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December 8, 2005

VIA UPS

Ms. Blanco S. Bayo, Director
Bureau of Records and Reporting
& Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: *Informational Filing* Regarding a Pro Forma Internal Restructuring
Involving XO Communications Services, Inc.

Dear Ms. Bayo:

XO Communications Services, Inc. ("XOCS"), an authorized telecommunications carrier in Florida, by its attorneys, hereby respectfully notifies the Florida Public Service Commission ("Commission") of a pro forma internal corporate restructuring whereby Carl C. Icahn, who beneficially holds approximately 61% of the equity and voting interests in XOCS's parent, XO Communications, Inc. ("XO") at the present time, will obtain 100% ultimate ownership and control of XOCS. More specifically, as described below, XO will merge with and into a newly-formed subsidiary of XO, XO Communications, LLC ("XO LLC"), with XO LLC surviving and becoming the new direct parent company of XOCS. Through his ownership and control of Elk Associates LLC ("Elk"), Carl C. Icahn will hold 100% of the issued and outstanding membership interests of XO LLC after the transaction. Thus, both before and after the restructuring, Mr. Icahn will have ultimate majority ownership and control of XOCS. Because of the pro forma nature of this transaction, XOCS believes that no prior approval is required to consummate the restructuring described herein. XOCS's ultimate ownership will remain the same, its authorization to provide telecommunications services will remain in place, and its customers will not be affected in any way as they will continue to be offered the same services by the same service provider with the same name at the same rates, terms and conditions as at present. Thus, XOCS submits this filing solely for the Commission's information and to keep its records current.

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I. XO COMMUNICATIONS, INC.

XO Communications, Inc. ("XO"), a Delaware corporation located at 11111 Sunset Hills Road, Reston, Virginia 20190-5339, is a leading national provider of local and long distance telecommunications services to businesses, large enterprises and telecommunications carriers. XO delivers its services over its own network of metropolitan fiber rings and long haul fiber optic facilities and through the use of facilities and services leased or purchased from third party carriers, including incumbent local exchange carriers. In addition, XO's wholly-owned subsidiary, LMDS Holdings, Inc. ("LMDS"), holds wireless licenses in the LMDS and 39 GHz bands as well as related fixed broadband wireless spectrum assets.

XO is authorized by the Federal Communications Commission to provide interstate and international telecommunications services. Through XOCS and other subsidiaries of XO, XO Virginia, LLC, Coast to Coast Telecommunications, Inc. and Telecommunications of Nevada, LLC, XO is authorized to provide intrastate interexchange services virtually nationwide, and to provide competitive local exchange services in 47 states. In Florida, XOCS is authorized to provide competitive local exchange and interexchange services.¹ Thus, XOCS and its corporate parent, XO, have been found by this Commission to possess the requisite financial, managerial and technical qualifications necessary to operate as a provider of intrastate telecommunications services in Florida.²

As noted above, XOCS currently is ultimately majority owned and controlled by Carl C. Icahn. Specifically, at present, Cardiff Holding LLC ("Cardiff") beneficially holds approximately 61% of the equity and voting interests in XO. Cardiff is indirectly, wholly-owned and controlled by Carl C. Icahn, through his ownership and control of certain companies that hold ownership interests in Cardiff. When XO emerged from bankruptcy, the parties informed the Commission at that time that Carl C. Icahn, through his ownership of various companies, would be the new majority owner of the newly reorganized XO. The Commission approved the transfer of control of XO to Mr. Icahn on December 30, 2002 in Docket No. 021117-TP Order No. PSC-02-1857-CO-TP. Here, the ownership is not changing – after the pro forma restructuring, XOCS will continue to be majority owned and controlled by Mr. Icahn. The

¹ XOCS's authority to provide telecommunications service in Florida was originally granted to XO Florida, Inc. ("XO Florida") in Docket No. 980472-TI, Certificate No. 3505 (TJ112-IXC) and Certificate No. 5648 (TX205-local exchange). The Commission authorized the transfer of XO Florida's authority to XOCS in connection with an internal corporate restructuring in Docket No. 040868-TX, Order No. PSC-04-0955-FOF-TX, issued September 30, 2004.

² XO's most recent Annual Report and Form 10-Q which contains the consolidated financial statements of XO and subsidiaries can be accessed as www.xo.com.

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Commission has already passed on this ownership structure, so there is no need for the Commission to act again.

II. PRO FORMA RESTRUCTURING

The pro forma restructuring of XOCS will occur in connection with a larger overall transaction whereby XO is spinning off its wireless business from its wireline business. The businesses will be structurally separate, but both will be ultimately majority owned and controlled by Carl C. Icahn. On November 4, 2005, XO entered into an Equity Purchase Agreement ("Equity Purchase Agreement") with XO Holdings, Inc. ("Holdings"), a newly-formed subsidiary of XO, and Elk Associates LLC ("Elk"), pursuant to which XO will sell its national wireline telecommunications business to Elk. To accomplish the sale, XO has created two new wholly-owned subsidiaries – Holdings, a Delaware corporation that is a direct subsidiary of XO, and XO Communications, LLC ("XO LLC"), a Delaware limited liability company that is a direct subsidiary of Holdings. XO will merge with and into XO LLC, with XO LLC being the surviving entity, and XOCS becoming a subsidiary of XO LLC (the "Restructuring Merger").³

Upon consummation of the Restructuring Merger, each share of common stock of XO that is outstanding immediately prior to the Restructuring Merger will be converted into the right to receive one share of common stock of Holdings, and each share of preferred stock, warrant, and stock option of XO outstanding immediately prior to the Restructuring Merger will be convertible at the option of the holder into shares of Holdings common stock on the same terms and conditions as applicable to such securities prior to the Restructuring Merger. Following these actions, all of the outstanding member interests in XO LLC will be sold to Elk for an aggregate purchase price of \$700 million in cash, subject to certain adjustments. Closing is contingent on receipt of all necessary regulatory approvals, among other things. Diagrams showing the corporate organizational structure before and after closing are appended hereto as *Attachment 1*.

The "XO Communications" brand name will be transferred to XO LLC at closing and will therefore remain with the wireline business. Holdings will retain the fixed broadband wireless spectrum licenses and other assets through its ownership of LMDS Holdings, and will commence operations under a new name. The proceeds from the sale of the wireline business will be used to repay XO's outstanding long-term debt; to offer to redeem, at the closing of the sale, XO's outstanding preferred stock; and to fund the growth and development of the wireless

³ XO LLC will also distribute 100 percent of the outstanding shares of the common stock of LMDS Holdings to Holdings, at which time LMDS Holdings will become a wholly-owned subsidiary of Holdings (the "LMDS Transfer").

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business. Once the sale is completed, the wireless business will be debt-free and is currently expected to have in excess of \$300 million in cash to fund its operations and for other corporate purposes. The sale of XO LLC is expected to close in early 2006.

The transactions contemplated by the Equity Purchase Agreement, including the Restructuring Merger and the LMDS Transfer, are *pro forma* in nature because they do not result in a change in the actual controlling party. Elk is an entity that is owned and controlled by XO's controlling shareholder, Mr. Icahn. XOCS notes that the proposed transaction will be effectively transparent to XOCS's customers. XOCS's ultimate ownership will remain the same, its authorization to provide telecommunications services will remain in place, and its customers will not be affected in any way as they will continue to be offered the same services by the same service provider with the same name at the same rates, terms and conditions as at present. Thus, XOCS submits this filing solely for the Commission's information and to keep its records current.

III. PUBLIC INTEREST

This minor restructuring will not adversely affect the public interest. It involves no change in the name or identity of the entity providing service to customers nor does it propose any change to the rates, terms and conditions of such service. The restructuring does not affect management or the technical or financial qualifications of XOCS as all managerial, technical and financial resources previously available to it will continue to be available. The scope of those resources can be seen in the publicly available Securities and Exchange Commission filings of XO, which currently is publicly traded. Thus, this transaction will be entirely transparent to customers. XOCS is now, and will continue to be, majority owned and controlled by Carl C. Icahn; thus, the transaction described herein is *pro forma* in nature.

XOCS competes with numerous other interexchange carriers and enhanced network providers as well as the incumbent local exchange carriers and other competitive local exchange carriers. Because the public interest is best served by assuring the presence of numerous telecommunications competitors, it is important to provide such competitors such as XO with the flexibility to arrange their ownership in the manner they deem most appropriate to carry on their business so long as there is no adverse impact on the public. To deny such flexibility would discourage new competitors from entering the state and would encourage existing competitors to seek a more favorable regulatory environment elsewhere, neither of which would enhance the public interest.

As this internal restructuring is *pro forma* in nature and the majority ownership of XOCS will remain the same, XOCS is submitting this letter for the Commission's information only and request that it be retained in the appropriate file. Enclosed please find a duplicate of

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this letter, fifteen (15) copies and a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should the Commission have any questions or believe that any further information is required, please contact Annie Wartanian at (202) 887-1233 or via email at awartanian@kelleydrye.com.

Respectfully submitted,

XO COMMUNICATIONS SERVICES, INC.

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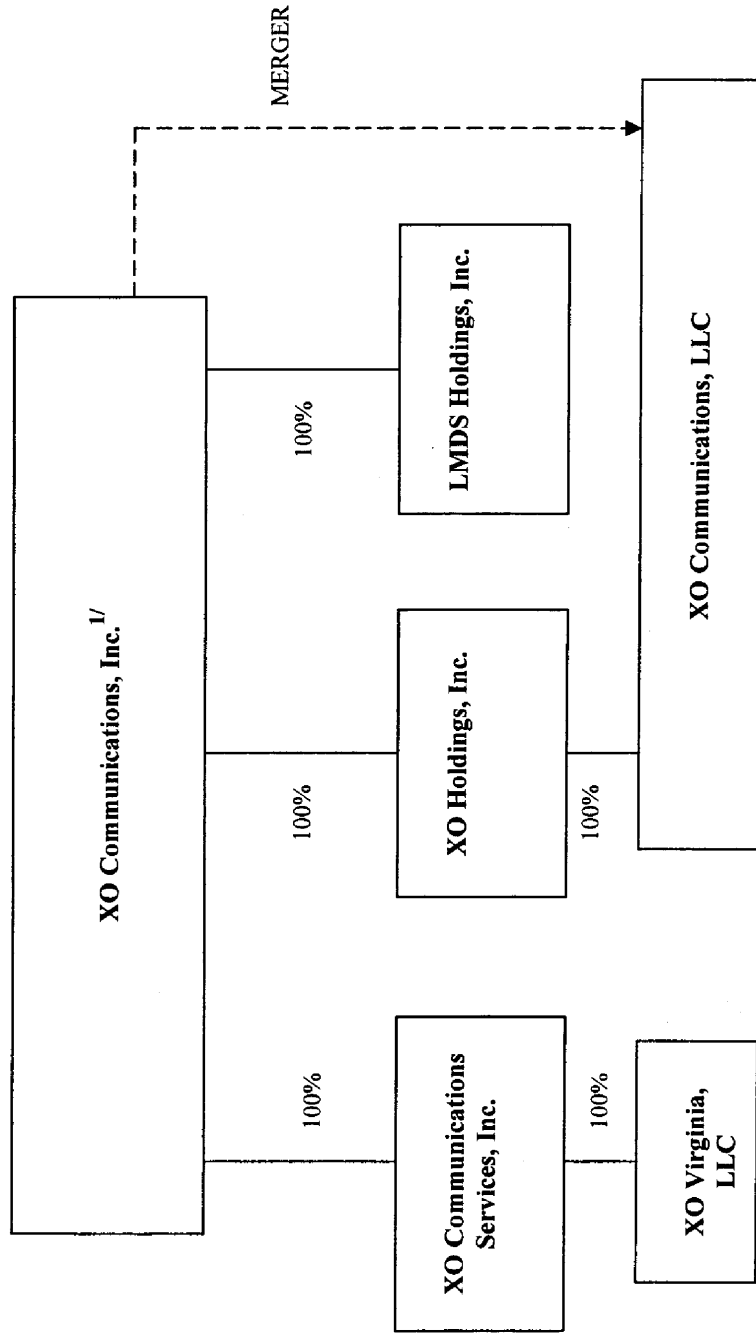
Its Counsel

Enclosures

Attachment 1

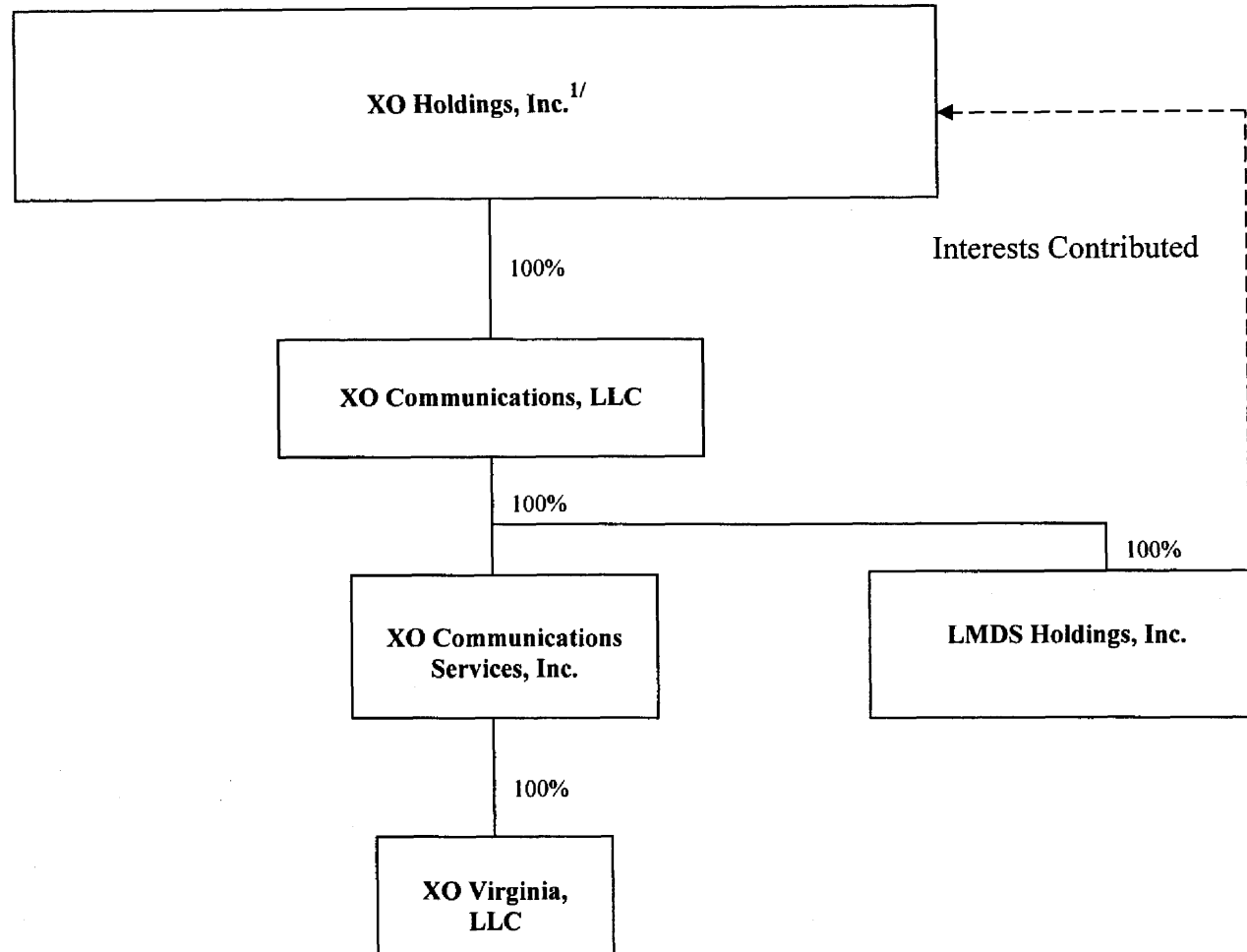
Corporate Organizational Structure

STRUCTURE PRIOR TO RESTRUCTURING MERGER



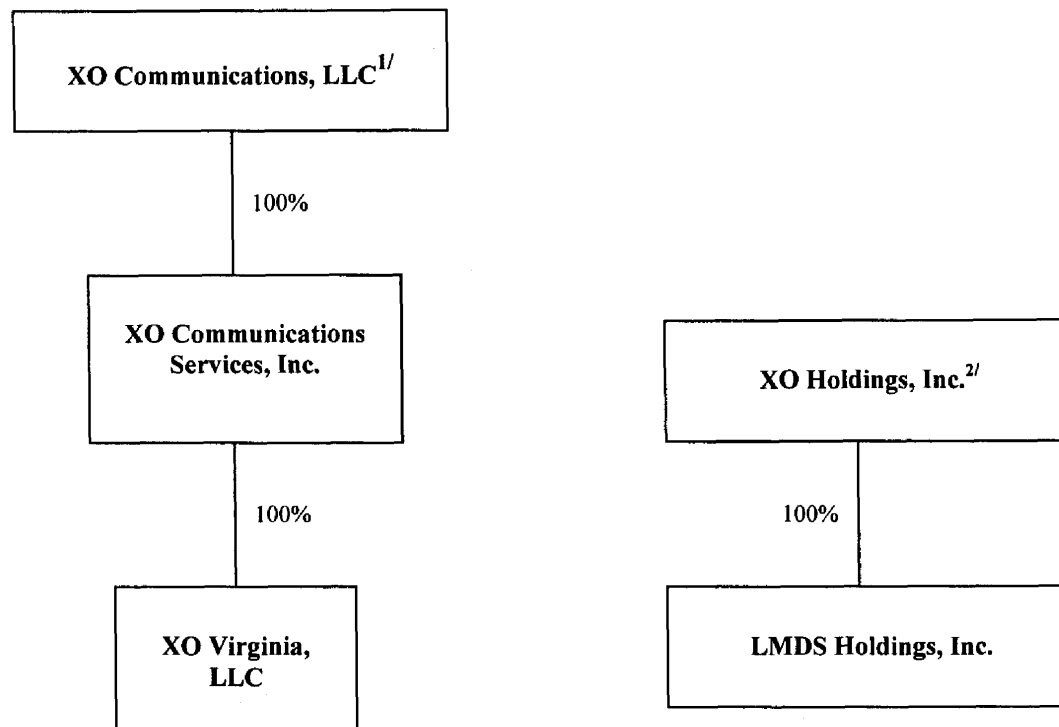
1/ Cardiff Holding LLC ("Cardiff") beneficially holds approximately 61% of the equity and voting interests in XO Communications, Inc. Cardiff is indirectly, wholly owned and controlled by Carl C. Icahn through his ownership and control of various intermediary companies that hold ownership interests in Cardiff.

STRUCTURE UPON CONSUMMATION OF RESTRUCTURING MERGER



^{1/} Cardiff will beneficially hold approximately 61% of the equity and voting interests in XO Holdings, Inc. Cardiff is indirectly, wholly owned and controlled by Carl C. Icahn through his ownership and control of various intermediary companies that hold ownership interests in Cardiff.

STRUCTURE FOLLOWING LMDS TRANSFER AND XO COMMUNICATIONS SALE TO ELK ASSOCIATES



^{1/} Elk Associates LLC ("Elk") will hold 100% of the issued and outstanding membership interests of XO Communications, LLC. Elk is wholly owned and controlled by Carl C. Icahn. Thus, Carl C. Icahn will retain ultimate majority ownership and control of the XO operating subsidiaries.

^{2/} Cardiff will beneficially hold approximately 61% of the equity and voting interests in XO Holdings, Inc. Cardiff is indirectly, wholly owned and controlled by Carl C. Icahn through his ownership and control of various intermediary companies that hold ownership interests in Cardiff.