

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

MARCH 22, 2001

IN RE:

APPLICATION OF WORLDCom, INC. AND)
INTERMEDIA COMMUNICATIONS, INC. FOR) DOCKET NO. 00-01099
APPROVAL OF THE MERGER OF)
INTERMEDIA COMMUNICATIONS, INC. AND)
WORLDCom, INC.)

INITIAL ORDER APPROVING MERGER

This matter came before the Tennessee Regulatory Authority (the "Authority") upon the Application of WorldCom Communications, Inc. ("WorldCom") and Intermedia Communications, Inc. ("Intermedia") for approval of a merger of Intermedia and its subsidiaries with and into WorldCom.¹

The Application

In the Application, WorldCom and Intermedia request that the Authority approve a merger of Intermedia with and into WorldCom resulting from an Agreement and Plan of Merger executed on September 1, 2000. The Application states that WorldCom is a publicly-traded Georgia corporation with its principal offices located in Clinton, Mississippi. Through various

¹ WorldCom and Intermedia submitted a letter to the Authority on November 2, 2000, in which they notified the Authority of their intent to transfer control of Intermedia to WorldCom through a merger. The letter stated that "[u]pon a review of Tennessee statutes and the Authority's rules and practices, the Parties understand that prior Authority approval is not required to complete the merger and the associated transfer of control described herein." Letter to Authority from Intermedia and WorldCom, October 30, 2000, p. 1. The Parties were subsequently notified that under Tenn. Code Ann. § 65-4-112, Authority approval is required for the proposed merger. Following this notification, the Parties submitted the appropriate filing fee. The Parties' October 30, 2000 letter contains sufficient information from which the Hearing Officer can make the determination required under Tenn. Code Ann. § 65-4-112 and is being considered as the Parties' Application for approval of the merger. This Application will be deemed received on December 13, 2000, the date the filing fee was received.

operating subsidiaries, WorldCom is authorized to offer domestic interstate, intrastate, local and international telecommunications services in each of the fifty (50) states and the District of Columbia, including intrastate services within Tennessee.

As the Application further states, Intermedia is a publicly-traded Delaware corporation with its principal offices located in Tampa, Florida. In its own right and through various operating subsidiaries, Intermedia is authorized to provide intrastate interexchange telecommunications services in each of the fifty (50) states, as well as competitive local exchange services in thirty-nine (39) states and the District of Columbia, including intrastate long distance and competitive local exchange services within Tennessee. Intermedia is also authorized by the Federal Communications Commission to offer domestic interstate and international services nationwide, and to provide voice and data communications services to customers throughout the United States. Intermedia is also the controlling shareholder in Digex, Incorporated ("Digex"), a provider of managed Web and application hosting services.

As explained in the Application, this transaction also involves Wildcat Acquisition Corp. ("Wildcat"), a newly-organized direct subsidiary of WorldCom. Intermedia will merge with and into Wildcat, with Intermedia as the surviving entity. Intermedia will then be a direct subsidiary of WorldCom. Intermedia's shareholders will receive WorldCom stock in exchange for their Intermedia shares at a ratio to be determined by the relevant stock prices at the time of the merger.

The Application states that WorldCom's primary objective in obtaining Intermedia is to gain a controlling interest in Digex's web-hosting business. In addition to transferring control of Digex, the merger will result in a transfer of control of Intermedia's regulated telecommunications operations to WorldCom. WorldCom intends to hold and operate

Intermedia's telecommunications services, assets and operations, including those in Tennessee, as separate enterprises from WorldCom's other telecommunications operations while evaluating its options for maximizing the value of Intermedia's operations to WorldCom.

Pending this evaluation, the Application states that WorldCom does not expect to change Intermedia's operations in any material respect. Intermedia will continue to hold the same authorizations to provide utility service in Tennessee, and Intermedia will continue to provide the same services to the same customer base at the same rates, terms, and conditions as before the merger.

Requirement of Approval by the Authority

Authority approval of a merger involving public utilities that hold certificates of public convenience and necessity is required under Tenn. Code Ann. § 65-4-112(a), which provides as follows:

No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights, and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

Findings

After careful consideration of the Application and of the entire record in this matter, the Hearing Officer finds and concludes:

1. That the Authority has jurisdiction over the Application and proposed merger pursuant to Tenn. Code Ann. § 65-4-112;
2. That Intermedia and its subsidiaries will merge with and into WorldCom;

3. That WorldCom and Intermedia are authorized to provide and have been engaged in the business of providing telecommunications services in Tennessee;

4. That the entire assets and liabilities of Intermedia will be transferred to WorldCom; and

5. That the proposed merger is reasonable, does not violate the public interest, and should be approved.

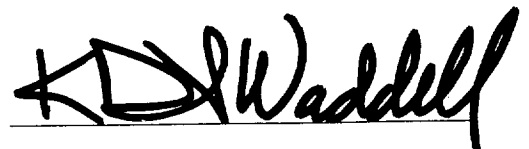
IT IS THEREFORE ORDERED THAT:

1. The merger of Intermedia Communications, Inc. with and into WorldCom, Inc. is approved;

2. WorldCom, Inc. is authorized to assume the obligations and liabilities of Intermedia Communications, Inc. in order to effect this merger;

3. Any party aggrieved by this initial decision may file a Petition for Reconsideration with the Hearing Officer within fifteen (15) days from and after the date of this Initial Order; and

4. Any party aggrieved by the decision of the Hearing Officer in this matter may file a Petition for Appeal pursuant to Tenn. Code Ann. § 4-5-315 with the Tennessee Regulatory Authority within fifteen (15) days from and after the date of this Initial Order. If the Tennessee Regulatory Authority or any of the parties herein do not seek review of this Initial Order within the time prescribed by Tenn. Code Ann. § 4-5-315, this Initial Order shall become a Final Order effective from the date of this Initial Order, pursuant to Tenn. Code Ann. § 4-5-318(f).

A handwritten signature in black ink, appearing to read "K. David Waddell", written over a horizontal line.

K. David Waddell, Hearing Officer