

FOR IMMEDIATE RELEASE

Tuesday, October 3, 2017

Justice Department Requires Divestitures in Order for CenturyLink to Proceed with Its Acquisition of Level 3 Communications

Divestitures Will Preserve Competition for Business Telecommunications Services in Albuquerque, Boise, and Tucson, as well as for the Sale of Dark Fiber on 30 Intercity Fiber-Optic Routes

The Department of Justice announced today that it will require CenturyLink, Inc. and Level 3 Communications, Inc. to divest Level 3's telecommunications networks in Albuquerque, Boise, and Tucson, and to offer long-term leases called indefeasible rights of use (IRUs) for dark fiber along 30 intercity routes in order for the companies to proceed with CenturyLink's acquisition of Level 3. The deal is valued at approximately \$34 billion.

The Department's Antitrust Division filed a civil antitrust lawsuit yesterday in the U.S. District Court for the District of Columbia to block the proposed acquisition. At the same time, the Department filed a proposed settlement that, if approved by the Court, would resolve the competitive concerns alleged.

"Because of competition between CenturyLink and Level 3, consumers have benefited from lower prices and higher-quality services in local telecommunications services and in the sale of intercity dark fiber," said Assistant Attorney General Makan Delrahim of the Justice Department's Antitrust Division. "These divestitures will ensure that consumers of such services in the affected metropolitan areas and consumers of dark fiber between the city pairs in question will continue to enjoy the benefits of competition."

According to the department's complaint, the combined company would have reduced competition for fiber-optic-based telecommunications services in Albuquerque, Boise, and Tucson as well as for the sale of dark fiber along certain intercity routes across the U.S., including routes traversing Alabama, Arizona, California, Colorado, Florida, Georgia, Indiana, Kansas, Louisiana, Missouri, Nevada, New York, North Carolina, Ohio, Oregon, Tennessee, Texas, Utah, and Virginia. Dark fiber is fiber-optic cable with no electronics attached to it. The complaint states that this reduction in competition likely would have led to higher prices, lower quality, and reduced access for consumers.

The proposed settlement requires the parties to divest all assets that support Level 3's provision of telecommunications services in Albuquerque, Boise, and Tucson to a buyer or buyers to be approved by the United States. The parties must also enter into IRUs for 24 strands of dark fiber on 30 specified routes. Each IRU must have a 25-year term with two optional renewal periods of five years. The dark fiber to be divested must go to a single buyer to be approved by the United States.

The transaction is also subject to review by the Federal Communications Commission (FCC), which is ongoing. The Department coordinated with the FCC throughout its investigation.

CenturyLink, the third largest wireline telecommunications provider in the United States, is the incumbent local exchange carrier (ILEC) in portions of 37 states and is also a global communications, hosting, cloud and IT services company. CenturyLink offers network and data systems management, big data analytics and IT consulting. The company provides broadband, voice, video, data and managed services over a robust 360,000 route-mile global network, including a 265,000 route-mile U.S. fiber network. In 2016, CenturyLink had revenues of approximately \$17.5 billion.

Level 3, one of the largest competitive exchange carriers (CLEC) in the United States, is a Fortune 500 company that provides local, national and global communications services to enterprise, government and carrier customers. Level 3's portfolio of secure, managed solutions includes fiber and infrastructure solutions; IP-based voice and data communications; wide-area Ethernet services; video and content distribution; and data center and cloud-based solutions. Level 3 serves customers in more than 500 markets in over 60 countries across a global services platform, including over a 200,000 route-mile global fiber network. In 2016, Level 3 had revenues of approximately \$8.2 billion.

As required by the Tunney Act, the proposed settlement, along with a competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Scott Scheele, Chief, Telecommunications and Media Enforcement Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 7000, Washington D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may approve the proposed settlement upon finding that it is in the public interest.

Attachment(s):

[Download Explanation Of Consent Decree Procedures](#)
[Download Proposed Final Judgment](#)
[Download Asset Preservation Stipulation And Order](#)
[Download Complaint](#)

Component(s):

[Antitrust Division](#)

Press Release Number:

17-1088

Topic(s):
Antitrust

Updated October 3, 2017