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12 September 2014

BY ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Notice of Ex Parte *Presentation, WC Docket No. 14-104*

Dear Ms. Dortch:

Pursuant to 47 C.F.R § 1.1206(b),

On September 10, 2014, Joseph Cavender of Level 3 Communications ("Level 3"), Thomas Jones of Willkie, Farr & Gallagher (as counsel for tw telecom ("TWT")), and I (as counsel for Level 3), met with Lisa Gelb, Randy Clarke, Jodie May, Dennis Johnson, and Eric Ralph of the Wireline Competition Bureau to discuss Level 3's pending acquisition of TWT ("Proposed Transaction"). During the meeting, we discussed the significant public-interest benefits of the Proposed Transaction and the absence of competitive harms.

Level 3 and TWT reiterated the principal public-interest and pro-competitive benefits:

- ***Stronger Competitor for Enterprise Customers with International Connectivity Needs***. Consummation of the Proposed Transaction will allow the combined company to compete more effectively for business customers with international connectivity needs. At present, TWT lacks the global footprint of Level 3, making it harder for TWT to compete for customers with global connectivity needs. The Proposed Transaction will leverage Level 3's extensive local-to-global footprint, with network and data centers in more than 60 countries and significant global subsea networks, to meet the international connectivity needs of TWT's customer base and to compete more aggressively for new customers with such needs.

- ***Greater Coverage and More Reliable On-Net Experience for Global Customers Doing Business in North America***. TWT has a much more extensive metropolitan footprint and many more network-connected buildings than does Level 3. The Proposed Transaction leverages TWT's presence in enterprise markets to make more extensive use of Level 3's global network footprint and offer large customers greater coverage and a high-quality and more reliable on-net experience in North America.

- ***Greater Ability to Compete Against ILECs and Other Competitive Carriers***. With greater scale and geographic presence, the combination of Level 3 and TWT will enhance the combined company's ability to compete with ILECs, which have dominant market shares for services such as special access. It will also enhance the combined company's ability to compete against other competitive carriers.

- ***Combined Product Portfolio***. Consummation of the Proposed Transaction will allow the combined company to offer a broader product portfolio to all customers. For example, Level 3 presently offers various collocation, data center, and video services that TWT does not offer to its customers.

- ***Network- and Operating-Cost Savings***. Consummation of the Proposed Transaction will provide significant cost savings in network and operating expenses, estimated at approximately $200 million on an annualized basis, for the combined company. The largely complementary networks will reduce access costs for both companies. TWT's metropolitan networks will reduce Level 3's costs for accessing metropolitan areas, while Level 3's long-haul networks will reduce TWT's costs for global connectivity.

- ***Capital-Expenditure Savings***. Consummation of the Proposed Transaction will provide significant capital-expenditure savings, estimated at approximately $40 million on an annualized basis, for the combined company. With access to complementary networks, the combined company will avoid capital expenditures that Level 3 and TWT would have incurred independently. The combined company's scale will provide purchasing power with vendors, further reducing equipment costs.

Regarding the absence of competitive harms, Level 3 and TWT reiterated that the Proposed Transaction involves the combination of two competitive carriers with complementary networks.

- ***Small Overlap in Enterprise Market***. As noted in the attached declaration of Michael J. Mooney ("Mooney Declaration") Level 3 and TWT have a combined total of approximately 30,538 total on-net buildings, with Level 3 and TWT overlapping in approximately 1,739 buildings—roughly 5.7 percent.

- ***Overlap in Only One 3-2 or Near 3-2 Building***. At the direction of the U.S. Department of Justice ("DOJ"), Level 3 investigated the number of "3-2 buildings" (defined as buildings where only Level 3, TWT, and the incumbent local-exchange carrier ("ILEC") are on-net in the building, and there is no other competitive fiber provider either on-net to the building, or which has a fiber network within 0.25 mile of the building) and "near 3-2 buildings" (defined as buildings where one or the other (but not both) of Level 3 and TWT are on-net to the building along with the ILEC, the other *of* Level 3 and TWT (the

one not present in the building) has a fiber network w***ithin 0.25 mile of the building, and it is the only competitive provider with a fiber network within 0.25 mile of*** the building). ***Level 3 determined that there was only one 3-2 building or near 3-2 building relevant to the Proposed Transaction***. At each other potential 3-2 or near 3-2 location, Level 3 was able to locate either another competitive ***provider present in the building, or another competitive fiber provider with a fiber network within 0.25 mile of the building. At the one true 3-2 building, Level 3 and TWT are not competitors, as Level 3 sells only satellite video services at that location—a service that TWT does not sell anywhere***.

- ***Incumbent LECs Are Dominant in the Enterprise Market***. The 30,538 buildings served by Level 3 and TWT represent only a small fraction of the total number of enterprise buildings in the U.S. By way of example, Level 3 estimates that in the Los Angeles and Washington, D.C. greater metropolitan areas there are, respectively, approximately 226,906 and 73,177 commercial buildings in which enterprise customers demand communications services. The incumbent LEC owns the only connection to many of these buildings, and incumbent LECs remain the dominant providers of services demanded by enterprise customers, such as special access services. By combining complementary on-net building networks, the combined company will be able to compete more effectively against the dominant incumbent LECs.

Level 3 and TWT noted that consistent with the absence of such competitive harms, DOJ had on September 8, 2014, granted early termination of its premerger review under the Hart-Scott-Rodino Antitrust Improvements Act of 1975.

Level 3 and TWT urged the Commission to act expeditiously on the pending applications and approve the Proposed Transaction.

Respectfully submitted,

Kent Bressie
Counsel for Level 3 Communications, Inc.

Attachment

cc: Randy Clarke
Lisa Gelb
Dennis Johnson
Jodie May Donovan
Eric Ralph
Thomas Jones (Willkie, Farr & Gallagher)