

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**October 5, 2011**

**IN RE:**

**JOINT PETITION OF LEVEL 3 COMMUNICATIONS,  
INC., APOLLO AMALGAMATION SUB, LTD., LEVEL  
3 COMMUNICATIONS, LLC, BROADWING  
COMMUNICATIONS, LLC, WILTEL  
COMMUNICATIONS, LLC, TELCOVE OPERATIONS,  
LLC, AND GLOBAL CROSSING NORTH AMERICA,  
INC., GLOBAL CROSSING  
TELECOMMUNICATIONS, INC., AND GLOBAL  
CROSSING LOCAL SERVICES, INC. FOR  
APPROVAL OF THE TRANSFER OF CONTROL AND  
RELATED TRANSACTIONS INCLUDING CERTAIN  
FINANCING ARRANGEMENTS**

**DOCKET NO.  
11-00054**

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**ORDER APPROVING TRANSFER OF CONTROL AND  
RELATED FINANCING TRANSACTIONS**

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This matter came before Director Eddie Roberson, Director Kenneth C. Hill and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on June 6, 2011 for consideration of the *Joint Petition* filed on April 18, 2011 by Level 3 Communications, Inc. ("Level 3), and its direct and indirect subsidiaries Apollo Amalgamation Sub, Ltd. ("Apollo Sub"), Level 3 Communications, LLC<sup>1</sup> ("Level 3 LLC"), Broadwing Communications, LLC

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<sup>1</sup> In Tennessee, Level 3 LLC is authorized to provide facilities-based and resold local exchange and interexchange telecommunications services pursuant to Authority Order in Docket No. 98-00610 on November 24, 1998, as amended in Docket No. 02-00230 on June 28, 2002.

("Broadwing")<sup>2</sup>, WilTel Communications, LLC ("WilTel"),<sup>3</sup> and TelCove Operations, LLC. ("TelCove")<sup>4</sup> and collectively with Level 3 LLC, Wiltel and Broadwing, the "Level 3 Companies"), and GlobalCrossing North America, Inc. ("Global Crossing"), and its indirect subsidiaries Global Crossing Telecommunications, Inc. ("GC Telecommunications")<sup>5</sup> and Global Crossing Local Services, Inc. ("GC Local")<sup>6</sup> and collectively with GC Telecommunications, the "GC Companies" (collectively, Level 3 Apollo Sub, the Level 3 Companies, Global Crossing, and the GC Companies, the "Petitioners") for approval of the transfer of control and related transactions, including financing arrangements. The Petitioners are requesting approval of a transaction where Level 3 will acquire indirect control of the GC Companies and a related transfer of indirect minority ownership interest in the Level 3 Companies and approval of certain new financing arrangements necessary to complete the acquisition of the GC Companies and allow the GC Companies to participate in certain existing financing arrangements put in place by Level 3's subsidiary, Level 3 Financing, Inc. ("Level 3 Financing").

Level 3 is a publicly traded Delaware corporation and through its wholly-owned subsidiaries, the Level 3 Companies, provides voice and data services to carriers, ISPs, and other business customers over its IP-based network. The Level 3 Companies are non-dominant carriers authorized to provide resold and/or facilities-based telecommunications services nationwide. The Level 3 Companies are also authorized by the Federal Communications

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<sup>2</sup> In Tennessee, Broadwing is authorized to provide intrastate interexchange telecommunications services pursuant to Authority Order in Docket No. 03-00240 on July 3, 2003.

<sup>3</sup> In Tennessee, Wiltel is authorized to provide facilities-based and resold local exchange, interexchange, exchange access telecommunications services and operator services pursuant to Authority Order in Docket No. 99-00398 on October 13, 1999.

<sup>4</sup> In Tennessee, TelCove is authorized to provide local exchange and interexchange telecommunications pursuant to Authority Order granted in Docket No. 98-00732, as amended by Docket Nos. 00-00271 and 03-00458.

<sup>5</sup> In Tennessee, GC Telecommunications is authorized to provide interexchange telecommunications pursuant to Authority Order granted in Docket No. U-84-7325 on September 25, 1985.

<sup>6</sup> In Tennessee, GC Local is authorized to provide intrastate telecommunications pursuant to Authority Order granted in Docket No. 99-00120 on November 18, 1999.

Commission ("FCC") to provide international and domestic interstate services as a non-dominant carriers.

Apollo Sub, a Bermuda company and a wholly-owned subsidiary of Level 3. Global Crossing is a New York corporation and together with its other U.S. and international affiliates, provides telecommunication solutions over an integrated global IP-based network. 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 in all 50 states and the District of Columbia. The GC companies operate as nondominant interstate telecommunications carriers under the FCC's blanket authority. GC Telecommunications also operates as an international telecommunications carrier.

#### **THE PROPOSED TRANSACTIONS**

Level 3, Apollo Sub, and Global Crossing's indirect parent company, Global Crossing Limited ("GCL") entered into an agreement whereby Apollo Sub and GCL will be merged under Bermuda law. Following the merger of 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. Level 3 will indirectly control the GC Companies. Thereafter, there will be a pro forma intra-corporate transaction whereby Level 3 GC Limited will become a direct subsidiary of Level 3 LLC.

The Petitioners request approval for Level 3 to acquire control of the GC Companies, and a related transfer of indirect ownership interest in the Level 3 Companies pursuant to Tenn. Code Ann. §65-4-113.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the TRA shall consider an application for transfer of authority, which in pertinent part, states as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

Based on the filings in this docket, the panel found Level 3 is technically, managerially, and financially qualified to acquire control of the GC Companies. Further, the proposed transaction does not result in the change of carrier for customers or an assignment of any authorization. Level 3 and the GC Companies will continue to provide services to its existing customers pursuant to its existing authorizations. There will be no immediate change in rates or terms and conditions of service as a result of the merger, and the proposed transfer of control will be transparent to customers. Thereafter, based on the record and the aforementioned findings, the panel voted unanimously to approve the *Joint Petition* pursuant to Tenn. Code Ann. § 65-4-113.

The Petitioners also request approval of certain financing arrangements to accomplish the merger, as well as, approval for the GC Companies to participate in certain existing financing arrangements pursuant to Tenn. Code Ann. § 65-4-109 (2004). Tenn. Code Ann. § 65-4-109 (2004) states:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidence 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 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.

Tenn. Code Ann. § 65-4-109 provides the standards by which the TRA shall consider the proposed financing transaction. Based on the assertions in the *Joint Petition*, the panel found that the transfer and related financing transactions are in the public interest. Thereafter, based on the record, at a regularly scheduled Authority Conference held on June 6, 2011, the panel voted unanimously to approve the *Joint Petition* and made the following findings:

1. The proposed transfer of control of the Global Crossing Companies and the Indirect Minority Ownership Transfer of the Level 3 Companies is approved pursuant to Tenn. Code Ann. § 65-4-113, contingent upon subsequent approval by the FCC and the Petitioners shall file with the Authority any documentation from the FCC regarding subsequent action on the transaction by that agency.

2. The proposed financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109.

3. The proposed financing transaction is being made in accordance with laws enforceable by this agency.

4. The proposed financing transaction is in the public interest because it will strengthen the competitive position of the combined Level 3 and Global Crossing companies.

**IT IS THEREFORE ORDERED THAT:**

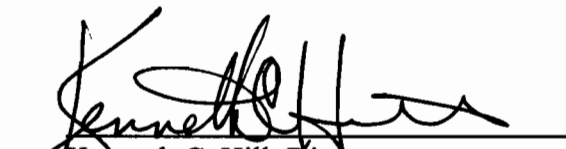
1. Approval is granted to enter into the transfer of control of the Global Crossing Companies and the Indirect Minority Ownership Transfer of the Level 3 Companies and related financing transactions described in the *Joint Petition*.

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.



Eddie Roberson, Director



Kenneth C. Hill, Director



Sara Kyle, Director