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June 19, 2001

Via Overnight Delivery

Blanca Bayo
Director of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399 - 0850

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Dear Ms. Bayo:

Enclosed please find an original and three (3) copies of a letter formally seeking approval from the Florida Public Service Commission, pursuant to Florida Statute section 364.33, for the pro forma transfer of control of Sigma Networks Telecommunications, Inc. to a holding company that has not yet been formed.

We have enclosed one extra copy of this letter. Please acknowledge receipt of this filing by date-stamping the extra copy and returning it in the self addressed stamped envelope provided for that purpose.

Please let me know if you have any questions or require more information.

Thank you for your assistance.

Sincerely,

Richard D. Mallen

Richard D. Mallen
Counsel for Sigma Networks, Inc.

Enclosures

cc: Theresa Kronemeyer

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07658 JUN 20 01
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LAWLER, METZGER & MILKMAN, LLC

ORIGINAL

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June 19, 2001

Blanca Bayo
Director of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399 - 0850

Re: Application of Sigma Networks, Inc. for Pro Forma Transfer of Control Pursuant to Florida Statutes Section 364.33

Dear Ms. Bayo:

On January 8 and January 17, 2001, the Public Service Commission ("Commission") approved the applications of Sigma Networks Telecommunications, Inc. ("Sigma") for certificates to provide interexchange telecommunications service and alternative local exchange telecommunications service in the State of Florida.¹ Sigma, a privately-held corporation organized under the laws of Delaware on May 3, 2000, is a wholly-owned subsidiary of Sigma Networks, Inc. ("Sigma Networks"), a privately-held corporation organized under the laws of Delaware on July 17, 1998 whose principal business is telecommunications. Sigma Networks seeks authorization to complete a pro forma corporate restructuring through the establishment of

¹ See *In re Application for Certificate to Provide Interexchange Telecommunications Service by Sigma Networks Telecommunications, Inc.*, Consummating Order, Order No. PSC-01-0035-CO-TI (Jan. 8, 2001); *In re Application for Certificate to Provide Alternative Local Exchange Telecommunications Service by Sigma Networks Telecommunications, Inc.*, Consummating Order, Order No. PSC-01-0126-CO-TX (Jan. 17, 2001). In addition to Florida, Sigma is authorized to provide services in the following states: California, Colorado, Connecticut, Delaware, District of Columbia, Indiana, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nevada, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Washington, and Wisconsin. In addition, an affiliate of Sigma, Sigma Networks Telecommunications of Virginia, Inc., is certificated to provide service in Virginia.

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a holding company (the “Holding Company”) that would own all of the stock of Sigma Networks. Because the Holding Company has not yet been formed, Sigma Networks respectfully requests this authorization on behalf of the Holding Company. As demonstrated below, this transaction will provide significant public interest benefits and will not jeopardize or impair Sigma’s ability to provide service to the public at just and reasonable rates.

Florida Statutes section 364.33 states that a person may not acquire ownership or control of any telecommunications facility “in whatever manner, including the acquisition, transfer, or assignment of majority organizational control or controlling stock ownership, without prior approval” from the Commission. On March 20, 2001, Sigma Networks closed a credit facility providing for funding of up to approximately \$260 million to purchase equipment from a national supplier of networking equipment.² In connection with this transaction, Sigma Networks has agreed to form a Holding Company such that the current stockholders of Sigma Networks will become stockholders of the Holding Company.³ The Holding Company will hold 100 percent of the voting stock of Sigma Networks.

This reorganization is necessary in order for the lender to obtain and perfect a security interest in the stock of Sigma Networks. Establishing the Holding Company will enable the Holding Company to pledge all of the stock of Sigma Networks as collateral security for the funds borrowed by Sigma Networks under the credit facility. The debt financing obtained by Sigma Networks is essential for Sigma to be able to implement its network construction plans. The significant infusion of new capital will strengthen Sigma’s competitive position in the

² In a related transaction, Sigma Networks closed an equity financing of up to approximately \$150 million with various “Series C” investors. None of the Series C investors acquired control of Sigma Networks or obtained an ownership percentage that exceeds the percentage retained by the former majority shareholder. Pursuant to the equity transaction, the board of Sigma Networks was expanded from five to seven members. An updated list of Sigma Network’s Board of Directors is included as Attachment A.

³ An organization chart showing the effect of the planned reorganization is included as Attachment B.

market and will directly benefit the public by enabling Sigma to expedite its deployment of facilities and provision of new technologies and services, increasing investment in new, competitive telecommunications infrastructure in Florida and affording customers access to an expanded array of innovative, diversified, and reliable service offerings.

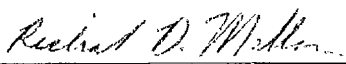
The debt transaction will be transparent from the perspective of Sigma's future customers.⁴ Establishing the Holding Company will not change the corporate name, mailing address, or contact person of Sigma, and Sigma will remain the holder of the certificates issued to it. Sigma will continue to be managed by its experienced team of officers and telecommunications managers,⁵ and adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the approval requested herein.

Accordingly, Sigma Networks respectfully requests that the Commission grant the requested authorization regarding the pro forma transfer of control described herein.

Respectfully submitted,

SIGMA NETWORKS, INC.

By its Attorneys:


Richard D. Mallen
Valerie Yates
Gregory E. Lawler
LAWLER, METZGER & MILKMAN, LLC
1909 K St. NW, Suite 820
Washington, DC 20006
(202) 777-7700

⁴ Sigma is not currently providing telecommunications service to the public in Florida.

⁵ An updated list of Sigma Networks' management team is included as Attachment C.

ATTACHMENT A

SIGMA NETWORKS, INC. BOARD OF DIRECTORS

The Sigma Networks Board of Directors is comprised of some of the Internet's top luminaries and pioneers. The board brings years of experience rooted in the telecommunications, internetworking, and data communications industries. The team's exceptional entrepreneurial pedigrees serve as the basis for unprecedented leadership, direction, and insight for Sigma Networks. The Sigma Networks Board of Directors is:

CHAIRMAN

Reed Hundt, former Chairman of the FCC, and a Benchmark Venture Partner, McKinsey & Co.

DIRECTORS

John K. Peters, CEO Sigma Networks

Marc Andreessen, co-founder of both Netscape and Loudcloud

James E. Crawford III, Managing Partner, Frontenac Company

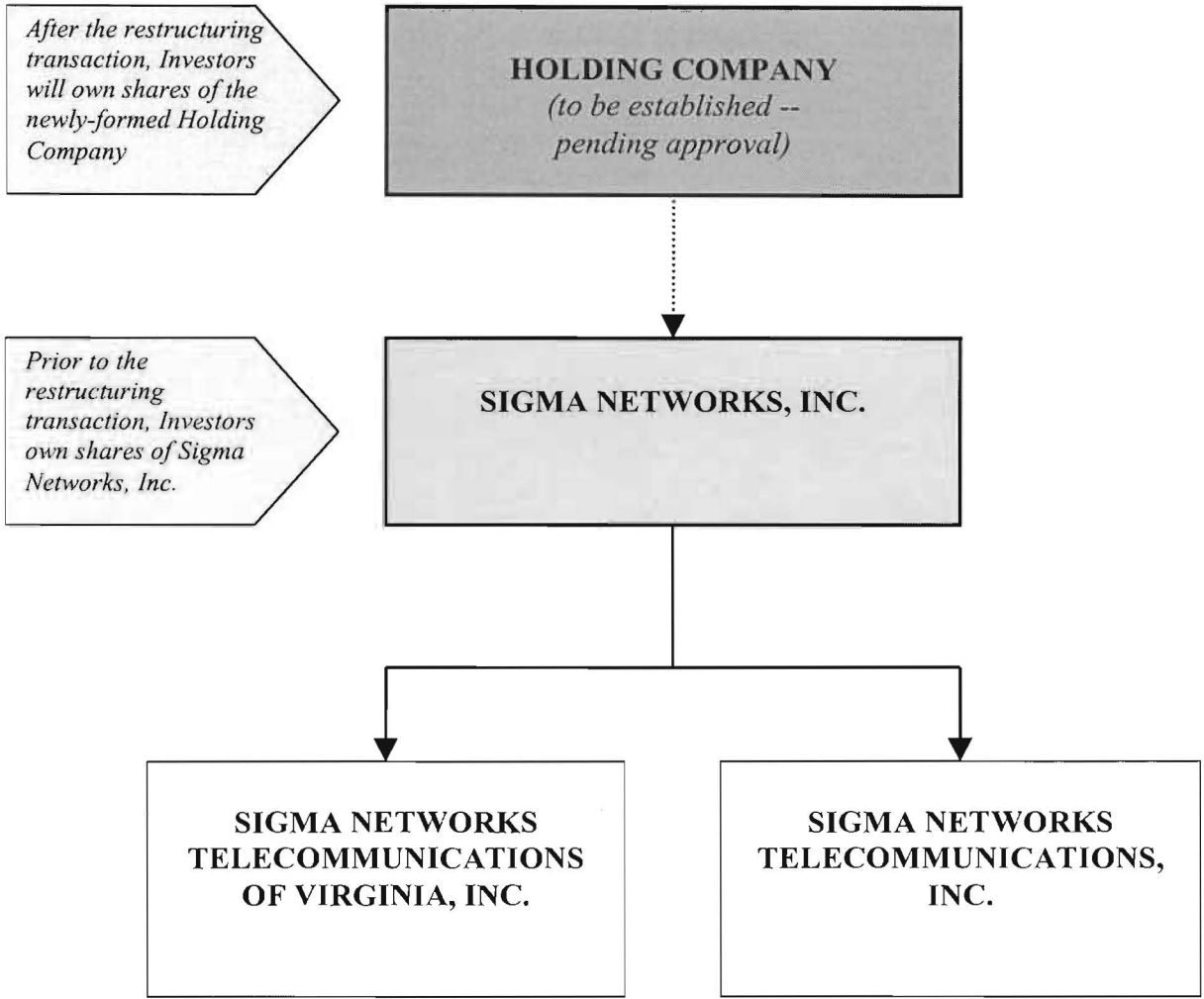
Fred Harman, General Partner, Oak Investment Partners

Doug Hickey, Consultant

Andy Rachleff, General Partner, Benchmark Capital

ATTACHMENT B

**SIGMA NETWORKS, INC.
ORGANIZATION CHART**



ATTACHMENT C

SIGMA NETWORKS, INC. MANAGEMENT TEAM

The Sigma Networks Management Team includes top industry executives who have successfully built companies in the data communications, telecommunications, and Internet industries. Sigma Networks combines the best attributes of these industries to deploy advanced broadband network services rapidly and with the highest standards of quality and customer care.

John K. Peters, CEO

Mr. Peters, the founding CEO of Sigma Networks, has a proven track record in guiding start-up operations to success. Most recently, as Executive Vice President for Concentric Networks, Mr. Peters held various senior management roles leading the Operations, Engineering, Product Development, Product Management, Web Hosting Services, and Corporate Development organizations.

Michael Depatie, CFO

Mr. Depatie brings to Sigma Networks over 17 years experience in senior financial roles in fast growing capital intensive entrepreneurial companies including seven years as the CFO of two NYSE traded companies. During Mr. Depatie's career he has completed seven public offerings of debt and equity and numerous bank financing raising over \$2 billion.

Sherri L. Bakos, Vice President of Sales

Ms. Bakos brings in-depth knowledge of the metropolitan area market, as well as a demonstrated ability to assemble and lead highly effective sales teams, to Sigma Networks.

Philip Lin, Vice President, Business Development

Mr. Lin's experience in strategic planning and development, plus his expertise within the metropolitan area network market, brings invaluable knowledge to Sigma Networks.

Patrick Sullivan, Vice President and CIO

Mr. Sullivan has many years of experience developing and managing innovative solutions to deliver mission critical IP services.

Lonny J. Orona, Vice President, Customer Support and Network Operations

Mr. Orona is Vice President of Customer Support and Network Operations for Sigma Networks. His excellent operations and support background will differentiate Sigma Networks in its delivery of service and support.

Scott Young, Vice President, Network Deployment

Mr. Young brings a proven track record in the design and installation of long-haul and metropolitan fiber networks throughout the United States and Canada.

Bill Euske, Chief Technical Officer

Mr. Euske brings nearly three decades of service provider network design and implementation experience to Sigma Networks. He is a co-founder of DSL pioneer NorthPoint Communications.

Robert L. Decker, Vice President, Network Engineering

The lion's share of Mr. Decker's vast experience lies in leading engineering teams to build high-quality heterogeneous networks that include optical components, transport, voice and data switching, and access capabilities. He understands and can implement next-generation networks that embrace packets, circuits and optical methodologies.

Terence W. Murphy, Vice President, Finance

Mr. Murphy brings critical experience in all aspects of finance for a service provider company.

Connie DeWitt, Vice President, Marketing

Ms. DeWitt brings 16 years of diverse telecommunications experience to Sigma Networks. During her career, she has led marketing efforts and product creation for industry-defining network management systems, interactive voice services, Internet telephony services, IP voice services, DSL services, Web hosting services and Internet access services.