



ORIGINAL

March 9, 1998

Ms. Blanca Bayo, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 971604-TP — Request for approval of transfer of control of MCI Communications Corporation (parent corporation of MCI Metro Access Transmission Services, Inc., holder of AAV/ALEC Certificates 2986, and MCI Telecommunications Corporation, holder of IXC Certificate 61, PATS Certificate 3088, and AAV/ALEC Certificate 3996) to TC Investments Corp., a wholly-owned subsidiary to WorldCom, Inc. d/b/a/ LDDS Worldcom.

Dear Ms. Bayo:

The Commission should deny the Motion to Dismiss filed jointly by MCI and WorldCom Docket No. 971604-TP.

In the Communications Workers of America's (CWA) Petition to Intervene and Protest of Proposed Agency Action filed on February 12, 1998, CWA provided evidence to demonstrate that the impact of the this merger upon Florida consumers requires careful consideration by the Commission.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU William _____
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Therefore, we encourage the Commission to deny the joint Petition to Dismiss filed by MCI and WorldCom.

Sincerely,

A handwritten signature in black ink, appearing to read "Debbie Goldman". The signature is written in a cursive, flowing style.

**Debbie Goldman
Research Economist
Research and Development
Communications Workers of America**

4 February 1998

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WorldCom Inc.

Ind. Consolidation+Core Growth+Synergies ACCUMULATE*
= Compelling GARP Stock

Reason for Report: Resuming Coverage

Long Term BUY

Price: \$38 3/4
12 Month Price Objective: \$45

Estimate (Dec)	1996A	1997E	1998E
EPS:	\$1.82	\$2.36	\$2.85
P/E:	35.8x	34.1x	42.1x
EPS Change (YoY):		-42.7%	123.7%
Consensus EPS:		\$2.39	\$2.87
(First Call: 16-Jan-98)			
Q4 EPS (Dec):	NA	\$2.14	
Cash Flow/Eshare:	\$1.36	\$2.12	\$1.92
Price/Cash Flow:	25.3x	16.9x	18.4x
Dividend Rate:	NE	NE	NE
Dividend Yield:	NE	NE	NE

Opinion & Financial Data

Investment Opinion:	D-S-I-O
Mkt. Value / Shares Outstanding (Sep):	\$25.2 / 1000
Book Value/Share (Dec-96):	\$13.70
P/B Ratio:	2.4x
ROE 1997E Average:	NA
LT Liability % of Capital:	25.5%
Est. 5 Year EPS Growth:	37.0%

Stock Data

52-Week Range:	\$39 7/8-62 1/4
Symbol / Exchange:	WCOM / OTC
Option:	Public
Institutional Ownership-Spectrum:	34.6%
Broker Coverage (First Call):	23

ML Industry Weightings & Ratings**

Strategy, Weighting Rel. to Mkt.:		
Income:	Overweight	(07-Mar-95)
Growth:	Overweight	(07-Mar-95)
Income & Growth:	Overweight	(07-Mar-95)
Capital Appreciation:	In Line	(25-Jul-95)
Market Analysts/ Technical Rating:	Above Average	(24-Nov-97)

*Intermediate term opinion last changed on 04-Oct-97.

**The views expressed are those of the research department and do not necessarily coincide with those of the Fundamental Analyst.
For full investment opinion definitions, see footnote.

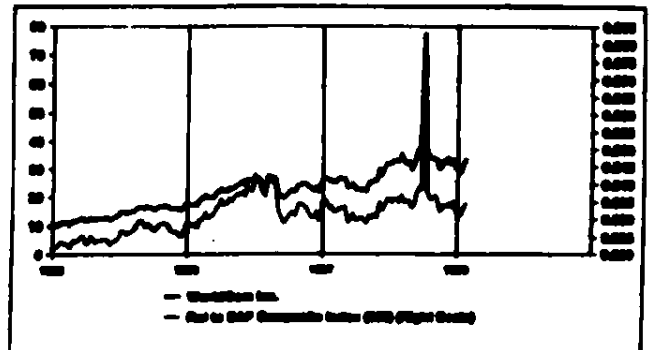
Investment Highlights:

- Resuming coverage of WCOM with an Int. term Accumulate & LT Buy ratings (D-S-I-O).
- Stock selling at what we view as attractive multiples of '97E: 17.9x reported EPS, 12.8x pro-growth EPS, and 7.3x EBITDA. Relative to 285x est. 5 yr EPS growth (all '99), WCOM shares represent "growth at a reasonable price" (GARP) with a P/E relative to S&P 500 of 6.9x with 5 yr growth-4.2x that of S&P 500 (6% vs. 25% for WCOM).
- WCOM's investment case is strengthened by the MCI merger which adds 25% to pre-merger '97E EPS, due to hard synergies accounting for 1/2 of EPS growth, continuing growth of internet profits, inherent low exposure to RBOC entry & potential cash from asset sales.
- 12 month price objective of \$45 based on a 22.5x target multiple on our '99 EPS est. of \$2.

Fundamental Highlights:

- Brooks acq. on 1/29 marks end of phase 1 of WCOM's industry consolidation strategy while accelerating local network deployment 1-3 yrs.
- Merger with MCI (phase 2) remains on track for 3Q98 close. Hard (cost) synergy estimates of \$2.5B in '99 growing to over \$6B within 5 yrs. remain unchanged. Soft (revenue) synergies are upside to our estimates.

Stock Performance



3 Key Reasons We See WorldCom As A Key Large Cap Stock Holding

#1 "Growth At a Reasonable Price" Attractive Valuation Relative To S&P 500 And Other Long Distance Companies

Resuming Coverage Of WorldCom With A 2-1 Opinion; \$45 Price Objective Over The Next 12 Months

Our recommendation of WorldCom is based on 8 key reasons which we think uniquely positions the stock as a key large cap stock:

■ **"Growth At A Reasonable Price"**

WorldCom's current valuation stacks up quite attractively on a number of different metrics including P/E (both on a reported basis as well as cash earnings), P/E to growth, EBITDA and EBITDA to growth as detailed in table 6 below. In addition, WorldCom currently trades at a P/E discount to the S&P 500 (based on '99E), a valuation disparity that is especially striking when one considers the wide disparity — over four fold — in 5 year forecasted growth rates (6% for the S&P vs. 25% for WorldCom).

#2. Merger With MCI Should Yield 2 Key Benefits — Cost Synergies & Reduced Competition

➔ ■ **MCI Merger Will Bring 2 Benefits: Significant Cost Savings & Reduced Intra-Industry Competition:**

A) **Potential Cost Savings:** We continue to estimate that \$2.5 billion in total cost synergies (see table 1 below) will be realized in the first full year ('99) following the merger with MCI, increasing to over \$5 billion annually by 2002. The bulk of these synergies are to be provided via network cost savings, overhead/SG&A savings as well as a significant cut back in the aggressive local market entry plans at MCI Metro which are now be redundant to existing and planned MFS and Brooks CLBC assets and activities. The net impact on '99 earnings is forecasted at a 25% accretion to EPS (\$2.00 vs. WorldCom "stand alone" forecast of \$1.60).

Table 1: Est. EBITDA Savings - MCI Merger Only

(\$ in millions)	1998E	2000E	2001E	2002E
Line Cost Savings				
➔ MCI Local	800	725	975	1,200
Domestic LD	600	1,000	1,400	1,800
International	400	700	1,000	1,300
SG&A	1,000	1,100	1,200	1,200
Total EBITDA Synergies	2,800	3,525	4,575	5,000

Source: Merrill Lynch estimates

B) **Reduced Intra-Industry Competition:** Mergers with MCI and Brooks will reduce, on the margin, the level of intra-industry competition in both the US LD and local markets via the reduction in the number of major competitors. In the LD sector, we hope for a slightly more rational approach to residential marketing expenditures and pricing with a new focus on profitability, rather than a single minded pursuit of pure market share.

➔ On the local side, completion of these two mergers would mean that MCI's Metro unit, Brooks and WorldCom's MFS unit would no longer compete with each other. We therefore expect that local pricing will feel slightly less pressure and that significant overlapping expenditures (both capital and marketing) will be eliminated.

■ **Wide Investor Appeal:**

WorldCom's addressable investor base was vastly expanded to once again include traditional growth investors, many of whom were unable to invest in WorldCom due to current P/Es in excess of 40x.

#3. Wide Investor Appeal: Attractive P/E Valuation Brings In Traditional Growth Investors

**CITIES WITH WORLD COM AND MCI FACILITIES
\$5 BILLION IN "EFFICIENCIES" = LOSS OF ONE COMPETITOR**

California

- San Francisco
- Los Angeles
- San Diego

New York

- New York City

Florida

- Orlando
- Tampa
- Miami

Ohio

- Cleveland

Minnesota

- Minneapolis

Colorado

- Denver

Pennsylvania

- Philadelphia
- Pittsburgh

Massachusetts

- Boston

New Jersey

- Newark

Michigan

- Detroit

Illinois

- Chicago

Washington

- Seattle

Arizona

- Phoenix

Oregon

- Portland

Georgia

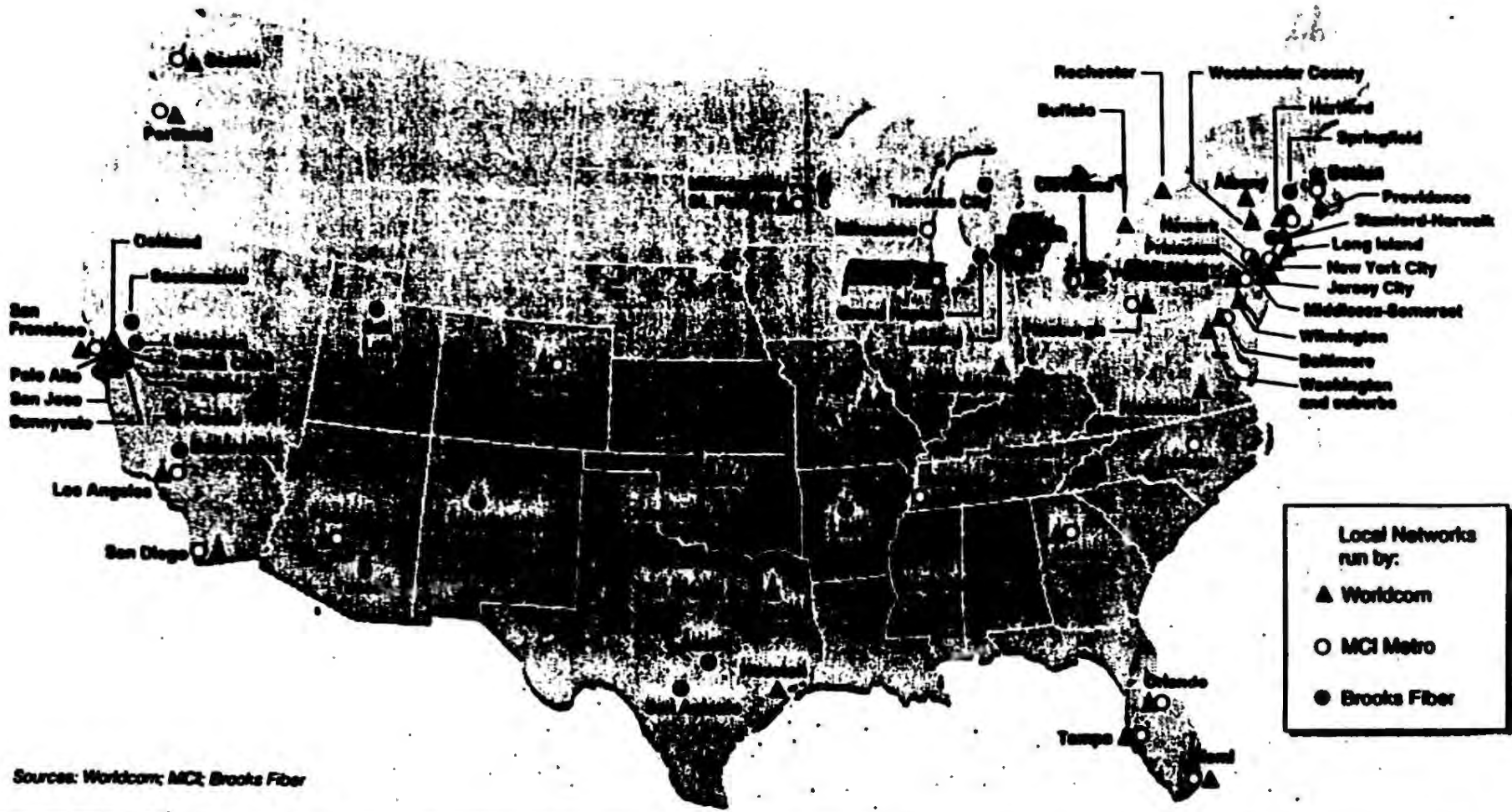
- Atlanta

Maryland

- Baltimore

Connecticut

- Hartford



Sources: Worldcom; MCI; Brooks Fiber

CERTIFICATE OF SERVICE

This is to certify that I have duly served these comments upon these parties by depositing copies of same in the United States mail, addressed as follows:

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