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Decision No. 90204 APR 24 1979

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of XEROX CORPORATION; WUI, INC.;)
AIRSIGNAL INTERNATIONAL, INC.;)
and AIRSIGNAL OF CALIFORNIA, INC.)
For Authorization of XEROX)
CORPORATION's Control of)
AIRSIGNAL OF CALIFORNIA, INC.)
through the Merger of AIRSIGNAL)
OF CALIFORNIA, INC.'s Parent)
Corporation, WUI, INC. into)
XEROX CORPORATION.)

Application No. 58686
(Filed February 16, 1979)

O P I N I O N

Xerox Corporation (Xerox) requests authority to acquire control of Airsignal of California, Inc. (Airsignal), pursuant to Section 854 of the Public Utilities Code through acquisition of all the outstanding capital stock of Airsignal's parent holding company, WUI, Inc. (WUI). Notice of the application appeared on the Commission's Daily Calendar of February 21, 1979.

Airsignal is a radio telephone utility and a California corporation subject to the jurisdiction of this Commission. Pursuant to the authority of certificates of public convenience and necessity granted by this Commission and to domestic public land mobile radio service licenses issued by the Federal Communications Commission, Airsignal provides both paging and mobile service within and between service areas embracing the cities of Sacramento, Stockton, Concord, Modesto, Vallejo, South Lake Tahoe, Fresno, Hanford, Visalia, Porterville, Bakersfield, Taft, Shafter and within the areas surrounding these cities. At year end 1977, Airsignal reported net plant of \$1,282,812, operating revenue of \$1,624,420 and a net loss for the year of \$225,104.

Airsignal is a wholly owned subsidiary of Airsignal International, Inc. (AI). AI is a Delaware Corporation which, through various wholly owned subsidiaries including Airsignal, provides mobile communications services in 16 states pursuant to domestic public radio service licenses issued by the Federal Communications Commission and authorities granted by various state commissions which regulate the activities of public utilities.

WUI, a Delaware Corporation, is a holding company, which among other things, owns all of the outstanding voting securities of AI and through such ownership controls Airsignal. Other subsidiaries of WUI are engaged in various aspects of international communications. This Commission previously approved control of Airsignal by WUI in D.80520 dated September 19, 1972 in Application No. 53542.

Xerox Corporation seeks to obtain control of Airsignal by acquiring all the outstanding capital stock of Airsignal's parent holding company pursuant to an agreement attached as Appendix C to the application. The transaction would occur by an exchange of Xerox and WUI shares of common stock adjusted in accordance with a table set forth in Annex A attached to Appendix C, attached to the application.

Applicants' attorney has informed the Commission staff, by letter dated March 20, 1979 that no particular portion of the Xerox shares to be exchanged for WUI stock are designated as compensation for the Airsignal stock owned indirectly by WUI. The attorney states that such allocation would not be practical, inasmuch as the ratio of exchange of Xerox for WUI has been arrived at based upon the market price of WUI shares, and that price does not bear any particular or constant relationship to the book value of WUI's assets, including its investment in Airsignal. Airsignal's properties proposed to be controlled through the acquisition are those described in Airsignal's annual report to the Commission. The transfer will not result in any change in status as a separate corporate entity, its operations or personnel.

Accordingly, all the benefits of the existing corporate structure would remain unchanged. In addition Airsignal would be strengthened in its ability to provide high quality communication services by gaining access to the research and development resources of Xerox. According to the application, the research program of Xerox has covered a broad range of disciplines involving extensive

analyses of new and creative technologies.

The Finance Division and Communications Division of the Commission staff have reviewed the proposed transfer of control and consider applicants' request reasonable.

After consideration the Commission finds that control of Airsignal by Xerox through acquisition of all of the outstanding capital stock of WUI, Inc., would not be adverse to the public interest. There is no known opposition, and no reason to delay granting the authority requested. On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted shall not be construed as a finding of the value of the assets or capital stock of Airsignal.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order Xerox Corporation may acquire control of Airsignal of California, Inc.
2. Within ninety days after the date hereof, Xerox Corporation and Airsignal of California, Inc., shall file reports informing the Commission whether or not the control authorized has been completed.
3. The effective date of this order shall be thirty days from the date hereof.

Dated at San Francisco, California this 24th day
of APRIL, 1979.

John E. Cuyper
President

Veronica L. Sturgeon

Richard D. Howell

Philip T. Delgato

Edward J. Smith
Commissioners