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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

August 7, 2002

VIA COURIER

Marlene H. Dortch
Secretary
Federal Communications Commission
445-12th Street, S.W.
Washington, D.C. 20554

Re: XO Communications, Inc.
Applications for Consent to Transfer of Control
IB Docket No. 02-50

Dear Ms. Dortch:

XO Communications, Inc. ("XO"), by its attorneys, hereby responds to the International Bureau's July 31, 2002 request for additional information regarding the applications captioned above. XO's response to each information request appears below.

Please date-stamp the additional copy of this letter and return it to the bearer. Per the request of the International Bureau, the date-stamped copy of this letter (including attachments) will be sent via email to the FCC staff listed below.

1. *Please provide a copy of the November 21, 2001 letter agreement referred to in the Stock Purchase Agreement, dated as of January 15, 2002 by and among XO Communications, Inc., the Forstmann Little entities and Telefonos de Mexico, S.A. de C.V. (see, Stock Purchase Agreement, Article VII, 8.6 Entire Agreement).*

A copy of the November 21, 2001 letter agreement referred to in Section 8.6 of the Stock Purchase Agreement is provided in Attachment 1.

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2. *With respect to each of the Forstmann Little partnerships that intend to hold an interest in XO, and with respect to each of the parent partnerships of such partnerships, please provide a list identifying each limited partner, its citizenship and the amount of its interest (both voting and equity) in the partnership. Please also confirm that each limited partner in each partnership is prohibited by the relevant partnership agreement from participating in the day-to-day management of the partnership, and that only the usual and customary investor protections are contained in each limited partnership agreement.*

XO understands that counsel for Forstmann Little has engaged in discussions with FCC staff regarding the scope of this request and the manner in which the material is to be presented to the Commission and that while, based on its discussions to date, it is compiling the materials which it believes to be necessary to prepare an appropriate response, additional time will be needed in which to complete that process. Accordingly, additional time in which to finalize discussions with the staff and to complete an appropriate response to this inquiry is respectfully requested.

3. *Please clarify how the dates contained in Article VI(1)(b) of the Stock Purchase Agreement referred to in question 1 above relates to representations made by counsel on July 17, 2002, namely that all regulatory approvals must by obtained by September 15, 2002.*

In entering into the Stock Purchase Agreement, XO intended that all conditions to closing be satisfied by September 15, 2002. However, if the condition regarding regulatory approvals is the only condition not satisfied by September 15, the Agreement provides for an automatic extension as set forth in Section 6.1(b). Thus, the Stock Purchase Agreement does not automatically terminate if all regulatory approvals are not obtained by September 15, 2002. The fact that the Agreement does not automatically terminate but instead is extended does not change XO's intent to satisfy all conditions to closing by September 15.

4. *As discussed on July 17, 2002, please provide a Disclosure Statement regarding the status and substance of the alternative stand-alone restructuring plan XO submitted June 17, 2002, as part of its two-pronged voluntary petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York.*

The Disclosure Statement was filed in IB Docket No. 02-50 and provided to Commission staff on August 2, 2002.

5. *Please provide copies of any rulings by the U.S. Bankruptcy Court for the Southern District of New York on the pending XO bankruptcy.*

Copies of all Bankruptcy Court rulings, except the July 22, 2002 order approving the Disclosure Statement, will be provided on August 8, 2002. The court order approving the Disclosure Statement was filed in IB Docket No. 02-50 and provided to Commission staff on August 2, 2002.

Respectfully Submitted,

XO COMMUNICATIONS, INC.

By: _____
Brad E. Mutschelknaus
Joan M. Griffin
Its Attorneys

cc: Jim Ball
George Li
Claudia Fox
Jackie Ruff
Mark Uretsky
Imani Ellis-Cheek
Zenji Nakazawa
Jeff Tobias
Elizabeth Yockus
Neil Dellar

CERTIFICATE OF SERVICE

I, Charles "Chip" M. Hines III, hereby certify that a true and correct copy of the foregoing letter and attachments from XO Communications, Inc. in the Matter of IB Docket No. 02-50 was served on this the 7th day of August, 2002 on the individuals in the following list:

Delivered via U.S. Mail:

Scott Burnside
Senior Vice President, Regulatory
And Government Affairs
RCN Corporation
100 Lake Street
Dallas, Pennsylvania 18612

Charles "Chip" M. Hines III

VA01/GRIFJ/35427.1

ATTACHMENT 1

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<DESCRIPTION>EXHIBIT 20
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ATTACHMENT 1

EXECUTION COPY

November 21, 2001

Mr. Javier Mondragon Alarcon
General Counsel
Telefonos de Mexico, S.A. de C.V.
Parque Via 190, Piso 10
Col. Cuauhtemoc
06599 Mexico, D.F.

Dear Mr. Mondragon Alarcon:

In connection with our proposed joint investment (the "Investment") in XO Communications, Inc. (the "Company"), Forstmann Little & Co. ("Forstmann Little") and Telefonos de Mexico, S.A. de C.V. ("Telmex"), hereby agree and acknowledge as follows:

1. Attached hereto as Exhibit A is a draft term sheet (the "Term Sheet") among certain funds controlled by Forstmann Little and the Company regarding the terms of the Investment. Telmex acknowledges that it has reviewed and approves of the Term Sheet, it is the "Investor/Partner" referred to therein and it understands that the Term Sheet will be presented to the Company in connection with the Investment. Forstmann Little agrees to keep Telmex apprised of all material developments in the negotiations between Forstmann Little and the Company regarding the Term Sheet and to consult with Telmex regarding any material changes thereto. Forstmann Little acknowledges that Telmex will not be bound by any provision of the Term Sheet that differs materially from the draft of the Term Sheet attached hereto. At the time of execution of the Term Sheet by the Company, Forstmann Little shall disclose to the Company the identity of the Investor/Partner.

2. At any time prior to the Board Representation Date (as defined in the Term Sheet), Telmex shall be entitled to instruct Forstmann Little that, in connection with Forstmann Little's nomination of directors to the board of directors of the Company (the "Company Board"), Forstmann Little shall include among its nominees up to the Maximum Number (as defined below) of individuals identified by Telmex who are independent of, and not affiliated with, either Telmex or the Company ("Telmex Independent Designees"). "Maximum Number" means the product of (i) the total number of directors on the Company Board times (ii) the percentage of the total number of outstanding shares of Common Stock owned by Telmex, rounded up to the nearest whole number, provided that in no event shall the Maximum Number exceed the number of directors on the Company

Board appointed or nominated by Forstmann Little (excluding the Telmex Independent Designees). Pursuant to the Shareholders Agreement, Forstmann Little shall agree to vote its shares of Class A Common Stock for the election of the Telmex Independent Designees to the Company Board. At the Board Representation Date, the Telmex Independent Designees shall resign from the Company Board and shall be replaced by the number of persons designated by Telmex that Telmex is then entitled to designate to the Company Board. Prior to the Board Representation Date, Forstmann Little shall consult with representatives of Telmex at least monthly regarding the business, finances and prospects of the Company, including, without limitation, the matters the Term Sheet provides are to be considered by the Executive Committee (as defined in the Term Sheet) and the matters referred to under the heading "Veto Rights" in the Term Sheet; provided that the information provided to Telmex in connection with such consultations shall not include information that Forstmann Little's antitrust counsel has determined should not be the subject of such consultations.

3. From and after the fourth anniversary of the Closing (as defined in the Term Sheet), if the Company receives a proposal regarding a Major Event (as defined in the Term Sheet), then Forstmann Little and Telmex shall, as soon as reasonably practicable, engage in good faith discussions regarding the desirability and timing of such possible Major Event. If Forstmann Little and Telmex do not reach agreement regarding such Major Event, then the Investor which does not support the Major Event shall be entitled to present a competing Major Event to the Company Board and if such competing Major Event is in the good faith judgment of the Company Board, after consulting with its legal counsel and financial advisors, at least equal in all material respects to the previously proposed Major Event, the Major Event proposed by the Investor shall be accepted.

To the extent the terms of this letter are inconsistent with the terms of the Term Sheet under the heading "Standstill", the terms of this letter shall prevail.

4. Each party hereto acknowledges and agrees that until June 30, 2002, such party and its affiliates shall not, (x) solicit or engage in any discussions or negotiations with, or provide any information to, any other person or entity regarding any investment in, or any business combination, other change of control transaction or restructuring involving, the Company, or (y) purchase any equity or debt securities of the Company, provided, however, that if either party hereto no longer wishes to proceed with the Investment, such party shall deliver a written notice to such effect to the other party hereto (the "Notified Party"), in which event the Notified Party and its affiliates shall no longer be bound by the terms of this paragraph 2. Until a party hereto is no longer bound by the terms of the preceding sentence, such party shall notify the other party promptly upon receipt of any other proposal regarding any investment in, or any business combination, other change of control transaction or restructuring involving, the Company.

5. Telmex shall be entitled to structure its portion of the Investment in such a manner that is economically equivalent to the investment in Class C Common Stock described in the Term

Sheet but that takes into consideration any relevant regulatory matters.

6. Telmex shall be entitled to transfer its Investment, including any rights and interests of Telmex in the Investment and any shares of Common Stock or other equity or debt securities of the Company that Telmex may acquire as part of or in connection with the Investment, to any majority-owned subsidiary of Telmex.

If the foregoing is acceptable to you, please sign and date this letter on the appropriate spaces below, whereupon this letter agreement will become a binding agreement between the parties hereto.

Sincerely,

FORSTMANN LITTLE & CO.

By:/s/ Sandra J. Horbach

Name: Sandra J. Horbach

Agreed to and accepted this
21st day of November, 2001

TELEFONOS DE MEXICO, S.A. DE C.V.

By:/s/ Javier Mondragon Alarcon

Name: Javier Mondragon Alarcon
Title: General Counsel

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TERM SHEET

November 28, 2001

$800 Million Equity Investment in XO Communications, Inc.

Issuer:	XO Communications, Inc., a Delaware corporation (the "Company").
Investors:	(1) Forstmann Little & Co. Equity Partnership-VII, L.P., a Delaware limited partnership ("Equity VII"), Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VIII, L.P., a Delaware limited partnership ("MBO VIII" and collectively with Equity VII, "Forstmann Little"); and (2) an undisclosed strategic investor (together with its majority owned subsidiaries, "Investor/Partner" and collectively with Forstmann Little, the "Investors").
Investment:	Forstmann Little shall invest $400 million in exchange for shares of Class A Common Stock ("Class A Common Stock") of the Company and for one share of a new Class D Common Stock ("Class D Common Stock") equal in the aggregate to 39% of the total outstanding equity securities of the Company on a fully diluted basis. Investor/Partner shall invest $400 million in exchange for shares of a new Class C Common Stock ("Class C Common Stock" together with the Class A Common Stock and Class D Common Stock will hereinafter collectively be called, "Common Stock") of the Company equal to 39% of the total outstanding equity securities of the Company on a fully diluted basis. The investments of Forstmann Little and Investor/Partner referred to above are hereinafter referred to as the "Investments".
Certain Defined Terms:	For purposes of this term sheet, the following capitalized terms shall have the following meanings: "Major Event" shall mean any merger, consolidation, reorganization or recapitalization of the Company or any sale of all or a substantial portion of the assets of the Company and its subsidiaries; "Acquisition" shall mean the acquisition by any person or any group of persons (as such terms are used for purposes of Schedule 13D under the Securities Exchange Act of 1934) of more than 50% of the total number of outstanding

shares of Common Stock; and the "Board Representation Date" shall mean the date when no director, officer, employee or other representative of Investor/Partner is a member of the board of directors of an entity that competes with the Company such that Section 8 of the Clayton Act would be applicable to Investor/Partner with respect to its having representatives on the Company Board (as hereinafter defined).

Terms of Common Stock: Each share of Common Stock shall be entitled to one vote. The Class A Common Stock, the Class C Common Stock and the Class D Common Stock shall vote together as a single class on all matters on which holders of Common Stock are entitled to vote. Except for the special voting rights of the Class C Common Stock and the Class D Common Stock set forth below, all Common Stock shall be identical in all respects.

Each share of Class C Common Stock shall be convertible, at any time and at the option of the holder thereof, into one share of Class A Common Stock. The share of Class D Common Stock shall automatically convert into Class A Common Stock simultaneously with the conversion of all shares of Class C Common Stock into Class A Common Stock. Each share of Class C Common Stock shall convert into one share of Class A Common Stock at any time such share of Class C Common Stock has been transferred to any person other than Investor/Partner or a majority-owned subsidiary of Investor/Partner.

In addition, all shares of Class C Common Stock shall automatically convert into Class A Common Stock under the following circumstances:

- At any time if Investor/Partner and its majority-owned subsidiaries own Class C Common Stock representing less than 10% of the total number of outstanding shares of Common Stock; or

- Upon the fourth anniversary of the Closing.

Major Events: At any time at which there shall remain outstanding any shares of Class C Common Stock or Class D Common Stock, the affirmative vote of the holders of a majority of the outstanding shares of Class C Common Stock, voting as a separate class, and the affirmative vote of the holder of the share of Class D Common Stock, voting as a separate class, shall be required before the Company may consummate a Major Event.

In addition, if, at any time prior to the Board Representation Date there are any outstanding shares of Class C Common Stock, the affirmative

vote of the holders of a majority of the outstanding shares of Class C Common Stock voting as a separate class, shall be required before the Company may:

- Acquire, by merger, purchase or otherwise, any equity interest in or assets of any other person with a value greater than 20% of the Company's net assets;

- Authorize for issuance or issue any equity securities or derivative securities with a value in excess of $100 million (other than to key employees in the ordinary course of business consistent with a plan approved by the Company's Compensation Committee and Board of Directors);

- Incur indebtedness for borrowed money in excess of $100 million in aggregate principal amount; or

- Amend its certificate of incorporation or bylaws.

Use of Proceeds: $600 million to fund continued development of the Company's network and for general working capital purposes and $200 million to be used in the Restructuring described below.

Restructuring: It shall be a condition to the obligation of each Investor to consummate the Investment that the Company shall have completed a restructuring (the "Restructuring") which results in the revised capitalization set forth on Exhibit A hereto (the "New Capitalization"). In order to effectuate the Restructuring, the Company shall (A) undertake (i) an exchange offer pursuant to which the Company will offer to exchange all of its outstanding senior notes, subordinated notes and preferred stock for Class A Common Stock and (ii) a related consent solicitation with respect to the approval of a Chapter 11 plan of reorganization in respect of the New Capitalization or (B) if the Company determines that it is not feasible to implement the New Capitalization through an exchange offer or such exchange offer fails to result in the Company having the New Capitalization but the Company has received the consents necessary to confirm a Chapter 11 plan of reorganization in respect of the New Capitalization, the Company shall commence a Chapter 11 case and file the Chapter 11 plan of reorganization that implements the terms of a Restructuring that results in the New Capitalization with the appropriate bankruptcy court and will seek to obtain an order confirming such plan as expeditiously as possible; provided, that, notwithstanding the foregoing, the Company may, if it has obtained such number of consents to be specified in the SPA, commence a case under

Chapter 11 of title 11, United States Code, and file a pre-negotiated Chapter 11 plan contemplating the New Capitalization with the appropriate bankruptcy court and seek to obtain an order confirming such plan as expeditiously as possible.

Share Purchase Agreement: The Investors will make their respective investments and acquire their shares of Common Stock pursuant to a Share Purchase Agreement (the "SPA") between the Investors and the Company to be entered into as soon as practicable following the date hereof, but in no event later than December 14, 2001. The SPA will have customary representations and warranties, covenants and closing conditions, including the closing conditions discussed below.

Shareholders Agreement: Concurrently with the execution of the SPA, the Investors and the Company shall enter into a shareholders agreement (the "Shareholders Agreement"), which shall be effective upon the date of the Closing of the Investment (the "Closing").

Corporate Governance:

Before the Board Representation Date: The number of directors of the Company shall be fixed at not more than 12. Investor/Partner shall be entitled to vote its shares of Class C Common Stock generally for the election of directors. So long as Forstmann Little holds at least 10% of the outstanding Common Stock, Forstmann Little shall have the right to appoint or nominate to the board of directors of the Company (the "Company Board") such number of directors equal to the product of (i) the total number of directors on the Company Board times (ii) the percentage of the total number of outstanding shares of Common Stock owned by both Forstmann Little and Investor/Partner, rounded up to the nearest whole number. Pursuant to the Shareholders Agreement, Investor/Partner will agree to vote its shares of Class C Common Stock for the election of the nominees of Forstmann Little to the Company Board. The composition of the Company Board shall be adjusted annually in accordance with the foregoing provisions. The remaining members of the Company Board shall include the CEO and that number of independent directors required for the Company to continue to be listed on Nasdaq.

Prior to the Board Representation Date and so long as Investor/Partner holds at least 10% of the outstanding Common Stock, Investor/Partner shall have the right to designate up to 2 non-voting observers to the Company Board. Such observers shall be provided notice of all meetings of the

Company Board and actions taken in lieu of meeting and shall have the right to attend all meetings of the Company Board.

Prior to the Board Representation Date and so long as Investor/Partner holds at least 10% of the outstanding Common Stock, at least one observer designee of Investor/Partner shall be entitled to receive notice of and attend meetings of each committee of the Company Board.

The Board Representation Date will not occur prior to the Closing, and will be subject to all necessary regulatory approvals, including, without limitation FCC approval.

After the Board Representation Date: The number of directors of the Company shall be fixed at not more than 12. So long as each Investor holds at least 10% of the outstanding Common Stock, such Investor shall have the right to appoint or nominate to the Company Board such number of directors equal to the product of (i) the total number of directors on the Company Board times (ii) the percentage of the total number of outstanding shares of Class A Common Stock owned by such Investor, rounded up to the nearest whole number. Pursuant to the Shareholders Agreement, the Investors will agree to vote their shares of Common Stock for the election of the nominees of the other Investor to the Company Board. The composition of the Company Board shall be adjusted annually in accordance with the foregoing provisions. The remaining members of the Company Board shall include the CEO and that number of independent directors required for the Company to continue to be listed on Nasdaq.

Subject to the rules and regulations of the Securities and Exchange Commission and Nasdaq, so long as an Investor holds at least 20% of the outstanding Class A Common Stock, at least one designee of such Investor shall be entitled to sit on each committee of the Company Board other than the Executive Committee, which is specifically dealt with below.

In addition to Audit and Compensation Committees, the Company Board shall establish and maintain a five-member Executive Committee which shall have responsibility for the strategic direction of the Company. The CEO shall be a member of the Executive Committee. Prior to the Board Representation Date, Forstmann Little shall have the right to have (a) four director designees on the Executive Committee so long as Forstmann Little continues to own at least 15% of the outstanding Common Stock or (b) two director designees on the Executive Committee so long as Forstmann Little continues to own at least 10% but

less than 15% of the outstanding Common Stock. After the Board Representation Date, each Investor shall have the right to have (a) two director designees on the Executive Committee so long as such Investor continues to own at least 15% of the outstanding Common Stock or (b) one director designee on the Executive Committee so long as such Investor continues to own at least 10% but less than 15% of the outstanding Common Stock. Thus, initially the Executive Committee shall consist of the CEO and four designees of Forstmann Little. In furtherance of the responsibilities set forth above, the Company shall not take any of the following actions without the approval of at least 2/3 of the members of the Executive Committee:

- Approve or modify the business plan, adopt a new business plan or take any action that would constitute a material deviation from the current business plan;

- Approve or recommend a Major Event;

- Acquire, by merger, purchase or otherwise, any equity interest in or assets of any other person with a value greater than $100 million;

- Authorize for issuance or issue any equity securities or derivative securities with a value in excess of $100 million (other than to key employees in the ordinary course of business consistent with a plan approved by the Company's Compensation Committee and Board of Directors);

- Purchase or redeem any shares of its capital stock;

- Declare or pay any dividends, or make any distributions in respect of any shares of its capital stock;

- Redeem, retire, defease, offer to purchase or change any material term, condition or covenant in respect of outstanding long-term debt;

- Incur indebtedness for borrowed money in excess of $100 million in aggregate principal amount;

- Make any material change in its accounting principles or practices (other than as required by GAAP or recommended by the Company's outside auditors), or remove the Company's outside auditors or appoint new auditors; and

- Appoint or terminate or modify the terms of

the employment of any member of the Company's senior management.

Notwithstanding the foregoing, if any of the matters referred to above under the heading "After the Board Representation Date" are not approved by the requisite 2/3 majority of the Executive Committee and representatives of the Investors have attempted to resolve their differences regarding the matter for at least 30 days, any member of the Executive Committee shall be entitled to present such issue to the Company Board where the issue may be adopted or rejected by a majority vote of the Company Board.

Veto Rights: So long as (i) an Investor holds shares of Class A Common Stock representing at least 20% of the outstanding Common Stock and (ii) no Major Event or Acquisition has occurred, the approval of at least one director designee of such Investor shall be required before the Company may take any of the following actions:

- Amend its certificate of incorporation or bylaws, it being understood and agreed that the Company's certificate of incorporation and bylaws shall not contain any super-majority voting provisions for Major Events;
- Enter into any transaction with any affiliate, officer, director or stockholder;
- File any petition for bankruptcy or make any assignment for the benefit of creditors.

Transferability: Prior to the fourth anniversary of the Closing of the Investment, the shares of Common Stock acquired by each Investor pursuant to the SPA shall be transferable only to affiliates of such Investor. Following such fourth anniversary, such shares shall be freely transferable without restriction under the SPA or otherwise and shall, following such date, be subject to a registration rights agreement (the "Registration Rights Agreement"), the terms of which are summarized below.

Standstill: Each Investor will agree that, so long as the other Investor holds at least 20% of the outstanding Common Stock, it will not, without the express written consent of the other Investor, (i) acquire any additional shares of Common Stock, other equity securities of the Company or other securities convertible or exchangeable into equity securities of the Company, except pursuant to its pre-emptive rights discussed below, (ii) solicit consents for the election of directors to the Company Board (other than as expressly permitted by the Shareholders Agreement) or seek to change

the number of directors on the Company Board, (iii) form, encourage or participate in a "person" within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934 for the purpose of taking any actions described in this paragraph, (iv) make any shareholder proposals to the Company or (v) propose or commence any merger