

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of The )  
Champaign Telephone Company for Consent )  
and Authority to Recapitalize and for ) Case No. 99-1430-TP-AIS  
Approval of Change of Control Incident )  
There to. )

FINDING AND ORDER

The Commission finds:

- (1) Applicant, The Champaign Telephone Company, an Ohio Corporation, is a public utility and a telephone company as defined in Sections 4905.02, and 4905.03(A)(2), Revised Code, and is subject to the jurisdiction of this Commission.
- (2) This Application, as amended (hereinafter referred to as the Application), is filed under the provisions of Sections 4905.40, 4905.402 and 4905.41, Revised Code.
- (3) Applicant is requesting Commission authorization to: (a) issue 179,360 additional shares of common stock (the "New Stock"), with a par value of \$2.50 per share, to effect a ten-for-one stock split, and, (b) terminate the Voting Trust and transfer the ownership and control of the Applicant from the Voting Trust to the Voting Trust certificate holders, pursuant to the terms and conditions as set forth in the Application and the Exhibits.
- (4) A Voting Trust was created at a time when The Ohio Bell Telephone Company ("Ohio Bell") owned 50 percent of the then outstanding shares of the Applicant. The purpose for which the Voting Trust was created was to assure its certificate holders representation on the Applicant's Board of Directors equal with that of Ohio Bell. In January 1998, however, Applicant repurchased all of its shares held by Ohio Bell, thereby effectively eliminating the purpose for which the Voting Trust had been created.
- (5) In April 1999, Applicant's Board of Directors approved a Plan of Recapitalization (the "Plan"). The Plan was adopted by the Voting Trustees in May 1999 and was also ratified by the Voting Trust's certificate holders by a majority vote in September 1999.
- (6) Applicant states that the certificate holders have been asked to consent to a termination of the Voting Trust. Such termination will take effect only after the consent by certificate holders of at least two-thirds of the certificates. The consent to terminate the Voting Trust will not be voted on by the certificate holders until after Commission approval.

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- (7) Applicant further states that even if the two-third vote is not obtained to terminate the Voting Trust, the Applicant's Board of Directors has the option to place the Plan into operation after the Voting Trust expires on its own terms in April 2002.
- (8) The Applicant states that the proposed Plan of Recapitalization will not adversely affect its ability to meet any of its obligations. Moreover, the transfer of ownership from the Voting Trust to its certificate holders represents a purely technical change of control. The operations of the Applicant will be unaffected as a result of this transaction.
- (9) The stock split will result in the direct transfer of all of the outstanding stock in the Applicant to certificate holders of record in proportion to their interests held. The stock split is also intended to make the Applicant's Common Stock more marketable and more easily transferable.
- (10) Commission approval in this case to terminate the Voting Trust and transfer all ownership and control of the Applicant from the Trust to its certificate holders of record is subject to Applicant obtaining required consents of certificate holders or upon expiration of the Voting Trust.
- (11) Commission approval in this case for Applicant to terminate the Voting Trust and transfer all ownership and control of the Applicant from the Voting Trust to its certificate holders should not be construed as Commission endorsement of the Applicant's Plan of Recapitalization.
- (12) The New Stock will neither result in any proceeds to Applicant nor affect Applicant's ability to meet any of its obligations.
- (13) The New Stock and the terms thereof do not appear to be unjust or unreasonable.
- (14) Based on information contained in the Application and Exhibits thereto, and other documentary information to which the Commission has access, the termination of the Voting Trust and transfer of all ownership and control of the Applicant from the Voting Trust to its certificate holders of record, subject to Applicant obtaining required consents of certificate holders or upon expiration of the Voting Trust, and purposes for which the New Stock shall be issued appear to be reasonably required by the Applicant, and the Commission is satisfied that consent and authority should be granted.

It is, therefore,

ORDERED, That Applicant is authorized to: (a) issue 179,360 additional shares of common stock, with a par value of \$2.50 per share, to effect a ten-for-one stock split, and (b) to terminate the Voting Trust and transfer the ownership and control of the Applicant from the Voting Trust to the Voting Trust certificate holders, subject to Applicant obtaining required consents of certificate holders or upon expiration of the Voting Trust, all pursuant to the terms and conditions as set forth in the Application and the Exhibits. It is, further,

ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation as to the termination of the Voting Trust, the transfer of ownership of Applicant, the issuance of the New Stock, or the associated dividends on the part of the State of Ohio. It is, further,

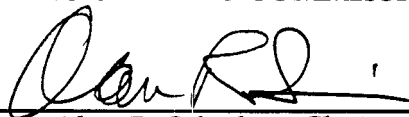
ORDERED, That Applicant shall file a report to the Commission after the termination of the Voting Trust and the transfer of ownership from the Voting Trust to its certificate holders of record and after the New Stock authorized herein is issued providing the terms and full particulars regarding this transaction. It is, further,

ORDERED, That the Commission approval of the Applicant's proposed termination of the Voting Trust and transfer of ownership of the Applicant from Voting Trust to the Voting Trust certificate holders, should not be construed as an endorsement of Applicant's Plan of Recapitalization. It is, further,

ORDERED, That nothing in this Order shall be deemed to be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation. It is, further,

ORDERED, That a copy of this Order be served upon all parties of record.


THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman

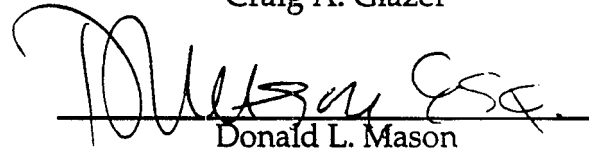


Ronda Hartman Fergus



Craig A. Glazer

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Judith A. Jones



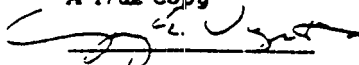
Donald L. Mason

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Gary E. Vigorito  
Secretary

SERVICE NOTICE  
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CASE NUMBER 99-1430-TP-AIS  
CASE DESCRIPTION CHAMPAIGN TELEPHONE COMPANY  
DOCUMENT SIGNED ON November 23, 1999  
DATE OF SERVICE 11-24-99

PERSONS SERVED  
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PARTIES OF RECORD

ATTORNEYS

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