

On May 15, 2001, XO Communications stated in form SEC 10Q together with cash on hand, committed financing and funds generated in our operations, will be sufficient to fund us into the first half of 2003. We will need and plan to raise additional funds to meet our liquidity needs for subsequent periods. We currently plan to do so when market conditions permit us to raise capital on acceptable terms.

After the 10Q was filed, the company went on to exceed their revenue estimates, bought back a substantial portion of their debt, announced new contracts, and went on spending to build out their network.

November 29, 2001 XO Communicatons put out a pre-market news release which stated that its board of directors has approved a preliminary agreement with Forstmann Little and Telefonos de Mexico S.A. de C.V. TELMEX pursuant to which XO will receive an investment of 400 million from each company, or a total of 800 million, in exchange for new equity in the company. Consequently, current holders of the companys equity securities are expected to lose substantially all of the value of their investment as a result of the restructuring.

The Company has proceeded with a blatant disregard to the shareholders. Between the period of May 15, 2001 and November 29, 2001 there were numerous press releases and statements made by the company suggesting that the company was fully funded until at least through the second quarter of 2003. The action taken by the company on November 29, 2001 seems premature by at least one year.

Even after the November 29, 2001 announcement the company released news about network

upgrades and new customers. Was shareholder value even thought about? Whos best interest are being served?

The actions by the company seem even more suspect if you look into the previous relationship between certian Board members and Forstmann Little. The deal that is being made favors a select few who will profit a great deal in the years to come while leaving the holders of common stock with nothing.

There is now a counter proposal on the table brought forward by a number of bondholders.

This new proposal will give all involved a chance to participate in the future of

the company. So, what is best and for whom?

Another point I'd like to mention is that public licenses should benefit U.S Companies, whose profits should produce US tax revenues.

I would also want the members of the FCC to take note that Daniel Gonzalez, a newly

appointed Legal Advisor for common carrier matters for the FCC, should have nothing to do

with the decision making. He is a former employee of XO Communications. Thank you for your time.