

**REDACTED - CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE**

THIS CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE (this “Agreement”) is made and entered into as of January \_\_, 2013 (the “Effective Date”), by and between the affiliated local exchange carriers and interexchange carriers identified in Exhibit 1 hereto, including but not limited to Qwest Corporation d/b/a CenturyLink QC (“QC”) and Qwest Communications Company, LLC d/b/a CenturyLink QCC (“QCC”) (individually and collectively, “CenturyLink”), and Level 3 Communications, LLC, on behalf of itself and its affiliates as identified in Exhibit 2 hereto (individually and collectively, “Level 3”) (CenturyLink and Level 3, each individually, a “Party” and, collectively, the “Parties”).

WHEREAS, Level 3 has contended that CenturyLink owes it reciprocal compensation on non-local traffic bound to its Internet Service Provider (“ISP”) customers originated from CenturyLink subscribers and that it may be entitled to refunds of facilities payments made to CenturyLink based on what Level 3 has claimed are relative use factors (“RUFs”) that are inconsistent with applicable law. CenturyLink, for its part, has alleged that Level 3 is not entitled to receive any compensation for this traffic and instead may owe CenturyLink access charges on such traffic (the “VNXX Disputes”); and

WHEREAS, Level 3 and QC are parties to administrative proceedings regarding the VNXX Dispute in the State of Washington – (*Level 3 Communications, LLC v. Qwest Corp.*, WUTC Docket No. UT-053039, and Docket No. UT-063038, Federal Court Case No. C08-5563RBL; State Court Case No. 08-2-02130-8;) (collectively,) (the “Washington VNXX Cases”)); Arizona (*Level 3 Communications, LLC vs. Qwest Corp.*, ACC Dkt. No. T-03654A-05-0415/T-01051B-05-0415 (the “Arizona VNXX Case”)); and Oregon (Oregon Public Utility Commission IC 15) (the “Oregon VNXX Case”)); and

WHEREAS, [REDACTED];

WHEREAS, [REDACTED]; and

WHEREAS, [REDACTED]

[REDACTED]

WHEREAS, [REDACTED]

[REDACTED]; and

WHEREAS, [REDACTED]

[REDACTED]; and

WHEREAS, after extensive discussions and negotiations concerning the specific facts and circumstances at issue between the Parties, and mindful of the fact that litigation is costly, time consuming and fraught with uncertainty, the Parties have determined that they wish to resolve certain disputes voluntarily through a confidential settlement without the need for further litigation;

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, each on its own behalf and on behalf of its respective successors and assigns, hereby agree as follows:

1. Settlement Payments and Credits.

A. [REDACTED]

[REDACTED]

[REDACTED]

B. [REDACTED]

[REDACTED]

[REDACTED]

C. [REDACTED]

2. Dismissal of Administrative and Judicial Proceedings.

Not later than five (5) business days after the Effective Date, the Parties shall file or cause to be filed with the relevant administrative and judicial authorities Stipulations of Dismissal of the Washington VNXX Cases, the Arizona VNXX Case and the Oregon VNXX Case. The Stipulations shall provide that the cases shall be dismissed with prejudice and without costs to either Party. The Party shall use all reasonable efforts to secure dismissal of the cases on the terms provided in this paragraph 2. The parties expressly acknowledge that Washington has administrative rule requirements and procedures that may require the filing of the settlement agreement, a settlement narrative, and other items as set forth in WAC 480-07-730 through WAC 480-07-750, and agree to follow those requirements as necessary to secure dismissal. In addition, the Parties will, if requested by the Arizona Corporation Commission (“ACC”), the administrative law judge in the Arizona VNXX Case or the ACC staff, file the Agreement. The Parties will make those filings under any applicable protective orders in those cases or otherwise under procedures to file them under seal, and will seek to retain the confidentiality of the terms that are unrelated to the regulatory litigation.

3. Releases. The Parties hereby release each other as follows:

A. Upon the later to occur of: (i) [REDACTED]; and (ii) and the dismissal of the actions as provided for in Paragraph 2 hereof., Level 3 shall, with no further action necessary by either Party, irrevocably remise, release and forever discharge CenturyLink of and from any and all manner of claims, demands, rights, liabilities, damages, potential actions, actions, causes of action, suits, agreements, judgments, decrees and controversies of any kind and nature whatsoever, at law, in equity, or otherwise, whether known or unknown, which have arisen or might arise, out of [REDACTED], the Washington VNXX Cases, the Arizona VNXX Case, the Oregon VNXX Case (such claims, demands, rights, liabilities, damages, potential actions, actions, causes of action, suits, agreements, judgments, decrees and controversies, the “Level 3 Claims”) from the beginning of time through and including the Effective Date.

B. Upon the later to occur of: (i) [REDACTED]



The Parties acknowledge that the foregoing waivers were bargained for separately. The Parties also expressly (i) waive their rights to rescind any of the foregoing releases and (ii) acknowledge that each of the foregoing releases and waivers is an independent covenant, the consideration for which is the giving of the other releases and waivers.

5. Exclusion from Releases and Waivers of After-Discovered Claims.

[REDACTED]

6. Discrimination Dispute

[REDACTED]

7. VOIP Factors.

[REDACTED]

8. Undertakings of the Parties.

A. The Parties shall undertake good faith negotiations to resolve [REDACTED] within ninety (90) days of the Effective Date, including agreement upon RUF Factors that shall apply effective December 1, 2012.

B. The Parties shall amend their Interconnection Agreements to effectuate the appropriate billing consistent with resolution of the Usage Disputes and existing law. For the purpose of avoiding doubt at a later time, that the Parties understand and agree that such amendments will: (i) include the exchange of non-local ISP-bound traffic on a bill and keep basis in all agreements other than the QC Level 3 agreements in Arizona and Oregon, where the

existing interconnection agreement language will continue to remain in place; (ii) not include any provisions requiring access charges be paid for non-local ISP-bound traffic; and (iii) have an Effective Date of December 1, 2012. In addition, the Parties further understand and agree that QC's existing RUF methodology is appropriate and does not require change and that QC's methodology for implementing the facilities charges contained in the QC and Level 3 interconnection agreement in Oregon are correct. Further, the Parties understand and agree that the QC and Level 3 interconnection agreement in Washington will be amended to include a mutually agreed upon facility billing methodology. The parties further acknowledge and agree that negotiations for the amendments provided for in this paragraph 8.B will all be completed and such amendments shall be executed and filed with the relevant state regulatory authorities no less than one hundred twenty (120) days from the Effective Date. The parties further agree to provide for credits necessary to make the effective billing dates of the amendments consistent with December 1, 2012.

C. 

9. No Admission.

Nothing in this Agreement shall constitute, or be considered as, an admission of liability or wrongdoing by CenturyLink or Level 3, or any agreement by CenturyLink or Level 3 as to the validity of any of the positions advanced by the other in connection with or relating to the CenturyLink Claims or the Level 3 Claims. Neither this Agreement nor any part of it may be used in any way against CenturyLink or Level 3 in any legal, equitable, or administrative action or arbitration except in an action to enforce, or to seek damages for the breach of, this Agreement.

10. Additional Representations and Warranties.

Each of CenturyLink and Level 3, respectively, represents and warrants that:

A. it is a corporation or limited liability company, as applicable, validly existing and in good standing, and it has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

B. the execution, delivery and performance of this Agreement will not result in any violation of or be in conflict with its charter or by-laws or any agreement, order, judgment, decree, statute, rule or regulation applicable to it; and

C. this Agreement is a valid and binding agreement upon it.

D. as of the Effective Date, it has received independent legal advice from its own counsel with respect to the advisability of executing this Agreement and, except for the provisions hereof, no statement or representation has been made by the other Party or the other Party's attorney regarding any fact that has been relied upon by it or its attorney in entering into this Settlement Agreement, nor does it or its attorney rely upon any statement, representation or promise of the other Party (except as set forth herein) or the other Party's attorney in executing this Agreement or in making the settlement provided for herein.

11. Costs and Expenses.

The Parties understand and agree that each will bear, and be responsible for the payment of, its costs and expenses incurred in connection with the negotiation, preparation, execution, and implementation of this Agreement.

12. Entire Agreement.

Except for matters addressed by the Confidential Discrimination Settlement Agreement, this Agreement represents the entire agreement between the Parties relating to the subject matter hereof and supersedes any other oral or written agreements and understandings relating thereto.

13. Specific Performance.

The Parties recognize that in the event any Party hereto shall refuse to perform its obligations under this Agreement or under the Unfiled Agreements Agreement, monetary damages will not be adequate. The performing Parties shall therefore be entitled, in addition to any other remedies which may be available, to obtain specific performance of the terms of this Agreement by each non-performing Party. In the event of any action to enforce this Agreement, the non-performing Party hereby waives the defense that there is an adequate remedy at law. In the event a dispute arises as to the Parties' rights and obligations under this Agreement, the Party who substantially prevails in such dispute shall be entitled to be paid immediately by the non-prevailing Party the reasonable attorneys' fees and costs incurred by the prevailing Party in connection with the adjudication or other resolution of such dispute.

14. Amendments and Waivers.

A. No modification, amendment or waiver of any of the terms or provisions of this Agreement shall bind either Party unless such modification, amendment or waiver is in writing and has been executed by a duly authorized representative of the Party against whom such modification, amendment or waiver is sought to be enforced.

B. No delay or omission by either Party in exercising any right or power occurring upon any noncompliance or default by the other Party with respect to any of the terms and provisions of this Agreement will impair any such right or power or be construed to be a waiver thereof. A waiver by either of the Parties of any of the covenants, conditions or agreements to be by the other will not be construed to be a waiver of any succeeding breach thereof or of any other

covenant, condition or agreement contained in this Agreement.

15. Notices.

All notices, requests or other communications in connection with or relating to this Agreement must be in writing and sent by (a) certified mail, with return receipt requested, or (b) Federal Express or other reputable overnight service. A notice shall be deemed to have been delivered on the date that it was received.

Level 3 will send all notices under this Agreement to:

Michael Hunsucker  
Vice President – CLEC Services and Support  
CenturyLink  
100 CenturyLink Drive  
Monroe, Louisiana 71201

with a copy to:

Wholesale Interconnection Attorney  
CenturyLink Wholesale and Network Legal Support Group  
Suite 900  
1801 California Street  
Denver, Colorado 80202

CenturyLink will send all notices under this Agreement to:

Andrea Pierantozzi  
Vice President -- Interconnection  
Level 3 Communications, LLC  
1025 Eldorado Boulevard  
Broomfield, CO 80021

with a copy to:

Michael J. Shortley, III  
Vice President - Legal  
Level 3 Communications, LLC  
225 Kenneth Drive  
Rochester, NY 14623

A Party may, by written notice, designate a different address for notices, requests or other communications or different or additional persons to be notified or to receive requests or other communications.



16. Choice of Law.

This Agreement shall be construed according to and governed by the substantive laws of the State of New York, excluding its conflicts of laws principles to the extent such principles would lead to application of a substantive law other than the law of the State of New York. Solely for purposes of any proceeding brought by a Party to enforce the terms of this Agreement, each Party agrees to the jurisdiction of, and that venue is proper in, state or federal courts located in Monroe County, New York.

17. Binding Effect.

This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors and assigns.

18. Confidentiality.

Neither this Agreement nor its terms and provisions shall be disclosed by either Party to any person or entity who is not a party to this Agreement. Notwithstanding the foregoing sentence, this Section 18 shall not preclude either Party from disclosing this Agreement or its terms and provisions: (a) to the employees, accountants and attorneys of a Party who have a need to know such information, provided that each such recipient agrees in advance to abide by the terms of this Section 18; (b) for the limited purpose of enforcing the terms of the Agreement or resolving a dispute arising under the terms of this Agreement; or (c) as may be required by applicable law or regulation or by order of a governmental body of competent jurisdiction; provided that, prior to any such disclosure under this subsection (c), (i) the disclosing Party shall promptly notify the other Party in writing prior to making such disclosure (or, if such notification is not possible, then promptly following such disclosure) to afford the non-disclosing Party an opportunity to seek a protective order or other appropriate remedy to prevent public disclosure, (ii) the disclosing Party shall cooperate with the non-disclosing Party in seeking to obtain such an order or other remedy, and (iii) if the non-disclosing Party is not successful in obtaining such protective order or other remedy preventing or limiting the required disclosure, the disclosing Party shall disclose this Agreement or its terms and provisions only to the minimum extent required by such law, regulation or order

19. Counterparts.

This Agreement may be executed in one or more counterparts, and each of which when so executed and delivered shall be an original and all of which together shall constitute one and the same instrument.

20. No Third-Party Beneficiaries.

Nothing in this Agreement shall be deemed to create a third-party beneficiary relationship between CenturyLink and any customer of Level 3 or any other person or entity or between Level 3 and any customer of CenturyLink or any other person or entity.

21. Joint Work Product.

The Parties acknowledge that this Agreement is the joint work product of the Parties, that, for convenience, this Agreement has been drafted in final form by CenturyLink and that, accordingly, in the event of ambiguities in this Agreement, no inferences shall be drawn against either Party on the basis of authorship of this Agreement.

22. Captions.

The Parties acknowledge that the captions in this Agreement have been inserted solely for convenience of reference and in no way define or limit the scope or substance of any provision of this Agreement.

23. Communications Act.

This Agreement does not constitute an “agreement” under Section 252(a)(1) of the Communications Act of 1934, 47 U.S.C. §151 *et seq.*, as amended (the “Communications Act”). This Agreement is not subject to any approval under Section 252 of the Communications Act by the FCC or any state commission (including the District of Columbia Commission) and is not subject to Section 252(i) of the Communications Act or any regulations promulgated under the Communications Act by the FCC or any state commission not otherwise identified within this Agreement (including the District of Columbia Commission).

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the Effective Date.

**Level 3 Communications, LLC, on Behalf of CenturyLink  
the Entities Listed on  
Exhibit 2**

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## **Exhibit 1**

### **CenturyLink Companies**

Qwest Corporation  
Qwest Communications Co., LLC  
CenturyTel of Central Louisiana, LLC  
CenturyTel of North Mississippi, Inc.  
CenturyTel of Northwest Louisiana, Inc.  
CenturyTel of Wisconsin, LLC  
CenturyTel of Adamsville, Inc.  
CenturyTel of Central Wisconsin, LLC  
Spectra Communications Group, LLC  
Telephone USA of Wisconsin, LLC  
CenturyTel of Monroe County, LLC  
CenturyTel of Northern Wisconsin, LLC  
CenturyTel of Ohio, Inc.  
CenturyTel of San Marcos, Inc.  
CenturyTel of Eagle, Inc.  
CenturyTel of the Midwest-Wisconsin, LLC  
CenturyTel of the Midwest-Kendall, LLC  
CenturyTel of Minnesota, Inc.  
CenturyTel of Alabama, LLC  
CenturyTel of Missouri, LLC  
Gallatin River Communications, LLC  
Gulf Telephone Company  
Coastal Utilities, Inc.  
Mehtel, Inc.  
United Telephone Company of Ohio  
The United Telephone Company of Pennsylvania LLC  
United Telephone Company of New Jersey, Inc.  
Central Telephone Company of Virginia  
Carolina Telephone and Telegraph Company LLC  
United Telephone Company of the Carolinas LLC  
Embarq Florida, Inc.  
United Telephone Southeast LLC  
United Telephone Company of Indiana, Inc.  
Embarq Minnesota, Inc.  
United Telephone Company of Kansas  
Central Telephone Company of Texas  
United Telephone Company of Texas, Inc.  
United Telephone Company of Kansas  
United Telephone Company of the West  
United Telephone Company of the Northwest  
Central Telephone Company

**Exhibit 2**  
**Level 3 Companies**

Level 3 Communications, LLC  
TelCove Operations, LLC  
WiTel Communications, LLC  
Broadwing Communications, LLC  
Global Crossing Telecommunications, Inc.  
Global Crossing Local Services, Inc.

**Exhibits 3, 4 and 5 – redacted in their entirety.**