

May 19, 2011

**Via Email and Overnight Courier**

David Danner, Executive Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive, S.W.  
Olympia, WA 98504  
records@wutc.wa.gov

**Re: Notice of Transaction Involving Level 3 Communications, Inc., Global Crossing North America, Inc., Global Crossing Telecommunications, Inc. and Global Crossing Local Services, Inc.**

Dear Mr. Danner:

Level 3 Communications, Inc. ("Level 3"), Global Crossing North America, Inc. ("Global Crossing"), Global Crossing Telecommunications, Inc. ("GC Telecommunications") and Global Crossing Local Services, Inc. ("GC Local") (collectively, the "Parties"), through undersigned counsel, hereby notify the Washington Utilities and Transportation Commission ("Commission") that the Parties plan to consummate a transaction whereby Level 3 will acquire indirect control of GC Telecommunications and GC Local (together, the "GC Companies"). As a part of that transaction, an indirect minority ownership interest in Level 3's indirect subsidiaries will be transferred.<sup>1</sup>

It is the Parties' understanding that Commission approval is not required to complete the transactions described herein. Accordingly, the Parties submit this letter for informational purposes only to ensure the continuing accuracy of the Commission's records.

In support of this filing, the Parties state:

**I. DESCRIPTION OF THE PARTIES**

**A. Level 3**

Level 3 is a publicly traded (NASDAQ: LVLT) Delaware corporation with principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021. Apollo

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<sup>1</sup> Level 3's indirect subsidiaries include Level 3 Communications, LLC ("Level 3 LLC"), Broadwing Communications, LLC ("Broadwing"), WilTel Communications, LLC ("WilTel" and collectively with Level 3 LLC and Broadwing, the "Level 3 Companies").

Boston  
Frankfurt  
Hartford  
Hong Kong  
London  
Los Angeles  
New York  
Orange County  
San Francisco  
Santa Monica  
Silicon Valley  
Tokyo  
Washington

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David Danner, Executive Secretary  
May 19, 2011  
Page 2

Amalgamation Sub, Ltd. ("Apollo Sub"), a Bermuda exempted limited liability company and wholly owned subsidiary of Level 3, was recently formed for the purpose of accomplishing the proposed transaction. Level 3 provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network through its wholly owned indirect subsidiaries, the Level 3 Companies. The Level 3 Companies are non-dominant carriers that are authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration or tariff requirements, or on a deregulated basis. The Level 3 Companies are also authorized by the Federal Communications Commission ("FCC") to provide international and domestic interstate services as non-dominant carriers.

In Washington, Level 3 LLC is authorized to provide intraexchange and interexchange telecommunications services pursuant to authority granted by the Commission in Docket Nos. UT-980491 and UT-900491 on April 22, 1998 and Docket No. UT-980578 on October 14, 1998. Broadwing is authorized to provide local exchange and interexchange telecommunications services pursuant to registration with the Commission. WilTel is authorized to provide local exchange and interexchange telecommunications services and debit services pursuant to authority granted by the Commission in Docket No. UT-990235, March 24, 1999, as amended in Docket Nos. UT-010068 and UT-010069 on January 18, 2001, Docket No. UT-021528 on November 18, 2002 and Docket Nos. UT-042248 and UT-042249 on December 29, 2004.

Level 3 has the technical, managerial, and financial qualifications to acquire control of the GC Companies. Level 3, through its operating subsidiaries, is a leading global communications company, operating one of the world's newest and most advanced telecommunications platforms. The Level 3 network spans over 27,000 route miles and delivers services to customers in major markets across the United States and Europe. It serves a substantial number of the world's largest and most sophisticated communications companies, including interexchange carriers, local phone companies, European PTTs, cable operators, ISPs, wireless companies, and Internet content providers. In 2010, Level 3 had worldwide communications revenues of \$3.591 billion and total revenues of \$3.651 billion. In addition, Level 3 is operated by a highly qualified management team, all of whom have extensive backgrounds in telecommunications. Information concerning the legal, technical, managerial and financial qualifications of Level 3 was submitted with the various applications filed with the Commission, and is, therefore, already a matter of record.

## **B. Global Crossing and the GC Companies**

Global Crossing, a New York corporation, is headquartered at 225 Kenneth Drive, Rochester, New York 14623. Global Crossing's indirect operating subsidiaries, the GC Companies, together with its other U.S. and international affiliates, provide telecommunications solutions over the world's first integrated global IP-based network. Its core network connects more than 300 major cities in thirty countries worldwide, and delivers services to more than 600 cities in sixty countries and six continents around the

David Danner, Executive Secretary  
May 19, 2011  
Page 3

globe. The GC Companies and their affiliates offer a full range of managed data and voice products to enterprise customers, carriers, mobile operators and ISPs.

The GC Companies are Michigan corporations and wholly owned indirect subsidiaries of Global Crossing. The GC Companies are authorized to provide telecommunications services as competitive, nondominant carriers pursuant to certification, registration or tariff requirements, or on a deregulated basis in all fifty states and the District of Columbia. The GC Companies operate as nondominant domestic interstate telecommunications carriers under the FCC's blanket authority. GC Telecommunications also operates as an international telecommunications carrier through FCC authority held by Global Crossing. In Washington, GC Telecommunications is authorized to provide intrastate telecommunications services pursuant to authority granted by the Commission in Docket No. U-85-75 on March 25, 1986. GC Local is authorized to provide intrastate telecommunications services pursuant to authority granted by the Commission in Docket Nos. UT-970788 and UT-970789 on October 8, 1997.

## **II. CONTACT INFORMATION**

For the purposes of this filing, contacts for the Parties are as follows:

For Level 3:

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Bingham McCutchen LLP  
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and:

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and:

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Vice President Regulatory Affairs  
Global Crossing  
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Florham Park, NJ 07932-0680  
Tel: (973) 937-0243  
Fax: (973) 360-0694

### **III. TRANSFER OF CONTROL AND RELATED TRANSACTIONS**

On April 11, 2011, Level 3, Apollo Sub, and Global Crossing's indirect parent company, Global Crossing Limited ("GCL"), entered into an Agreement and Plan of Amalgamation (the "Agreement") whereby Apollo Sub and GCL will be amalgamated under Bermuda Law, which is essentially the same type of transaction as a merger under U.S. law. Pursuant to the Agreement, each issued and outstanding common share and convertible preferred stock of GCL (other than any shares owned by Level 3, GCL, or their respective subsidiaries and any dissenting shares) will be exchanged for shares of common stock of Level 3. In total, Level 3 currently expects to issue approximately 1.3 billion shares. Following the transaction between GCL and Apollo Sub, the separate corporate existence of Apollo Sub and GCL will cease, and the combined company, renamed Level 3 GC Limited, will exist as a wholly owned subsidiary of Level 3 Financing and ultimately a wholly owned subsidiary of Level 3 LLC.<sup>2</sup> As a result of the transaction, Level 3 will indirectly control the GC Companies.

In addition, as a result of the exchange of shares in connection with the merger, STT Crossing Ltd, a current direct shareholder in GCL and an indirect shareholder in Global Crossing and the GC Companies, will obtain a minority interest of approximately 24% in Level 3, and indirectly in the Level 3 Companies, at closing.<sup>3</sup> In addition, Southeastern Asset Management, Inc., which is currently the largest Level 3 stockholder with an approximate 30% beneficial ownership interest, will beneficially own approximately 15% of Level 3. Other than STT Crossing Ltd and Southeastern Asset Management, Inc., no other individual or entity is expected to hold 10% or more of Level 3. The majority of the Level 3 stock will continue to be held by current investors.

Following consummation of the transaction, the GC Companies will continue to operate their facilities and provide service to their customers at the same rates, terms, and conditions, ensuring a seamless transition of ownership. For the Commission's convenience, pre- and post-transaction organizational charts are provided as Exhibit A. A copy of the Agreement is included in the SEC Form 8-K filed by Level 3 and is available at <http://lvl.client.shareholder.com/sec.cfm>.

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<sup>2</sup> Immediately following the merger, Level 3 GC Limited will be a direct subsidiary of Level 3 Financing. Thereafter, Level 3 expects to complete a *pro forma* intracorporate transaction whereby Level 3 GC Limited will become a direct subsidiary of Level 3 LLC.

<sup>3</sup> Pursuant to a separate stockholder rights agreement, any future share acquisitions by STT Crossing Ltd would be subject to a limitation on its interest in Level 3 of 34.5%.

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

The Parties submit that the transactions described herein will serve the public interest. The Parties expect that the merger will enable the combined entity to better meet the local, national and global needs of enterprises, wholesale buyers, and other customers. The transaction will bring together two successful carrier organizations that have proven themselves in a highly competitive marketplace. The transaction will help create a stronger competitor by bringing together each organization's respective strengths. Operation as an integrated company will allow each of the operating companies to be more competitive and to deliver greater value and variety of services to their customers than they do individually.

Moreover, the transaction will be conducted in a manner that will be largely transparent to customers of the Level 3 Companies and the GC Companies. The transaction will not result in a change of carrier for customers or any assignment of authorizations, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers. Following consummation of the transaction, the Level 3 Companies and the GC Companies will continue to provide high-quality communications services to their customers without interruption and without immediate change in rates, terms or conditions.

For various important business, tax and financial reasons, the Parties require that the transaction be closed as quickly as possible. Delay in the regulatory process – and thus in the ability of the Parties to move forward promptly with the integration process – risks creating uncertainty and competitive harm. In particular, the competitive telecommunications marketplace continues to be a very challenging business environment. The proposed transaction is aimed at strengthening the competitive position of the combined entities and, therefore, delay in the regulatory approval process prevents the parties from realizing the economic benefits of integration of the carriers' networks or offering the expanded combined network footprint to customers as quickly as the parties otherwise could. As stated above, it is the Parties' understanding that Commission approval is not required to complete the transactions described herein. If the Commission believes that any additional information or actions are required, the Parties urge it to address such concerns expeditiously.

David Danner, Executive Secretary  
May 19, 2011  
Page 6

**V. CONCLUSION**

For the reasons stated above, the Parties respectfully submit that the public interest, convenience, and necessity would be furthered by the transfer of control and related transactions.

An original and one (1) copy of this letter are enclosed for filing. Please date-stamp the extra copy and return it in the envelope provided. This notification has also been filed via email. If there are any questions regarding this matter, please feel free to contact the undersigned.

Respectfully submitted,



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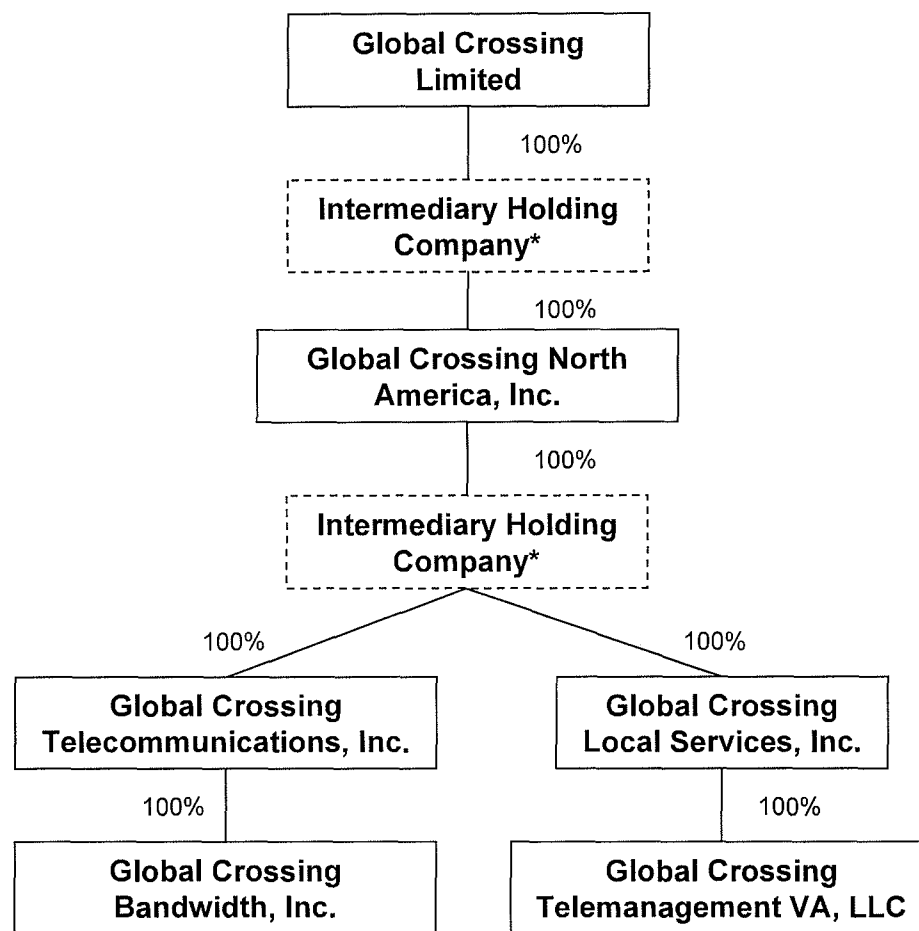
Counsel for Level 3 Communications, Inc.

Counsel for Global Crossing North America, Inc., Global Crossing Telecommunications, Inc., and Global Crossing Local Services, Inc.

**EXHIBIT A**

**Pre- and Post-Transaction Organizational Charts**

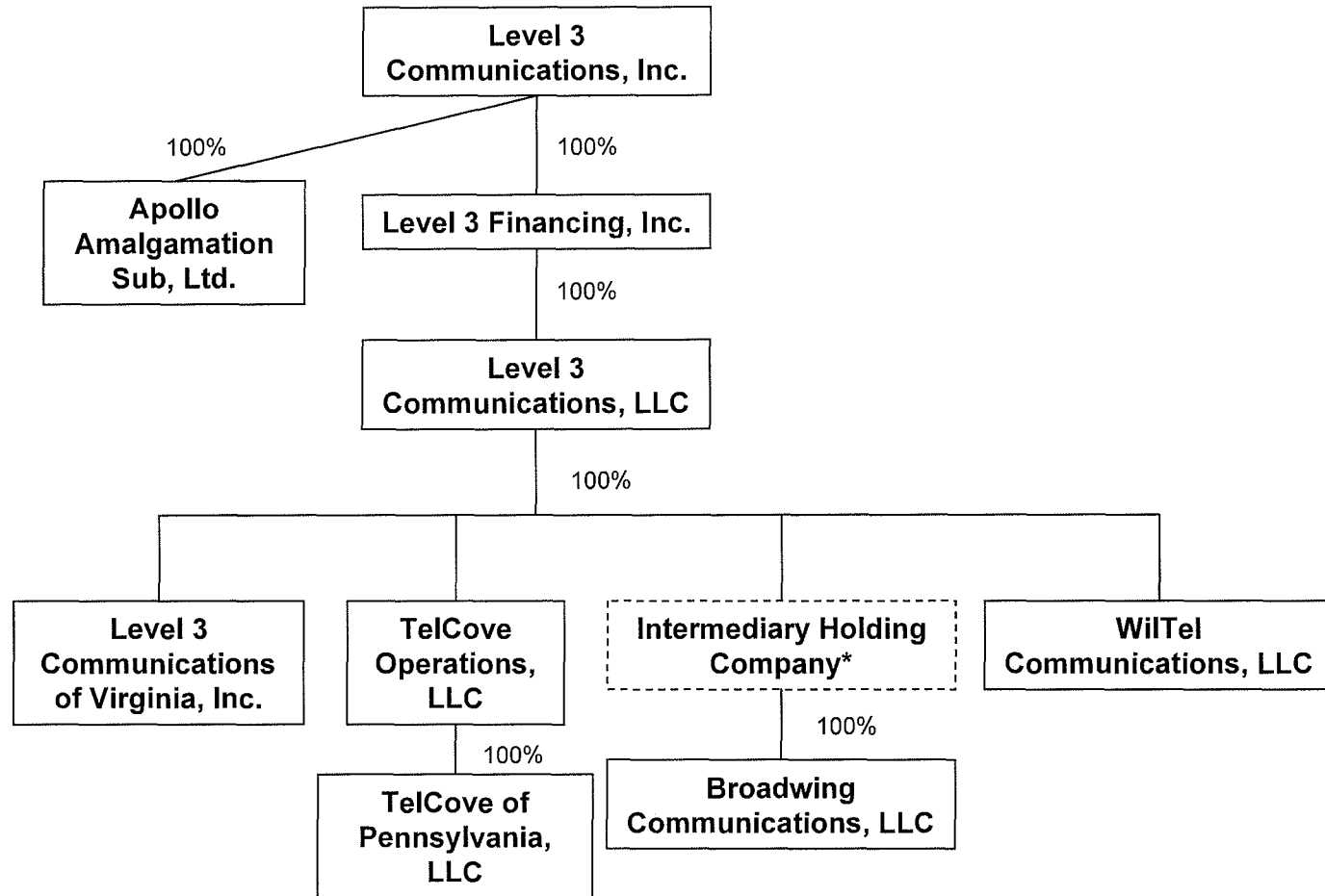
## Pre-Transaction Global Crossing Corporate Structure



\*Intermediary holding companies omitted for purposes of clarity--none are certificated telecommunications service providers.

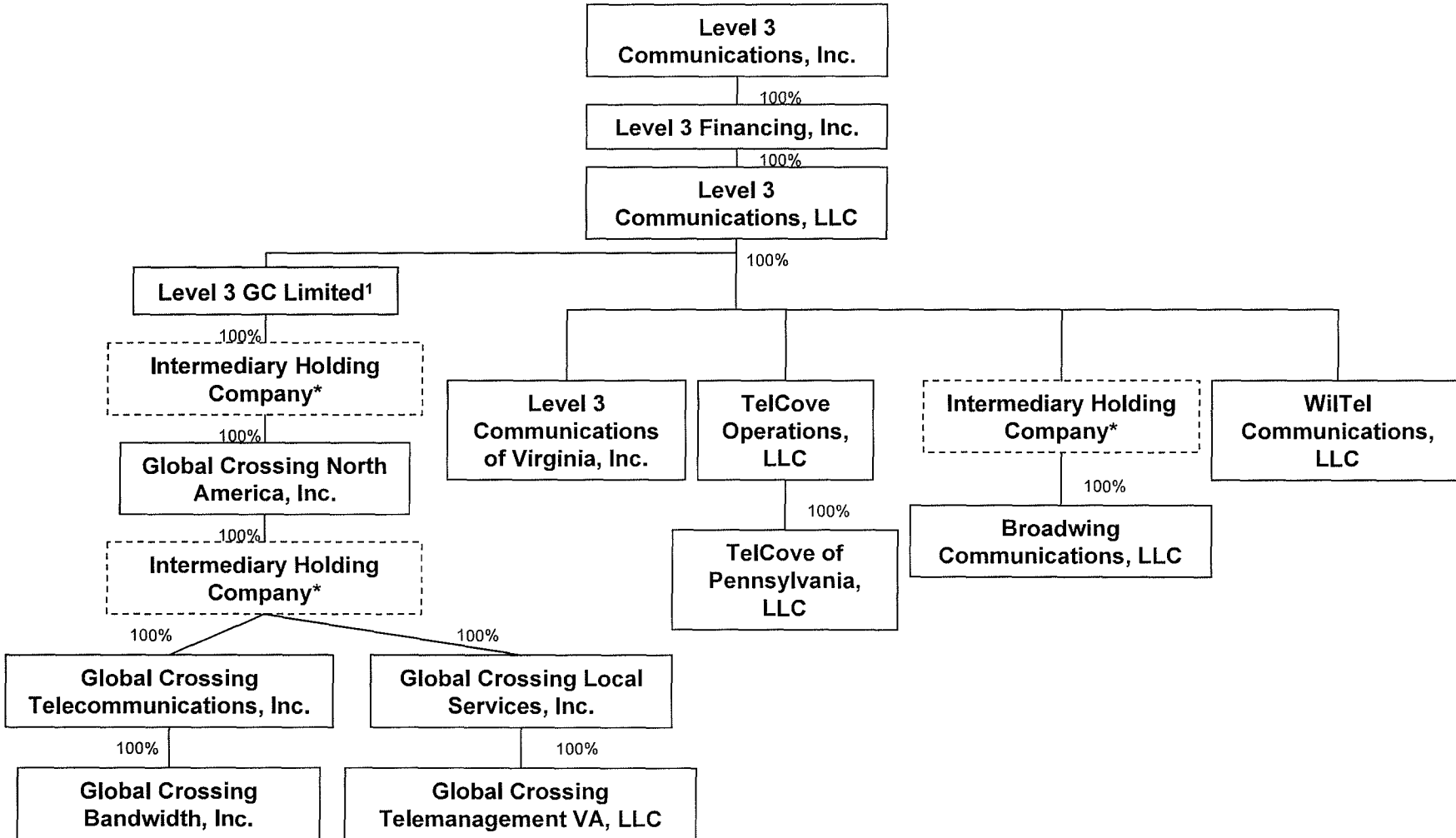


## Pre-Transaction Level 3 Corporate Structure



\*Intermediary holding companies omitted for purposes of clarity--none are certificated telecommunications service providers. Broadwing Communications, LLC is 100% *indirectly* owned by Level 3 Communications, LLC. Level 3 Communications of Virginia, Inc., Telcove Operations, LLC and WITel Communications, LLC are each 100% *directly* held by Level 3 Communications, LLC.

## Post-Transaction Level 3 Corporate Structure



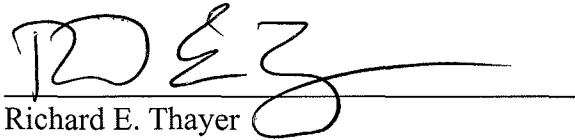
\*Intermediary holding companies omitted for purposes of clarity—none are certificated telecommunications service providers. Broadwing Communications, LLC is 100% *indirectly* owned by Level 3 Communications, LLC. Level 3 Communications of Virginia, Inc., Telcove Operations, LLC and WiITel Communications, LLC are each 100% *directly* held by Level 3 Communications, LLC.

¹ Immediately following the merger, Level 3 GC Limited (the new company formed upon completion of the combination of Apollo Amalgamation Sub Ltd. and Global Crossing Limited) will be 100% directly held by Level 3 Financing, Inc., and ultimately will become a wholly owned subsidiary of Level 3 Communications, LLC.

**VERIFICATION**

I, Richard E. Thayer, state that I am Senior Counsel of Level 3 Communications, LLC and its subsidiaries; that I am authorized to make this Verification on behalf of Level 3 Communications, LLC and its subsidiaries; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to Level 3 Communications, LLC and its subsidiaries are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 11<sup>th</sup> day of May, 2011.

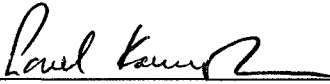


Richard E. Thayer  
Senior Counsel  
Level 3 Communications, LLC

## VERIFICATION

I, Paul Kouroupas, state that I am the Vice President Regulatory Affairs of Global Crossing North America, Inc. and its operating subsidiaries; that I am authorized to make this Verification on behalf of Global Crossing North America, Inc. and its operating subsidiaries; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to Global Crossing North America, Inc. and its operating subsidiaries are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 17 day of May, 2011.

  
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Paul Kouroupas  
Vice President Regulatory Affairs  
Global Crossing North America, Inc.