

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, NOVEMBER 18, 2005

JOINT PETITION OF

LEVEL 3 COMMUNICATIONS, LLC,
LEUCADIA NATIONAL CORPORATION

and

CASE NO. PUC-2005-00152

WILTEL COMMUNICATIONS GROUP, LLC

For approval of an indirect transfer of control of
WilTel Communications of Virginia, Inc.

ORDER FOR NOTICE AND COMMENT

On November 2, 2005, as amended on November 8, 2005, Level 3 Communications, LLC ("Level 3"), Leucadia National Corporation ("Leucadia"), and WilTel Communications Group, LLC ("WilTel") (collectively, "Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission") requesting approval under Chapter 5 of Title 56 of the Code of Virginia ("Code") (§ 56-88 *et seq.*) of a proposed transaction whereby Level 3 will acquire indirect control of WilTel Communications of Virginia, Inc. ("WilTel-VA").

The Joint Petition states that Level 3 and WilTel-VA are authorized to provide competitive local exchange and interexchange services in Virginia pursuant to authority granted by the Commission. WilTel-VA is a wholly owned subsidiary of WilTel Communications, LLC, which is a wholly owned subsidiary of WilTel. WilTel is an indirect wholly owned subsidiary of Leucadia. The Joint Petition explains that 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-VA.

Petitioners further assert that: (1) at this time, it is expected that immediately following the transaction WilTel, along with WilTel-VA, will continue to operate as separate subsidiaries of Level 3; (2) immediately following the consummation of the proposed transaction, WilTel-VA will continue to offer the services it currently offers with no change in the rates or terms and conditions of service; (3) the indirect transfer of control of WilTel-VA will not result in a change of carrier for customers or any transfer of authorizations; and (4) the indirect transfer of control of WilTel-VA to Level 3 will be seamless and transparent to consumers in the Commonwealth of Virginia in terms of the services they receive.

Petitioners request that the Commission act expeditiously to grant the authority sought in the Joint Petition, but no later than December 14, 2005, so that Petitioners can consummate the proposed transaction by December 31, 2005. Petitioners state that expedited treatment is necessary so the parties can comply with important business objectives.

NOW THE COMMISSION, having considered this matter and applicable law, is of the opinion and finds that public notice should be given, that interested persons should be provided with an opportunity to comment and request a hearing, and that the Commission Staff should file a report detailing the results of its review of the Joint Petition.

Pursuant to § 56-88.1 of the Code, the Commission must approve or disapprove the Petitioners' request no later than sixty (60) days after the filing of a completed application, unless extended by the Commission. We find that our review period to approve or disapprove the Joint Petition, which was completed on November 8, 2005, should be extended an additional sixty (60) days. We expect to rule on the Joint Petition expeditiously, but we find that additional time is necessary to review the transaction, to provide public notice, and to afford interested persons an opportunity to file comments and/or request a hearing.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Petition be docketed as Case No. PUC-2005-00152.

(2) The review period for this docket be extended for an additional sixty (60) days pursuant to § 56-88.1 of the Code.

(3) The Petitioners shall promptly make a copy of the Joint Petition available to the public, who may obtain a copy of the Joint Petition, at no charge, by requesting it in writing from the Petitioners' counsel at the address detailed below.

(4) On or before January 5, 2006, interested persons may file written comments concerning the issues in this case with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Comments shall refer to Case No. PUC-2005-00152. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website:

<http://www.scc.virginia.gov/caseinfo.htm>.

(5) On or before December 19, 2005, interested persons may request that the Commission convene a hearing concerning the Joint Petition by filing a request for a hearing with the Clerk of the Commission at the address set forth above. Requests for hearing must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter.

(6) If requests for hearing are filed pursuant to Ordering Paragraph (5) above, the Petitioners may file an original and fifteen (15) copies of any response to the requests on or before December 22, 2005.

(7) Any interested person desiring to participate as a party in this proceeding shall file with the Clerk of the Commission at the address set forth above, on or before January 5, 2006, an original and fifteen (15) copies of a notice of participation as a respondent pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure. A respondent shall, on or before January 5, 2006, serve a copy of the notice of intent to participate on counsel for the Petitioners at the address set forth below. The notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific actions sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUC-2005-00152.

(8) A copy of any written comments or requests for hearing shall simultaneously be sent to counsel for the Petitioners, Eric M. Page, Esquire, LeClair Ryan, PC, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060.

(9) On or before January 19, 2006, the Commission Staff shall review the Joint Petition and file a report detailing the results of its investigation.

(10) The Petitioners shall respond to written interrogatories within ten (10) calendar days after receipt of same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(11) On or before November 29, 2005, the Petitioners shall publish the following notice as display advertising, not classified, throughout the Petitioners' service territory:

NOTICE TO THE PUBLIC OF A JOINT PETITION OF
LEVEL 3 COMMUNICATIONS, LLC, LEUCADIA
NATIONAL CORPORATION, AND WILTEL
COMMUNICATIONS GROUP, LLC, FOR APPROVAL OF
AN INDIRECT TRANSFER OF CONTROL
CASE NO. PUC-2005-00152

On November 2, 2005, as amended on November 8, 2005, Level 3 Communications, LLC ("Level 3"), Leucadia National Corporation ("Leucadia"), and WilTel Communications Group, LLC ("WilTel") (collectively, "Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission") requesting approval under Chapter 5 of Title 56 of the Code of Virginia ("Code") (§ 56-88 *et seq.*) of a proposed transaction whereby Level 3 will acquire indirect control of WilTel Communications of Virginia, Inc. ("WilTel-VA").

The Joint Petition states that Level 3 and WilTel-VA are authorized to provide competitive local exchange and interexchange services in Virginia pursuant to authority granted by the Commission. WilTel-VA is a wholly owned subsidiary of WilTel Communications, LLC, which is a wholly owned subsidiary of WilTel. WilTel is an indirect wholly owned subsidiary of Leucadia. The Joint Petition explains that 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-VA.

Petitioners further assert that: (1) at this time, it is expected that immediately following the transaction WilTel, along with WilTel-VA, will continue to operate as separate subsidiaries of Level 3; (2) immediately following the consummation of the proposed transaction, WilTel-VA will continue to offer the services it currently offers with no change in the rates or terms and conditions of service; (3) the indirect transfer of control of WilTel-VA will not result in a change of carrier for customers or any transfer of authorizations; and (4) the indirect transfer of control of WilTel-VA to Level 3 will be seamless and transparent to consumers in the Commonwealth of Virginia in terms of the services they receive.

Copies of the Petition are available for inspection between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia. Copies may also be downloaded from the Commission's

website: <http://www.scc.virginia.gov/caseinfo.htm>, or may be obtained from the Petitioners' counsel, Eric M. Page, Esquire, LeClair Ryan, PC, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060.

On or before January 5, 2006, any person desiring to comment on the Joint Petition may do so by filing such comments with the Clerk of the Commission at the address set forth below. A copy of the written comments shall be simultaneously served on Petitioners' counsel at the address set forth above. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

Any person may request a hearing on the Petition by filing a request for a hearing on or before December 19, 2005, with the Clerk of the Commission at the address set forth below. Requests must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. Requests for a hearing shall be simultaneously served on Petitioners' counsel at the address set forth above.

Any interested person desiring to participate as a party in this proceeding shall file with the Clerk of the Commission at the address set forth below, on or before January 5, 2006, an original and fifteen (15) copies of a notice of participation as a respondent pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure. A respondent shall, on or before January 5, 2006, serve a copy of the notice of intent to participate on counsel for the Petitioners at the address set forth above. The notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific actions sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUC-2005-00152.

All written communications to the Commission concerning the Petition should be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUC-2005-00152.

LEVEL 3 COMMUNICATIONS, LLC,
LEUCADIA NATIONAL CORPORATION,
AND WITEL COMMUNICATIONS GROUP, LLC

(12) The Petitioners shall forthwith serve a copy of this Order on the Chairman of the Board of Supervisors of any county and upon the Mayor or Manager of any county, city, or equivalent officials in counties, towns, and cities having alternate forms of government located in the Petitioners' service territory. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(13) On or before December 15, 2005, the Petitioners shall provide the Commission with proof of notice required by Ordering Paragraphs (11) and (12).

(14) On or before January 24, 2006, the Petitioners may file with the Clerk of the Commission an original and fifteen (15) copies of any response to the Commission Staff Report and to the comments filed with the Commission.

(15) Pursuant to § 12.1-31 of the Code and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, the Commission assigns a Hearing Examiner to rule on any discovery matter that may arise in this proceeding.

(16) This matter is continued for further orders of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Eric M. Page, Esquire, and Jacqueline S. McClenney, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060; Tamar E. Finn, Esquire, and Jeanne W. Stockman, Esquire, Swidler Berlin LLP, 3000 K Street, N.W., Suite 300, Washington, D.C.

20007-5116; William P. Hunt, III, Vice President Public Policy, Level 3 Communications, LLC, 1025 Eldorado Boulevard, Broomfield, Colorado 80021; Adam Kupetsky, Regulatory Counsel and Director of Regulatory, WilTel Communications, LLC, One Technology Center, TC 15, Tulsa, Oklahoma 74103; and the Commission's Office of General Counsel and Division of Public Utility Accounting.