

LEVEL 3 COMMUNICATIONS INC

FORM 8-K (Current report filing)

Filed 12/15/06 for the Period Ending 12/13/06

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

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UNITED STATES
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): December 13, 2006

Level 3 Communications, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	0-15658	47-0210602
(State or other	(Commission File	(IRS employer
jurisdiction of incorporation)	Number)	Identification No.)

1025 Eldorado Blvd., Broomfield, Colorado 80021
(Address of principal executive offices) (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 8.01. Other Events

Private Offering

On December 13, 2006, Level 3 issued press releases relating to its wholly owned, first tier subsidiary Level 3 Financing, Inc., raising \$650 million aggregate principal amount of 9.25% Senior Notes due 2014 (the "9.25% Senior Notes") in a 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 senior notes offered represent an additional offering of the 9.25% Senior Notes due 2014 that were issued on October 30, 2006. The notes are being offered as additional notes under the same indenture as the 9.25% Senior Notes issued on October 30, 2006, and will be treated under that indenture as a single series of notes with the outstanding 9.25% Senior Notes. The closing of the initial offering took place on October 30, 2006.

The press releases are filed as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report and are incorporated herein by reference as if set forth in full.

Tender Offer

Also on December 13, 2006, Level 3 issued a press release relating to Level 3 Financing, Inc. having commenced a tender offer to purchase for cash \$500 million in aggregate principal amount of its 10.75% Senior Notes due 2011 (the "10.75% Notes"), representing all of the 10.75% Notes currently outstanding.

In connection with the offer to purchase, Level 3 Financing is soliciting consents to certain proposed amendments to the indenture governing the 10.75% Notes to eliminate substantially all of the covenants, certain repurchase rights and certain events of default and related provisions contained in the indenture. Holders of 10.75% Notes validly tendered prior to 5:00 p.m., New York City time on December 27, 2006, unless extended or earlier terminated (the "Consent Time"), if such 10.75% Notes are accepted for purchase, will receive the total consideration of \$1,092.21 per \$1,000 principal amount of the 10.75% Notes, which includes \$1,062.21 as the tender offer consideration and \$30 as a consent payment. The tender offer is scheduled to expire at 5:00 p.m., New York City time, on January 11, 2007, unless extended or earlier terminated (the "Expiration Date"). Payment for 10.75% Notes validly tendered on or prior to the Consent Time and accepted for purchase will be made promptly after the Consent Time. Holders of 10.75% Notes who validly tender after the Consent Time and on or prior to the Expiration Date, if such 10.75% Notes are accepted for purchase, will receive the tender offer consideration but will not receive the consent payment. Payment for 10.75% Notes validly tendered after the Consent Time and on or prior to the Expiration Date and accepted for purchase will be made promptly after the Expiration Date. Accrued interest up to, but not including, the applicable settlement date will be paid in cash on all validly tendered and accepted 10.75% Notes.

Level 3 Financing intends to fund the purchase of the 10.75% Notes tendered with net proceeds from borrowings under the proposed private debt offering described above.

Level 3 Financing's obligation to purchase 10.75% Notes pursuant to the tender offer is conditioned on the consummation, prior to the initial payment date for tenders of 10.75% Notes, of the debt offering described above. The tender offer is also subject to the satisfaction or waiver of certain other conditions as set forth in the Offer to Purchase.

This report is not an offer to purchase, a solicitation of an offer to purchase, or a solicitation of an offer to sell securities with respect to the 10.75% Notes. The tender offer may only be made pursuant to the terms of the Offer to Purchase and the related Letter of Transmittal.

The press release is filed as Exhibit 99.3 to this Current Report and is incorporated herein 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

99.1 Press Release dated December 13, 2006, relating to the launching of the private offering of senior notes by Level 3 Financing, Inc.

99.2 Press Release dated December 13, 2006, relating to the pricing of the private offering of senior notes by Level 3 Financing, Inc.

99.3 Press Release dated December 13, 2006, relating to the launching of the tender offer for 10.75% Senior Notes due 2011 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.

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

Date: December 15, 2006

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1025 Eldorado Boulevard Broomfield, Colorado 80021 www.Level3.com

NEWS RELEASE

Level 3 contacts:

Media:	Josh Howell 720-888-2517	Investors:	Robin Grey 720-888-2518
	Chris Hardman 720-888-2292		Valerie Finberg 720-888-2501

Level 3 Announces Proposed Private Offering of 9.25% Senior Notes due 2014

BROOMFIELD, Colo., December 13, 2006 -- Level 3 Communications, Inc. (Nasdaq: LVLT) today announced that its subsidiary, Level 3 Financing, Inc., plans to offer \$500 million aggregate principal amount of 9.25% Senior Notes due 2014 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. This offering represents an additional offering of the 9.25% Senior Notes due 2014 that were issued on October 30, 2006. The senior notes are being offered as additional debt securities under the same indenture as the 9.25% Senior Notes issued on October 30, 2006, and will be treated under that indenture as a single series of notes with the outstanding 9.25% Senior Notes.

The debt represented by the new notes, together with cash on hand, will be used in whole or in part to (i) purchase Level 3 Financing's 10.75% Senior Notes due 2011 tendered in a tender offer, which is being launched by Level 3 Financing today, (ii) to the extent that less than all of the 10.75% Senior Notes due 2011 are purchased in the tender offer, to effect a satisfaction and discharge under the Indenture governing the 10.75% Senior Notes due 2011 or otherwise repurchase in any lawful manner those 10.75% Senior Notes due 2011 that remain outstanding after the tender offer, and (iii) pay fees and expenses incurred in connection with the foregoing.

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.

About Level 3 Communications

Level 3 Communications, Inc. (Nasdaq: LVLT), an international communications company, operates one of the largest Internet backbones in the world. Through its customers, Level 3 is the primary provider of Internet connectivity for millions of broadband subscribers. The company provides a comprehensive suite of services over its broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, voice services and voice over IP services. These services provide building blocks that enable Level 3's customers to meet their growing demands for advanced communications solutions. The company's Web address is www.Level3.com.

"Level 3 Communications," "Level 3" and the Level 3 Communications logo are registered service marks of Level 3 Communications, Inc. in the United States and/or other countries. Any other product and company names herein may be trademarks of their respective owners. Level 3 services are provided 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: 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; and the ability to meet all of the terms and conditions of our debt obligations. 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.

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Level 3 Announces Pricing of Private Offering of 9.25% Senior Notes due 2014

BROOMFIELD, Colo., December 13, 2006 -- Level 3 Communications, Inc. (Nasdaq: LVLT) today announced that its subsidiary, Level 3 Financing, Inc., has agreed to sell \$650 million aggregate principal amount of 9.25% Senior Notes due 2014 in a 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 senior notes were priced at 101.75% of the principal amount plus accrued interest from October 30, 2006, representing an effective yield of 8.86% to the purchasers of these senior notes.

The senior notes represent an additional offering of the 9.25% Senior Notes due 2014 that were issued on October 30, 2006. The notes are being offered as additional notes under the same indenture as the 9.25% Senior Notes issued on October 30, 2006, and will be treated under that indenture as a single series of notes with the outstanding 9.25% Senior Notes.

The debt represented by the new notes will be used to (i) purchase Level 3 Financing's 10.75% Senior Notes due 2011 tendered in a tender offer, which was launched by Level 3 Financing today, (ii) to the extent that less than all of the 10.75% Senior Notes due 2011 are purchased in the tender offer, to effect a satisfaction and discharge under the indenture governing the 10.75% Senior Notes due 2011 or otherwise repurchase in any lawful manner those 10.75% Senior Notes due 2011 that remain outstanding after the tender offer, and (iii) pay fees and expenses incurred in connection with the foregoing. Gross proceeds from the offering of senior notes that exceed the amount necessary to repurchase or refinance the 10.75% Senior Notes due 2011, will constitute purchase

money indebtedness under the existing indentures of Level 3 and will be used solely to fund the cost of construction, installation, acquisition, lease, development or improvement of any Telecommunications/IS Assets (as defined in the existing indentures of Level 3), including the cash purchase price of any past, pending or future acquisitions.

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.

About Level 3 Communications

Level 3 Communications, Inc. (Nasdaq: LVLT), an international communications company, operates one of the largest Internet backbones in the world. Through its customers, Level 3 is the primary provider of Internet connectivity for millions of broadband subscribers. The company provides a comprehensive suite of services over its broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, voice services and voice over IP services. These services provide building blocks that enable Level 3's customers to meet their growing demands for advanced communications solutions. The company's Web address is www.Level3.com.

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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; and the ability to meet all of the terms and conditions of our debt obligations. 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.

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Level 3 Subsidiary Launches Tender Offer and Consent Solicitation

Level 3 Financing, Inc. Tenders for its 10.75% Senior Notes due 2011

BROOMFIELD, Colo., December 13, 2006 - Level 3 Communications, Inc. (Nasdaq: LVLT) announced today that its subsidiary, Level 3 Financing, Inc., has commenced a tender offer to purchase for cash \$500 million in aggregate principal amount of its 10.75% Senior Notes due 2011 (the "Notes"), representing all of the Notes currently outstanding.

In connection with the offer to purchase, Level 3 Financing is soliciting consents to certain proposed amendments to the indenture governing the Notes to eliminate substantially all of the covenants, certain repurchase rights and certain events of default and related provisions contained in the indenture.

Holders of Notes validly tendered prior to 5:00 p.m., New York City time on December 27, 2006, unless extended or earlier terminated (the "Consent Time"), if such Notes are accepted for purchase, will receive the total consideration of \$1,092.21 per \$1,000 principal amount of the Notes, which includes \$1,062.21 as the tender offer consideration and \$30 as a consent payment. The tender offer is scheduled to expire at 5:00 p.m., New York City time, on January 11, 2007, unless extended or earlier terminated (the "Expiration Date"). Payment for Notes validly tendered on or prior to the Consent Time and accepted for purchase will be made promptly after the Consent Time. Holders of Notes who validly tender after the Consent Time and on or prior to the Expiration Date, if such Notes are accepted for purchase, will receive the tender offer consideration but will not receive the consent payment. Payment for Notes validly tendered after the Consent Time and on or prior to the Expiration Date and accepted for purchase will be made promptly after the Expiration Date. Accrued interest up to, but not including, the applicable settlement date will be paid in cash on all validly tendered and accepted Notes.

Level 3 Financing intends to fund the purchase of the Notes tendered with net proceeds from borrowings under a proposed private debt offering, and may also fund purchases pursuant to the tender offer with cash on hand.

Level 3's obligation to purchase Notes pursuant to the tender offer is conditioned on the consummation of the proposed debt offering described above. The tender offer is also subject to the satisfaction or waiver of certain other conditions as set forth in the Offer to Purchase. The tender offer is not subject to the receipt of any minimum amount of tenders.

This announcement is not an offer to purchase, a solicitation of an offer to purchase, or a solicitation of an offer to sell securities with respect to the Notes. The tender offer may only be made pursuant to the terms of the Offer to Purchase and the related Letter of Transmittal.

The complete terms and conditions of the tender offer are set forth in an Offer to Purchase that is being sent to holders of the Notes. Holders are urged to read the tender offer documents carefully. Copies of the Offer to Purchase and the related Letter of Transmittal may be obtained from the Information Agent for the tender offer, Global Bondholder Services Corporation, at 212-430-3774 and (866) 389-1500 (toll-free).

Merrill Lynch & Co. is the Dealer Manager for the tender offers. Questions regarding the tender offer may be directed to Merrill Lynch & Co. at (888) 654-8637 (toll-free) and 212-449-4914.

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