



Agenda Date: 4/27/11
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION) ORDER
OF LEVEL 3 COMMUNICATIONS, LLC FOR)
APPROVAL TO PARTICIPATE IN A FINANCING)
ARRANGEMENT)
Docket No. TF11030132

Dennis C. Linken, Esq. Stryker, Tams & Dill LLP Two Penn Plaza East, Newark, NJ 07105

BY THE BOARD:

On March 10, 2011, Level 3 Communications, LLC ("Level 3 LLC" or "Petitioner"), filed a petition pursuant to N.J.S.A. 48:3-9 and N.J.S.A. 48:3-7 requesting approval from the New Jersey Board of Public Utilities ("Board"), to the extent necessary, to participate in a financing arrangement. Level 3 Financing, Inc. ("Issuer"), Petitioner's immediate holding company parent, issued \$500 million Senior Notes due 2019 to qualified institutional buyers ("Buyers") in an offering that is exempt from registration under U.S. Federal securities laws. The Issuer will lend the net proceeds it receives in the offering of the notes to its subsidiary, Level 3 LLC, in return for an inter-company demand note issued by Level 3 LLC to the Issuer. Level 3 LLC seeks approval for this refinancing transaction and its related guarantee of the notes issued by the Issuer to Buyers.

Level 3 Financing, Inc., the issuer of the Notes, is a Delaware corporation wholly owned by Level 3 Communications, Inc. ("Parent"), a publicly held Delaware corporation. Issuer is the direct parent of Level 3 Communications, LLC and other subsidiaries. Neither Parent nor Issuer is a certificated telecommunications service provider in New Jersey or elsewhere. Level 3 Communications, LLC is a Delaware limited liability company and is a wholly owned subsidiary of Issuer. All three companies have principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021. Level 3 LLC provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network. Level 3 LLC is a non-dominant carrier authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration or tariff requirements, or on a deregulated basis. Level 3 LLC is also authorized by the Federal Communications Commission to provide international and domestic interstate services as a non-dominant carrier.

The funds will be used to purchase a portion of previously issued notes that were issued and are due in 2014. Level 3 LLC will also issue an unsecured guarantee of the Issuer's Senior Notes due 2019. Accordingly, Level 3 LLC seeks approval from the Board for this indebtedness and the guarantee of the notes issued by Level 3 Financing.

The Division of Ratepayer Advocate has reviewed this matter and, by letter dated March 15, 2011, recommends the Board approve this petition.

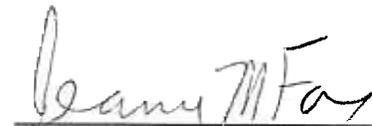
The Board, having reviewed the record and determined that the requested transaction is in accordance with law and the purpose thereof is approved by the Board, **HEREBY APPROVES** the requested transaction. This Order is issued subject to the following provisions:

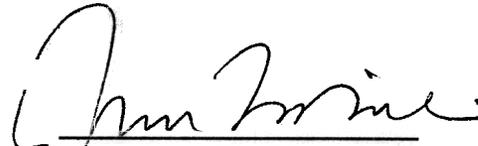
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioner.
2. Petitioner shall notify the Board, within five business days, of any material changes in the proposed financing, and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
3. Petitioner shall notify the Board of any material default on the terms of the notes within five business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised on or before May 1, 2013.
6. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioner.

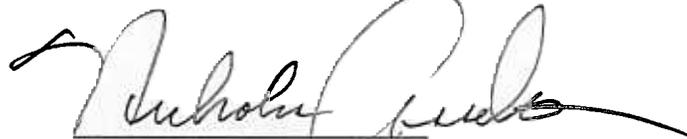
DATED: 4/27/11

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT

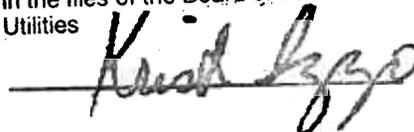

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



**In The Matter Of The Verified Petition Of Level 3 Communications, LLC
For Approval To Participate In A Financing Agreement - Docket No. TF11030132**

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