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**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 13th  
day of May, 1998.

In the Matter of the Application of LCI )  
International Telecom Corp. and LCI Inter- )  
national Management Services, Inc. for ) Case No. TM-98-402  
Authority to Reorganize Through Merger and )  
Related Transactions. )  
)

**ORDER APPROVING MERGER**

LCI International Telecom Corp. (LCI Telecom) and LCI International Management Services, Inc. (LCIM), filed an Application on March 23, 1998, asking the Commission to approve the merger of LCIM with its wholly owned subsidiary, LCI Telecom. LCI Telecom is certified to provide interexchange and local exchange services in Missouri, and therefore this transaction comes under Commission jurisdiction.

LCI Telecom was certified to provide interexchange telecommunications services in Missouri on August 18, 1989, in Case No. TA-89-204, and to provide local exchange service on October 28, 1997, in Case No. TA-98-8. LCI Telecom is a wholly owned subsidiary of LCIM, which is a wholly owned subsidiary of LCI International, Inc. (LCI). LCI is a nonregulated Delaware corporation with principal offices at 8180 Greensboro Drive, Suite 800, McLean, Virginia 22102.

The proposed merger of LCI Telecom and LCIM will simplify LCI's corporate structure. After the transaction, LCI Telecom will be a wholly owned subsidiary of LCI.

The applicants state that in conjunction with the merger, LCI Telecom will issue a debt instrument formalizing an intercompany agreement pursuant to which LCIM has advanced (or will advance) \$150 million to LCI Telecom to purchase network assets. LCI Telecom also intends to establish an intercompany credit line that will allow LCI Telecom to borrow working capital from LCIM. The applicants state that these obligations have been, or will be, assigned by LCIM to a wholly owned LCI affiliate before the merger. The applicants also state that consummation of the transaction will not undermine the financial condition of LCI companies and will have no impact on LCI Telecom's operations and telecommunications services to its Missouri customers.

LCI Telecom will continue to provide services in Missouri using the same name, tariff, and operating authority. The applicants state that the merger will enable the LCI companies to operate more efficiently by streamlining the corporate structure, will give LCI Telecom access to financial resources, and will enable it to increase the number of products and services it offers to Missouri customers. The merger will enhance LCI Telecom's ability to compete in the market for telecommunications services in Missouri.

The Staff of the Commission (Staff) filed a Memorandum on April 15, 1998, recommending that the transaction be approved. Staff states that "LCI Telecom's operations and tariff will be unaffected." Staff also states that the "merger will have no impact on the tax revenues of the political subdivisions in which the facilities or equipment of the parties are located."

The Commission has reviewed the application and Staff's recommendation, and determines that the proposed acquisition and merger

( will have no adverse impact on the Missouri customers of LCI Telecom. Therefore, the Commission determines that the transaction is not detrimental to the public interest and should be approved.

**IT IS THEREFORE ORDERED:**

1. That the Application filed by LCI International Telecom Corp., and LCI International Management Services, Inc., on March 23, 1998, is approved.

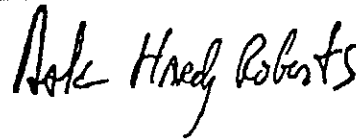
2. That the applicants are authorized to consummate the merger of LCI International Management Services, Inc., into LCI International Telecom Corp.

3. That the parties are authorized to take any and all actions necessary to effect the merger authorized by this order.

( 4. That LCI International Telecom Corp., shall file notification with the Commission no later than ten days after the closing date of the transaction authorized by this order.

5. That this order shall become effective on May 27, 1998.

BY THE COMMISSION



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

( S E A L )

Lumpe, Ch., Crumpton, Drainer  
and Murray, CC., concur.  
Schemenauer, C., absent.

( Dippell, Regulatory Law Judge