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October 16, 1997

**VIA OVERNIGHT DELIVERY**

Blanca S. Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
2540 Sharnard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Notification of WorldCom, Inc. Regarding the Transfer Control of  
MCI Communications Corporation to WorldCom, Inc.

On behalf of WorldCom, Inc., this letter is to advise the Commission of a proposed transaction between a new subsidiary of WorldCom, Inc., and MCI Communications Corporation ("MCI"). On October 1, 1997, Applicant notified MCI that it will make an Exchange Offer (the "Offer") for all the issued and outstanding stock of MCI.<sup>1/</sup> Upon consummation of the Offer, the MCI shares will be transferred to WorldCom and a wholly-owned subsidiary of WorldCom, TC Investments Corp., will merge into and with MCI (the "Merger"). MCI, as the surviving company following the Merger, will become a wholly-owned subsidiary of WorldCom.

Upon review of the Florida statutes and Commission rules, it is WorldCom's understanding that prior Commission approval is not required for the Merger described herein. In the event the Commission determines that approval of the Merger is required, however, WorldCom requests that this letter be deemed to be a request for such expedited approval.

Both WorldCom and MCI are authorized, either directly or indirectly through certain of their respective subsidiaries, to provide a variety of telecommunications services within Florida. WorldCom and MCI currently are not affiliated with each other.

<sup>1/</sup> See Letter from Bernard J. Ebbers, President and Chief Executive Officer of WorldCom, Inc. to the Commission dated October 1, 1997 (informing the Commission of WorldCom's impending acquisition of MCI).

**ORIGINAL**

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### Description of the Companies

WorldCom is a Georgia corporation publicly traded on the Nasdaq Stock Market under the stock symbol WCOM. Its principal offices are located at 515 East Amite St., Jackson, Mississippi 39201-2702. WorldCom is a global telecommunications company. WorldCom's operating subsidiaries offer service throughout the United States and in more than 50 countries worldwide, providing a wide variety of facilities-based and resold local, long distance, and international voice and data communications services. Through its operating subsidiaries, WorldCom is authorized to offer intrastate telecommunications services nationwide, including in the State of Florida,<sup>2/</sup> and is also authorized by the FCC to offer domestic interstate and international services as a non-dominant carrier nationwide.

MCI is a Delaware corporation publicly traded on the Nasdaq Stock Market under the stock symbol MCIC. Its principal offices are located at 1801 Pennsylvania Avenue, N.W., Washington, D.C. 20006-3606. MCI's operating subsidiaries offer a variety of local, long distance, and international voice and data communications services nationwide.<sup>3/</sup> Through its operating subsidiaries, MCI is authorized to provide intrastate interexchange services throughout the United States, including the State of Florida.<sup>4/</sup> MCI also is authorized to provide local telephone and

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<sup>2/</sup> A chart showing the WorldCom companies holding authorizations to offer service in Florida is attached hereto.

<sup>3/</sup> MCI's operating subsidiaries include, among others, MCI Telecommunications Corporation, MCI Telecommunications Corporation of Virginia, Inc., MCImetro Access Transmission Services, Inc., MCImetro Access Transmission Services of Virginia, Inc., Teleconnect Company, Teleconnect Long Distance Services and Systems Co., MCI Wireless, Inc. (formerly Nationwide Cellular Service, Inc.), SouthernNet, Inc., SouthernNet of South Carolina, Inc. See also Form 10-K filed by MCI Communications Corporation with the Securities and Exchange Commission (Mar. 28, 1997). While WorldCom has attempted to obtain from the Commission's public records a complete list of MCI's state authorizations, it is unable at this time to confirm that this listing represents a full compilation of the numerous authorizations and their respective licensees since MCI's Board of Directors has not endorsed the Exchange Offer and MCI's management has not participated in or reviewed the license compilation.

<sup>4/</sup> MCI Telecommunications Corporation is authorized to provide interexchange telecommunications services in Florida (Order No. 12292, dated July 25, 1983), public pay telephone service (Order No. PSC -92-0600-FOF-TC), and alternative local exchange telecommunications services (Order No. PSC-96-0106-FOF-TX, acknowledgment dated January

(continued...)

competitive access services primarily through its operating subsidiary MCImetro Access Transmission Services, Inc. in over 30 states, including the State of Florida.<sup>2/</sup> MCI's non-dominant operating subsidiaries are also authorized by the FCC to offer domestic interstate and international services nationwide.

### **Description of the Transaction**

On October 1, 1997, WorldCom filed a preliminary registration statement at the Securities and Exchange Commission and notified MCI that it intends to commence an Offer for all of the issued and outstanding stock of MCI.<sup>4/</sup> Upon completion of the Offer, and receipt of any necessary regulatory approvals of the transfer of control of MCI to WorldCom, the MCI shares will be transferred to WorldCom and a wholly-owned subsidiary of WorldCom, TC Investments Corp., will merge into and with MCI (the "Merger"). MCI, as the surviving company following the Merger, will become a wholly-owned subsidiary of WorldCom.<sup>2/</sup>

WorldCom is financially well-qualified to consummate the proposed transaction. WorldCom is the nation's fourth largest interexchange carrier. In 1996, WorldCom had revenues of approximately \$4.5 billion. WorldCom is operated by a highly-qualified management team, all of whom have extensive backgrounds in telecommunications. Information concerning the legal, technical, managerial and financial qualifications of WorldCom was submitted with the various applications filed with the Commission with respect to its subsidiaries currently operating in Florida, and is, therefore, already a matter of record with the Commission. WorldCom respectfully requests that the Commission take official notice of these existing authorizations and incorporate them by reference herein.

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<sup>4/</sup>(...continued)  
1, 1996).

<sup>2/</sup> MCImetro Access Transmission Services, is authorized to provide alternative local exchange telecommunications services by Order No. PSC-95-1256-FOF-TX, which was acknowledged on January 1, 1996.

<sup>4/</sup> For the Commission's reference, the SEC filing is available from the SEC's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR"), which can be accessed through the SEC's web site whose Uniform Resource Locator ("URL") is <<http://www.sec.gov>> .

<sup>2/</sup> For the Commission's reference, attached hereto is an organizational chart depicting the corporate structure which will be in place with respect to the WorldCom companies operating in Florida following consummation of the transfer and merger.

In the exchange offer context, time is of the essence since the Offer must be completed in a timely and orderly fashion consistent with the goals and objectives of the securities laws. To harmonize the goals and requirements of the securities laws with the need for other regulatory agencies to review the transfer of control, the transaction is being conducted in a two-step process consistent with other tender offers for the shares of regulated communications companies.<sup>8/</sup> This two-step procedure is specifically tailored to address the special need for expedited processing in the context of tender offer transactions so that the regulatory approval process will not afford third parties a protracted period in which to erect barriers to the Offer or otherwise interfere with the ability of MCI shareholders to make an informed decision and consider WorldCom's Offer simultaneously with their consideration of the revised British Telecommunications plc ("BT") acquisition proposal.<sup>9/</sup>

Specifically, a voting trust ("Voting Trust") has been established and an independent trustee appointed to facilitate the receipt of the tendered MCI shares. As shares of stock of MCI are tendered, they will be placed into a voting trust under the control of an independent trustee, Professor Howard A. White, pending, among other things, receipt of all necessary approvals of the transfer of control of MCI to WorldCom.

When the Offer is completed, and all necessary approvals of the transfer of control have been obtained, the Voting Trust will be terminated and the tendered MCI shares will be transferred to WorldCom. Upon such transfer, a wholly-owned subsidiary of WorldCom, TC Investments Corp., will merge into and with MCI. MCI, as the surviving company following the Merger, will become a wholly-owned subsidiary of WorldCom.<sup>10/</sup>

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<sup>8/</sup> See Tender Offers and Proxy Contests, *Policy Statement*, 59 Rad. Reg. 2d (P & F) 1536 (1986) ("*Policy Statement*"), appeal dismissed *sub nom. Office of Communications of the United Church of Christ v. FCC*, 826 F.2d 101 (D.C. Cir. 1987).

<sup>9/</sup> As the Commission is aware, there currently is pending a proposed acquisition by BT of MCI, and thus, the WorldCom Offer is competing with the BT-MCI acquisition. Consequently, the use of the regulatory process to delay or impede the WorldCom Offer would be contrary to the underpinnings of the securities laws, 15 U.S.C. § 78n, which are predicated on competitive neutrality. See *Edgar v. MITE Corp.*, 457 U.S. 624, 633 and n.9 (1982).

<sup>10/</sup> In the event that the Offer is not completed, the Trustee will sell the tendered stock to third parties and the Voting Trust will terminate.

### Public Interest Considerations

WorldCom respectfully submits that, as has been the case with the series of previous acquisitions by WorldCom in recent years, telecommunications customers, shareholders, and the general public will realize significant benefits from a merger between MCI and WorldCom. WorldCom and MCI share similar histories as pioneers in the introduction of competition to the telecommunications marketplace through innovation, agility, and rapid growth. Indeed, these two companies are the paradigm for the American entrepreneurial spirit -- they have both forged significant inroads into industry sectors long dominated by mammoth incumbent providers and have been among the first to offer consumers a choice of providers for local, long distance, data, and other services.

The proposed Merger is in the public interest because, combined, the two companies will accelerate competition -- especially in local markets -- by creating a company with the capital, marketing abilities, and state-of-the-art network to compete against incumbent carriers. The competitive benefits of the proposed Merger, particularly for local, interexchange, and international services, are substantial. The contribution of WorldCom's domestic local networks with an established, facilities-based presence in over 50 U.S. metropolitan areas, will greatly accelerate MCI's local services entry strategy and result in significant savings, efficiencies, and economies of scale and scope for the combined company. By creating a more effective and multi-faceted carrier in the local exchange sector, the proposed merger will significantly enhance competitive choice for U.S. telecommunications customers, including in the State of Florida.

In addition, significantly, neither WorldCom nor MCI controls any bottleneck facilities or incumbent carrier network, nor has market power in any telecommunications service. The industry segment in which their combined market shares will be largest -- long distance services -- is the sector that is the most competitive and has virtually no barriers to entry. Rather than being a case in which there is a significant likelihood that a combination would eliminate or retard competition, this is clearly a case in which the results will be only pro-competitive.

### Conclusion

Upon review of the Florida statutes and Commission rules, it is the WorldCom's understanding that prior Commission approval is not required for the merger described above. Absent receipt of written notification to the contrary within thirty (30) days, we will proceed on our understanding that no approval or other formal action with respect to the proposed merger is required by the Commission. This letter is forwarded to the Commission for informational purposes, to be included in the appropriate file.

Blanca S. Bayo, Director  
October 16, 1997  
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Please date-stamp the enclosed extra copy of this letter and return it in the self-addressed, stamped envelope provided herein. Should you have any questions or comments regarding this transaction, do not hesitate to contact the undersigned.

Respectfully submitted,



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COUNSEL FOR WORLDCOM, INC.

Enclosure

cc: Mr. Thomas Williams (FPSC)

# Florida Corporate Structure

