

ATTACHMENT 3

Application, DC Pub. Serv. Comm'n (filed April 18, 2011).

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April 18, 2011

VIA HAND DELIVERY

Dorothy Wideman, Secretary
District of Columbia Public Service Commission
1333 H Street, N.W.
2nd Floor, West Tower
Washington, D.C. 20005

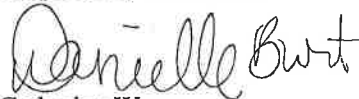
**Re: Application of Level 3 Communications, Inc., Apollo Amalgamation Sub, Ltd.,
Level 3 Communications, LLC, Broadwing Communications, LLC, TelCove
Operations, LLC, Global Crossing North America, Inc., Global Cross
Telecommunications, Inc. and Global Crossing Local Services, Inc. for
Approval to Participate in a Financing Arrangement and Notification of a
Transfer of Control**

Dear Ms. Wideman:

Enclosed please find for filing an original and fifteen (15) copies of the above-referenced application.

Please date-stamp the enclosed the extra copy of this filing and return it in the envelope provided. Please direct any questions to Danielle Burt at (202) 373-6039.

Respectfully submitted,



Catherine Wang
Danielle C. Burt

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of Applicants in certain new financing arrangements necessary to accomplish the acquisition of the GC Companies, as well as the participation of the GC Companies in certain existing financing arrangements put in place by Level 3's subsidiary Level 3 Financing, Inc. ("Level 3 Financing").¹ Applicants understand that pursuant to 15 DCMR § 3501.12 this application is deemed approved upon filing. In addition, Applicants notify the Commission, pursuant to 15 DCMR § 2511, of a transaction whereby Level 3, the ultimate parent of Apollo Sub, will acquire indirect control of the GC Companies. There is also a related transfer of an indirect minority ownership interest (of 24% to 26%) in the Level 3 Companies.

The Level 3 Companies and the GC Companies are each competitive telecommunications carriers that hold authority to provide intrastate telecommunications services in the District of Columbia. As discussed in Section IV below, the proposed transactions will produce certain important public interest benefits. The proposed transactions will involve only a change in the ultimate ownership of the GC Companies and the transfer of indirect minority ownership of the Level 3 Companies -- the proposed transactions will not result in any assignment of any certificates, assets or customers. The Level 3 Companies and the GC Companies will continue to serve their existing customers in the District of Columbia pursuant to their respective authorizations under the same rates, terms and conditions. Accordingly, for all practical purposes, these transactions will be transparent to the customers of the Level 3 Companies and the GC Companies.

In support of this Application, the Applicants state:

¹ The Level 3 Companies have previously obtained Commission authority to participate in these financing arrangements. See footnote 5.

I. DESCRIPTION OF THE APPLICANTS

A. Level 3, Apollo Sub and the Level 3 Companies

Level 3 is a publicly traded (NASDAQ: LVLT) Delaware corporation with principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021. Apollo Sub, a Bermuda 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 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 the District of Columbia, Level 3 LLC is authorized to provide resold and facilities-based local exchange telecommunications services pursuant to authority granted by the Commission in Order No. 11184 issued in Formal Case No. 892. Broadwing is authorized to provide local exchange telecommunications services pursuant to authority granted by the Commission in Order No. 13600 issued in Formal Case No. 892. TelCove is authorized to provide local exchange telecommunications services pursuant to authority granted by the Commission in Order No. 13532 in Formal Case No. TA-05-3-6.

B. Global Crossing and the GC Companies

Global Crossing, a New York corporation, is headquartered 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, provides telecommunications

solutions over the world's first integrated global IP-based network. Its core network connects more than 300 major cities in twenty-nine countries worldwide, and delivers services to more than 600 cities in sixty countries and six continents around the 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 District of Columbia, GC Telecommunications is authorized to provide interexchange telecommunications services pursuant to authority granted by the Commission by Amended Certificate issued on October 7, 1999. GC Local is authorized to provide intrastate telecommunications services pursuant to authority granted by the Commission in Order No. 892-T-4046.

II. CONTACT INFORMATION

For the purposes of this Application, contacts for the Applicants are as follows:

For Level 3, Apollo Sub and the Level 3 Companies:

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For Global Crossing and the GC Companies:

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and:

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III. REQUEST FOR APPROVAL OF FINANCING TRANSACTION AND NOTIFICATION OF TRANSFER OF CONTROL

A. **Transfer of Control of the GC Companies**

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 merged ("amalgamated") under Bermuda 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

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.² As a result of the transaction, Level 3 will indirectly control the GC Companies. 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 will be available at <http://lvlt.client.shareholder.com/sec.cfm>.

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. Applicants notify the Commission of the transfer of control of the GC Companies to Level 3.

B. Indirect Minority Ownership Transfer of the Level 3 Companies

Applicants notify the Commission of an indirect minority transfer of ownership of the Level 3 Companies that will occur as a consequence of the merger transaction. As result of the exchange of shares in connection with the merger, STT Crossing Ltd., a current direct investor in GCL and an indirect investor in Global Crossing and GC Companies, will obtain a minority interest of approximately 24% to 26% in Level 3, and indirectly in the Level 3 Companies.³ In addition, Southeastern Asset Management, Inc., which is currently the largest Level 3 stockholder with an approximate 30% interest, will hold approximately 15% of Level 3. Other than STT Crossing Ltd. and Southeastern Asset Management, Inc., no other individual or entity is expected to hold

² Immediately following the merger, Level 3 GC Limited will be a direct subsidiary of Level 3 Financing. Applicants request approval, to the extent required, for a *pro forma* intracorporate transaction whereby Level 3 GC Limited will become a direct subsidiary of Level 3 LLC.

³ Pursuant to the Agreement, STT Crossing Ltd. has the option to increase its interest in Level 3 up to 34%.

10% or more of Level 3. The majority of the Level 3 stock will continue to be held by current investors.

C. Participation in Certain Financing Arrangements of Level 3 Financing

Applicants request approval to authorize the Level 3 Companies and the GC Companies to participate in certain financing arrangements in connection with the transfer of control transaction described herein.⁴ First, Level 3 Financing, a wholly owned unregulated non-carrier subsidiary of Level 3, plans to enter into a \$650 million Term Loan with a six-year maturity date. Level 3 Financing plans to lend the net proceeds it receives to its subsidiary, Level 3 LLC, in return for an intercompany demand note, and in turn, Level 3 LLC may lend the net proceeds to Level 3 GC Limited in return for an intercompany demand note. The Level 3 Companies and the GC Companies seek approval to pledge assets and act as guarantors in support of the \$650 million Term Loan.

Second, in support of the merger transaction, Level 3 Financing also plans to either (a) issue \$1.1 billion in Senior Notes in a registered public offering or a private placement or (b) enter into a \$1.1 billion Bridge Loan with a one-year maturity date from closing (“Bridge Loan”). Pursuant to either arrangement, Level 3 Financing will lend the net proceeds it receives to its subsidiary, Level 3 LLC, in return for an intercompany demand note, and in turn, Level 3 LLC may lend the net proceeds to Level 3 GC Limited in return for an intercompany demand note. The proceeds from the \$1.1 billion Senior Note or Bridge Loan financing arrangement will

⁴ Level 3 LLC has obtained Commission approval to act as a guarantor of certain Senior Notes recently issued by Level 3 Financing (for \$500 million at 9.375%). *See* Application effective on March 10, 2011. For the avoidance of any confusion, Level 3 clarifies that the issuance of those senior notes described in the application is not directly related to Level 3’s proposed acquisition of GC Companies. Rather, it is a part of a pre-existing refinancing plan that will enable Level 3 to extend significantly the maturity dates of certain obligations at reasonable terms thus reducing the future refinancing risk associated with its 2014 scheduled maturities. The refinancing described in the application is a part of the companies’ ongoing efforts to strengthen their overall credit profile and efficiently manage their maturity profile.

be used to repay the existing indebtedness of Level 3 GC Limited. The Level 3 Companies and the GC Companies seek approval to act as guarantors for the \$1.1 billion financing arrangement. Should Level 3 Financing enter into the \$1.1 billion Bridge Loan, Level 3 Financing has the option at maturity of the Bridge Loan to either (1) refinance the Bridge Loan by entering into a Rollover Loan with a six-year maturity date or (2) replace the Bridge Loan by issuing Exchange Notes with a six-year maturity date. The Level 3 Companies and the GC Companies also seek approval, as necessary, to act as guarantors for either the Rollover Loan or the Exchange Notes.

Finally, upon closing of the merger, it is expected that the GC Companies will be required to provide a guaranty for existing unsecured indebtedness of Level 3 Financing including certain Senior Notes and an existing credit facility.⁵ It is also anticipated that the GC Companies will pledge their assets as security for the credit facility. Applicants request authority, to the extent necessary, for the GC Companies to participate in these financing arrangements.

D. Level 3's Qualifications

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. A copy of

⁵ The Level 3 Companies have previously obtained Commission authority for these financing arrangements pursuant to filings submitted on October 27, 2006, February 16, 2007, April 6, 2009, January 7, 2010 and March 10, 2011.

Level 3's most recent financial statements from its Form 10-K for the year ended December 31, 2010 are available at <http://lvl.client.shareholder.com/sec.cfm>.

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 with respect to its operations in the District of Columbia, and is, therefore, already a matter of record. Applicants request that the Commission take official notice of these existing descriptions of Level 3's qualifications and incorporate them by reference herein. In addition, Level 3 has a history of successfully acquiring and integrating network facilities and customers from other companies including: (1) the acquisition of the dial-up Internet businesses of McLeodUSA, ICG, and Sprint, (2) the acquisition of Genuity, a Tier 1 Internet Protocol communications company, (3) the acquisition of substantially all of 360networks' nationwide long-haul transport business, and (4) the acquisitions of Broadwing, WilTel, and other telecommunications providers. Applicants note that the Commission found that Level 3 was qualified to acquire Broadwing, WilTel, and other telecommunications providers when it approved those transactions;⁶ there is no new information regarding Level 3 that could lead the Commission to determine otherwise in this case.

IV. PUBLIC INTEREST CONSIDERATIONS

Applicants submit that the transactions described herein will serve the public interest. Applicants 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

⁶ See filings submitted filed on October 24, 2006, May 17, 2006, and November 14, 2005.

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.

The public interest will also be served by expeditious consideration and approval of the transaction. For various important business, tax and financial reasons, Applicants require that the transaction be closed as quickly as possible. Delay in the regulatory approval process - and thus in the ability of Applicants 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.

V. CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application to participate in certain financing arrangements. In addition, the Applicants submit that the proposed transfer of control will serve the public interest convenience, and necessity.

Respectfully submitted,

By: Danielle Burt

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

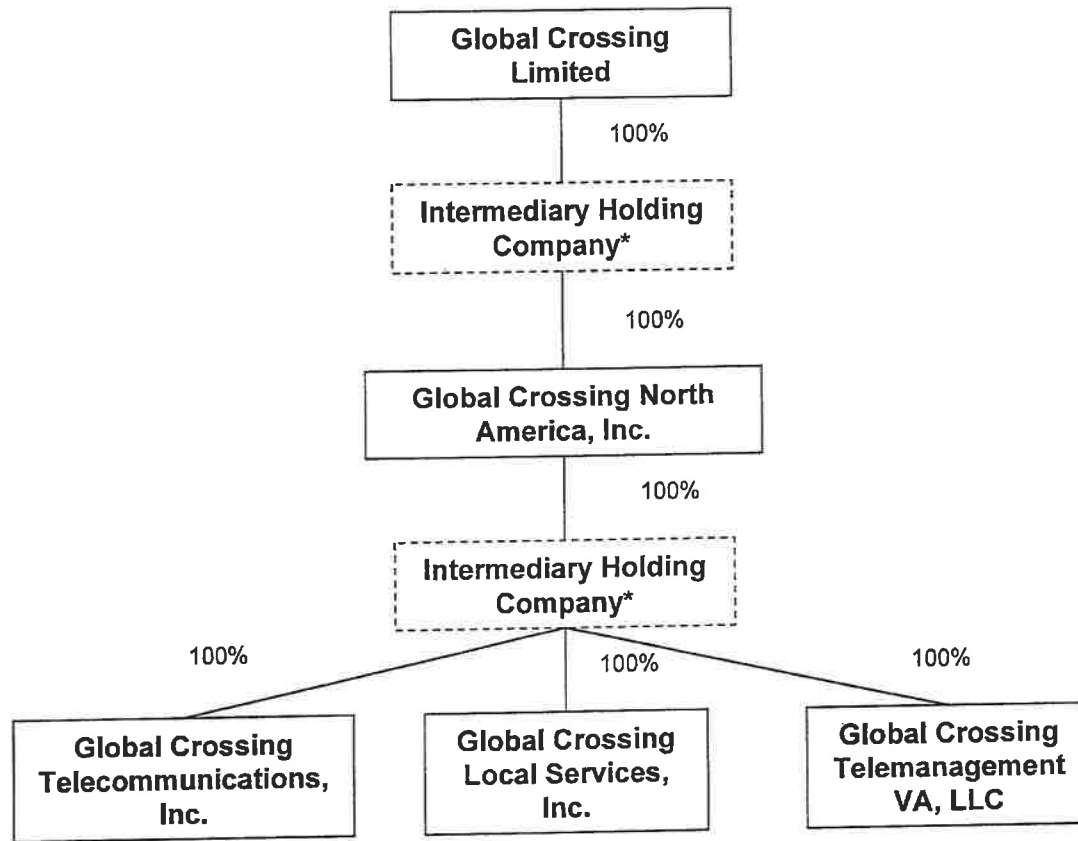
Counsel for Level 3 Communications, Inc., Apollo Amalgamation Sub, Lt., Level 3 Communications, LLC, Broadwing Communications, LLC, and TelCove Operations, Inc.

Dated: April 18, 2011

EXHIBIT A

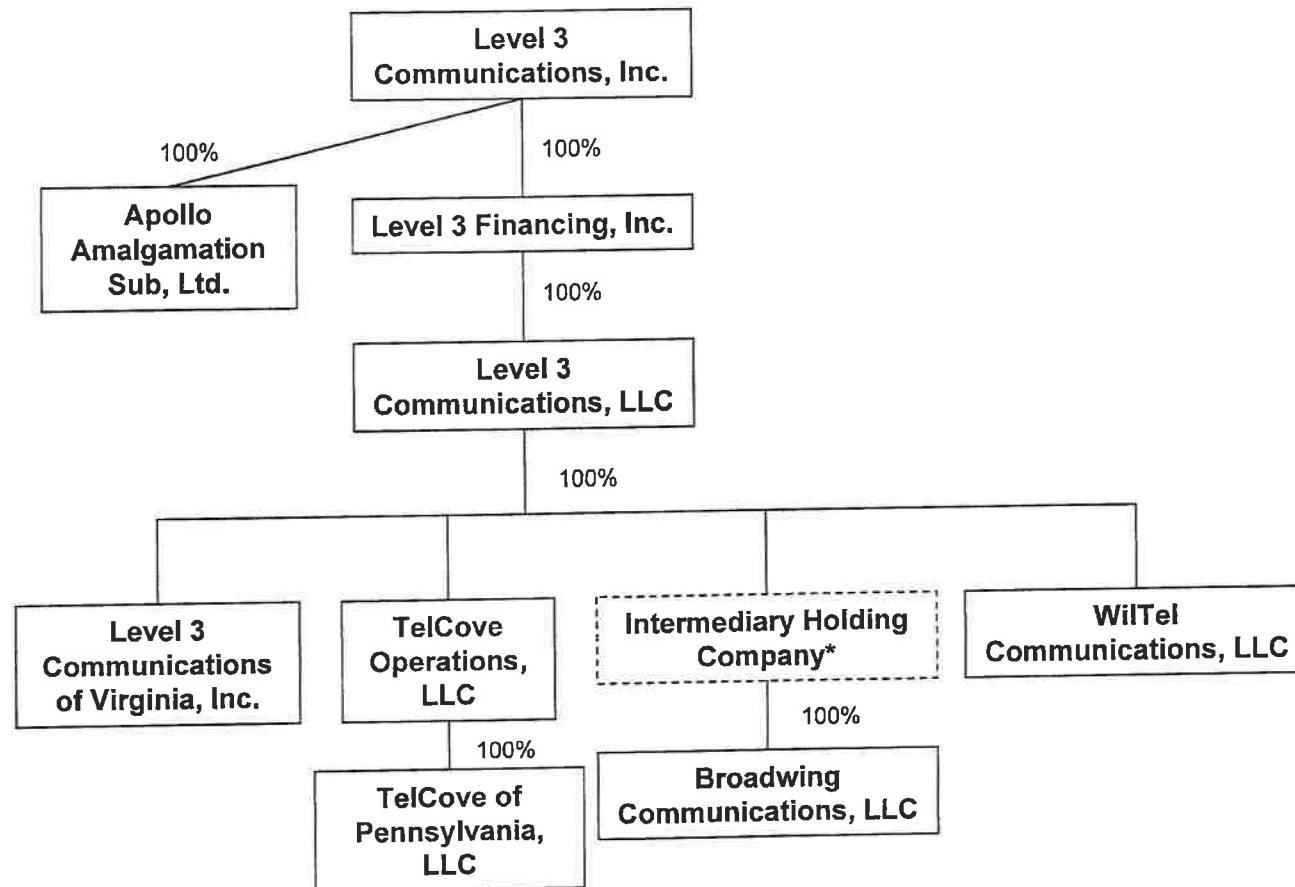
Pre- and Post-Transaction Organization Charts

Pre-Transaction Global Crossing Corporate Structure



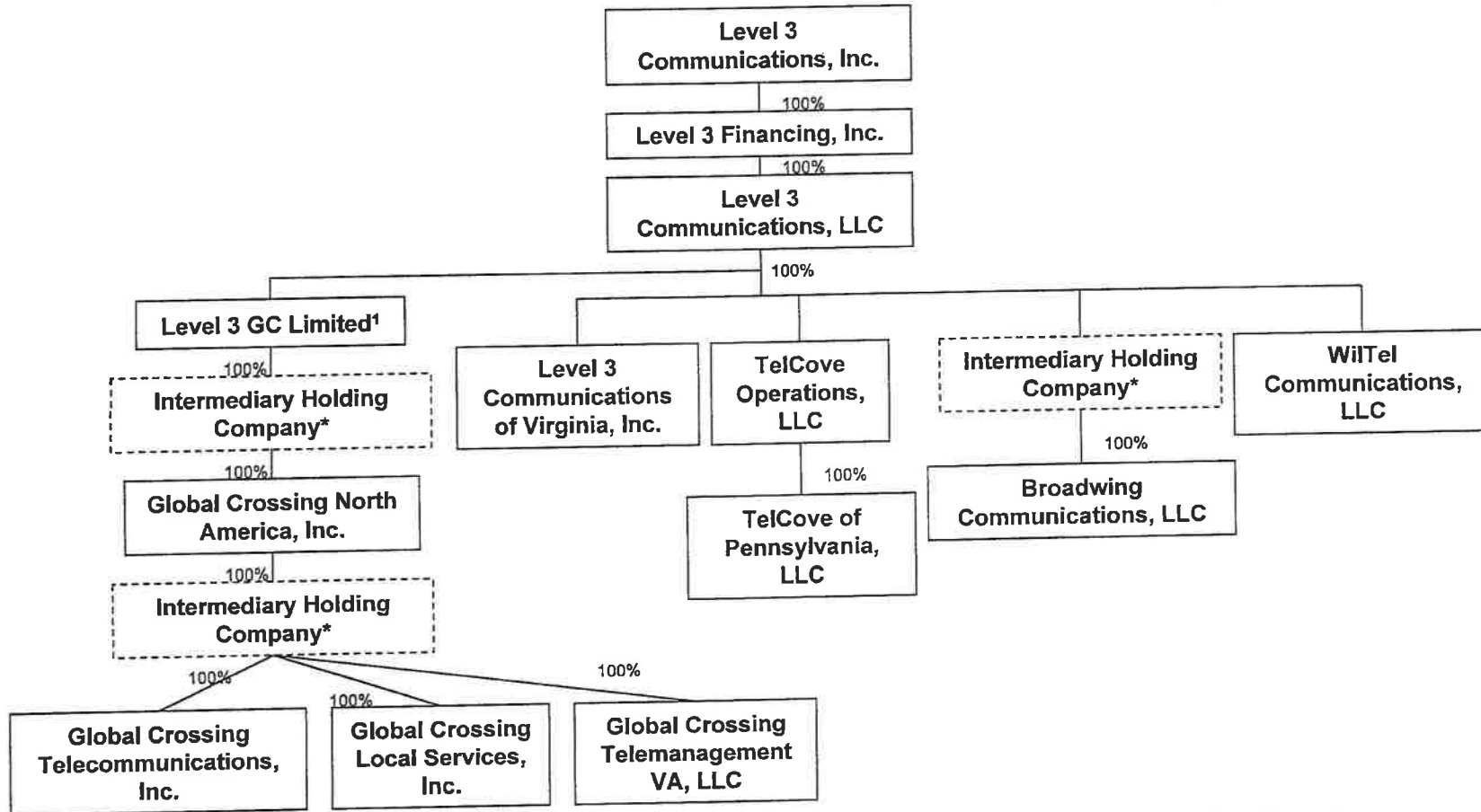
*Intermediary holding companies omitted for purposes of clarity—none are certificated telecommunications service providers. Each of Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc., and Global Crossing Telemangement VA, LLC are 100% indirectly owned by Global Crossing North America, Inc.

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 WiTel 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

STATE OF COLORADO §
 §
COUNTY OF BROOMFIELD §

I, Richard E. Thayer, state that I am Senior Counsel for Level 3 Communications, LLC; 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 statements in the foregoing document are true and correct to the best of my knowledge, information, and belief.



Name: Richard E. Thayer
Title: Senior Counsel
Level 3 Communications, LLC

SWORN TO AND SUBSCRIBED before me on the 15 day of April, 2011.


Notary Public

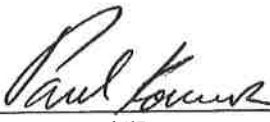
My commission expires: May 9, 2015



My Commission Expires May 9, 2015


STATE OF NEW JERSEY §
 §
COUNTY OF MORRIS §

I, Paul Kouroupas, state that I am Vice President Regulatory Affairs for Global Crossing 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 statements in the foregoing document are true and correct to the best of my knowledge, information, and belief.



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

SWORN TO AND SUBSCRIBED before me on the 15th day of April, 2011.



Notary Public

My commission expires: August 3, 2013

