



PUBLIC NOTICE

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DA No. 02-3248
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ACTIONS TAKEN UNDER CABLE LANDING LICENSE ACT

Section 1.767(a) Cable Landing Licenses, Modifications, and Assignments or Transfers of Control of Interests in Cable Landing Licenses (47 C.F.R. § 1.767(a))

By the Chief, Policy Division, International Bureau:

Pursuant to An Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§ 34-39 (Cable Landing License Act), Executive Order No. 10530, Exec. Ord. No. 10530 *reprinted as amended in* 3 U.S.C. § 301, and section 1.767 of the Commission's rules, 47 C.F.R. § 1.767, the following applications ARE GRANTED. These grants of authority are taken under section 0.261 of the Commission's rules, 47 C.F.R. § 0.261, and are effective upon release of this public notice. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, may be filed within 30 days of the date of this public notice.

This public notice serves as each cable landing licensee's Cable Landing License, or modification thereto, pursuant to the Cable Landing License Act and sections 1.767 and 1.768 of the Commission's rules. Cable landing licensees should review carefully the terms and conditions of their licenses. Failure to comply with these terms and conditions or relevant Commission rules and policies could result in fines or forfeitures.

The Commission most recently amended its rules applicable to submarine cable landing licenses in *Review of Commission Consideration of Applications under the Cable Landing License Act*, IB Docket No. 00-106, FCC 01-332 (rel. Dec. 14, 2001), 67 Fed. Reg. 1615 (Jan. 14, 2002). An updated version of sections 1.767 and 1.768 of the rules is available at <http://www.fcc.gov/ib/pd/pf/telecomrules.html>. See also http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-02-598A1.pdf for a March 13, 2002 Public Notice; http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-01-332A1.pdf for the December 14, 2001 Report and Order.

SCL-T/C-200020926-00080
SCL-T/C-200020927-00081

Williams Communications, LLC (Licensee)
Williams Communications Group, Inc. (Transferor)

SCL-T/C-200020927-00082
SCL-T/C-200020927-00083

Williams Communications Group, Inc., Debtor-in-
Possession (Transferee and Transferor)
WilTel Communications Group, Inc. (Transferee)

*NUNC PRO TUNC PRO FORMA TRANSFER OF CONTROL AND
TRANSFER OF CONTROL*

Action Taken: Grant of *nunc pro tunc* authority for *pro forma* transfer of control of Williams Communications, LLC (WCL) from Williams Communications Group, Inc. (Williams) to Williams Communications Group Inc., Debtor-in-Possession (Williams-DIP); and grant of authority to transfer control of WCL from Williams-DIP to WilTel Communications Group, Inc. (WilTel). WCL has interests in the Japan-U.S. Cable Network and the China-U.S. Cable Network.

Conditions and Requirements: See *AT&T Corp. et al.*, Japan-U.S. Cable Landing License, File No. SCL-LIC-19981117-00025, 14 FCC Rcd 13066 (1999); and *AT&T Corp. et al.*, China-U.S. Cable Landing License, File No. SCL-LIC-19980309-00005, 13 FCC Rcd 16232 (1998). Licensees shall comply with the requirements of Section 1.768 (notifications and prior approval for submarine cable landing licensees that are or propose to become affiliated with a foreign carrier), 47 C.F.R. § 1.768. See also 47 C.F.R. § 1.767(g) (1) (14).

This grant is conditioned on WCL providing an interlocking directorate certification within five business days after the appointment of WilTel's board of directors or within five business days of the release of this Public Notice, whichever occurs later. See 47 C.F.R. § 63.18(h).

Licensee Information: At the time the subject application was filed, WCL, a Delaware company, was a wholly-owned subsidiary of Williams Communications Group, Inc., DIP, a Delaware corporation. WCL is a joint licensee of the Japan-U.S. Cable Network and the China-U.S. Cable Network. WCL holds an investment share and voting interest of approximately 3.83% in the Japan-U.S. Cable Network. WCL holds an investment share of approximately 5.41% and a voting interest of approximately 6.67% in the China-U.S. Cable Network. On April 22, 2002, Williams Communications Group, Inc. filed for bankruptcy under Chapter 11 of Title 11 of the U.S. Code. WCL did not make a bankruptcy filing for itself. An involuntary *pro forma* transfer of control of WCL from Williams to Williams-DIP occurred as a result of the bankruptcy filing.

According to the application, pursuant to a Plan of Reorganization, and under the supervision of a bankruptcy court, the ownership of WCL would be transferred from Williams-DIP to WilTel, a Nevada company, and WilTel would hold 100% of the equity of WCL.

According to the application, Leucadia National Corporation (Leucadia), a financial services company and a New York corporation, would hold approximately 45% of WilTel's common stock (subject to reduction to 44% under certain circumstances). No owner of Leucadia's stock would indirectly own ten percent or more of WilTel's stock and no other entity would directly or indirectly own at least ten percent of the equity of WCL following the transaction. Ian M. Cumming, Chairman of the Board of Leucadia, and Joseph S. Steinberg, President of Leucadia (both U.S. citizens) own approximately 18% and 16.8%, respectively, of the outstanding shares of Leucadia. Cumming and Steinberg have an oral agreement pursuant to which they will consult with each other as to the election of a mutually acceptable Board of Directors of Leucadia. Per the application, Cumming's and Steinberg's individual ownership of Leucadia would result in an effective beneficial ownership of WilTel of approximately 8.1% and 7.6%, respectively. If their ownership of Leucadia common shares were deemed to be combined, they would together beneficially own approximately 34.5% of the outstanding shares of Leucadia, which would result in effective beneficial ownership of WilTel of approximately 15.5%.

According to the application, WCL is affiliated with the following non-dominant foreign carriers and would retain these affiliations subsequent to the transfer of control: PowerTel Limited (previously known as Spectrum Network. Systems Limited) (Australia); Williams Communications K.K. (Japan); Williams Communications UK Limited (United Kingdom); Williams Communications Networks, Inc. (Canada); and Williams Communications (Hong Kong) Limited (Hong Kong).

Applicants stated that neither the Japan-U.S. Cable Network nor the China-U.S. Cable Network lands in Australia, the United Kingdom, Canada, or Hong Kong. Applicants stated that the Japan-U.S. Cable Network lands in Japan, but that WCL's affiliate in Japan lacks market power. Applicants stated that the transaction would not change any of the licensee's affiliations. Applicants certified that Australia, the United Kingdom, Canada, Hong Kong, and Japan are members of the World Trade Organization and that WCL's affiliates in those markets lack market power.

Interlocking Directorates: Applicants stated that Frank Semple, a director of WCL is also a director of Williams Communications UK Limited, a non-dominant foreign carrier in the United Kingdom. The applicants stated that to their knowledge, none of the proposed directors of WilTel is an officer or director of a foreign carrier.

Regulatory Status of Cable: The Japan-U.S. Cable Network cable system is operated on a non-common carrier basis. *See AT&T Corp. et al.*, 14 FCC Rcd 13066, 13067-68, para. 1. The China-U.S. Cable Network cable system is operated on a non-common carrier basis. *See AT&T Corp. et al.*, 13 FCC Rcd 16232, para. 1.

Cable Design and Capacity: *See*, File Nos. SCL-LIC-19981117-00025 (Japan-U.S. Cable Network) and SCL-LIC-19980309-00005 (China-U.S. Cable Network).
