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March 1, 2004

VIA FACSIMILE AND U.S. MAIL

Gary Tucker
Eric Cecil
Level 3 Communications, LLC
1025 Eldorado Boulevard
Broomfield, CO 80021

Dear Gary and Eric:

As you know, the term of the current multi-state Interconnection Agreements between Level 3 Communications, LLC ("Level 3") and Illinois Bell Telephone Company d/b/a SBC Illinois, Indiana Bell Telephone Company Incorporated d/b/a SBC Indiana, Michigan Bell Telephone Company d/b/a SBC Michigan, Nevada Bell Telephone Company d/b/a SBC Nevada, The Ohio Bell Telephone Company d/b/a SBC Ohio, Pacific Bell Telephone Company d/b/a SBC California, The Southern New England Telephone Company d/b/a SBC Connecticut, Southwestern Bell Telephone, L.P. d/b/a SBC Arkansas, SBC Kansas, SBC Missouri, SBC Oklahoma and/or SBC Texas, Wisconsin Bell, Inc. d/b/a SBC Wisconsin (collectively "SBC") in the states of Arkansas, Kansas, Missouri, Oklahoma, Texas, California, Connecticut, Illinois, Indiana, Michigan, Nevada, Ohio and Wisconsin ("the Agreements") expired on May 31, 2003. SBC noticed Level 3's Agreements for termination by letter dated November 21, 2002. As a result of this notice, the parties agreed that they would negotiate an amendment to update certain language in the Agreements in exchange for extending the term of the Agreements for one year ("Amendment") rather than renegotiate the entire Agreements. The parties have been diligently negotiating this Amendment for a year now, however, to date have been unable to conclude the Amendment negotiations.

This letter will serve as your official notice pursuant to Section 5.2 the General Terms and Conditions of the Agreements that SBC intends to terminate the Agreements with Level 3 and to negotiate rates, terms and conditions for successor agreements to the Agreements rather than continuing the ongoing Amendment negotiations. Below please find the reasons for such notice.

First, Level 3 has been operating under the expired Agreements for nine months. By the time the Amendment would become effective Level 3 would have had the benefit of operating under its expired Agreements for more than one year. The Amendment that the parties were negotiating was intended to extend the Agreements for the same amount of time. Further, the parties have so far been unable to resolve some issues that arose during the negotiation of the Amendment. Given that the parties' were negotiating an Amendment to extend the term of the Agreements rather than negotiating successor agreements to the Agreements, any unresolved issues would not be subject to arbitration pursuant to Sections 251, 252(b)(1) of the Telecom Act but may only be resolved through the dispute resolution procedures of the current

interconnection agreement. By incorporating such unresolved issues in the negotiations for a successor agreement both parties will have the opportunity to arbitrate such issues.

Moreover, the parties agreed not to address certain subject matter areas, such as reciprocal compensation, as part of the Amendment negotiations. Because of the passage of time, this approach is no longer reasonable. Level 3's Amendment Superseding Certain Reciprocal Compensation, Interconnection and Trunking Terms ("Superseding Amendment") will expire on December 31, 2004. As you are aware, SBC has invoked the FCC's interim terminating compensation plan in eight of SBC's thirteen states and wishes to conform the Level 3's underlying Reciprocal Compensation Appendix to the FCC Plan in those states. SBC also wishes to update the language of the Reciprocal Compensation Appendix for the remaining states. In Section 2.3 of the Amendment of Section 5.7 of the General Terms and Conditions, the parties agreed that they would begin renegotiating the underlying reciprocal compensation rates, terms and conditions no later than nine months, i.e. March 31, 2004, before the expiration date of the Superseding Amendment. SBC therefore believes that reciprocal compensation must be addressed in the renegotiation of the Agreements.

Additionally, SBC wishes to include in the renegotiation of the Agreement the subject matters set forth in SBC's letter dated October 30, 2003 notifying Level 3 of a change of law as a result of the FCC's Triennial Review Order, FCC 03-36 ("TRO") (released August 21, 2003 and effective October 31, 2003) and its continued invocation of a change of law as a result of the D.C. Circuit Court of Appeals decision in *United States Telecom Association v. FCC*, 290 F.3d 415 (D.C. Cir. 2002). The subject matters set forth in such letter can be adequately addressed only in conjunction with the renegotiation of the entire Agreements.

For the foregoing reasons, SBC believes that negotiating successor agreements to the Agreements. As already discussed with Level 3, the parties would incorporate into the successor agreements any language that the parties have already negotiated during the Amendment negotiation, including sections from the General Terms and Conditions, Performance Measures, Merger Conditions and Access to Structures. Further, the parties will continue to operate under the expired Agreements during the negotiations of the successor agreements until the successor agreements will become effective. Consequently, the parties will be bound by the provisions of the current Agreements subject to SBC's continued invocation of change of law and any further change of law. Last, SBC does not understand Level 3's comments relating to "curtailing" or "inhibiting" Voice Over Internet Protocol ("VoIP"). Pursuant to the current Superseding Amendment, both parties have reserved their rights relating to VoIP including, without limitation, the right to raise the appropriate treatment of VoIP traffic under the Dispute Resolution provisions of the Agreements or any future interconnection agreement(s) between the parties through December 31, 2004. Therefore, SBC may in fact curtail or inhibit Level 3's activities relating to VoIP by, among other things, the dispute resolution procedures of the Agreements.

Please notify SBC within the next five (5) days whether Level 3 intends to negotiate successor agreements to the Agreements. In the interim, if you have any questions or concerns, I will be the point of contact for any correspondence regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads "Antonine Megger" followed by a stylized flourish.

Antonine Megger
Lead Negotiator