

B-  
R.  
SD

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 12th  
day of November, 1997.

In the Matter of the Application for	)	
Approval of Share Exchange Agreement	)	<u>CASE NO. TM-97-289</u>
Between MTM Holdings Corporation and the	)	
Shareholders of Axces, Inc.	)	

**ORDER APPROVING SHARE EXCHANGE AGREEMENT**

On January 24, 1997, Axces, Inc. (Axces) filed an application pursuant to Section 392.300, RSMo. 1994, seeking approval of the Missouri Public Service Commission (Commission) of a Share Exchange Agreement under which Axces will become a wholly-owned subsidiary of MTM Holdings Corporation (MTM). Axces is a privately held Delaware Corporation with its principal offices located at 2500 Wilcrest, Suite 540, Houston, Texas 77042. Axces was certificated by the Commission to provide intrastate interexchange telecommunications services on December 21, 1995, in Case No. TA-96-95. MTM is a privately held Texas Corporation with principal offices located at 2500 Wilcrest, Suite 540, Houston, Texas 77042. MTM is a non-regulated entity operating as a holding company.

Applicant explains that as part of the Share Exchange Agreement, MTM will acquire all of the issued and outstanding shares of the stock of Axces, and the stockholders of Axces will receive a designated number of shares of the common stock of MTM as set forth in the agreement. A draft of the Share Exchange Agreement is attached to the application as Exhibit A. As a result of the proposed transaction, Axces will become a wholly-owned subsidiary of MTM. However, applicant states that it shall maintain its present distinct corporate entity, and will continue to operate as a regulated entity pursuant to its present operating authority and tariffs.

Applicant further explains that the technical, managerial, and financial personnel of Axces will remain the same after the transaction, thus the customers of Axces will continue to receive the same high quality service presently rendered to them. In addition, applicant notes that since it will continue to do business as a separate corporation, there should be no change in the tax revenues of the State of Missouri or any political subdivision therein.

In support of its application, Axces states that the proposed transaction will not be detrimental to the public interest, but will instead serve the public interest. By virtue of the transaction, the overall financial strength of the companies will be enhanced, and both companies will realize economic, marketing, and administrative efficiencies. As a result of the heightened level of operating efficiencies, the enhanced financial strength, and the improved access to capital, Axces contends that it will be able to provide services to its customers in a more cost-effective manner, and will be able to compete in the marketplace and provide telecommunications services for Missouri customers at competitive rates.

The Staff of the Commission (Staff) filed a memorandum containing its recommendations on March 26. Staff initially details the particulars of the proposed transaction, and notes that MTM is a holding company formed to facilitate fundraising efforts and access to capital, as well as to promote access to other synergistic business operations. Staff states that it has reviewed the application and believes that it meets the limited requirements of 4 CSR 240-2.060(5). Staff has no objections to the proposed transaction and recommends approval of the agreement. Staff adds that it is unaware of any other filings which would affect or which would be affected by this proposal.

Upon review of the verified application and the attachment thereto, and Staff's recommendation, the Commission finds that the practical effect of the proposed transaction is a change in the ownership of the common stock of Axces. The Commission further finds that Axces will continue to operate in all respects as it presently operates. The change in stock ownership will help both Axces and MTM realize economic, marketing, and administrative efficiencies, which will enhance competition in the telecommunications market in Missouri. Thus, the Commission finds that the proposed transaction is not detrimental to the public interest.

**IT IS THEREFORE ORDERED:**

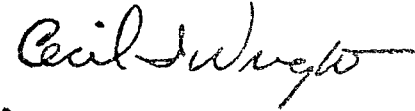
1. That Axces, Inc. is authorized to permit the acquisition of all of its issued and outstanding shares of stock by MTM Holdings Corporation pursuant to the Share Exchange Agreement described in the application filed on January 24, 1997.

2. That Axces, Inc. and MTM Holdings Corporation are authorized to take any and all other actions necessary to effectuate the Share Exchange Agreement contemplated by the application and this order.

3. That Axces, Inc. shall file a pleading with the Missouri Public Service Commission notifying the Commission of the consummation of the proposed transaction, within 10 days after the completion of the transaction.

4. That this order shall become effective on November 22, 1997.

BY THE COMMISSION

A handwritten signature in dark ink, appearing to read "Cecil I. Wright", with a stylized flourish at the end.

Cecil I. Wright  
Executive Secretary

(S E A L)

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

Bensavage, Regulatory Law Judge