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July 15, 2004

VIA OVERNIGHT DELIVER

Blanca S. Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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04 JUL 16 AM 11:12
COMMISSION
CLERK

040000-PU

Re: Notification of Looking Glass Networks, Inc. of an Indirect Transfer of Control

Dear Ms. Bayo:

Looking Glass Networks, Inc. ("LGN"), through its undersigned counsel, hereby notifies the Commission of its intention to enter into a series of transactions through which indirect control of LGN will be transferred ("Transactions"). Specifically, LGN will enter into a series of transactions through which the majority of stock in LGN's parent company, Looking Glass Networks Holding Co., Inc. ("LGN Holding"), will be acquired by current LGN Holding lenders ("LGN Lenders") through the conversion of their debt into equity interests. Upon consummation of the Transactions, indirect ownership of LGN will be split amongst the current LGN Lenders (collectively 80%) and LGN's current shareholders and management ("LGN Shareholders") (collectively 20%) which includes a reduction of the interest of LGN Holding's parent, Looking Glass Networks, LLC from 100% to 5%. As described in greater detail below, the Transactions will enable LGN and LGN Holdings to restructure and reduce their aggregate debt from approximately \$167 million to approximately \$55 million. In addition, the Transactions contemplate an amended credit facility providing for up to \$7.5 million of borrowing availability to LGN.

The Transactions are expected to have no effect on LGN's operations. LGN's customers will continue to receive service under the same rates, terms and conditions of service and the Transactions will be transparent to all of LGN's customers in terms of the services they receive.

Upon a review of Florida statutes and rules, LGN understands that prior approval is not required to complete the Transactions described herein. See Section 364.357 of the Florida Statutes. LGN therefore submits this Notice for the Commission's information and ask that it be retained by

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

the Commission in the appropriate file. To the extent that the Commission believes that some further action is required by LGN in order to consummate the transactions, LGN requests that the Commission contact it as soon as possible.

In support of this Notice, LGN states as follows:

I. Description of Looking Glass Networks, Inc. ("LGN")

LGN is a Delaware corporation with principal offices located at 1111 W. 22nd Street, Suite 600, Oak Brook, IL 60523. LGN is a wholly owned subsidiary of LGN Holding, a corporation formed under the laws of the State of Delaware. LGN Holding is a wholly owned subsidiary of Looking Glass Networks, LLC, a Delaware limited liability company.

In Florida, LGN is authorized to provide competitive local exchange telecommunications services pursuant to a certification granted by the Commission in Docket No. 000695-TX, issued on October 20, 2000. Further information concerning LGN's legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification with the Commission and is, therefore, a matter of public record. LGN respectfully requests that the Commission take official notice of that information and incorporate it herein by reference.

II. Contact Information

Questions or inquiries concerning this Notice may be directed to:

Catherine Wang
Brian McDermott
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
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(202) 424-7500 (Tel)
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with copies to:

Jodi J. Caro
Vice President and General Counsel
Looking Glass Networks, Inc.
1111 West 22nd Street, Suite 600
Oak Brook, IL 60523
(630) 242-2015 (Tel)
(630) 242-2001 (Fax)
jodi.caro@lglass.net

III. Description of the Transactions

LGN will be completing a series of transactions through which indirect control of LGN will be acquired by several current lenders who, upon consummation of the Transactions, will collectively hold an 80% indirect voting and economic interest in LGN. Specifically, control in LGN's holding company parent, LGN Holding, will be held collectively by JP MORGAN Chase & Company, Barclays Bank PLC, Cisco Capital, Citibank USA Inc., Credit Suisse First Boston LLC, Deutsche Bank Trust Company Americas, and Merrill Lynch Capital Corporation (collectively, "LGN Lenders") through the conversion of current loans into equity interests. As a result of this conversion of debt to equity, no individual LGN Lender is expected to have an interest in LGN Holding's common stock of more than 19%. Upon consummation of the Transactions, all preferred stock in LGN Holding, currently owned by Looking Glass Networks, LLC, will be cancelled.

In addition, following consummation of the Transactions, the LGN shareholders will hold a collective 20% ownership interest in LGN Holding. This includes the reduction of the ownership interest of LGN Holding's current equity holder, *i.e.*, Looking Glass Networks, LLC, from 100% to 5%. As a result, no single entity, including the individual LGN Lenders, will own a majority of the common shares and control will be dispersed among several entities. The LGN Lenders' current loans to LGN of approximately \$167 million will be reduced to approximately \$55 million in exchange for an 80% equity interest in LGN Holding. The LGN Lenders will also provide an amended credit facility providing for up to \$7.5 million in borrowing availability to LGN ("Amended Financing"). Therefore, upon consummation of the Transactions, the LGN Lenders will have up to approximately \$62.5 million in loans to LGN that will be secured by LGN's assets. Attached as Exhibit A are illustrative charts describing the pre- and post-consummation ownership structure of LGN. Furthermore, immediately after the completion of the proposed Transactions, LGN's customers will continue to receive service under the same rates, terms and conditions of service as before.


IV. Public Interest Considerations

LGN respectfully submits that the proposed Transactions serve the public interest. In particular, LGN submits that the Transactions will increase competition in the Florida telecommunications market by strengthening the financial status of LGN by reducing the aggregate amount of LGN's debt while allowing LGN continued access to additional funding in order to expand its operations. The proposed Transactions will provide greater operational stability to LGN's customers and ensure that those customers can continue to enjoy high quality, affordable service without interruption. Moreover, given that the Transactions will not affect LGN's operations, rates, terms and conditions of services, the Transactions will not confuse, inconvenience or otherwise adversely affect LGN's customers.

V. **Conclusion**

An original and fifteen (15) copies of this letter are enclosed. Kindly date stamp and return the enclosed extra copy of this letter. LGN hopes to close the transaction described as soon as possible after receipt of necessary approvals. Therefore, LGN respectfully request that the Commission notify it if it has any questions regarding the proposed transaction or believes that further action is required.

Respectfully submitted,

By: 

Catherine Wang
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Counsel for Looking Glass Networks, Inc.

Dated: July 15, 2004

LIST OF EXHIBITS

Exhibit A - Illustrative Charts

Verification

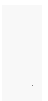
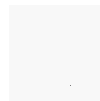
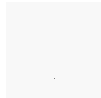
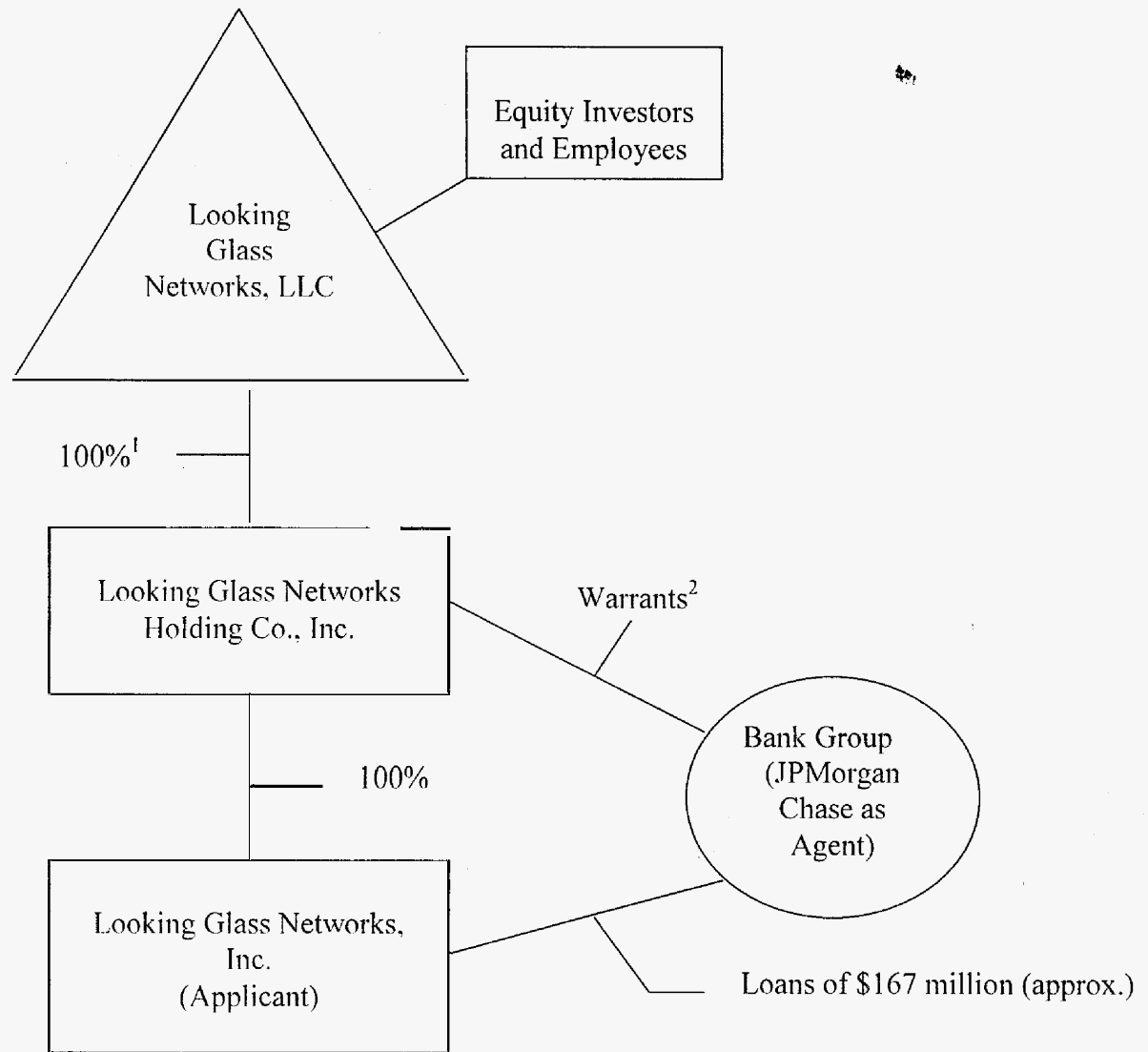


EXHIBIT A

Illustrative Charts

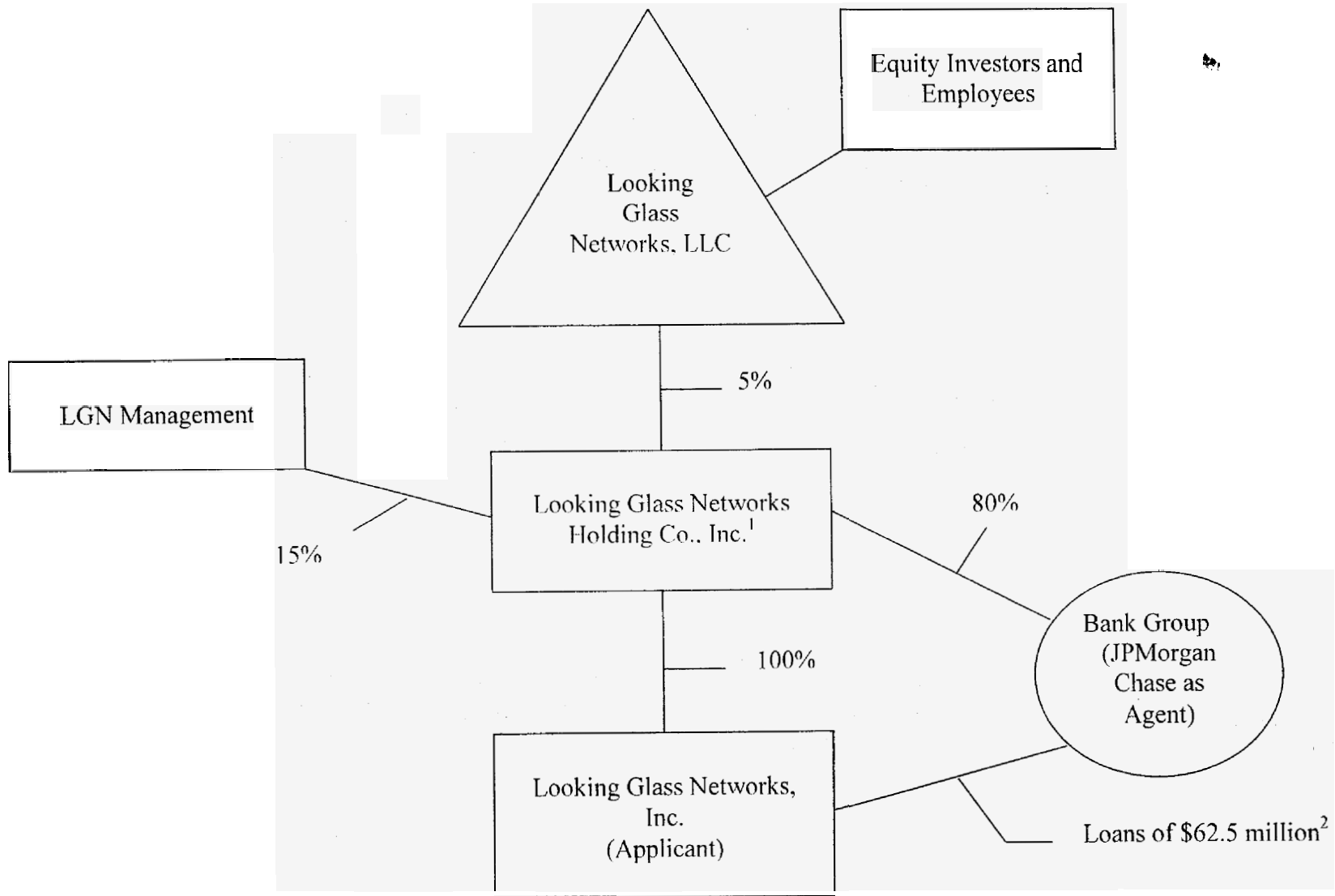
Old Ownership Structure



¹ Looking Glass Networks, LLC owns all of the issued and outstanding capital stock (consisting of both Common Stock and Preferred Stock) of Looking Glass Networks Holding Co., Inc.

² Bank Group collectively owns Warrants to purchase approximately 20% of the Common Stock of Looking Glass Networks Holding Co., Inc.

New Ownership Structure



¹ All outstanding capital stock of Looking Glass Holding Co., Inc. shall consist of Common Stock (all previously issued Preferred Stock shall be cancelled).


² Loans consist of \$55 of outstanding indebtedness plus \$7.5 of Borrowing availability.

VERIFICATION

I, Jodi J. Caro, am Vice President and General Counsel of Looking Glass Networks, Inc.; that I am authorized to make this Verification on behalf of Looking Glass Networks, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document with respect to Looking Glass Networks, Inc. are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 14, 2004, at Oak Brook, Illinois.



Jodi J. Caro
Vice President and General Counsel
Looking Glass Networks, Inc.