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March 19, 2001

Arizona Corporation Commission

**DOCKETED**

MAR 20 2001

**VIA OVERNIGHT DELIVERY**

Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007-2927  
Attn: Marta Kalleberg

DOCKETED BY	<i>JK</i>
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Re: Docket No. T-03903A-00-0511: Application of Looking Glass Networks, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange, Exchange Access and Interexchange Telecommunications Services in Arizona

Dear Sir or Madam:

Pursuant to Commission Staff's request, on behalf of Looking Glass Networks, Inc. ("LGN"), enclosed please find an original and ten (10) copies of LGN's financial statements for the period ending February 28, 2001.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, postage prepaid envelope provided. Should you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,

Heather A. Thomas

Counsel for Looking Glass Networks, Inc.

cc: Jodi J. Caro (LGN)  
Elizabeth A. Dees (LGN)  
Catherine Wang

# LOOKING GLASS NETWORKS, INC.

## Statement of Operations Periods Ended February 28, 2001 (Unaudited)

	<u>Month to Date</u>	<u>Year to Date</u>
Operating Expenses:		
Network Operations Expense	\$ 80,209	\$ 135,172
Selling, General & Administrative	1,019,139	2,122,113
Depreciation	141,132	234,493
Operating (Loss)	<u>(1,240,480)</u>	<u>(2,491,778)</u>
Interest Income, Net	110,989	194,276
Net (Loss)	<u>\$ (1,129,491)</u>	<u>\$ (2,297,502)</u>

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# LOOKING GLASS NETWORKS, INC.

## Consolidated Balance Sheet

As of February 28, 2001

(Unaudited)

### ASSETS

#### Current Assets

Cash	\$ 15,781,137
Short Term Investments, Restricted	9,077,231
Interest Receivable	450,396
Prepaid Expenses	383,235
	<u>25,691,999</u>

#### Property and Equipment

In Service and Under Construction	50,199,075
Accumulated Depreciation	(518,839)
	<u>49,680,236</u>

#### Other Non-Current

Deferred Costs	7,427,617
Security Deposits	46,564
	<u>7,474,181</u>

### TOTAL ASSETS

\$ 82,846,416

### LIABILITIES & STOCKHOLDER'S EQUITY

#### Liabilities

##### Current Liabilities

Accounts Payable	\$ 13,256,763
Accrued Interest (1)	22,917
Accrued Payroll and Bonuses	623,936
	<u>13,903,616</u>

#### Stockholder's Equity

Common Stock, \$0.01 par value; 75,000,000 authorized shares; issued and outstanding 14,911,168 shares	149,112
Preferred Stock, \$0.01 par value; 50,000,000 authorized shares; issued and outstanding 47,588,832 shares	475,888
Additional Paid-In Capital	79,657,284
Retained Deficit	(11,339,484)
	<u>68,942,800</u>

### TOTAL LIABILITIES & STOCKHOLDER'S EQUITY

\$ 82,846,416

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**LOOKING GLASS NETWORKS, INC.**  
**Consolidated Statement of Cash Flows**  
**For the Periods Ended February 28, 2001**  
**(Unaudited)**

	Month	Year to Date
<b>OPERATING ACTIVITIES</b>		
Net Loss	\$ (1,129,491)	\$ (2,297,502)
Adjustments to reconcile net loss to net cash used by operations:		
Depreciation Expense	141,132	234,493
Change in Current Assets excluding Investments	(140,186)	(255,564)
Change in Current Liabilities	405,388	(117,388)
Change in Other Non-Current	(7,047,329)	(7,124,606)
Net cash used by Operating Activities	<u>(7,770,486)</u>	<u>(9,560,567)</u>
<b>INVESTING ACTIVITIES</b>		
Short Term Investments, Restricted	(1,500,000)	(1,500,000)
Additions to Property and Equipment	(7,863,950)	(16,725,886)
Change in Current Liabilities	1,611,119	3,262,392
Net cash used in Investing Activities	<u>(7,752,831)</u>	<u>(14,963,494)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of Preferred Stock	28,049,291	28,200,101
Issuance of Common Stock	-	888
Net cash provided by Financing Activities	<u>28,049,291</u>	<u>28,200,989</u>
Net Cash increase (decrease) for period	<u>12,525,974</u>	<u>3,676,928</u>
Cash at beginning of period	3,255,163	12,104,209
Cash at end of period	<u>\$ 15,781,137</u>	<u>\$ 15,781,137</u>

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