



PUBLIC NOTICE

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

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DA 03-1918
Released: June 10, 2003

DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF METROMEDIA FIBER NETWORK SERVICES, INC.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 03-129

On May 27, 2003, Metromedia Fiber Network Services, Inc., Debtor-in-Possession (“MFNS”), filed an application, pursuant to sections 63.03 and 63.04 of the Commission’s rules,¹ for consent to transfer control of MFNS pursuant to a Plan of Reorganization (the “Plan”), whereby a newly reorganized Metromedia Fiber Network Services, Inc. (“Reorganized MFNS”), will emerge from bankruptcy.²

Applicant asserts that the proposed transaction is eligible for presumptive streamlined treatment under section 63.03(b)(2)(i) of the Commission’s rules because the proposed transaction will result in Reorganized MFNS having a market share in the interstate, interexchange market of less than 10 percent; any competitive telephone exchange services or exchange access services provided by Reorganized MFNS will be provided exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction; and neither MFNS nor Reorganized MFNS is dominant with respect to any service.

MFNS is a wholly-owned subsidiary of Metromedia Fiber Network, Inc. (“MFN”), a Delaware corporation headquartered in White Plains, New York. MFN is a holding company for its operating subsidiaries. Applicant states that its companies combine metropolitan area fiber networks in the U.S. and abroad with a global optical IP network, data centers, and managed services to deliver fully-integrated, outsourced communications solutions as well as point solutions to carriers, large businesses, and governments. The MFN subsidiaries deliver these services over their own network of data centers, metropolitan fiber rings, and long haul fiber optic facilities, and through the use of facilities and services leased or purchased from other carriers.³

¹ 47 C.F.R. §§ 63.03, 63.04; *see* 47 U.S.C. § 214.

² MFNS has also filed an application for consent to the transfer of control of MFNS with respect to its international section 214 authorization. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications.

On May 20, 2002, MFNS, MFN, and most of MFN's domestic subsidiaries (collectively, the "MFN Companies"), filed voluntary petitions for reorganization pursuant to Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York.⁴

The MFN Companies have continued in the management and operation of their businesses and properties as Debtors-in-Possession pursuant to Sections 1107 and 1008 of the Bankruptcy Code. MFN proposed its initial Plan for the resolution of outstanding creditor claims and equity interests to the Bankruptcy Court on March 13, 2003, and filed its amended Plan and Disclosure Statement on May 9, 2003.⁵

Upon consummation of the transaction, the outstanding shares of common stock of MFN would be canceled. Certain secured lender claims and a substantial portion of allowed general unsecured claims would be converted into equity in the newly reorganized MFN (Reorganized MFN) in the form of new common stock. Reorganized MFN would seek to obtain additional funding through a \$50 million rights offering available to certain shareholders. The Plan also provides for the grant of stock options and restricted stock to Reorganized MFN management and two series of warrants to certain creditors for the purchase of additional common stock. On the basis of the current amount of relevant secured lender and allowed general unsecured claims and other current information, MFNS anticipates that following the rights offering, no entity will control MFN. Only two shareholders, the Kluge Trust (a trust operated for the benefit of John W. Kluge) and Mutual Shares Fund (a mutual fund operated by Franklin Templeton Investments), will hold 10 percent or more of the common stock of Reorganized MFN.

Applicant contends that implementation of the Plan will place Reorganized MFNS on firm financial footing and will thereby preserve and strengthen competition in the telecommunications industry, to the ultimate benefit of the public. Applicant asserts that the proposed transaction is a reorganization in bankruptcy that will not result in a reduction in the number of competitors. Moreover, Applicant states that the proposed transaction will enable the MFN Companies to continue investing in their network and provide high quality communications solutions to their customer base without interruption.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be

³ Among other things, the MFN subsidiaries operate metropolitan area networks in Atlanta, Baltimore, Boston, Chicago, Dallas, Denver, Houston, Kansas City, Los Angeles, Miami, New Jersey (Central and Northern regions), New York (including Long Island and White Plains), Philadelphia, Phoenix, San Francisco, Seattle, and Washington, D.C. These companies tie together operations among many of their metropolitan area networks with long haul networks, including a long haul network between New York City and Washington, D.C.

⁴ *See In re Metromedia Fiber Network, Inc., et al.*, Case No. 02-22736 (ASH) through 02-22742 (ASH); 02-22744 (ASH) through 02-22746 (ASH); 02-22751 (ASH) through 02-22754 (ASH) (Bankr. S.D.N.Y.), filed May 20, 2002 ("Bankruptcy Case").

⁵ *See* "Disclosure Statement and Summary of Plan Distributions for Holders of Claims and Equity Interests with Respect to the Plan of Reorganization of Metromedia Fiber Network, Inc.," filed May 9, 2003 in the Bankruptcy Case.

acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments within 14 days** and **reply comments within 21 days** of this notice.⁶ Unless otherwise notified by the Commission, an applicant is permitted to transfer control of the domestic lines or authorization to operate on the 31st day after the date of this notice.⁷ Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the subject line "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Vistrionix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

⁶ See 47 C.F.R. § 63.03(a).

⁷ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

- (1) the Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: (202) 863-2893.
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: twilson@fcc.gov, and
- (3) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 6-A461, Washington, D.C. 20554; e-mail: dcjohnso@fcc.gov, and
- (4) William Dever, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C266, Washington, D.C. 20554; e-mail: wdever@fcc.gov; and
- (5) Imani Ellis-Cheek, Telecommunications Division, International Bureau, 445 12th Street, S.W., Room 6-A739, Washington, D.C. 20554; email: iellis@fcc.gov; and
- (6) Christopher Killion, Office of General Counsel, 445 12th Street, S.W., Room 8-C740, Washington, D.C. 20554; e-mail: ckillion@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com.

For further information, please contact Tracey Wilson, at (202) 418-1394, or Dennis Johnson (202) 418-0809.

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