

LEVEL 3 COMMUNICATIONS INC

FORM 8-K (Current report filing)

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Address	1025 ELDORADO BOULEVARD BLDG 2000 BROOMFIELD, CO 80021
Telephone	7208881000
CIK	0000794323
Symbol	LVLT
SIC Code	4813 - Telephone Communications, Except Radiotelephone
Industry	Communications Services
Sector	Services
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 12, 2005

Level 3 Communications, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

47-0210602
(I.R.S. Employer
Identification No.)

1025 Eldorado Blvd., Broomfield, Colorado
(Address of principal executive offices)

80021
(Zip code)

720-888-1000
(Registrant's telephone number including area code)

Not applicable
(Former name and former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.05 Costs Associated with Exit or Disposal Activities

On January 12, 2005, Level 3 Communications, Inc. ("Level 3") issued a press release relating to certain workforce reduction actions. In the release, Level 3 indicated that its operating subsidiaries will initiate a work force reduction of approximately 500 to 600 employees in its communications business. The reduction, which is expected to result in operational savings of approximately \$60 million to \$70 million per year, will take place before the end of January 2005. As a result of the planned reduction, Level 3 expects to incur severance charges of approximately \$20 million to \$25 million in the fourth quarter of 2004 or the first quarter of 2005. Level 3 is taking this action in part so that its financial and organizational resources are properly allocated and aligned to take advantage of demand as it develops in consumer-oriented voice over IP and other growth areas. In addition, these actions are being taken, in part, to accelerate Level 3's achievement of positive free cash flow.

Additional information regarding these work force reduction actions will be available in connection with Level 3's fourth quarter 2004 earnings press release and associated conference call.

Item 7.01 Regulation FD Disclosure.

On January 12, 2005, Level 3 Communications, Inc. ("Level 3") issued a press release relating to certain workforce reduction actions and the re-affirmation of communications revenue guidance for the fourth quarter 2004. This press release is furnished as Exhibit 99.1 to this Current Report and incorporated by reference as if set forth in full. The furnishing of this information shall not be deemed an admission as to the materiality of the information included in this Current Report. This information is not filed but is furnished to the Securities and Exchange Commission ("SEC") pursuant to Item 7.01 of Form 8-K.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of business acquired

None

(b) Pro forma financial information

None

(c) Exhibits

99.1 Press Release dated January 12, 2005, relating to work force reduction.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Level 3 Communications, Inc.

January 13, 2005
Date

By: /s/ Neil J. Eckstein
Neil J. Eckstein, Senior Vice President

NEWS RELEASE

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Level 3 Announces Work Force Reduction

Action Expected To Result In Operational Savings Of Approximately \$60 Million To \$70 Million Per Year

BROOMFIELD, Colo., January 12, 2005 - Level 3 Communications, Inc. (Nasdaq:LVT) announced today that its operating subsidiaries will initiate a work force reduction of approximately 500 to 600 employees. The reduction, which is expected to result in operational savings of approximately \$60 million to \$70 million per year, will take place before the end of January 2005.

"We remain pleased with the volume of sales we've seen in recent quarters related to IP, transport, voice and other strategic services, and we continue to invest in areas where we see growing opportunities," said James Q. Crowe, Level 3's chief executive officer. "We expect to meet or exceed our previously issued guidance for communications revenue for the fourth quarter of 2004, and we are focused on converting new sales to revenue and on maximizing our ability to scale in response to market demand.

"In particular, contract activity for consumer-oriented Voice-over-IP services has been strong. However, as previously discussed, it is difficult to predict revenue growth in that area with certainty because it depends on sales to end users by our service provider customers.

"As such, we need to ensure our financial and organizational resources are properly allocated and aligned to take advantage of demand as it develops in consumer-oriented voice and other growth areas. In addition, we are committed to accelerating Level 3's achievement of positive free cash flow. We believe this action is appropriate in view of these important objectives."

Level 3 will provide additional information on its fourth quarter earnings conference call. As a result of the planned reduction, Level 3 expects to incur severance charges of approximately \$20 million to \$25 million in the fourth quarter of 2004 or the first quarter of 2005.

Level 3's fourth-quarter earnings call will take place on Tuesday, February 8, 2005, at 10 a.m. Eastern time. The call will be broadcast live on Level 3's Web site at www.Level3.com. Those unable to join the call via the Web can access the call at 651-291-0900 and can also e-mail questions to Investor.Relations@Level3.com

The call will be archived and available on the Level 3 Web site at www.Level3.com; an audio replay will also be available until 11:59 p.m. Eastern time on February 10, 2005, by dialing 320-365-3844 access code 765003. For additional information, please call 720-888-2502.

About Level 3 Communications

Level 3 (Nasdaq:LVT) is an international communications and information services company. The company operates one of the largest Internet backbones in the world, is one of the largest providers of wholesale dial-up service to ISPs in North America and is the primary provider of Internet connectivity for millions of broadband subscribers. The company offers a wide range of communications services over its 23,000-mile broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, and patented softswitch managed modem and voice services. Its Web address is www.Level3.com.

The company offers information services through its subsidiaries, Software Spectrum and (i)Structure. For additional information, visit their respective Web sites at www.softwarespectrum.com and www.i-structure.com.

The Level 3 logo is a registered service mark of Level 3 Communications, Inc. in the United States and/or other countries. Level 3 services are offered by wholly owned subsidiaries of Level 3 Communications, Inc.

Forward Looking Statement

Some of the statements made by Level 3 in this press release are forward-looking in nature. Actual results may differ materially from those projected in forward-looking statements. Level 3 believes that its primary risk factors include, but are not limited to: changes in the overall economy relating to, among other things, the September 11 attacks and subsequent events, substantial capital requirements; development of effective internal processes and systems; the ability to attract and retain high quality employees; technology; the number and size of competitors in its markets; law and regulatory policy; and the mix of products and services offered in the company's target markets. Additional information concerning these and other important factors can be found within Level 3's filings with the Securities and Exchange Commission. Statements in this release should be evaluated in light of these important factors.