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From: Peter Hyman <pete4abw@yahoo.com>
To: Michael Copps <mcopps@fcc.gov>
Date: 3/1/02 9:37AM
Subject: Open Letter to Dan Akerson

RECEIVED
APR 15 2002

Dear Michael:

On 2/26/02, I emailed, faxed, and overnighted a letter to Dan Akerson of XO Communications. The letter contained specific proposals for him to consider in lieu of the proposed restructuring with Forstmann Little and Telephonos de Mexico.

Federal Communications Commission
Office of Secretary

I believe the current proposal is doomed to fail, since why would bondholders accept it? The proposals I outlined are a plan for survival of XO and will generate significant rewards for the company, its stakeholders, as well as the financial markets.

I indicated in my letter that I would hold it in confidence until this morning. I received no response. This letter is now being sent to you for review, comments, but more importantly, to add to the XO file. The company has viable alternatives. It chooses to ignore them.

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Via E-mail, Fax, and Airborne Express.

PERSONAL AND CONFIDENTIAL UNTIL 3/1/02 0900ET

Dear Mr. Akerson:

I had written to you in December asking you to reconsider the restructuring of XO. I noted at the time that the deal was unfair inasmuch as shareholders were not offered an opportunity to participate in the restructuring and the deal was also very unfair to your debt holders.

Yesterday's event -- the State of Connecticut suing Forstmann Little -- presents an unparalleled opportunity for you. I know you have strong ties to Forstmann, and maybe even "owe" him for much of your success. However, Forstmann is not XO. YOU are. Forstmann may have invested in XO, but you built it and led it. No one, at any time, disputed the goals you had. No one thought, even no one thinks, that your goals for XO are unattainable.

Now, you have a chance to accomplish what few CEOs can in their lifetime. Do something good for his company, and to do something good for all its stakeholders.

The harsh glare of media scrutiny is now going to be on Forstmann, and by proxy, you. For a time, it was all on Enron, and later Global Crossing, but you know the media is looking for villains. You will be linked with Forstmann and those connections will be featured -- you can be sure of that.

While Ken Lay, Jeffrey Skilling, Gary Winnick and all of Arthur Andersen are catching all the flak now, soon your name will join them. I am sure that is not the kind of publicity you would like, especially as you are trying to reassure clients and attract new customers.

The Enron and other scandals have taken its toll on the investing public, and as you can see, countless Congressional and Senate committees are taking up the cause to protect investors. ANY hint of impropriety will be investigated, regardless of past political contributions or influence. The fear on Capitol Hill is that if the investing public loses confidence in the financial markets, it could cause a widespread financial problem. Especially today, with job losses, 401k losses, a looming budget deficit due to the terrorist war, our government will do everything possible to assure the public that it IS watching and will roundly punish and discredit those who harm the public. It's already started. The suit against Forstmann is just the beginning.

I believed in XO, which is why I became a shareholder last April. I still do. This restructuring, as proposed,

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is wrong. You CAN make a difference for your company, for your investors, and become a new, enlightened leader for the 21st century. Here's how.

- 1) Admit that the current restructuring plan needs to be reworked. Cancel the current deal.
- 2) Go to your bondholders directly. Offer them representation on the Board of Directors in return for a moratorium on interest for 24 to 36 months (whatever your CFO feels is necessary).
- 3) Renegotiate interest rates with your bondholders and preferred stock holders. 9%-13% is far too high. (One of the reasons bondholders are not accepting the terms of the current restructuring is that they simply don't want equity). Bondholders want their principal back and a reasonable rate of return on their risk. You're a great salesman. Sell THEM on XO's viability as you sold it to us shareholders. Sell THEM on how and when you will become EBITA positive and profitable. Give them a reason to believe, and they will give you the chance to succeed.
- 4) Go to the major brokers, including your past underwriters. Consider issuing a shareholder rights plan in order to raise cash. The rationale here is to help restore public confidence in the markets. Brokers don't want to see confidence erode, since it will put a damper on their earnings. They can participate in XO's revival by helping XO restructure in an equity-based way.
- 5) Consider having a board seat for a Common Shareholder -- not a political crony, or influential investor. Open XO's boardroom up for all to see, and allow a shareholder representative to help in the company's future growth and restructuring.
- 6) Fire Arthur Andersen immediately. They are tainted due to the Enron debacle, and you, in order to restore XO's credibility in the market place and in the court of public opinion, must hire an independent, reputable firm to represent you and XO going forward.
- 7) Discharge Houlihan Lokey since they did not advise you properly.
- 8) Distance yourself from Forstmann. They ARE a large and important investor, but now they are tainted. You don't owe them anymore than any other shareholder.

By taking a leadership role, YOU can become a star and can set an example for corporate governance standards and business textbooks for YEARS to come. You will receive good will and support from Capitol Hill, Clients, and potential Clients and you will likely see XO's business boom. I know you were disappointed with the results of Q401, but this is a direct result of the FUD (fear, uncertainty, and doubt) caused by the proposed restructuring.

You have the opportunity to singlehandedly turn all our financial markets around. By saying "We at XO are going to do the RIGHT Thing." That right thing is to scrap the proposed restructuring, negotiate in good faith, and open up the boardroom.

In any battle, a general must know when to retreat. When your supply lines are stretched, or you are in unknown territory, advancing blindly and stubbornly is a truly dangerous thing. From Caesar to Napoleon, the British in the colonies, the Battle of the Bulge, Vietnam, history is full of examples of losses caused by greed, stubbornness and ego. The truly great leaders choose both their battles and allies carefully. They also do not underestimate their enemies.

Shareholders are XO's best ally. Take a stand for what is RIGHT. You will not regret it. XO can thrive with the right leadership. Show that YOU have what it takes morally and managerially.

I would be more than happy to meet with you to discuss these ideas in more detail. Please contact me. This letter will remain confidential between us until 3/1/02 and 0900ET. After that, it will be distributed via the usual channels I have already established.

Thank you, and best wishes to you and XO.

Peter Hyman
(609) 655-1184, Fax: (609) 655-0285, Email: pete4abw@yahoo.com
On the web: <http://mywebpages.comcast.net/pete4abw>

Chat online with ICQ: 73676357

Chat online with Yahoo! or AOL Instant Messenger: pete4abw
