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CATHLEEN A. MARTIN
STEPHEN G. NEWMAN
JOHN A. RUTH

July 13, 2004

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

FILED

JUL 13 2004

Re: Looking Glass Networks, Inc.

**Missouri Public
Service Commission**

Dear Judge Roberts:

Enclosed for filing on behalf of Looking Glass Networks, Inc. please find the original and five copies of an Application.

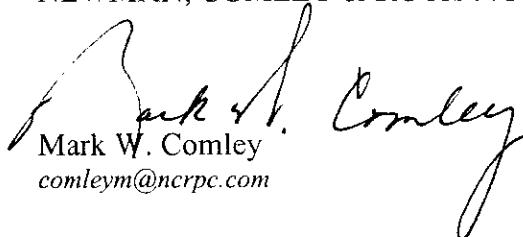
Would you please bring this filing to the attention of the appropriate Commission personnel.

Please contact me if you have any questions. Thank you.

Very truly yours,

NEWMAN, COMLEY & RUTH P.C.

By:


Mark W. Comley
comleym@ncrpc.com

MWC:ab

Enclosure

cc: Office of Public Counsel
General Counsel's Office
Brian McDermott

Before the
PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

JUL 13 2004

Missouri Public
Service Commission

Application of)

Looking Glass Networks, Inc.)

For Grant of the Authority)

Necessary for an Indirect Transfer of Control)

Case No. _____

APPLICATION

Looking Glass Networks, Inc. ("LGN" or "Applicant"), through its undersigned counsel and pursuant to RSMo. Section 392.300 and 4 CSR 240-2.060, hereby requests that the Commission grant such authority as may be necessary or required to permit Applicant to consummate a series of transactions through which indirect control of LGN will be transferred ("Transactions"). Specifically, Applicant seeks approval of a series of transactions through which the majority of stock in LGN's parent company, Looking Glass Networks Holding Co. ("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.

Applicant respectfully requests that the Commission approve this Application as expeditiously as possible in order to allow Applicant to consummate the proposed Transactions as soon as possible.

In support of this Application, Applicant states as follows:

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

1. LGN is a Delaware corporation with principal offices located at 1111 W. 22nd Street, Suite 600, Oak Brook, IL 60523. LGN is registered in Missouri as a foreign corporation and its certificate of good standing from the Missouri Secretary of State is attached as Exhibit A. LGN is a wholly owned subsidiary of LGN Holding, a corporation formed under the laws of the State of Delaware.

2. LGN Holding is a wholly owned subsidiary of Looking Glass Networks, LLC, a Delaware limited liability company. In Missouri, LGN is authorized to provide facilities-based and resold interexchange and local exchange telecommunications services pursuant to a certification granted by the Commission in Case No. TA-2001-55, issued on September 21, 2000.

II. Contact Information

3. Questions or inquiries concerning this Application may be directed to:

Mark W. Comley

Newman, Comley & Ruth P.C.
601 Monroe Street, Suite 301
P.O. Box 537
Jefferson City, MO 65102-0537
(573) 634-2266 (Tel)
(573) 634-3306 (Fax)
comleym@ncrpc.com

and:

Catherine Wang
Brian McDermott
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116
(202) 424-7500 (Tel)
(202) 424-7645 (Fax)
cwang@swidlaw.com
bmmcdermott@swidlaw.com

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

4. Applicant 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.

5. 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 holders (i.e., Looking Glass Networks, LLC) will be reduced 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 the 80% equity interest in LGN Holding. The LGN Lenders will also provide an amended credit facility providing 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 B 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.

6. Pursuant to 4 CSR 240-2.060(K), LGN does not have any pending action or final unsatisfied decisions or judgments against it from any state or federal agency or court involving service to customers or rates charged, which action, judgment or decision has occurred within three (3) years of the date of this application. In addition, pursuant to 4 CSR 240-2.060(L), LGN does not have any annual report or assessment fees that are overdue.


IV. Public Interest Considerations

7. Applicant respectfully submits that the proposed Transactions serves the public interest. In particular, Applicant submits that the Transactions will increase competition in the Missouri 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

For the reasons stated above, Applicant respectfully submits that the public interest, convenience, and necessity would be furthered by a grant of this Application. Accordingly, Applicant respectfully requests expedited treatment to permit Applicant to consummate the Transactions as soon as possible.

Respectfully submitted,

By: 
Mark W. Comley #28847
Newman, Comley & Ruth P.C.
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(573) 634-3306 (Fax)

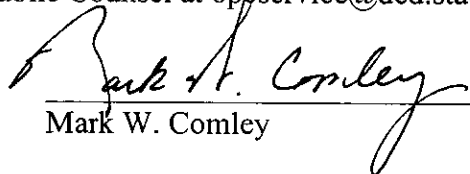
Catherine Wang
Brian McDermott
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116
(202) 424-7500 (Tel)
(202) 424-7645 (Fax)

Counsel for Looking Glass Networks, Inc.

Dated: July 13, 2004

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent via e-mail on this 13th day of July, 2004, to General Counsel's Office at gencounsel@psc.state.mo.us; Office of Public Counsel at opservice@ded.state.mo.us.


Mark W. Comley

LIST OF EXHIBITS

| | | |
|--------------|---|------------------------------|
| Exhibit A | - | Certificate of Good Standing |
| Exhibit B | - | Illustrative Charts |
| Verification | | |

Exhibit A

Certificate of Good Standing

STATE OF MISSOURI



Matt Blunt
Secretary of State

**CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING**

I, MATT BLUNT, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

LOOKING GLASS NETWORKS, INC.


using in Missouri the name

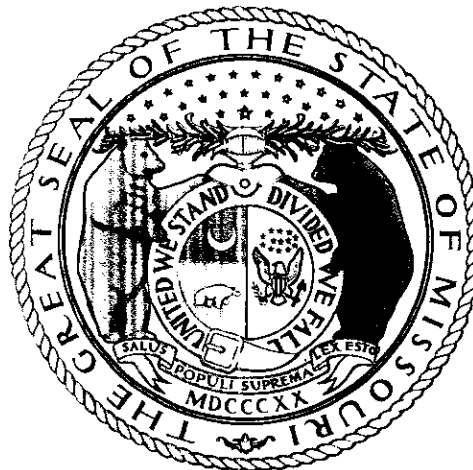
LOOKING GLASS NETWORKS, INC.

F00484667

a DELAWARE entity was created under the laws of this State on the 15th day of June, 2000, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 13th day of July, 2004


Secretary of State

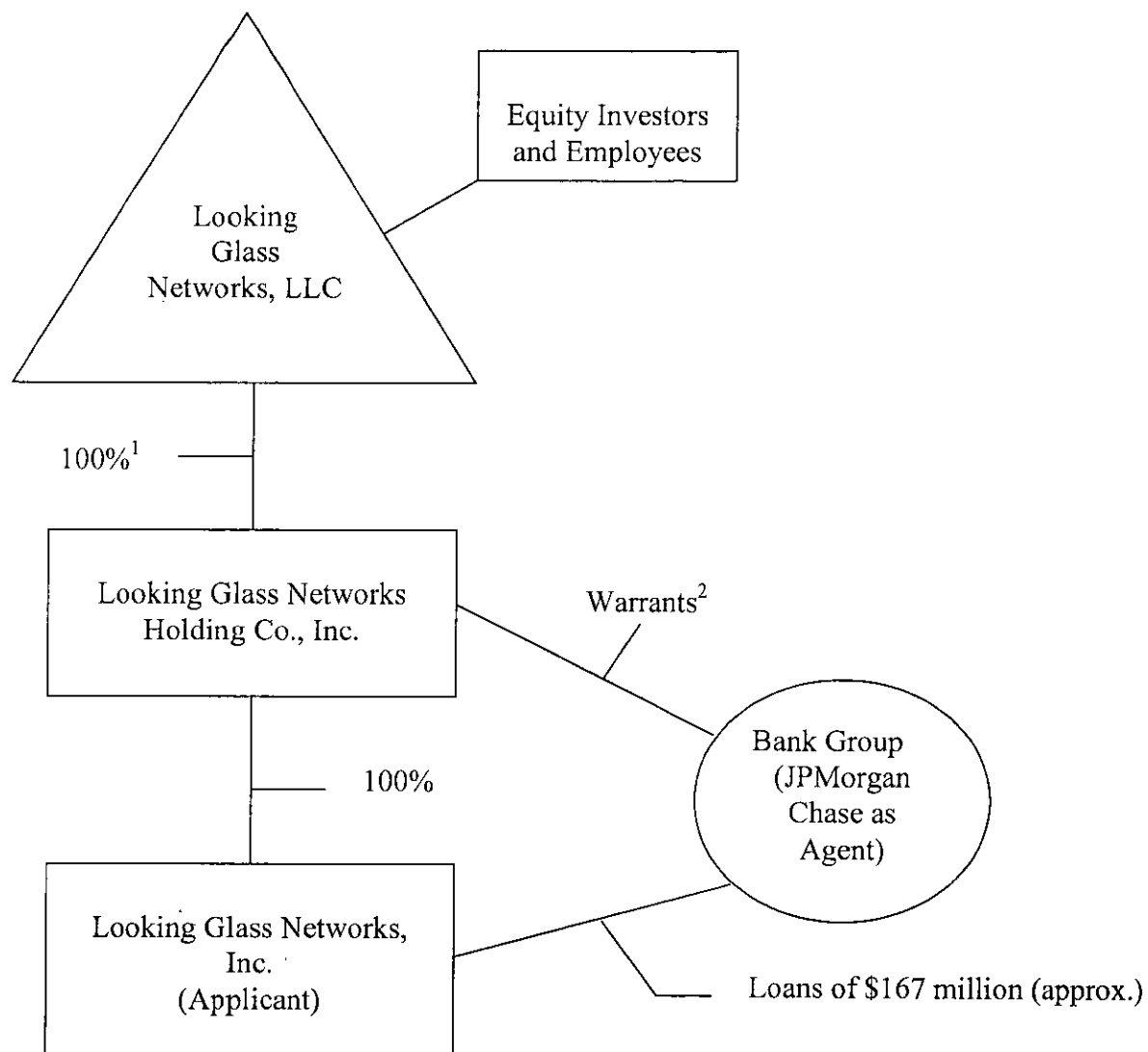


Certification Number: 6855835-1 Reference:
Verify this certificate online at <http://www.sos.mo.gov/businessentity/verification>

Exhibit B

Illustrative Charts

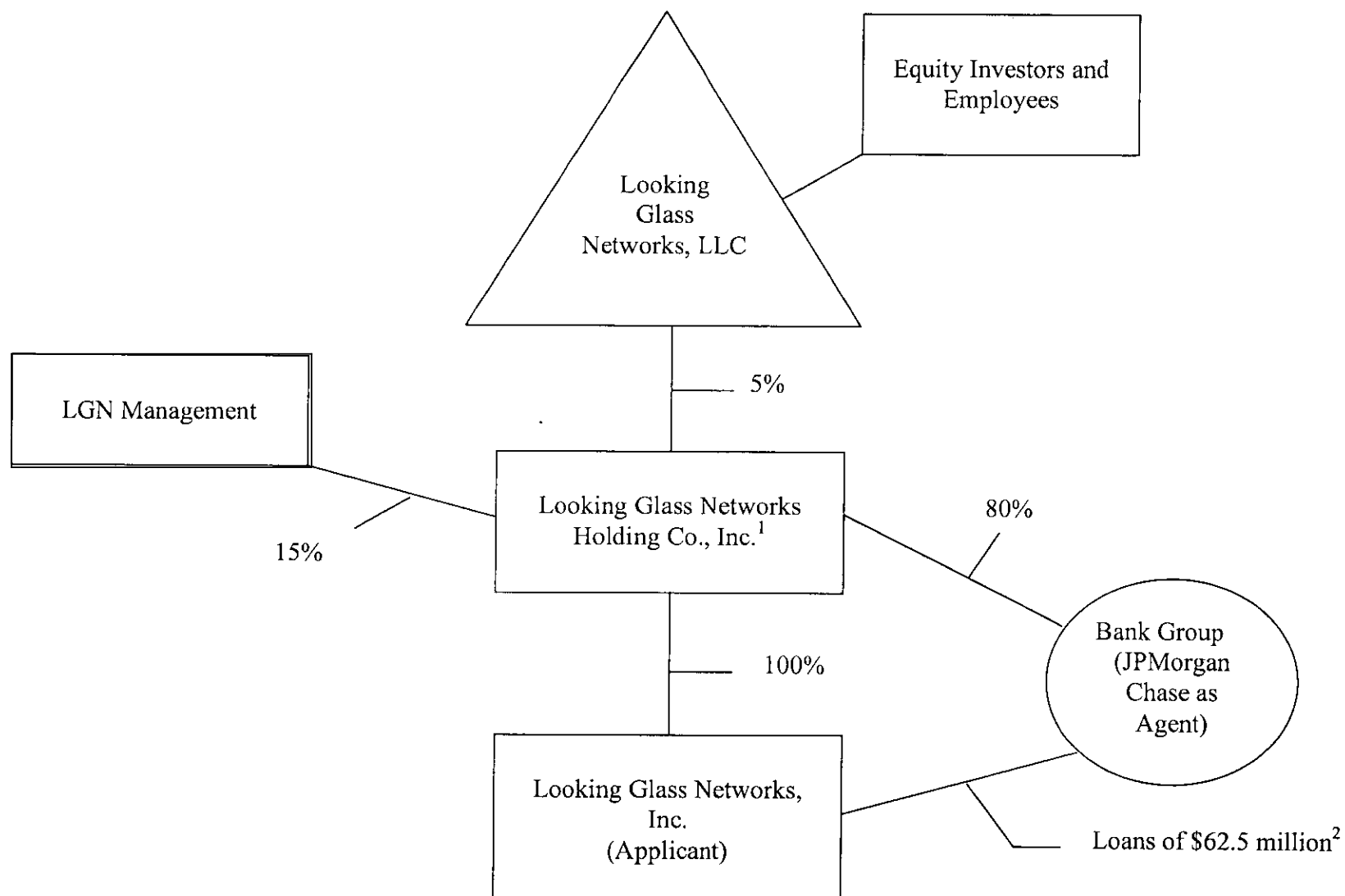
Old Ownership Structure



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

STATE OF ILLINOIS

:

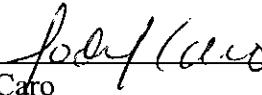
: ss.

COUNTY OF DUPAGE

:

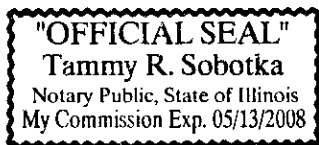
VERIFICATION

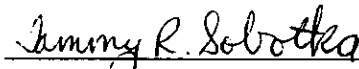
I, Jodi J. Caro, am Vice President and General Counsel of Looking Glass Networks, Inc.; that I am authorized to make this Verification on behalf of Looking Glass Networks, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document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



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

Sworn and subscribed before me this 6th day of July, 2004.





Notary Public

My commission expires: 05/13/2008