

## Supplemental Exhibit 1

Docket Nos. 16-2266-01, 169-2246-01, 16-2271-01 and 16-2351-02

In the Matter of  
Level 3 Communications, Inc.  
Transferor,  
and  
CenturyLink, Inc.  
Transferee  
  
Consolidated Application for Consent to  
Transfer Control of Domestic and International  
Authorizations Pursuant to Section 214 of the  
Communications Act of 1934, As Amended

Pursuant to Section 214 of the Communications Act, as amended, 47 U.S.C. § 214 (the “Act”), and Part 63 of the Commission’s rules, 47 C.F.R. § 63.01, *et seq.*, Level 3 Communications, Inc. (“Level 3”), and CenturyLink, Inc. (“CenturyLink” and together with Level 3, the “Applicants”), respectfully request Commission approval to consummate a transaction pursuant to which CenturyLink will acquire indirect control of Level 3’s operating subsidiaries (the “Transaction”). The Level 3 operating subsidiaries, which are identified in Exhibit D, rely on blanket domestic Section 214 authority to provide domestic interstate telecommunications service and/or hold international Section 214 authorizations to provide international telecommunications service.

The Transaction will benefit customers and competition, as set forth more fully in the public interest statement, attached hereto as Exhibit B.

Consistent with Section 63.04(b) of the Commission's rules and Commission practice, the Applicants have consolidated their requests for Commission consent to the transfer of control of Level 3 into this single lead application ("Application"), and are concurrently submitting to the Commission separate filings relating to the transfer of control of certain Level 3 licenses and authorizations as referenced herein. Specifically, in total, applications are being filed that seek consent to the following:

1. The transfer of control of Level 3's subsidiaries providing service pursuant to blanket domestic Section 214 authority;
2. The transfer of control of Level 3's subsidiaries holding international Section 214 authorizations;
3. The transfer of control of Level 3's subsidiaries holding 30 satellite earth station authorizations, via FCC Form 312;
4. The transfer of control of Level 3's subsidiaries holding three wireless licenses, via FCC Form 603; and
5. The transfer of control of Level 3's subsidiaries holding seven cable landing licenses.

The narrative and Exhibits below provide a description of the Applicants and of the proposed Transaction, and the information required by the International Section 214 Main Form and Sections 63.04 and 63.18 of the Commission's rules.

## **I. DESCRIPTION OF THE APPLICANTS**

### **A. Level 3**

Level 3 is a global telecommunications and information services company headquartered in Broomfield, Colorado. Through its operating subsidiaries, Level 3 offers a wide range of communications services over its broadband fiber-optic network in North and South America, Europe, and Asia, including IP-based services, broadband transport, collocation services, and patented Softswitch-based voice services. Level 3's operating subsidiaries hold Commission authorizations for international telecommunications, undersea cable facilities, satellite earth stations, and terrestrial wireless facilities, and they rely on blanket authority to provide domestic telecommunications services. Level 3 is a publicly-traded company listed on the New York Stock Exchange.

### **B. CenturyLink**

CenturyLink is a global communications, hosting, cloud, and IT services company. CenturyLink provides broadband, voice, video, data and managed services over a 250,000-route-mile U.S. fiber network and a 300,000-route-mile international transport network. CenturyLink also offers network and data systems management, Big Data analytics and IT consulting.

CenturyLink offers communications services, including local and long-distance voice, wholesale local network access, high-speed internet, and information, entertainment, and fiber transport services through copper and fiber networks, to consumers and businesses in 50 states. CenturyLink also provides high-speed internet access services and data transmission services. In certain local and regional markets, CenturyLink provides telecommunications services as a competitive local exchange carrier, offers security monitoring, and provides other communications, professional, business, and information services. As of December 31, 2015,

CenturyLink provides high-speed internet access services to over six million customers and had approximately 11.7 million access lines. In addition, CenturyLink operates a state-of-the-art fiber transport system, which provides wholesale and retail fiber-based transport services to its customers. CenturyLink operates a wholesale business, selling access to its network to other carriers, cable companies, internet service providers, and resellers, and also sells database services on a wholesale basis.

## **II. DESCRIPTION OF THE TRANSACTION**

On October 31, 2016, CenturyLink entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Level 3, Wildcat Merger Sub 1 LLC, a Delaware limited liability company and an indirect wholly-owned subsidiary of CenturyLink (“Merger Sub 1”), and WWG Merger Sub LLC, a Delaware limited liability company and an indirect wholly-owned subsidiary of CenturyLink (“Merger Sub 2”).

In connection with entering into the Merger Agreement, CenturyLink created a direct subsidiary, Wildcat Holdco, LLC, a Delaware limited liability company (“Holdco”). The Merger Agreement provides, among other things, that subject to the satisfaction or waiver of the conditions set forth therein (i) Merger Sub 1 will merge with and into Level 3 (the “Initial Merger”), with Level 3 surviving the Initial Merger as an indirect wholly-owned subsidiary of CenturyLink, and (ii) immediately following the effective time of the Initial Merger, Level 3 will merge with and into Merger Sub 2 (the “Subsequent Merger” and, together with the Initial Merger, the “Combination”), with Merger Sub 2 surviving the Subsequent Merger. Following the Combination, Merger Sub 2 will be a direct subsidiary of Holdco, and as a result, an indirect, wholly-owned subsidiary of CenturyLink.

Under the Merger Agreement, at the effective time of the Initial Merger, each outstanding

share of Level 3 common stock, par value \$0.01 per share (the “Level 3 Common Stock”), other than shares held by holders who properly exercise appraisal rights, will be converted into the right to receive \$26.50 in cash, without interest, and 1.4286 shares of CenturyLink common stock, par value \$1.00 per share (the “CenturyLink Common Stock”) (the “Merger Consideration”).

The Combination is subject to (i) the approval and adoption of the Merger Agreement by the stockholders of Level 3 and (ii) the approval by the shareholders of CenturyLink of the issuance of the CenturyLink Common Stock in the Initial Merger. The Combination also is subject to other customary closing conditions, including Commission approval.

In connection with the execution of the Merger Agreement, CenturyLink, STT Crossing Ltd (“STT Crossing”), a subsidiary of Singapore Technologies Telemedia Pte Ltd and the current holder of approximately 18% of the outstanding Level 3 Common Stock, and for certain limited purposes Level 3, have entered into a Voting Agreement, dated as of October 31, 2016, pursuant to which STT Crossing has agreed to, among other things, vote all shares of Level 3 Common Stock owned by it in favor of the adoption of the Merger Agreement.

CenturyLink and STT Crossing, which will own approximately 8.6% of the CenturyLink Common Stock after the completion of the Combination, also have entered into a Shareholder Rights Agreement, dated October 31, 2016 (the “Shareholder Rights Agreement”), pursuant to which CenturyLink has agreed to nominate one STT Crossing designee to its board for the first three annual meetings of CenturyLink following the completion of the Combination, unless STT Crossing does not beneficially own at least 85% of the CenturyLink Common Stock that it receives at the completion of the Combination. In addition, STT Crossing has agreed to certain standstill and transfer restrictions and CenturyLink has granted certain registration rights and

information rights to STT Crossing, as set forth in the Shareholder Rights Agreement.

For the Commission's reference, pre- and post-Transaction ownership charts are provided as Exhibit A.

### **III. PUBLIC INTEREST STATEMENT**

See Exhibit B for the public interest statement.

### **IV. INFORMATION REQUIRED BY SECTION 63.24(e) OF THE RULES**

In accordance with Section 63.24(e) of the Commission's rules, the Applicants submit the following information as requested in Sections 63.18(a) through (d) and Sections 63.18(h) through (p) of the Commission's rules:

#### **(a) Name, Address and Telephone Numbers of the Applicants**

##### Transferee:

CenturyLink, Inc.  
100 CenturyLink Drive  
Monroe, LA 71203  
(877) 837-5738

and

##### Transferor:

Level 3 Communications, Inc.  
1025 Eldorado Boulevard  
Broomfield, Colorado 80021  
(720) 888-1000

#### **(b) Government, State or Territory of Incorporation**

Level 3 is a Delaware corporation. CenturyLink is a Louisiana corporation.

#### **(c) Contacts**

For CenturyLink

Yaron Dori  
Michael Beder  
Brandon Johnson  
Ani Gevorkian  
Covington & Burling LLP  
One CityCenter  
850 Tenth Street, N.W.  
Washington, DC 20001  
Tel: (202) 662-6000  
E-mail: ydori@cov.com  
mbeder@cov.com  
bjohnson@cov.com  
agevorkian@cov.com

For Level 3

Thomas Jones  
Mia Guizzetti Hayes  
Willkie Farr & Gallagher LLP  
1875 K Street, N.W.  
Washington, DC 20006  
Tel: (202) 303-1000  
Email: tjones@willkie.com  
mhayes@willkie.com

**(d) Existing Section 214 Authorizations**

CenturyLink

See Exhibit C for a list of Century Link's existing international Section 214 authorizations.

Level 3

See Exhibit D for a list of Level 3's existing international Section 214 authorizations. Also included in Exhibit D is a list of Level 3 entities that provide domestic interstate service and thus hold a domestic Section 214 authorization pursuant to the blanket authority provisions in Section 63.01 of the Commission's rules.

**(e)-(g) Not applicable**

**(h) Name, address, citizenship, and principal business of entities that will own at least 10 percent of the Applicants, and identification of interlocking directorates**



Upon consummation of the Transaction, no single entity will hold a direct or indirect 10 percent or greater ownership interest in CenturyLink. Today, Sunit Patel, Executive Vice President & Chief Financial Officer of Level 3, serves as Executive Vice President & Chief Financial Officer of Level 3 Communications Australia Pty Ltd; Executive Vice President of Global Crossing Telecommunications Canada, Ltd.; Executive Vice President & Chief Financial Officer of Level 3 Communications Hong Kong Limited; Executive Vice President of Level 3 Communications Canada Co.; and Executive Vice President & Chief Financial Officer of Level 3 Communications Singapore Pte. Ltd. Post-consummation, Mr. Patel, who will serve as Chief Financial Officer of the combined company, is expected to continue in these roles. CenturyLink does not expect to have other interlocking directorates with foreign carriers. CenturyLink will update this information if needed, including when STT Crossing names its Board designee.

**(i) Foreign Carrier Affiliation**

CenturyLink certifies that it is not a foreign carrier and that it is affiliated with foreign carriers in Australia, Belgium, Brazil, Canada, France, Germany, Hong Kong, Japan, Korea, the Netherlands, Singapore, Switzerland, Taiwan, and the United Kingdom. As a result of the Transaction, CenturyLink also will be affiliated with foreign carriers in Argentina, Austria, Bulgaria, Chile, Colombia, Costa Rica, Croatia, the Czech Republic, Denmark, Ecuador, Estonia, Finland, Hungary, Ireland, Israel, Italy, Kenya, Luxembourg, Mexico, Norway, Panama, Peru, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, South Africa, Spain,

Sweden, Turkey, Uruguay, and Venezuela. A list of CenturyLink's current and post-Transaction foreign carrier affiliates is included in Exhibit E.<sup>1</sup>

**(j) Foreign Carrier and Destination Countries**

CenturyLink certifies that, following the Transaction's consummation, it does not seek to provide international telecommunications services to any destination country where two or more foreign carriers (or parties that control foreign carriers) own, in the aggregate, more than 25 percent of CenturyLink and are parties to, or the beneficiaries of, a contractual relation affecting the provision or marketing or international basic telecommunications services in the U.S. However, CenturyLink certifies that it is affiliated or will be affiliated with the foreign carrier affiliates listed in Exhibit E, described above in response to Section 63.18(i).

**(k) WTO Membership for Destination Countries**

CenturyLink certifies that the destination countries listed in Exhibit E are members of the World Trade Organization ("WTO"), except for Serbia.<sup>2</sup>

Level 3's foreign carrier affiliate in Serbia has less than 50 percent market share in the local, inter-city, and international transport markets in Serbia, and it is not listed on the Commission's list of foreign carriers presumed to have market

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<sup>1</sup> Exhibit E identifies certain foreign carriers affiliated with Savvis Communications Corporation and Savvis, Inc. (together, the "Savvis Entities"). On November 3, 2016, CenturyLink entered into a definitive agreement to sell the Savvis Entities (the "Savvis Transaction"). The Savvis Transaction is unrelated to this Transaction and will be subject to its own regulatory approval process. To the extent the regulatory approvals required for the Savvis Transaction are obtained and the Savvis Transaction is consummated prior to the Commission's approval of this Transaction, certain foreign carriers affiliated with the Savvis entities identified in Exhibit E will no longer be relevant to this Application, as they will no longer be foreign carrier affiliates of CenturyLink.

<sup>2</sup> See World Trade Organization, *Accessions – Serbia*, [https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_serbia\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_serbia_e.htm) (last visited Dec. 12, 2016). Serbia currently is an observing member of the WTO and is in the process of completing its WTO accession negotiations.

power.<sup>3</sup> The Commission has previously treated Level 3 as non-dominant on the U.S.-Serbia route.<sup>4</sup>

**(m) Non-Dominance**

CenturyLink qualifies for a presumption of non-dominance under Section 63.10(a)(l) and (3) of the Commission's rules, 47 C.F.R. § 63.10(a)(l), (3), because it is not a foreign carrier and will be affiliated only with non-dominant foreign carriers in countries that are members of the WTO. None of the foreign carrier affiliates listed in Exhibit E is presumed by the Commission to hold market power in a foreign telecommunications market.<sup>5</sup> In addition, the foreign carrier affiliates listed in Exhibit E offer services in competition with dominant foreign carriers and others.

**(n) No Special Concessions**

The Applicants certify that they have not agreed to accept any direct or indirect special concessions from a foreign carrier or administration with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

**(o) Federal Benefits**

The Applicants certify pursuant to Sections 1.2001 through 1.2003 of the Commission's rules that they are not subject to a denial of Federal Benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. *See* 21 U.S.C. §

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<sup>3</sup> *See International Bureau Reissues the Commission's List of Foreign Telecommunications Carriers that Are Presumed to Possess Market Power in Foreign Telecommunications Markets*, Public Notice, 22 FCC Rcd. 945 (Int'l Bur. 2007) ("Presumed Market Power List").

<sup>4</sup> *See Foreign Carrier Affiliation Notification*, Public Notice, 29 FCC Rcd. 3713 (2014) (accepting notifications on non-dominant basis); FCC File Nos. FCN-NEW-20140305-00002; FCN-NEW-20140305-00003; FCN-NEW-20140305-00004; FCN-NEW-20140305-00005.

<sup>5</sup> *See Presumed Market Power List*, 22 FCC Rcd. at 945.

862a; *see also* 47 C.F.R. §§ 1.2001-1.2003.

**(p) Streamlined Processing**

The Applicants do not seek streamlined processing of this Application.

**V. INFORMATION REQUIRED BY SECTION 63.04(b) OF THE RULES**

In accordance with Section 63.04(b) of the Commission's rules specifying the additional information required in joint international and domestic Section 214 transfer of control applications, the Applicants submit the following, as requested by 47 C.F.R. §§ 63.04(a)(6) through (a)(12).

**(a)(6) Description of the Transaction**

A description of the Transaction is set forth in Section II above.

**(a)(7) Description of Geographic Service Areas**

Level 3

Level 3's operating subsidiaries are authorized by the FCC and state public utility commissions to provide telecommunications services in all 50 states and the District of Columbia, as well as Puerto Rico and the U.S. Virgin Islands.

CenturyLink

CenturyLink's operating subsidiaries are authorized by the FCC and state public utility commissions to provide telecommunications services in all 50 states and the District of Columbia.

**(a)(8) Eligibility for Streamlined Processing**

The Applicants do not seek streamlined processing of this Application.

**(a)(9) Other Related Applications**

In the introductory section above, the Applicants describe the related applications

filed in connection with this Transaction. However, Level 3 licensees may now have on file, and may hereafter file, additional requests for authorizations for new or modified facilities that may be granted before the Commission takes action on this Application. Accordingly, the Applicants request that any Commission approval of the applications filed for this Transaction include authority for CenturyLink to acquire control of: (1) any authorization issued to Level 3 or its subsidiaries while this Transaction is pending before the Commission and the period required for consummation of the Transaction; (2) any construction permits held by Level 3 or its subsidiaries that mature into licenses after closing; and (3) any applications that are pending at the time of consummation. Such action would be consistent with prior decisions of the Commission.<sup>6</sup> In addition, the Applicants request that Commission approval include any authorizations that may have been inadvertently omitted.

**(a)(10) Special Considerations**

None of the Applicants is facing imminent business failure. Nevertheless, prompt completion of the proposed Transaction is critical to ensure that the Applicants can obtain the benefits described in this Application. Accordingly, the Applicants respectfully request that the Commission approve this Application expeditiously.

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<sup>6</sup> See, e.g., *SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd. 18290, 18392 ¶ 212 (2005); *Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corp. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 19 FCC Rcd. 21522 at 21626 ¶ 275 (2004); *Southern New England Telecomm./SBC Order*, 13 FCC Rcd. 21292, 21317 ¶ 49; *Applications of NYNEX Corp. and Bell Atl. Corp.*, Memorandum Opinion and Order, 12 FCC Rcd. 19985, 20097-98 ¶¶ 246-56 (1997) (“*NYNEX/Bell Atlantic Order*”); *Pacific Telesis Group/SBC Order*, 12 FCC Rcd. 2624, 2665 ¶ 93; *Applications of Craig O. McCaw and Am. Tel. & Tel. Co.*, Memorandum Opinion and Order, 9 FCC Rcd. 5836, 5909 ¶ 137 n.300 (1994), *aff’d sub nom. SBC Commc’ns Inc. v. FCC*, 56 F.3d 1484 (D.C. Cir. 1995), *recons. in part*, 10 FCC Rcd. 11786 (1995) (“*McCaw/AT&T Order*”).

**(a)(11) Separately Filed Waiver Requests**

No separately filed waiver requests are filed in conjunction with this Application.

**(a)(12) Public Interest Statement**

A statement demonstrating how grant of the Application will serve the public interest, convenience and necessity is attached hereto at Exhibit B.

**VI. ADMINISTRATIVE MATTERS**

**A. Request for Approval of Additional Authorizations**

The authorizations identified in this Application and all associated submissions are intended to include all of the licenses and authorizations held by Level 3 that are subject to the Transaction. Level 3, however, may now have on file, or may hereafter file, additional requests for authorizations for new or modified facilities related to assets to be transferred to CenturyLink, which may be granted before the Commission takes action on this Application and associated submissions. Accordingly, the Applicants request that any Commission approval of this Application and all associated submissions include authority for CenturyLink to acquire control of the following:

- Any license or authorization issued to Level 3 during the Commission's consideration of the Application and the period required for consummation of the Transaction following approval;
- Any construction permits held by Level 3 that mature into licenses after closing; and
- Applications that are filed after the date of this Application and associated submission that are pending at the time of consummation.

Such authorization would be consistent with Commission precedent.<sup>7</sup> The Applicants also request that the Commission's approval of the Transaction include any facilities or authorizations that may have been inadvertently omitted.

#### **B. Exemption from Cut-Off Rules**

Pursuant to Sections 1.927(h), 1.929(a)(2) and 1.933(b) of the Commission's rules<sup>8</sup> and to the extent necessary,<sup>9</sup> the Applicants request a blanket exemption from any applicable cut-off rules in cases where CenturyLink files amendments to pending applications to reflect consummation of the proposed transfer of control. This exemption is requested so that amendments to pending applications to report the change in ultimate ownership of these licenses not be treated as major amendments. The scope of the Transaction demonstrates that the ownership change would not be made for the acquisition of any particular pending application, but as part of a larger transaction undertaken for an independent and legitimate business purpose. Grant of such application would be consistent with previous Commission decisions routinely granting a blanket exemption in cases involving similar transactions.<sup>10</sup>

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<sup>7</sup> See *Qwest-CenturyLink Order*, 26 FCC Rcd. at 4214-15 ¶ 46; *Frontier-Verizon Order*, 25 FCC Rcd. at 5996 ¶ 64; *AT&T-Cingular Order*, 19 FCC Rcd. at 21626 ¶ 275; *Application of WorldCom, Inc., and MCI Communications Corp. for Transfer of Control of MCI Communications Corp. to WorldCom, Inc.*, Memorandum Opinion and Order, 13 FCC Rcd. 18025, 18153 ¶ 226 (1998); *NYNEX Corp. and Bell Atlantic Corp. for Consent to Transfer Control of NYNEX Corp. and Its Subsidiaries*, Memorandum Opinion and Order, 12 FCC Rcd. 19985, 20097 ¶ 247 (1997); *Craig O. McCaw and Am. Tel. and Telegraph Co. for Consent to the Transfer of Control of McCaw Cellular Communications, Inc. and its Subsidiaries*, Memorandum Opinion and Order, 9 FCC Rcd. 5836, 5909 ¶ 137 n.300 (1994) ("McCaw-AT&T Order").

<sup>8</sup> 47 C.F.R. §§ 1.927(h), 1.929(a)(2), and 1.933(b).

<sup>9</sup> See *Sprint Nextel Corp. and Clearwire Corp. Applications for Consent to Transfer Control of Licenses, Leases, and Authorizations*, Memorandum Opinion and Order, 23 FCC Rcd. 17570, 17611 ¶ 105 (2008) ("*Sprint-Clearwire Order*"). With respect to cut-off rules under Sections 1.927(h) and 1.929(a)(2), the Commission has previously found that the public notice announcing the transaction will provide adequate notice to the public with respect to the licenses involved, including for any license modifications pending. In such cases, it determined that a blanket exemption of the cut-off rules was unnecessary. See *Ameritech Corp. and GTE Consumer Services Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 15 FCC Rcd. 6667, 6668 ¶ 2 n.6 (WTB 1999); *Comcast Cellular Holdings, Co. and SBC Communications, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 14 FCC Rcd. 10604, 10605 ¶ 2 n.3 (WTB 1999).

<sup>10</sup> See, e.g., *Sprint-Clearwire Order*, 23 FCC Rcd. at 17611 ¶ 105; *AT&T-Cingular Order*, 19 FCC Rcd. at 21626 ¶

**C. Ex Parte Status**

The Applicants request that the Commission treat this proceeding as permit-but-disclose pursuant to Section 1.1206 of the Commission's rules.<sup>11</sup> The public interest in expeditiously considering this Application and associated submissions would be served by the flexibility permitted by permit-but-disclose procedures.<sup>12</sup>

**D. Other Filings**

In connection with this Transaction, the Applicants are or will be making filings or notifications with the Federal Trade Commission and U.S. Department of Justice pursuant to the Hart-Scott-Rodino Antitrust Improvements Act, state public utility commissions, and local governments and municipalities as may be required.

**E. Team Telecom**

The Applicants are consulting with the Team Telecom agencies with respect to Level 3's existing network security agreement.

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275; *PacifiCorp Holdings, Inc. and Century Tel. Enterprises, Inc. for Consent to Transfer Control of Pacific Telecom, Inc., a Subsidiary of PacifiCorp Holdings, Inc.*, Memorandum Opinion and Order, 13 FCC Rcd. 8891, 8915-16 ¶ 47 (WTB 1997); *McCaw-AT&T Order*, 9 FCC Rcd. 5909 ¶ 137 n.300.

<sup>11</sup> See 47 C.F.R. § 1.1206.

<sup>12</sup> Pursuant to Section 1.1200(a) of the Commission's rules, the Commission may adopt modified *ex parte* procedures in particular proceedings if the public interest so requires. See 47 C.F.R. § 1.1200(a).



## CONCLUSION

For the reasons stated above, the Applicants respectfully submit that the public interest, convenience, and necessity would be served by grant of this Application.

Respectfully submitted,

### LEVEL 3 COMMUNICATIONS, INC.

/s/

John Ryan  
Executive Vice President and  
Chief Legal Officer  
Level 3 Communications, Inc.  
1025 Eldorado Boulevard  
Broomfield, Colorado 80021  
(720) 888-1000

Thomas Jones  
Mia Guizzetti Hayes  
Willkie Farr & Gallagher LLP  
1875 K Street, N.W.  
Washington, DC 20006  
(202) 303-1000  
tjones@willkie.com  
mhayes@willkie.com

*Its Attorneys*

### CENTURYLINK, INC.

/s/

Stacey W. Goff  
Executive Vice President and  
General Counsel  
CenturyLink, Inc.  
100 CenturyLink Drive  
Monroe, LA 71203  
(877) 837-5738

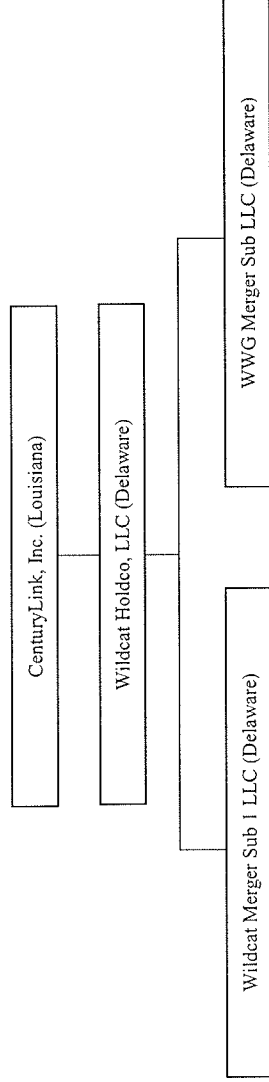
Yaron Dori  
Michael Beder  
Brandon Johnson  
Ani Gevorkian  
Covington & Burling LLP  
One City Center  
850 Tenth Street, N.W.  
Washington, DC 20001  
(202) 662-6000  
ydori@cov.com  
mbeder@cov.com  
bjohnson@cov.com  
agevorkian@cov.com

*Its Attorneys*

Dated: December 12, 2016

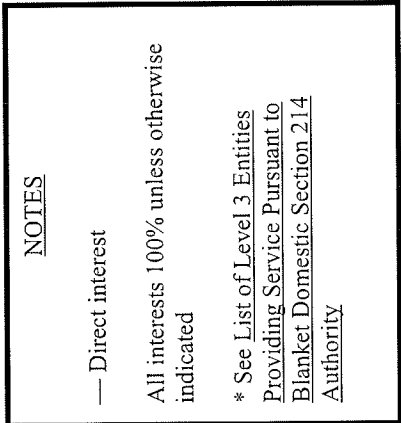
**Exhibit A**  
Pre- and Post-Transaction Corporate Ownership Charts

CenturyLink:  
Pre-Transaction Ownership Structure

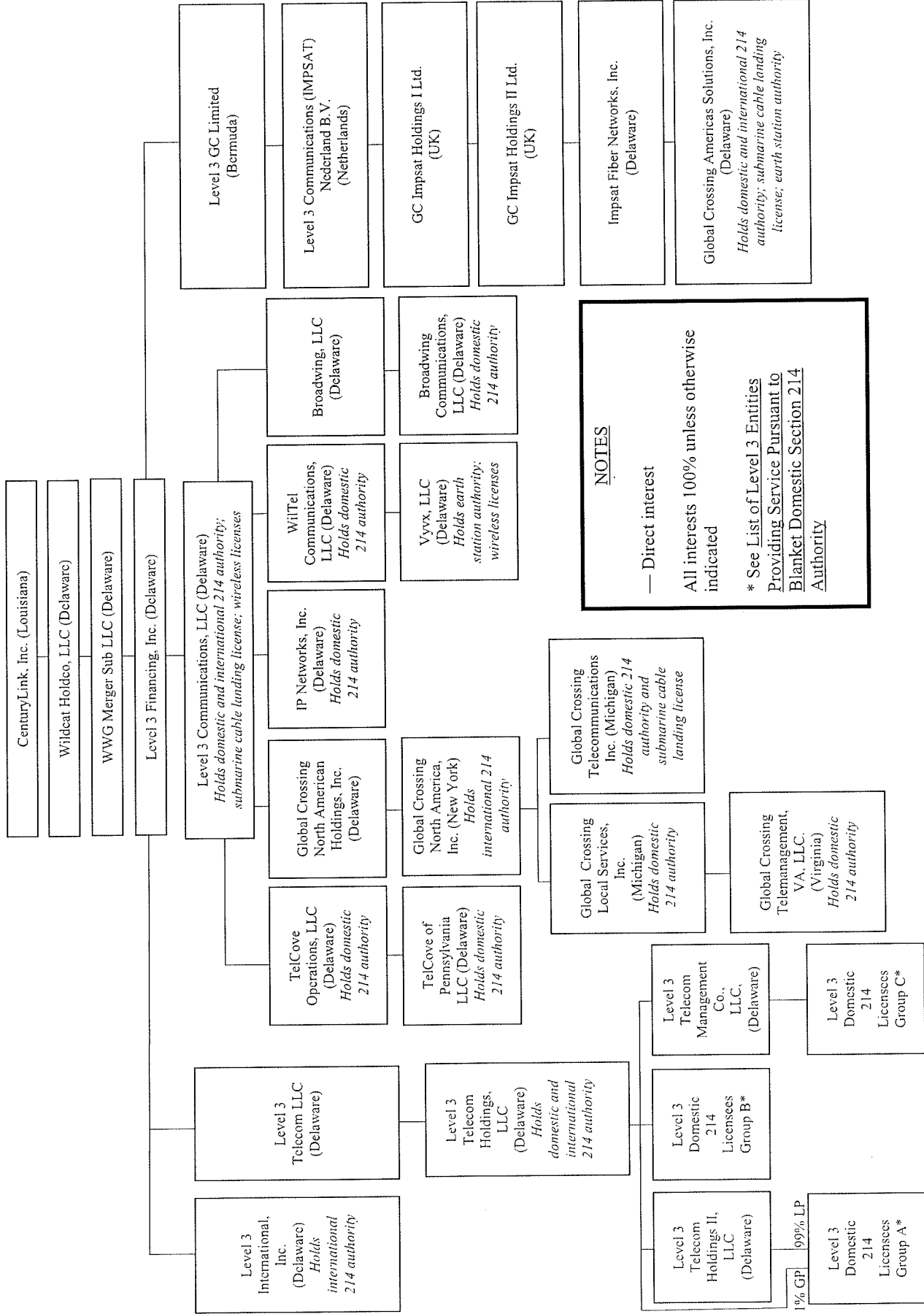


NOTE  
All interests 100%

### Level 3:



CenturyLink:  
Post-Transaction Organization



List of Level 3 Entities Providing Service Pursuant to Blanket Domestic Section 214 Authority

<b>Group A:</b> Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Holdings II, LLC	<b>Group B:</b> Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Holdings, LLC	<b>Group C:</b> Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Management Co., LLC
Level 3 Telecom of California, LP Level 3 Telecom of Florida, LP Level 3 Telecom of Georgia, LP Level 3 Telecom of Hawaii, LP** Level 3 Telecom of Indiana, LP Level 3 Telecom of New Jersey, LP Level 3 Telecom of New York, LP Level 3 Telecom of North Carolina, LP Level 3 Telecom of Wisconsin, LP  ** Also holds submarine cable landing license	Level 3 Telecom of Arizona, LLC Level 3 Telecom of Colorado, LLC Level 3 Telecom Data Services, LLC Level 3 Telecom of Idaho, LLC Level 3 Telecom of Illinois, LLC Level 3 Telecom of Iowa, LLC Level 3 Telecom of Minnesota, LLC Level 3 Telecom of New Mexico, LLC Level 3 Telecom of Ohio, LLC Level 3 Telecom of Oregon, LLC Level 3 Telecom of South Carolina, LLC Level 3 Telecom of Tennessee, LLC Level 3 Telecom of Texas, LLC Level 3 Telecom of Utah, LLC Level 3 Telecom of Washington, LLC	Level 3 Telecom of Alabama, LLC Level 3 Telecom of Arkansas, LLC Level 3 Telecom of D.C., LLC Level 3 Telecom of Kansas City, LLC Level 3 Telecom of Kentucky, LLC Level 3 Telecom of Louisiana, LLC Level 3 Telecom of Maryland, LLC Level 3 Telecom of Mississippi, LLC Level 3 Telecom of Nevada, LLC Level 3 Telecom of Oklahoma, LLC Level 3 Telecom of Virginia, LLC

**Exhibit B**  
Public Interest Statement

Approval of the proposed Transaction will enable the Applicants to combine their complementary networks to offer customers of enterprise services a broader range of on-net services and solutions than they currently can obtain from the Applicants individually, reduce both Applicants' dependence on leased fiber facilities, and, by enhancing the combined company's reach and financial profile, strengthen its ability to invest and compete for the long term. In doing so, the proposed Transaction will allow the combined company not only to provide better service and a fuller suite of solutions to its base of enterprise customers, but also to serve as a stronger competitor in the retail segment to AT&T, Verizon, and others, including large cable companies that have dramatically expanded their core offerings in recent years to compete successfully for these customers.

CenturyLink and Level 3 have in the past focused primarily on serving different geographic areas and customer segments. CenturyLink is a mid-sized ILEC that provides voice, broadband, and video services to business and residential customers in rural, suburban and urban territories. CenturyLink serves some enterprise customers both within and outside of its ILEC territory, but its fiber-based footprint for high-demand services such as Ethernet is limited relative to that of its largest competitors, especially outside of its ILEC territory. CenturyLink has a relatively modest internet backbone and a small resale-based presence in the international transport market. In fact, it holds a small ownership interest in only one subsea cable that lands in the U.S. and otherwise leases all of its international transport capacity (including to and from the U.S.) from others.

In contrast, Level 3 serves no residential customers. It focuses on serving businesses, primarily large enterprise customers. Most of Level 3's customers are located outside of CenturyLink's ILEC territory. Level 3 serves customer locations via its own fiber facilities where possible, but Level 3's fiber facilities do not reach the majority of the customer locations it serves. Where this is the case, Level 3 serves the customer locations via end user connections leased from another carrier. Still, Level 3 has been able to use those connections to become a leader in the provisioning of high-demand Ethernet services to customers, again primarily outside of CenturyLink's ILEC territory. Level 3 also has a significant internet backbone and an international transport business.

The Transaction will enable the Applicants to combine these complementary businesses to become a more effective competitor in the provision of enterprise services — an area that is growing and evolving due to increased bandwidth needs. Competing in this area — where customers increasingly demand a broader array of facilities-based service offerings on a national or international scale — requires service providers to possess robust and far-reaching network infrastructure. This breadth enables larger providers to reduce operational costs and provide high levels of quality control to customers. Competing successfully in this area also requires service providers to possess the financial wherewithal and technical expertise to make additional prudent investments in their businesses, personnel, and other resources over time. By combining forces, CenturyLink and Level 3 will possess the resources necessary to compete more effectively in this environment.

Both CenturyLink and Level 3 have proven track records when it comes to scaling their businesses through organic growth and acquisitions. This has enabled them to evolve over time. But their ability to continue to compete effectively in the provision of enterprise services is



challenged by the presence of other, larger-scale providers. Indeed, as the needs of enterprise customers have grown, both CenturyLink and Level 3 have found themselves at a competitive disadvantage vis-à-vis larger, better-capitalized competitors with greater national and in some cases global reach. AT&T and Verizon, for example, have fiber connections to far more enterprise locations nationwide than either CenturyLink or Level 3, and they therefore have a substantial advantage in competing for multi-location (including multi-national) customers. They also have greater resources. The market capitalizations of AT&T and Verizon, for example, are each approximately *ten times* that of CenturyLink or Level 3.

Competition for enterprise customers is not limited only to large ILECs. The Applicants also face significant challenges from large cable companies such as Comcast and Charter, which increasingly are turning their attention to the provision of enterprise services, as well as from growing competitors such as Zayo, which has focused on building a competitive fiber infrastructure concentrated in the densest and most profitable areas and routes. Moreover, the Applicants must contend with foreign-based companies that serve global enterprise customers, such as British Telecom (“BT”) and Nippon Telegraph and Telephone (“NTT”). Although CenturyLink and Level 3 have worked hard to compete in this environment, the resources and scale of many of their competitors have only increased. By combining their network resources, services and solutions, the Transaction will enable the combined CenturyLink and Level 3 to become a more viable, better-resourced competitor with enhanced service delivery capabilities.

At the same time, the Transaction will not result in any countervailing competitive harms. Data collected by the Applicants (and described more fully in Section B herein) make clear that the markets relevant to the Transaction are vibrant and competitive and will remain so after the Transaction is consummated. By bolstering the combined company’s ability to compete in

markets that will remain competitive, the Transaction will only increase the level of competition in these markets. The Transaction also will not affect existing contractual obligations between the Applicants and their customers; those obligations will continue to be governed by the relevant contractual terms once the Transaction closes.

The Transaction will not adversely affect consumers, including those who receive residential services from CenturyLink. As noted above, Level 3 does not serve residential subscribers or consumers, and nothing about the Transaction is expected to negatively affect the portion of CenturyLink's operations that is directed at the consumer segment. The Transaction will have no effect on CenturyLink's regulatory obligations toward residential subscribers, or on any pending commitments or obligations CenturyLink may have in connection with those subscribers, such as rural broadband deployment obligations associated with the Connect America Fund. The Transaction's focus is on enhancing the ability of the combined company to compete vigorously in the provision of enterprise services.

In short, as discussed more fully herein, the Transaction will promote competition, will not result in any countervailing harms, and is in the public interest.

**A. The Transaction Will Bolster Competition for Enterprise Services**

**1. The Combined Company Will Offer a Complementary and Expanded Array of High-Quality Services Over a More Extensive and Robust Fiber Network**

The proposed Transaction, once consummated, will significantly enhance the Applicants' combined network facilities, bolstering the combined company's ability to compete for multi-location customers who prefer providers that are able to offer on-net access on a national or global scale. The combined company's expanded reach will enable the company to serve a higher proportion of locations using its own end user connections, thus making the company a

stronger competitor in the enterprise market, particularly when compared with larger, highly-capitalized providers with greater reach such as AT&T, Verizon, and cable companies such as Comcast that present existing and increasing competitive threats. By increasing the number of its on-net end user connections, the combined company will be able to reduce its off-net access costs. It also will be able to provide better quality control for customers. As the Commission recently recognized in the context of its review of the Verizon-XO transaction,<sup>1</sup> it generally is better to serve customers with on-net facilities for a variety of reasons, including better responsiveness to service problems and greater control over the end-to-end arrangement to ensure that those service problems do not occur in the first place. By enabling the Applicants to reduce their dependence on leased fiber, the Transaction will enable the combined company to provide these types of benefits to its customers.

The combination of CenturyLink and Level 3 will particularly improve the ability of the Applicants to serve multi-location customers. Presently, the Applicants compete for such customers in the U.S. and abroad not only against U.S.-based carriers but also against global providers such as BT and NTT, which have extensive networks in Europe and Asia. Service providers with the greatest network reach have the best prospects for competing for multi-location customers who, as noted above, are likely to prefer service providers that can provide an on-net presence for their national and, where applicable, international locations. The combined company's improved network reach therefore will facilitate greater competition for multi-location customers, resulting in the sort of benefits to customers that competition naturally brings. Indeed, the Commission recently confirmed the "planned use of . . . fiber facilities to

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<sup>1</sup> See *Applications of XO Holdings and Verizon Communications Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, DA 16-1281, WC Docket No. 16-70, at 35 ¶ 63 (rel. Nov. 16, 2016) ("*Verizon-XO Approval Order*").

better compete for multi-location customers” as a significant public interest benefit.<sup>2</sup> By improving the ability of CenturyLink and Level 3 to serve multi-location customers, the Transaction will facilitate these same public interest benefits.

The customer-facing benefits of owning fiber — rather than leasing it — are legion. Owning more of its own fiber means the combined company will have more complete information about the capacity and other characteristics of the specific network facilities used to serve each customer, as well as greater authority to monitor and manage the provision and maintenance of these facilities on the company’s own schedule, with less need to rely on and coordinate with third parties. As a result, the combined company will be able to review and approve customers’ orders more quickly. The company also will be in a better position to maximize service reliability by more rapidly identifying and correcting the source of any disruptions, avoiding unintended route redundancy by gaining visibility into path usage, and minimizing the need to hand off customers’ traffic to other networks, thereby reducing failure points in the system. The Commission recently found these factors to be precisely the sort of specific and identifiable public interest benefits that result from one service provider acquiring a fiber-based provider, which would be the case here.<sup>3</sup>

The combination of CenturyLink and Level 3 also will facilitate the availability of complementary and improved enterprise service to customers. For example, through the acquisition of Level 3, CenturyLink’s Ethernet footprint will greatly expand not only in the U.S. but also abroad, where CenturyLink has a relatively small Ethernet presence. CenturyLink today offers customers a broad range of DSn connections, particularly within its ILEC territory, but its

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<sup>2</sup> *Id.*

<sup>3</sup> *See id.*

roll-out of high-capacity Ethernet services is more recent and it has not been as successful in selling Ethernet services as many of its competitors.<sup>4</sup> Level 3, on the other hand, has a long history of providing innovative Ethernet services, but it lacks the same degree of fiber connectivity to buildings as CenturyLink, especially within CenturyLink's ILEC footprint. By combining forces, CenturyLink and Level 3 will be able to provide a more complete and fulsome array of connections and services to their customer base, positioning the combined company to compete more effectively against those who already provide this array of service offerings to customers. For instance, over time, the combined company expects that it will be able to utilize to greater effect Level 3's Adaptive Network Control service, which allows customers to dynamically scale bandwidth usage up or down to meet their specific needs without requiring extensive planning. By making these and other services more widely available, the combined company will bring substantial operational and service benefits to their enterprise customers.

Enterprise customers also will benefit from the combination of CenturyLink's and Level 3's expertise in the provision of managed services, content delivery networks, and internet protocol-based ("IP") virtual private network ("VPN") capabilities. Over time, the combined company will be able to leverage the strongest aspects of each of these services to produce a more efficient, higher-quality set of services than either Applicant offers today. For instance, although CenturyLink has one of the largest Multiprotocol Label Switching VPN networks in the country, it has a comparatively smaller footprint internationally than Level 3's IP VPN services. By combining resources, the Applicants will be better able to provide their customers with a

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<sup>4</sup> For example, Vertical Systems Group, an independent research company that focuses on business data network services, ranks CenturyLink fifth among Ethernet providers in total retail port sales. *Mid-Year 2016 U.S. Carrier Ethernet LEADERBOARD*, Vertical Systems Group (Aug. 18, 2016), <http://www.verticalsystems.com/vsglb/mid-year-2016-u-s-carrier-ethernet-leaderboard> ("VSG 2016 Ethernet LEADERBOARD").

broader array of these and other IT and related services.

The Transaction also will greatly enhance the Applicants' network security and advanced threat intelligence services, which will serve to provide greater security for customers' data and systems. Enterprise customers increasingly are the targets of cyber-attacks, and the overall business and technological risks of operating in today's highly connected environment are substantial. Through this Transaction, the combined company will have a market-leading security services portfolio with a full complement of adaptive intelligence, threat prevention, threat management, incident response and analysis services to support customers' hosted or on-premises enterprise security programs and enable customers to react quickly to security incidents with data-driven plans and support from expert security staff. Together, the Applicants will leverage the best aspects of their respective security and intelligence services to provide customers with critical solutions that enable them to better protect their data and systems. By reducing the need for customers to develop, deploy and maintain their own security technology, the combined company's robust security service offerings will provide customers an administratively easy and cost-efficient way to prepare for and manage their cybersecurity issues.

**2. The Combined Company Will Mount a Stronger Challenge to Larger, Better Capitalized Competitors with Greater Reach**

The Transaction will enable the combined company to emerge as a stronger challenger to larger, better capitalized competitors with greater on-net reach in the provision of enterprise services. AT&T and Verizon are the largest players in the nationwide provision of enterprise services and have a global reach that exceeds that of many other competitors. They also have significant financial scale. For example, in their fiscal year 2015, AT&T generated roughly \$30

billion in enterprise revenue,<sup>5</sup> and Verizon generated just under \$20 billion in such revenue.<sup>6</sup> In light of the Commission's recent approval of the merger of Verizon and XO Communications,<sup>7</sup> another nationwide provider of enterprise services, Verizon no doubt is positioned to become an even more significant player in the provision of enterprise services. By increasing the Applicants' scale and size, the Transaction will enhance the Applicants' ability to compete against these larger providers.

Large cable companies such as Comcast and Charter also present a significant competitive threat. Comcast, for instance, "is able to offer retail BDS across much of its facilities-based footprint,"<sup>8</sup> while Charter has invested significantly "in the expansion of its BDS capabilities since the beginning of 2013" and "aggressively seeks new business across its footprint."<sup>9</sup> And in the few areas where cable companies may lack the facilities to serve business customers now, they are quickly filling those gaps in coverage.<sup>10</sup> For example, the availability of non-ILEC-provided wholesale Ethernet access has risen sharply in recent years,<sup>11</sup>

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<sup>5</sup> See AT&T Inc., *Q3 2016 AT&T Earnings — Financial and Operational Results* at 10 (Oct. 22, 2016), available at [https://www.att.com/Investor/Earnings/3q16/master\\_3q16.pdf](https://www.att.com/Investor/Earnings/3q16/master_3q16.pdf).

<sup>6</sup> See Verizon Communications Inc., *Financial and Operating Information* at 15 (Sept. 30, 2016), available at <http://www.verizon.com/about/file/19557/download?token=BW4QtXRt>. This revenue data for Verizon predates its merger with XO.

<sup>7</sup> See generally *Verizon-XO Approval Order*.

<sup>8</sup> Comments of Comcast Corporation at 11, *Business Data Services in an Internet Protocol Environment et al.*, WC Docket No. 16-143 *et al.* (filed June 28, 2016) ("Comcast BDS Comments").

<sup>9</sup> Reply Comments of Charter Communications, Inc. at 2, *Business Data Services in an Internet Protocol Environment et al.*, WC Docket No. 16-143 *et al.* (filed Aug. 9, 2016) ("Charter BDS Reply").

<sup>10</sup> See Comments of the National Cable and Telecommunications Association at 3, *Business Data Services in an Internet Protocol Environment; Special Access for Price Cap Local Exchange Carriers*, WC Docket Nos. 16-143, 05-25 (filed June 28, 2016) (noting that cable companies have identified the business data services ("BDS") market as "a significant source of new revenue" and "fully intend, at least in the absence of regulation, to continue vigorously competing in this market").

<sup>11</sup> See VSG 2016 Ethernet LEADERBOARD (noting that "[t]he competitive balance of the Ethernet marketplace is evident, as more than 60 percent of new connections were delivered by CLECs and Cable MSOs during the first half of 2016").

which is attributable in large part to the growth of cable providers. Furthermore, cable providers increasingly are viewed by customers as reasonably interchangeable relative to more traditional telecommunications carriers, as Ethernet services offered by the former are now comparable in quality to those offered by the latter.

Although their overall revenues from the sale of services to enterprise customers currently trail those of the largest providers, cable companies are increasing their business service revenues and gaining market share. ATLANTIC-ACM expects cable providers' overall wireline revenues to grow by \$9.7 billion through 2021, "driven predominantly by success in business services."<sup>12</sup> Indeed, cable companies' Ethernet transport revenues have experienced a compound annual growth rate of 27.2 percent since 2014, and cable providers are projected to increase their proportion of business wireline revenues to 25.8 percent of total revenues by 2021 (up from 15.3 percent of total revenues in 2015).<sup>13</sup> In addition, the top six cable companies have grown to account for more than a quarter of the total U.S. Ethernet ports.<sup>14</sup> For instance, since 2012, Comcast's and Charter's combined port share alone has nearly doubled.<sup>15</sup>

These developments have had a significant impact on CenturyLink's ability to compete for enterprise customers because the largest of these cable companies — Comcast and Charter — have a significant presence within CenturyLink's ILEC region as well as outside of CenturyLink's ILEC footprint. Indeed, in recent years the total number of high capacity circuits provided by CenturyLink in its ILEC region has declined considerably, with a large percentage

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<sup>12</sup> ATLANTIC-ACM, "U.S. Telecom Wireline and Wireless Sizing Share Forecast: 2016-2021," at 123 (Nov. 2016).

<sup>13</sup> See *id.* at 44, 124-27; ATLANTIC-ACM, "Special Data Output" (Dec. 2016).

<sup>14</sup> See Vertical Systems Group Special Inquiry (Dec. 2016).

<sup>15</sup> See *id.* For purposes of this comparison, port shares of Time Warner Cable and Bright House were combined with Charter's port share.



of its customers switching to cable providers. This drain of enterprise customers from ILECs to cable companies is the result of intentional and strategic efforts by the latter to secure and expand their foothold in the provision of enterprise services. For instance, in comments filed in the Commission's BDS proceeding, both Comcast and Charter explained that they have made significant investments in network infrastructure in an attempt to strengthen their position in the BDS marketplace,<sup>16</sup> and Charter further acknowledged that it engages in promotional pricing practices in an express effort "to win business from incumbent LECs and others."<sup>17</sup> Indeed, Comcast today markets its extensive nationwide fiber network as "the largest facilities-based last mile alternative to the phone company in the United States."<sup>18</sup> The Transaction will provide CenturyLink with the resources it needs to compete more effectively against these entities and trends, and enterprise customers will benefit directly from that competition.

AT&T, Verizon and large cable companies are not the only meaningful competitors that the Applicants face. Other facilities-based competitors exist in both the U.S. and abroad, and they too are growing to become more formidable competitors. Just last month, for example, Zayo, an independent national infrastructure-focused provider, agreed to purchase Electric Lightwave, a regional communications company with substantial metro fiber assets in a number of West Coast markets. This acquisition will enhance Zayo's already notable inter-city footprint and fiber presence within major metropolitan areas. BT and NTT, for their part, have extensive fiber-based networks outside the U.S. that provide them with competitive advantages that make

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<sup>16</sup> See Comcast BDS Comments at 7; Comments of Charter Communications, Inc. at 8, *Business Data Services in an Internet Protocol Environment*, WC Docket No. 16-143 (filed June 28, 2016).

<sup>17</sup> Charter BDS Reply at 2.

<sup>18</sup> See "Comcast Business: The Comcast Network," available at [https://cdn.pdc.business.comcast.com/~media/business\\_comcast\\_com/PDFs/the\\_comcast\\_network\\_2013.pdf?rev=b6e1ebe6-ff22-489d-bb29-13769486b1f3](https://cdn.pdc.business.comcast.com/~media/business_comcast_com/PDFs/the_comcast_network_2013.pdf?rev=b6e1ebe6-ff22-489d-bb29-13769486b1f3) (last visited Dec. 12, 2016).

it difficult for CenturyLink or Level 3 to expand further into these markets on their own.

**3. The Combined Company Will Benefit from Continuity in Experienced Leadership that Has a Proven Track Record of Successfully Effectuating Combinations**

The executive team of the combined company will consist of top talent from CenturyLink and Level 3, which will ensure continuity in leadership with deep management and integration experience. After the close of the Transaction, Glen Post, CenturyLink's current Chief Executive Officer and President, will serve as Chief Executive Officer and President of the combined company, and Sunit Patel, Level 3's current Executive Vice President and Chief Financial Officer, will serve as Chief Financial Officer of the combined company. By retaining senior leadership from both companies, the combined company will ensure that the key qualities and attributes that have made CenturyLink and Level 3 successful to date in their respective businesses will carry forward to the new company. In addition, the combined company intends to evaluate and retain managers, engineers, and other personnel to be identified from both CenturyLink and Level 3 who will support the efforts of these senior leaders by continuing to offer their considerable skills and expertise to the combined company. Many of these individuals will have integration experience, including in the key enterprise segment that is the focus of this Transaction.

CenturyLink and Level 3 also have a demonstrated record of successfully integrating the businesses they acquire and meeting or exceeding their synergy targets while continuing to provide high-quality service. For example, when CenturyLink acquired Embarq in July 2009, it successfully positioned the combined company as the largest independent telecommunications provider and the fourth largest telecommunications provider by access lines in the country. Subsequently, in April 2011, CenturyLink acquired Qwest and successfully went about

integrating its operations, becoming the third largest ILEC in the country, with over 17 million access lines.

Level 3, for its part, has a similar record of successful merger integrations. It acquired Global Crossing in October 2011 and in doing so increased the scale and reach of the combined company's network, with extensive inter-city optical/IP backbones, undersea cable facilities, and metro facilities in North America, Europe and Latin America. Subsequently, in October 2014, Level 3 successfully integrated tw telecom into its operations, further increasing the breadth and scale of the combined company's metro networks. In each of these transactions, the companies met or exceeded key merger integration targets they had established, including those pertaining to synergies, demonstrating clearly their ability to integrate their operations with minimal disruption to the customer experience.

These successful merger integrations did more than improve CenturyLink's and Level 3's businesses. They enabled these companies to become more formidable competitors, thereby bringing the benefits of competition to customers. The Applicants expect these same benefits to follow from their proposed combination.

#### **4. The Transaction Will Improve the Combined Company's Financial Profile**

Once completed, the Transaction is expected to bolster the financial profile of the combined company, thereby enhancing its ability to compete in the provision of enterprise services. The combined company will have approximately \$19 billion in pro forma business revenue and \$13 billion in business strategic revenue for the trailing twelve months ended June 30, 2016. Efficiencies enabled by the Transaction will improve access to capital, which will better position the company to make strategic investments in new infrastructure and services

while eliminating duplicative network investments as standalone companies. This additional scope and scale will provide the combined company with greater purchasing power from vendors and access to the latest network technologies. The combined company also will be able to reduce its indebtedness more rapidly through increased free-cash flow generation that will result from its greater scale.

In terms of revenue stability, more than three-fourths — 76 percent — of the combined company's revenue will be derived from business customers, and 65 percent of the combined company's core revenue will be from strategic services. The increased scale afforded by the combined company is expected to generate about \$975 million of annual run-rate cash synergies, primarily from the elimination of duplicative functions, systems integration, and increased operational and capital efficiencies. The Commission recently recognized the public interest benefits of merger-specific efficiency gains.<sup>19</sup> The Applicants expect that the Transaction will create a more stable, growth-oriented service provider with lower costs and the financial wherewithal to compete with larger, better-capitalized competitors in the market. These expected outcomes further demonstrate that the Transaction is in the public interest.

**B. The Transaction Will Not Result in Any Countervailing Competitive Harms**

**1. The Transaction Will Grow the Network Footprint of the Combined Company Without Harming Competition**

Historically, the Commission has evaluated competition for enterprise services on a

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<sup>19</sup> See, e.g., *Verizon-XO Approval Order* at 29-30 ¶ 51 (recognizing that “non-wage synergies will likely directly lower the marginal cost of providing service” and that “marginal cost savings are more likely to lead to consumer benefits”); *Applications Filed for the Transfer of Control of Embarq Corporation to CenturyTel, Inc.*, Memorandum Opinion and Order, 24 FCC Rcd. 8741, 8759 ¶ 44 (2009) (finding merger-specific benefits where merger was “likely to result in savings in fixed and marginal costs, some of which are likely to accrue to the benefit of consumers”); *Applications of Nextel Communications, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 20 FCC Rcd. 13,967, 14,017 ¶ 140 (2005) (acknowledging the “merger specific efficiencies in information technology, billing, customer care, sales and marketing systems”).

geographic- and product-market-specific basis.<sup>20</sup> Applying this precedent to the proposed combination of CenturyLink and Level 3 suggests that the Commission will evaluate the effect of the Transaction on: (1) the market for internet backbone transmission services (*i.e.*, IP transit); (2) the market for international transport services (including submarine cable facilities and the capacity needed to provide those services); (3) the market for long-haul services (including inter-city fiber needed to provide those services); and (4) the market for retail and wholesale enterprise services (including facilities needed to provide those services, *e.g.*, connections to buildings and fiber transport facilities deployed near to buildings).

The combined company will face significant competition in each of these markets. As noted above, CenturyLink and Level 3 face formidable challenges from AT&T, Verizon, cable companies, and other non-ILEC vendors in the provision of enterprise services such as Ethernet. In addition, the Commission itself has acknowledged that the internet backbone transmission services and international transport services markets are characterized by high levels of competition.<sup>21</sup> Furthermore, and as explained more fully below, CenturyLink and Level 3 today have only a limited degree of overlap in any of these markets. As a result, the Transaction will not have a significant effect on the number of providers or the availability of such services in these markets. Even in the locations or on the routes in which CenturyLink and Level 3 today

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<sup>20</sup> See, *e.g.*, *Applications Filed for the Transfer of Control of tw telecom inc. to Level 3 Communications, Inc.*, Memorandum Opinion and Order, 29 FCC Rcd. 12,842, 12,846-47, 12,848-49 ¶¶ 13-14, 16-17 (2014) (describing the relevant markets for merger analysis in terms of global footprint, metropolitan footprint, and on-net buildings); *Applications Filed by Global Crossing Limited and Level 3 Communications, Inc. for Consent to Transfer Control*, Memorandum Opinion and Order and Declaratory Ruling, 26 FCC Rcd. 14,056, 14,066, 14,069-70 ¶¶ 21, 30 (2011) (identifying the Tier 1 ISP and international transport markets as relevant markets for purposes of merger analysis); *Applications Filed by Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink for Consent to Transfer Control*, Memorandum Opinion and Order, 26 FCC Rcd. 4194, 4202 ¶ 16 (2011) (concluding that the relevant geographic market for wholesale special access services is “a particular customer’s location, because it would be prohibitively expensive for an enterprise customer to move its office location in order to avoid a ‘small but significant and nontransitory increase in the price’ of special access service”).

<sup>21</sup> See *infra* notes 22–23, 27.

are both present, the proposed combination will not adversely affect competition because one or more competitors also are present (or sufficiently nearby) and thus would continue to make available competitive offerings to enterprise customers. Indeed, in these circumstances the Transaction could still be expected to increase competition overall because the combined company will be better-resourced and thus better able to offer customers compelling service alternatives on a regional, national and/or global scale as compared with those offered by other players. A more specific assessment of the effect of the proposed combination on these markets is provided below.

*Internet backbone transmission services.* The market for internet backbone transmission services is marked by significant competition. Indeed, the Commission itself has acknowledged that the market for Tier 1 backbone providers “is both competitive and dynamic.”<sup>22</sup> The Commission recently found that “transit prices have fallen by more than 90 percent in the last five years alone,”<sup>23</sup> which demonstrates that the market for transit services remains quite healthy.

The Applicants today compete against some of the largest Tier 1 backbone providers in the provision of transit services, and that will not change as a result of the Transaction. Level 3 has a significant internet backbone. CenturyLink’s IP backbone, however, is substantially smaller. According to the Center for Applied Internet Data Analysis (“CAIDA”), CenturyLink’s global IP network ranks seventeenth place,<sup>24</sup> while it does not make Dyn’s “Baker’s Dozen” list of the top thirteen global IP transit providers at all (and it has not since the 2012 edition of that

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<sup>22</sup> *AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd. 5662, 5735 ¶ 143 (2007).

<sup>23</sup> *Verizon-XO Approval Order* at 26 n.156; *see also id.* at 26 ¶ 44.

<sup>24</sup> *See* Center for Applied Internet Data Analysis, *AS Rank: AS Ranking*, <http://as-rank.caida.org/?mode0=as-ranking&data-selected=39> (last visited Dec. 12, 2016).

report).<sup>25</sup> This demonstrates that the combination of CenturyLink and Level 3 will have little impact on the overall level of competition for IP transit services. Notably, the Dyn and CAIDA rankings are precisely the same sources on which the Commission relied in assessing the effects that the Verizon-XO transaction would have on the competitive availability of transit service.<sup>26</sup>

*International Transport Services.* The international transport services market (particularly with respect to submarine cable facilities) is and will remain highly competitive after the Transaction is consummated. The Commission has in past transactions noted that “low barriers to entry” are found in the international transport marketplace, particularly with respect to submarine cables, and that “the relative ease of entry . . . make[s] competitive harm unlikely.”<sup>27</sup> Although Level 3 holds an interest in a number of subsea cable routes, CenturyLink holds a partial ownership interest in just *one* (which connects the U.S. and Japan) and otherwise leases all of its subsea capacity from other entities. Moreover, CenturyLink’s ownership interest in that single subsea cable is less than five percent (and the interest held by Level 3 is even smaller), meaning that the ability of the combined company to influence the operation of that cable will be limited. As a result, and as explained more fully in the Applicants’ contemporaneously filed Consolidated Submarine Cable Landing License Application, the Transaction will not lead to any meaningful concentration of facilities-based providers in the subsea cable market.

*Long-Haul Services.* A competitive analysis undertaken by the Applicants confirms that the market for long-haul services will remain competitive after the close of the Transaction.

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<sup>25</sup> See Dyn, *A Baker’s Dozen, 2015 Edition* (Apr. 12, 2016), <http://hub.dyn.com/dyn-blog/a-baker-s-dozen-2015-edition>.

<sup>26</sup> *Verizon-XO Approval Order* at 23 n.140; see also *id.* at 23 ¶ 40.

<sup>27</sup> *Applications of Cable & Wireless Communications PLC and Columbus New Cayman Limited for Transfer of Control of Cable Landing License and Section 214 Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd. 12,730, 12,740 ¶ 24 (2015).

The Applicants identified the overlapping long-haul routes that include fiber that either CenturyLink or Level 3 owns or has an indefeasible right of use (“IRU”) to employ and then, using publicly available information, compared these overlapping routes to the long-haul fiber routes of competitors. The data showed that all but three of the overlapping CenturyLink-Level 3 long-haul fiber routes are served by one or more of AT&T, Comcast, and/or Verizon, and that the three short routes that remain — Boise, ID, to Portland, OR; Jackson to Seminary, MS; and Birmingham to Montgomery, AL — are served by at least one other fiber competitor.<sup>28</sup> These results demonstrate that there is no overlapping CenturyLink-Level 3 route that will not face competition after the consummation of the Transaction.

*Retail and wholesale enterprise services.* Data collected and analyzed by the Applicants concerning the number of buildings within and outside of CenturyLink’s ILEC footprint that would or could be served with fiber by the combined company and other competitors post-Transaction demonstrate that the Transaction will not meaningfully diminish competition for the delivery of enterprise services. To start, the Applicants identified the number of buildings that each company serves with fiber (whether owned or through an IRU) and then compared their lists of fiber-fed buildings using Coding Accuracy Support System standardized addresses.<sup>29</sup> The list of fiber-fed building locations that would go from having two fiber providers to one as a result of the Transaction (“2:1 buildings”) was then compared by address to the GeoResults GEOLIT dataset (reflecting data reported for the third quarter of 2016) and Level 3-supplied lists of locations (based on its competitive intelligence) served by competitors. Each 2:1 building

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<sup>28</sup> These competitors include Zayo (Boise to Portland), Telepak (Jackson to Seminary), and Charter (Birmingham to Montgomery).

<sup>29</sup> Any building not matched by address but within 250 feet of another unmatched building was considered the same location.



location was then compared spatially to these competitive datasets to determine the nearby competitors. The Applicants also used FCC Form 477 data reported for the fourth quarter of 2015 to determine if any building locations fell within a Census Block in which a competitor reported providing a maximum download speed of 100 Mbps or greater, either via hybrid fiber-coaxial facilities or fiber to the premises. Finally, the Applicants removed from the remaining pool all of the 2:1 buildings where business services are available from cable companies.<sup>30</sup>

Based on the methodology described above, the Applicants tentatively conclude that there are only 90 2:1 buildings within CenturyLink's ILEC region and 10 2:1 buildings outside of CenturyLink's ILEC region where there is not a competitive provider within 0.1 miles.<sup>31</sup> The vast majority of the in-region buildings are located in one of five metropolitan statistical areas: Albuquerque, NM; Boise City, ID; Colorado Springs, CO; Denver-Aurora-Lakewood, CO; and Minneapolis-St. Paul-Bloomington, MN-WI. Physical inspections undertaken to confirm aspects of the Applicants' analysis and identify additional in-building and nearby competitors (including cable companies) are ongoing, and the Applicants expect the final number of 2:1 buildings that lack nearby competitors may decline once such inspections have been completed.

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<sup>30</sup> For purposes of this analysis, the availability of these providers' business services was determined by comparing building addresses to locations in which cable companies provide business class service, according to the companies' websites. This exercise has thus far been conducted for Comcast, Charter, Cox, and Time Warner Cable.

<sup>31</sup> These figures reflect the "conservative" view, which the Commission used in its order approving the merger of Verizon and XO, that the 100 Mbps demand and 0.1 mile thresholds serve as reliable indicators of the existence of competitive constraints on the price for fiber. *See Verizon-XO Approval Order* at 13 n.76. The logic underlying this approach (one that has been used by the Commission and the Department of Justice) is that the revenues associated with a customer that demands 100 Mbps or more of service are sufficient to enable a competitor to construct facilities to the customer's location. It stands to reason, however, that if the revenue opportunities at a building are larger than those associated with the sale of 100 Mbps of capacity, then competitive facilities at distances greater than 0.1 miles from the building can and should reflect the presence of a viable competitor for serving that building. Larger revenue opportunities can be the result of a higher capacity of demand at the building and/or more value-added services demanded by customers in the building. In all events, given that service providers are usually able to deploy facilities to serve buildings with especially high demand (as just one example, those with demand above one Gbps), such buildings should be considered to be subject to competition in all circumstances.

The data thus are clear that the enterprise markets relevant to the Transaction are vibrant and competitive, and will remain so upon consummation of the Transaction.

**2. The Transaction Will Not Negatively Affect Existing Consumer Services or Alter the Contractual and Regulatory Commitments of the Applicants**

The Applicants recognize and appreciate that continuity of service is among the top priorities of their customers. The Transaction will have no effect on either CenturyLink's or Level 3's contractual and regulatory obligations to its customers. Specifically, the Transaction will not alter the rates, terms, and conditions of service under customers' current contracts. The Applicants also will continue to abide by their ongoing obligations under existing interconnection agreements, as well as under applicable law, including, for example, those set forth in Sections 251 and 252 of the Communications Act.

The Transaction also will not create a risk of any harm to consumers, including those who receive residential services from CenturyLink. The Transaction will in no way affect CenturyLink's existing obligations or commitments to residential subscribers, all of which will remain intact. If anything, by making the combined company a stronger, better-resourced competitor in the enterprise market, CenturyLink can be expected to have greater resources at its disposal to serve all of its customers.

The Applicants also expect that their internal systems will be consolidated and integrated efficiently, which will ensure that the services their customers receive continue without disruption. As noted above, past merger integration experiences provide a strong basis to expect this.

In short, the Transaction will bring an array of benefits to enterprise customers without any countervailing harms to consumers or competition, and therefore promotes the public

interest.

**Exhibit C**  
CenturyLink International Section 214 Authorizations

<b>Entity</b>	<b>File Number</b>
CenturyLink Communications, LLC f/k/a CenturyTel Long Distance, Inc.	ITC-214-19990224-00099
CenturyLink Communications, LLC f/k/a Coastal Long Distance Services, LLC	ITC-214-19930720-00130
CenturyLink Communications, LLC f/k/a CenturyTel Fiber Company II, LLC	ITC-214-20100317-00102
CenturyLink Communications, LLC f/k/a Embarq Communications of Virginia, Inc.	ITC-214-20050816-00336
CenturyLink Communications, LLC f/k/a Embarq Communications, Inc.	ITC-214-20050816-00337
CenturyLink Communications, LLC f/k/a Gulf Long Distance LLC	ITC-214-19930622-00106
CenturyLink Communications, LLC f/k/a Madison River Long Distance Solutions LLC	ITC-214-19980820-00614
CenturyLink Communications, LLC f/k/a Qwest Communications Company, LLC	ITC-214-19930315-00261
CenturyLink Communications, LLC f/k/a Qwest Communications Company, LLC	ITC-214-19960215-00016
CenturyLink Communications, LLC f/k/a Qwest Communications Company, LLC	ITC-214-19960916-00448

Entity	File Number
CenturyLink Communications, LLC f/k/a Qwest Communications Company, LLC	ITC-214-19940829-00393
CenturyLink Communications, LLC f/k/a Qwest Communications Company, LLC	ITC-214-20030117-00022
CenturyLink Communications, LLC f/k/a Qwest LD Corp.	ITC-214-20021009-00495
CenturyLink Public Communications, Inc.	ITC-214-20150420-00094
Qwest Services Corporation	ITC-214-19971031-00673
Savvis Communications Corporation	ITC-214-20020627-00315
Savvis, Inc.	ITC-214-20040122-00026

**Exhibit D**  
Level 3 International Section 214 Authorizations

Entity	File Number
Level 3 Communications, LLC	ITC-214-19971229-00821
Level 3 International, Inc.	ITC-214-19981214-00867
Level 3 Telecom Holdings, LLC	ITC-214-20000927-00570
Global Crossing Americas Solutions, Inc.	ITC-214-19950717-00062
Global Crossing Americas Solutions, Inc.	ITC-214-19950831-00047
Global Crossing Americas Solutions, Inc.	ITC-214-19970703-00372
Global Crossing North America, Inc.	ITC-214-19980520-00334
Global Crossing Americas Solutions, Inc. (interest in authorization for Americas-II submarine cable system)	ITC-214-19980430-00286 (old File Nos. ITC-98-342 and -342A)

Level 3 Entities That Provide Service Pursuant to Blanket Domestic Section 214 Authority

Entity	FCC Registration Number
Level 3 Communications, LLC	0003723822
Broadwing Communications, LLC	0008599706
TelCove Operations, LLC	0003709110
TelCove of Pennsylvania, LLC	0003709631
WilTel Communications, LLC	0003716511
IP Networks, Inc.	0009738279
Global Crossing Americas Solutions, Inc.	0003755709
Global Crossing Local Services, Inc.	0003733144
Global Crossing Telemangement VA, LLC	0026094649
Global Crossing Telecommunications, Inc.	0002850519

Entity	FCC Registration Number
Level 3 Telecom Holdings, LLC	0014942668
Level 3 Telecom of Alabama, LLC	0017347972
Level 3 Telecom of Arizona, LLC	0004352274
Level 3 Telecom of Arkansas, LLC	0017348012
Level 3 Telecom of California, LP	0004351110
Level 3 Telecom of Colorado, LLC	0004351086
Level 3 Telecom of D.C., LLC	0017348038
Level 3 Telecom Data Services, LLC	0017348145
Level 3 Telecom of Florida, LP	0004351466
Level 3 Telecom of Georgia, LP	0004351383
Level 3 Telecom of Hawaii, LP	0004351169
Level 3 Telecom of Idaho, LLC	0004352266
Level 3 Telecom of Illinois, LLC	0004352308
Level 3 Telecom of Indiana, LP	0004351276
Level 3 Telecom of Iowa, LLC	<i>Entity does not have an FRN</i>
Level 3 Telecom of Kansas City, LLC	0017348061
Level 3 Telecom of Kentucky, LLC	0017348087
Level 3 Telecom of Louisiana, LLC	0017348111
Level 3 Telecom of Maryland, LLC	0017348202
Level 3 Telecom of Minnesota, LLC	0004352290
Level 3 Telecom of Mississippi, LLC	0017348210
Level 3 Telecom of Nevada, LLC	0004352258

Entity	FCC Registration Number
Level 3 Telecom of New Jersey, LP	0004351409
Level 3 Telecom of New Mexico, LLC	0004351417
Level 3 Telecom of New York, LP	0004351425
Level 3 Telecom of North Carolina, LP	0004351474
Level 3 Telecom of Ohio, LLC	0004351482
Level 3 Telecom of Oklahoma, LLC	0017348269
Level 3 Telecom of Oregon, LLC	0004351573
Level 3 Telecom of South Carolina, LLC	0004352282
Level 3 Telecom of Tennessee, LLC	0004351458
Level 3 Telecom of Texas, LLC	0004351128
Level 3 Telecom of Utah, LLC	0004351557
Level 3 Telecom of Virginia, LLC	0017348590
Level 3 Telecom of Washington, LLC	0004351532
Level 3 Telecom of Wisconsin, LP	0004351318



Level 3 Subsidiaries that Rely on International Section 214 Authority of Direct or Indirect Parent  
Entities Pursuant to Section 63.21(h)

In addition to the other types of service they provide, the entities listed below may and do also provide international services under their direct or indirect parent's international Section 214 authorization pursuant to 47 C.F.R. § 63.21(h).

Entities That Provide International Services Under Global Crossing North America, Inc.'s International Section 214 Authorization Pursuant to 47 C.F.R. § 63.21(h)
Global Crossing Telecommunications, Inc.
Entities That Provide International Services Under Level 3 Communications, LLC's International Section 214 Authorization Pursuant to 47 C.F.R. § 63.21(h)
Broadwing Communications, LLC
TelCove Operations, LLC
Vyvx, LLC
WilTel Communications, LLC
Level 3 Latin American Solutions, LLC
Entities That Provide International Services Under Level 3 Telecom Holdings, LLC's International Section 214 Authorization Pursuant to 47 C.F.R. § 63.21(h)
Level 3 Telecom of Alabama, LLC
Level 3 Telecom of Arizona, LLC
Level 3 Telecom of Arkansas, LLC
Level 3 Telecom of California, LP
Level 3 Telecom of Colorado, LLC

Level 3 Telecom of D.C., LLC
Level 3 Telecom Data Services, LLC
Level 3 Telecom of Florida, LP
Level 3 Telecom of Georgia, LP
Level 3 Telecom of Hawaii, LP
Level 3 Telecom of Idaho, LLC
Level 3 Telecom of Illinois, LLC
Level 3 Telecom of Indiana, LP
Level 3 Telecom of Iowa, LLC
Level 3 Telecom of Kansas City, LLC
Level 3 Telecom of Kentucky, LLC
Level 3 Telecom of Louisiana, LLC
Level 3 Telecom of Maryland, LLC
Level 3 Telecom of Minnesota, LLC
Level 3 Telecom of Mississippi, LLC
Level 3 Telecom of Nevada, LLC
Level 3 Telecom of New Jersey, LP
Level 3 Telecom of New Mexico, LLC
Level 3 Telecom of New York, LP
Level 3 Telecom of North Carolina, LP
Level 3 Telecom of Ohio, LLC
Level 3 Telecom of Oklahoma, LLC
Level 3 Telecom of Oregon, LLC

Level 3 Telecom of South Carolina, LLC
Level 3 Telecom of Tennessee, LLC
Level 3 Telecom of Texas, LLC
Level 3 Telecom of Utah, LLC
Level 3 Telecom of Virginia, LLC
Level 3 Telecom of Washington, LLC
Level 3 Telecom of Wisconsin, LP

**Exhibit E**  
CenturyLink Current and Post-Transaction Foreign Affiliates

**Current and Post-Transaction Foreign Carrier Affiliates of CenturyLink**

<b>Destination Country</b>	<b>Foreign Carrier Affiliate</b>
Australia	Qwest Australia Pty Ltd*
Belgium	CenturyLink Belgium Sprl
Brazil	CenturyLink Comunicacoes Ltda
Canada	Savvis Communications Canada, Inc.*
	Savvis Communications Corporation
	CenturyLink Communications, LLC
	DataGardens, Inc.
France	Qwest France SASU
Germany	Qwest Germany GmbH
	CenturyLink Germany GmbH*
Hong Kong	Qwest Hong Kong Telecommunications Ltd.
	CenturyLink Technology Hong Kong Ltd.
Japan	Qwest Communications Japan Corporation
	CenturyLink Japan, K.K.*
Korea	Qwest Communications Korea Ltd
	CenturyLink Korea Limited*
Netherlands	Qwest Netherlands
Singapore	Qwest Singapore Pte Ltd
	Qwest Singapore Pte Ltd
	CenturyLink Singapore Pte. Ltd.*
Switzerland	Qwest Netherlands (Switzerland)
	CenturyLink Switzerland AG

Destination Country	Entity
Taiwan	Qwest Taiwan Telecommunications Ltd
	CenturyLink Taiwan Limited*
United Kingdom	Qwest Communications International Ltd
	CenturyLink. Ltd. (UK)

\* As explained above in Section IV, CenturyLink is in the process of selling the Savvis entities. As a result, at the close of this Transaction, CenturyLink will no longer be affiliated with these entities.

**Additional Foreign Carriers With Which CenturyLink Will Be Affiliated Post-Transaction**

<b>Destination Country</b>	<b>Foreign Carrier Affiliate</b>
Argentina	Level 3 Argentina S.A.
Australia	Level 3 Communications Australia Pty Ltd
Austria	Level 3 Communications Austria GmbH
Belgium	Level 3 Communications SA
Brazil	Level 3 Comunicações do Brasil Ltda.
Bulgaria	Level 3 Communications EOOD
Canada	Level 3 Communications Canada Co. Global Crossing Telecommunications-Canada Ltd.
Chile	Level 3 Chile S.A.
Colombia	Level 3 Colombia S.A.
Costa Rica	Level Three Communications Costa Rica S.R.L.
Croatia	Level 3 Komunikacijske Usluge d.o.o.
Czech Republic	Level 3 Communications s.r.o.
Denmark	Level 3 Communications ApS
Ecuador	Level 3 Ecuador LVLTL S.A.
Estonia	Level 3 Communications Estonia OÜ
Finland	Level 3 Communications Oy
France	Level 3 Communications France s.à.r.l.
Germany	Level 3 Communications GmbH
Hong Kong	Level 3 Communications Hong Kong Limited
Hungary	Level 3 Communications Tavközles Kft.
Ireland	Level 3 Communications Limited Level 3 Communications (Ireland) Limited Level 3 Communications PEC Ireland Limited
Israel	Level Three Communications Israel Ltd

Destination Country	Foreign Carrier Affiliate
Italy	Level 3 Communications Italia Srl
Japan	Level 3 Communications Japan KK
Kenya	Level Three Communications Kenya Ltd
Luxembourg	Level 3 Communications S.à r.l.
Mexico	Level 3 Mexico Landing, S. de R.L.
The Netherlands	Level 3 Communications B.V.
Norway	Level 3 PEC Norge AS
Panama	Level 3 Panama Inc.
Peru	Level 3 Perú S.A. SAC Peru S.R.L.
Poland	Level 3 Communications Sp. z o.o.
Portugal	Level 3 Communications España S.A.
Romania	Level 3 Communications S.R.L.
Russia	OOO “Level 3 Communications”
Serbia	Level 3 Communications RS d.o.o. Beograd-Stari Grad
Singapore	Level 3 Communications Singapore Pte. Ltd.
Slovakia	Level 3 Communications spol. s r.o.
Slovenia	Level 3 Communications GmbH
South Africa	Level 3 Communications South Africa
Spain	Level 3 Communications España S.A.
Sweden	Level 3 Communications AB
Switzerland	Level 3 Communications Switzerland AG
Turkey	Level 3 Communications PEC Telekomünikasyon Hizmetleri Limited Şirketi
United Kingdom	Level 3 Communications Europe Limited Level 3 Communications UK Limited
Uruguay	GC SAC Argentina S.R.L., Sucursal Uruguay


Destination Country	Foreign Carrier Affiliate
Venezuela	Level 3 Venezuela S.A.



### VERIFICATION

I, Stacey Goff, hereby declare that I am Executive Vice President and General Counsel of CenturyLink, Inc.; that I am authorized to make this Verification on behalf of CenturyLink, Inc.; that foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

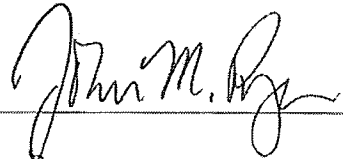
I declare under penalty of perjury that the foregoing is true and correct. Executed this 12th day of December, 2016.

  
\_\_\_\_\_  
Stacey Goff

### VERIFICATION

I, John Ryan, hereby declare than I am Executive Vice President and Chief Legal Officer of Level 3 Communications, Inc.; that I am authorized to make this Verification on behalf of Level 3 Communications, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the contents 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 12<sup>th</sup> day of December, 2016.



---

John Ryan

December 19, 2016

*Via ECFS*

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: WC Docket No. 16-403

File Nos. ITC-T/C-20161213-00343, ITC-T/C-20161212-00344,  
ITC-T/C-20161212-00345, ITC-T/C-20161212-00346,  
ITC-T/C-20161212-00347, ITC-T/C-20161212-00348

File Nos. SCL-T/C-20161212-00022, SCL-T/C-20161212-00023  
SCL-T/C-20161212-00024, SCL-T/C-20161212-00025

Dear Ms. Dortch:

CenturyLink, Inc. (“CenturyLink”) and Level 3 Communications, Inc. (“Level 3” and together with CenturyLink the “Applicants”) submit this letter to supplement their applications to transfer control of Level 3 and its operating subsidiaries to CenturyLink.<sup>1</sup> This submission provides additional information in response to questions from Commission staff.

As explained in the Application, the transfer of control will enable the Applicants to combine their complementary networks to, among other things, improve their ability to invest and compete for the long term.<sup>2</sup> In this regard, by acquiring Level 3, CenturyLink will be gaining:

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<sup>1</sup> The Applicants filed a number of different applications, as required by Commission rules, in connection with their request to transfer control. *See, e.g.*, CenturyLink, Inc., and Level 3 Communications, Inc., Consolidated Application to Transfer Control of Domestic and International Section 214 Authorizations, WC Docket No. 16-403 (filed December 12, 2016) (“Domestic 214 Application”). Unless otherwise noted, citations herein are to the Domestic 214 Application, but, for ease of reference, this supplement refers to all applications collectively as the “Application.”

<sup>2</sup> *See id.* at B-1.

- A global telecommunications network of more than 209,000 owned or controlled<sup>3</sup> route miles of fiber, including approximately 129,000 route miles of fiber in the North America region,<sup>4</sup> 47,000 route miles in the LATAM and EMEA regions, and 33,000 subsea route miles. Of the 209,000 route miles of fiber owned or controlled today by Level 3 in the North America region, approximately 70,000 are long-haul fiber and 59,200 are metro fiber.<sup>5</sup>
- Owned or controlled fiber into 34,755 buildings (based on unique addresses) in the United States. Of these 34,755 buildings, 6,225 (approximately 18 percent) are located in CenturyLink's ILEC region, and 28,530 (approximately 82 percent) are located outside of this region.
- A global IP network and global IP transport business, which, respectively, are ranked first by the Center for Applied Internet Data Analysis ("CAIDA") and Dyn's "Baker's Dozen" list (by comparison, and as noted in the Application, CenturyLink is listed seventeenth in the CAIDA rankings and does not make the Dyn Baker's Dozen list at all).<sup>6</sup>

The Application describes the myriad public interest benefits of the proposed transaction.<sup>7</sup> It also explains why the proposed combination of CenturyLink and Level 3 will not result in any countervailing harms.<sup>8</sup> Specifically, to support the claim that the transaction will not meaningfully diminish competition for the delivery of enterprise services, the Applicants noted that their analysis led them to tentatively conclude that the proposed combination will result in only 90 2:1 buildings within CenturyLink's ILEC region where there is not a competitive provider within 0.1 mile, and 10 2:1 buildings outside of CenturyLink's ILEC region where there is not a competitive provider within 0.1 mile.<sup>9</sup> To put these figures in context, the

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<sup>3</sup> As used herein with regard to fiber, the term "owned or controlled" includes fiber held through long-term IRUs.

<sup>4</sup> Level 3's North America region refers to the United States and Canada. Fewer than 1,000 of the 129,000 route miles of fiber owned or controlled by Level 3 in the North America region are in Canada.

<sup>5</sup> Level 3 does not have separate "dark fiber" and "lit fiber" network routes; while Level 3 sells dark fiber where it has availability, all of Level 3's route miles are lit. Generally, Level 3 does not own or control facilities using any technology other than fiber to serve the last mile. Level 3 has a *de minimis* number of last mile routes that use microwave technology.

<sup>6</sup> *Id.* at B-16 to B-17, n.24 and n.25; citing Center for Applied Internet Data Analysis, *AS Rank: AS Ranking*, <http://as-rank.caida.org/?mode0=as-ranking&data-selected=39> (last visited Dec. 12, 2016) and Dyn, *A Baker's Dozen, 2015 Edition* (Apr. 12, 2016), <http://hub.dyn.com/dyn-blog/a-baker-s-dozen-2015-edition>.

<sup>7</sup> See Application at B-4 to B-14.

<sup>8</sup> See *id.* at B-14 to B-21.

<sup>9</sup> *Id.* at B-19. CenturyLink's ILEC region consists of portions of the following 37 states: Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, (continued...)

total number of overlapping fiber-fed buildings (that is, buildings into which both CenturyLink and Level 3 today own or control fiber) is 3,468 within CenturyLink's ILEC region and 1,327 outside of this region.

As explained in the Application,<sup>10</sup> CenturyLink and Level 3 tentatively determined that there are only 90 2:1 buildings within CenturyLink's ILEC region and 10 2:1 buildings outside of this region where there is not a competitive provider within 0.1 mile as follows: first, the Applicants identified the total number of overlapping fiber-fed buildings within CenturyLink's ILEC region and outside of this region. This resulted in the 3,468 and 1,327 figures noted above. Each of these buildings was then compared to the datasets described on pages B-18 and B-19 of the Application's (*i.e.*, GeoResults, Level 3-supplied lists (based on its competitive intelligence), FCC Form 477 data, and information from cable company websites) to assess the presence of in-building or nearby competitors.<sup>11</sup> Overlapping buildings for which one or more in-building or nearby competitor was found (*e.g.*, buildings that could be described as "3:2" or "4:3" buildings) were then removed, as were overlapping buildings for which competitors were found to be within 0.1 mile of the building. Using this methodology, the Applicants tentatively determined

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Iowa, Kansas, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin and Wyoming. However, in many of these states CenturyLink's ILEC operations are exceedingly small, sometimes limited to only a few communities. A map depicting the areas in which CenturyLink operates as an ILEC can be found in Attachment A hereto. CenturyLink provides ILEC services in these regions through its CenturyTel, Qwest Corporation and Embarq Corporation operating companies. Although CenturyLink also has a CLEC/IXC subsidiary (CenturyLink Communications, LLC) that provides certain types of services in these (and all other) states and in the CenturyLink ILEC regions, this non-ILEC affiliate provides interstate services and intrastate toll services in these ILEC regions and does not provide services for which the ILEC is subject to traditional ILEC regulation, such as TDM-based local voice services or TDM-based special or switched access services. CenturyLink anticipates that the Level 3 operating companies will continue to operate as CLECs/IXCs (as applicable) post-transaction, including in the CenturyLink ILEC regions. CenturyLink will be evaluating the extent to which any services offered by the Level 3 operating companies overlap with CenturyLink's ILEC services, and, if so, whether they will continue to do so in the future. To the extent that such services are interstate multi-location in nature, they would be the same type offered today by CenturyLink's CLEC/IXC operating subsidiary and likely would continue to be offered as such by the Level 3 operating companies in the future.

<sup>10</sup> See Application at B-18 to B-19.

<sup>11</sup> A passage in the Application suggests that a list of 2:1 buildings was compared by address to the GeoResults and Level 3 competitive intelligence data. See Application at B-18. What was compared to the GeoResults and Level 3 competitive intelligence data, however, was a list of buildings where the Applicants concluded that their fiber networks overlapped. Accordingly, the list of buildings would have been better described as "overlap" buildings. For many of these buildings, and as explained above and in the Application, further investigation revealed the presence of another provider with fiber facilities in the building; additional investigation revealed the presence of additional alternative providers in the building or nearby.

that there are only 90 (out of a total of 3,468) fiber-fed 2:1 buildings within CenturyLink's ILEC region and 10 (out of a total of 1,327) fiber-fed 2:1 buildings outside of this region where there is not a competitive provider within 0.1 mile of the building.

With regard to the Application's assessment of competition on long-haul routes, the Applicants determined that out of the universe of total overlapping long-haul fiber routes served by both CenturyLink and Level 3 in which each owns or controls the fiber, only three relatively short routes are not also served by one or more of AT&T, Comcast, and/or Verizon.<sup>12</sup> These three short routes — Boise, ID, to Portland, OR; Jackson to Seminary, MS; and Birmingham to Montgomery, AL — are, however, also served by at least one other fiber provider, as described in the Application.<sup>13</sup>

As described in the Consolidated Application to Transfer Control of the Submarine Cable Landing Licenses, Level 3 Telecom of Hawaii LP ("Level 3 Hawaii") is a joint cable landing licensee for the Hawaiian Islands Fiber Network.<sup>14</sup> The entities that will hold a 10-percent-or-greater direct or indirect voting or equity interest in Level 3 Hawaii are described therein,<sup>15</sup> and Level 3 Hawaii (which also provides service pursuant to a domestic Section 214 authorization) is among the direct subsidiaries of Level 3 Telecom Holdings II, LLC ("Level 3 TH II"), identified as the "Level 3 Domestic 214 Licensees Group A" entities (the "Group A Entities") in Exhibit A thereto.<sup>16</sup> Although pages A-3 and A-4 of that Exhibit A correctly identify Level 3 TH II as holding a 99 percent interest in the Group A Entities, page A-5 of that Exhibit A mistakenly refers to the Group A Entities as "wholly-owned" by Level 3 TH II. A corrected page A-5 (with the reference to term "wholly-owned" stricken) can be found in Attachment B hereto.

A corporate organizational chart depicting generally the post-consummation relationship between Level 3's existing operating subsidiaries and those of CenturyLink can be found in Attachment C hereto.

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<sup>12</sup> See *id.* at B-18.

<sup>13</sup> *Id.* at n.28.

<sup>14</sup> See CenturyLink, Inc., and Level 3 Communications, Inc., Consolidated Application to Transfer Control of Submarine Cable Landing Licenses, SCL-T/C-20161212-00024 (filed December 12, 2016) ("Level 3 Hawaii SCL Application") at 5-6.

<sup>15</sup> *Id.* at 13.

<sup>16</sup> *Id.* at A-3 to A-5.

Please contact the undersigned should you have questions concerning this submission.

Respectfully submitted,

**LEVEL 3 COMMUNICATIONS, INC.**

**CENTURYLINK, INC.**

/s/ Thomas Jones

Thomas Jones  
Mia Guizzetti Hayes  
WILLKIE FARR & GALLAGHER LLP  
1875 K Street, N.W.  
Washington, DC 20006  
(202) 303-1000  
tjones@willkie.com  
mhayes@willkie.com

*Its Attorneys*

/s/ Yaron Dori

Yaron Dori  
Michael Beder  
Brandon Johnson  
Ani Gevorkian  
COVINGTON & BURLING LLP  
One City Center  
850 Tenth Street, N.W.  
Washington, DC 20001  
(202) 662-6000  
ydori@cov.com  
mbeder@cov.com  
bjohnson@cov.com  
agevorkian@cov.com

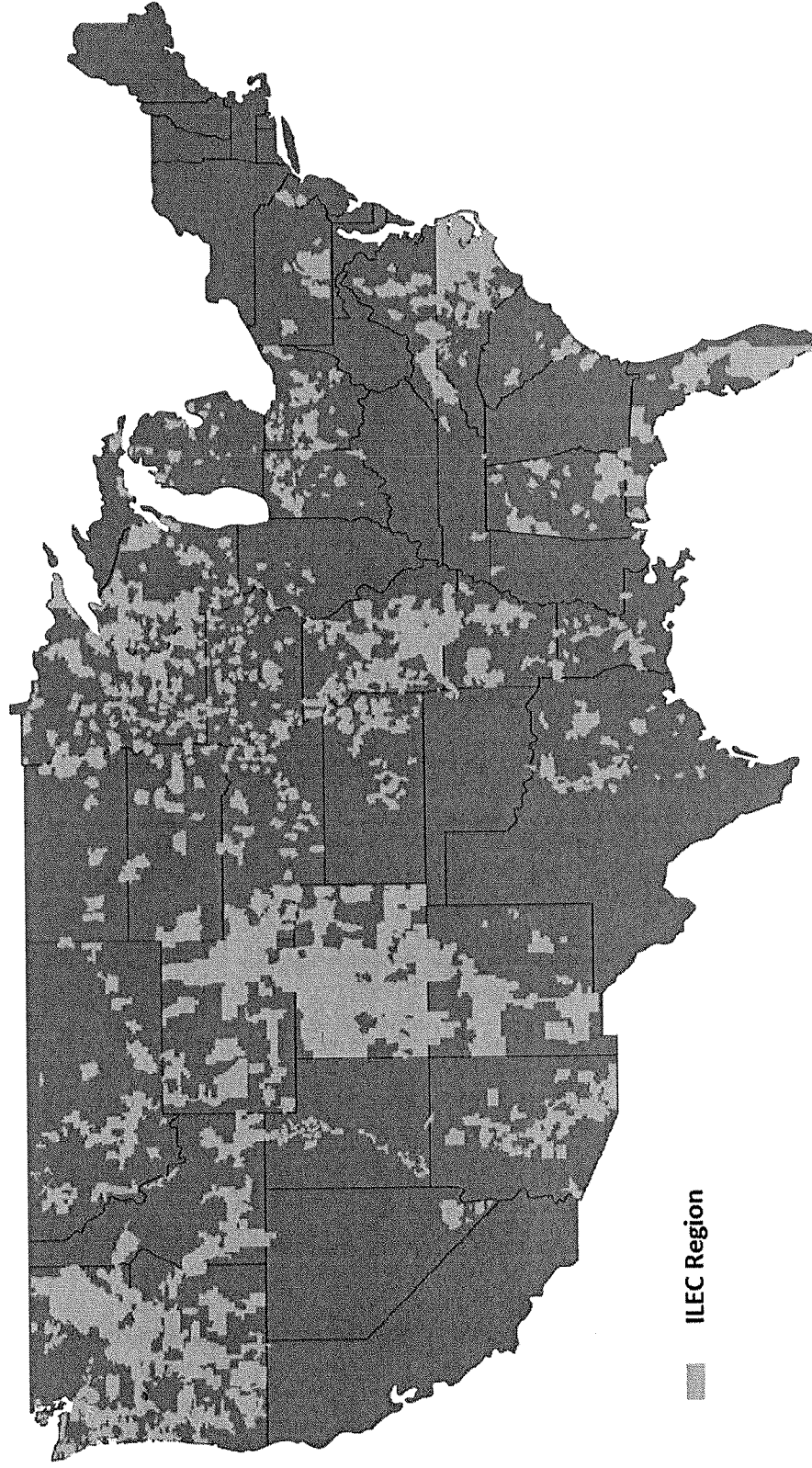
*Its Attorneys*

Attachments

cc: Terri Natoli  
Brian Hurley  
Mike Ray

Attachment A

CenturyLink ILEC Regions





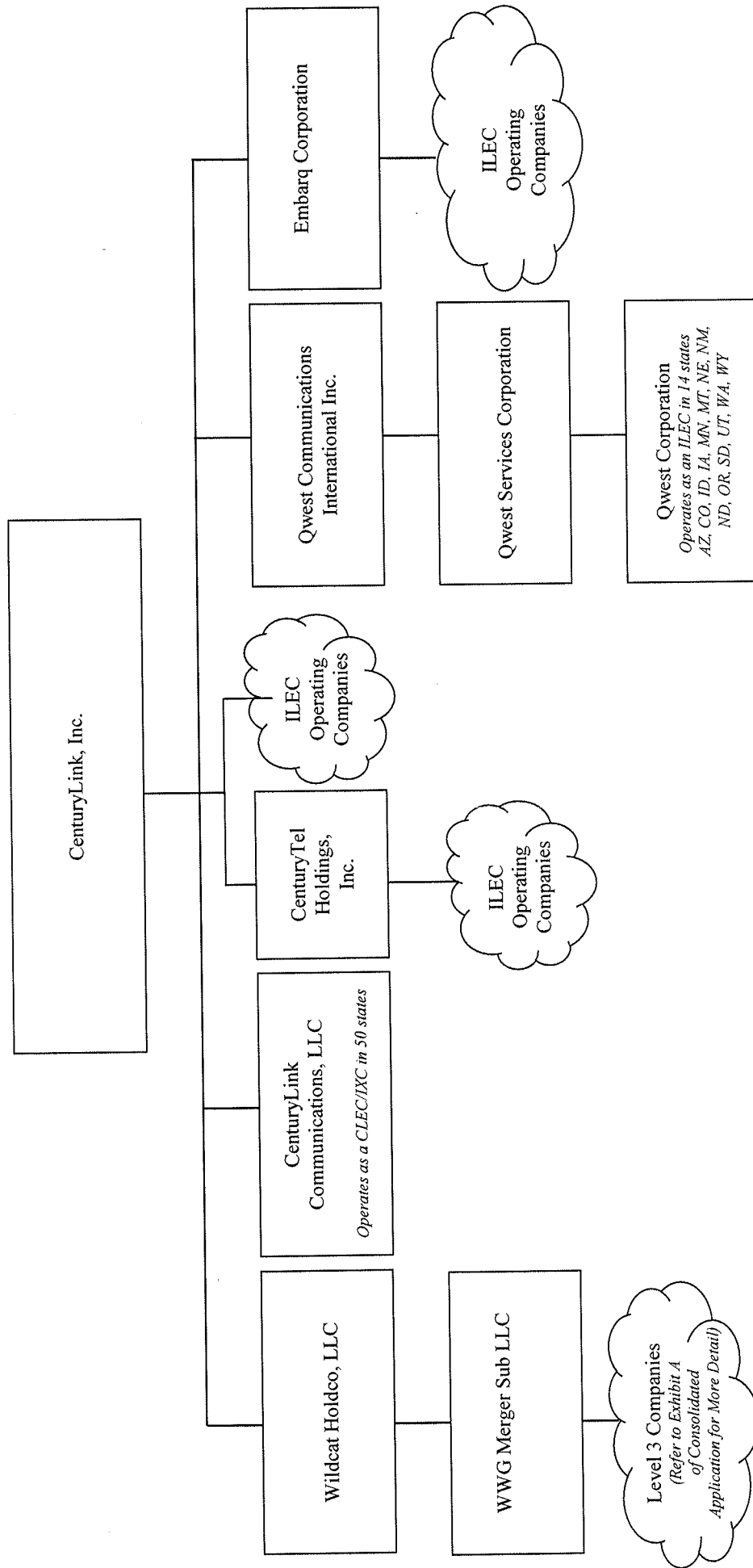
Attachment B

List of Level 3 Entities Providing Service Pursuant to Blanket Domestic Section 214 Authority

<b>Group A:</b> Level 3 domestic Section 214 entities that are direct subsidiaries of Level 3 Telecom Holdings II, LLC	<b>Group B:</b> Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Holdings, LLC	<b>Group C:</b> Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Management Co., LLC
Level 3 Telecom of California, LP Level 3 Telecom of Florida, LP Level 3 Telecom of Georgia, LP Level 3 Telecom of Hawaii, LP** Level 3 Telecom of Indiana, LP Level 3 Telecom of New Jersey, LP Level 3 Telecom of New York, LP Level 3 Telecom of North Carolina, LP Level 3 Telecom of Wisconsin, LP  ** Also holds submarine cable landing license	Level 3 Telecom of Arizona, LLC Level 3 Telecom of Colorado, LLC Level 3 Telecom Data Services, LLC Level 3 Telecom of Idaho, LLC Level 3 Telecom of Illinois, LLC Level 3 Telecom of Iowa, LLC Level 3 Telecom of Minnesota, LLC Level 3 Telecom of New Mexico, LLC Level 3 Telecom of Ohio, LLC Level 3 Telecom of Oregon, LLC Level 3 Telecom of South Carolina, LLC Level 3 Telecom of Tennessee, LLC Level 3 Telecom of Texas, LLC Level 3 Telecom of Utah, LLC Level 3 Telecom of Washington, LLC	Level 3 Telecom of Alabama, LLC Level 3 Telecom of Arkansas, LLC Level 3 Telecom of D.C., LLC Level 3 Telecom of Kansas City, LLC Level 3 Telecom of Kentucky, LLC Level 3 Telecom of Louisiana, LLC Level 3 Telecom of Maryland, LLC Level 3 Telecom of Mississippi, LLC Level 3 Telecom of Nevada, LLC Level 3 Telecom of Oklahoma, LLC Level 3 Telecom of Virginia, LLC

# Attachment C

## CenturyLink Post-Transaction Operating Company Affiliate Relationships



**NOTE**

Includes operating companies directly and indirectly held by immediate parent.