



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED)	ORDER
PETITION OF XO COMMUNICATIONS)	
SERVICES, INC. FOR AUTHORITY TO)	
PROVIDE ITS SECURITY IN CONNECTION)	
WITH FINANCING)	DOCKET NO. TF08030172

(SERVICE LIST ATTACHED)

BY THE BOARD:

XO Communications Services, Inc., a Delaware limited liability company, ("XOCS" or "Petitioner") filed a petition with the New Jersey Board of Public Utilities ("Board") on March 21, 2008 pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9 for approval to provide a guarantee and security in connection with a financing involving its parent company, XO Communications, LLC ("XO" or "Borrower").

The financing consists of a Note Purchase Agreement for an amount of up to \$145 million ("Agreement"). Pursuant to the Agreement dated March 13, 2008, XO issued and sold \$75 million of its Notes due April 15, 2009. Under the Agreement, the Borrower has the option to issue and sell an additional \$70 million of its Notes until April 15, 2009. The obligations under the Notes are guaranteed by XO Holdings, various subsidiaries of XO and, upon receipt of the required regulatory approvals, XOCS. Interest will be set at 11.5% or 9.5% based upon the method of repayment chosen by the Borrower.

Proceeds from the financing will be used to pay fees and expenses incurred in connection with the financing, and for other purposes including general corporate expenditures, improvement of liquidity and potential expansion.

XO is a national provider of local and long distance telecommunications services to business, large enterprises and telecommunications carriers. XO delivers its services over its own network of metropolitan fiber rings and long haul fiber optic facilities and through the use of facilities and services leased or purchased from third party carriers, including incumbent local exchange carriers. XO is wholly owned by XO Holdings, Inc. ("XO Holdings"), a publicly traded holding company. Through its subsidiaries, primarily XOCS, XO is authorized to provide intrastate interexchange services in 49 states and to provide local exchange services in 48 states as well as the District of Columbia. In New Jersey, XOCS is authorized to provide competitive local exchange telecommunications services pursuant to approval granted in Docket No. TM04070686, dated September 14, 2004.

The Division of Rate Counsel has reviewed this matter, and by letter dated March 19, 2008, recommended that the Board approve this petition.

Staff's review indicates that the proposed financing arrangement is in accordance with law and is not expected to directly affect rates or services of XOCS or its operating affiliates, or result in any change in control of XOCS or its operating affiliates. The financing will provide the XO companies with access to financial resources needed to grow and expand their businesses, and to compete in the telecommunications market. Furthermore, the rates charged to customers are subject to market discipline, and the services offered are generally available from other carriers.

After review, the Board FINDS that the transaction described herein is consistent with the applicable law and in the public interest. Therefore, the Board HEREBY AUTHORIZES the Petitioner to provide a guarantee and security in connection with the Note Purchase Agreement, dated March 13, 2008, as described herein.

This Order is issued subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioner.
2. The Petitioner shall notify the Board, within five (5) business days, of any material changes in the terms of the Agreement and shall provide complete details of such changes to the Board including any anticipated effects upon service in New Jersey, and where applicable, seek Board approval pursuant to N.J.S.A. 48:2-1 et seq.
3. The Petitioner shall notify the Board of any material default on the terms of the Agreement within five (5) business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement shall not constitute automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:2-1 et seq. where applicable.

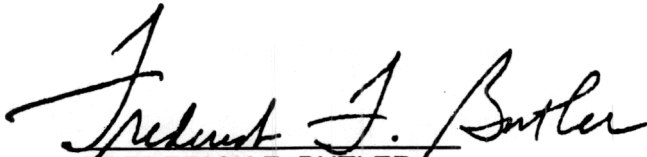
5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by the Petitioner.

DATED:

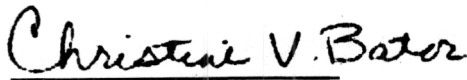
6/16/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

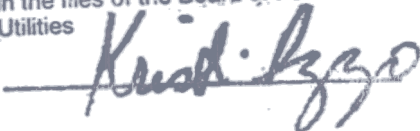

CHRISTINE V. BATOR
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



**IN THE MATTER OF THE VERIFIED PETITION OF XO COMMUNICATIONS SERVICES, INC.
FOR AUTHORITY TO PROVIDE ITS SECURITY IN CONNECTION WITH FINANCING**

SERVICE LIST

Docket No. TF08030172

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