DOCKET FILE COPY ORIGINAL

PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News media information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
TTY 202 / 418-2555
Internet: http://www.fcc.gov

DA 01-2727
Released: November 20, 2001

COMMON CARRIER, INTERNATIONAL, AND WIRELESS TELECOMMUNICATIONS BUREAUS MODIFY WORLDCOM-INTERMEDIA MERGER CONDITIONS

CC Docket No. 00-206

Pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 214 and 310(d), and sections 63.01, 0.51, 0.91, 0.131, 0.261, 0.291, and 0.331 of the Commission's rules, 47 C.F.R. §§ 63.01, 0.51, 0.91, 0.131, 0.261, 0.291, and 0.331, the Common Carrier, Wireless Telecommunications, and International Bureaus (the Bureaus) grant WorldCom, Inc.'s (WorldCom's) request to modify a condition imposed in a January 17, 2001, Bureau-level Memorandum Opinion and Order (*WorldCom-Intermedia Merger Order*),[1] which approved the transfer of control of Commission authorizations and licenses from Intermedia Communications, Inc. (Intermedia) to WorldCom.[2]

The *WorldCom-Intermedia Merger Order* required the parties to comply with the terms of a "Hold Separate Stipulation and Order" (HSO), which was entered into in connection with an antitrust consent decree and which required WorldCom to hold separate all of the "Intermedia assets" until a purchaser could be found for Intermedia's Internet backbone as well as its competitive local exchange carrier business.[3] According to WorldCom, the HSO also

---

1 *In the Matter of Intermedia Communications, Inc. Transferor, and WorldCom, Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Authorizations Pursuant to sections 214 and 310(d) of the Communications Act and Parts 21, 63, 90, 101*, CC Docket No. 00-206, Memorandum Opinion and Order (rel. Jan. 17, 2001) (*WorldCom-Intermedia Merger Order*). The Common Carrier, Wireless Telecommunications, and International Bureaus jointly issued the *WorldCom-Intermedia Merger Order* and conditioned approval of the transfer of control on WorldCom's compliance with the Hold Separate Stipulation and Order. *United States v. WorldCom, Inc. and Intermedia, Inc.*, Hold Separate Stipulation and Order (D.D.C.) Case No. 1:00CV02789(RWR).

2 On September 14, 2001, WorldCom was granted Special Temporary Authority (STA) to permit WorldCom to absorb the local and long distance telecommunications businesses of Intermedia. *See* Public Notice, "Comments Requested On Additional Information Submitted By Worldcom Relating To Its Acquisition Of Intermedia," CC Docket No. 00-206, DA-01-2199 (Sept. 19, 2001); *see also* Letter from A. Richard Metzger, Jr., to Michelle Carey, Chief, Policy and Program Planning Division, Common Carrier Bureau, CC Docket No. 00-206 (Sept. 12, 2001) (WorldCom Request for Special Temporary Authority).

3 *United States v. WorldCom, Inc. and Intermedia, Inc.*, Hold Separate Stipulation and Order (D.D.C.) Case No. 1:00CV02789(RWR). The hold separate restrictions did not apply to Intermedia's web-hosting business, Digex, which WorldCom absorbed immediately after the merger. *See* Letter from A. Richard Metzger, Jr., to

"obligated Intermedia during the HSO period to continue to operate its business according to the business plan adopted in 1999, when conditions in the telecommunications industry were markedly different than they are today."[4] On August 28, 2001, the Department of Justice (DOJ) and WorldCom filed with the United States District Court for the District of Columbia a "Joint Motion to Modify the Hold Separate Stipulation and Order," which is intended to remove impediments to "WorldCom's ability to divest Intermedia's Internet backbone and access business."[5] The modified HSO, among other things, limits the Intermedia assets that must be held separately from WorldCom to the Intermedia's backbone and access business, which it is required to divest.

Although, pursuant to the modification of the HSO, Intermedia's non-Internet businesses will be merged into WorldCom, this does not alter the result of the Bureaus' competitive analysis. As WorldCom states in its Application, competition among long distance carriers continues to be robust.[6] Moreover, the Intermedia and WorldCom shares of the local telecommunications business are, by any measure, de minimis.[7] Therefore, the combination of Intermedia's and WorldCom's local exchange and long distance businesses do not raise any competitive concerns. Similarly, we find that WorldCom's acquisition of Intermedia's international and wireless operations would not have an adverse effect on competition for wireless and international services.[8] Further, no parties filed comments objecting to modifying the merger conditions.[9] Accordingly, the Bureaus find that modifying the merger conditions to permit WorldCom to absorb the non-Internet businesses of Intermedia serves the public interest.

Pursuant to section 1.103 of the Commission's rules, 47 C.F.R. § 1.103, the modification described herein is effective upon release of this Public Notice. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47.C.F.R. §§ 1.106, 1.115, may be filed within 30 days of the date of this

---

Michelle Carey, Chief, Policy and Program Planning Division, Common Carrier Bureau, CC Docket No. 00-206 (Aug. 31, 2001) (WorldCom Aug. 31 Letter) at 2; WorldCom Request for Special Temporary Authority at 2.

[4] *See* WorldCom Aug. 31 Letter; *see also* WorldCom Request For Special Temporary Authority at 2-3; and *In re Applications of Intermedia Communications, Inc., Transferor, and WorldCom, Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Authorizations Pursuant to sections 214 and 310(d) of the Communications Act and Parts 21, 63, 90, 101*, CC Docket No. 00-206 (filed Oct. 23, 2000) (Application) at 7-14.

[5] *United States of America v. WorldCom, Inc. and Intermedia Communications, Inc.*, Joint Motion to Modify Hold Separate Stipulation and Order, United States District Court for the District of Columbia, (D.D.C.) Civ. Case No. 1:00CV02789 (RWR) (Aug. 28, 2001). The court granted the motion the same day that it was filed. *See also* WorldCom Aug. 31 Letter.

[6] Application at 7-14. *See also* Letter from A. Richard Metzger, Jr., to Michelle Carey, Chief, Policy and Program Planning Division, Common Carrier Bureau, CC Docket No. 00-206 (September 12, 2001); WorldCom Sept. 12 Response at 1.

[7] WorldCom Sept. 12 Response at 1.

[8] Application at 8 n.7; *see also* Letter from Ruth Milkman to Thomas Sugrue, Chief, Wireless Telecommunications Bureau, and Kathryn O'Brien, Acting Chief, Telecommunications Division, International Bureau, CC Docket No. 00-206 (Nov. 16, 2001) at 3-4; WorldCom Sept. 12 Response at 3.

[9] *See* Public Notice, "Comments Requested On Additional Information Submitted By Worldcom Relating To Its Acquisition Of Intermedia," CC Docket No. 00-206, DA-01-2199 (Sept. 19, 2001).

Public Notice.

For further information, contact Henry L. Thaggert, Policy and Program Planning Division, Common Carrier Bureau, at (202) 418-7941.

--FCC--