

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 26th
day of February, 1993.

In the matter of the application for authority)
for LDDS Communications, Inc. to acquire control) CASE NO. TM-93-209
of Dial-Net, Inc. and for approval of incurring)
debt obligations.)

ORDER APPROVING MERGER AND ADDITION OF GUARANTOR

On December 29, 1992, application was filed by LDDS Communications, Inc. (LDDS) to acquire control of Dial-Net, Inc. (Dial-Net), to incur the financial obligations necessary to the acquisition and to add Dial-Net as a financial guarantor of LDDS' obligations.

LDDS is the parent company of several operating subsidiaries which provide interstate and international telecommunications service in all 50 states, and intrastate services in 42 states. Five of LDDS' wholly-owned subsidiaries are certified to provide intrastate telecommunications service in the State of Missouri, those being LDDS of Missouri, Inc. d/b/a LDDS Communications; LDDS of Kansas City, Inc.; MidAmerican Communications Corporation d/b/a MidAmerican Long Distance Company; Satelco, Inc. d/b/a ATC Long Distance; and Americall Dial O Services, Inc. Dial-Net, Inc., a competitive telecommunications company, was certified by the Commission to provide intrastate interexchange telecommunications service effective July 8, 1992.

LDDS seeks approval from the Commission to allow LDDS Acquisition, a South Dakota incorporated subsidiary of LDDS, to merge with Dial-Net, with LDDS Acquisition being the surviving corporation. LDDS would assume all rights and obligations of Dial-Net and formally change its name to Dial-Net, Inc. LDDS proposes to acquire all outstanding shares of the common stock of Dial-Net in exchange for cash and common stock of LDDS. Neither Dial-Net's name nor the terms and conditions of its service would be affected by the transaction, thus

making the proposed transaction transparent to Dial-Net customers. The LDDS application states that the transaction would serve the public interest by enhancing Dial-Net's operational flexibility and efficiency as well as its financial viability, principally in the area of cash flow.

LDDS is also seeking approval to add Dial-Net as a guarantor of previously approved financial transactions of LDDS, in Case No. TF-93-54, those being a private sale of notes totaling \$123,000,000 and approval of a line of credit up to a maximum of \$427,000,000. In the above-cited case, the Commission approved the participation of LDDS' operating subsidiaries as guarantors in both transactions and LDDS is seeking approval to add Dial-Net as an additional guarantor.

On December 23, 1992, Staff filed its recommendation in this matter, stating, after review, that the Staff recommended approval of both the merger and addition of Dial-Net as a guarantor of the previously approved financial transactions with no further comment. The Commission determines that a hearing is unnecessary in this matter.

The Commission, after review of the application, attached material, and Staff Recommendation finds the proposed transaction to be reasonable as set out in LDDS' application, and further finds that the addition of Dial-Net, Inc. as a guarantor of previously approved financial transactions as set out herein to also be reasonable. Consummation of the proposed merger, including the incurring of debt obligations, will serve the public interest in promoting competition among long distance carriers by providing Dial-Net the opportunity to strengthen its competitive position with greater financial resources. The proposed merger will invigorate competition by enabling Dial-Net to pursue its marketing and business plans more effectively. Moreover, upon consummation of the transaction, the Dial-Net Subsidiary expects to continue to rely on many of its existing management and operations staff to provide service and will also be able to draw

upon the substantial financial, marketing, and technical expertise of its new parent company, LDDS. The proposed merger will therefore benefit the public interest by enhancing Dial-Net Subsidiary's operational flexibility and efficiency as well as its financial viability.

IT IS THEREFORE ORDERED:

1. That LDDS Communications, Inc. and Dial-Net, Inc. are hereby authorized to engage in a transaction as set out in their application, filed December 29, 1992, whereby LDDS Communications, Inc. will acquire control of Dial-Net, Inc. by virtue of Dial-Net, Inc. merging into and with a newly-formed subsidiary of LDDS Communications, Inc.

2. That LDDS Communications, Inc., immediately following the above-approved merger, is authorized to cause its merged Dial-Net, Inc. subsidiary to incur debt obligations as set out in LDDS' application of December 29, 1992, and consisting of the addition of Dial-Net, Inc. as guarantor of previously approved transactions as set out herein.

3. That LDDS Communications, Inc. and Dial-Net, Inc. are hereby authorized to do and perform any and all such acts and things and to make, execute, and deliver any and all such documents as may be necessary, advisable, and proper to the end that the intent and purposes authorized herein may be effectuated.

4. That this Order shall become effective on the 9th day of March, 1993.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch,
and Kincheloe, CC., Concur.
Perkins, Absent.