

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 6th
day of June, 1990.

In the matter of the Joint Application of)
Teleconnect Long Distance Services and)
Systems Company, American Communications,)
Inc., Telecom USA, MCI Communications) Case No. TM-90-318
Corporation, and MCI Capital, Inc., for)
the approval of agreement and plan of)
merger.)

ORDER

On May 17, 1990, Teleconnect Long Distance Services and Systems,
Company (Teleconnect), American Communications, Inc. (ACI), Telecom USA
(Telecom), MCI Communications Corporation (MCIC), and MCI Capital, Inc.
(MCICI) (collectively referred to as the Applicants) filed a verified application
with the Missouri Public Service Commission (Commission) seeking approval of
their Agreement and Plan of Merger (Plan), dated April 8, 1990, attached as
Exhibit 1 to the application. Pursuant to the Plan, MCICI, which is the
indirect wholly-owned subsidiary of MCIC, will be merged into Telecom, which
will be the surviving company. Having considered the verified application,
exhibits attached thereto and the recommendation of the Commission Staff
(Staff), the Commission has determined a hearing is unnecessary and finds and
concludes as follows.

Teleconnect was granted a certificate of public convenience and
necessity in Case No. TA-86-114, effective March 13, 1987, from the Missouri
Public Service Commission. The certificate was transferred to a subsidiary,
Teleconnect Long Distance Services and Systems Company (Teleconnect Long
Distance) by Commission order, dated June 15, 1988, in Case No. TM-88-236.

Teleconnect Long Distance is a public utility and a certified reseller of telephone toll services on an intrastate and interstate basis, providing service in Missouri and other states. ACI is a wholly-owned subsidiary of Teleconnect Long Distance Services and Systems Company, as approved by order of the Commission in Case No. TM-90-72, effective October 31, 1989. ACI is a corporation duly organized and existing under the laws of the State of Kansas City with its principal offices and place of business located at 257 North Broadway, Wichita, Kansas 66201. ACI holds a certificate of public convenience and necessity in Case No. TA-87-120, effective July 28, 1987.

Telecom is a Delaware corporation with its principal place of business at 780 Douglas Road, Suite 800, Atlanta, Georgia 30342. It serves as a holding company owning various subsidiaries engaged in many aspects of telecommunications services, including a wide variety of long distance services, directory publication, enhanced services, telecommunications software and telecommunications hardware. Telecom is the parent company of Teleconnect Company, Teleconnect Long Distance and ACI.

MCIC is a Delaware corporation with its principal place of business at 1133 19th Street N.W., Washington, D.C. 20036. MCIC owns directly or indirectly MCI Telecommunications Corporation, MCI International Telecommunications, MCI International, Inc., Western Union International, Inc., Satellite Business Systems, and MCI Capital, Inc. The subsidiary MCI Telecommunications Corporation holds a certificate of public convenience and necessity from the Missouri Public Service Commission to provide interLATA service in Case No. TA-84-82, effective December 7, 1984. In addition, it holds a certificate of public convenience and necessity to provide intraLATA service in Case No. TA-87-41, effective February 10, 1987.

MCICI is an indirect, wholly-owned subsidiary of MCIC with offices and principal place of business at 1013 Centre Road, Wilmington, Delaware 19805. It was formed for the purpose of acquiring Telecom and will be merged into Telecom with Telecom being the surviving entity.

Pursuant to an Agreement and Plan of Merger, dated April 8, 1990, by and among MCIC, MCICI and Telecom, attached as Exhibit 1, MCICI, which is the indirect wholly-owned subsidiary of MCIC, will be merged into Telecom, which will be the surviving company.

Following the merger, there will be 1000 shares of Telecom issued and outstanding, all of which will be owned by MCIC, the licenses authorizations and certificates presently held by Telecom's subsidiaries, including the Missouri certificates of public convenience and necessity held by Teleconnect Long Distance and ACI, will continue to be operated in the provision of service to customers in the State of Missouri.

Applicants stated that the sale of stock proposed herein will in no way adversely affect any considerations involving public convenience or necessity. Further, the sale of the stock will in no way adversely affect the provision of services to the public, and will not be detrimental to the public interest as Teleconnect Long Distance and ACI will continue to hold their certificates of public convenience and necessity, and will continue to be the operating companies under the certificates.

Applicants further stated that the proposed sales of stock will have no adverse impact on tax revenues for the State of Missouri or of its political subdivisions.

Certified copies of all of the Resolutions of Applicant's Directors authorizing this application are attached to the application as Exhibit 2. Attached as Exhibits 3 and 4 are financial documents of Applicants.

On June 1, 1990, Staff filed a memorandum recommending approval of the Agreement and Plan of Merger on an expedited basis.

The Commission has jurisdiction over this matter pursuant to Section 392.300, RSMo 1986 and 4 CSR 240-2.060(4).

The Commission has determined that the end result of the proposed merger be that MCICI will be merged with Telecom, which is the parent company of the two corporations holding Missouri certificates, Teleconnect Long Distance and ACI.

The Commission has also determined the proposed Agreement and Plan of Merger is not detrimental to the public interest and should be approved. However, it is not the Commission's intention to act as a buffer between, or a guarantor against, any imprudent business risk engaged in by Applicants as a result of the instant application. Any adverse financial result of those contemplated activities shall be borne by the company's stockholders and not by its Missouri ratepayers.

It is, therefore,

ORDERED: 1. That the execution, delivery and performance by Teleconnect Long Distance Services and Systems Company, Telecom USA, American Communications, Inc., MCI Communications Corporation, and MCI Capital, Inc., of the Agreement and Plan of Merger, Exhibit 1 to the application, is hereby authorized and approved.

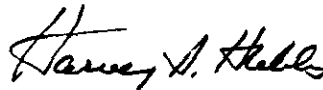
ORDERED: 2. That Teleconnect Long Distance Services and Systems Company, Telecom USA, American Communications, Inc., MCI Communications Corporation, and MCI Capital, Inc. are authorized to take all actions which may be necessary to effect said Agreement and Plan of Merger.

ORDERED: 3. That nothing in this order shall be considered as a finding by the Commission of the value for ratemaking purposes of the properties

herein involved, nor as an acquiescence in the value placed upon said properties by Teleconnect Long Distance Services and Systems Company, Telecom USA, American Communications, Inc., MCI Communications Corporation, and MCI Capital, Inc. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded the transactions herein, and the resulting cost of capital, in any later proceeding.

ORDERED: 4. That this order shall become effective on the date hereof.

BY THE COMMISSION


Harvey G. Hubbs
Secretary

(S E A L)

Mueller, Rauch and Letsch-Roderique,
CC., Concur.
Steinmeier, Chm., McClure, C., Absent.