfully request expedited treatment of this Application.

As fully described herein, approval of the transfer will permit Interoute and AIT to realize significant economic and marketing efficiencies which will enhance their ability to continue providing high quality, low cost telecommunications services and to compete more effectively in the long distance marketplace. Accordingly, grant of this Application will benefit the public interest.

DESCRIPTION OF THE APPLICANTS

Interoute is a privately-held Delaware corporation whose principal office is located at 230 Park Avenue, Suite 1000, New York, New York, 10169. Interoute is currently in the process of entering the interexchange telecommunications services market, including the provision of both residential and business services. Further, by Order No. PSC-98-1362-FOF-TP, the Commission recently granted an application filed by Interoute for approval to transfer of control

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of a certificated company, ATI Telecom, Inc. Interoute is also authorized to provide interstate and international telecommunications services as a non-dominant common carrier pursuant to authority of the Federal Communications Commission ("FCC").

AIT is a privately-held Delaware corporation whose principal office is located at 287 Bowman Avenue, Purchase, New York 10577. By Order No. PSC-96-0308-FOF-TI, dated August 2, 1996, AIT was authorized to operate as a reseller of interLATA and intraLATA interexchange services within the State of Florida. Information concerning AIT's financial, technical and managerial abilities is available to the Commission through the proceeding noted above, and is incorporated herein by reference. AIT also provides interstate and international telecommunications services as a non-dominant common carrier pursuant to authority of the FCC.

DESCRIPTION OF THE TRANSACTION

On September 10, 1998, Interoute, H. Bruce Bronson, Jr. and AIT entered into a Letter Agreement ("Letter") whereby Interoute agreed to acquire AIT by purchasing all outstanding shares of AIT from AIT shareholders. The Letter provided for an immediate sale of 26% of the shares of AIT (all of the shares owned by Mr. Bronson and certain other shareholders of AIT) to Interoute on September 10, 1998.¹ Subsequently, shareholders owning approximately 46% of the common stock and all of the preferred stock will transfer their shares of AIT to Interoute according to a share purchase agreement expected to be executed in the near future. Such shareholders will receive a cash payment in return for their interest in AIT.

A definitive closing date has not been set at this time, and the transaction cannot be consummated until separate approval is obtained from the FCC and the U.S. District Court for

¹ As part of this transaction, H. Bruce Bronson, Jr., an officer and one of the two directors of AIT, delivered a resignation which was accepted on September 25, 1998. To the extent that either Mr. Bronson's resignation, effective September 25, 1998, or the sale of shares on September 10, 1998, constitutes a transfer of control, AIT seeks Commission approval nunc pro tunc.

the Southern District of New York ("Court").² Subject to these approvals, the Applicants' desire to close the proposed transaction as soon as possible, and respectfully request Commission approval as soon as practicable. Essentially, the proposed acquisition of AIT by Interoute will result in a transfer of control of AIT to Interoute.

Upon consummation of the acquisition described herein, the Applicants expect that for the foreseeable future both Interoute and AIT will continue operating their respective telecommunications businesses under their current names, and they will continue to provide high quality, affordable telecommunications services to the public. As such, this acquisition will not in any way disrupt service or cause inconvenience or confusion to the customers of AIT. Indeed, the transaction will be virtually seamless to retail customers in terms of the services they currently receive, but it may make additional products and services available to both Interoute's and AIT's customers throughout the country.

PUBLIC INTEREST CONSIDERATIONS

Consummation of the proposed transaction will serve the public interest in promoting competition by providing Interoute and AIT with the opportunity to strengthen their competitive positions by combining their financial resources as well as complementary services, facilities and expertise. The transaction also creates access, by AIT, to the larger capital base of its prospective new parent company, Interoute. AIT's operations will more readily increase in size and profitability, due to enhanced economies of scale. Combining the Applicants' operations gives both Interoute and AIT a more diversified revenue base, significant synergies in marketing, network performance and operations. The proposed acquisition should allow the combined company to offer a broader array of new products and services to homes and businesses throughout the United States, and to grow as a competitor in both local and long distance markets. Accordingly, the proposed acquisition will benefit the public interest by enlarging the ability of the Applicants to offer a full range of competitively priced services, thereby further invigorating competition in Florida.

² Pursuant to a ruling of the Court, AIT is prohibited from selling or disposing of its assets or stock without prior Court approval. See Order of Hon. Sonia Sotomayor, Index No. 98 Civ. 6123 (Oct. 9, 1998). This matter stems from a complaint filed on August 28, 1998 by WorldCom, Inc. and WorldCom Network Services, Inc. (collectively, "WorldCom") for amounts allegedly due to WorldCom pursuant to a contract to furnish telecommunications services. AIT filed an answer to the complaint on October 6, 1998 and asserted various counterclaims. Thus, the Applicants will not consummate the instant transaction until requisite Court approval is obtained.

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CONCLUSION

For the reasons stated in this Application, Interoute and AIT respectfully submit that the public interest, convenience and necessity would be furthered by grant of this Application.

Please acknowledge receipt of this filing by file-stamping and returning the extra copy of this letter in the self-addressed, stamped envelope provided for this purpose. All communications regarding this filing should be directed to the undersigned.

Sincerely,



Thomas K. Crowe
Elizabeth Holowinski,
Counsel for Interoute Telecommunications,
Inc. and American International
Telephone, Inc.