



# PUBLIC NOTICE

Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

News Media Information 202 / 418-0500  
Fax-On-Demand 202 / 418-2830  
TTY 202 / 418-2555  
Internet: <http://www.fcc.gov>  
<ftp.fcc.gov>

**DA 06-1323**  
**Released: June 27, 2006**

**DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL  
OF LOOKING GLASS NETWORKS HOLDING CO., INC. TO  
LEVEL 3 COMMUNICATIONS, INC.**

**STREAMLINED PLEADING CYCLE ESTABLISHED**

**WC Docket No. 06-116**

**Comments Due: July 11, 2006**

**Reply Comments Due: July 18, 2006**

On June 20, 2006, Looking Glass Networks Holding Co., Inc. (“Looking Glass”) and Level 3 Communications, Inc. (“Level 3”) (together, “Applicants”) filed an application (“Application”) pursuant to section 63.04 of the Commission’s rules<sup>1</sup> requesting authority to transfer control of Looking Glass to Level 3.<sup>2</sup>

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(2)(i) of the Commission’s rules because immediately following the transaction: (1) Level 3 will hold less than a ten percent (10%) share of the interstate, interexchange market; (2) Level 3 will provide exchange access services only in geographic areas served by dominant local exchange carriers (none of which are parties to the proposed transaction); and (3) neither of the Applicants nor their affiliates are dominant with respect to any service.<sup>3</sup>

Looking Glass, a Delaware corporation, is a holding company and the ultimate sole owner of Looking Glass Networks, Inc. (“Looking Glass Operations”) and Looking Glass Networks of Virginia, Inc. (“Looking Glass Virginia”) (together, the “Looking Glass Operating

---

<sup>1</sup> 47 C.F.R. § 63.04; *see* 47 U.S.C. § 214.

<sup>2</sup> Applicants have also filed an application for transfer of control associated with authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related, pending applications.

<sup>3</sup> 47 C.F.R. § 63.03(b)(2)(i).

Companies”). Looking Glass Operations, a Delaware corporation, is a non-dominant provider of high-capacity data transport services as well as high-capacity dark fiber and carrier-neutral collocation services for enterprise and carrier customers in 14 major markets in the United States. Looking Glass Operations is a wholly-owned, direct subsidiary of Looking Glass. Looking Glass Virginia, a Virginia corporation, provides interstate, intrastate, and local data transport services in Virginia, and is a wholly-owned, direct subsidiary of Looking Glass Operations, and a wholly-owned, indirect subsidiary of Looking Glass.

Level 3, a Delaware corporation, is a global communications and information services company that offers, through its operating subsidiaries, a wide range of communications services in North America, Europe, and Asia, including Internet-protocol-based services, broadband transport, collocation services, and patented Softswitch-based managed modem and voice services. Level 3 Communications, LLC (“Level 3 LLC”), a limited-liability company, is Level 3’s principal, indirect operating subsidiary in the United States. Level 3 LLC is a wholly-owned subsidiary of Level 3 Financing, Inc. (“Level 3 Financing”), and Level 3 Financing, in turn, is a wholly-owned subsidiary of Level 3. Level 3 is a publicly-traded company listed on NASDAQ. One entity owns or controls 10% or more of Level 3: Southeastern Asset Management, Inc. (“SAM”), a Tennessee corporation, holds sole or shared voting rights for approximately 18.83% of the outstanding shares of Level 3.<sup>4</sup>

On June 2, 2006, Looking Glass and Level 3 entered into an Agreement and Plan of Merger (“Agreement”) to allow Level 3 to acquire all of the outstanding shares of Looking Glass. Level 3 will acquire Looking Glass in a simultaneous three-step transaction. First, Looking Glass will merge with Eldorado Acquisition One, LLC (“Eldorado”), a Delaware limited-liability company, established by Level 3 for the purpose of merging with Looking Glass, with Looking Glass surviving. Second, Level 3 will immediately contribute all of the common shares of Looking Glass to Level 3 Financing. Third, Level 3 Financing will contribute all of the common shares of Looking Glass to Level 3 LLC. Following the completion of these three steps, Looking Glass will then be a direct subsidiary of Level 3 LLC, and the Looking Glass Operating Companies will be indirect subsidiaries of Level 3. Applicants confirm that no existing shareholder or controlling group of shareholders of Looking Glass will hold a 10% or greater direct or indirect interest in Level 3 following the proposed transaction.

Applicants state that the proposed transaction will serve the public interest, convenience and necessity because: (1) the Looking Glass Operating Companies will continue to operate their respective facilities and provide service to their existing customers at the same rates, terms, and conditions, ensuring a seamless transition for those customers; and (2) it will allow Level 3 to use its acquisition of Looking Glass to expand further into the enterprise market.<sup>5</sup>

---

<sup>4</sup> SAM holds voting rights for outstanding shares that are otherwise owned by other entities for whom SAM acts as an investment advisor. None of the other owners of outstanding shares of Level 3 whose shares are voted by SAM owns a 10% or greater direct or indirect interest in Level 3.

<sup>5</sup> Applicants assert that the proposed transaction will have no impact on any participant’s share of the local exchange, exchange access, or interstate interexchange markets. Applicants state that even if Level 3 derived all

## GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR §§ 1.415, 1.419, interested parties may file **comments on or before July 11, 2006** and **reply comments on or before July 18, 2006**.<sup>6</sup> Unless otherwise notified by the Commission, Applicants are permitted to transfer the assets and related control on the 31<sup>st</sup> day after the date of this notice.<sup>7</sup> Comments may be filed using: (1) the Commission's Electronic Comment Filing System (ECFS), (2) the Federal Government's eRulemaking Portal, or (3) by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- Electronic Filers: Comments may be filed electronically using the Internet by accessing the ECFS: <http://www.fcc.gov/cgb/ecfs/> or the Federal eRulemaking Portal: <http://www.regulations.gov>. Filers should follow the instructions provided on the website for submitting comments.
- For ECFS filers, if multiple docket or rulemaking numbers appear in the caption of this proceeding, filers must transmit one electronic copy of the comments for each docket or rulemaking number referenced in the caption. In completing the transmittal screen, filers should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions, filers should send an e-mail to [ecfs@fcc.gov](mailto:ecfs@fcc.gov), and include the following words in the body of the message, "get form." A sample form and directions will be sent in response.

---

of the communications revenue (excluding interexchange revenue and reciprocal compensation revenue) reported in the 2005 10-K for Level 3 Communications, Inc. from local exchange and exchange access (when in fact, it derived only a fraction of its revenues from such services), Level 3's revenues would likely account for less than one percent of all nationwide local exchange and exchange access revenues. *Citing* 2005 Form 10K, Item 7, of Level 3 Communications, Inc.; FCC, Statistics of Communications Common Carriers, at 202, Tbl. 5.20 (2004/2005 ed.) (providing 2003 data); FCC, Trends in Telephony Service, Tbl. 8.7 (2005) (providing 2003 data). Applicants further note that a direct year-to-year comparison is not possible, as the FCC's reports do not include 2005 data. Applicants also state that, even assuming that all Looking Glass and Level 3 toll revenues were interstate interexchange revenues (and they are not), the combined interexchange revenues of Looking Glass and Level 3 would amount to no more than 2% of total industry-wide toll revenues, and even less than that percentage if all non-LEC, non-wireless toll services are included.

<sup>6</sup> See 47 C.F.R. § 63.03(a).

<sup>7</sup> Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

- Paper Filers: Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

The Commission's contractor will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, S.W., Washington D.C. 20554.

**You may submit comments, identified by the above noted docket number, by any of the following methods:**

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Federal Communications Commission's Web Site: <http://www.fcc.gov/cgb/ecfs/>. Follow the instructions for submitting comments.
- People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: [FCC504@fcc.gov](mailto:FCC504@fcc.gov) or phone: 202-418-0530 or TTY: 202-418-0432.

**In addition, one copy of each pleading must be sent to each of the following:**

- (1) The Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, [www.bcpweb.com](http://www.bcpweb.com); phone: (202) 488-5300 fax: (202) 488-5563;
- (2) Cecilia Seppings, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C230, Washington, D.C. 20554; email: [cecilia.seppings@fcc.gov](mailto:cecilia.seppings@fcc.gov);
- (3) Albert M. Lewis, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C224, Washington, D.C. 20554; e-mail: [albert.lewis@fcc.gov](mailto:albert.lewis@fcc.gov);

- (4) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; email: [susan.o'connell@fcc.gov](mailto:susan.o'connell@fcc.gov); and
- (5) James Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: [james.bird@fcc.gov](mailto:james.bird@fcc.gov).

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 488-5563, or via e-mail [www.bcpweb.com](http://www.bcpweb.com).

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to [fcc504@fcc.gov](mailto:fcc504@fcc.gov) or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

For further information, please contact Cecilia Seppings at (202) 418-1588, or Al Lewis at (202) 418-1561.

- FCC -