

REQUEST TO ESTABLISH DOCKET
(PLEASE TYPE)

Date March 13, 1998

Docket No. 980357-71

1. Division Name/Staff Name Communications/Pruitt
2. OPR CHU
3. OCR Leoni
4. Suggested Docket Title Request for approval of transfer of control of IPC Information Systems, Inc., parent company of International Exchange Networks, Ltd, d/b/a IXNET, LTD. CO, holder of Interexchange Certificate No. 5256, from Richard and Peter Kleinknecht to Cable Systems Holding, LLC.

5. Suggested Docket Mailing List (attach separate sheet if necessary)

- A. Provide NAMES ONLY for regulated companies or ACRONYMS ONLY regulated industries, as shown in Rule 25-22.104, F.A.C.
- B. Provide COMPLETE name and address for all others. (Match representatives to clients.)

1. Parties and their representatives (if any)

<u>IXNET, LTD. CO.</u>	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. Interested Persons and their representatives (if any)

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

6. Check one:

- Documentation is attached.
 Documentation will be provided with recommendation.

Vinson & Elkins

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March 12, 1998

Florida Public Service Commission
Division of Communications
2540 Stannard Oak Boulevard
Gunter Building
Tallahassee, Florida 32399-0850
Attn: Nancy Pruitt

RE: International Exchange Networks, Ltd.
Certification No. 5256

Dear Ms. Pruitt:

On behalf of International Exchange Networks, Ltd. ("iXnet"), this letter requests approval of transfer of control of IPC Information Systems, Inc. ("IPC"), parent company of iXnet. iXnet is the holder of interexchange Certificate No. 5256.

Current Ownership Structure

iXnet is owned 80% by IPC. The remaining 20% interest in iXnet is controlled by iXnet managers. IPC is a publicly traded company, a majority of whose shares are controlled by Richard P. Kleinknecht and Peter J. Kleinknecht (joint "the Kleinknechts"). Together, the Kleinknechts hold 64.4% direct and beneficial ownership of the company.

Proposed Transactions

IPC has entered into an agreement whereby Cable Systems Holding, LLC ("CSH LLC") will acquire, directly and through subsidiaries, control of IPC. Immediately thereafter, the minority shareholders of iXnet will exchange their iXnet shares for shares in IPC. As a result, IPC will own 100% of iXnet, iXnet's managers who presently hold a minority ownership interest in iXnet will instead hold a minority interest in IPC and control of IPC will transfer from the Kleinknechts to CSH LLC.

The Kleinknechts and other existing shareholders in IPC may elect to retain shares in the post-merger IPC, subject to certain limitations, or will receive cash for each share. CSH LLC's

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ultimate share of IPC will depend on the number of shares that existing shareholders elect to retain. It is IXnet's expectation that CSH LLC will obtain a direct majority interest in IPC. Moreover, CSH LLC also will indirectly control an additional interest in IPC through CSH LLC's control of Cable Systems Holding Company.

In the unlikely event that CSH LLC obtains, in the aggregate, less than a majority of the shares in IPC on a direct ownership basis, CSH LLC will still obtain *de facto* control of IPC. It will be the largest shareholder of IPC. Moreover, certain agreements among various parties to the transaction will function to ensure CSH LLC's control. Prior to consummation of the transactions, IPC, CSH LLC, Richard P. Kleinknecht and IXnet's Managers who will receive IPC stock (together these entities will control a majority of IPC) will enter into an Investors Agreement which provides, among other matters, for CSH LLC to nominate a majority of the members of the Board of IPC and for all such stockholders to vote in favor of the Board as so nominated. Thus, via the direct and indirect stock holdings, along with the prescribed voting with respect to directors, CSH LLC will assume *de facto* control of IPC without regard to its absolute shareholdings.

CSH LLC is a limited liability company owned by Citicorp Venture Capital Ltd. (a subsidiary of Citibank, N.A.), the Woog Family Limited Partnership and two individuals: David Kirby and John O'Mara. None of these entities will own more than 49% of CSH LLC.

Impact on IXnet Services

This transaction will be transparent to IXnet's customers. IXnet will continue to operate under its current name and certificate. There are no planned changes in service offerings or rates related to this transaction.

Public Interest Statement

Grant of this request for transfer of control of IPC will serve the public interest by providing IXnet with additional financial resources to continue to provide its services Florida.

Conclusion

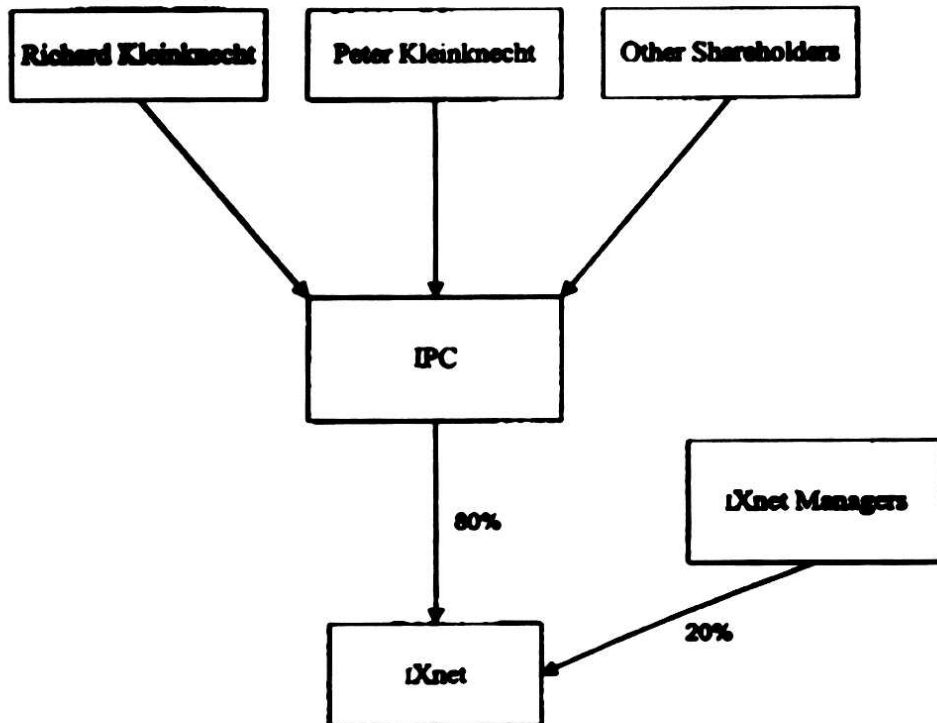
For the foregoing reasons, International Exchange Networks, Ltd. requests approval of the transfer of control described herein.

Respectfully submitted,

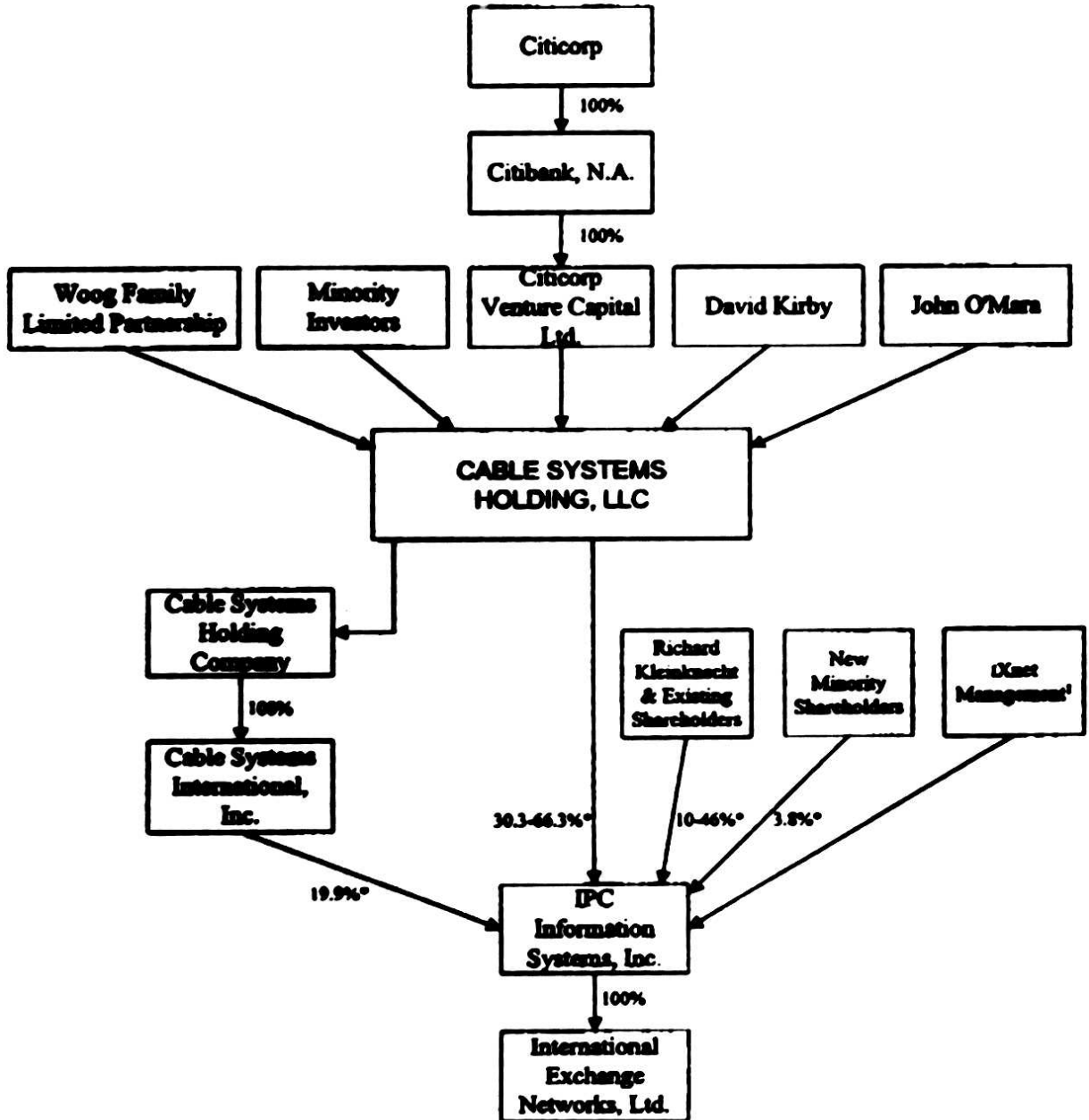


Albert Shuldiner
Counsel for International Exchange Networks, Ltd.

IXnet — Current Structure



IXnet — Proposed Structure



¹ IXnet Management's current 20% interest in IXnet will be traded for less than 10% of IPC.

* Does not include effect of dilution from issuance of IPC shares in exchange for IXnet shares.