

Ntelos plan near approval

*Creditors accept idea;
old shares worthless*

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Ntelos Inc.'s reorganization plan was near approval yesterday after a confirmation hearing in U.S. Bankruptcy Court in Richmond.

After hearing that all creditors' objections had been resolved, Judge Douglas O. Tice Jr. indicated that he would approve the plan. A formal order from Tice was expected late yesterday or today.

Holdings of roughly 17.2 million shares of the telecommunications company's common stock outstanding before the March 4 bankruptcy filing will receive nothing under the plan.

The Waynesboro-based company's senior and subordinated debt holders will receive 94 percent and 5 percent respectively of new common stock in the reorganized company in exchange for canceling debt amounting to roughly \$400,000.

Preferred shareholders will get warrants entitling them to buy common stock in the new company.

The plan calls for others who have unsecured claims of less than \$10,000 to be paid in full and those with claims in excess of \$10,000 to get 68 cents on the dollar over a two-year period. Unsecured creditors could have received as little as 6 cents on the dollar if the company had been

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liquidated, according to testimony.

CEO James S. Quarforth testified Ntelos had attempted to develop a refinancing plan that would have preserved some of the investment that pre-bankruptcy shareholders held in the company but was unable to get lenders and other major stakeholders to go along. "We had no choice but to file under Chapter 11."

Ntelos provides telecommunications services, including wireless digital PCS, dial-up Internet, high-speed DSL and local and long-distance calling, to customers in Virginia, West Virginia, Kentucky, Tennessee and North Carolina.

Three years ago, Ntelos stock price hit a high of \$46 per share. Today it is worthless. Several Ntelos shareholders have written Tice to complain that the reorganization plan stripped them of their investment. They also raised questions about mismanagement of the company.

Responding to those shareholders, Tice said he could not give them legal advice and suggested they contact their own attorneys. Tice also advised shareholders that federal bankruptcy law puts the claims of creditors

ahead of shareholders and that it was not uncommon for shareholders to lose their equity in a corporate bankruptcy.

Coming out of bankruptcy, which should occur 10 days after Tice confirms the reorganization plan, Ntelos will still owe roughly \$225 million in outstanding bank loans.

The company also has \$36 million in revolving credit outstanding, but that will be paid off from a portion of \$75 million in new financing that the company will receive from Morgan Stanley and other investment firms. Those lenders will have the option of converting that debt into Ntelos stock.

The reorganization plan will leave Ntelos a viable, competitive company and preserve jobs, Quarforth said.

According to Bloomberg News, the company had 1,275 employees at the first of this year. Ntelos adopted that name for CFW Communications in December 2000.

"We've got a company here that has had and continues to have a very sound operating wireline and wireless business," Quarforth said after the hearing. The company will continue to grow, serve customers, pay vendors and contribute to the state's economy, he said.

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