

INDIANA GAS REORGANIZATION

INDIANAPOLIS — Indiana Gas Company, Inc., completed its reorganization into a holding company structure at the close of business Friday.

"Under the holding company structure, Indiana Gas will become a wholly-owned subsidiary of Indiana Energy, Inc.," Duane M. Amundson, chairman and chief executive officer at Indiana Gas, said.

"This structure should permit our business to be organized, operated and financed in a way that gives us maximum flexibility in the natural gas distribution industry's environment of rapid, far-reaching and often unpredictable change," he said.

Effective Friday, all outstanding shares of Indiana Gas common stock will be exchanged by operation of law for shares of Indiana Energy common stock. Indiana Energy will become the sole holder of Indiana Gas common stock and the current holders of Indiana Gas Common Stock will become the holders of Indiana Energy stock on a share-for-share basis.

The reorganization was approved by Indiana Gas shareholders at its annual meeting Jan. 13.

"Indiana Energy may from time to time acquire other companies with businesses that support the gas distribution business of Indiana Gas. In some circumstances, it may also acquire other gas distribution companies," Lawrence A. Ferger, president and chief operating officer at Indiana Gas, said.

"In addition," he continues, "the holding company structure will permit Indiana Energy to diversify into other businesses outside of the gas industry, but no such diversification is presently contemplated."

"Under the holding company structure," he continued, "new ventures can be separate from utility operations. Financing by Indiana Energy and its subsidiaries other than Indiana Gas will not be subject to the provisions of the Indiana Gas mortgage and will not directly affect the capital structure or credit of Indiana Gas. By the same token, Indiana Gas will be insulated from the risks and costs associated with any new ventures."

Niel C. Ellerbrook, vice president of finance and chief financial officer at Indiana Gas, said management

expects to recommend to the board of directors of Indiana Energy that current quarterly dividends paid on Indiana Gas stock be retained for the Indiana Energy stock.

Ellerbrook also noted that the 13-percent cumulative preferred stock of Indiana Gas will continue as outstanding stock and all of the outstanding bonds, notes and other indebtedness of Indiana Gas will remain obligations of Indiana Gas.

"Indiana Gas will continue to conduct its gas distribution business and the holders of the common stock of Indiana Energy will continue to have the same investment in Indiana Gas. Gas distribution will remain the major business under the holding company structure," Ellerbrook said.

Julian G. Piercefield, secretary for the company, said a letter of instructions will be mailed during the first week of March to all holders of Indiana Gas Common Stock describing the procedures to exchange, without charge, their Indiana Gas Stock certificates for Indiana Energy certificates promptly after receiving the letter of instructions.

Amundson will be chairman of the board, and Ferger will be president of both Indiana Energy and Indiana Gas. Ellerbrook will be vice president and treasurer of Indiana Energy and vice president of finance for Indiana Gas. Piercefield will be secretary of both Indiana Energy and Indiana Gas. Carl L. Chapman will be assistant secretary and assistant treasurer for Indiana Energy and assistant treasurer for Indiana Gas. He also is director of Development of Indiana Gas.

Effective Friday, Indiana Gas Company no longer will be listed on the New York Stock Exchange. The common stock of the holding company, Indiana Energy, Inc., will be listed with the new symbol IEI. Quotations in newspapers will appear under the designation IndiEn.

Indiana Gas is an operating public utility engaged in the business of providing fast utility services in north central and southern portions of Indiana. It supplies natural gas to approximately 315,000 customers in and adjacent to 208 communities in 47 counties in Indiana.

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