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REC'D  
REGISTRATION  
96 SEP 10 PM 4 51

OFFICE OF THE  
EXECUTIVE SECRETARY

September 10, 1996

VIA HAND DELIVERY

Eddie Roberson  
Interim Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-5015

*#29083*  
*124180*  
Re: Petition of WorldCom, Inc. and MFS Communications Company, Inc. for Notice of Merger

Dear Eddie:

Enclosed for filing are the original and <sup>*ten(10)*</sup> ~~nine(9)~~ copies of the Petition of WorldCom, Inc. and MFS Communications Company, Inc. to notify the Authority of the proposed merger and seek approval, if necessary. Enclosed is the filing fee of \$25.00.

Sincerely,

*H. LaDon Baltimore*  
H. LaDon Baltimore

LDB:dcg  
Enclosures

REC'D TN  
REGULATORY AUTH.

**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY**

'96 SEP 10 PM 4 51

CLERK OF THE  
EXECUTIVE SECRETARY

\_\_\_\_\_  
Petition of WorldCom, Inc. and  
MFS Communications Company, Inc.  
for Approval of Agreement and Plan  
of Merger, and Related Transactions  
\_\_\_\_\_

Docket No. \_\_\_\_\_

**PETITION**

WorldCom, Inc. ("WorldCom") and MFS Communications Company, Inc. ("MFSCC"), (together the "Petitioners"), by their undersigned counsel and pursuant to Section 65-4-113 of the Tennessee Annotated Code, hereby request approval of a transaction whereby HIJ Corp., a wholly-owned subsidiary of WorldCom, will merge into MFSCC, and the shareholders of MFSCC will exchange each share of MFSCC common stock for 2.1 shares of WorldCom common stock. Both WorldCom and MFSCC are authorized, either directly or through certain subsidiaries, to provide a variety of telecommunications services within Tennessee. WorldCom and MFSCC therefore notify, and to the extent required, seek approval of the proposed merger and the related financial transactions described in detail herein. WorldCom and MFSCC currently are not affiliated with each other.

The Petitioners respectfully request expedited treatment of this Petition to permit them to consummate the merger no later than December 1, 1996.

The Petitioners submit the following information in support of this Petition:

## **I. THE PARTIES**

### **A. MFS Communications Company, Inc.**

MFSCC, a Delaware corporation, is publicly traded on the Nasdaq Stock Market under the stock symbol MFST. Its principal offices are located at 11808 Miracle Hills Drive, Omaha, Nebraska 68154. Pursuant to Certificates of Public Convenience and Necessity issued by the Tennessee Public Service Commission ("Commission") to Metropolitan Fiber Systems of Tennessee, Inc.<sup>1/</sup> (the "Tennessee Operating Subsidiary"), this MFSCC subsidiary is authorized to provide telecommunications services in the State of Tennessee, including private line and special access services.

In addition to the services provided to Tennessee subscribers, MFSCC subsidiaries currently operate local fiber optic networks in 45 domestic U.S. metropolitan areas, resell local and interexchange services, and are authorized by the Federal Communications Commission ("FCC") to provide interstate and international long distance services throughout the United States. MFSCC subsidiaries also operate fiber optic networks in a number of cities outside the United States. Recently, MFSCC completed the purchase of UUNET Technologies, Inc., a leading national and international provider of a comprehensive range of Internet services, making it the world's largest Internet access provider.

Information concerning the legal, technical, managerial and financial qualifications of MFSCC and its Tennessee Operating Subsidiary to provide service was submitted with MFSCC

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<sup>1/</sup> See Docket No. 94-02564 (August 24, 1995).

subsidiary's Petition for certification filed with the Commission in Docket No. 94-02564, and is, therefore, already a matter of record at the Commission. The Petitioners therefore respectfully request that the Regulatory Authority take official notice of those decisions and incorporate them by reference herein.

Upon consummation of the proposed transaction, MFSCC not only expects to rely on many of its existing management and operational staff, but will also be able to draw upon the substantial expertise of WorldCom and its operating subsidiaries. Current financial information for MFSCC is attached to this Petition as Exhibit A.

**B. WorldCom, Inc.**

WorldCom, formerly known as LDDS Communications, Inc., 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 nondominant telecommunications company which provides a full array of domestic and international long distance voice and data communications services to business and residential customers. WorldCom offers service, both directly and through certain operating subsidiaries, as a reseller and, in a number of states, a facilities-based carrier providing intrastate and interstate interexchange service. WorldCom and its operating subsidiaries are authorized to offer intrastate interexchange services in 48 states, including Tennessee,<sup>2/</sup> and are authorized by the FCC as non-dominant carriers to offer domestic interstate and international services nationwide.

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<sup>2/</sup> See Docket No. 91-08436 (December 20, 1991), Docket No. 96-0078 (competing telecommunications provider authority).

**C.     Designated Contacts**

The designated contacts for questions concerning this Petition are:

For MFSCC:

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## **II. REQUEST FOR APPROVAL OF MERGER AND RELATED TRANSACTIONS**

MFSCC and WorldCom have determined that they will realize significant economic and marketing efficiencies and enhancements by merging the two entities and establishing MFSCC as a wholly-owned subsidiary of WorldCom. Accordingly, MFSCC and WorldCom have negotiated an Agreement and Plan of Merger (the "Agreement") whereby the shareholders of MFSCC will exchange each share of MFSCC common stock for 2.1 shares of WorldCom common stock. A copy of the Agreement is attached hereto as Exhibit B.

Upon consummation of the merger and related transactions described herein, the Petitioners expect that MFSCC will continue operating its Tennessee Operating Subsidiary under its current name and the name of the certificate holder will not change.<sup>3/</sup> Moreover, the proposed transaction will not involve a change in the manner in which the companies provide telecommunications services, and MFSCC's Tennessee Operating Subsidiary will continue to provide high quality, affordable telecommunications services to the public. As such, this transaction will not in any way disrupt service nor cause inconvenience or confusion to the customers of any MFSCC company. Indeed, the transaction will be virtually seamless to MFSCC customers in terms of the services they receive and all customers will be notified of the merger transaction.

WorldCom is financially well-qualified to consummate the proposed transaction. WorldCom is the nation's fourth largest interexchange carrier. In 1995, WorldCom had revenues of

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<sup>3/</sup> The trade name of WorldCom will change from "LDDS WorldCom" to "MFS WorldCom." Where necessary, WorldCom will notify the Regulatory Authority and file tariffs with its new name upon closing of the transaction. There is no current intent for the names of the other WorldCom operating companies to change as a result of this merger.

approximately \$3.64 billion. A copy of WorldCom's most recent SEC Form 10-Q is attached hereto as Exhibit C. WorldCom is led by a highly-qualified team of management personnel, all of whom have extensive backgrounds in telecommunications. In addition, MFSCC management personnel will continue to be involved in the management of MFSCC after the merger.

**A. The Merger**

Upon closing, the proposed transaction will allow HIJ Corp., a wholly-owned subsidiary of WorldCom created specifically for purposes of consummating the transaction, to merge into MFSCC. As part of that merger, the stockholders of MFSCC will exchange each issued and outstanding share of common stock of MFSCC for 2.1 shares of WorldCom common stock.<sup>4/</sup> MFSCC, as the surviving entity following the merger, will become a wholly-owned subsidiary of WorldCom and, to the extent required, the Petitioners respectfully request approval of the transfer. WorldCom and MFSCC will hold meetings of their shareholders to obtain approval of the proposed merger. Following the transaction, WorldCom's Board of Directors will be comprised of an odd number of directors, with WorldCom designating one more director than MFSCC.

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<sup>4/</sup> The merger will not constitute a *de facto* transfer of control of WorldCom. Although 54% of WorldCom common stock will be issued to MFS shareholders at the consummation of the contemplated transaction, the stock is widely and publicly held and lacks any voting agreements or other arrangements that would allow any one stockholder or group of stockholders to exert control over a larger percentage of shares than each stockholder individually owns. In addition, at least 11% of the current MFSCC shareholders already own WorldCom shares.

## **B. The Issuance of Securities**

In order to complete the transaction and in compliance with federal and state securities laws, WorldCom will issue additional shares of WorldCom common stock and preferred stock.<sup>5/</sup> To the extent required, the Petitioners respectfully request that the Commission grant WorldCom authority to issue the number of shares which are determined to be required to complete the merger as provided for in the Agreement. A Form S-4 registration statement will be filed with the Securities and Exchange Commission to register the issuance of the stock, and WorldCom will hold a meeting of its shareholders to approve the amendment of WorldCom's Articles of Incorporation to increase the number of authorized shares of WorldCom stock and to approve the issuance of the stock in the merger transaction.

## **C. The Credit Facility Agreements**

In addition, as subsidiaries of WorldCom, MFSCC and its operating subsidiaries, including the Tennessee Operating Subsidiary, will be required to execute a guaranty of WorldCom's pre-existing Amended and Restated Credit Agreement in the amount of \$3.75 billion, executed on June 28, 1996. MFSCC has entered into two senior discount notes with a current accreted value of approximately \$1.3 billion (and a principal amount due at maturity of approximately \$1.72 billion), credit facilities providing for borrowings of up to \$390 million in the aggregate, and equipment lease

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<sup>5/</sup> A review of the Tennessee status pertaining to the Tennessee Regulatory Authority, Authority Rules and Policies and the factual circumstances of this financing indicate that prior Authority approval is not necessary and that notification, while not necessary, is appropriate and is done out of an abundance of caution. However, in the event the Authority believed that approval is required for such financing, WorldCom hereby respectfully requests that the Authority treat this document as its Petition for Authority approval.



transactions involving up to an aggregate of roughly \$60 million. These obligations, or the equivalent thereof, will remain with the merged companies following the merger and, to the extent required, the Petitioners respectfully request approval of such obligations.

### **III. PUBLIC INTEREST CONSIDERATIONS**


Consummation of the proposed transaction will serve the public interest by bringing together WorldCom, one of the fastest growing interexchange carriers, with MFSCC, which, through its subsidiaries, is a leading provider of local and long distance communications services for businesses and government. The combination of WorldCom's extensive expertise and presence in the long distance marketplace with MFSCC's position, through its subsidiaries, as the nation's largest competitive local exchange carrier and Internet access provider should provide great benefits to the public. The combined entity will offer its customers a full range of competitively priced services, thereby increasing competition in the local, long distance, Internet and international market sectors. Moreover, the transaction will provide MFSCC and WorldCom the opportunity to strengthen their competitive positions with greater financial resources, which will benefit consumers through improved service and lower rates, thereby invigorating competition in Tennessee. By combining both their resources and experienced management, the merger of WorldCom and MFSCC will allow the companies to offer consumers a viable alternative to the most powerful players in the telecommunications market.


#### IV. CONCLUSION


For the reasons stated herein, the Petitioners request, to the extent required, that the Regulatory Authority authorize the merger described herein and the related transactions described herein, to permit the Petitioners to consummate the transaction no later than December 1, 1996.

Respectfully submitted,

WORLD.COM, INC.  
MFS COMMUNICATIONS COMPANY, INC.

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THEIR COUNSEL

Dated: September \_\_, 1996