

November 11, 2005

**VIA OVERNIGHT DELIVERY**

Vikie Bailey-Goggins, Administrator Regulatory Service  
Oregon Public Utility Commission  
550 Capitol Street, N.E.  
Suite 215  
Salem, OR 97301

Re: Notification of Level 3 Communications, LLC and WilTel Communications Group, LLC of the Indirect Transfer of Control of WilTel Communications, LLC and WilTel Local Network, LLC and Related Transactions

Dear Ms. Bailey-Goggins:

Level 3 Communications, LLC (“Level 3”) and WilTel Communications Group, LLC (“WilTel”) (collectively “Parties”), through their undersigned counsel notify the Oregon Public Utilities Commission (“Commission”) of their intent to consummate a transaction whereby Level 3, a non-dominant carrier, will acquire indirect control of WilTel Communications, LLC (“WilTel-Comm”) and WilTel Local Network, LLC (“WilTel-LN”), both non-dominant carriers. WilTel-Comm and WilTel-LN are WilTel’s Oregon operating subsidiaries, each holding authority from the Commission to provide intrastate telecommunications services in Oregon. As a result of the proposed transaction, Level 3 will acquire 100 percent of the equity of WilTel, and will, therefore, indirectly acquire control of WilTel-Comm and WilTel-LN. The Parties intend to complete the transaction by the end of 2005, and, therefore, request that any questions regarding this proposed transaction be directed to undersigned counsel as soon as possible.

In addition, the Parties provide the following information:

**I. Description of the Parties**

**A. WilTel Communications Group, LLC (“WilTel”)**

WilTel is a limited liability company organized under the laws of the State of Nevada. WilTel is an indirect wholly owned subsidiary of Leucadia National Corp. (“Leucadia”). Leucadia is a publicly traded New York corporation that is a diversified financial services holding company engaged through its consolidated subsidiaries in a variety of businesses, including telecommunications. Through its subsidiaries, WilTel operates and manages a technologically advanced, fully operational, next-generation fiber-optic broadband network that

spans approximately 30,000 route-miles connecting 118 cities in the United States and extends to Europe, Mexico and the Pacific Rim.

WilTel-Comm is a Delaware limited liability company that is a wholly owned subsidiary of WilTel. WilTel-Comm's principal place of business is at One Technology Center, Tulsa, OK 74103. WilTel-Comm is a non-dominant carrier that holds authority to provide intrastate interexchange telecommunications services in all 50 states and competitive local exchange telecommunications services in less than five states. In Oregon, WilTel-Comm is authorized to provide interexchange, private line (point-to-point) and switched toll services pursuant to a certificate granted by Order No. 05-854 in Docket CP 567 on July 14, 2005.

WilTel-LN is a wholly owned subsidiary of WilTel-Comm. WilTel-LN's principal place of business is at One Technology Center, Tulsa, OK 74103. WilTel-LN is a non-dominant carrier that is authorized to provide competitive local exchange services in approximately 24 states, including Oregon. In Oregon, WilTel-LN is authorized to provide competitive local exchange services and non-switched private line services pursuant to Commission Order No. 00-045 issued in CP 727 on January 31, 2000.<sup>1</sup>

### **B. Level 3 Communications, LLC ("Level 3")**

Level 3 Communications, LLC is a Delaware limited liability company with principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021. Level 3 provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network. Level 3 is a wholly owned subsidiary of Level 3 Financing, Inc., which in turn is a wholly owned subsidiary of Level 3 Communications, Inc., a publicly traded company (NASDAQ: LVLT). Level 3 is a non-dominant carrier that is authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration or tariff requirements, or on a deregulated basis. Level 3 is also authorized by the Federal Communications Commission to provide international and domestic interstate services as a non-dominant carrier.

In Oregon, Level 3 is authorized to provide statewide interexchange and competitive local exchange service pursuant to Order No. 02-371 issued in Docket No. CP-1035 on June 5, 2002. Further information concerning Level 3's legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification and is, therefore, a matter of public record. Level 3 respectfully requests that the Commission take official notice of that information and incorporate it herein by reference.

## **II. Notification of Indirect Transfer of Control**

Pursuant to the proposed transaction, Level 3 will acquire, indirectly, 100 percent of the equity in WilTel-Comm and WilTel-LN. Specifically, Level 3 will acquire a 100 percent equity

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<sup>1</sup> This authority was originally granted to Williams Local Network, Inc. By letter dated January 8, 2001, the company informed the Commission of its conversion to a limited liability company. By letter dated November 13, 2002, the company notified the Commission of the name change to WilTel Local Network, LLC.

interest in WilTel, and thus, a 100 percent indirect ownership interest in WilTel-Comm and WilTel-LN.<sup>2</sup> At this time, it is expected that immediately following the transaction WilTel, along with WilTel-Comm and WilTel-LN, will continue to operate as separate subsidiaries of Level 3. For the Commission's convenience, pre- and post-transaction organizational charts are provided as Exhibit A.

The proposed transaction does not involve any transfer of certificates, assets or customers. Immediately following the consummation of the proposed transaction, WilTel-Comm, WilTel-LN and Level 3 will continue to offer the services they currently offer with no change in the rates or terms and conditions of service. The indirect transfer of control of WilTel-Comm and WilTel-LN to Level 3 therefore will be seamless and transparent to Oregon consumers, in terms of the services they receive.

The proposed transaction will provide the Parties with access to each other's technical, managerial and financial strengths and complementary suite of services, which together are expected to strengthen the Parties' ability to expand their offerings and provide more advanced telecommunications services to a broader customer base in Oregon. The Parties expect that the proposed acquisition will enable both WilTel and Level 3 to strengthen their competitive positions to the benefit of Oregon consumers and the Oregon telecommunications marketplace.

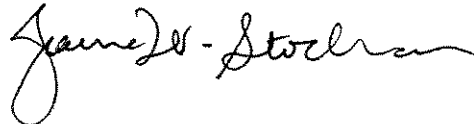
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<sup>2</sup> Level 3 currently expects to finance the purchase of WilTel through a combination of cash and shares of stock of Level 3's parent company, Level 3 Communications, Inc. Through the stock component of the purchase, Leucadia, the ultimate parent of WilTel, may acquire an equity interest in Level 3 Communications, Inc. of up to 19 percent. Until closing, Level 3 has the right to substitute cash for shares of stock to satisfy the purchase price. Thus, the precise number of Level 3 Communications, Inc. shares Leucadia will obtain, and the resulting indirect interest in Level 3 that Leucadia will acquire, will not be known until closing but in any event will not exceed 19 percent. Any indirect minority transfer of control of Level 3 to Leucadia will be transparent to Level 3's customers.

An original and one (1) copy of this notification letter are enclosed for filing. The letter will also be electronically filed with the Commission. Please date-stamp the enclosed extra copy of this letter and return it in the attached self-addressed, stamped envelope. Please contact the undersigned if the Commission has any questions regarding this letter or the proposed transaction.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jeanne W. Stockman".

Tamar E. Finn, Esq.  
Jeanne W. Stockman, Esq.  
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JWStockman@swidlaw.com

Counsel to the Parties

**LIST OF EXHIBITS**

Exhibit A

Pre- and Post-Transaction Corporate Structure

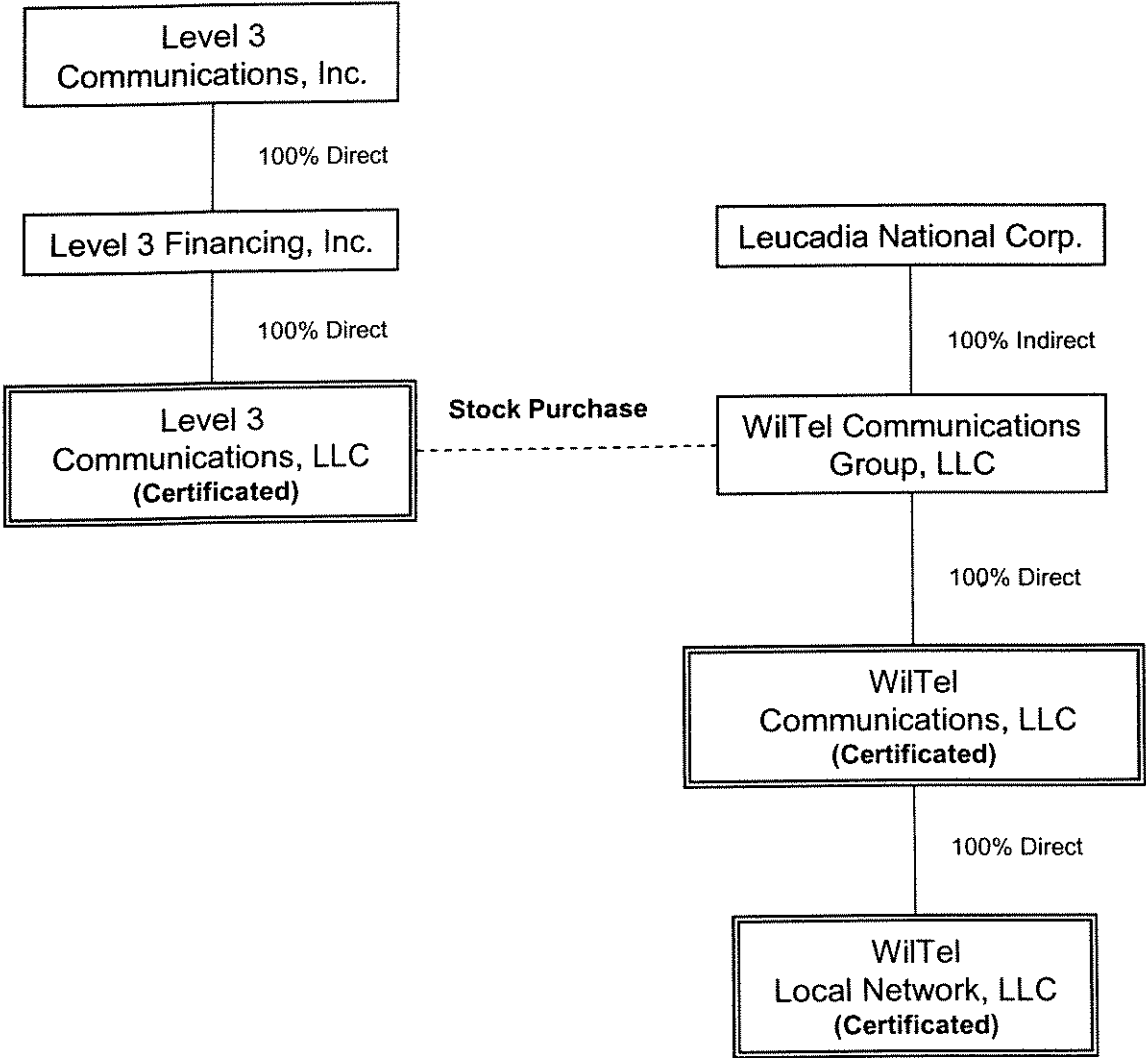
Verifications

**EXHIBIT A**

**Pre- and Post-Transaction Corporate Structure**

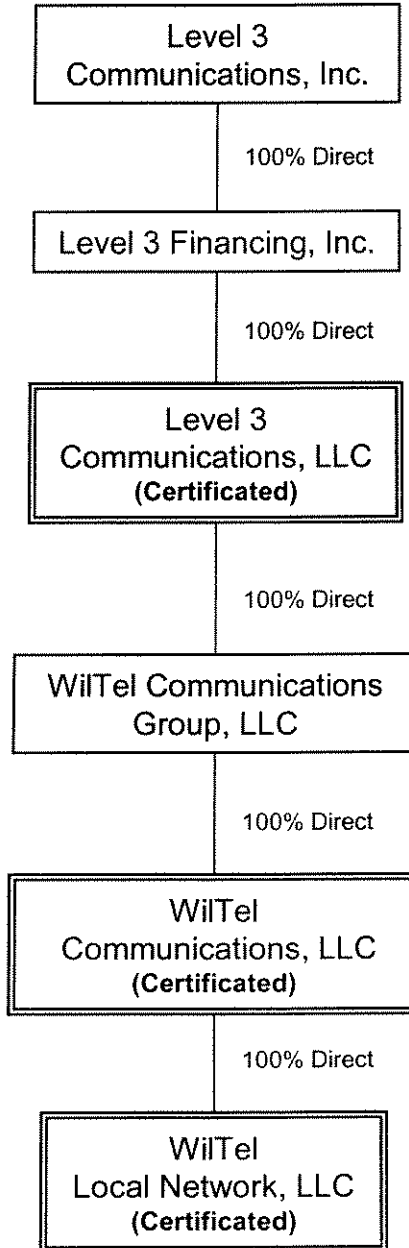
# Level 3 Communications, LLC– WiTel Communications Group, LLC Pre- and Post-Transaction Illustrative Chart

## PRE-TRANSACTION



# Level 3 Communications, LLC – WiTel Communications Group, LLC Pre- and Post-Transaction Illustrative Chart

## POST-TRANSACTION

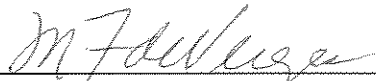




## VERIFICATION

I, Mardi F. de Verges, state that I am Senior Vice President - Finance for WilTel Communications Group, LLC; that I am authorized to make this Verification on behalf of WilTel Communications Group, LLC; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 11<sup>th</sup> day of October, 2005.




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Name: Mardi F. de Verges

Title: Senior Vice President - Finance  
WilTel Communications Group, LLC

## VERIFICATION

I, William P. Hunt, III, state that I am Vice President of Public Policy for Level 3 Communications, LLC; that I am authorized to make this Verification on behalf of Level 3 Communications, LLC; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 31<sup>st</sup> day of October, 2005.



Name: William P. Hunt, III

Title: Vice President of Public Policy  
Level 3 Communications, LLC