

LEVEL 3 COMMUNICATIONS INC

FORM 8-K (Current report filing)

Filed 03/06/06 for the Period Ending 02/28/06

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): February 28, 2006

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 1.01. Entry into a Material Definitive Agreement

On February 28, 2006, Software Spectrum, Inc., a wholly owned indirect subsidiary of Level 3 Communications, Inc. ("Level 3"), entered into a Special Retention Bonus Agreement with Keith R. Coogan, the Chief Executive Officer of Software Spectrum, Inc. ("Software Spectrum"). The Special Retention Bonus Agreement provides certain cash incentives to retain Mr. Coogan as the Chief Executive Officer of Software Spectrum.

The Special Retention Bonus Agreement expires on December 31, 2007, subject to earlier termination as set forth in the agreement. Subject to the terms and conditions of the agreement, Mr. Coogan is scheduled to receive a cash bonus payment at the end of each calendar quarter during the term of the agreement. To the extent that Software Spectrum is sold, Mr. Coogan is entitled to receive a bonus upon the completion of that sale. Any payments received by Mr. Coogan pursuant to the agreement prior to the sale of the company are credited against the sale bonus payment pursuant to a formula that is set forth in the agreement. The Special Retention Bonus Agreement is attached as Exhibit 10.1 to this Current Report and incorporated herein by reference as if set forth in full. The description of the material terms of the Special Retention Bonus Agreement is qualified in its entirety by reference to such exhibit.

Item 8.01. Other Events

On March 3, 2006, Level 3 issued a press release announcing that its wholly owned, first tier subsidiary Level 3 Financing, Inc., plans to sell \$400 million aggregate principal amount of senior notes in two tranches - one tranche that will mature in 2011 and will bear interest at a floating rate and a second tranche that will mature in 2013 and will bear interest at a fixed rate - in a proposed private offering to "qualified institutional buyers" as defined in Rule 144A under the Securities Act of 1933 and outside the United States under Regulation S under the Securities Act of 1933. The allocation between the two tranches of senior notes has not yet been determined. This press release is filed as Exhibit 99.1 to this Current Report and incorporated by reference as if set forth in full.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of business acquired

None

(b) Pro forma financial information

None

(c) Shell company transactions

None

(d) Exhibits

10.1 Special Retention Bonus Agreement, dated February 28, 2006, by and between Software Spectrum, Inc. and Keith R. Coogan (Filed as Exhibit 10.14 to the Registrant's Form 10-K for the year ending December 31, 2005).

99.1 Press Release dated March 3, 2006, relating to the proposed private offering of senior notes by Level 3 Financing, Inc.

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.

March 6, 2006
Date

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

[Logo]

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NEWS RELEASE

Level 3 contacts:

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Level 3 Announces Proposed Private Offering of New Senior Notes

BROOMFIELD, Colo., March 3, 2006 -- Level 3 Communications, Inc. (Nasdaq:LVT) today announced that its subsidiary, Level 3 Financing, Inc., plans to raise \$400 million aggregate principal amount of senior notes in two tranches - one tranche that will mature in 2011 and will bear interest at a floating rate and a second tranche that will mature in 2013 and will bear interest at a fixed rate - in a proposed private offering to "qualified institutional buyers" as defined in Rule 144A under the Securities Act of 1933 and outside the United States under Regulation S under the Securities Act of 1933. The allocation between the two tranches of senior notes has not yet been determined.

The senior notes will not be registered under the Securities Act of 1933 or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an applicable exemption from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

The debt represented by the senior notes will constitute purchase money indebtedness under the indentures of Level 3 and the net proceeds from the offering will be used to finance the cash purchase price of Level 3's acquisition of WiTel Communications, which was consummated on December 23, 2005. Any net proceeds remaining after funding such acquisition will be used solely to fund the cash purchase price of Level 3's proposed acquisition of Progress Telecom, which is expected to be consummated in the second quarter of 2006, or the cost of any other assets used in the telecommunications business. The offering is expected to be completed during the week of March 14, 2006, subject to market conditions.

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, through its cable and DSL partners. 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. Level 3 is an industry leader in IP and VoIP services, which it provides to cable operators, ISPs, carriers and others. Level 3's E-911 service offering includes both fixed location and nomadic VoIP E-911 capabilities, supporting an FCC-compliant E-911 solution for interconnected VoIP providers. Its Web address is www.Level3.com.

The company offers information services through its subsidiary, Software Spectrum, and fiber-optic and satellite video delivery solutions through its subsidiary, Vyvx. For additional information, visit their respective Web sites at www.softwarespectrum.com and www.vyvx.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 provided by a wholly owned subsidiary 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: increasing the volume of traffic on Level 3's network; developing new products and services that meet customer demands and generate acceptable margins; successfully completing commercial testing of new technology and information systems to support new products and services, including voice transmission services; stabilizing or reducing the rate of price compression on certain of our communications services; integrating strategic acquisitions; attracting and retaining qualified management and other personnel; ability to meet all of the terms and conditions of our debt obligations; overcoming Software Spectrum's reliance on financial incentives, volume discounts and marketing funds from software publishers; and reducing downward pressure of Software Spectrum's margins as a result of the use of volume licensing and maintenance agreements. 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.