

Xanadoo Reports Third Quarter 2007 Results

Bala Cynwyd, Pennsylvania, November 28, 2007. Xanadoo Company (Pink Sheets: XAND) (together with its consolidated subsidiaries, the "Company") today announced its operating results for the quarter ended September 30, 2007.

Third quarter 2007 highlights:

- Total subscribers increased to approximately 13,600 at September 30, 2007.
- Third quarter revenue increased to \$1.2 million, 10% over second quarter 2007.

Xanadoo Company
Condensed Consolidated Balance Sheet

(In thousands)	(Unaudited) September 30, 2007	December 31, 2006
Current assets:		
Cash and cash equivalents	\$ 12,814	\$ 5,981
Short-term investments	17,195	2,644
Receivables, net	708	366
Other current assets	1,025	743
Current assets of discontinued operations	378	1,000
Total current assets	32,120	10,734
Property and equipment, net	12,739	10,513
Intangible assets, net	108,476	119,447
Assets held for sale, net	-	501
Other noncurrent assets	681	227
Noncurrent assets of discontinued operations	13	12,657
Total	\$ 154,029	\$ 154,079
Current liabilities:		
Accounts payable and other current liabilities	\$ 5,858	\$ 5,435
Current liabilities of discontinued operations	125	337
Total current liabilities	5,983	5,772
Long term debt (including warrant put right)	30,353	-
Other noncurrent liabilities	12	60
Noncurrent liabilities of discontinued operations	-	7,799
Total liabilities	36,348	13,631
Minority interest	2,912	2,912
Stockholders' equity	114,769	137,536
Total	\$ 154,029	\$ 154,079

Xanadoo Company
Condensed Consolidated Statement of Operations
(unaudited)

(In thousands)	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2007
Revenues from wireless high-speed Internet services	\$ 1,152	\$ 3,071
Operating expenses:		
Wireless high-speed Internet services:		
Direct operating expenses	1,178	3,831
Advertising and selling	605	1,892
General and administrative	1,975	6,350
Depreciation and amortization	621	1,760
Total wireless high-speed Internet services	<u>4,379</u>	<u>13,833</u>
Corporate and development	386	2,162
Corporate depreciation and amortization	3,662	10,986
Other operating expenses	97	435
Total operating expenses	<u>8,524</u>	<u>27,416</u>
Loss from operations	(7,372)	(24,345)
Interest expense	(1,216)	(1,797)
Interest income	391	675
Other nonoperating income	469	1,231
Loss before income taxes, and discontinued operations	<u>(7,728)</u>	<u>(24,236)</u>
Income tax expense	-	-
Loss before discontinued operations	<u>(7,728)</u>	<u>(24,236)</u>
Discontinued operations:		
Income (loss) from discontinued operations	(174)	522
Net income (loss)	<u>\$ (7,902)</u>	<u>\$ (23,714)</u>

Xanadoo Company
Condensed Consolidated Cash Flow Statement
(unaudited)

(In thousands)	Nine Months Ended September 30, 2007
Cash flows from operating activities:	
Net loss	\$ (23,714)
Less: Income from discontinued operations	(522)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	12,747
Non-cash incentive compensation	1,375
Other	(702)
Net cash used in continuing operating activities	<u>(10,816)</u>
Cash flows from investing activities:	
Capital expenditures	(3,716)
Purchases of intangible assets	(282)
Other assets (purchased) distributions received, net	(14,053)
Net cash used in investing activities	<u>(18,051)</u>
Cash flows from financing activities:	
Long-term debt borrowings	30,353
Common stock repurchased	(428)
Net cash provided by financing activities	<u>29,925</u>
Cash flows of discontinued operations:	
Operating activities	218
Investing activities	13,458
Financing activities	(7,901)
Net cash provided by discontinued operations	<u>5,775</u>
Net increase in cash and cash equivalents	6,833
Cash and cash equivalents, beginning of year	5,981
Cash and cash equivalents, September 30, 2007	<u>\$ 12,814</u>
Supplemental Cash Flow Disclosures:	
Cash paid for interest	\$ 612

About Xanadoo:

Xanadoo Company provides wireless broadband services to residential and enterprise customers in Texas and Oklahoma under the brand name “Xanadoo Wireless High-Speed Internet”. Xanadoo is commercializing WiMAX wireless technology over 2.5 GHz licensed frequencies. WiMAX, also known as 802.16e, is a “fourth generation” (4G) wireless technology standard that offers users speeds comparable to wireline technologies like cable and DSL with the mobility of traditional cellular voice services. Xanadoo has rights to 2.5 GHz licenses covering approximately 8 million people in Texas, Arkansas, Illinois, Kansas, Minnesota, Missouri, Nebraska, Oklahoma and West Virginia. Xanadoo is also a licensee of 700 MHz spectrum covering approximately 156 million people in major markets such as New York, Boston, Philadelphia, Pittsburgh, Cleveland, Detroit, Chicago, Miami, Tampa, San Francisco, Sacramento, Portland and Seattle. Xanadoo expects that 4G wireless technologies will also be deployed in the 700 MHz frequency band.

Forward Looking Statements

The financial information included in this press release relates to Xanadoo Company and/or its consolidated subsidiaries. Some of the information may include forward looking statements (as

such term is defined in the Private Securities Litigation Reform Act of 1995) and may be based on the beliefs of our management, as well as assumptions made by and information currently available to our management.

These statements may differ materially from actual future events or results. When used, the words "estimate," "project," "believe," "anticipate," "hope," "intend," "expect," and similar expressions are intended to identify forward looking statements, although not all forward looking statements contain these identifying words. Any statement that is not a historical fact, including estimates, projections, future trends and the outcome of events that have not yet occurred, is a forward looking statement. Such statements reflect our current views with respect to future events and are subject to unknown risks, uncertainties, and other factors that may cause actual results to differ from those contained in the forward looking statements.

Although it is not possible to create a comprehensive list of all factors that may cause actual results to differ from our forward looking statements, such factors include, but are not limited to, the following: general economic and business conditions, both nationally, internationally, and in the regions in which we operate; catastrophic events, including acts of terrorism; existing government regulations, and changes in, or the failure to comply with, government regulations, including rules that affect our 700 MHz and 2.5MHz licenses and license rights; competition, changes in business strategy or development plans; the cost of pursuing new business initiatives; an expansion of land based communications systems; technological developments and difficulties; an inability to obtain intellectual property licenses and to avoid committing intellectual property infringement; the ability to attract and retain qualified personnel; the availability and terms of capital to fund the expansion of our businesses; and other factors that would be relevant based upon our assets, the size of our business and the nature of our business. Readers of the documents posted herein are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date of the document. We do not undertake any obligation to publicly release any revisions to these forward looking statements to reflect events or circumstances after the date of a particular document or to reflect the occurrence of unanticipated events.

To the extent that any financial statements posted herein consists of unaudited interim financial statements, the unaudited financial statements were or are subject to normal and recurring period-end adjustments.

As a result of Xanadoo Company's January 2, 2007 one for one hundred share reverse stock split, Xanadoo Company's obligations to file periodic reports, such as quarterly and annual reports, and to make other filings with the Securities and Exchange Commission (the "SEC") are suspended. The financial information contained herein consists of financial statements and not the type of information that would normally be contained within periodic reports filed with the SEC. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP); however, footnote disclosures, which are an integral part of the preparation of financial statements under GAAP, are not provided on a quarterly basis, but are provided as part of the audited year-end financial statements. Xanadoo Company's accounting policies are described in Footnote 3 (Summary of Significant Accounting Policies) of Xanadoo Company's Consolidated Financial Statements for the years ended December 31, 2006 and 2005, WHICH CAN BE FOUND IN THE "INVESTOR RELATIONS" SECTION OF OUR WEBSITE, WWW.XANADOO.COM. The financial statements contained herein are subject to such accounting principles.