

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

_____)	
In re)	Chapter 11
)	
XO COMMUNICATIONS, INC.,)	Case No. 02-012947 (AJG)
)	
Debtor.)	
_____)	

**AFFIDAVIT OF BRAD E. MUTSCHELKNAUS
IN SUPPORT OF DEBTOR'S APPLICATION
TO EMPLOY KELLEY DRYE & WARREN LLP
AS TELECOMMUNICATIONS REGULATORY ATTORNEYS
IN THE ORDINARY COURSE OF BUSINESS**

CITY OF WASHINGTON)

: ss.:

DISTRICT OF COLUMBIA)

Brad E. Mutschelknaus, being duly sworn, deposes and says:

1. I am a member of the firm of Kelley Drye & Warren LLP ("KDW"), which maintains offices for the practice of law at 1200 19th Street, N.W., Suite 500, Washington, D.C. 20036, and am an attorney-at-law, duly admitted to practice in the District of Columbia.

2. KDW has agreed to represent the Debtor as special telecommunications regulatory counsel. In its capacity as special telecommunications regulatory counsel, KDW will advise the Debtor regarding rules, regulations and policies of the Federal Communications Commission ("FCC"), state regulatory commissions and municipal franchising authorities relating to its reorganization. KDW also will represent the Debtor in connection with obtaining FCC and state commission approval of the anticipated reorganization of the Debtor.

3. Except as disclosed herein, neither I, KDW, nor any member or associate thereof, insofar as I have been able to ascertain, has any connection with the above-captioned debtor and debtor in possession (the “Debtor”), its creditors or any other party in interest herein, or their respective attorneys, except that I, KDW, its members and associates have (a) appeared in the past and may appear in the future in cases where one or more of said parties may be involved; and (b) represented in the past and may represent in the future one or more of said parties, in the matters unrelated to this chapter 11 case and unrelated to the matters for which KDW is to be retained herein.

4. KDW has an ongoing attorney-client relationship with the following entities who may be secured lenders, major creditors or public bondholders of the Debtor.

a. KDW represents HSBC as indenture trustee of XO debt, and sits on the creditors committee in that capacity. KDW does not regard its representation of HSBC as adverse, because its role as special telecommunications regulatory counsel will be limited to obtaining regulatory approval of the Debtors plan of reorganization.

b. KDW represents Wells Fargo Bank, a creditor, in connection with an unrelated special tax project.

c. KDW represents Bank of America, NA, a secured lender, in connection with an unrelated special tax project.

d. KDW represents Bankers Trust Company, a secured lender, in connection with an unrelated special tax project.

- e. KDW represents Bear Stearns & Co., Inc., a secured lender, in connection with an unrelated special tax project.
- f. KDW represents Citicorp USA, Inc., a secured lender, in connection with an unrelated special tax project
- g. KDW represents CSFB Private Equity in connection with certain portfolio investments in companies other than XO or its affiliates.
- h. KDW represents Deutsche Bank, a secured lender, in connection with an unrelated special tax project.
- i. KDW represents Fortis Capital Corp., a secured lender, in connection with mortgage lending unrelated to XO.
- j. KDW represents General Electric Capital Corporation or certain of its affiliates, secured lenders, in connection with mortgage lending unrelated to XO, telecommunications regulatory work unrelated to XO, and asset purchases unrelated to XO.
- k. KDW represents Global Crossing, a secured lender, as special litigation counsel in matters unrelated to XO.
- l. KDW represents ING, a secured lender, in connection with mortgage lending unrelated to XO.
- m. KDW represents JP Morgan Chase Bank, a secured lender, in connection with an unrelated special tax project, and as counsel in litigation against several insurers, unrelated to XO.

n. KDW represents Lucent Technologies, a secured lender, as corporate counsel in several debt restructuring projects unrelated to XO.

o. KDW represents Metromedia Fiber Network, a secured lender, as special telecommunications regulatory counsel in connection with its own Chapter 11 bankruptcy proceeding.

p. KDW represents Guardian Life, a public bondholder, in connection with certain real estate lenders activities, unrelated to XO.

q. KDW is advising Nomura Corp., a public bondholder, regarding issues related to a deferred compensation plan.


5. The last payment received from Debtor was in the amount of \$154,210 and received on May 24, 2002. The Debtor has prepetition debt to KDW in an amount of approximately \$56,983. Post petition debt totals approximately \$35,728.

6. Subject to Court approval in accordance with section 330(a) of title 11, United States Code (the "Bankruptcy Code"), compensation will be payable to KDW on an hourly basis, plus reimbursement of actual, necessary expenses incurred by KDW. The current standard hourly rates of the attorneys and paralegals presently designated to represent the Debtor range from \$110 to \$450. The hourly rates are subject to periodic adjustments to reflect economic and other conditions. Other attorneys and paralegals may from time to time serve the Debtor in connection with this case. The hourly rates set forth above are KDW's standard hourly rates for work of this nature. These rates are set at a level designed to fairly compensate KDW for the services to be provided to the Debtor.

7. It is KDW's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, telephone and telecopier toll charges, mail and express mail charges, special or hand delivery charges, document processing, photocopying charges, travel expenses, expenses for "working meals", computerized research and transcription costs. KDW believes that it is fairer to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients.

8. KDW intends to apply for compensation for professional services rendered in connection with this case in accordance with the procedures established by the Order Authorizing the Employment of Professionals Utilized in the Ordinary Course of the Debtor's Business, dated June 18, 2002. No promises have been received by KDW or by any member or associate thereof as to compensation in connection with this case other than in accordance with the provisions of the Bankruptcy Code. KDW has no agreement with any other entity to share with such entity any compensation received by KDW.

9. Neither I, KDW, nor any member or associate thereof, insofar as I have been able to ascertain, represents any interest adverse to the Debtor or its estate in the matters upon which said law firm is to be engaged.


Brad E. Mutschelknaus
Partner
Kelley Drye & Warren LLP

Sworn to before me this
3rd day of July, 2002


Notary Public

MARY E. WITHEROW
Notary Public District of Columbia
My Commission Expires September 30, 2004