



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 OF)
LEVEL 3 COMMUNICATIONS, INC., APOLLO)
AMALGAMATIONS SUB, LLC, BROADWING)
COMMUNICATIONS, LLC, WILTEL COMMUNICATIONS)
LLC, TELCOVE OPERATIONS, LLC AND GLOBAL)
CROSSING NORTH AMERICAN, INC., GLOBAL)
CROSSING TELECOMMUNICATIONS, INC., GLOBAL)
CROSSING LOCAL SERVICES, INC. FOR APPROVAL)
OF THE TRANSFER OF CONTROL AND RELATED)
TRANSACTIONS INCLUDING CERTAIN FINANCING)
ARRANGEMENTS)

ORDER OF APPROVAL

DOCKET NO. TM11040246

Parties of Record:

Richard E. Thayer, Senior Counsel, Level 3 Communications, Inc.
Paul Kouroupas, Vice President Regulatory Affairs, Global Crossing Limited
Dennis C. Linken, Esq., Stryker, Tams & Dill LLP, for the Petitioners

BY THE BOARD:

On April 18, 2011, Level 3 Communications, Inc. ("Level 3") and its direct and indirect subsidiaries, Apollo Amalgamation Sub, Ltd. ("Apollo Sub"), Level 3 Communications, LLC ("Level 3 LLC"), Broadwing Communications, LLC ("Broadwing"), WilTel Communications, LLC ("WilTel"), and TelCove Operations, LLC ("TelCove" and collectively with Level 3 LLC, Broadwing and WilTel, the "Level 3 Companies") and Global North America, ("Global Crossing"), and its indirect subsidiaries Global Crossing Telecommunications, Inc. ("GC Telecommunications") and Global Crossing Local Services, Inc., ("GC Local" and collectively with GC Telecommunications, the "GC Companies") (collectively, Level 3, Apollo Sub, the Level 3 Companies, Global Crossing, and the GC Companies, the "Petitioners") by their counsel, filed a verified petition with the Board of Public Utilities ("Board") requesting authority, under N.J.S.A. 48:2-51.1 and 48:3-10 for approval to consummate a transaction whereby Level 3, the ultimate parent company of Apollo Sub, will acquire indirect control of the GC Companies. Petitioners are also seeking Board approval for the participation of Petitioners in certain new financing arrangements necessary to accomplish the acquisition of the GC Companies, as well as the participation of the GC Companies in certain existing financing arrangements put in place by Level 3's subsidiary, Level 3 Financing, Inc. ("Level 3 Financing").

BACKGROUND

Level 3 is a publicly traded Delaware corporation with principal offices located in Broomfield

Colorado. Apollo Sub, a Bermuda company, is a wholly owned subsidiary of Level 3 which was formed for the purpose of the proposed transaction. According to the petition, Level 3 provides voice and data services to carriers, ISP's and other business customers over its network through its wholly owned indirect subsidiaries, the Level 3 Companies. Through its subsidiaries, the Level 3 companies are authorized to provide telecommunications services throughout the United States. In New Jersey, Level 3 has four operating subsidiaries that are certified by the Board: Broadwing Communications, LLC; Level 3 Communications, LLC; WilTel Communications, LLC; and TelCove Operations Inc.

Global Crossing is a New York corporation with its principal office located in Rochester, New York. Global Crossing is a wholly owned indirect subsidiary of Global Crossing Limited, a publicly traded Bermuda corporation with affiliates in the United States and several other countries. According to the petition, Global Crossing's indirect operating subsidiaries, the GC Companies, together with its other U.S. and international affiliates, offer a full range of managed data and voice products to enterprise customers, carriers, mobile operators and ISP's to more than 600 cities in sixty nations. The GC Companies are Michigan corporations and wholly owned indirect subsidiaries of Global Crossing. In New Jersey, GC Telecommunications, formerly known as Frontier Communications International, Inc., also formerly known as RCI Long Distance, Inc. and Global Crossing North American Networks, Inc., was authorized to provide Interlata services. See I/M/O The Petition of RCI Corp. for Approval of Initial Interlata Tariff, Docket No. TE85030250, Order dated April 12, 1985.

DISCUSSION

On April 11, 2011, Level 3, Apollo Sub, and Global Crossing's indirect parent company, Global Crossing Limited ("GCL") entered into an Agreement and Plan of Amalgamation (the "Agreement") whereby Apollo Sub and GCL will be merged under Bermuda Law. As the petition states, pursuant to the Agreement, each issued and outstanding common share and convertible preferred stock of GCL (other than any shares owned by Level 3, GCL, or their respective subsidiaries and any dissenting shares) will be exchanged for shares of common stock of Level 3. Following the merger of GCL and Apollo Sub, the separate corporate existence of Apollo Sub and GCL will cease and the combined company, renamed Level 3 GC Limited, will exist as a wholly owned subsidiary of Level 3 Financing and ultimately a wholly owned subsidiary of Level 3 LLC. As a result of the transaction, Level 3 will indirectly control the GC Companies. Petitioners state that following consummation of the transaction, the GC Companies will continue to operate their facilities and provide service to their customers at the same rates terms and conditions.

Petitioners are also requesting the Board's approval pursuant to N.J.S.A. 48:3-7 and 48:3-9, to participate in certain financing transactions in connection with the transfer of control. Level 3 Financing, a wholly owned unregulated non-carrier subsidiary of Level 3, plans to enter into a \$650 million Term Loan with a six-year maturity date. Level 3 Financing plans to send the net proceeds it received to its subsidiary, level 3 LLC, in return for an intercompany demand note, and in turn Level 3 LLC may lend the net proceeds to Level 3 GC Limited in return for an intercompany demand note. The Level 3 Companies and the GC Companies seek approval to pledge assets and act as guarantors in support of the \$650 million Term Loan.

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

The Level 3 Companies and GC Companies seek approval to act as a guarantor for the \$1.1 billion financing arrangement. Should Level 3 Financing enter into the \$1.1 billion Bridge Loan, Level 3 Financing has the option at maturity of the Bridge Loan to either (1) refinance the Bridge Loan by entering into a Rollover Loan with a six year maturity date or (2) replace the Bridge Loan by issuing Exchange Notes with a six year maturity date. The Level 3 Companies and the GC Companies also seek approval to act as guarantors for either the Rollover Loan or the Exchange Notes. Finally, upon closing of the merger, it is expected that the GC Companies will be required to provide a guaranty for existing unsecured indebtedness of Level 3 Financing including certain Senior Notes and an existing credit facility. Petitioners request authority for the GC Companies to participate in these financing arrangements.

In evaluating this petition, the Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1; N.J.A.C. 14:1-5.14(c). Also, under N.J.S.A. 48:3-7, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees.

Petitioners assert that the proposed transaction is in the public interest because it will enable the combined entity to be a stronger, more efficient competitor in the New Jersey marketplace. Furthermore, GC Local customers will continue to receive their existing services over the same facilities and at the same rates, terms and conditions that they received prior to the transaction. The proposed transactions will involve only a change in the ultimate ownership of the GC Companies and will be transparent to the customers of the Level 3 Companies and GC Companies. Petitioners also indicate that there will be no harm to employees associated with this transaction.

FINDINGS AND CONCLUSIONS

After careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transactions will have no negative impact on the provision of safe, adequate and proper service, and moreover, a positive benefit may be expected from the strengthening of the Petitioners' competitive posture in the telecommunications market. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with the law and in the public interest. Accordingly, the Board FINDS that the proposed transfer and related loan transaction are in accordance with law and are in the public interest, and HEREBY AUTHORIZES Petitioners to consummate the merger transaction and participate in the financing arrangements as described herein.

The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction within ten (10) days of consummation of the transfer.

The Board's review indicates that the financing transactions and the use of the proceeds associated therewith are appropriate. While there is no guarantee in this regard, especially given the competitive environment in which Petitioners operate, the Board is satisfied that the transactions will not have an adverse impact on Petitioners' operations in New Jersey.

The Board HEREBY AUTHORIZES the petitioners to:

Serve as co-borrowers, provide their guarantee, or otherwise provide security in connection with the financing up to \$1.1 billion.

2. Enter into demand intercompany notes under the provisions of N.J.S.A. 48:3-7.2.

This Order is subject to the following provisions.

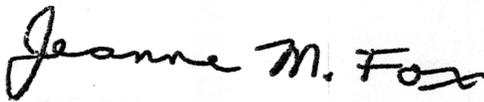
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioners.
2. Notwithstanding anything 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 Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
3. 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 Petitioners.
4. 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.
5. Petitioners 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.
6. Petitioners shall notify the Board of any material default on the terms of the notes within five business days of such occurrence.

DATED: 7/14/11

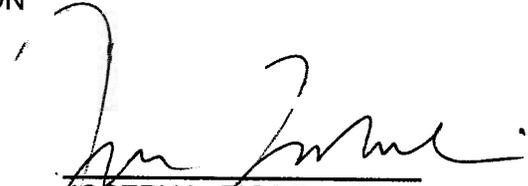
BOARD OF PUBLIC UTILITIES
BY:



LEE A. SOLOMON
PRESIDENT



JEANNE M. FOX
COMMISSIONER

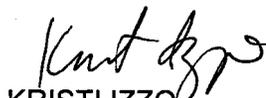


JOSEPH L. FIORDALISO
COMMISSIONER



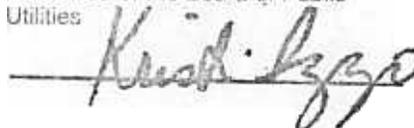
NICHOLAS ASSELTA
COMMISSIONER

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



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