

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

WASHINGTON HARBOUR, SUITE 400

3050 K STREET, NW

WASHINGTON, D.C. 20007-5108

(202) 342-8400

FACSIMILE

(202) 342-8451

www.kelleydrye.com

NEW YORK, NY

CHICAGO, IL

STAMFORD, CT

PARSIPPANY, NJ

BRUSSELS, BELGIUM

AFFILIATE OFFICES

MUMBAI, INDIA

DIRECT LINE: (202) 342-8614

EMAIL: dsmith@kelleydrye.com

August 11, 2011

Via E-File

Ms. Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
Capitol Building, 1st floor  
500 E. Capitol Ave.  
Pierre, SD 57501

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

Dear Ms. Van Gerpen:

XO Communications Services, Inc. ("XOCS"), by its counsel, respectfully notifies the South Dakota Public Utilities Commission ("Commission") of certain transactions that, once consummated, will result in a *pro forma* change to the ownership of XOCS. As discussed below, the stock of this operating company will remain wholly owned by an intermediary holding company, XO Holdings, Inc. ("Holdings"), and will not be affected by these transactions. Moreover, ultimate *de facto* control of XOCS will remain unaltered. Following the transactions, Carl C. Icahn will continue to hold ultimate majority ownership and control of XOCS as he does today.

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

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prior approval of the Commission is not required and that notice of the transactions is sufficient.<sup>1</sup> XOCS submits this informational letter as an update for the Commission's files.

## XOCS

*XOCS.* XOCS is authorized by the Commission to provide competitive intrastate telecommunications services in South Dakota.<sup>2</sup> XOCS is a Delaware corporation and a direct, wholly-owned subsidiary of XO Communications, LLC ("XO LLC"), which in turn is a direct, wholly-owned subsidiary of Holdings, a publicly traded Delaware corporation. 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 XOCS<sup>3</sup> – 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 the District of Columbia.

As noted above, XO LLC is a wholly-owned subsidiary of Holdings, a publicly traded Delaware holding company. At present, five entities -- ACF Industries Holding Corp., Arnos Corp., Arnos Sub. Corp., Highcrest Investors Corp. and Barberry Corporation (together, with their successors and assigns, the "Parent Group") -- collectively hold 91.76% of the voting interests in Holdings. The Parent Group is controlled by Carl C. Icahn, 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 entities (ACF Industries Holding Corp., Arnos Corp., Arnos Sub. Corp., Highcrest Investors Corp. and Barberry Corporation) is c/o White Plains Plaza, 445 Hamilton Avenue, Suite 1210,

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<sup>1</sup> In the event that the Commission determines that prior approval of these transactions is required, the XOCS respectfully request that the Commission accept and treat this notice as the required application.

<sup>2</sup> XOCS was authorized to provide local and interexchange services in docket TC 04-145 on December 29, 2004.

<sup>3</sup> XOCS does not operate in Nevada and Virginia, where XO LLC provides service through two additional subsidiaries: XO Telecommunications of Nevada, LLC and XO Virginia, LLC respectively.

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White Plains, New York 10601. Organizational charts for XOCS, identifying its current and anticipated post-transaction ownership structure, are provided as *EXHIBIT A*.<sup>4</sup>

### **The Transaction**

On July 11, 2011, Holdings entered into an Agreement and Plan of Merger (“Agreement”) with the Parent Group and XO Merger Corp., a Delaware corporation and a wholly-owned subsidiary of the Parent Group (“Merger Sub”). The Agreement provides that, at closing, Merger Sub will merge into Holdings and Holdings will be the surviving entity. All of the common stock in Holdings other than the common stock held by the Parent Group will be cancelled and automatically converted into a right to receive cash and other consideration. Post-merger, Holdings will be a privately-held company, expected to be wholly-owned directly by the Parent Group and indirectly by Carl C. Icahn.

### **Public Interest Considerations**

The proposed reorganization will serve the public interest, as it will enhance the strategic and financial flexibility of XOCS. Following the transaction, Holdings will enjoy the advantages both of its newly consolidated ownership and of the commercial flexibility available to privately-held companies. 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 entire transaction will be transparent to XOCS’s customers. There will be no change to the operating entity which directly serves XOCS customers. XOCS will remain intact, as a wholly-owned subsidiary of Holdings, and will continue to be under the ultimate control of Carl C. Icahn. There will be no change to the services provided to customers nor to the terms and conditions under which these services are delivered. There will be no change to the management of XOCS and no change to its operational and financial qualifications, as a result of consummation of the proposed transaction.

As explained above, XOCS is submitting this letter for the Commission’s information only and requests that it be retained in the appropriate file. Should the Commission

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<sup>4</sup> As described in Holdings’ July 11, 2011 SEC 8-K filing, it is expected that following the transaction, Holdings will be wholly owned by Parent Group. Moreover, it is anticipated that each individual Parent Group entity will hold the same proportion of Parent Groups’ total ownership interests as it currently holds. Should there be any material revisions to the final allocation of Holdings’ ownership interests among Parent Group entities, the XOCS will notify the Commission for its records.

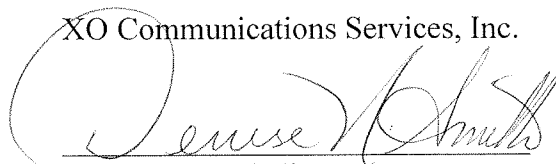
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have any questions or believe that any further information is required, please contact Denise Smith at (202) 342-8614.

Respectfully submitted,

XO Communications Services, Inc.

A handwritten signature in cursive script, appearing to read "Denise N. Smith", is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

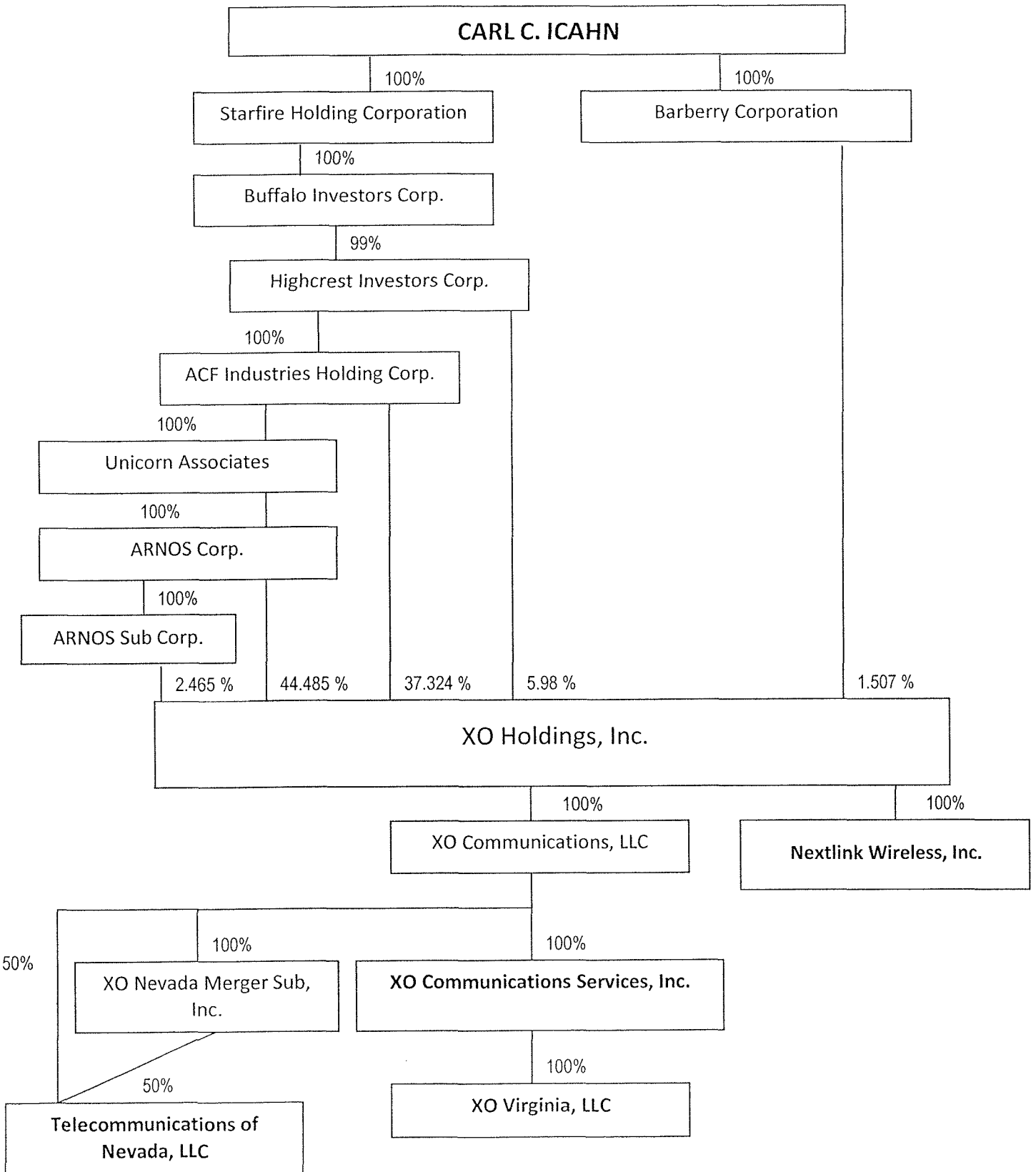
Brad E. Mutschelknaus  
Joan M. Griffin  
Denise N. Smith  
Kelley Drye & Warren LLP  
3050 K Street, N.W., Suite 400  
Washington, D.C. 20007  
(202) 342-8400

Its Counsel

**EXHIBIT A**

**Organizational Charts for XO Companies**

## Ownership of XO Subsidiaries (Pre-Close)



## Ownership of XO Subsidiaries (Post-Close)

