

**ORIGINAL**



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AZ CORP COMMISSION  
DOCKET CONTROL

May 31, 2007

*VIA UPS*

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

Re: Response to Staff's Request for Updated Information –  
Docket No. T-20457A-06-0294

Dear Sir or Madam:

Enclosed please find an original and thirteen copies of the response by IPC Network Services Inc. to Staff's request for updated information.

If you have any questions, please call me at (410) 349-4990 or contact me by e-mail using the address below.

Sincerely,

Thomas M. Lynch

Arizona Corporation Commission  
**DOCKETED**  
JUN -4 2007

DOCKETED BY **he**

ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

In re Application of IPC Network	}	
Services, Inc. for a Certificate of	}	
Convenience and Necessity to	}	
Provide Resold Point-to-Point	}	Docket No.
Private Line Telecommunications	}	T-20457A-06-0294
Services within the State of	}	
Arizona	}	

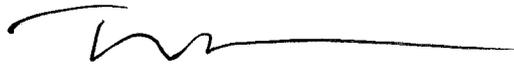
AMENDMENT

Pursuant to staff instruction, IPC Network Services, Inc. ("IPC") submits this amendment to its Application for a Certificate of Public Convenience and Necessity in the above-referenced docket.

The alterations made in this Amendment to the application of IPC are as follows:

1. Attachment A, the new version of which is attached, is revised to reflect:
  - Changes in the Directors and Officers of IPC; and
  - Changes in the ownership of IPC.
2. Financial statements for 2004 and 2005 are provided.

Submitted this 31<sup>st</sup> day of May, 2007.



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Thomas M. Lynch, Esq.  
Counsel for IPC Network Services, Inc.

**ATTACHMENT A  
IPC NETWORK SERVICES, INC.**

**1. Certificate of Good Standing.**

See attached.

**2. Officers and Directors of IPC Network Services, Inc.**

Director

Lance Boxer  
IPC Network Services, Inc.  
Wall Street Plaza  
88 Pine Street  
New York, NY 10005

Officers

Lance Boxer  
President  
IPC Network Services, Inc.  
Wall Street Plaza  
88 Pine Street  
New York, NY 10005

James Engler  
Vice President  
IPC Network Services, Inc.  
Wall Street Plaza  
88 Pine Street  
New York, NY 10005

Tim Whelan  
Treasurer  
IPC Network Services, Inc.  
Wall Street Plaza  
88 Pine Street  
New York, NY 10005

John McSherry  
Secretary  
IPC Network Services, Inc.  
Wall Street Plaza  
88 Pine Street  
New York, NY 10005

### **3. Ownership.**

The individuals listed above own less than 5% collectively of the interests of IPC Network Services, Inc. The ownership of IPC Network Services, Inc. is as follows:

IPC Network Services Inc. is 100% owned (200 shares) by Gains Acquisition Corp., a corporation organized under the laws of the State of Delaware.

The name and address of the sole shareholder of Gains Acquisition Corp. is:

IPC Systems, Inc. (formerly IPC Information Systems, LLC)  
88 Pine Street  
New York, NY 10005

The sole member of IPC Systems, Inc. is IPC Acquisition Corp., a Delaware corporation, whose principal place of business is also 88 Pine Street, New York, NY, 10005.

IPC Acquisition Corp. is owned by Silver Lake Equity Partners, LP, a Delaware limited partnership ("Silver Lake"). Silver Lake has the same address as the Managing Members, as described below.

The ownership of Silver Lake is widely distributed and no entity holds more than a 10% equity interest in Silver Lake. Control of Silver Lake is held by its General Partner, Silver Lake Technology Associates II, L.L.C., a Delaware limited liability company ("SLTA II"). The principal business of SLTA II is serving as the sole general partner of Silver Lake and certain of its related investment vehicles. The managing members of SLTA II are Alan K. Austin, James A. Davidson, Glenn H. Hutchins, John R. Joyce and David J. Roux (collectively, the "Managing Members"). Each of the Managing Members is a United States citizen with an address at:

9 West 57th Street, 25th Floor  
New York, NY, 10019

None of the Managing Members has a controlling interest in SLTA II, nor does any Managing Member individually have either positive or negative control over

SLTA II. The present principal occupation of each of the Managing Members is serving as a managing member of SLTA II and affiliated entities.



IPC Network Services, Inc.  
*Income Statement*  
*FYE September 30, 2004*

Revenue:

Product sales & installations	\$ -
Service	16,608
<i>Total revenue</i>	<u>16,608</u>

Cost of Sales:

Cost of Sales	11,329
Depreciation expense	959
<i>Total cost of goods sold</i>	<u>12,288</u>

*Gross profit* 4,320

Expenses:

Research & development	-
Selling, general & admin exp	4,317
Depreciation expense	216
Amortization of intangibles	120
<i>Income (loss) from operations</i>	<u>(333)</u>

Other income (expense)

Deferred financing fees amortization	-
Interest expense-accrued	-
Interest expense-cash	-
Interest income	-
I/C-interest inc/exp	-
Other income/(expense), net	-
FX gain or (loss)	-
<i>Income (loss) before taxes</i>	<u>(333)</u>

Income tax provision (benefit) 122

*Income (loss) from cont ops* (455)

Discontinued Operations:

Inc (loss) from disc operations	-
Income tax prov (benefit)	-
<i>Inc (loss) from disc operations</i>	<u>-</u>

Net income (loss) \$ (455)



**IPC NETWORK SERVICES, INC.**

**Balance Sheet**

September 30, 2004

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**Assets**

Cash	1,705
Accounts Receivable, net	2,478
Inventories, net	
Ppd and other curr assets	42
Current assets of discontinued operations	
Due from (to) Affiliate	(4,741)
Total Short Term Assets	(516)
P,P & E, net	3,800
Investment in Subsidiaries	
Goodwill, net	5,054
Propriety software	185
Network technology, net	
Trade Name	
Customer relationships, net	580
Deferred financing costs	
Assets of discontinued operations	
Other assets	6
Total Long Term Assets	9,625
<b>Total Assets</b>	<b>9,109</b>

**Liabilities and Stockholders Equity**

**Liabilities**

Accounts Payable, net	629
Accrued Expenses, net	3,692
Income Taxes Payable	143
Customer advances-installs	
Customer advances-maint	121
Due to Customers	
Current liabilities of discontinued operations	
Purchase Acctg Reserve	-
Term Loan-S/T	
Current portion of guarantees on fmr par obl	
Deferred Comp-S/T	
Deferred Purchase Price Payment	
Total S/T Liabilities	4,585
Senior Notes	
Loan payable to IPC	
Loan payable to other stockholders	
Term Loan-L/T	
Deferred Tax Liability-L/T	
Deferred Comp-L/T	
Guarantees on fmr par obl	
Total Long Term Liabilities	-
<b>Total Liabilities</b>	<b>4,585</b>

**Stockholders' Equity**

Common Stock	
Paid in capital	5,422
Retained Earnings	(898)
Officer Loans to Purchase Stock	
Deferred stock compensation	
Cumulative translation adj.	
Total Stockholders' Equity	4,524
<b>Total Liabilities &amp; Equity</b>	<b>9,109</b>



Profit & Loss Account		USD
		Full Year Sep-05
Re-Occuring Income		23,572,773
New Line Income		1,256,268
Canx Income		(616,596)
Installations		186,575
Discounts Offered		0
Other Income		(60,211)
TCM Revenue Recurring		308,112
TCM Revenue One Off		294,012
AFM Revenue		162,055
<b>Net Revenue</b>		<b>25,102,989</b>
Core bandwidth		(2,673,808)
Customer specific bandwidth		(9,403,471)
Misc/one off/installations		(846,023)
Transfer Pricing		(168,984)
TCM Direct COS		(245,087)
Co Location Costs		(833,500)
<b>Cost of Sales</b>		<b>(13,970,872)</b>
<b>Gross Profit</b>		<b>11,132,117</b>
Salary & Overtime		(3,816,297)
Bonus / Commissions		(1,545,465)
Temp Staff & Consultants		(510,304)
National Insurance		0
Pensions		0
Benefits in kind		(698,681)
NI on Bonus & Commissions		0
Misc Staff Costs		(62,350)
Other Staff Costs		(11,835)
<b>Staff Costs</b>		<b>(6,545,032)</b>
Entertaining		(420,345)
Travel		0
Other Comms costs		(116,222)
Rent		(873,000)
Light & Heat		0
Dilapidation		0
Rates & Service Charge		0
Other Building Costs		0
<b>Direct Costs</b>		<b>(1,409,566)</b>
Depreciation		(2,117,871)
Direct Computer Costs		0
Legal & Professional		(196,388)
External Marketing		0
Sundry Indirect costs		(99,513)
Stationery		(22,186)
<b>Direct Overheads</b>		<b>(2,435,956)</b>
<b>Contribution</b>		<b>741,561</b>
Recharges		(92,931)
Exchange Differences		(153)
Repairs & Maintenance		(31,484)
Lease & Hire charges		0
Interest Expense		0
Interest Income		0
Audit		2,502
Other		1,805
Subscriptions		0
Other Costs	0 0	(120,262)
<b>Pre Tax Profit</b>	<b>0 0</b>	<b>621,299</b>
Taxation		(59,000)
<b>Retained Profit</b>		<b>562,299</b>
<b>EBITDA</b>	<b>0 0</b>	<b>2,739,170</b>
Gross Margin %		44.3%
Pre Tax Profit Margin %		2.5%
Headcount	44 44	44

Whole Dollars

**ASSETS:**

Cash	1,329,115
Restricted cash	
Trade receivables	2,548,619
Accrued receivables	95,005
Allowance for doubtful accounts	(296,258)
Accounts receivable, net	<u>2,347,366</u>
Inventory	
WIP	12,775
Obsolescence reserve	
Inventories, net	<u>12,775</u>
Prepaid insurance	
Prepaid rent	
Prepaid commissions	
Sales & VAT receivable	
ACT receivable	
Deferred taxes	
Employee receivables	
Prepaid other	26,467
Total prepaids & other current assets	<u>26,467</u>
<u>Intercompany accounts:</u>	
Intercompany Acq Corp	(1,901,456)
Intercompany IPC Corp	(2,276,447)
Intercompany Gains Europe	(835,425)
Intercompany Command & Control	374,928
Intercompany IPC Canada	(479,223)
Intercompany accounts, net	<u>(5,117,623)</u>
<b>Total current assets</b>	<b>(1,401,900)</b>
<u>Gross property, plant &amp; equipment:</u>	
Buildings	
Machinery and equipment	922,821
POP Telecom Equipment	6,897,917
Furniture & fixtures	-
Computer software & hardware	118,967
Leasehold improvements	683,224
Total	<u>8,622,929</u>
<u>Accumulated depreciation:</u>	
Buildings-AD	
Machinery and equipment-AD	(390,827)
POP Telecom Equipment - AD	(3,325,449)
Furniture & fixtures-AD	-
Computer software & hardware-AD	(71,540)
Leasehold improvements-AD	(74,520)
Total	<u>(3,862,336)</u>
Land	
Construction-in-progress	
Property, plant & equipment, net	<u>4,760,593</u>
<u>Gross intangible assets:</u>	
Goodwill	5,054,036
Customer Relationships	700,000
Propriety Software	235,000
Customer list	
Total	<u>5,989,036</u>
<u>Accumulated amortization:</u>	
Customer Relationships - AA	(204,000)
Propriety Software - AA	(86,000)
Total	<u>(290,000)</u>
Intangible assets, net	<u>5,699,036</u>
Senior note issue costs	
Term loan issue costs	
Amortization of issue costs	
Deferred financing fees, net	<u>-</u>
Investment in Gains	
Deferred taxes	
Security deposits	11,692
Other assets	
<b>Total assets</b>	<b><u>\$ 9,069,421</u></b>

Whole Dollars

**Liabilities & Stockholders' Equity:**

Liabilities:

Current portion of long term debt	
Accounts payable	866,792
T&E Holding Account	30,551
Accrued salaries	88,747
Accrued salary related benefits	10,552
Accrued commissions	446,640
Accrued incentive compensation	-
Accrued professional fees	146,189
Job accruals	
Warranty reserve	
Accrued sales & VAT taxes	175,341
Accrued Carrier Costs	1,687,249
Accrued Colo Costs	97,332
Accrued other	162,732
Total accrued expenses	<u>2,845,332</u>
Current portion of deferred compensation	
Income taxes payable	(165,757)
Customer advances on installation contracts	
Deferred revenue on TCM Contract	270,266
Due to customers	
Deferred acquisition obligation	
Current portion of guaranties on fmr parent obligations	
<b>Total current liabilities</b>	<u>3,816,633</u>

Term loan	
Senior subordinated notes	
Deferred compensation	
Deferred tax liability	
Guaranties on former parent obligations	
<b>Total liabilities</b>	<u>3,816,633</u>

Stockholders' Equity:

Common stock	2
Additional paid in capital	2,729,083
US GAAP Paid in Capital	2,692,569
Retained Earnings	(168,866)
Accumulated comprehensive income (loss)	
Officer loans to purchase stock	
<b>Total stockholders' equity</b>	<u>5,252,788</u>
<b>Total liabilities &amp; equity</b>	<u>\$ 9,069,420</u>