



PUBLIC NOTICE

Federal Communications Commission
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DA 04-3791
Released: November 30, 2004

**DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL
OF INFONET BROADBAND SERVICES CORPORATION AND INFONET
TELECOMMUNICATIONS CORPORATION TO BT GROUP PLC**

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 04-421

Comments Due: December 14, 2004
Reply Comments Due: December 21, 2004

On November 19, 2004, Infonet Services Corp. (“Infonet”) and BT Group plc (“BT Group”) (together, the “Applicants”), filed an application pursuant to sections 63.03 and 63.04 of the Commission’s rules¹ requesting approval to transfer control of Infonet Telecommunications Corporation (“ITC”) from Infonet to BT Group.²

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(2)(i) of the Commission’s rules³ because the transferee will have a market share in the U.S. interstate interexchange market of less than 10 percent, the transferee will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier in the U.S. that is not a party to the proposed transaction, and no party to this Application is dominant with respect to any domestic service.

Infonet is a provider of value-added global services for nearly 3,000 multi-national organizations. Infonet’s operating affiliates provide customers with integrated communications

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

² Applicants have also filed for transfer of control related to international section 214 authority held by ITC’s affiliate, Infonet Broadband Services Corporation (“IBSC”), as well as an Infonet wireless license, both of which are part of this same transaction. Any action on this domestic section 214 application is without prejudice to Commission action on other related pending applications.

³ 47 CFR § 63.03(b)(2)(i).

services that include value added network data services, Internet and intranet access, multimedia services, equipment leasing and maintenance, and software applications and consulting services. Infonet's services are accessible from more than 180 countries and Infonet provides local service support to customers in over 70 countries and territories. Infonet holds both domestic and international Section 214 authority through ITC and IBSC,⁴ respectively. ITC provides domestic interexchange services on a pure resale basis in 37 states to a single customer, a multinational corporation that also is a customer of Infonet's value-added global services.

BT Group is a widely-held public corporation and holding company for an integrated group of businesses that provide information and communications technology services to customers throughout the United Kingdom, Europe, the Americas (including the United States), Asia, and Africa. BT Group is organized under the laws of England and Wales. In the United States, BT Group offers a variety of services, including voice and Internet Protocol Virtual Private Networks ("IP VPNs"), consulting and system integration, LAN/WAN services, infrastructure and utility applications, broadcast, satellite, and business transformation and change management services, through its U.S. subsidiaries. Once the proposed transaction is consummated, ITC and IBSC will be wholly-owned by BT United States L.L.C., a Delaware limited liability company. BT United States L.L.C. is indirectly wholly-owned and controlled by BT Group.⁵ No person or entity owns 10 percent or more of the equity of BT Group.⁶

On November 8, 2004, BT Telecommunications plc ("BT"), on behalf of its ultimate corporate parent, BT Group, entered into an agreement and plan of merger ("Merger Agreement") with Infonet pursuant to which BT has agreed to acquire all of the outstanding shares of capital stock of Infonet in exchange for \$2.06 cash per share. The proposed transaction will result in a change in control of both ITC and IBSC, which will become indirect, wholly-owned subsidiaries of BT Group. To effectuate the proposed transaction, Blue Acquisition Corp., a newly-created, wholly-owned subsidiary of BT United States L.L.C., will be merged with Infonet, after which the separate corporate existence of Blue Acquisition Corp. shall cease, and Infonet will emerge as the surviving corporation, a direct, wholly-owned subsidiary of BT United States L.L.C., and an indirect, wholly-owned subsidiary of BT Group.

⁴ IBSC holds only international authority under section 214.

⁵ The vertical ownership structure between BT United States L.L.C. and BT Group is through multiple BT affiliates, each of which is organized under the laws of England and Wales. Specifically, BT United States L.L.C. is 100% owned by BT Fifty-Three Limited. BT Fifty-Three Limited is, in turn, owned by BT Fifty-One, Limited (33%) and BT (International) Holdings Limited, (67%), both of which are 100% owned by BT Holdings Limited. BT Holdings Limited is wholly owned by British Telecommunications plc ("BT"), which is, in turn, 100% owned by BT Group Investments Limited. BT Group Investments Limited is wholly-owned by BT Group.

⁶ See Letter from Yaron Dori, Counsel for Applicants, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 04-421, (November 24, 2004) at 1.

The Applicants assert that the proposed transaction is in the public interest because it will combine the resources of the operating subsidiaries of BT Group and Infonet to allow the post-transaction entity to better serve its customers globally. Applicants anticipate that the proposed transfer of control will enhance competition and provide benefits, such as superior customer service and expanded service offerings, to multi-site customers. They claim that the transaction will generate substantial cost savings with direct efficiencies that will be passed on to customers due to the highly competitive nature of the market. Furthermore, Applicants state this proposed transaction will not adversely affect consumers or the marketplace for such services in the United States.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be 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 on or before December 14, 2004, and reply comments on or before December 21, 2004.**⁷ Unless otherwise notified by the Commission, Applicants are permitted to transfer control on the 31st day after the date of this notice.⁸ 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 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, Natek, Inc., will receive

⁷ See 47 C.F.R. § 63.03(a).

⁸ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

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:

- (1) the Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: www.bcpweb.com; phone: 202-488-5300 fax: 202-488-5563;
- (2) Tracey Wilson-Parker, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: tracey.wilson-parker@fcc.gov;
- (3) Alex Johns, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 3-C403, Washington, D.C. 20554; e-mail: alexis.johns@fcc.gov;
- (4) Terri Natoli, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C234, Washington, D.C. 20554; e-mail: terri.natoli@fcc.gov;
- (5) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; email: susan.o'connell@fcc.gov; and
- (6) James Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: james.bird@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, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone: 202-488-5300, fax: 202-488-5563, or via e-mail www.bcpweb.com.

For further information, please contact Tracey Wilson-Parker at (202) 418-1394, or Alex Johns at (202) 418-1167.

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