

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 16, 2010

IN RE:)	
)	
PETITION OF LEVEL 3 COMMUNICATIONS)	DOCKET NO.
FOR APPROVAL TO PARTICIPATE IN A)	10-00009
FINANCING ARRANGEMENT)	

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Sara Kyle, Director Eddie Roberson and Director Kenneth C. Hill of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on February 22, 2010 for consideration of the *Petition* filed on January 11, 2010 by Level 3 Communications, LLC ("Level 3 LLC") for approval to participate in a financing arrangement.

Level 3 LLC is a Delaware limited liability company and is a wholly-owned subsidiary of Level 3 Financing, Inc. ("Issuer"), which in turn is a wholly-owned subsidiary of Level 3 Communications, Inc. ("Parent"). Level 3 LLC provides high-quality voice and data services to carriers, Internet Service Providers, and other business customers over its Internet Protocol based network. In Tennessee, Level 3 LLC is authorized to provide facilities-based and resold local exchange and interexchange telecommunications service by Authority Order issued in Docket No. 98-00610 on November 24, 1998 and amended in Docket No. 02-00230 by Authority Order issued on June 28, 2002. Level 3 LLC is also authorized by the Federal Communications Commission to provide international and domestic interstate service as a non-dominant carrier. Neither the Issuer nor Parent is a certified telecommunications provider in Tennessee.

THE PROPOSED FINANCING TRANSACTIONS

Level 3 LLC requests approval to participate in a financing arrangement whereby it will incur indebtedness and provide a guarantee for a total aggregate amount of \$640 million. The Issuer of the notes will lend the net proceeds it receives, along with additional cash on hand, to Level 3 LLC in return for an intercompany demand note issued by Level 3 LLC in the amount of \$640 million. Level 3 LLC will also issue an unsecured guarantee of the Issuer's 10% Senior Notes due 2018. Immediately following Level 3 LLC's execution of the financing arrangements, customers will continue to receive service pursuant to their respective authorizations with no change in the rates or terms and conditions of service as currently provided. The *Petition* states that participation in the proposed financing arrangement as a guarantor will not result in any operational changes in the state of Tennessee, and the transaction will be transparent to consumers.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-109 (2004) provides:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

At a regularly scheduled Authority Conference held on February 22, 2010, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The proposed financing transaction is being made in accordance with laws enforceable by this agency.

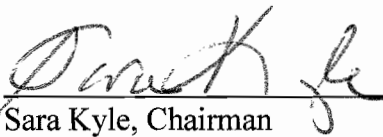
3. The proposed financing transaction is in the public interest because it will provide the opportunity for Level 3 LLC to strengthen its competitive position in the Tennessee telecommunications marketplace through access to greater financial resources.

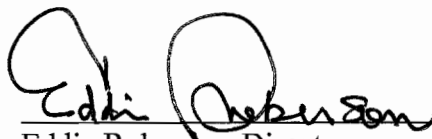
IT IS THEREFORE ORDERED THAT:

1. Level 3 Communications, LLC is authorized to enter into the financing transaction described in the *Petition*.

2. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risks involved.

3. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.


Sara Kyle, Chairman


Eddie Roberson, Director


Kenneth C. Hill, Director