

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Level 3 Communications, Inc.)	
)	
Transferor,)	
)	
and)	File Nos. SCL-T/C-2016_____
)	
CenturyLink, Inc.)	
)	
Transferee)	
)	
)	
Application for Consent to Transfer Control)	
of Cable Landing License Interests Held By)	
Subsidiaries of Level 3 Communications,)	
Inc. Pursuant to the Cable Landing License Act)	
of 1921, as amended)	
)	

**CONSOLIDATED APPLICATION TO TRANSFER CONTROL
OF SUBMARINE CABLE LANDING LICENSEES**

Pursuant to 47 U.S.C. §§ 34-39, Executive Order 10,530, and 47 C.F.R. § 1.767, Level 3 Communications, Inc. (“Level 3”), and CenturyLink, Inc. (“CenturyLink” and together with Level 3, the “Applicants”), request that the Commission consent to the transfer of control to CenturyLink of the interests in seven cable landing licenses held by four Level 3 subsidiaries: Global Crossing Americas Solutions, Inc. (“GCAS”), Global Crossing Telecommunications, Inc. (“GCTI”), Level 3 Communications, LLC (“Level 3 LLC”), and Level 3 Telecom of Hawaii LP, (“Level 3 Hawaii”) (collectively, the “Level 3 Cable Landing Licensees”).

This Application is being filed because Applicants have entered into an agreement that will result in CenturyLink controlling the Level 3 Cable Landing Licensees and Level 3’s other

operating subsidiaries (the “Transaction”). As set forth more fully herein, the Transaction will benefit customers and competition.

I. BACKGROUND

A. Parties to the Transaction

1. 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.

CenturyLink’s subsidiary CenturyLink Communications, LLC, is a joint cable landing licensee of the Japan-U.S. Cable Network (“JUSCN”). CenturyLink Communications, LLC holds a 4.417553 percent interest in the JUSCN, but does not own or control the landing station at which the JUSCN lands in the U.S. or Japan.

2. 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.

3. Level 3 Cable Landing Licensees¹

a. GCAS

GCAS principally is a provider of international private-line voice, data, video, and business telecommunications services between the U.S. and Latin America and an incidental provider of interstate interexchange services.² It also is a joint cable landing licensee for:

¹ The China-U.S. Cable Network will be decommissioned effective December 24, 2016. *See Actions Taken Under Cable Landing License Act*, Report No. SCL-00189, Public Notice, DA 16-1221 (Int’l Bur. rel. Oct. 27, 2016). Because the associated cable landing license will expire on that date, control of Level 3’s interest in that cable landing license, held through its Ireland subsidiary Level 3 Communications Limited, will not be transferred to CenturyLink.

² Because the Commission licensed Americas-II as a common-carrier system, Applicants have also sought consent, in a concurrent application, to transfer control of GCAS’s interest in the international Section 214 authorization

- *Americas-II*, a common-carrier system in which GCAS owns a 0.04115-percent voting-and-equity interest and which connects Hollywood, Florida; Miramar, Puerto Rico; St. Croix, U.S. Virgin Islands; Fortaleza, Brazil; Willemstad, Curaçao; Cayenne, French Guiana; Le Lamentin, Martinique; Port of Spain, Trinidad and Tobago; and Camuri, Venezuela.³

b. GCTI

GCTI principally is an owner and operator of the U.S.-territory portions of the following submarine cable systems for which it holds cable landing licenses:

- *Atlantic Crossing-1* (“AC-1”), a non-common carrier system connecting the Brookhaven Township, New York; Sylt, Germany; Beverwijk, the Netherlands; and Whitesands, United Kingdom;⁴
- *Mid-Atlantic Crossing* (“MAC”), a non-common carrier system connecting Brookhaven, New York; Hollywood, Florida; and St. Croix, U.S. Virgin Islands—points entirely within the U.S. and its territories;⁵
- *Pan American Crossing* (“PAC”), a non-common carrier system connecting Grover Beach, California; St. Croix, U.S. Virgin Islands; Jaco, Costa Rica; Tijuana and Mazatlan, Mexico; Fort Amador and Ambush Range, Panama; Puerto Viejo, Venezuela;⁶

issued for Americas-II. See File No. ITC-214-19980430-00286 (old File Nos. ITC-98-342 and -342A).

³ File Nos. SCL-LIC-19980429-00019; SCL-MOD-20110928-00028.

⁴ File Nos. SCL-LIC-19970506-00003; SCL-MOD-20020415-00033; SCL-ASG-20130809-00007.

⁵ File Nos. SCL-LIC-19981030-00023; SCL-MOD-20020415-00035; SCL-ASG-20130809-00007.

⁶ File Nos. SCL-LIC-19981103-00022; SCL-MOD-20110524-00020; SCL-ASG-20130809-00007.

- *South American Crossing* (“SAC”), a non-common carrier system connecting St. Croix, U.S. Virgin Islands; Fortaleza, Rio de Janeiro and Santos, Brazil; Las Toninas, Argentina; Valparaiso, Chile; Buenaventura, Colombia; Colón and Fort Amador, Panama; Lurin, Peru; and Puerto Viejo, Venezuela;⁷ and
- *Yellow*, a non-common carrier system in which GCTI owns a 50-percent interest and which connects Brookhaven, New York, and Bude, United Kingdom.⁸

c. Level 3 LLC

Level 3 LLC is the principal U.S. operating subsidiary of Level 3.⁹ It also is a joint cable landing licensee for the following submarine cable system:

- *Yellow*, the same non-common carrier system described above with respect to GCTI and in which Level 3 LLC holds a 50-percent interest.¹⁰

d. Level 3 Hawaii

Level 3 Hawaii is Level 3’s principal operating subsidiary in the State of Hawaii, where it provides intrastate, interstate, and resold international telecommunications services.

It is also a joint cable landing license for the following submarine cable system:

⁷ File Nos. SCL- LIC-19990823-00015; SCL-MOD-20020415-00054; SCL-ASG-20130809-00007; SCL-MOD-20150129-00002.

⁸ File Nos. SCL-LIC-19990913-00019; SCL-MOD-2000051 1-00018; SCL-MOD-20020415-00026; SCL-ASG-20091202-00037; SCL-ASG-20130809-00007. Before Level 3 consummated its acquisition of Global Crossing Limited (“GCL”) in 2011, the owners characterized GCL’s interest as “Atlantic Crossing-2.” See Letter from Nicholas Alexander, Associate General Counsel of Level 3 LLC, to Denise Coca, Chief, Policy Division, FCC International Bureau (Feb. 17, 2016).

⁹ File No. ITC-214-19971229-00821.

¹⁰ As a consequence, because both GCTI and Level 3 LLC each hold a 50 percent interest in Yellow, Level 3 holds an indirect 100 percent interest in Yellow.

- *Hawaiian Islands Fiber Network (“HIFN”)*, a non-common-carrier submarine cable system which it owns and operates jointly with Hawaiian Telcom Services Company, Inc. (“HTSC”), and which connects six of the Hawaiian Islands.¹¹

For purposes of this application, the applicants refer collectively to AC-1, Americas-II, HIFN, MAC, PAC, SAC, and Yellow as the “Level 3 Submarine Cable Systems.”

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,

¹¹ File Nos. SCL-LIC-19950627-00024; SCL-MOD-20131114-00012. Although Level 3 Hawaii and HTSC often are described as each owning 50-percent interests in HIFN, their respective interests vary by landing, fiber pair, beach manhole, and branching unit.

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 shareholders 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 percent 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 percent 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 percent 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. INFORMATION REQUIRED BY 47 C.F.R. § 1.767(a)(11)(i)

Pursuant to 47 C.F.R. § 1.767, Applicants provide the following information in support of their request for consent to transfer control of the license interests held by Level 3 Cable Landing Licensees from Level 3 to CenturyLink:

A. Applicants' Names, Addresses, and Telephone Numbers¹²

Transferee

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

Licensees / Transferor

Level 3 Communications, Inc.
Global Crossing Americas Solutions, Inc.
Level 3 Communications, LLC
Level 3 Telecom of Hawaii LP
1025 Eldorado Boulevard
Broomfield, Colorado 80021
(720) 888-1000

Global Crossing Telecommunications, Inc.
225 Kenneth Drive
Rochester, New York 14623-4277

¹² See 47 C.F.R. § 1.767(a)(1).

(720) 888-1000

B. Applicants' Places of Incorporation¹³

CenturyLink is a Louisiana corporation. Level 3 and GCAS are Delaware corporations.

GCTI is a New York corporation. Level 3 Hawaii is a Delaware limited partnership.

C. Contact Information¹⁴

For Transferee

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Brandon Johnson
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For Transferor / Licensees

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mhayes@willkie.com

Kent Bressie
Harris, Wiltshire & Grannis LLP
1919 M Street, N.W., Suite 800
Washington, DC 20036

¹³ See *id.* § 1.767(a)(2).

¹⁴ See *id.* § 1.767(a)(3).

Tel: (202) 730-1337
kbressie@hwglaw.com

D. System Descriptions, Landing Points, Regulatory Status Information, and Cable Ownership Information

No response is required with respect to 47 C.F.R. § 1.767(a)(4)-(7).

E. Corporate Control and Affiliate Information

CenturyLink submits the following information specified in 47 C.F.R. §§ 1.767(a)(8)(i)-(iv), 63.18(h), and 63.18(o) :

1. Certification Regarding Ownership, Citizenship, Principal Business, and Interlocking Directorates.

In response to 47 C.F.R. §§ 1.767(a)(8)(i) and 63.18(h), CenturyLink certifies that upon consummation of the Transaction, the following entities will hold a 10-percent-or-greater direct or indirect voting or equity interest in each of the Level 3 Cable Landing Licensees, as detailed below.

a. GCAS

Upon consummation of the Transaction, the following entities will hold a 10-percent-or-greater direct or indirect voting or equity interest in GCAS:

Impsat Fiber Networks, Inc. (“Impsat”)

Address: Elvira Rawson de Dellepiane, 150 Piso 8, C1107 BCA, Buenos Aires, Argentina

Citizenship: Delaware

Principal Business: Holding company

Relationship: Holds a 100-percent voting and equity interest in GCAS.

GC Impsat Holdings II Ltd. (“GCIH II”)

Address: 10 Fleet Place, 7th Floor, London EC4M 7RB, England

Citizenship: United Kingdom

Principal Business: Holding company

Relationship: Holds a 100-percent voting and equity interest in Impsat.

GC Impsat Holdings I Ltd. (“GCIH I”)

Address: 10 Fleet Place, 7th Floor, London EC4M 7RB, England
Citizenship: United Kingdom
Principal Business: Holding company
Relationship: Holds a 100-percent voting and equity interest in GCIH II.

Level 3 Communications (IMPSAT) Nederland B.V. (“Level 3 Impsat”)

Address: 10 Fleet Place, 7th Floor, London EC4M 7RB, England
Citizenship: The Netherlands
Principal Business: Holding company
Relationship: Holds a 100-percent voting and equity interest in GCIH I.

Level 3 GC Limited (“Level 3 GCL”)

Address: Wessex House, 45 Reid Street, Hamilton HM12, Bermuda
Citizenship: Bermuda
Principal Business: Holding company
Relationship: Holds a 100-percent voting and equity interest in Level 3 Impsat.

Level 3 Financing, Inc. (“Level 3 Financing”)

Address: 1025 Eldorado Blvd., Broomfield, Colorado 80021
Citizenship: Delaware
Principal Business: Holding company
Relationship: Holds a 100-percent voting and equity interest in Level 3 GCL.

WWG Merger Sub, LLC (“Merger Sub 2”)

Address: 100 CenturyLink Drive, Monroe, Louisiana 71203
Citizenship: Delaware
Principal Business: Holding company
Relationship: Will hold a 100-percent voting and equity interest in Level 3 Financing, Inc.

Wildcat Holdco, LLC

Address: 100 CenturyLink Drive, Monroe, Louisiana 71203
Citizenship: Delaware, USA
Principal Business: Holding company
Relationship: Holds a 100-percent voting and equity interest in Merger Sub 2.

CenturyLink, Inc.

Address: 100 CenturyLink Drive, Monroe, Louisiana 71203
Citizenship: Louisiana, USA
Principal Business: Telecommunications
Relationship: Holds a 100-percent voting and equity interest in Holdco.

CenturyLink’s shares trade publicly on the New York Stock Exchange under the symbol “CTL” and are widely held. No individual or entity holds, directly or indirectly, 10 percent or more of the equity of CenturyLink or controls 10 percent or more of the vote of CenturyLink.

b. GCTI

Upon consummation of the Transaction, the following entities will hold a 10-percent-or-greater direct or indirect voting or equity interest in GCTI:

Global Crossing North America, Inc. (“GCNA”)

Address: 225 Kenneth Drive, Rochester, New York 14623-4277

Citizenship: New York, USA

Principal Business: Telecommunications

Relationship: Holds a 100-percent voting and equity interest in GCTI.

Global Crossing North American Holdings, Inc. (“GCNAH”)

Address: 225 Kenneth Drive, Rochester, New York 14623-4277

Citizenship: Delaware, USA

Principal Business: Holding company

Relationship: Holds a 100-percent voting and equity interest in GCNA.

Level 3 Communications, LLC

Address: 1025 Eldorado Blvd., Broomfield, Colorado 80021

Citizenship: Delaware

Principal Business: Telecommunications

Relationship: Holds a 100-percent voting and equity interest in GCNAH.

Level 3 Financing holds a 100-percent voting and equity interest in Level 3 LLC. Level 3 Financing’s address, citizenship, principal business, and direct and indirect owners following the consummation of the Transaction are described above in Section III.E.1.a.

c. Level 3 LLC

Upon consummation of the Transaction, Level 3 Financing will continue to hold a 100-percent voting and equity interest in Level 3 LLC. Level 3 Financing’s address, citizenship, principal business, and direct and indirect owners following the consummation of the Transaction are described above in Section III.E.1.a.

d. Level 3 Hawaii

Upon consummation of the Transaction, the following entities will hold a 10-percent-or-greater direct or indirect voting or equity interest in Level 3 Hawaii:

Level 3 Telecom Holdings II LLC (“Level 3 TH II”)

Address: 1025 Eldorado Blvd., Broomfield, Colorado 80021

Citizenship: Delaware

Principal Business: Telecommunications

Relationship: Holds a 99-percent voting and equity interest in Level 3 Hawaii.

Level 3 Telecom Holdings, LLC (“Level 3 TH”)

Address: 1025 Eldorado Blvd., Broomfield, Colorado 80021

Citizenship: Delaware

Principal Business: Telecommunications

Relationship: Holds a 100-percent voting and equity interest in Level 3 TH II, and a one-percent voting and equity interest in Level 3 Hawaii.

Level 3 Telecom, LLC (“Level 3 Telecom”)

Address: 1025 Eldorado Blvd., Broomfield, Colorado 80021

Citizenship: Delaware

Principal Business: Telecommunications

Relationship: Holds a 100-percent voting and equity interest in Level 3 TH.

Level 3 Financing holds a 100-percent voting and equity interest in Level 3 Telecom. Level 3 Financing’s address, citizenship, principal business, and direct and indirect owners following the consummation of the Transaction are described above in Section III.E.1.a.

Exhibit A shows the pre-consummation ownership structure of CenturyLink, the pre-consummation ownership structure of Level 3 and the Level 3 Cable Landing Licensees, and the post-consummation ownership structure of CenturyLink, Level 3, and the Level 3 Cable Landing Licensees. 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.

2. Certification Regarding Foreign Carrier Status and Foreign Affiliations.

CenturyLink certifies in response to 47 C.F.R. § 1.767(a)(8)(ii) that:

- (A) is not a foreign carrier in any foreign country;
- (B) is presently affiliated with the CenturyLink Foreign Carrier Affiliates listed in Exhibit B and will upon consummation of the Transaction be affiliated with the Level 3 Foreign Carrier Affiliates listed in Exhibit C; and
- (C) does not own or control a cable landing station in any foreign country, and will upon consummation of the Transaction be affiliated with the Level 3 Foreign Carrier Affiliates listed in Exhibit C, including affiliates that control cable landing stations in Argentina, Brazil, Chile, Colombia, Costa Rica, Germany, Mexico, Panama, Peru, the United Kingdom, and Venezuela.¹⁵

3. Certification Regarding Affiliations in Landing Countries

¹⁵ Exhibit B 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 B will no longer be relevant to this Application, as they will no longer be foreign carrier affiliates of CenturyLink.

CenturyLink certifies in response to 47 C.F.R. § 1.767(a)(8)(iii) that:

- (A) It is not a foreign carrier in any foreign country in which any of the Level 3 Submarine Cables lands;
- (B) It does not own or control a cable landing station in any foreign country in which any of the Level 3 Submarine Cables lands;
- (C) Upon consummation of the Transaction it will be affiliated with the foreign carriers in Argentina, Brazil, Chile, Colombia, Costa Rica, Germany, Mexico, the Netherlands, Panama, Peru, the United Kingdom, and Venezuela, all countries in which one or more of the Level 3 Submarine Cables lands; and
- (D) No grouping of two or more foreign carriers in any foreign country in which one of the Level 3 Submarine Cables lands own, in aggregate, more than 25 percent of CenturyLink and are parties to, or beneficiaries of, a contractual relation affecting the provision or marketing of arrangements for the terms of acquisition, sale, lease, transfer, and use of capacity on any of those nine submarine cable systems in the United States.

4. Certification Regarding Non-WTO-Member Countries

No response is required to 47 C.F.R. § 1.767(a)(8)(iv), as the countries listed in response to 47 C.F.R. § 1.767(a)(8)(iii) are all WTO member countries.

5. Certification Regarding the Anti-Drug Abuse Act of 1988

Pursuant to 47 C.F.R. §§ 1.767(a)(8)(i) and 63.18(o), CenturyLink certifies that no party to this application is subject to a denial of federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988, as amended.

F. Certification Regarding Compliance with Routine Conditions

Pursuant to 47 C.F.R. § 1.767(a)(9), (g), CenturyLink certifies that each of CenturyLink and the Level 3 Cable Landing Licensees accept and will abide by the routine conditions specified in 47 C.F.R. § 1.767(g).

G. Other Information

(i) Public Interest Benefits

A description of the public interest benefits of the Transaction can be found in Exhibit D.

(ii) Absence of Anti-Competitive Effects

The Transaction creates no new combinations that would adversely affect competition in any geographic market for submarine cable capacity. The subsea cable market is and will remain highly competitive after the Transaction is consummated. The Commission has in past transactions noted that “low barriers to entry are associated with the international transport market, particularly submarine cables,” and that “the relative ease of entry . . . make[s] competitive harm unlikely.”¹⁶ Although Level 3 holds ownership interests in submarine cables on a number of routes, CenturyLink holds a small ownership interest in just *one* (JUSCN) and otherwise leases all of its subsea capacity from other entities. Level 3’s Ireland subsidiary Level 3 Communications Limited holds an interest of approximately 1.7 percent in JUSCN and is not required to be a joint licensee for JUSCN pursuant to 47 C.F.R. § 1.767(h)(2). Even on a combined basis post-close, CenturyLink will have a limited ability to influence the operation of JUSCN, a large consortium cable with numerous owners with more significant ownership stakes, much less to influence competition on the U.S.-

¹⁶ *In re 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).

Japan route, which is served by many competing submarine cables, including FASTER, PC-1, TGN-Pacific, and Trans-Pacific Express, and the planned New Cross-Pacific Cable and New Japan-U.S. Cable Network. As a result, the Transaction will not lead to any meaningful concentration of facilities-based providers in the subsea cable market.

IV. CERTIFICATION REGARDING SERVICE TO EXECUTIVE BRANCH AGENCIES; CONSULTATION WITH THE TEAM TELECOM AGENCIES

Pursuant to 47 C.F.R. § 1.767(j), the Applicants have sent a complete copy of this application to the U.S. Department of State, the U.S. Department of Commerce, and the Defense Information Systems Agency. CenturyLink's counsel has certified such service in the certificate of service attached to this application. Applicants also are consulting with the Team Telecom agencies with respect to Level 3's existing network security agreement.

VI. REQUEST FOR STREAMLINED PROCESSING

This Consolidated Application is eligible for streamlined processing under 47 C.F.R. § 1.767(k)(2). The foreign carrier affiliates identified above in response to 47 C.F.R. § 1.767(a)(8)(iii) each lack market power individually and collectively on a country-by-country basis and therefore qualify for a presumption of non-dominance pursuant to 47 C.F.R. § 63.10(a)(3). Neither CenturyLink nor any of the Level 3 Cable Landing Licensees currently is regulated as dominant on any international route. Each of the current foreign-carrier affiliates of CenturyLink and Level 3, as listed in Exhibits B and C, respectively, possesses significantly less than 50 percent market share (whether individually or collectively on a country-by-country basis) in the international transport and local access markets on the foreign end of each route.

Moreover, none of these foreign carriers appears on the Commission's list of foreign carriers presumed to have market power in foreign telecommunications markets.¹⁷

No response is required under 47 C.F.R. §1.767(k)(4), as this application does not seek authority for construction or operation of any new submarine cable system or license for any existing submarine cable system.

¹⁷ *International Bureau Revises and 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).

VII. CONCLUSION

Applicants respectfully request that the Commission grant consent for the transfer of control from Level 3 to CenturyLink of the cable landing license interests held by each of the Level 3 Cable Landing Licensees.

Respectfully submitted,

LEVEL 3 COMMUNICATIONS, INC.

CENTURYLINK, INC.

/s/

/s/

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Chief Legal Officer
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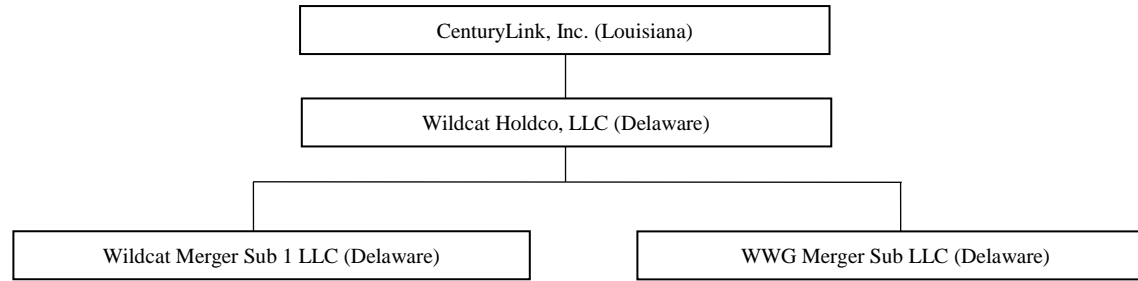
Its Attorneys

Its Attorneys

Dated: December 12, 2016

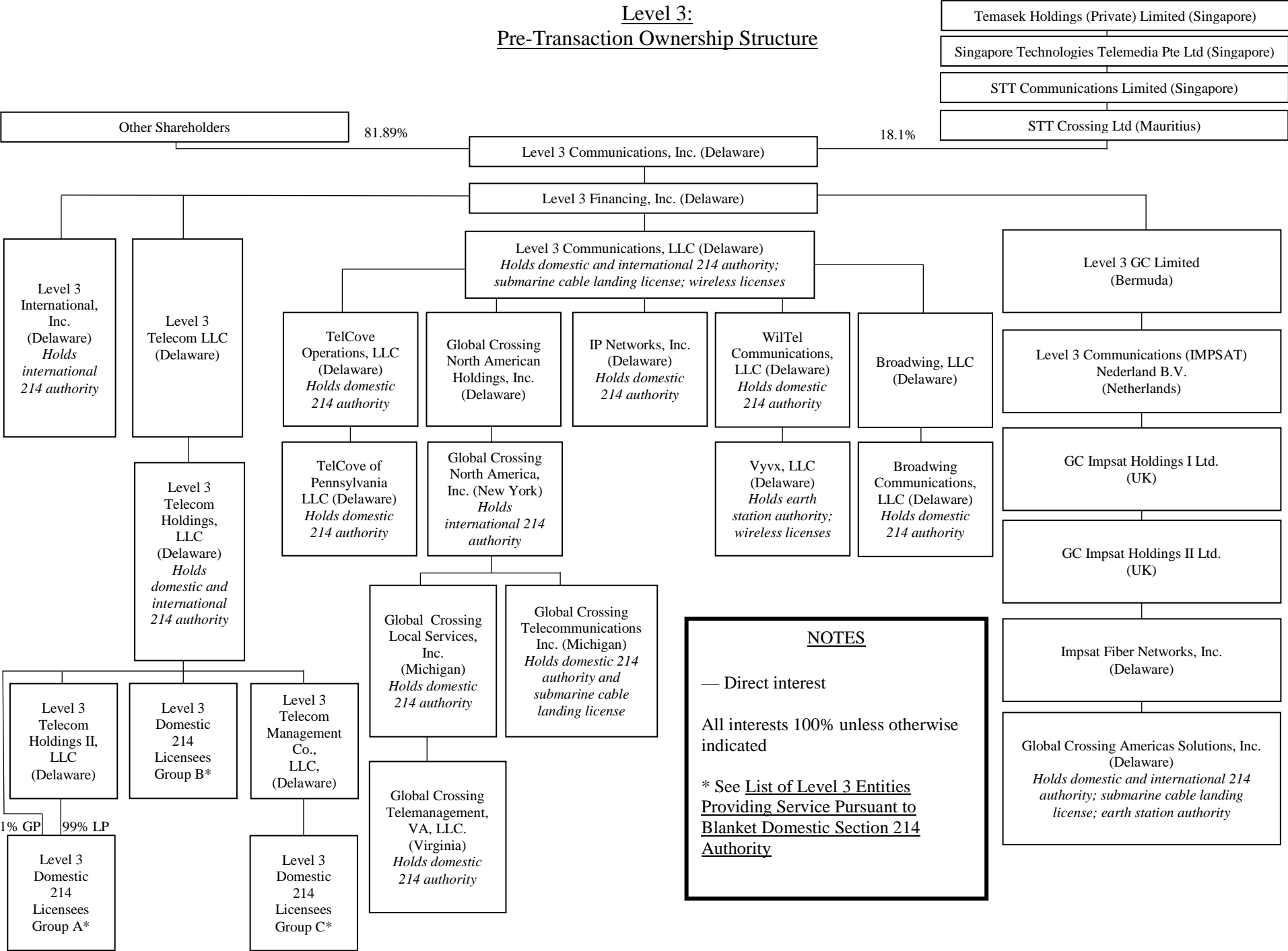
Exhibit A
Pre- and Post-Transaction Corporate Ownership Charts

CenturyLink:
Pre-Transaction Ownership Structure



NOTE
All interests 100%

**Level 3:
Pre-Transaction Ownership Structure**



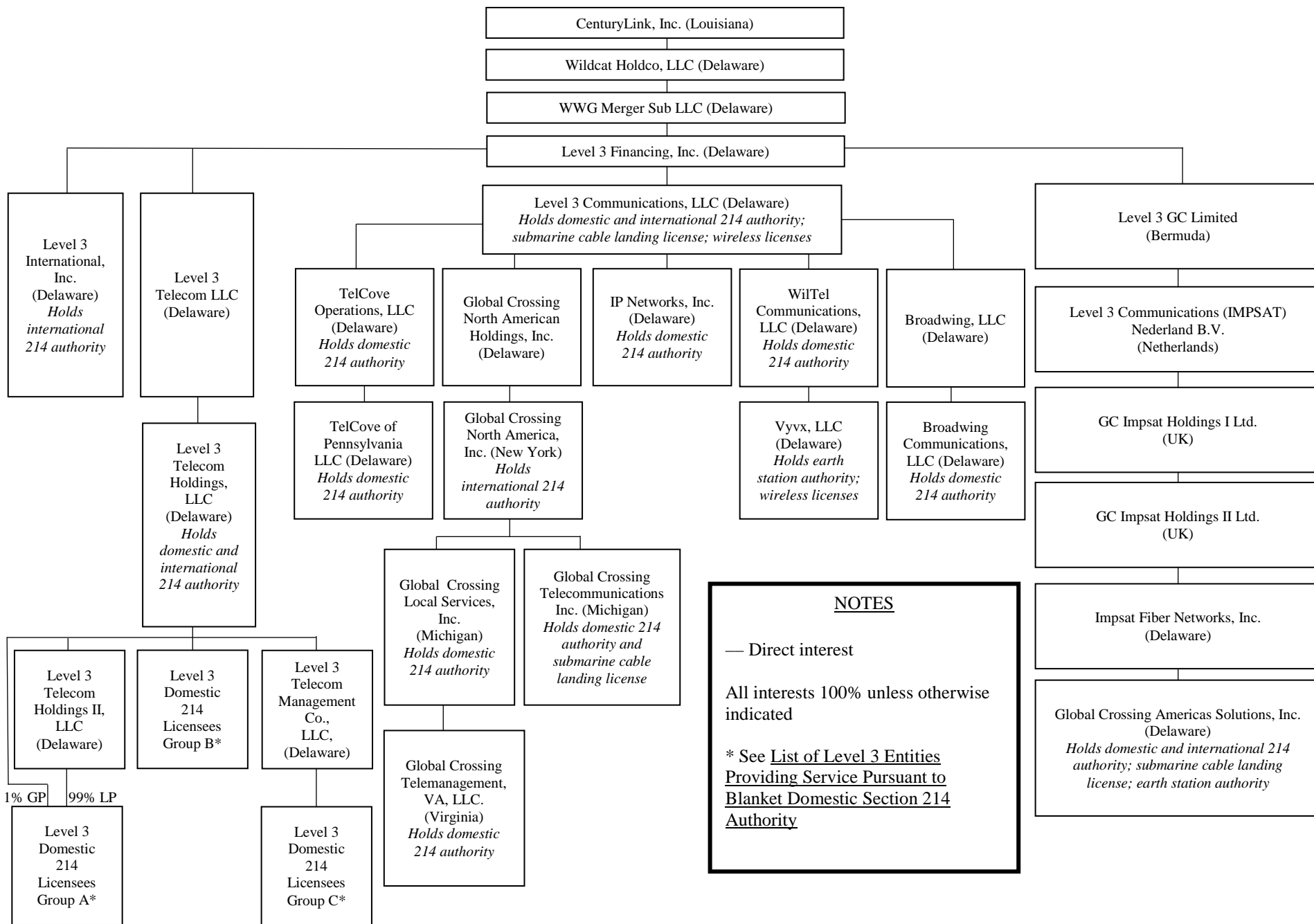
NOTES

— Direct interest

All interests 100% unless otherwise indicated

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

CenturyLink:
Post-Transaction Organization



NOTES

— Direct interest

All interests 100% unless otherwise indicated

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

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

<p align="center">Group A:</p> <p align="center">Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Holdings II, LLC</p>	<p align="center">Group B:</p> <p align="center">Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Holdings, LLC</p>	<p align="center">Group C:</p> <p align="center">Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Management Co., LLC</p>
<p>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</p> <p><i>** Also holds submarine cable landing license</i></p>	<p>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</p>	<p>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</p>

Exhibit B
CenturyLink Current Foreign Carrier Affiliates

Destination Country	Foreign Affiliate(s)	Owns/Controls Cable Landing Station? Y/N
Australia	Qwest Australia Pty Ltd*	N
Belgium	CenturyLink Belgium Sprl	N
Brazil	CenturyLink Comunicacoes Ltda	N
Canada	Savvis Communications Canada, Inc.*	N
	Savvis Communications Corporation	N
	CenturyLink Communications, LLC	N
	DataGardens, Inc.	N
France	Qwest France SASU	N
Germany	Qwest Germany GmbH	N
	CenturyLink Germany GmbH*	N
Hong Kong	Qwest Hong Kong Telecommunications Ltd.	N
	CenturyLink Technology Hong Kong Ltd.	N
Japan	Qwest Communications Japan Corporation	N
	CenturyLink Japan, K.K.*	N
Korea	Qwest Communications Korea Ltd	N
	CenturyLink Korea Limited*	N
Netherlands	Qwest Netherlands	N
Singapore	Qwest Singapore Pte Ltd	N
	Qwest Singapore Pte Ltd	N
	CenturyLink Singapore Pte. Ltd.*	N
Switzerland	Qwest Netherlands (Switzerland)	N
	CenturyLink Switzerland AG	N
Taiwan	Qwest Taiwan Telecommunications Ltd	N
	CenturyLink Taiwan Limited*	N
United Kingdom	Qwest Communications International Ltd	N
	CenturyLink. Ltd. (UK)	N

* As explained above in Section III, 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.

Exhibit C
Level 3 Current Foreign Carrier Affiliates

Destination Country	Foreign Affiliate(s)	Owns/Controls Cable Landing Station? Y/N
Argentina	Level 3 Argentina S.A.	Y
Australia	Level 3 Communications Australia Pty Limited	N
Austria	Level 3 Communications Austria GmbH	N
Belgium	Level 3 Communications S.A.	N
Brazil	Level 3 Comunicações do Brasil Ltda.	Y
Bulgaria	Level 3 Communications EOOD	N
Canada	Level 3 Communications Canada Co.	N
	Global Crossing Telecommunications-Canada Ltd.	N
Chile	Level 3 Chile S.A.	Y
Colombia	Level 3 Colombia S.A.	Y
Costa Rica	Level Three Communications Costa Rica S.R.L.	Y
Croatia	Level 3 Komunikacijske Usluge d.o.o.	N
Czech Republic	Level 3 Communications s.r.o.	N
Denmark	Level 3 Communications ApS	N
Ecuador	Level 3 Ecuador LVL T S.A.	N
Estonia	Level 3 Communications Estonia OÜ	N
Finland	Level 3 Communications Oy	N
France	Level 3 Communications s.à.r.l.	N
Germany	Level 3 Communications GmbH	Y
Hong Kong	Level 3 Communications Hong Kong Limited	N
Hungary	Level 3 Communications Tavközlesi Kft.	N
Ireland	Level 3 Communications Limited	N
	Level 3 Communications (Ireland) Limited	N
	Level 3 Communications PEC Ireland Limited	N
Israel	Level Three Communications Israel Ltd	N
Italy	Level 3 Communications Italia Srl	N
Japan	Level 3 Communications Japan KK	N
Kenya	Level Three Communications Kenya Ltd	N
Luxembourg	Level 3 Communications S.à.r.l.	N
Mexico	Level 3 Mexico Landing, S. de R.L.	Y
Netherlands	Level 3 Communications B.V.	N
Norway	Level 3 PEC Norge AS	N
Panama	Level 3 Panama Inc.	Y
Peru	Level 3 Perú S.A.	N
	SAC Peru S.R.L.	Y
Poland	Level 3 Communications Sp. z.o.o.	N
Portugal	Level 3 Communications España S.A.	N
Romania	Level 3 Communications S.R.L.	N

Destination Country	Foreign Affiliate(s)	Owns/Controls Cable Landing Station? Y/N
Russia	OOO "Level 3 Communications"	N
Serbia	Level 3 Communications RS d.o.o. Beograd-Stari Grad	N
Singapore	Level 3 Communications Singapore Pte. Ltd.	N
Slovakia	Level 3 Communications spol. s.r.o.	N
Slovenia	Level 3 Communications GmbH	N
South Africa	Level 3 Communications South Africa	N
Spain	Level 3 Communications España S.A.	N
Sweden	Level 3 Communications AB	N
Switzerland	Level 3 Communications Switzerland AG	N
Turkey	Level 3 Communications PEC Telekomünikasyon Hizmetleri Limited Şirketi	N
United Kingdom	Level 3 Communications Europe Limited	Y
	Level 3 Communications UK Limited	Y
Uruguay	GC SAC Argentina S.R.L., Sucursal Uruguay	N
Venezuela	Level 3 Venezuela S.A.	Y

Exhibit D
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,¹ 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

¹ 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*”).

brings. Indeed, the Commission recently confirmed the “planned use of . . . fiber facilities to better compete for multi-location customers” as a significant public interest benefit.² 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.³

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

² *Id.*

³ *See id.*

offers customers a broad range of DSn connections, particularly within its ILEC territory, but its 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.⁴ 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.

⁴ 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”).

By combining resources, the Applicants will be better able to provide their customers with a 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,⁵ and Verizon generated just under \$20 billion in such revenue.⁶ In light of the Commission’s recent approval of the merger of Verizon and XO Communications,⁷ 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,”⁸ 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.”⁹ 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.¹⁰ For example, the

⁵ 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.

⁶ 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.

⁷ See generally *Verizon-XO Approval Order*.

⁸ 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”).

⁹ 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”).

¹⁰ 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”).

availability of non-ILEC-provided wholesale Ethernet access has risen sharply in recent years,¹¹ 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."¹² 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).¹³ In addition, the top six cable companies have grown to account for more than a quarter of the total U.S. Ethernet ports.¹⁴ For instance, since 2012, Comcast's and Charter's combined port share alone has nearly doubled.¹⁵

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 —

¹¹ 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").

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

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

¹⁴ See Vertical Systems Group Special Inquiry (Dec. 2016).

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

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 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,¹⁶ and Charter further acknowledged that it engages in promotional pricing practices in an express effort "to win business from incumbent LECs and others."¹⁷ 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."¹⁸ 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

¹⁶ 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).

¹⁷ Charter BDS Reply at 2.

¹⁸ 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 (last visited Dec. 12, 2016).

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 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.¹⁹ 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.

¹⁹ 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”).

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 geographic- and product-market-specific basis.²⁰ 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

²⁰ 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”).

competition.²¹ 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 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.”²² The Commission recently found that “transit prices have fallen by more than 90 percent in the last five years alone,”²³ 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

²¹ See *infra* notes 22–23, 27.

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

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

smaller. According to the Center for Applied Internet Data Analysis (“CAIDA”), CenturyLink’s global IP network ranks seventeenth place,²⁴ 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 report).²⁵ 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.²⁶

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.”²⁷ 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

²⁴ 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).

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

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

²⁷ *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).

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.

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.²⁸ 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.²⁹

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

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

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 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.³⁰

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.³¹ 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

³⁰ 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.

³¹ 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.

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.

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.

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 that 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 12th day of December, 2016.



John Ryan

CERTIFICATE OF SERVICE

I, Yaron Dori, hereby certify that consistent with 47 C.F.R. § 1.767(j), I have served copies of the foregoing application for consent to transfer control of cable landing licenses by hand or overnight delivery on this 12th day of December 2016, to the following:

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