

ORIGINAL

**NEW APPLICATION
KELLEY DRYE & WARREN LLP**

A LIMITED LIABILITY PARTNERSHIP



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December 29, 2011

VIA OVERNIGHT DELIVERY

T-04302A-11-0477

Arizona Corporation Commission
Docket Control Center
1200 West Washington Street
Phoenix, Arizona 85007

ORIGINAL

Re: *Informational Filing* to Notify the Commission of a Pro Forma Change in
Ownership Involving XO Communications Services, Inc.

Attention: Telecommunications Informational Filings

XO Communications Services, Inc. ("XOCS"), by its counsel, respectfully notifies the Arizona Corporation Commission ("Commission") of certain transactions and related actions that result in a *pro forma* change to the ownership of XOCS (the "Transaction").¹ As discussed below, ultimate *de facto* control of XOCS will remain unaltered. Following the Transaction, Carl C. Icahn ("Mr. Icahn") will continue to hold ultimate ownership and control of XOCS as he does today.

Similarly, following consummation of the Transaction, XOCS will continue to offer the same services at the same rates, terms and conditions as previously, pursuant to its existing authorizations and tariffs. Accordingly, the Transaction will be entirely transparent to XOCS' customers. Because there will be no change whatsoever in the ultimate control of XOCS and the Transaction will have no impact on XOCS' customers, it is the understanding of XOCS

¹ This is the second notification of a *pro forma* change in the ownership of XOCS that XOCS has filed with the Commission in 2011. The first notification, concerning the privatization of XO Holdings, Inc., was submitted on August 10, 2011.

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that prior approval of the Commission is not required and that notice of the Transaction is sufficient.² XOCS submits this informational letter as an update for the Commission's files.

XOCS

XOCS is authorized by the Commission to provide competitive intrastate telecommunications services in Arizona.³ XOCS is a Delaware corporation and a direct, wholly-owned subsidiary of XO Communications, LLC ("XO LLC"). XO LLC, a Delaware limited liability company, is a leading national provider of local and long distance telecommunications services to businesses, large enterprises and telecommunications carriers. XO LLC is authorized by the Federal Communications Commission to provide interstate and international telecommunications services. Through its subsidiaries – primarily XOCS⁴ – XO LLC is authorized to provide intrastate interexchange services in 49 states and to provide competitive local exchange services in 48 states as well as in the District of Columbia.

XO LLC is a direct, wholly-owned subsidiary of XO Holdings, LLC ("Holdings"), a Delaware limited liability company and a holding company. At present, various U.S. entities controlled by Mr. Icahn (the "Parent Group") collectively hold 100% of the voting interests in Holdings. Members of the Parent Group include but are not limited to ACF Industries Holding LLC ("ACF"), Barberry Corporation ("Barberry"), and Highcrest Investors, LLC ("Highcrest").⁵ Mr. Icahn is a U.S. citizen.

XOCS, XO LLC, and Holdings are located at 13865 Sunrise Valley Drive, Herndon, Virginia 20171, (703) 547-2000. The address of Carl C. Icahn is 767 Fifth Avenue, 47th Floor, New York, New York 10153. The principal business address of the Parent Group is c/o White Plains Plaza, 445 Hamilton Avenue, Suite 1210, White Plains, New York 10601. Organizational charts for XOCS, including its anticipated post-transaction ownership structure, are provided as *EXHIBIT A*.

² In the event that the Commission determines that prior approval of the Transaction is required, XOCS respectfully requests that the Commission accept and treat this notice as the required application.

³ XOCS was authorized to provide competitive local and interexchange services in Docket Nos. T-03601A-04-0583; T-0789A-04-0583; and T-014150A-04-0583.

⁴ XOCS does not operate in Nevada and Virginia, where XO LLC provides service through two additional subsidiaries: Telecommunications of Nevada, LLC and XO Virginia, LLC, respectively.

⁵ Highcrest Investors LLC was converted from a corporation into a limited liability company on September 1, 2011.

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The Transaction

Holdings and certain members of the Parent Group have entered into various agreements the purpose of which is to restructure the interests of the Parent Group in Holdings. In the course of implementing these agreements and related actions, various members of the Parent Group are being eliminated, new members are being added, and direct and indirect interests in Holdings are being transferred among Parent Group members. Implementing these agreements and related actions should be completed by January 1, 2012. Upon completion, ACF Industries Holding Sub LLC ("ACF Sub"), a Delaware limited liability company and a new wholly-owned subsidiary of ACF, and Barberrry Sub LLC ("Barberrry Sub"), a Delaware limited liability company and a new wholly-owned subsidiary of Barberrry, will hold 100% of the direct interests in Holdings. ACF Sub will hold 98.48% of the direct interests in Holdings, while Barberrry Sub will hold 1.52%.

Also, on or around January 1, 2012, Holdings will be converted from a Delaware limited liability company into a Delaware general partnership ("Holdings G.P."). ACF Sub and Barberrry Sub will be the general partners of Holdings G.P. and thus will control Holdings G.P.

ACF Sub and Barberrry Sub, like all other members of the Parent Group, are ultimately owned and controlled by Mr. Icahn. As such, the Transaction does not result in a change in the actual control of XOCS and is *pro forma* in nature.

Public Interest Considerations

The proposed Transaction will serve the public interest, as it will enhance the strategic and financial flexibility of XOCS. Following consummation of the Transaction, Holdings G.P. will enjoy the advantages of its consolidated ownership and partnership structure. These advantages will inure to the benefit of XOCS and its customers.

At the same time, the proposed Transaction holds no adverse consequences for consumers. In short, the Transaction will be transparent to XO's customers. There will be no change to the operating entities which directly serve XO customers. XOCS will remain intact, as a wholly-owned subsidiary of Holdings G.P., and will continue under the ultimate control of Mr. Icahn. There will be no change to the services provided to customers or to the terms and conditions under which these services are delivered. There will be no change to the management of XOCS or to its operational and financial qualifications as a result of the Transaction.

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As explained above, XOCS is submitting this letter for the Commission's information only and request that it be retained in the appropriate file. Enclosed with this original, please find thirteen (13) copies and a duplicate of this letter. Please date-stamp the duplicate and return it in the envelope provided. Should the Commission have any questions or believe that any further information is required, please contact Winafred Brantl at (202) 342-8819 pr via email at wbrantl@kelleydrye.com.

Respectfully submitted,

XO Communications Services, Inc.

Randall W. Sifers

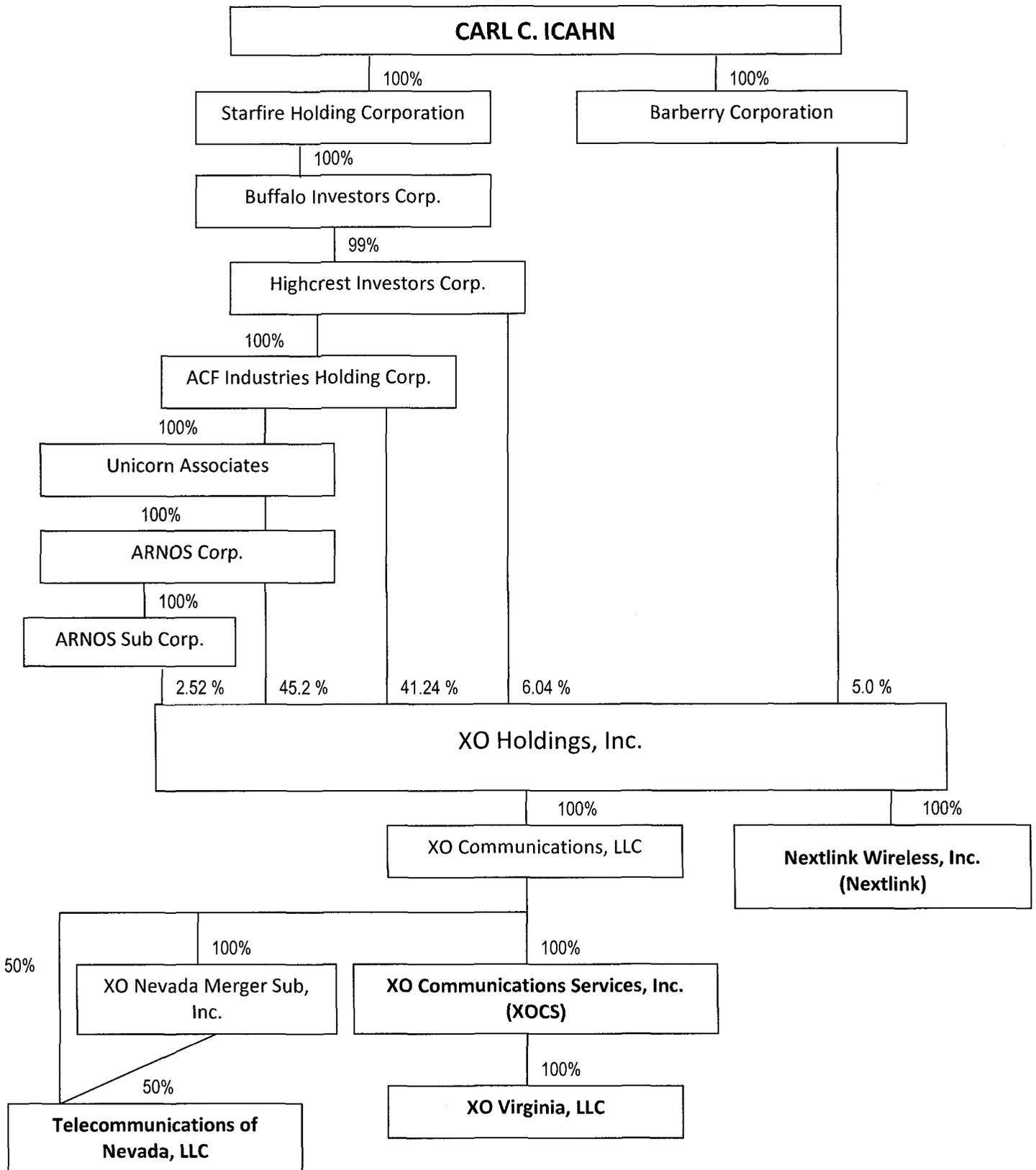
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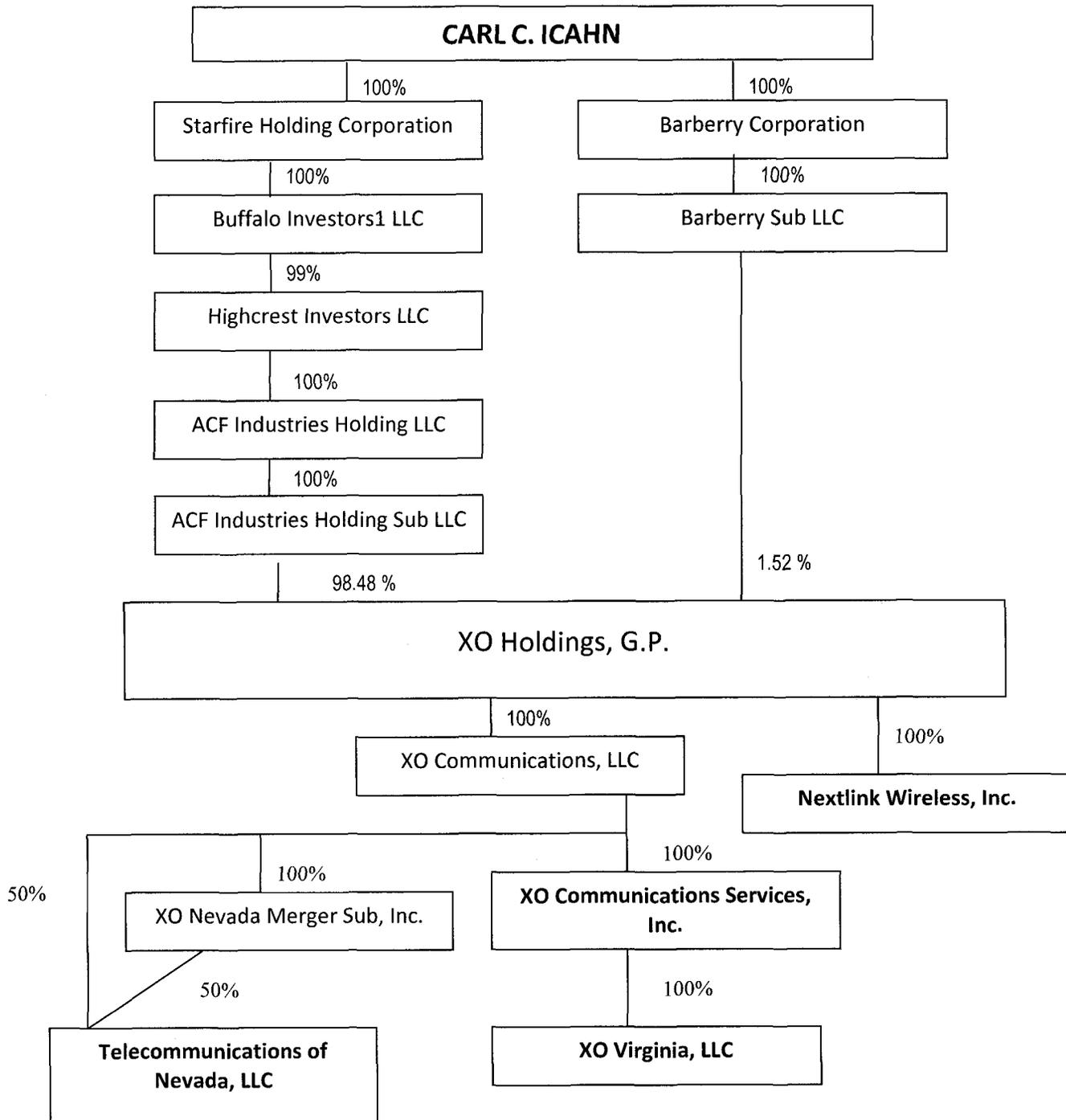
EXHIBIT A

Organizational Charts for XO Companies

**OWNERSHIP of XO Communications, LLC
On or around August 18, 2011**



**OWNERSHIP of XO Communications, LLC
On or around January 1, 2012**



Notes

ACF Industries Holdings Sub LLC and Barberrry Sub LLC are the general partners of XO Holdings, G.P.