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**VIA OVERNIGHT DELIVERY**

Blanca S. Bayo  
Director, Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

11/16/97 TI

Re Notification of FaciliCom International, L.L.C. Corporate Reorganization

Dear Ms. Bayo:

On behalf of FaciliCom International, L.L.C. ("FCI"), this letter is to advise the Commission of a *pro forma* corporate reorganization whereby a recently created holding company will be inserted directly above FCI in the corporate chain as FCI's 100 percent parent ("Transaction")

Upon review of the Florida statutes and Commission rules, it is the understanding of FCI, its owners, and other parties to the Transaction that prior Commission approval is not required for the Transaction described herein. In the event the Commission determines that approval of the Transaction is required, however, this letter should serve as a request for expedited consideration of the Transaction and, to the extent necessary, *nunc pro tunc* approval.

FCI is a privately-held limited liability company formed under the laws of the State of Delaware. FCI is authorized to offer its subscribers a variety of intrastate interexchange services by reselling services of other telecommunications companies who are authorized to provide services in this state. FCI was authorized by this Commission to provide these services pursuant to Order Number PSC-97-0449-FOF-TI in Docket Number 970108-TI, which authorization became effective May 13, 1997.

In addition to the services that FCI is authorized to provide to Florida subscribers, FCI is authorized to provide resold interexchange telecommunications services in fifteen other states nationwide, either pursuant to certification, registration or tariff requirements, or on an unregulated basis. FCI also has pending applications for authority to provide similar services in two states and intends to apply where necessary, in additional states nationwide.

FCI is currently owned by two parties, the Armstrong International Telecommunications, Inc. ("AIT") and FaciliCom Management Group ("FMG"). AIT holds an 81 percent membership interest

COMMUNICATIONS STATE

12937 DEC 1997

Director, Division of Records and Reporting  
Florida Public Service Commission  
December 18, 1997

in FCI, and FMG holds a 19 percent membership interest in FCI. The current organizational structure is represented graphically in Figure 1 of Exhibit A, attached hereto.

### Description of the Transaction

The Transaction is relatively straight-forward, entailing simply the insertion of a recently created holding company, FaciliCom International, Inc. ("FaciliCom Int'l"), above FCI in the corporate chain as FCI's 100 percent parent. On or about December 31, 1997, AIT and FMG will contribute their membership interests in FCI to FaciliCom Int'l and will receive as consideration therefor shares of FaciliCom Int'l common stock. As a result of the Transaction, AIT and FMG will own 81 percent and 19 percent, respectively, of FaciliCom Int'l's outstanding common stock (the same proportion membership interests that the respective companies previously held in FCI). The organizational structure as a result of this Transaction is graphically represented in Figure 2 of Exhibit A.

As is reflected in Figure 2 of Exhibit A, the Transaction is *pro forma* in nature. Upon consummation of the Transaction, FCI will continue to provide high quality, affordable telecommunications services to the public consistent with the authorizations it has received from this Commission and from other state regulatory commissions. The Transaction will not make any change in the name of or services provided by any certificated entity in this state. As such, this Transaction will not in any way disrupt service, nor will it cause inconvenience or confusion to the customers. Indeed, the Transaction will be completely seamless to the customers in terms of the services they will receive.

Moreover, the ultimate owners of FCI will remain unchanged as a result of the Transaction. Albert indirectly through FaciliCom Int'l, FMG will ultimately own 15.99 percent control of FCI, and AIT will ultimately own 84.01 percent of FCI. Accordingly, this *pro forma* transaction constitutes merely an internal reorganization of the ownership of FCI.

### Public Interest Considerations

The Transaction will serve the public interest in promoting competition among telecommunications carriers. The Transaction will provide FCI with the opportunity to strengthen

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\* In an unrelated transaction, AIT intends to acquire additional shares of FaciliCom Int'l common stock as consideration for an additional equity investment in FaciliCom Int'l of \$20 million. The investment will be in the form of cash and the cancellation of indebtedness owed by FCI to AIT. As a result of this investment, which is also anticipated to close on or about December 31, 1997, AIT will own 84.01 percent of the outstanding common shares of FaciliCom Int'l and FMG will own 15.99 percent of the outstanding common shares of FaciliCom Int'l.

Director, Division of Records and Reporting  
Florida Public Service Commission  
December 18, 1997

its competitive position with greater financial resources and a holding company structure that will allow for greater flexibility to improve and expand its business. Furthermore, by increasing the breadth and scope of telecommunications services made available through the expansion of FCI's operations and international network, this Transaction will benefit Florida consumers. Greater access to capital will strengthen FCI's ability to bring competitive telecommunications services to consumers in the State of Florida.


### Conclusion

Upon review of the Florida statutes and Commission rules, it is the understanding of FCI, FaciCom Int'l, AIT, and FMG that prior Commission approval is not required for the Transaction described above. Absent receipt of written notification to the contrary within thirty (30) days, we will proceed on our understanding that no approval or other formal action with respect to the proposed Transaction is required by the Commission.

The original and five (5) copies of this letter are forwarded to the Commission for informational purposes, to be included in the appropriate file(s). Please date-stamp the extra copy and return it in the enclosed self-addressed, stamped envelope.

Please contact the undersigned with any questions or comments regarding this Transaction.

Respectfully submitted,

  
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cc: Linda Jacobsen  
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EXHIBIT A

Figure 1: Pre-Transaction Company Structure

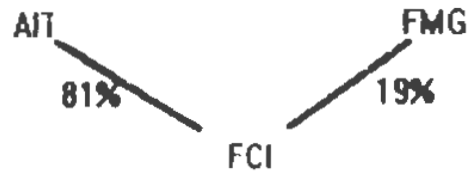


Figure 2: Final Holding Company Structure

