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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 15th
day of October, 1997.

In the Matter of the Application of Tel-Save, Inc.)
and Access Network Services, Inc., for Approval of) **Case No. TM-98-38**
Agreement and Plan of Merger.)
)

ORDER APPROVING MERGER

On July 28, 1997, Tel-Save, Inc. d/b/a Tel-Save Incorporated of Pennsylvania d/b/a The Phone Company (Tel-Save) and Access Network Services, Inc. (ANSI) (together the "Applicants") filed an application pursuant to Section 392.300, RSMo 1994, and 4 CSR 240-2.060(6)(H) seeking approval of the Missouri Public Service Commission (Commission) for the merger of Shared Technologies Fairchild, Inc. (STFI), ANSI's parent company, with TSHCo, Inc. (TSHCo), a new wholly owned subsidiary of Tel-Save Holdings, Inc. (TSHI), Tel-Save's parent company, with TSHCo being the surviving corporation. STFI's subsidiary corporations, ANSI and ANSI's parent corporation Shared Technologies Fairchild Communications Corp. (STFCC), will survive under the merger as wholly owned subsidiaries of TSHCo.

TSHI is a publicly traded Delaware corporation and is the parent company of Tel-Save. The Commission granted Tel-Save a certificate of service authority to provide intrastate interexchange telecommunications services in Missouri in Case No. TA-92-308, effective November 16, 1992. Additionally, the Commission granted Tel-Save a certificate of service

authority to provide basic local and local exchange telecommunications services in Missouri in Case No. TA-97-485 on August 12, 1997.¹

STFI is also a publicly traded Delaware corporation and is the parent company of STFCC, which is in turn the parent company of ANSI. The Commission granted ANSI a certificate of service authority to provide intrastate interexchange telecommunications services in Missouri in Case No. TA-96-120, effective December 4, 1995.

Applicants state that they have entered into an "Agreement and Plan of Merger" dated as of July 16, 1997 (the Agreement) and approved by the Board of Directors and the majority shareholders of each company. As part of the proposed transaction, TSHCo has been created as a wholly owned subsidiary of TSHI. STFI will merge with and into TSHCo, with TSHCo as the surviving corporation. STFCC and ANSI will maintain their current structure, becoming wholly owned subsidiaries of TSHCo. (See Attachment A containing pre- and post-merger organizational charts.)

Under the terms of the Agreement, each share of STFI common stock will be converted into a number of TSHI shares calculated by dividing \$11.25 by the average closing price of TSHI common stock over a 15 trading day period prior to the closing date of the proposed merger. The resulting figure is referred to in the Agreement as the "Exchange Ratio". In the event the average closing price is more than \$20 per share, the Agreement provides that the Exchange Ratio will be calculated by dividing \$11.25 plus \$0.30 for each dollar that TSHI's common stock trades above \$20 per share

¹ Although Tel-Save was granted a certificate to provide basic local and local exchange telecommunications service in Case No. TA-97-485, that certificate is not yet effective because no tariffs have yet been filed in that case.

by the average closing price of TSHI common stock over a 15 trading day period prior to the closing date of the proposed merger.

Applicants explain that the proposed merger will not affect the corporate existence of the Missouri operating subsidiaries, which will continue to hold the certificates issued to them by the Commission and will continue to operate under their Commission approved tariffs. Further, under the proposed merger, the Missouri operating subsidiaries will not sell, assign or dispose of any assets or parts of their Missouri franchises, and the merger will have no impact on the tax revenues of any political subdivision in the State of Missouri. Applicants also state that TSHCo, the surviving company in the merger, has no pending or final decisions or judgments against it from the Missouri Public Service Commission or any other state or federal agency involving service to customers or rates charged.

In support of their application, Applicants state that the proposed merger will serve the public interest by bringing TSHI's nationwide long distance telecommunications network together with STFI's expertise in providing competitive local exchange services and shared tenant telecommunications services and products to multitenant commercial and residential buildings. Applicants indicate the merger will result in significantly lower long distance costs, administrative cost savings, a reduction in interest expense from debt refinancing, and an increased ability to market new products and services to the combined company's customers. Applicants assert that the foregoing results of the proposed merger will promote competition, thereby benefiting Missouri customers through improved services and lower rates.

On August 28, the Staff of the Missouri Public Service Commission (Staff) filed a memorandum recommending approval of the merger application. Staff states that under the merger proposal, the Applicants expect to continue operations under their current names. Additionally, the Applicants approved tariffs will remain intact and no certificate holder name will change. Staff indicates the merger will not disrupt service nor cause inconvenience or confusion to Applicants' customers. Staff notes that Applicants have requested expedited approval of the proposed merger in order to consummate the transaction no later than October 15. Staff stated it has reviewed the application and has no objections to the proposed merger or to Applicant's request for expedited treatment. Staff indicates it is unaware of any other filing that would be affected by the proposed merger and recommends the Commission approve the proposed merger at its earliest convenience.

Upon review of the verified application and Staff's recommendation, the Commission finds that the proposed merger between STFI and TSHCo should be approved. The Commission finds that the ownership of ANSI will change as a result of the merger, since the parent company of this Missouri operating subsidiary will now be owned by TSHCo. The Commission finds that the proposed merger will not directly affect the operations of the Missouri operating subsidiaries, as Tel-Save and ANSI are expected to continue to hold their own certificates of authority and continue to provide service to Missouri customers under their existing names and tariffs. The Commission finds that the proposed merger will allow TSHI and STFI to realize operational efficiencies, which may in turn lead to improved services and lower rates. Therefore, the Commission finds that the proposed merger is not detrimental to the public interest.

IT IS THEREFORE ORDERED:

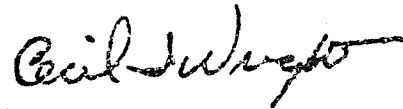
1. That the merger of Shared Technologies Fairchild, Inc., with and into TSHCo, Inc., a merger subsidiary of Tel-Save Holdings, Inc., with TSHCo, Inc., as the surviving corporation is approved.

2. That Tel-Save Holdings, Inc., Tel-Save, Inc. d/b/a Tel-Save Incorporated of Pennsylvania d/b/a The Phone Company, TSHCo, Inc., Shared Technologies Fairchild, Inc., Shared Technologies Fairchild Communications Corp., and Access Network Services, Inc., are authorized to enter into, execute, and perform in accordance with all necessary documents, and to take all other actions necessary to effectuate the merger transaction contemplated by the "Agreement and Plan of Merger" dated as of July 16, 1997.

3. That Tel-Save Holdings, Inc., Tel-Save, Inc. d/b/a Tel-Save Incorporated of Pennsylvania d/b/a The Phone Company, TSHCo, Inc., Shared Technologies Fairchild, Inc., Shared Technologies Fairchild Communications Corp., and Access Network Services, Inc., are directed to file a pleading with the Missouri Public Service Commission notifying the Commission of the closing date of the merger within 30 days after the completion of the transaction.

4. That this order shall become effective on October 28, 1997.

BY THE COMMISSION



**Cecil I. Wright
Executive Secretary**

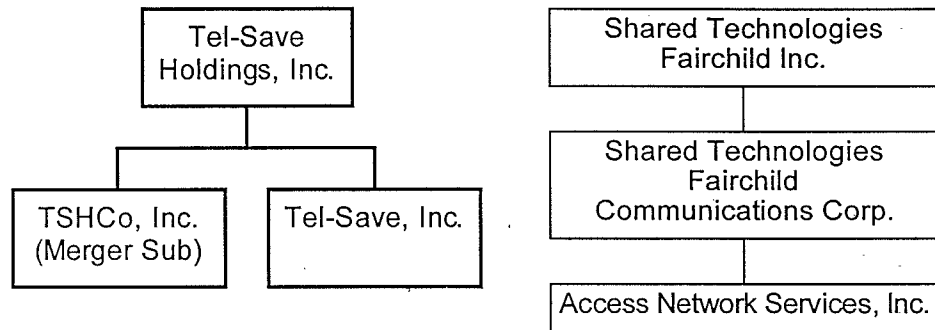
(S E A L)

Lumpe, Ch., Crumpton, Drainer
and Murray, CC., concur.

Hennessey, Regulatory Law Judge

ATTACHMENT A

Pre-Merger Organizational Chart



Post-Merger Organizational Chart

