

ORIGINAL

Decision No. 58747

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE PACIFIC TELEPHONE AND TELEGRAPH
COMPANY, a corporation,

Application No. 41251

for authority to split the common
shares of the Company on a
seven for one basis.

OPINION AND ORDER

In this application, The Pacific Telephone and Telegraph Company reports that it proposes to reduce the par value of its shares of common stock from \$100 each to \$14-2/7 each. It asks the Commission to make its order authorizing it to issue shares of its common stock of the new par value in exchange for those presently outstanding at the rate of seven shares for each one share presently held.

The company's articles of incorporation now provide for the issue of shares of 6% cumulative preferred stock and of shares of common stock of the par value of \$100 each. According to the financial statement attached to the application as Exhibit A, the number of shares outstanding, as of April 30, 1959, and the total par value of such shares are as follows:

	<u>No. of</u> <u>Shares</u> <u>Outstanding</u>	<u>Par</u> <u>Value</u>
Preferred stock - 6%	820,000	\$ 82,000,000
Common stock	13,530,900	1,353,090,000

Applicant reports that, in its opinion, a reduction in the par value of the shares of common stock, as proposed, will result in a broadening of public interest in the company's shares, an increase in the number of shareholders, and a greater availability of shares for purchase and sale. Accordingly, it proposes to amend its articles of incorporation so as to provide for an authorized capital stock of 105,820,000 shares of the aggregate par value of \$1,582,000,000, of which 820,000 shares shall be preferred shares of the par value of \$100 each and 105,000,000 shares shall be common shares of the par value of \$14-2/7 each. It proposes thereafter to issue seven new shares of common stock for each one share presently outstanding.

The par value of the shares of preferred stock remaining unchanged, the amended articles of incorporation will provide that seven votes and seven pre-emptive rights shall be accorded each of the company's \$100 par value 6% cumulative preferred shares, this action being necessary to preserve the present relative voting and pre-emptive rights of the preferred shareholders.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the issue of the shares of common stock herein authorized is reasonably required by applicant for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. The Pacific Telephone and Telegraph Company, on and after the effective date hereof, may change its preferred and common shares in the manner set forth in the proposed amendment of its articles of incorporation and may issue its shares of common stock of the par value of \$14-2/7 each to its present stockholders in exchange for shares of common stock of the par value of \$100 each outstanding, at a conversion rate of seven to one.

2. Applicant shall charge the expense of effecting the conversion of its shares of common stock to its corporate surplus account.

3. The authority herein granted is effective on and after the date hereof.

Dated at San Francisco, California,
this 14th day of July, 1959.

Robert W. Payne
President
W. H. Mitchell
W. H. Mitchell
W. H. Mitchell
Therese J. J. J.
Commissioners