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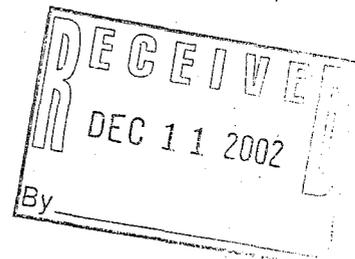
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December 11, 2002

OPEN MEETING ITEM



✓ Chairman William A. Mundell
Commissioner Jim Irvin
Commissioner Marc Spitzer
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85012

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION
DOCUMENT CONTROL

Re: XO Communications, Inc.
Docket Nos. T-04150A-02-0814
T-03774A-02-0814
T-03601A-02-0814

Dear Commissioners:

I have corresponded with you regularly in recent months regarding the status of the XO Communications, Inc. ("XO") reorganization. The open meeting agenda for next Tuesday, December 17, 2002, includes a proposed staff order approving the Application for Transfer of Control (the "XO Application") which describes in detail the planned reorganization and recapitalization of XO Communications.

As explained in the XO Application, the new owners of XO Communications, Inc. will be High River Limited Partnership (80 percent), Meadow Walk Limited Partnership (1.4 percent) and other shareholders (18.6 percent). High River Limited Partnership is a Delaware limited partnership ultimately controlled by Carl C. Icahn. Mr. Icahn is XO's most senior creditor and will, following the restructuring and recapitalization, have majority control of the restructured XO.

We thought that in advance of Tuesday's open meeting you might be interested in background information on Mr. Icahn's other major business interests. I will enclose two very short summaries of Mr. Icahn's businesses and his charitable activities. We want to make available any information that will assist you in preparing for the open meeting.

Chairman William A. Mundell
Commissioner Jim Irvin
Commissioner Marc Spitzer
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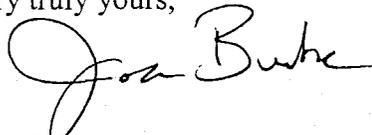
Approval of the proposed restructuring is critical to the success of XO Communications, Inc., (doing business in Arizona as XO Arizona, Inc. and XO Long Distance Services, Inc.). On June 17, 2002, XO Communications, Inc. filed a petition with the U.S. Bankruptcy Court for the Southern District of New York ("Bankruptcy Court") pursuant to Chapter 11 of the U.S. Bankruptcy Code, seeking temporary protection from claims of creditors. During the ensuing six months, XO prepared and began implementing a plan for reorganizing its operations and restructuring its finances. On November 15, 2002, the Bankruptcy Court approved that plan for reorganization. Although XO has continued doing business without changing local operations, prices, or services, this cannot be sustained if XO continues in bankruptcy. Clearly, it is difficult for a company in bankruptcy to make new sales, develop new products and improve systems.

Commission approval for restructuring transactions, such as this one, should be liberally granted under the Affiliated Interest Rules. Because XO, a non-dominant carrier, faces competition in all of the services it provides, there exists virtually no incentive or opportunity for XO to attempt to extract from customers unduly high or above-market prices that could be used to subsidize unregulated, affiliated interests. This is the harm addressed by the Affiliated Interest Rules. The market effectively provides a natural safeguard against the improper exploitation of telecommunication service profits by XO.

To emerge from bankruptcy, XO needs all necessary regulatory approvals. XO is currently expecting to obtain all necessary state approvals by December 31, 2002. Approval by the Arizona Corporation Commission on December 17, 2002, is critical to XO's plan for reorganization.

If you have any questions regarding the information included in this letter, the attached summaries, or the planned reorganization, please call me.

Very truly yours,



Joan S. Burke

JSB/bw

cc: Mr. Earnest Johnson
Ms. Marta Kalleberg
Mr. Tim Sabo

Carl Icahn's Major Controlling Investments

ACF Industries In 1984, Mr. Icahn's affiliated companies acquired ACF Industries. ACF is a leading manufacturer and lessor of railcars. The company was established in the mid-1860s. Today, ACF and its affiliated companies have approximately 17 facilities located in nine states, and employ approximately 1,800 individuals. Over the past 18 years, ACF and its affiliated companies have invested an average of approximately \$70 million annually in ACF's leased fleet, and Mr. Icahn has invested approximately \$100 million in ACF's manufacturing facilities, creating approximately 1,000 new jobs in communities such as Paragould and Marmaduke, Arkansas and Kennett, Missouri. Mr. Icahn has invested approximately \$1.5 billion in the company since 1985.

American Real Estate Partners L.P. In 1991, Mr. Icahn's affiliated companies acquired a controlling interest in AREP, a public company the primary business of which is to own, manage, finance, develop and invest in real property. Since that time AREP has grown from a company with 16 employees and partners' equity of approximately \$226 million to a company with approximately 500 employees and partners' equity of approximately \$1.17 billion.

Gaming Properties Companies affiliated with Mr. Icahn own or control three casino properties located in Las Vegas, Nevada and one casino property located in Atlantic City, New Jersey. Those companies currently employ an aggregate of approximately 7,600 persons. Recently one of the Las Vegas properties expanded its facilities by adding a 1,000 room hotel tower. When it appeared that outside bank financing would not be available for the expansion, Mr. Icahn's affiliated companies provided the \$73 million necessary to fund the expansion. The addition of that tower alone added approximately 240 employees to the property's payroll. As with the XO transaction, many of these properties were acquired out of bankruptcy.

TWA From the time that Mr. Icahn acquired control of TWA, the company prospered and its stock price increased by 300% through the date that it became a private company. Unfortunately the airline was not able to withstand severe business reversals following the Desert Storm military campaign and related matters occurring in 1991 that negatively impacted on the international travel industry. However, even after TWA went into bankruptcy in 1992, Mr. Icahn loaned the company \$200 million to keep it afloat. It should be noted that Mr. Icahn was able to keep the airline flying through a difficult business climate that resulted in the closing of competitors such as Eastern, Braniff and Pan American, all of which had stronger balance sheets than TWA at the time Mr. Icahn took control of that airline.

CARL C. ICAHN

Charitable Activities

Mr. Icahn grew up in Bayswater, Queens, where he attended Far Rockaway High School. He is a graduate of Princeton University, with a degree in Philosophy and is a recipient of Princeton's John Guthrie McCosh Award in Philosophy. Mr. Icahn's Wall Street career began in 1961, as a Registered Representative with Dreyfus & Company. In 1963 he left Dreyfus for Tessel, Paturick & Co., where he was Manager of the Option Department. After moving to Gruntal & Co. in 1964, he left in 1968 to start Icahn & Co., Inc., a registered broker-dealer and a member of the National Association of Securities Dealers, where he is still President and Chairman.

Currently, Mr. Icahn serves as Chairman of the Board and a Director of Starfire Holding Corporation (formerly Icahn Holding Corporation), a privately-held holding company, and Chairman of the Board and a Director of various subsidiaries of Starfire, including ACF Industries, Incorporated, a privately-held railcar leasing and manufacturing company. Since November 1990, Mr. Icahn has been Chairman of the Board of American Property Investors, Inc., the general partner of American Real Estate Partners, L.P., a public limited partnership that invests in real estate. Mr. Icahn became a Director of Cadus Pharmaceutical Corporation in 1993, a firm that holds various biotechnology patents. Since 1998 Mr. Icahn has served as Chairman of the Board of Lowestfare.com, LLC, an internet travel reservations company. From October 1998, Mr. Icahn has been the President and a Director of Stratosphere Corporation, which operates the Stratosphere Hotel. Since September 29, 2000, Mr. Icahn has served as the Chairman of the Board of GB Holdings, Inc., GB Property Funding, Inc. and Greate Bay Hotel, which owns and operates the Sands Hotel in Atlantic City, New Jersey.

Mr. Icahn has many charitable interests, focusing primarily on education and medicine. Last year, Mr. Icahn opened the Carl C. Icahn Charter School in the Bronx, a K-4 charter school. He has given \$3.2 million to construct the building and to support of the school. Also in the educational area, Mr. Icahn established the Icahn Scholars Program at Choate Rosemary Hall in Wallingford Connecticut to fund 72 students per year at Choate. He has given \$9.3 million to Choate, which supports the Icahn Scholars Program and the Carl C. Icahn Science Center, Choate's science building, designed by I.M Pei. To his alma mater, Mr. Icahn has given \$20 million for the Carl C. Icahn Laboratory for Princeton University's Institute for Integrated Genomics. Mr. Icahn gave \$29 million to Mt. Sinai for the Icahn Institute for Gene Therapy and Molecular Medicine and to support research in biomedical science. In addition, in recent years, Mr. Icahn has give approximately \$1.5 million to other charitable organizations.

Mr. Icahn's foundation, the Children's Rescue Fund, built Icahn House at 1520 Brook Avenue, a sixty-five-unit complex for homeless families consisting of single, pregnant women and single women with children. Icahn House is designed to provide emergency shelter to those who are homeless due to domestic violence, eviction, unemployment, and natural disasters; and to provide support services and assistance while finding permanent homes.

The Carl C. Icahn Foundation funded the Icahn Program for the Prevention of Child Abuse at New York Hospital Medical Center. The Foundation also funded the Carl C. Icahn Program for the Prevention of Child Abuse, and the Icahn Institute for Child Protection operating at the Albert Einstein College of Medicine. The Foundation has also established institutes at the Benjamin N. Cardozo School of Law and at the Wurzweiler School of Social Work as well as establishing scholarship programs at Princeton University, Yeshiva University, Rippowam Cisqua School, and at Choate Rosemary Hall, where Mr. Icahn serves on the Board of Trustees.

He serves as a Trustee on the Board of the Mt. Sinai School of Medicine and Mt. Sinai Hospital. In addition, he has served as a member of the Board of Overseers at the Albert Einstein College of Medicine; and is currently a member of the New York Weill Cornell Council.

Mr. Icahn has received numerous awards including the Starlight Foundation's Founders Award and the 1990 Man of the Year Award and was recently named The Guardian Angel 2001 Man of the Year.