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June 16, 2006

VIA OVERNIGHT DELIVERY

Blanca S. Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Level 3 Communications, Inc. and Looking Glass Networks, Inc.
NOTIFICATION OF TRANSACTIONS

Dear Ms. Bayo:

Level 3 Communications, Inc. ("Level 3") and Looking Glass Networks, Inc. ("LGN") (collectively the "Parties"), through their undersigned counsel, hereby advise the Florida Public Service Commission ("Commission") of a proposed series of transactions whereby Level 3 will acquire LGN's corporate parent, Looking Glass Networks Holding Co., Inc. ("LGN-Parent"), and thereby obtain ultimate indirect control of LGN. LGN holds authority from the Commission to provide intrastate telecommunications services in Florida and is a non-dominant carrier.

Based on a review of Florida law, it is the Parties understanding that no Commission approval is required in connection with the proposed transactions. The Parties nonetheless file this letter as a courtesy to advise the Commission of the proposed transactions and ensure the continuing accuracy of the Commission's records. An original and seven (7) copies of this letter are enclosed. Please date-stamp and return the enclosed extra copy of this letter.

Although the proposed transactions will result in a change in the indirect corporate ownership of LGN, no transfer of operating authority, assets or customers will occur as a consequence of the proposed transactions. Immediately following the closing of the proposed transactions, LGN will continue to provide service to its existing customers in Florida under the

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LGN name, pursuant to its existing authority, and under the same rates, terms and conditions as those services are currently provided. Accordingly, the proposed transactions will be transparent to the customers of LGN in terms of the services that those customers receive.

I. Description of the Parties

A. Looking Glass Networks, Inc. ("LGN")

LGN is a Delaware corporation with its principal place of business located at 1111 West 22nd Street, Suite 600, Oak Brook, Illinois 60523. LGN is a wholly owned subsidiary of Looking Glass Networks Holding Co., Inc. ("LGN-Parent"), a privately held Delaware corporation with its principal place of business also located at 1111 West 22nd Street, Suite 600, Oak Brook, Illinois 60523. LGN provides data transport services including SONET/SDH, Wavelength and Ethernet as well as high-capacity dark fiber and carrier-neutral collocation. LGN's physically diverse networks provide customers with connections to primary carrier hotels, ILEC Central Offices, key enterprise buildings and other major data aggregation facilities. LGN's network includes approximately 2,000 route miles serving 14 major metro markets, with lit connectivity to approximately 215 buildings. LGN also has dark fiber connectivity to approximately 250 additional buildings.

LGN is authorized to provide intrastate service by virtue of certification or registration in eighteen states. The Company also holds global authority from the Federal Communications Commission ("FCC") to provide resold and facilities-based international services and to provide domestic interstate services as a non-dominant carrier. In Florida, LGN is authorized to provide competitive local exchange telecommunications services, pursuant to Certificate No. 7587 granted by the Commission in Docket No. 000695-TX, issued on September 27, 2000. Further information regarding LGN's legal, technical and managerial qualifications was provided to the Commission in connection with LGN's application for certification and is incorporated herein by reference.

B. Level 3 Communications, Inc. ("Level 3")

Level 3 Communications, Inc. is a publicly traded (NASDAQ: LVLT) Delaware corporation headquartered in Broomfield, Colorado. Through its wholly owned indirect operating subsidiaries, Level 3 Communications, LLC ("Level 3-LLC"), WilTel Communications, LLC, WilTel Local Network, LLC, Progress Telecom, LLC, and ICG Telecom Group, Inc. (collectively, the "Level 3-Ops"),¹ Level 3 provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network. All of the Level 3-Ops are non-dominant carriers that are authorized to provide resold and/or facilities-

¹ Level 3 is also in the process of acquiring Telcove, Inc., which through its operating subsidiaries provides a variety of regulated and unregulated voice and Internet services. That transaction is separate from and unrelated to the transactions described herein.

based telecommunications services pursuant to certification, registration or tariff requirements, or on a deregulated basis. Collectively, the Level 3-Ops are authorized to provide service nationwide, including for some of the Level 3-Ops, in Florida.² The Level 3-Ops are also authorized to provide global facilities-based and resold international and domestic interstate services as non-dominant carriers pursuant to authority granted by the FCC.

In Florida, Level 3-LLC is authorized to provide competitive local exchange telecommunications services, pursuant to Certificate No. 5725 granted by the Commission in Docket No. 980934-TX, issued on October 19, 1998. Information pertaining to Level 3-LLC's legal, technical, managerial and financial qualifications to provide regulated service in Florida was submitted with Level 3-LLC's application for certification. The Parties respectfully request that the Commission take official notice of that information and incorporate it herein by reference.

II. Description of the Proposed Transactions and Financing Arrangements

A. Change in Ownership of LGN

Level 3 proposes to acquire indirect control of LGN through a series of transactions completed at the LGN-Parent level. The Parties propose that a newly created subsidiary of Level 3, Eldorado Acquisition One, Inc. ("Eldorado"), will be merged with and into LGN-Parent, with LGN-Parent surviving. Then, through a series of intracorporate transactions, the Parties will establish LGN-Parent as a wholly owned direct subsidiary of Level 3-LLC. As a result of these transactions, LGN will become a wholly owned indirect subsidiary of Level 3-LLC, which will in turn continue to be ultimately owned and controlled by Level 3. The Parties emphasize that the proposed transactions will be completed at the holding company level and that LGN will remain a wholly owned subsidiary of LGN-Parent. As a result, none of the proposed transactions will affect the operations of LGN itself, result in a transfer of the customers or assets of LGN, affect LGN's authority to operate in Florida, or negatively impact the rates, terms or conditions under which LGN provides service in Florida. As a result, the proposed transactions, individually and collectively, will be transparent to LGN's customers in terms of the services they receive. Pre- and post-transaction organizational charts are provided in Exhibit A.

Upon closing, LGN will become a wholly owned indirect subsidiary of Level 3-LLC, and therefore will become subject to certain financial obligations that currently apply to Level 3-LLC's direct parent, Level 3 Financing, Inc. ("Level 3 Financing"), and Level 3-Ops. The Parties therefore advise the Commission of those obligations.

² Because no other Level 3-Ops are directly involved in or will be affected by the proposed transactions at this time, the Parties have not provided further information regarding those entities. The Parties are however prepared to provide further information regarding those entities to the Commission or Staff upon request.

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Specifically, in connection with the proposed transactions, LGN will pledge its assets as security and/or enter into guaranty arrangements in connection with four existing debt financing arrangements as follows:

- 1) Level 3 Financing's 10.75% Senior Notes due in 2011 in the aggregate principal amount of \$500 million;
- 2) A \$730 million senior secured term loan entered into by Level 3 Financing that matures in 2011, which has an interest rate of LIBOR plus an applicable margin of 700 basis points. (Although only \$730 million has been drawn to date, Level 3-LLC notified the Commission of up to \$850 million of secured debt in connection with this term loan.);
- 3) Level 3 Financing's \$150 million of floating rate Senior Notes due 2011; and,
- 4) Level 3 Financing's \$550 million of 12.25% Senior Notes due 2013.

Level 3 used a portion of the funds from these financing arrangements to repay existing indebtedness, with the remainder to be used to provide working capital, to finance capital expenditures and/or acquisitions, and for other general corporate purposes.

The Parties emphasize that as with the transfer of control, the proposed financial arrangements will not have any negative impact on the services offered by LGN. Rather, LGN will continue to offer telecommunications services in Florida with no change in the rates or terms and conditions of service. As a result, these financing arrangements will be transparent to LGN's customers in Florida.

B. Level 3's Qualifications

Level 3 has the technical, managerial, and financial qualifications to acquire control of LGN. Level 3, through its operating subsidiaries, is a leading global communications company, operating one of the world's newest and most advanced telecommunications platforms. As of December 31, 2005, the Level 3 network spans over 33,000 route miles and delivers services to customers in major markets across the United States and Europe. It serves a substantial number of the world's largest and most sophisticated communications companies, including interexchange carriers, local phone companies, European PTTs, cable operators, ISPs, wireless companies, and Internet content providers. In 2005, Level 3 had worldwide communications revenues of \$1.645 billion and total revenues of \$3.613 billion. Level 3 expects its financial strength to inure to the benefit of LGN, providing greater financial stability and access to capital.

In terms of managerial and technical qualifications, Level 3 is operated by a highly qualified and experienced management team, all of whom have extensive backgrounds in telecommunications. Information concerning the legal, technical, managerial, and financial

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qualifications of Level 3 was submitted with the various applications filed with the Commission with respect to its operations in Florida, and is already a matter of record with the Commission.³ The Parties request that the Commission take official notice of these existing descriptions of Level 3's qualifications and incorporate them by reference herein.

Although immediately following the transaction LGN will continue to operate as a separate subsidiary of Level 3, Level 3 has a history of successfully acquiring and integrating network facilities and customers from other companies including: (1) the acquisition of the dial-up Internet businesses of McLeodUSA, ICG, and Sprint; (2) the acquisition of Genuity, a Tier 1 Internet Protocol communications company; (3) the acquisition of substantially all of 360networks' nationwide long-haul transport business; and (4) the recent acquisitions of WilTel, Progress Telecom, and ICG. As a result, Level 3 has extensive experience in working with newly acquired entities to enhance and promote their respective business models.

III. Public Interest Statement

The Parties submit that the transaction described herein will serve the public interest. The proposed transactions will provide LGN access to Level 3's substantial technical and management expertise, financial resources, and complementary suite of services. Further, the proposed transactions will enable LGN's customers to benefit from Level 3's national network and broad suite of IP-based services. Together, these benefits will strengthen LGN's ability to expand its offerings and provide more advanced telecommunications services in Florida. The Parties expect that the proposed acquisition will enable both LGN and Level 3 to strengthen their competitive positions in Florida to the benefit of the State's telecommunications marketplace. In addition, the metropolitan networks maintained by LGN will allow Level 3 to offer new services to new locations in existing markets and will expand the reach of the Level 3 backbone network. The proposed transaction therefore facilitates the Commission's long-standing goal of fostering facilities-based competition.

Further, the transaction will be conducted in a manner that will be transparent to customers of LGN. As a holding-company level transaction, the transfer of control of LGN will not result in a change of carrier for customers or any transfer of authorizations. Following consummation of the proposed transaction, LGN will continue to provide high-quality communications services to their customers without interruption and without immediate change in rates, terms or conditions.

³ In addition, management biographies for Level 3's senior management team are available from the Company's website and can be found at <http://www.level3.com/592.html>.

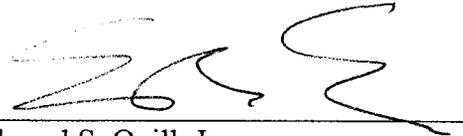
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IV. Conclusion

For the reasons stated above, the Parties respectfully submit that the public interest, convenience, and necessity will be furthered by the transactions described above. For urgent corporate reasons, the Parties anticipate that the proposed transactions will be completed no later than July 31, 2006. As a result, the Parties respectfully request that the Commission review this filing expeditiously. Questions regarding this letter may be addressed to the undersigned.

Respectfully submitted,

By:



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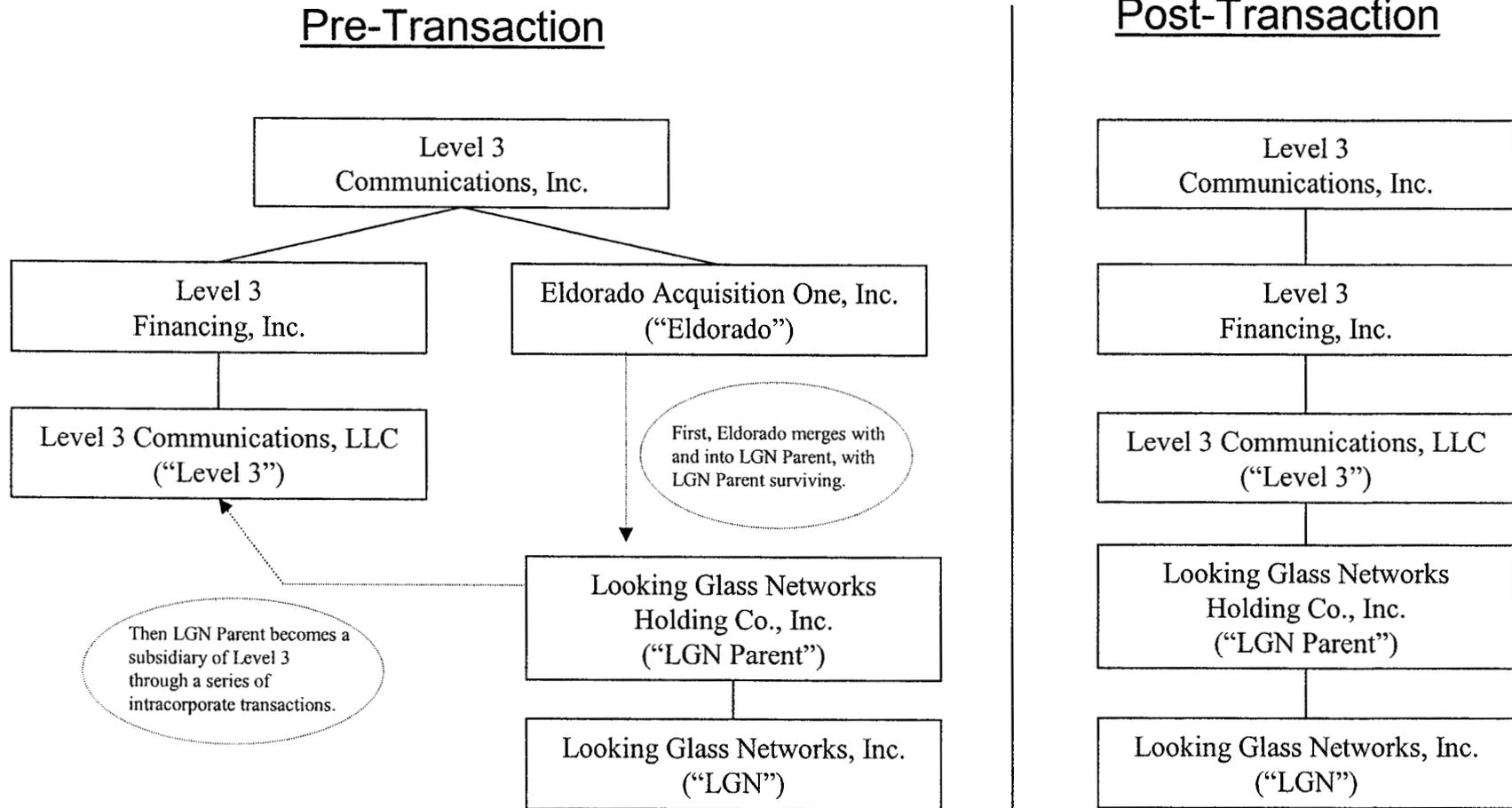
COUNSEL FOR
LEVEL 3 COMMUNICATIONS, INC.

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EXHIBIT A

Pre- and Post-Transaction Illustrative Chart

Exhibit: Illustrative Chart

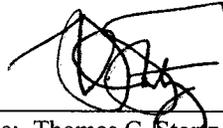


Verifications

VERIFICATION

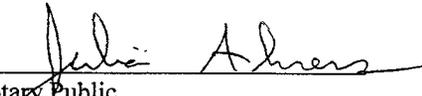
STATE OF COLORADO)
) ss:
COUNTY OF BROOMFIELD)

I, Thomas C. Stortz, being first duly sworn, state that I am 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 contents of the foregoing filing are true and correct to the best of my knowledge, information, and belief.



Name: Thomas C. Stortz
Title: Chief Legal Officer

Sworn and subscribed before me this 5th day of June, 2006.



Notary Public

My commission expires 11/15/07



