

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
XO Holdings)
)
and)
)
Verizon Communications Inc.)
)
Consolidated Applications for Consent to)
Transfer Control of Domestic and International)
Authorizations Pursuant to Section 214 of the)
Communications Act of 1934, As Amended)
)

**CONSOLIDATED APPLICATIONS TO TRANSFER CONTROL OF
DOMESTIC AND INTERNATIONAL SECTION 214 AUTHORIZATIONS**

Pursuant to Sections 214 of the Communications Act of 1934, as amended (“the Act”),¹ and Sections 63.04, 63.18, and 63.24 of the Commission’s rules,² XO Holdings (“XO Holdings” or “Transferor”) and Verizon Communications Inc. (“Verizon” or “Transferee”) (collectively, the “Applicants”) request Commission consent to transfer control of the domestic and international Section 214 authorizations of XO Communications, LLC (“XO Communications”) from XO Holdings to Verizon.

The proposed transaction will benefit customers and competition by growing Verizon’s fiber-based IP and Ethernet networks, allowing Verizon to better serve its enterprise and wholesale customers with a deepened and expanded fiber network. In addition, wireless

¹ 47 U.S.C. § 214.

² 47 C.F.R. §§ 63.04, 63.18, and 63.24.

consumers will benefit from enhanced capacity and network reliability, as Verizon deploys the new fiber assets to densify its cell network nationwide. And the transaction will not cause any material adverse harm to customers or competition. The transaction will thus make America's best networks even better.

Consistent with Section 63.04(b) and Commission practice, the Applicants have consolidated their request for Commission consent to the transaction into a single lead application, and are concurrently submitting separate filings relating to XO Communications' licenses and authorizations. Specifically, applications are being filed that seek consent to the following:³

1. The transfer of control of the blanket domestic Section 214 operating authority of XO Communications and its operating subsidiaries.
2. The transfer of control of XO Communications' international Section 214 authorization.⁴
3. The transfer of control of 53 Common Carrier Fixed Point-to-Point Microwave licenses and a single Millimeter Wave 70/80/90 GHz Service license (for a total of 54 wireless licenses) held by XO Communications via the Form 603.

This narrative provides the information required by the International Section 214 Main Form and Sections 63.04 and 63.18 of the Commission's rules. Attached as Exhibit 1 is a statement providing a more detailed description of the parties and of the proposed transaction, and demonstrating that the transaction will serve the public interest.

³ The domestic and international FCC authorizations and wireless radio licenses being transferred are listed in Attachment 1 to Exhibit 1.

⁴ As noted below, XO Communications' wholly-owned operating subsidiaries provide service under XO Communications' international Section 214 authorization.

I. RESPONSE TO ITEMS ON INTERNATIONAL SECTION 214 MAIN FORM

A. Answer to Question 10 – Section 63.18(c)-(d)

XO Holdings, a Delaware general partnership, does not hold any international Section 214 authorizations. XO Communications, a Delaware limited liability company, holds an international Section 214 authorization to provide global facilities-based and resale services (File No. ITC-214-20001117-00674). Pursuant to Section 63.21(h) of the Commission’s rules, the following wholly-owned operating subsidiaries of XO Communications operate under its authorization: (1) XO Communications Services, LLC, a Delaware limited liability company; (2) XO Virginia, LLC, a Washington limited liability company; (3) Telecommunications of Nevada, LLC, a Delaware limited liability company; (4) XO NS, Inc., a Canadian corporation; and (5) XO International, LLC, a Delaware limited liability company. Post-closing, these entities will continue to operate under their parent’s international Section 214 authorization pursuant to Section 63.21(h) of the Commission’s rules.

Verizon, a Delaware corporation, is a holding company that has a number of wholly-owned subsidiaries which provide communications services and hold various FCC licenses and authorizations. Verizon does not hold any international Section 214 authorizations, but it does directly or indirectly control subsidiaries that hold such authorizations to provide international switched resale services and global or limited global facilities-based and resale services.

Correspondence concerning these applications should be directed to:

For Verizon:

Katharine Saunders
Associate General Counsel
Verizon
1320 North Court House Road, 9th Floor
Arlington, VA 22201
703.351.3097 (tele.)
703.351.3655 (fax)

For XO Holdings and XO Communications:

Lisa R. Youngers
Vice President and Asst. General Counsel,
Federal Policy and Advocacy
XO Communications, LLC
13865 Sunrise Valley Drive
Herndon, VA 20171
703.547.2258 (tele.)

katharine.saunders@verizon.com

Lisa.R.Youngers@xo.com

With a copy to:

With a copy to:

Adam D. Krinsky
Jennifer L. Kostyu
Wilkinson Barker Knauer, LLP
1800 M Street, NW, Suite 800N
Washington, DC 20036
202.783.4141 (tele.)
202.783.5851 (fax)
AKrinsky@wbklaw.com
JKostyu@wbklaw.com

Thomas W. Cohen
Kelley Drye & Warren LLP
3050 K Street, NW, Suite 400
Washington, DC 20007
202.342.8400 (tele.)
202.342.8451 (fax)
tcohen@kelleydrye.com

B. Answer To Question 11 – Section 63.18(h)

Following consummation of the proposed transaction, XO Communications will be a wholly-owned indirect subsidiary of Verizon. Verizon Communications Inc. is a 100 percent owner of Verizon Business Global LLC (a Delaware limited liability company), which is a 100 percent owner of MCI Communications Corporation (a Delaware corporation), which is a 100 percent owner of Verizon Business Network Services Inc. (a Delaware corporation). XO Communications will become a direct subsidiary of Verizon Business Network Services Inc. XO Communications' operating subsidiaries will remain wholly-owned subsidiaries of XO Communications and thus will become wholly-owned indirect subsidiaries of Verizon. Verizon is a publicly traded and widely held company, and no person or entity holds a direct or indirect 10 percent or greater ownership interest in Verizon. Attachment 3 of Exhibit 1 includes corporate organizational charts depicting the pre- and post-closing ownership structure of XO Communications and its operating subsidiaries.

C. Answer to Question 13 – Narrative of Transfer of Control and Public Interest Statement

A description of the transaction and demonstration of how the transaction will serve the public interest is attached as Exhibit 1.

D. Answers to Questions 14-16 – Foreign Carrier Affiliates

Verizon is not a foreign carrier, but is affiliated with certain foreign carriers. XO Communications and its operating subsidiaries are not foreign carriers, with the exception of XO NS, Inc., which is authorized to provide competitive telecommunications services in Canada, and XO International, LLC, which is authorized to provide competitive telecommunications services in Ireland, Japan, the Netherlands, Germany, Spain, and Singapore. In addition, XO Communications is affiliated with XO Asia Limited, which is authorized to provide competitive services in Hong Kong. Upon consummation of the transaction, Verizon and XO Communications and its operating subsidiaries will be affiliated with the same foreign carriers, all of which are listed in Exhibit 2. Pursuant to Section 63.10 of the Commission's rules, the Applicants request non-dominant status for XO Communications on all routes between the United States and the countries listed in Exhibit 2. None of the foreign carriers are dominant providers in their respective countries, and each lacks 50 percent market share in the international transport and the local access markets on the foreign end of the route. Accordingly, each foreign carrier lacks sufficient market power on the foreign end of the international route to affect competition adversely in the U.S. market.

E. Answer To Question 20 – Section 63.12

The Applicants do not request streamlined treatment of the application.

II. INFORMATION REQUIRED BY SECTION 63.04 OF THE COMMISSION'S RULES IN RELATION TO THE TRANSFER OF BLANKET DOMESTIC 214 AUTHORITY

In support of the Applicants' request for consent to transfer control of XO Communications and its operating subsidiaries⁵ from XO Holdings to Verizon, the following information is submitted pursuant to Section 63.04 of the Commission's rules.⁶ Specifically, Section 63.04(b) provides that applicants submitting a joint domestic/international Section 214 application should include the information requested in paragraphs (a)(6) through (a)(12) of Section 63.04.

Section 63.04(a)(6) – Description of the transaction:

A description of the transaction and demonstration of how the transaction will serve the public interest is attached as Exhibit 1.

Section 63.04(a)(7) – Description of the geographic area in which the transferor and transferee offer domestic telecommunications services, and what services are provided in each area:

A description of the geographic areas in which XO Communications and Verizon offer domestic telecommunications services, and a description of the services provided, is contained in Exhibit 1.

Section 63.04(a)(8) – Statement as to how the application qualifies for streamlined treatment:

The Applicants do not request streamlined treatment of the application.

⁵ The XO Communications operating subsidiaries that provide domestic services include: (1) XO Communications Services, LLC, a Delaware limited liability company; (2) XO Virginia, LLC, a Washington limited liability company; and (3) Telecommunications of Nevada, LLC, a Delaware limited liability company.

⁶ 47 C.F.R. § 63.04.

Section 63.04(a)(9) – Identification of all other Commission applications related to this transaction:

The FCC applications that are being filed in connection with this transaction are identified on page 2 of this narrative.

Section 63.04(a)(10) – Statement of whether the applicants request special consideration because either party is facing imminent business failure:

The Applicants do not request special consideration because neither party to this transaction is facing imminent business failure.

Section 63.04(a)(11) – Identification of any separately filed waiver requests being sought in conjunction with this application:

No separately filed waiver requests are sought in conjunction with these applications.

Section 63.04(a)(12) – Statement showing how grant of the application will serve the public interest, convenience and necessity:

A demonstration of how the transaction will serve the public interest is attached as Exhibit 1.

III. CONCLUSION

For the reasons stated above and in Exhibit 1, the Applicants respectfully request that the Commission expeditiously grant the applications.

Respectfully submitted,

By: XO HOLDINGS

/s/ Lisa R. Youngers

Lisa R. Youngers

Vice President and Asst. General Counsel, Federal
Policy and Advocacy

XO Communications, LLC

13865 Sunrise Valley Drive

Herndon, VA 20171

703.547.2258 (tele.)

Lisa.R.Youngers@xo.com

By: VERIZON COMMUNICATIONS INC.

/s/ William H. Johnson

Senior Vice President, Federal Regulatory & Legal
Affairs

Verizon

1300 I Street, N.W., Suite 400 West

Washington, D.C. 20005

March 4, 2016

EXHIBIT 1 TO APPLICATION

Description of the Parties
Description of the Transaction
Public Interest Statement
Administrative Matters

TABLE OF CONTENTS

I. INTRODUCTION	1
II. DESCRIPTION OF THE PARTIES	2
A. Verizon.....	2
B. XO Communications and XO Holdings	2
C. Qualifications.....	4
III. DESCRIPTION OF THE TRANSACTION	4
IV. PUBLIC INTEREST STATEMENT.....	4
A. The Transaction Will Generate Substantial Public Interest Benefits.....	6
1. Verizon’s Enhanced Fiber Network.....	6
2. The Proposed Transaction Will Foster Operational and Economic Efficiencies	10
B. The Transaction Poses No Material Harms	12
1. Customers Will Not Be Harmed By the Transaction.....	12
2. The Transaction Will Not Adversely Affect Competition.....	13
V. ADMINISTRATIVE MATTERS.....	16
A. Application of Section 310(b)(4) Foreign Ownership Declaratory Ruling	16
B. Request for Approval of Additional Authorizations.....	16
C. Exemption from Cut-Off Rules	17
D. <i>Ex Parte</i> Status.....	18
E. Trafficking	18
F. Other Filings	19
VI. CONCLUSION.....	19

I. INTRODUCTION

XO Holdings (“XO Holdings”) and Verizon Communications Inc. (“Verizon”) (collectively, the “Applicants”) request Commission consent under Sections 214 and 310 of the Communications Act of 1934, as amended (the “Act”),¹ to the transfer of control of XO Communications, LLC (“XO Communications”) and its operating subsidiaries from XO Holdings to Verizon. This includes the transfer of control of domestic and international Section 214 authorizations held by XO Communications, as well as ancillary wireless radio licenses (Common Carrier Fixed Point-to-Point Microwave and Millimeter Wave 70/80/90 GHz Service) held by XO Communications.²

By providing Verizon with access to XO Communications’ fiber-based IP and Ethernet networks, the proposed transaction will drive significant consumer benefits. That access will allow Verizon to better serve its enterprise and wholesale customers with deepened and expanded fiber facilities. Verizon also will use the fiber assets to densify its mobile broadband network nationwide to provide wireless consumers with more capacity and enhanced network reliability. Densifying the network also will help pave the way for Verizon to deploy 5G technology. These dual benefits are part of Verizon’s continual commitment to invest in its networks and deliver world-class service to its customers. In addition, XO customers will gain access to Verizon’s more extensive product family.

The Commission should expeditiously approve the proposed transaction because it will bring significant public interest benefits and will not result in any material competitive harm.

¹ 47 U.S.C. §§ 214, 310.

² Attachment 1 includes a list of FCC licenses subject to this transaction.

II. DESCRIPTION OF THE PARTIES

A. Verizon

Verizon, a publicly traded Delaware corporation with its principal offices in New York City, New York, is a holding company whose operating subsidiaries provide a wide range of communications services in the United States and throughout the world. Verizon's subsidiaries provide communications services to consumers, business, and government customers, as well as to other carriers.³ Verizon's wireline business provides voice, data, and video communications products and enhanced services, including broadband video and data, corporate networking solutions, data center and cloud services, security and managed network services, and local and long distance voice services. Verizon Enterprise Solutions is a key part of this business, focusing on serving business and enterprise customers nationwide and internationally. Verizon subsidiaries also include incumbent local exchange carrier ("ILEC") entities in eight states in the Northeast Corridor and the District of Columbia.⁴ Verizon's wireless division, Cellco Partnership d/b/a Verizon Wireless, provides nationwide voice and data across an extensive wireless network that comprises the largest 4G LTE and 3G EVDO networks of any U.S. wireless service provider.

B. XO Communications and XO Holdings

XO Communications is a Delaware limited liability company headquartered in Herndon, Virginia. The company is a wholly-owned direct subsidiary of XO Holdings, a Delaware general

³ References to Verizon's services and network herein refer to those of its wholly-owned operating subsidiaries.

⁴ Verizon intends to close the transfer of its former ILEC territories in California, Florida, and Texas to Frontier Communications Corporation at the end of the first quarter of 2016.

partnership headquartered in Herndon, Virginia. XO Holdings, through various intermediate holding companies, is wholly owned and controlled by Carl C. Icahn.

XO Communications controls and operates an IP and Ethernet network that extends coast-to-coast. The network includes an inter-city network of approximately 20,000 fiber route miles and more than 5,600 owned metro fiber route miles.⁵ Attachment 2 includes a map of XO Communications' network.

Through its wholly-owned operating subsidiaries,⁶ XO Communications provides local and long distance voice, Internet access, cloud connectivity, security, private line, Ethernet, and other private data and network transport services for small and medium-sized companies, enterprises, national and government customers, and other carriers, both on a managed and wholesale basis.⁷ XO Communications does not offer or provide mass market retail services to consumers. XO Communications also holds various ancillary wireless radio licenses (Common Carrier Fixed Point-to-Point Microwave and Millimeter Wave 70/80/90 GHz Service).

⁵ A small portion of XO Communications' network utilizes copper, which usually is connected to a nearby node that is in turn connected to XO Communications' fiber facilities.

⁶ XO Communications' operating subsidiaries that provide domestic telecommunications services include: (1) XO Communications Services, LLC, a Delaware limited liability company; (2) XO Virginia, LLC, a Washington limited liability company; and (3) Telecommunications of Nevada, LLC, a Delaware limited liability company. The operating subsidiaries that provide international telecommunications services include: (1) XO NS, Inc., a Canadian corporation; (2) XO International, LLC, a Delaware limited liability company; and (3) the three companies identified in the preceding sentence. The operating subsidiaries provide international services under XO Communications' international Section 214 authorization (File No. ITC-214-2000117-00674) pursuant to Section 63.21(h) of the Commission's rules.

⁷ XO Communications currently provides services in all 50 states and the District of Columbia.

C. Qualifications

The Commission has found that Verizon has the qualifications required by the Act to control Commission licenses and authorizations.⁸ The Commission also has found that XO Communications has the qualifications required by the Act to hold Commission authorizations.⁹ Nothing has changed to alter these findings.

III. DESCRIPTION OF THE TRANSACTION

On February 20, 2016, the Applicants entered into an agreement pursuant to which XO Holdings will sell all of its interests in XO Communications to Verizon. Upon completion of the transaction, XO Communications will become a wholly-owned indirect subsidiary of Verizon. XO Communications' operating subsidiaries will remain subsidiaries of XO Communications and become wholly-owned indirect subsidiaries of Verizon. Attachment 3 includes corporate organizational charts depicting the proposed transaction.

IV. PUBLIC INTEREST STATEMENT

The Commission should promptly approve these applications because this transaction will generate substantial public interest benefits with no material countervailing harms. Under Sections 214(a) and 310 of the Act, the Commission must determine whether the proposed transfer of control is consistent with the public interest, convenience, and necessity.¹⁰ The

⁸ See, e.g., *Verizon Communications Inc. and MCI, Inc. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18433, 18525-28 ¶¶ 183-88 (2005); *Applications of GTE Corp. and Bell Atlantic Corp. For Consent to Transfer Control*, Memorandum Opinion and Order, 15 FCC Rcd 14032, 14227-14229 ¶¶ 429-32 (2000).

⁹ See, e.g., *Notice of Streamlined Domestic Section 214 Application Granted*, Public Notice, 19 FCC Rcd 6286 (2004) (granting XO Communications' acquisition of Allegiance Telecom, Inc.); *Notice of Streamlined Domestic 214 Application Granted*, Public Notice, 17 FCC Rcd 25551 (2002) (granting the transfer of control of XO Communications).

¹⁰ See, e.g., *Applications of AT&T Inc. and DIRECTV For Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd 9131, 9139-40 ¶

Commission interprets that standard under four prongs focused on potential benefits and harms: “(1) whether the transaction would result in the violation of the Act or any other applicable statutory provision; (2) whether the transaction would result in a violation of Commission rules; (3) whether the transaction would substantially frustrate or impair the Commission’s implementation or enforcement of the Act or interfere with the objectives of that and other statutes; and (4) whether the transaction promises to yield affirmative public interest benefits.”¹¹ As shown in the applications and accompanying materials, this transaction does not violate any provision of the Act or any Commission rule and thus satisfies the first two prongs. The Commission’s analysis here will thus focus on whether the transaction would interfere with statutory objectives and whether it would bring public interest benefits.

This transaction satisfies those two remaining prongs of the Commission’s analysis. The proposed transaction does not frustrate or otherwise interfere with the objectives of the Act or

18 (2015) (“*AT&T-DIRECTV Order*”); *Applications of SoftBank Corp., Starburst II, Inc., Sprint Nextel Corporation, and Clearwire Corporation, For Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd 9642, 9650-51 ¶ 23 (2013) (“*Sprint-SoftBank Order*”); *Applications Filed by Frontier Communications Corp. and Verizon Communications Inc. for Assignment or Transfer of Control*, Memorandum Opinion and Order, 25 FCC Rcd 5972, 5976-77 ¶ 9 (2010) (“*Frontier-Verizon Order*”); *SBC Communications Inc. and AT&T Corp, Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18290, 18300-01 ¶ 16 (2005) (“*SBC-AT&T Order*”); *Verizon Communications Inc. and MCI, Inc. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18433, 18442-43 ¶ 16 (2005) (“*Verizon-MCI Order*”).

¹¹ *SBC Communications Inc. and BellSouth Corp. for Consent to Transfer of Control or Assignment of Licenses and Authorizations*, Memorandum Opinion and Order, 15 FCC Rcd 25459, 25464 ¶ 13 (WTB/IB 2000); see also *AT&T-DIRECTV Order*, 30 FCC Rcd at 9139-40 ¶ 18; *Sprint-SoftBank Order*, 28 FCC Rcd at 9650-51 ¶ 23; *Ameritech Corp. and SBC Communications Inc.*, Memorandum Opinion and Order, 14 FCC Rcd 14712, 14737-38 ¶ 48 (1999); *Frontier-Verizon Order*, 25 FCC Rcd at 5976-77 ¶ 9; *Applications filed by Qwest Communications Int’l Inc. and CenturyTel, Inc. d/b/a CenturyLink For Consent to Transfer of Control*, Memorandum Opinion and Order, 26 FCC Rcd 4194, 4198-99, ¶ 7 (2011) (“*Qwest-CenturyLink Order*”); *SBC-AT&T Order*, 20 FCC Rcd at 18300-01 ¶ 16.

other statutes, and instead yields substantial public interest benefits. To reach that conclusion in previous cases, the Commission “weighed any potential public interest harms of [the] proposed transaction against any potential public interest benefits to ensure that, on balance, the proposed transaction will serve the public interest.”¹² Here the public interest benefits are not counterbalanced by any material harms, so the Commission should approve the Application.

A. The Transaction Will Generate Substantial Public Interest Benefits

1. Verizon’s Enhanced Fiber Network Will Benefit Customers

The proposed transaction will enhance the ability of commercial customers and wireless consumers across the country to receive the highest quality and reliable communications services. By expanding the depth and breadth of its fiber assets nationwide, Verizon will make America’s best networks even better in two critical ways. First, the transaction will benefit enterprise and wholesale business customers by increasing, expanding, and improving Verizon’s nationwide fiber facilities. Second, the transaction will benefit wireless consumers by enhancing network capacity and reliability, as Verizon will acquire more fiber for backhaul to serve and fuel its increasingly dense wireless broadband network. This fiber backhaul will support the speedy development and deployment of 5G technology.

Enhanced service to enterprise and wholesale customers. The transaction will allow Verizon to expand and improve the services Verizon Enterprise Solutions (“VES”) provides to enterprise and wholesale customers, particularly in areas outside of Verizon’s remaining ILEC footprint. Businesses today require advanced and innovative technologies and comprehensive

¹² *ALLTEL-Midwest Order*, 21 FCC Rcd at 11535 ¶ 16; *see also AT&T-DIRECTV Order*, 30 FCC Rcd at 9140 ¶ 18; *Sprint-SoftBank Order*, 28 FCC Rcd at 9651 ¶ 23; *Frontier-Verizon Order*, 25 FCC Rcd at 5976-77 ¶ 9; *Qwest-CenturyLink Order*, 26 FCC Rcd at 4198-99 ¶ 7; *SBC-AT&T Order*, 20 FCC Rcd at 18300-01 ¶ 16; *Verizon-MCI Order*, 20 FCC Rcd at 18442-43 ¶ 16.

solutions, and bandwidth requirements are growing rapidly as online and online-enabled activities increase the reliance on IP-based services. The acquisition of XO Communications will boost the fiber capacity Verizon has to reach its business and wholesale customers. As noted above, XO Communications' network includes approximately 20,000 fiber route miles of national inter-city networks and more than 5,600 owned metro fiber route miles.¹³ The transaction will thus advance Verizon's ability to deploy and maintain innovative offerings, benefiting business customers and serving the public interest, convenience, and necessity. In addition, Verizon will be able to offer existing XO Communications customers additional products and services not currently available through XO.

The transaction will also allow Verizon to reduce its dependency on the leased fiber it currently uses to serve enterprise and wholesale customers. Verizon owns and operates fiber networks within portions of its remaining ILEC footprint,¹⁴ but it must often lease fiber both inside and outside of that footprint to support its business customers. By acquiring XO Communications' fiber assets, Verizon will enhance its reach and improve its services. For example, in XO Communications' top 20 fiber areas, the transaction will expand Verizon's owned fiber sheath miles by more than 5,000 miles, of which nearly 85 percent are in areas located outside of Verizon's remaining ILEC footprint. Likewise, in the twenty densest counties XO Communications serves that are located outside of Verizon's ILEC footprint, the transaction will expand Verizon's on-net building inventory by over 2,500 buildings. The transaction will thus allow Verizon to better serve multi-location enterprise customers, and to deliver its world-class service to customers of every size.

¹³ These are not last-mile, fiber-to-the-home assets. XO Communications does not offer consumer services.

¹⁴ See Verizon Communications Inc., Form: 10-K (Feb. 23, 2016).

In turn, the additional capacity and expanded footprint will help Verizon stay competitive and further drive competition among other market participants. In areas where there is concentrated demand for business broadband services, the enterprise and wholesale markets are competitive with sophisticated and knowledgeable customers. The additional nationwide fiber assets will allow Verizon to more effectively compete with leading national and regional high-capacity service providers – especially cable companies, but also traditional incumbent and competitive telephone companies, wireless providers, and other non-traditional players, particularly in central business districts. For example, Comcast recently announced an enterprise division targeting Fortune 1000 companies which, in combination with Comcast’s more mature business segment serving small business and a growing segment serving mid-sized business, yielded more than five billion dollars in annual revenues.¹⁵ To succeed in this competitive space, Verizon must ensure it can meet growing demand for bandwidth and reliability – two increasingly important competitive factors in the global enterprise market. This transaction is part of the company’s continuing investment in its networks to meet that demand, and will help it advance its position as a provider of choice to enterprise customers.

Enhanced capacity, reliability, and new technologies for wireless consumers. Verizon is actively densifying its mobile broadband network by deploying increased numbers of wireless cell sites to help meet ever-growing consumer demand with more capacity and enhanced reliability. The fiber assets will allow Verizon to better connect these additional cell sites to better serve consumers.¹⁶ This network densification is a complement to overall Commission

¹⁵ Earnings Call Transcript, Comcast, on Q4 2015 Results (Feb. 3, 2016).

¹⁶ See Transcript, Verizon Communications Inc. at JPMorgan Global Technology, Media and Telecom Conference (May 19, 2015) (Fran Shammo, EVP, CFO, Verizon) (explaining that Verizon is focused on densifying its wireless network first in the top 50 markets, with particular

efforts to make additional spectrum available to meet mobile broadband demand,¹⁷ as well as Verizon's own techniques to optimize use of existing spectrum resources.¹⁸ All three steps are necessary because, as the Commission recognizes, wireless networks may need to accommodate an eventual *1000-fold increase* in traffic demand for mobile services.¹⁹

Verizon's network densification requires deploying additional small cells, distributed antenna systems ("DAS"), in-building systems, and macro cells in capacity constrained areas like urban areas and large public venues. These cells enhance the quality and reliability of its existing wireless network, and will also help lay the groundwork for the evolution to 5G technologies, which will rely heavily on small cells.²⁰ While Verizon and other technology

emphasis on the top 10 markets); Joey Jackson, *Dark Fiber Key to Future of Small Cells, Backhaul*, RCR WIRELESS NEWS, Dec. 21, 2015 (explaining that Verizon is moving toward use of small cells with fiber backhaul to deliver to its customers on the promise of reliability) (quoting Brian Mecum, VP of Network for the West Area, Verizon).

¹⁷ See, e.g., Comments of Verizon, GN Dkt. No. 14-177 (Jan. 28, 2016) (supporting Commission efforts to allocate additional spectrum to fuel the next generation of wireless technology).

¹⁸ See Supp. Decl. of William H. Stone, Executive Dir. for Network Strategy, Verizon, at 19-25, attached as Ex. 2 to Joint Opp. of Cellco Partnership d/b/a Verizon *et al.* to Pets. to Deny and Comments, WT Dkt. No. 12-4 (Mar. 2, 2012) (detailing methods Verizon has used, and will continue to use, to increase spectral efficiency).

¹⁹ See *Use of Spectrum Bands Above 24 GHz for Mobile Radio Services*, Notice of Proposed Rulemaking, FCC 15-138, at ¶ 8 (rel. Oct. 23, 2015); see also Naga Bhushan et al., *Network Densification: The Dominant Theme for Wireless Evolution into 5G*, IEEE Communications Magazine, Feb. 2014, at 82, 88 (noting the need to support a "1,000-fold increase in traffic demand over the next decade").

²⁰ See Kathleen Grillo, *5G Is the Driving Force at 2016 Mobile World Congress*, VERIZON NEWS (Feb. 22, 2016) (discussing Verizon 5G field trials, test results, and efforts to advance 5G technology for rapid commercialization.), <http://www.verizon.com/about/news/5g-driving-force-2016-mobile-world-congress>; News Release, *Verizon 5G Trials Driving Ecosystem towards Rapid Commercialization* (Feb. 22, 2016) (outlining Verizon actions to accelerate innovation around 5G technology and bring new solutions to market for consumers), <http://www.verizon.com/about/news/verizon-5g-trials-driving-ecosystem-towards-rapid-commercialization>. Separately, Verizon subsidiary Cellco Partnership d/b/a Verizon Wireless has entered into an agreement with XO Holding subsidiary Nextlink Wireless, LLC ("Nextlink") to lease Local Multipoint Distribution Service and 39 GHz spectrum from Nextlink to advance

companies are still working out the detailed specifications of 5G technology, it will bring consumers myriad game-changing features and services and will be reliable and fast even in crowded locations. The additional cells needed to support 5G require robust and widely available backhaul capability to connect to Verizon's core network. High performance fiber (with high bandwidth and low latency) is an important means of providing efficient backhaul; indeed, Verizon already has fiber backhaul from most of its existing macro sites.

But as Verizon deploys substantial numbers of new macro sites and small cells to ensure ample capacity and further coverage nationwide, XO Communications' fiber assets offer significant capacity to quickly support that deployment. The majority of XO Communications' fiber in each of its top 20 fiber areas is unlit, or "dark," with those areas having 79 percent unlit fiber on average, including up to 96 percent unlit in Dallas. This transaction affords Verizon the opportunity to put that unlit fiber to use by supporting further densification of its cell network. As Verizon executives have explained, "Getting dark fiber out there, getting the small cells in there, that's the direction we're headed. That's what's going to give us our ability to deliver to our customers on the promise of reliability."²¹

2. The Proposed Transaction Will Foster Operational and Economic Efficiencies

Acquiring XO Communications' fiber network will result in multiple operational and economic efficiencies that benefit customers by increasing Verizon's ability to compete effectively to meet their demand for the latest technology and service developments. Verizon's

research and development of potential 5G products and services, engage in early testing of 5G equipment, and further enable next-generation services to meet Americans' ever growing demand for mobile broadband.

²¹ Joey Jackson, *Dark Fiber Key to Future of Small Cells, Backhaul*, RCR WIRELESS NEWS, Dec. 21, 2015 (quoting Brian Mecum, Vice President of Network for the West Area, Verizon).

fiber network consists of facilities that it has constructed, leased, or acquired through transactions, depending on the efficiencies of the individual circumstances. In this case, XO Communications' fiber network is largely complementary to Verizon's. Enterprise and wholesale customers, post-closing, will gain access to a more expansive Verizon-owned facilities-based network and receive more efficient and economical services.

Combining XO Communications' business with Verizon's will provide the financial resources to support and promote better and more intensive use of XO Communications' fiber network. The years following XO Communications' emergence from bankruptcy in 2003 "were a bumpy road," as the company "reckoned with major network over capacity and other issues caused by overly optimistic projections and capital expenditures made by previous owners."²² Additional capital had to be injected several times just "to keep [the company] operating."²³ Verizon has the economy of scale to invest in and support these networks, including through achieving synergies as part of this transaction.

When fully implemented, the proposed transaction will yield synergies that Verizon estimates to result in total expense savings in excess of \$1.5 billion on a net present value basis. These operational and other efficiencies will provide Verizon with increased financial flexibility to compete in the fast changing communications marketplace. The cost savings will be realized by eliminating some access costs paid to third parties, and by consolidating various network

²² XO Communications Press Release, *Verizon to Acquire XO Communications' Fiber Business*, Feb. 22, 2016, available at <http://www.xo.com/verizon-acquires-xo/>.

²³ *Id.*

monitoring and support systems, business functions, and finance and accounting processes. The Commission has long recognized that these types of efficiencies are public interest benefits.²⁴

B. The Transaction Poses No Material Harms

1. Customers Will Not Be Harmed By the Transaction

XO Communications' customers – business, government, and wholesale – will gain access to the full range of Verizon's offerings. Verizon's product family is more extensive than that of XO Communications, and Verizon's highly reliable network features greater geographic coverage. The market for mass market services to consumers will be unaffected by the transaction because XO Communications does not serve those consumers.

Verizon also will meet XO Communications' contractual and regulatory obligations to its customers so that the transaction will be seamless to those customers. As of closing, the operational support systems that XO Communications uses to serve its customers will become Verizon-owned. Verizon intends to consolidate the XO Communications systems with its existing systems. But there is no deadline for that transition, and a "flash-cut" of systems will not be required to continue providing XO Communications' customers the service they are receiving prior to closing. Verizon is experienced in successfully consolidating internal systems while seamlessly providing high quality service to its customers.

²⁴ See, e.g., *Frontier-Verizon Order*, 25 FCC Rcd at 5995 ¶ 57; *AT&T Inc. and BellSouth Corp. Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd 5662, 5768-70 ¶¶ 214-215 (2007) (crediting economies of scope and scale and cost synergies as public interest benefits); *Joint Applications of Telephone and Data Systems, Inc. and Chorus Communications, Ltd. For Authority to Transfer Control of Commission Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 22, 63 and 90 of the Commission's Rules*, Memorandum Opinion and Order, 16 FCC Rcd 15293, 15299 ¶ 11 (CCB/WTB 2001) (citing "economic and operational efficiencies" as supporting a finding that transaction was in the public interest).

2. The Transaction Will Not Adversely Affect Competition

The proposed transaction will not materially harm competition in any relevant domestic or international market.

The market for domestic high-capacity services. XO Communications' fiber network in the United States is largely located outside of the areas where Verizon has deployed fiber, with nearly 85 percent of XO Communications' owned fiber network located outside Verizon's remaining ILEC footprint. As a result, there is no potential for material competitive harm in the market for high-capacity services. XO Communications' assets will strengthen Verizon as a competitor against a wide variety of players, including the cable companies, while also providing necessary support for the rapid development of 5G services.

Even in the small number of markets in Verizon's ILEC territories where XO Communications has fiber facilities, there is sufficient supply of high-capacity facilities from other major providers and thus no material competitive harm from the transaction. Moreover, exploding demand for high-speed data services is feeding these providers and creating enormous opportunities in a rapidly evolving and dynamic market for high-capacity connections. For example, Ethernet services in the United States are estimated to grow from \$8 billion in 2015 to \$12.1 billion in 2019, and IPVPN service from \$6.8 billion in 2015 to \$8.4 billion in 2019.²⁵ As the Commission has recognized, competition in a dynamic marketplace "is more appropriately analyzed in view of larger trends in the marketplace, rather than exclusively through the snapshot

²⁵ *Market Analysis Perspective: U.S. Carrier Ethernet and IP VPN Network Services, 2015*, Nav Chander, IDC (Sept. 2015).

data that may quickly and predictably be rendered obsolete as th[e] market continues to evolve.”²⁶

The Commission’s competitive analysis in this case should thus reflect the dynamic market for high-capacity services. The Commission should further recognize that when competitors announce the availability of their services, they do so in terms of broad geographic areas. Facilities-based competitors respond to customer demands to deploy networks that are within reach of all or most of the concentrated demand and will consider the opportunities from areas near where their networks are deployed – not just the particular locations reached by the network builds. The relevant inquiry must also account for potential entry from competitors that can reasonably extend existing facilities. Where these possibilities occur, the Commission should conclude that competition is present throughout that relevant area.

Here, a wide range of providers and new entrants have deployed facilities and are investing further to meet demand and thus competition should continue to intensify. Current and potential competitors that offer a wide array of high-capacity services include cable companies, CLECs, wireless companies, and other non-traditional players.²⁷ Cable companies in particular have expanded their networks and services to provide high-capacity broadband services to businesses of all sizes as well as to other providers, and will likely continue to do so in light of the ever growing demand for such services. As NCTA observed recently, “[v]irtually any area with special access demand will contain cable company facilities that serve, or are capable of

²⁶ *Appropriate Framework for Broadband Access to the Internet over Wireline Facilities*, Report and Order and Notice of Proposed Rulemaking, 20 FCC Rcd 14853, ¶ 50 (2005).

²⁷ See Reply Comments of the National Cable & Telecommunications Association, WC Docket No. 05-25; RM-10593, at 14 (noting that “the special access data collection demonstrates that multiple competitors - sometimes more than a dozen - typically have deployed fiber in census blocks with special access demand.”)

serving, business customers.”²⁸ CLECs using a variety of technologies also continue to be a driving competitive force in the markets they serve. These market characteristics – concentrated demand for high-capacity services and competition – dominate Verizon’s remaining ILEC footprint, the densely populated and highly competitive Northeast Corridor.

The market for international services. XO Communications owns neither submarine cables nor satellites, and holds only a *de minimis* share of the market for U.S.-international telecommunications services. XO Communications provides U.S.-international services by either reselling the services of other companies or obtaining a limited amount of capacity from other providers. And neither Verizon nor XO Communications is deemed dominant on any U.S.-international route. No competitive issues arise from this *de minimis* addition to Verizon’s U.S.-international operations.

The availability of U.S.-international services and capacity has increased significantly over time, and service is now available from a wide variety of companies. No barriers prevent sophisticated enterprise and wholesale customers seeking out the international services and providers that best meet their specific needs.

* * *

For all these reasons, the transaction is in the public interest. Far from creating any material harm, the transfer of XO Communications to Verizon will provide substantial consumer benefits and otherwise benefit the public interest.

²⁸ Reply Comments of the National Cable & Telecommunications Association, WC Docket No. 05-25; RM-10593, at 14.

V. ADMINISTRATIVE MATTERS

A. Application of Section 310(b)(4) Foreign Ownership Declaratory Ruling

On December 4, 2013, Verizon obtained a declaratory ruling from the Commission that it would not serve the public interest to prohibit a widely dispersed body of shareholders from holding aggregate foreign ownership in Verizon and its licensee subsidiaries and affiliates in excess of the 25 percent benchmark in Section 310(b)(4).²⁹ XO Communications and Verizon hereby certify that to the extent necessary post-acquisition, XO Communications will rely on the foreign ownership declaratory ruling previously issued by the Commission to Verizon and its licensee subsidiaries and affiliates. Verizon and XO Communications further certify that they are in compliance with the terms and conditions of that foreign ownership ruling and the Commission's rules.

B. Request for Approval of Additional Authorizations

The authorizations identified in the applications are intended to be a complete list that includes all of the licenses and authorizations held by XO Communications that are subject to the transaction. XO Communications, however, may now have on file, or may hereafter file, additional requests for authorizations for new or modified facilities related to the assets to be transferred to Verizon, which may be granted before the Commission takes action on the transfer of control applications. Accordingly, the Applicants request that any Commission approval of the applications filed include authority for Verizon to acquire control of the following:

²⁹ See *Petition for Declaratory Ruling Granted, Verizon Communications Inc. on Behalf of its Subsidiaries Holding FCC Common Carrier Radio Licenses Seeks Foreign Ownership Ruling Pursuant to Section 310(b)(4) of the Communications Act, as Amended*, Public Notice, 28 FCC Rcd 16432, DA 13-2323 (IB, Dec. 4, 2013).

- Any license or authorization issued to XO Communications during the Commission’s consideration of the applications and the period required for consummation of the transaction following approval;
- Any construction permits held by XO Communications that mature into licenses after closing; and
- Applications that are filed after the date of these applications and that are pending at the time of consummation.

Such authorization would be consistent with Commission precedent.³⁰ And the parties request that the Commission’s approval of the transaction include any facilities or authorizations that may have been inadvertently omitted.

C. Exemption from Cut-Off Rules

Pursuant to Sections 1.927(h), 1.929(a)(2) and 1.933(b) of the Commission’s rules,³¹ to the extent necessary,³² the Applicants request a blanket exemption from any applicable cut-off

³⁰ See *Qwest-CenturyLink Order*, 26 FCC Rcd at 4214-15 ¶ 46; *Frontier-Verizon Order*, 25 FCC Rcd at 5996 ¶ 64; *AT&T-Cingular Order*, 19 FCC Rcd at 21626 ¶ 275; *Application of WorldCom, Inc., and MCI Communications Corp. for Transfer of Control of MCI Communications Corp. to WorldCom, Inc.*, Memorandum Opinion and Order, 13 FCC Rcd 18025, 18153 ¶ 226 (1998); *NYNEX Corp. and Bell Atlantic Corp. for Consent to Transfer Control of NYNEX Corp. and Its Subsidiaries*, Memorandum Opinion and Order, 12 FCC Rcd 19985, 20097 ¶ 247 (1997); *Craig O. McCaw and Am. Tel. and Telegraph Co. for Consent to the Transfer of Control of McCaw Cellular Communications, Inc. and its Subsidiaries*, Memorandum Opinion and Order, 9 FCC Rcd 5836, 5909 ¶ 137 n.300 (1994) (“*McCaw-AT&T Order*”).

³¹ 47 C.F.R. §§ 1.927(h), 1.929(a)(2), and 1.933(b).

³² See *Sprint Nextel Corp. and Clearwire Corp. Applications for Consent to Transfer Control of Licenses, Leases, and Authorizations*, Memorandum Opinion and Order, 23 FCC Rcd 17570, 17611 ¶ 105 (2008) (“*Sprint-Clearwire Order*”). With respect to cut-off rules under Sections 1.927(h) and 1.929(a)(2), the Commission has previously found that the public notice announcing the transaction will provide adequate notice to the public with respect to the licenses involved, including for any license modifications pending. In such cases, it determined that a blanket exemption of the cut-off rules was unnecessary. See *Ameritech Corp. and GTE Consumer Services Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 15 FCC Rcd 6667, 6668 ¶ 2 n.6 (WTB 1999); *Comcast Cellular Holdings, Co. and SBC Communications, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 14 FCC Rcd 10604, 10605 ¶ 2 n.3 (WTB 1999).

rules in cases where Verizon files amendments to pending applications to reflect consummation of the proposed transfer of control. This exemption is requested so that amendments to pending applications to report the change in ultimate ownership of these licenses would not be treated as major amendments. The scope of the transaction demonstrates that the ownership change would not be made for the acquisition of any particular pending application, but as part of a larger transaction undertaken for an independent and legitimate business purpose. Grant of such application would be consistent with previous Commission decisions routinely granting a blanket exemption in cases involving similar transactions.³³

D. Ex Parte Status

The Applicants request that the Commission treat this proceeding as permit-but-disclose pursuant to Section 1.1206 of the Commission's rules.³⁴ The public interest in expeditiously considering these applications would be served by the flexibility permitted by permit-but-disclose procedures.³⁵

E. Trafficking

To the extent authorizations for unconstructed systems are covered by this transaction, these authorizations are merely incidental, with no separate payment being made for any

³³ See, e.g., *Sprint-Clearwire Order*, 23 FCC Rcd at 17611 ¶105; *AT&T-Cingular Order*, 19 FCC Rcd at 21626 ¶ 275; *PacifiCorp Holdings, Inc. and Century Tel. Enterprises, Inc. for Consent to Transfer Control of Pacific Telecom, Inc., a Subsidiary of PacifiCorp Holdings, Inc.*, Memorandum Opinion and Order, 13 FCC Rcd 8891, 8915-16 ¶ 47 (WTB 1997); *McCaw-AT&T Order*, 9 FCC Rcd 5909 ¶ 137 n.300.

³⁴ See 47 C.F.R. § 1.1206.

³⁵ Pursuant to Section 1.1200(a) of the Commission's rules, the Commission may adopt modified ex parte procedures in particular proceedings if the public interest so requires. See 47 C.F.R. § 1.1200(a).

individual authorization or facility. This transaction thus raises no trafficking issues, and there is no reason to review the transaction for trafficking.

F. Other Filings

In connection with this transaction, the parties are making filings or notifications with the Federal Trade Commission and U.S. Department Justice pursuant to the Hart-Scott-Rodino Antitrust Improvements Act, state public utility commissions, and local governments and municipalities as may be required.

VI. CONCLUSION

For the reasons above, the Applicants respectfully submit that the grant of these applications will serve the public interest, convenience, and necessity, and thus warrants prompt Commission approval.

ATTACHMENT 1

FCC Licenses

Licensee	Authorization Type	File Number/ Call Sign
XO Communications, LLC ¹	International Section 214 Authorization	ITC-214-20001117-00674
XO Communications, LLC	Domestic Section 214 Authorization	n/a
XO Communications Services, LLC	Domestic Section 214 Authorization	n/a
XO Virginia, LLC	Domestic Section 214 Authorization	n/a
Telecommunications of Nevada, LLC	Domestic Section 214 Authorization	n/a
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQHF652
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQHF654
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQIW461
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQIY218
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQIY286
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJA231
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJA670
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJB317
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJB353
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJB828
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJC631
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJC633
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJE654
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJG319
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJG320
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJH294
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJH458
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJH460
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJH461
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJH479

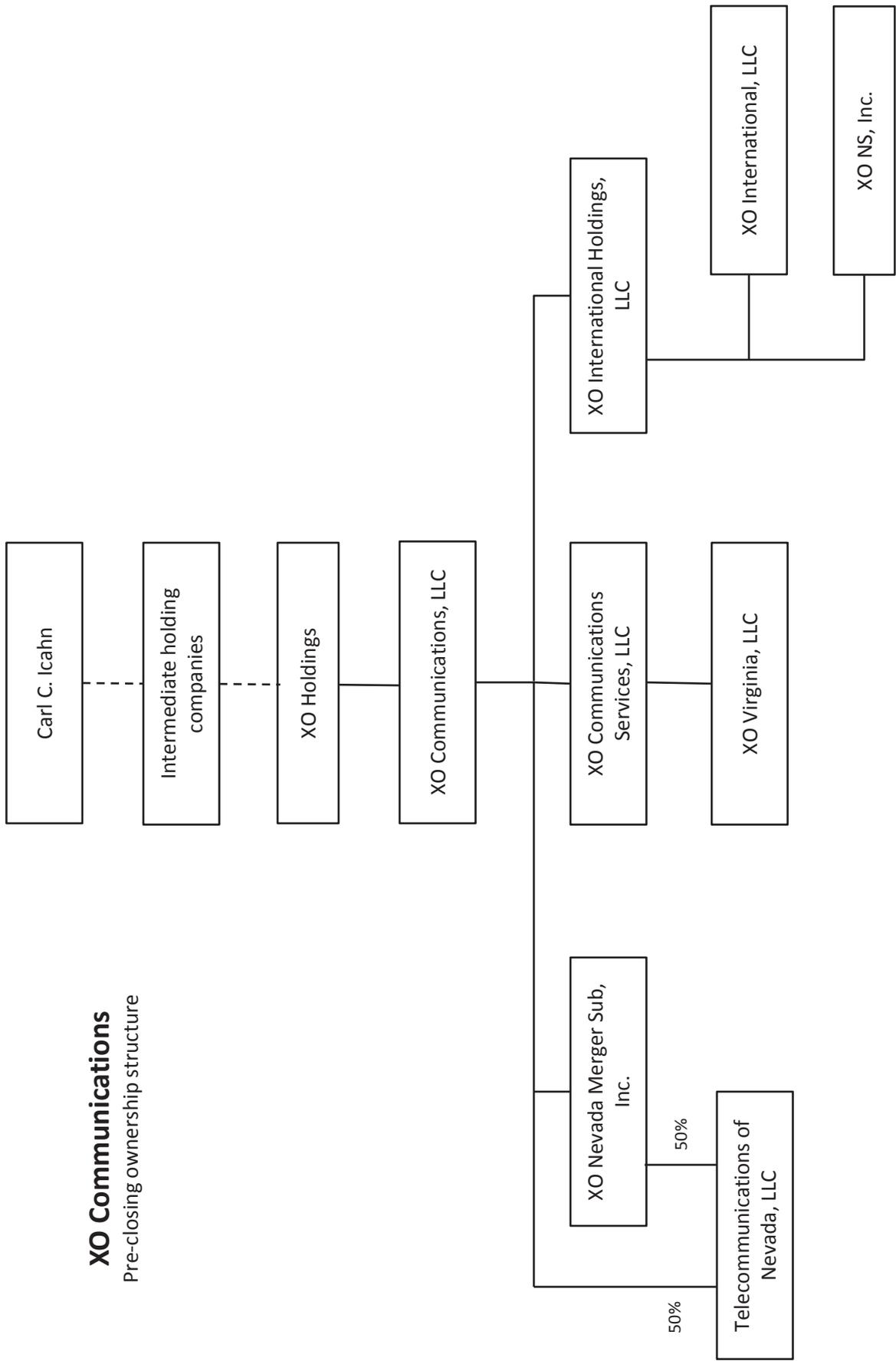
¹ Pursuant to Section 63.21(h) of the Commission's rules, the following wholly-owned operating subsidiaries of XO Communications, LLC operate under its international Section 214 authorization: (1) XO Communications Services, LLC, a Delaware limited liability company; (2) XO Virginia, LLC, a Washington limited liability company; (3) Telecommunications of Nevada, LLC, a Delaware limited liability company; (4) XO NS, Inc., a Canadian corporation; and (5) XO International, LLC, a Delaware limited liability company.

Licensee	Authorization Type	File Number/ Call Sign
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJH480
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJH481
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJL819
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJQ480
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQJX572
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQKE637
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQKG641
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQKS487
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQLN431
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQNC705
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQNM515
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQNN651
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQNZ642
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQNZ643
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQOK862
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQSV219
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQTV327
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQUR640
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQUR641
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQUU930
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQUU936
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQUU937
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQVW583
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQVW790
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQWN821
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQWP275
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQWR580
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQWT653
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQWT654
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQWT656
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQWT657
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQXC933
XO Communications, LLC	Common Carrier Fixed Point-to-Point Microwave	WQXC934
XO Communications, LLC	Millimeter Wave 70/80/90 GHz Service	WQUE520

ATTACHMENT 3

Current and Post-Closing Ownership Structure

XO Communications
Pre-closing ownership structure



*all ownership interests are 100% unless otherwise noted



Post-Closing Ownership Structure

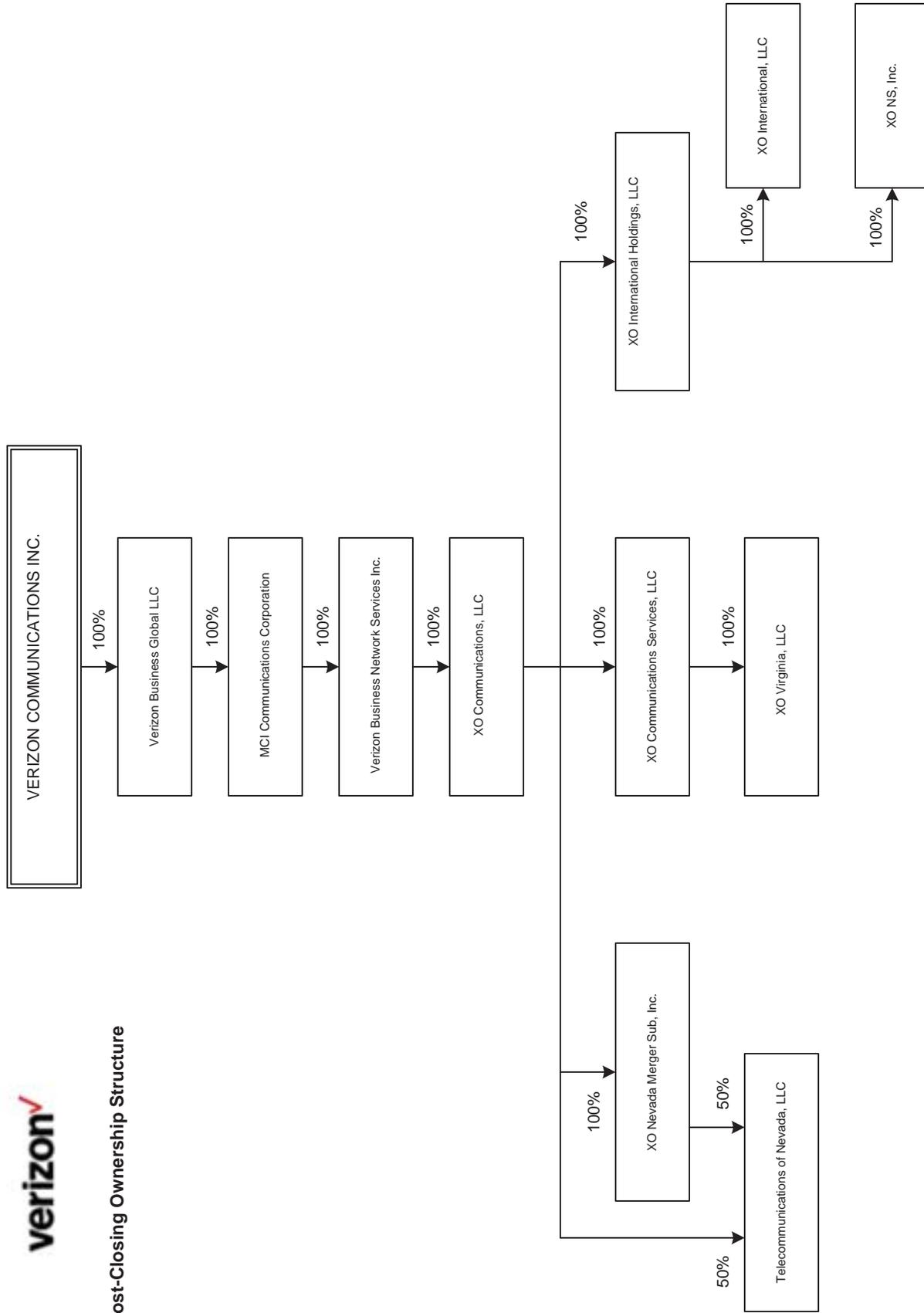


EXHIBIT 2
Foreign Carrier Affiliates

Name of affiliated foreign carrier:	Countries in which carrier is authorized to provide telecommunications services:
Verizon Albania ShPk	Albania
Verizon Argentina S.R.L.	Argentina
Verizon Australia Pty Limited	Australia
Verizon Austria GmbH	Austria
NV Verizon Belgium Luxembourg S.A.	Belgium, Luxembourg
Verizon Telecomunicações do Brasil Ltda	Brazil
Verizon Bulgaria EOOD	Bulgaria
Verizon Canada Ltd.	Canada
Verizon Chile S.A.	Chile
Verizon Colombia S.A.	Colombia
Verizon Czech s.r.o.	Czech Republic
Verizon Denmark A/S	Denmark
Verizon Finland Oy	Finland
Verizon France SAS	France
Verizon Deutschland GmbH	Germany
Verizon Hellas Telecommunications Single Member LLC	Greece
Verizon Hong Kong Limited	Hong Kong
Verizon Hungary Telecommunications LLC	Hungary
Verizon India Private Limited	India
Verizon Ireland Limited	Ireland
Verizon Italia S.p.A.	Italy
Verizon Japan Limited	Japan
Verizon Korea Limited	Korea
Verizon Servicios Empresariales Mexico, S de R. L. de C.V.	Mexico
Verizon Nederland BV	Netherlands
Verizon New Zealand Limited	New Zealand
Verizon Norway AS	Norway
Verizon Panama S.A.	Panama
Verizon Peru SRL	Peru
Verizon Polska Sp. Z.o.o.	Poland
Verizon Portugal Sociedade Unipessoal, LDA	Portugal
Verizon Romania SRL	Romania
Verizon Communications Singapore Pte. Ltd.	Singapore
Verizon Communications Slovakia s.r.o.	Slovakia
Verizon South Africa (Pty) Limited	South Africa
Verizon Spain S.L.	Spain
Verizon Sweden AB	Sweden
Verizon Switzerland AG	Switzerland
Verizon Taiwan Co. Limited	Taiwan (Chinese Taipei)
Verizon UK Limited	United Kingdom
Verizon Venezuela, S.A.	Venezuela
XO NS, Inc.	Canada
XO Asia Limited	Hong Kong
XO International, LLC	Ireland, Japan, Netherlands, Germany, Spain, Singapore