

# LEVEL 3 COMMUNICATIONS INC

## FORM 8-K (Current report filing)

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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): **March 19, 2012**

**Level 3 Communications, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other  
jurisdiction of incorporation)

**0-15658**  
(Commission File  
Number)

**47-0210602**  
(IRS 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))
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**Item 5.02          Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

**Background**

Following the completion of the acquisition of Global Crossing Limited on October 4, 2011 (the “Global Crossing Acquisition”), the Compensation Committee (the “Committee”) of the Board of Directors of Level 3 Communications, Inc. (the “Company”), undertook a review of the Company’s compensation arrangements in light of the following:

- other companies, both competitors and non-competitors, may seek to target and attempt to recruit members of the Company’s key senior management, particularly during the integration of the Global Crossing Acquisition;
- many members of the Company’s key senior management assumed greater roles with enhanced responsibilities given the significant increase in the size of the Company’s business as a result of the completion of the Global Crossing Acquisition;
- the Committee’s determination to modify the companies identified as the Company’s peers that the Committee will use to evaluate the Company’s own compensation programs; and
- the need to plan for an orderly transition and succession process of senior management.

In particular, the Committee’s review focused on whether modifications were needed to the Company’s compensation programs to enhance the Company’s ability to:

- retain existing key senior management and ensure continued stability and continuity of the Company’s business,
- motivate more effectively the Company’s existing key senior management, and attract high quality executive level talent, to meet the Company’s business goals and objectives; and
- appropriately compensate the Company’s key senior management for achieving those business goals and objectives.

As a result of these considerations and objectives, the Committee determined that the adoption of certain strategic compensation arrangements was important to the Company’s continued short-term and long-term success and growth. At the recommendation of the Committee, effective March 19, 2012, the Company adopted two new benefit plans covering senior management (other than James Q. Crowe, the Company’s Chief Executive Officer): the Key Executive Severance Plan (the “KESP”) and the 2012 Management Incentive and Retention Plan (the “MIRP”). In addition, at the recommendation of the Committee, the Company and its subsidiary, Level 3 Communications, LLC, entered into an employment agreement with Mr. Crowe on the same date. The terms of the KESP, MIRP and Mr. Crowe’s employment agreement, are summarized below.

**Key Executive Severance Plan**

The Company adopted the KESP to provide severance and welfare benefits to each eligible executive who is involuntarily terminated from employment by the Company without cause or who voluntarily terminates employment with good reason. Participants in the KESP will include senior members of management designated by the Committee, including each of the Company’s current named executive officers, other than Mr. Crowe (the “NEO Participants”). The NEO Participants are Jeff K. Storey, Charles C. Miller, III, Sunit S. Patel and Thomas C. Stortz.

An NEO Participant in the KESP will be entitled to the following severance benefits upon a termination of employment by the Company without cause or by the NEO Participant with good reason: (i) a prorated bonus for the year of termination based on the NEO Participant’s most recent target annual bonus, (ii) two times the sum of the

NEO Participant's base salary and most recent target annual bonus, (iii) continued medical and dental insurance coverage under the Company's plans for the greater of (x) twenty-four months and (y) the period during which the NEO Participant and his dependants are eligible to elect COBRA continuation coverage, (iv) a lump sum cash payment equal to the Company-paid portion of such medical and dental insurance coverage for twenty-four months, (v) reimbursement of up to \$10,000 for the cost of outplacement services, and (vi) vesting of a portion of the NEO Participant's equity-based awards. If an NEO Participant is not retirement-eligible under the Company's retirement benefit at the time of termination, such accelerated vesting will apply to that portion of the NEO Participant's equity awards that would have vested during the twelve-month period following such termination. If an NEO Participant is retirement-eligible, such accelerated vesting will apply to all of such NEO Participant's equity awards, which currently consist of RSUs and OSOs. An NEO Participant's vested OSOs will settle on the respective settlement date, as provided in the applicable OSO award agreement. However, with respect to performance-vested awards, if any (which do not include OSOs), such accelerated vesting of equity awards will apply only to the extent that the applicable performance criteria are satisfied as of such termination based on pro-forma performance over the entire performance period extrapolated from the first date of the performance period through the date of termination.

Participation in the KESP is conditioned upon the execution of a restrictive covenant agreement containing customary covenants of noncompetition, nonsolicitation, and nondisparagement. All severance benefits under the KESP are also conditioned upon the NEO Participant's execution of a general release of claims against the Company.

Pursuant to the terms of the Stock Plan, all equity awards currently held by the NEO Participants vest upon a change in control of the Company regardless of whether a termination occurs. Pursuant to the KESP, all future equity awards held by each NEO Participant will vest upon a change in control of the Company regardless of whether a termination occurs; provided, that with respect to performance-vested awards, if any (which do not include OSOs), such vesting under the KESP will apply only to the extent that the applicable performance criteria are satisfied as of such change in control based on pro-forma performance over the entire performance period extrapolated from the first date of the performance period through the change in control.

No amendments may be made to the KESP that are adverse to the interests of any participant, without the participant's consent, within the period of time commencing on the date on which the Company enters into any agreement, the consummation of which would result in a change in control of the Company, and the earlier of the termination of such agreement and the second anniversary of the resulting change in control. Any other adverse amendment made to the KESP not in connection with a change in control will give rise to good reason for a participant to terminate employment and receive severance benefits under the KESP.

The description of the KESP contained herein is qualified in its entirety by reference to the actual KESP (and related exhibits thereto), filed herewith as Exhibit 10.1.

### **2012 Management Incentive and Retention Plan**

The Committee adopted the MIRP to provide a means to encourage key management personnel to remain employed with the Company or one of its subsidiaries and to reward the achievement of established performance criteria. Participants in the MIRP will include a small number of senior members of management designated by the Committee, other than Mr. Crowe, including each of the NEO Participants, Jeff K. Storey, Charles C. Miller, III, Sunit S. Patel and Thomas C. Stortz.

The MIRP provides an opportunity to receive two types of awards: a retention award and an incentive award. NEO Participants' retention and incentive awards will both have a cash component and an equity component. The equity component will be granted in the form of RSUs under the Stock Plan.

#### **Retention Award**

The amount of the cash retention award will equal a percentage (in the case of each NEO Participant, 150%) of the participant's base salary in effect as of April 1, 2012, and will be paid in two equal installments, in both cases contingent upon the NEO Participant's continued employment by the Company or any of its subsidiaries on the

applicable payment date. The first installment will be paid as part of the NEO Participant's final paycheck in 2012, and the second installment will be paid as part of the final paycheck in 2013.

The number of RSUs granted to each participant as an equity retention award will equal a percentage (in the case of each NEO Participant, 150%) of the number of RSUs granted to him or her during the Company's annual grant cycle in 2012. These RSUs will vest and settle in shares of the Company's common stock in two equal tranches, in each case contingent upon the NEO Participant's continued employment by the Company or any of its subsidiaries on the vesting date. The first tranche will vest and settle in January 2013, and the second tranche will vest and settle in January 2014.

Upon a termination of an NEO Participant's employment by the Company without cause, or by the NEO Participant with good reason on or following a change in control of the Company, such NEO Participant's retention award will become immediately vested and payable in full, subject to the NEO Participant's execution of a general release of claims against the Company.

The following table illustrates the retention awards for each of the NEO Participants based on their current base salaries as of the date hereof and their anticipated 2012 RSU award levels.

Named Executive Officer	2012 Base Salary (\$)	Multiplier (%)	Total Cash Retention Award (\$)	2012 RSU Award Level (#)	Multiplier (%)	Total RSU Retention Award (#)
Jeff K. Storey	650,000	150	975,000	75,000	150	112,500
Charles C. Miller, III	575,000	150	862,500	50,000	150	75,000
Sunit S. Patel	575,000	150	862,500	50,000	150	75,000
Thomas C. Stortz	575,000	150	862,500	50,000	150	75,000

#### Incentive Award

The value of both the cash component and the equity component of each NEO Participant's incentive award will be based upon the amount by which the Company's 2013 Adjusted EBITDA (as that term is defined and determined below) exceeds the benchmark level of \$1.328 billion, which represents the Company's fourth quarter 2011 Adjusted EBITDA performance measured after the completion of the fourth quarter 2011 on a run rate basis ("Benchmark EBITDA"). 2013 Adjusted EBITDA will be determined by the Compensation Committee during the first quarter of 2014, and any earned incentive awards will be payable in 2014. Absent a change in control, the payment of any incentive award under the MIRP is contingent upon the NEO Participant's continued employment by the Company or any of its subsidiaries on the date of the payment in 2014.

With respect to both components of the incentive award opportunity, if 2013 Adjusted EBITDA does not exceed Benchmark EBITDA by more than 19%, then no NEO Participant will be entitled to payment of any portion of his incentive award.

If 2013 Adjusted EBITDA exceeds Benchmark EBITDA by more than 19%, then the amount of the cash incentive award opportunity for each NEO Participant will range from 75% to 300% of the NEO Participant's base salary in effect as of April 1, 2012, and the value of the equity incentive award opportunity for each NEO Participant will range from 75% to 300% of the number of RSUs granted to him during the Company's annual grant cycle in 2012. With respect to both the cash and equity components, the maximum opportunity will be paid only to the extent that such increase is at least 57%. After the Committee's determination of the increase in 2013 Adjusted EBITDA over Benchmark EBITDA, any earned equity incentive award will be settled in the form of RSUs. Such RSUs will be fully vested upon grant and will settle promptly after the grant in shares of the Company's common stock in 2014.

All outstanding incentive awards held by an NEO Participant who remains employed by the Company as of a change in control of the Company will become payable or settled in RSUs, as applicable, immediately prior to such change in control, in each case assuming a 34% improvement in 2013 Adjusted EBITDA over Benchmark EBITDA.

The following table summarizes the incentive award opportunities for each of the NEO Participants.

<b>2013 Adjusted EBITDA Improvement over Benchmark EBITDA</b>	<b>Cash Incentive Award</b>	<b>Equity Incentive Award</b>
Less than or equal to the 19% minimum improvement	\$0	0 RSUs
Greater than 19% to 57% or more improvement	Range of 75% to 300% of Base Salary	Range of 75% to 300% of 2012 RSU Award Level

#### Determination of 2013 Adjusted EBITDA

For purposes of the MIRP, the Compensation Committee will determine, in its discretion, 2013 Adjusted EBITDA on a run rate basis during the first quarter of 2014, first by normalizing Adjusted EBITDA for the fourth quarter of 2013, and then by multiplying such amount by four to determine full-year 2013 Adjusted EBITDA. The Compensation Committee will start with Adjusted EBITDA, which means the Company's net income (loss) from the Company's Consolidated Statements of Operations before income taxes, total other income (expense), non-cash impairment charges, depreciation and amortization and non-cash stock compensation expense (other than non-cash stock compensation expenses relating to bonus payments made in the form of stock for 2013 bonus payments), on a consolidated basis as the accounting elements constituting Adjusted EBITDA are determined in accordance with generally accepted accounting principles and consistent with past practice.

The description of the MIRP contained herein is qualified in its entirety by reference to the actual KESP (and related exhibits thereto), filed herewith as Exhibit 10.2.

#### James Q. Crowe Employment Agreement

The employment agreement with Mr. Crowe has a term ending December 31, 2014. Prior to entering into this employment agreement with the Company, Mr. Crowe, who has been the Chief Executive Officer of the Company since August 1997, a director of the Company since June 1993, and President of the Company from August 1997 until July 2000, was not a party to an employment agreement with the Company.

Pursuant to the employment agreement, Mr. Crowe will receive a minimum annual base salary of \$1.25 million and an annual target bonus opportunity equal to 200% of his base salary, with the actual bonus payment to be determined by the Committee in its sole discretion. However, in the event that individuals who are not currently directors of the Company become, and constitute a majority of, members of the Committee, Mr. Crowe will be entitled to a minimum annual bonus equal to 50% of the annual target bonus opportunity (i.e., an amount equal to Mr. Crowe's annual base salary). In addition to being entitled to employee benefits to which similarly situated employees of the Company are entitled, Mr. Crowe will also be entitled to continued personal use of the Company's aircraft (consistent with the Company's current policies and practices) and reimbursement of up to a maximum amount of \$100,000 for premiums for life insurance and/or long term disability insurance.

Pursuant to the employment agreement, the Company granted to Mr. Crowe a total of 900,000 restricted stock units ("RSUs") on March 19, 2012, and will grant to him 450,000 outperform stock options ("OSOs") on April 1, 2012, each under the Level 3 Communications, Inc. Stock Plan (the "Stock Plan"). Mr. Crowe will become vested in the restricted stock units as follows: one third on December 31, 2012; one third on December 31, 2013; and one third on December 31, 2014. Mr. Crowe will become vested in his OSOs on December 31, 2014.

Upon termination of Mr. Crowe's employment by the Company without "cause" or by Mr. Crowe with "good reason," Mr. Crowe will be entitled to any awarded and unpaid annual bonus in respect of any completed fiscal year, cash severance equal to his base salary and annual bonuses (based on the annual target bonus) for the remaining employment term (i.e., until December 31, 2014), and two years of continued access to the Company's health plans. In addition, upon termination of employment by the Company without "cause" or by Mr. Crowe with "good reason," Mr. Crowe will become immediately vested in all of his then-unvested equity-based awards that were awarded pursuant to the employment agreement. Mr. Crowe's vested restricted stock units will settle and be paid immediately and his vested OSOs will settle on December 31, 2014.

Upon termination of Mr. Crowe's employment with the Company due to his death or disability, Mr. Crowe (or, in the event of his death, Mr. Crowe's beneficiaries) will be entitled to any awarded and unpaid annual bonus in respect of any completed fiscal year, continued base salary through the last day of the month in which such death or disability occurs and a prorated annual bonus (based on his target annual bonus) for the then-current fiscal year. In addition, Mr. Crowe will become immediately vested in all of his then-unvested equity-based awards that were awarded pursuant to the employment agreement. Mr. Crowe's vested RSUs will settle and be paid immediately and his vested OSOs will settle on December 31, 2014.

In the event of Mr. Crowe's voluntary termination of employment (without "good reason") that constitutes a "qualifying retirement" under the Company's generally applicable retirement policy, Mr. Crowe will be entitled to any awarded and unpaid annual bonus in respect of any completed fiscal year, base salary through the last day of the month in which such retirement occurs, a prorated annual bonus (based on the annual target bonus) for the then-current fiscal year, and two years of continued access to the Company's health plans. In addition, Mr. Crowe will be entitled to vesting of a prorated portion of his then unvested equity-based awards that were awarded pursuant to the employment agreement. Mr. Crowe's vested RSUs will settle and be paid immediately and his vested OSOs will settle on December 31, 2014.

Payment of any severance benefits are subject to the execution by Mr. Crowe of a general release. Mr. Crowe's employment agreement also required that he concurrently enter into a restrictive covenant agreement containing customary non-competition, non-solicitation, and non-disparagement obligations that are applicable through December 31, 2014. Mr. Crowe has also entered into a confidentiality agreement, dated March 19, 2012, that contains customary confidentiality and intellectual property assignment provisions and is incorporated by reference into his restrictive covenant agreement. If Mr. Crowe's employment terminates after December 31, 2013, or his termination constitutes a qualifying retirement, the Company may extend the period of such obligations for one additional year until December 31, 2015, by paying Mr. Crowe additional severance benefits. The form of such additional severance benefits will be selected by the Company, in its sole discretion, and will be either (i) cash in the amount of \$12,000,000 or (ii) cash in the amount of \$3,750,000 as well as 300,000 RSUs and 150,000 OSOs, each of which would become vested and settled on December 31, 2015.

The description of Mr. Crowe's employment agreement and equity awards contained herein is qualified in its entirety by reference to the actual agreement (and related exhibits thereto), filed herewith as Exhibit 10.3.

#### **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 Key Executive Severance Plan.

- 10.2 2012 Management Incentive and Retention Plan
- 10.3 Employment Agreement, dated as of March 19, 2012, by and among Level 3 Communications, Inc., Level 3 Communications, LLC and James Q. Crowe.
- 10.4 Restrictive Covenant Agreement, dated as of this March 19, 2012 by and between Level 3 Communications, Inc., together with its direct and indirect subsidiaries, and James Q. Crowe.



## 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, hereunto duly authorized.

Level 3 Communications, Inc.

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

Date: March 23, 2012

## Exhibit Index

Exhibit	Description
10.1	Key Executive Severance Plan
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10.4	Restrictive Covenant Agreement, dated as of this March 19, 2012 by and between Level 3 Communications, Inc., together with its direct and indirect subsidiaries, and James Q. Crowe.

**LEVEL 3 COMMUNICATIONS, INC.  
KEY EXECUTIVE SEVERANCE PLAN**

**Article I - Purpose**

The purpose of the Level 3 Communications, Inc. Key Executive Severance Plan (the “**Plan**”) is to provide eligible executives of Level 3 Communications, Inc., a Delaware corporation (the “**Company**”), who are involuntarily terminated from employment in certain limited circumstances, with severance and welfare benefits as set forth in the Plan.

**Article II - Definitions**

As used in the Plan, the following terms shall have the respective meanings set forth below, and, when the meaning is intended, such terms are capitalized:

“**Accrued Obligations**” means, with respect to a Participant, the sum of (A) the Participant’s Base Salary through the Date of Termination to the extent not theretofore paid; (B) the Participant’s business expenses that are reimbursable in accordance with the Company’s policies and for which the Participant submits for reimbursement within thirty (30) days following the Date of Termination, but have not been reimbursed by the Company as of the Date of Termination and (C) to the extent not yet paid as of the Date of Termination, the Participant’s annual bonus, if any, for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs. Notwithstanding the foregoing, if the Participant has made an irrevocable election under any nonqualified deferred compensation plan subject to Section 409A of the Code to defer any portion of the Base Salary or annual bonus described in clause (A) or (B) above, then for all purposes of this Section, such deferral election, and the terms of the applicable arrangement, shall apply to the same portion of the amount described in such clause (A) or (B), and such portion shall not be considered as part of the Accrued Obligations but shall instead be paid in accordance with Section 4.7.

“**Adverse Amendment**” has the meaning ascribed to that term in Section 8.5.

“**Affiliate**” means any direct or indirect parent entity of the Company that has majority control over the Company, and each direct or indirect subsidiary thereof.

“**Applicable COBRA Premium**” means, with respect to a Participant, the total monthly cost of continuation coverage under COBRA, as of the Participant’s Date of Termination, in respect of the maximum level of coverage in effect for the Participant and the Participant’s spouse and dependents at the Date of Termination.

“**Base Salary**” means the Participant’s annual rate of base salary in effect immediately prior to the occurrence of the facts, circumstance or reasons giving rise to the Participant’s Termination of Employment, or, if greater, the Participant’s annual rate of base salary in effect immediately prior to a Change in Control.

“**Board**” means the Board of Directors of the Company and, after a Change in Control, the board of directors of the ultimate parent entity that controls either the Company or the company into which the Company was merged or consolidated.

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“ **Cash Severance Benefit** ” means the cash severance benefit applicable to a Participant as set forth in such Participant’s Participation Notice.

“ **Cause** ” means (i) the willful and continued failure by a Participant to substantially perform his or her duties with the Company and its Affiliates (other than any such failure resulting from his or her incapacity due to physical or mental impairment, or any such actual or anticipated failure after the issuance of a notice of termination by him or her for Good Reason) after a written demand for substantial performance is delivered to the Participant by the Company, which demand specifically identifies the manner in which he or she has not substantially performed his or her duties; (ii) the willful engagement by a Participant in conduct that is demonstrably and materially injurious to the Company or any of its Affiliates, monetarily or otherwise; (iii) a Participant’s indictment for, conviction of or plea of guilty or no contest to, any felony or (iv) a Participant’s violation of the terms of such Participant’s Restrictive Covenant Agreement; provided, however, that to the extent that any act or failure to act otherwise constituting Cause hereunder is curable, such Participant shall be given not less than ten (10) days’ written notice by the Company’s Chief Executive Officer (or in the case of a Participant who is (or was at any time while a Participant) a “named executive officer” ( within the meaning of Item 402 of Regulation S-K issued under the Exchange Act) of the Company, the Chief Executive Officer or the Board) of the Company’s intention to terminate him or her with Cause. Such notice of a termination with Cause shall state in detail the grounds on which the proposed termination with Cause is based, and a termination with Cause shall be effective at the expiration of such ten (10) day notice period unless the Participant has fully cured during such period such act or failure to act that gives rise to Cause.

For purposes of this definition, no act, or failure to act, on a Participant’s part shall be deemed “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interests of the Company and its Affiliates. Any act, or failure to act, based upon (A) the lawful instruction or direction of the Board, (B) the lawful instruction of the Chief Executive Officer of the Company or the Participant’s direct supervisor or (C) the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. Following a Change in Control, a Participant shall not be deemed to have terminated employment for Cause unless and until there shall have been delivered to the Participant a copy of a resolution duly adopted by the affirmative vote of not fewer than three quarters of the entire membership of the Board (excluding the Participant, if the Participant is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Participant and the Participant is given an opportunity, together with counsel for the Participant, to be heard before the Board), finding that, in the good faith opinion of the Board, the Participant is guilty of the conduct constituting Cause, and specifying the particulars thereof in detail.

“ **Change in Control** ” means the occurrence of any of the following events:

(a) a change in ownership or control of the Company effected through a transaction or series of related transactions (other than an offering of common stock of the Company to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” (as defined in Section 3(a)(9) of the Exchange Act) or any

two or more persons deemed to be one “person” (as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), other than the Company or any of its Affiliates, or an employee benefit plan maintained by the Company or any of its Affiliates, directly or indirectly acquire, other than pursuant to an acquisition from the Company, “beneficial ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) the date upon which individuals who, as of the Effective Date, constitute the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board since the Effective Date, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board or

(c) the sale or disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any “person” (as defined in Section 3(a)(9) of the Exchange Act) or to any two or more persons deemed to be one “person” (as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) other than the Company’s Affiliates.

Notwithstanding the foregoing, for all purposes of the Plan other than Section 4.5, a Change in Control shall also include “change in control event” as described in Treasury Regulation Section 1.409A-3(i)(5) with respect to any Participant that is employed at an Affiliate of the Company at such time that such Affiliate incurs such change in control event.

“**COBRA**” means the continuation coverage requirements under Section 4980B of the Code and Part 6 of Title I of ERISA or any similar provision under other applicable law.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Committee**” means the Compensation Committee of the Board or a committee or committees of the Board appointed by the Board to administer the Plan.

“**Date of Termination**” means the date of the Participant’s Termination of Employment with the Company and its Affiliates as determined under Section 4.1 of the Plan.

“**Effective Date**” means March 19, 2012.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“ **Good Reason** ” means, without the Participant’s express written consent, the occurrence of any of the following events:

- (i) a material diminution in the Participant’s authority, duties, responsibilities or reporting requirements, and following a Change in Control, the assignment to the Participant of any duties inconsistent in any respect with the Participant’s position (including status, offices, titles and reporting requirements), or any action by the Board, the Company or any of its Affiliates that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial, inadvertent and immaterial action not taken in bad faith and that is remedied promptly after receipt of notice thereof given by the Participant;
- (ii) a reduction in the Participant’s Base Salary or target short-term incentive award opportunity, except, prior to a Change in Control, an across-the-board reduction that similarly affects all similarly situated employees of the Company and its Affiliates;
- (iii) the relocation of the Participant’s principal place of business to a location that is outside the 50-mile radius from the Participant’s then-current principal place of business or, following a Change in Control, a requirement imposed by the Company or its Affiliate that the Participant be based at any office or location other than the office or location where the Participant was employed immediately preceding the Change in Control;
- (iv) following a Change in Control, the failure to continue to provide the Participant with employee benefits substantially similar to those enjoyed by him or her under the pension, life insurance, medical, health, accident and disability plans, or any retirement or fringe benefit material to the Participant for which he or she was eligible at the time of the Change in Control;
- (v) the failure to obtain a satisfactory agreement from any successor to the Company or any acquiror of any Affiliate or division of the Company to assume and agree to perform the Plan pursuant to Section 7.1 herein;
- (vi) the adoption of an Adverse Amendment except as permitted under Section 8.5 herein; and
- (vii) any purported termination of the Participant’s employment that is not effected pursuant to a notice of termination satisfying the requirements of Section 4.1 herein.

A Participant may terminate his or her employment with Good Reason by providing the Company thirty (30) days’ written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within ninety (90) days following the initial occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, the Participant’s termination will be effective upon the expiration of such cure period. A Participant’s right to terminate his or her employment for Good Reason shall not be affected by his or her incapacity due to physical or mental impairment. A Participant’s continued

employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

“ **Participant** ” means each employee of the Company or its Affiliates, other than the Chief Executive Officer of the Company, who is designated as a Participant by the Chief Executive Officer of the Company and delivered a Participation Notice and who acknowledges his or her participation in the Plan by executing a Restrictive Covenant Agreement. A person shall cease to be a Participant upon his or her removal as a Participant from the Plan (but any such determination made in respect of a Participant shall be considered an Adverse Amendment with respect to the affected Participant and is subject to the provisions of Section 8.5).

“ **Participation Notice** ” means the notice provided to an employee of the Company or its Affiliates that designates such individual as a Participant in the Plan and the terms and conditions of such individual’s participation in the Plan (subject to the Participant’s acknowledgement by executing a Restrictive Covenant Agreement), which notice shall be substantially in the form set forth on Exhibit A.

“ **Potential Change in Control** ” shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, or (ii) the Committee adopts a resolution to the effect that, for purposes of the Plan, a Potential Change in Control of the Company has occurred.

“ **Prorated Bonus** ” means, with respect to a Participant, an amount equal to the product of (A) the most recent Target Bonus and (B) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination and the denominator of which is 365.

“ **Qualifying Termination** ” means a Participant’s Termination of Employment (i) by the Company other than for Cause or (ii) by the Participant for Good Reason. A Termination of Employment for any other reason, including by reason of death, disability or retirement, shall not be treated as a Qualifying Termination.

“ **Restrictive Covenant Agreement** ” means an agreement substantially in the form attached hereto as Exhibit B.

“ **Severance Multiplier** ” means the severance multiplier applicable to a Participant as set forth in such Participant’s Participation Notice.

“ **Specified Employee** ” means any Participant who is a “Key Employee” (as defined in Code Section 416(i) without regard to paragraph (5) thereof), as determined by the Company in accordance with its uniform policy with respect to all arrangements subject to Section 409A of the Code, based upon the twelve (12) month period ending on each December 31st (such twelve (12) month period is referred to below as the “identification period”). All Participants who are determined to be key employees under Section 416(i) of the Code (without regard to paragraph (5) thereof) during the identification period shall be treated as Specified Employees for purposes of the Plan during the twelve (12) month period that begins on the first day of the fourth (4th) month following the close of such identification period.

“**Target Bonus**” means a Participant’s target annual bonus for the fiscal year in which the Change in Control occurs, if applicable, or in which a Participant’s Date of Termination occurs, whichever is greater; provided that if a target annual bonus has not been established for the applicable fiscal year, then the term “**Target Bonus**” shall refer to the Participant’s target annual bonus established for the immediately preceding fiscal year.

“**Termination of Employment**” means the event where the Participant has a “separation from service,” as defined under Section 409A of the Code, with the Company and its Affiliates.

### **Article III - Effectiveness of the Plan**

This Plan shall be effective as of the Effective Date. Nothing in the Plan shall be deemed to entitle any Participant to continued employment with the Company or any Affiliate of the Company.

### **Article IV - Payments Upon a Qualifying Termination; Change in Control Benefits**

#### **4.1. Termination of Employment**

(a) Any purported termination of a Participant’s employment by the Company or its Affiliates or by a Participant (including notice required for purposes of a Participant to terminate his or her employment with Good Reason) shall be communicated by written notice of termination to the other party in accordance with this Section 4.1 and Section 8.1 (regarding notices). For purposes of the Plan, a “notice of termination” shall mean a notice indicating the specific termination provision in the Plan relied upon and setting forth in reasonable detail the facts and circumstances providing a basis for the Participant’s Termination of Employment under the provision so indicated (including such information required herein for purposes of a Participant to terminate his or her employment with Good Reason). The failure by the Participant or the Company to set forth in such notice of termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Participant or the Company hereunder or preclude the Participant or the Company from asserting such fact or circumstance in enforcing the Participant’s or the Company’s rights hereunder.

(b) If a Participant has a Qualifying Termination, the Date of Termination shall be the date specified in the notice of termination (which, in the case of a termination other than for Cause or a termination for Good Reason, shall not be fewer than five (5) nor more than twenty (20) business days from the date such notice is given). If a Participant’s Termination of Employment is for Cause, the Date of Termination shall be as set forth in the definition of “Cause” in Article II hereunder.

**4.2. Severance Payments** . If the Participant has a Qualifying Termination, then, subject to Section 4.3, the Company shall or shall cause an Affiliate, to provide the Participant with the following:

(a) Accrued Obligations;

(b) the Prorated Bonus, payable either (x) with respect to a Qualifying Termination occurring prior to a Change in Control, in two installments—fifty percent (50%) on the sixtieth



(60th) day following such Qualifying Termination and fifty percent (50%) on the first business day of the seventh calendar month following the month in which the Date of Termination occurred, or (y) with respect to a Qualifying Termination occurring on or after a Change in Control, in a single lump sum on the sixtieth (60th) day following such Qualifying Termination;

(c) a lump sum payment in an amount equal to the Cash Severance Benefit;

(d) continued coverage for such Participant and his or her spouse and dependents in all medical and dental insurance plans maintained by the Company and its Affiliates for the most senior officers of any of the Company and its Affiliates (collectively, the “**Continued Benefit Plans**”) for a period of months equal to the greater of (x) the Participant’s Severance Multiplier multiplied by twelve (12) (such period, the “Contractual Coverage Period”) and (y) the length of period during which the Participant and his or her spouse or domestic partner and dependents are eligible to elect continuation coverage under the Continued Benefit Plan pursuant to COBRA; provided that such coverage shall run concurrently with the period provided under COBRA, and the cost of such Continued Benefits shall be paid by the Participant on an after-tax basis; and provided further that such coverage shall cease earlier than the expiration of continued coverage period upon any date that the Participant becomes eligible to receive medical and dental insurance through a new employer;

(e) a lump sum cash payment equal to (x) the Applicable COBRA Premium multiplied by the total number of months in the Contractual Coverage Period (without regard to any early termination of such period pursuant to subsection (d) above) minus (y) the monthly employee contribution rate that is paid by Company employees generally for the same or similar coverage, as in effect on the Date of Termination (and which amount shall in no event be greater than the employee contribution rate for the applicable level of coverage as in effect immediately prior to the Date of Termination);

(f) reimbursement for the cost of outplacement services (the scope and provider of which shall be selected by the Participant in the Participant’s sole discretion) incurred by the Participant prior to the last day of the second calendar year following the year in which the Date of Termination occurred; provided that the cost of such outplacement shall not exceed \$10,000 and the Participant shall be reimbursed for the cost of outplacement services promptly upon submission of reasonable substantiation of such costs but not later than the third calendar year following the calendar year in which the Date of Termination occurred;

(g) except as otherwise provided under the Level 3 Communications, Inc. 2012 Management Incentive and Retention Plan, either (x) with respect to a Termination of Employment occurring prior to a Change in Control but before the date on which such Participant becomes retirement-eligible in accordance with the Company’s retirement plan or policy then in effect, vesting of that portion of such Participant’s equity-based awards (whether granted under the Level 3 Communications, Inc. Stock Plan or otherwise) that would have vested, but for such Termination of Employment, based solely on the Participant’s continued employment with the Company or any of its Affiliates within the twelve (12) months following such Termination of Employment (without regard to any subsequent acceleration events), or (y) with respect to a Termination of Employment occurring prior to a Change in Control and on or after the date on which such Participant becomes retirement-eligible in accordance with the

Company's retirement plan or policy then in effect, vesting of all of such Participant's equity-based awards (whether granted under the Level 3 Communications, Inc. Stock Plan or otherwise) that vest based solely on the Participant's continued employment with the Company or any of its Affiliates; provided, however, that any outperform stock appreciation rights held by the Participant ("OSOs") that become vested pursuant to this paragraph (g) shall be settled on the Settlement Date (as defined in and set forth in the applicable OSO award agreement), and in each case of (x) and (y), awards that vest based on the satisfaction of performance criteria (which, for the avoidance of doubt, shall not include OSOs) shall vest pursuant to this paragraph (g) only to the extent that such performance criteria are satisfied based on pro-forma performance over the entire applicable performance period extrapolated from the first day of the applicable performance period through the Date of Termination; provided further, however, that this paragraph (g) shall apply to a given award only to the extent that it provides better treatment than provided by the applicable plan, award agreement or other agreement between the Company and the Participant that governs such award; and

(h) except as otherwise set forth below, to the extent not theretofore paid or provided, any benefits under any employee benefit plan, agreement, arrangement or policy in accordance with the terms of the underlying plan, agreement, arrangement or policy, other than plans, agreements, arrangements or policies providing for severance benefits.

**4.3. Conditions to Receipt of Severance Benefits.** As a condition to receipt of any payment or benefits under Section 4.2, the Participant must execute, deliver to the Company and not revoke a Release Agreement substantially in the form attached hereto as Exhibit C (and any revocation period contained in such Release Agreement shall have expired) within sixty (60) days following the Participant's Date of Termination. In addition, such payments and benefits shall immediately terminate, and the Company and its Affiliates shall have no further obligations to a Participant with respect thereto, in the event that such Participant breaches any provision of his or her Restrictive Covenant Agreement.

**4.4. Timing of Payment.** Subject to satisfaction of the conditions set forth in Section 4.3 and Article VI, the amounts payable pursuant to Section 4.2(a), 4.2(c) and 4.2(e) with respect to a Participant shall be made on the sixtieth (60th) day following the Participant's Date of Termination or, if such day does not fall on a business day, the first business day thereafter.

**4.5. Change in Control Benefits.** Except as otherwise provided under the Level 3 Communications, Inc. 2012 Management Incentive and Retention Plan or an award agreement governing an award outstanding as of the Effective Date, upon a Change in Control, regardless of whether a Participant experiences a Termination of Employment, all equity-based awards (whether granted under the Level 3 Communications, Inc. Stock Plan or otherwise) held by each Participant shall vest; provided, however, that any OSOs that become vested pursuant to this Section 4.5 shall be settled on the Settlement Date (as defined in and set forth in the applicable OSO award agreement), and awards that vest based on the satisfaction of performance criteria (which, for the avoidance of doubt, shall not include OSOs) shall vest pursuant to this Section 4.5 only to the extent that such performance criteria are satisfied based on pro-forma performance over the entire applicable performance period extrapolated from the first day of the applicable performance period through the date of the Change in Control.

Notwithstanding the foregoing, this Section 4.5 shall apply to a given equity-based award only to the extent that it provides better treatment than provided by the applicable plan, award agreement or other agreement between the Company and the Participant that governs such award.

**4.6. No Duplication of Benefits.** Except as otherwise expressly provided pursuant to the Plan, the Plan shall be construed and administered in a manner that avoids duplication of compensation and benefits that may be provided under any other plan, program, policy or other arrangement or individual contract with or provided by the Company or any Affiliates. In the event that a Participant is covered by any other plan, program, policy or other arrangement or individual contract in effect as of his or her Date of Termination, that may duplicate the payments and benefits provided for in Section 4.2(a) through (g), the Company may reduce or eliminate the duplicative benefits provided for under the Plan but solely to the extent that such reduction or elimination does not cause the Participant to be subject to penalty taxes under Section 409A of the Code.

**4.7. No Effect on Other Benefits.** This Plan does not abrogate any of the usual entitlements which a Participant has or will have, first, while a regular employee, and subsequently, after termination, and a Participant shall be entitled to receive all benefits payable to him or her under each and every "employee benefit plan" (as defined under Section 3(2) of ERISA, whether or not subject to ERISA) and deriving from his or her employment with the Company and its Affiliates, but solely in accordance with the terms and provisions thereof.

#### **Article V - Withholding Taxes**

The Company and its Affiliates may withhold from all payments due to the Participant (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, are required to be withheld.

#### **Article VI - Certain Additional Agreements under Section 409A**

**6.1. Delay of Payment.** In the event that a payment to be made pursuant to Section 4.2 or any other amount under the Plan that constitutes nonqualified deferred compensation subject to Section 409A of the Code is to be made to a Specified Employee, such payment will be delayed for six (6) months after the Date of Termination and paid in a single lump sum on the first business day of the month following the end of such six (6) month period. If a Participant who is a Specified Employee dies within six (6) months following such Date of Termination, any such delayed payments shall not be further delayed, and shall be immediately payable within thirty (30) days to his or her estate in accordance with the applicable provisions of the Plan.

**6.2. Section 409A.** The Plan is intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and, with respect to amounts that are subject to Section 409A of the Code, shall in all respects be administered in accordance with Section 409A of the Code. Each payment under the Plan shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may any Participant, directly or indirectly, designate the calendar year of any payment to be made under the Plan. Notwithstanding any other provision of the Plan to the contrary, with respect to any Participant's

equity-based award that constitutes nonqualified deferred compensation subject to Section 409A of the Code (“NQDC Award”), to the extent the Plan provides that upon a Change in Control the Participant is to become vested in, and such NQDC Award to paid or settled (to the extent vested), as applicable, the Participant shall become so vested in the NQDC Award upon such Change in Control but payment or settlement, as applicable, of the NQDC Award shall not be paid or be settled (and shall instead be paid or settled as of the event or date otherwise provided by its terms) unless the Change in Control constitutes a “change in control event” as described in Treasury Regulation Section 1.409A-3(i)(5). All reimbursements and in-kind benefits provided under the Plan that constitute nonqualified deferred compensation subject to Section 409A of the Code shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation, that (i) in no event shall reimbursements by the Company under the Plan be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred; provided, that the Participant shall have submitted an invoice for such fees and expenses at least ten (10) days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (ii) the amount of in-kind benefits that the Company is obligated to pay or provide in any given calendar year (other than medical reimbursements described in Treas. Reg. § 1.409A-3(i)(1)(iv)(B)) shall not affect the in-kind benefits that the Company is obligated to pay or provide in any other calendar year; (iii) the Participant’s right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit and (iv) in no event shall the Company’s obligations to make such reimbursements or to provide such in-kind benefits apply later than the Participant’s remaining lifetime (or if longer, through the twentieth (20th) anniversary of the Date of Termination). While the payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any penalty taxes under Section 409A of the Code, in no event whatsoever shall the Company or any of its Affiliates be liable for any additional tax, interest or penalties that may be imposed on a Participant as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code (other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A of the Code).

**6.3. No Adverse Action.** Neither the Company nor any Affiliate of the Company shall take any action that would expose any payment or benefit to a Participant under the Plan to the additional tax imposed under Section 409A of the Code unless (i) the Company is obligated to take the action under an agreement, plan or arrangement, (ii) a Participant requests the action, (iii) the Company advises such Participant in writing that the action may result in the imposition of the additional tax and (iv) such Participant subsequently requests the action in a writing that acknowledges that he or she will be responsible for any effect of the action under Section 409A.

## **Article VII - Successors; Binding Agreement**

**7.1.** The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, by operation of law or otherwise) to all or substantially all of the business or assets of the Company to unconditionally assume all of the obligations of the Company hereunder. Further, the Company will require each Affiliate or the acquiror of each Affiliate or division that employs a Participant and that ceases to be an Affiliate or division of the Company to establish and maintain a plan that is identical, in all material respects, to the Plan, and designate the Participant as a participant in such plan until the second anniversary of the

divestiture of such Affiliate or division. Failure of the Company to obtain such assumption prior to the effectiveness of any such succession shall constitute Good Reason hereunder and shall entitle the Participants to compensation and other benefits in the same amount and on the same terms as the Participants would be entitled hereunder if they had a Qualifying Termination, except that for purposes of implementing the foregoing, the date on which any succession becomes effective shall be deemed the Date of Termination.

**7.2.** The benefits provided under the Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Participant shall die while any amounts would be payable to the Participant hereunder had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of the Plan to such person or persons appointed in writing by the Participant to receive such amounts or, if no person is so appointed, to the Participant's estate.

## **Article VIII - Miscellaneous**

**8.1. Notices.** All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

if to the Participant:

At the most recent address on file at the Company.

if to the Company:

Level 3 Communications, Inc.  
1025 Eldorado Blvd.  
Broomfield, CO 80021  
Attention: Chief Executive Officer and Chief Legal Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

Notice to the Participant shall be deemed given when mailed or given by hand delivery.

**8.2. No Setoff; No Mitigation; Resolution of Disputes and Costs.**

(a) The Company's obligation to make the payments provided for in the Plan and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against the Participant or others. In no event shall a Participant be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Participant under any of the provisions of the Plan and such amounts shall not be reduced whether or not the Participant obtains other employment.

(b) Participants may submit claims for benefits by giving notice to the Company pursuant to Section 8.1. If a Participant believes that he or she has not received coverage or benefits to which he or she is entitled under the Plan, the Participant may notify the Company in writing of a claim for coverage or benefits. If the claim for coverage or benefits is denied in whole or in part, the Company shall notify the applicant in writing of such denial within thirty (30) days of such claim (which may be extended to sixty (60) days under special circumstances), with such notice setting forth (i) the specific reasons for the denial; (ii) the Plan provisions upon which the denial is based; (iii) any additional material or information necessary for the applicant to perfect his or her claim and (iv) the procedures for requesting a review of the denial. Upon a denial of a claim by the Company, the Participant may (i) request a review of the denial by the Committee or, where review authority has been so delegated, by such other person or entity as may be designated by the Committee for this purpose; (ii) review any Plan documents relevant to his or her claim and (iii) submit issues and comments to the Committee or its delegate that are relevant to the review. Any request for review must be made in writing and received by the Committee or its delegate within sixty (60) days of the date the applicant received notice of the initial denial, unless special circumstances require an extension of time for processing. The Committee or its delegate will make a written ruling on the applicant's request for review setting forth the reasons for the decision and the Plan provisions upon which the denial, if appropriate, is based. This written ruling shall be made within thirty (30) days of the date the Committee or its delegate receives the applicant's request for review unless special circumstances require an extension of time for processing, in which case a decision will be rendered as soon as possible, but not later than sixty (60) days after receipt of the request for review. All extensions of time permitted by this Section 8.2 will be permitted at the sole discretion of the Committee or its delegate. If the Committee does not provide the Participant with written notice of the denial of his or her appeal, the Participant's claim shall be deemed denied. Notwithstanding anything in the Plan to the contrary, any court, tribunal or arbitration panel that adjudicates any dispute, controversy or claim arising between a Participant and the Company, or any of their delegates or successors, in respect of a Participant's Qualifying Termination occurring after a Potential Change in Control, will apply a de novo standard of review to any determinations made by the Company, Committee or any other person. Such de novo standard shall apply notwithstanding the grant of full discretion hereunder to any person or characterization of any such decision by such person as final, binding or conclusive on any party.

(c) If any contest or dispute shall arise under the Plan involving a Participant's Termination of Employment or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, in either case following a Change in Control, the Company shall or shall cause an Affiliate to reimburse the Participant on a current basis for all reasonable legal fees and related expenses, if any, incurred by the Participant at any time from the Date of Termination through the Participant's remaining lifetime (or, if longer, through the 20th anniversary of the Change in Control) in connection with such contest or dispute (regardless of the result thereof), together with interest at the rate provided in Section 1274(b)(2)(B) of the Code, such interest to accrue thirty (30) days from the date the Company receives the Participant's statement for such fees and expenses through the date of payment thereof, regardless of whether or not the Participant's claim is upheld by a court of competent jurisdiction or an arbitration panel; provided, however, that the Participant shall be required to repay immediately any such amounts to the Company to the extent that a court or an arbitration panel issues a final and non-appealable order setting forth the determination that the position taken by

the Participant was frivolous or advanced by the Participant in bad faith. The amount of such legal fees and expenses that the Company is obligated to pay in any given calendar year shall not affect the legal fees and expenses that the Company is obligated to pay in any other calendar year, and the Participant's right to have the Company pay such legal fees and expenses may not be liquidated or exchanged for any other benefit.

**8.3. Survival.** The respective obligations and benefits afforded to the Company, its Affiliates and the Participant shall survive the termination of the Plan.

**8.4. Governing Law; Validity.** To the extent not preempted by federal law, the Plan, and all benefits and agreements hereunder, and any and all disputes in connection therewith, shall be governed by and construed in accordance with the substantive laws of the State of Delaware, without regard to conflict or choice of law principles which might otherwise refer the construction, interpretation or enforceability of the Plan to the substantive law of another jurisdiction.

**8.5. Amendment and Termination.** The Board may amend (and, by amendment, terminate) the Plan at any time; provided, however, that (i) no amendment that reduces or eliminates any benefit or other entitlement of any Participant or that is otherwise adverse to the interests of a Participant (an "**Adverse Amendment**") may take effect for a period of at least twelve (12) months, and any such amendment shall be void and of no effect unless the Participant was notified of such amendment; (ii) no Adverse Amendment may be adopted during the period of time beginning on a Potential Change in Control and ending on the earlier of (a) the termination of the agreement that constituted the Potential Change in Control and (b) the second anniversary of the resulting Change in Control, without the Participant's written consent and (iii) no Adverse Amendment may be adopted during the period commencing on a Change in Control and ending on the second anniversary of the Change in Control without the Participant's written consent. For the avoidance of doubt, the Board is expressly permitted, without the consent of any Participant, to amend the list of "Restricted Entities" set forth on Exhibit D hereto in its reasonable discretion in order to reflect changes in the businesses and industries in which the Company or any of its Affiliates operates or other changes in business circumstances, and no such amendment shall be deemed an Adverse Amendment hereunder. The Company shall notify all Participants of each amendment to Exhibit D in accordance with Section 8.1 above. The Participant's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Participant or the Company may have hereunder, including, without limitation, the right of the Participant to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement; provided, however, that in all events a Participant shall not have Good Reason to terminate his or her employment based upon the occurrence or non-occurrence of a particular event more than ninety (90) days following the initial occurrence or non-occurrence of such event.

**8.6. Interpretation and Administration.** The Plan shall be administered by the Committee. Unless otherwise provided in the Plan, actions of the Committee shall be taken by a majority vote of its members. Subject to Section 8.2 of the Plan, the Committee shall have the authority (i) to exercise all of the powers granted to it under the Plan, (ii) to construe, interpret and implement the Plan, (iii) to prescribe, amend and rescind rules and regulations relating to the

Plan, (iv) to make all determinations necessary or advisable in administration of the Plan and (v) to correct any defect, supply any omission and reconcile any inconsistency in the Plan. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan.

**8.7. Liability.** No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his or her behalf in his or her capacity as a member of the Board or Committee or for any mistake of judgment made in good faith or upon the advice of counsel, and the Company shall indemnify and hold harmless each member of the Committee, and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against all costs and expenses (including counsel fees) and liabilities (including sums paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or willful misconduct; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's certificate or articles of incorporation or by-laws, each as may be amended from time to time, as a matter of law or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

**8.8. Type of Plan.** This Plan is intended to be, and shall be interpreted (a) as an unfunded employee welfare plan under Section 3(1) of ERISA and Section 2520.104-24 of the Department of Labor Regulations, maintained primarily for the purpose of providing employee welfare benefits, to the extent that it provides welfare benefits, and under Sections 201, 301 and 401 of ERISA, as a plan that is unfunded and maintained primarily for the purpose of providing deferred compensation, to the extent that it provides such compensation, in each case for a select group of management or highly compensated employees and (b) to comply with the requirements of Section 409A of the Code.

**8.9. Funding.** The Company and the Affiliate of the Company employing the Participant shall be joint and severally responsible for any payments and benefits hereunder. The Plan shall be unfunded and all payments hereunder and expenses incurred in connection with the Plan shall be paid from the general assets of the Company.

**8.10. Headings.** The Section headings contained herein are for convenience of reference only, and shall not be construed as defining or limiting the matter contained thereunder.

**8.11. Entire Agreement.** In the event of any inconsistency or conflict between the terms of the Plan and the terms of any other plan in which a Participant participates or any agreement to which a Participant is a party, the terms of this Plan shall control.

**8.12. Nonassignability.** Benefits under the Plan may not be sold, assigned, transferred, pledged, anticipated, mortgaged or otherwise encumbered, transferred, hypothecated or conveyed in advance of actual receipt of the amounts, if any, payable hereunder, or any part thereof, by the Participant.



**EXHIBIT A**

**Participation Notice**

**Personal & Confidential**

[ • ], 2012

[NAME]  
[ADDRESS]

Dear [FIRST NAME]:

I am pleased to inform you that you have been selected to participate in the Level 3 Communications, Inc. Key Executive Severance Plan (the “**Plan**”), which has been established to provide eligible executives of the Company, who are involuntarily terminated from employment in certain limited circumstances, with severance and welfare benefits. The terms and conditions of your participation are set forth in and governed by the terms of the Plan and this participation notice (this “**Participation Notice**”).

For purposes of your participation in the Plan, the following terms shall have the respective meanings set forth herein:

“**Cash Severance Benefit**” means an amount equal to the product of the Severance Multiplier and [the sum of] your Base Salary [and your Target Bonus on the Date of Termination].

“**Severance Multiplier**” means [0.75] [1] [2].

Other capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the Plan.

It is important that the terms and conditions of your participation in the Plan as set forth in this Participation Notice be kept confidential, as they pertain only to you. Please acknowledge your acceptance of these terms and your participation in the Plan by executing a Restrictive Covenant Agreement as set forth in the Plan. If you have any questions regarding this Participation Notice or the Plan, please direct those questions to [ • ].

Sincerely,

## EXHIBIT B

### RESTRICTIVE COVENANT AGREEMENT

As a condition of my becoming a Participant in the Level 3 Communications, Inc. Key Executive Severance Plan (the “Plan”) and receiving any payments or benefits thereunder, and in consideration of my continued employment with the Company and its Affiliates (collectively, the “Company Group”), I acknowledge the terms and conditions of my participation in the Plan as set forth in my Participation Notice and agree to the following:

#### **Section 1. Definitions.**

Capitalized terms used, but not defined, herein shall have the meaning given to them in the Plan.

#### **Section 2. Participation in the Plan.**

By executing this Restrictive Covenant Agreement (the “Agreement”), I acknowledge that I have been designated as a Participant in the Plan, and that my becoming a Participant is conditioned upon my execution of this Agreement. I acknowledge further that I have been provided a copy of the Plan and, as an express condition to my participation in, eligibility for, or receipt of, any payments or benefits under the Plan, I agree to be bound by the terms of both the Plan and this Agreement. I acknowledge further that a breach of this Agreement will constitute Cause under the Plan, pursuant to which my employment may be terminated without any right to receive any payments or benefits thereunder, and in addition to any other rights or remedies that the Company or any of its Affiliates may have as a result of any breach of this Agreement, I acknowledge and agree that any payments or benefits to which I might otherwise be entitled under the Plan will immediately terminate, and neither the Company nor any of its Affiliates will have any further obligations to me under the Plan, following any breach of this Agreement.

#### **Section 3. Confidential Information and Intellectual Property.**

(a) I represent that I am a party to an Employee Confidentiality and Intellectual Property Agreement with the Company, dated [ • ], and agree that such Employee Confidentiality and Intellectual Property Agreement shall survive and not be superseded by this Agreement and shall survive the termination of my employment.

(b) Company Policies. I acknowledge and agree that in addition to any covenants or restrictions set forth herein, I will at all times continue to be bound by the Company’s intellectual property and confidential information policies as in effect from time to time.

#### **Section 4. Returning Company Group Documents and Property.**

I agree that, at the time of any termination of my employment with the Company Group for any reason, I will deliver to the Company (and will not keep in my possession, recreate, or deliver to anyone else) any and all other property belonging to the Company or any other member of the Company Group, including but not limited to all Confidential Information and all other documents (including any copies thereof) in any form belonging to the Company,

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materials, information, and property developed by me pursuant to my employment or otherwise belonging to the Company or any member of the Company Group, cell phone, smart phone, iPad, computer (including any laptop or desktop computer, and peripheral devices), beeper, keys, card access to the building and office floors, employee handbook, phone card, computer user name and password, disks, and voicemail code. I agree further that any property situated on the Company's premises and owned by the Company (or any other member of the Company Group), including disks and other storage media, filing cabinets, and other work areas, is subject to inspection by personnel of any member of the Company Group at any time with or without notice.

**Section 5. Disclosure of Agreement.**

As long as it remains in effect, I will disclose the existence of this Agreement to any prospective employer, partner, co-venturer, investor, or lender prior to entering into an employment, partnership, or other business relationship with such person or entity.

**Section 6. Noncompetition; Nonsolicitation; Nondisparagement.**

(a) Noncompetition and Nonsolicitation. During the period of my employment with any of the members of the Company Group and the Restricted Period (as defined below), I will not (a) directly or indirectly encourage, solicit, or induce, or in any manner attempt to encourage, solicit, or induce, any person employed by, or providing consulting services to, any member of the Company Group to terminate such person's employment or services (or in the case of a consultant, to materially reduce such services) with the Company Group; (b) hire any individual who was employed by the Company Group within the six (6) month period prior to the date of such hiring and with whom I had contact during my employment with the Company Group within the six (6) month period prior to the date of such hiring; (c) induce or attempt to induce any customer, supplier, licensee, or other business relation of the Company Group to cease doing business with or reduce the amount of its business with the Company Group or interfere with the relationship between any such customer, supplier, licensee, or business relation and the Company Group; or (d) directly or indirectly engage in, own, invest in, manage, be employed by, consult, advise, assist, loan money to, or promote business for any person(s) or entity who or which is engaged in the same business as the Company Group, offers for sale the same products or services as the Company Group, or otherwise is a competitor of Company Group. Clause (d) of the preceding sentence shall include but shall not be limited to the companies (and types of companies) set forth on Exhibit D to the Plan, which, for the avoidance of doubt, may be updated or amended by the Company from time to time without my consent in accordance with the terms of the Plan. For purposes of this Agreement, the term "Restricted Period" means the period commencing on my Date of Termination and continuing thereafter for a number of months equal to the product of (I) twelve and (II) the Severance Multiplier. (1)

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(1) California-based employees to receive a form of this Exhibit A without noncompetition and nonsolicitation to the extent prohibited by law.

(b) Nondisparagement. I agree that, during the period of my employment with any of the members of the Company Group and at all times thereafter, I will not make any disparaging or defamatory comments regarding any member of the Company Group or its respective current or former directors, officers, or employees in any respect or make any comments concerning any aspect of my relationship with any member of the Company Group or any conduct or events which precipitated any termination of my employment from any member of the Company Group. However, my obligations under this subsection (b) shall not apply to disclosures required by applicable law, regulation, or order of a court or governmental agency.

**Section 7. Reasonableness of Restrictions.**

I acknowledge and recognize the highly competitive nature of the business of the members of the Company Group, that access to Confidential Information renders me special and unique within the industry of the members of the Company Group, and that I will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of the members of the Company Group during the course of and as a result of my employment with any of the members of the Company Group. In light of the foregoing, I recognize and acknowledge that the restrictions and limitations set forth in this Agreement are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company Group. I acknowledge further that the restrictions and limitations set forth in this Agreement will not materially interfere with my ability to earn a living following the termination of my employment with the Company Group and that my ability to earn a livelihood without violating such restrictions is a material condition to my employment with the Company Group.

**Section 8. Independence; Severability; Blue Pencil.**

Each of the rights enumerated in this Agreement shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the members of the Company Group at law or in equity. If any of the provisions of this Agreement or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of this Agreement, which shall be given full effect without regard to the invalid portions. If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, I agree that the court making such determination shall have the power to reduce the duration, scope, and area of such provision to the maximum and/or broadest duration, scope, and area permissible by law, and in its reduced form said provision shall then be enforceable.

**Section 9. Injunctive Relief.**

I expressly acknowledge that any breach or threatened breach of any of the terms or conditions set forth in this Agreement may result in substantial, continuing, and irreparable injury to one or more of the members of the Company Group. Therefore, I hereby agree that, in addition to any other remedy that may be available to any member of the Company Group, any member of the Company Group, on its own behalf or on behalf of any other member or members

of the Company Group, shall be entitled to seek injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Agreement without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach. Notwithstanding any other provision to the contrary, I acknowledge and agree that the Restricted Period shall be tolled during any period of violation of any of the covenants in Section 6 hereof and during any other period required for litigation during which the Company or any other member of the Company Group seeks to enforce such covenants against me if it is ultimately determined that I was in breach of such covenants.

**Section 10. Cooperation.**

I agree that, following any termination of my employment, I will continue to provide reasonable cooperation to the Company and any other member of the Company Group and its or their respective counsel in connection with any investigation, administrative proceeding, or litigation relating to any matter that occurred during my employment in which I was involved or of which I have knowledge. As a condition of such cooperation, the Company shall reimburse me for reasonable out-of-pocket expenses incurred at the request of the Company with respect to my compliance with this paragraph. I also agree that, in the event that I am subpoenaed by any person or entity (including, but not limited to, any government agency) to give testimony or provide documents (in a deposition, court proceeding, or otherwise) that in any way relates to my employment by the Company Group, I will give prompt notice of such request to the Company and will make no disclosure until the Company or the other applicable member of the Company Group has had a reasonable opportunity to contest the right of the requesting person or entity to such disclosure.

**Section 11. General Provisions.**

(a) Governing Law and Jurisdiction. EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES. FURTHER, I HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

(b) Entire Agreement. This Agreement, together with the Plan and any other agreements executed by me in connection with my participation in the Plan sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification or amendment to this Agreement or any waiver of any rights under this Agreement will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, obligations, rights, or compensation will not affect the validity or scope of this Agreement.

(c) No Right of Continued Employment. I acknowledge and agree that nothing contained herein or in the Plan shall be construed as granting me any right to continued employment by the Company Group, and the right of my employer to terminate my employment at any time and for any reason, with or without cause, is specifically reserved.

(d) Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators, and other legal representatives and will be for the benefit of the Company, its successors, and its assigns. I expressly acknowledge and agree that this Agreement may be assigned by the Company without my consent to any other member of the Company Group as well as any purchaser of all or substantially all of the assets or stock of the Company or of any business or division of the Company Group for which I provide services, whether by purchase, merger, or other similar corporate transaction.

(e) Survival. The provisions of this Agreement shall survive the termination of my employment with the Company Group or the assignment of this Agreement by the Company to any successor in interest or other assignee.

\* \* \*

I, \_\_\_\_\_, have executed this Agreement on the respective date set forth below:

Date:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Type/Print Name)

## EXHIBIT C

### RELEASE AGREEMENT

This Release Agreement (this “Agreement”) is executed and agreed to by [Participant] pursuant to the terms and conditions of the Level 3 Communications, Inc. Key Executive Severance Plan (the “Plan”). Capitalized terms used, but not defined, herein shall have the meaning given to them in the Plan.

In consideration of the promises set forth herein, I acknowledge and agree as to the following:

#### **Section 1. Opportunity for Review; Acceptance.**

This Agreement may be executed at any time during the period commencing on the Date of Termination and ending on [ • ](1) (the “Review Period”), and during the Review Period, the terms and conditions set forth herein should be carefully reviewed and considered. To accept this Agreement, and the terms and conditions contained herein, prior to the expiration of the Review Period, this Agreement must be executed and dated where indicated below and returned to the Company in accordance with the notice provisions set forth in the Plan. Notwithstanding anything contained herein to the contrary, this Agreement will not become effective or enforceable for a period of seven (7) calendar days following the date of its execution (the “Revocation Period”), during which time such execution may be revoked by notifying the Company in accordance with the notice provisions set forth in the Plan no later than 5:00 p.m. on the seventh (7th) calendar day following its execution. Provided that the Agreement is timely executed and not timely revoked, the eighth (8th) day following the date on which this Agreement is executed shall be its effective date. In the event that the Agreement is not timely executed and delivered to the Company, or if the Agreement is otherwise timely revoked during the Revocation Period, this Agreement will be null and void and of no effect, and the Company will have no obligations to provide any severance benefits under the Plan that are conditioned upon the execution and non-revocation of this Agreement.

#### **Section 2. Employment Status and Separation Payments.**

(a) Employment Status. I acknowledge my separation from employment with the Company and its Affiliates (the “Company Group”), and my Date of Termination under the Plan, is \_\_\_\_\_, and after Date of Termination I will not represent myself as being an employee, officer, agent, or representative of the Company or any other member of the Company Group.

(b) Accrued Benefits. I understand that the Date of Termination shall be the termination date of my employment for purposes of participation in and coverage under all \_\_\_\_\_

(1) Insert the date that is 21 days following the Date of Termination, or if such termination occurs “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is 45 days following the Date of Termination.

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benefit plans and programs sponsored by or through the Company and any other member of the Company Group, except as otherwise provided herein. I will be paid or provided the Accrued Obligations in accordance with the terms of the Plan regardless of whether this Agreement becomes effective.

(c) **Severance Payments and Benefits.** In consideration of my release and waiver of claims set forth in Section 3 below, and conditioned upon my execution and non-revocation of this Agreement, and subject to all other terms and conditions of the Plan, including without limitation my continued compliance with my Restrictive Covenant Agreement, the Company will provide me with the severance payments and benefits set forth in Section 4.2 of the Plan in accordance with the terms of the Plan.

(d) **No Further Benefits.** I hereby acknowledge and agree that the payment(s) and other benefits provided pursuant to this Section 2 are in full discharge of any and all liabilities and obligations of the Company and each other member of the Company Group to me, monetarily or with respect to employee benefits or otherwise, including but not limited to any and all obligations arising under any alleged written or oral employment agreement, policy, plan, or procedure of the Company or any other member of the Company Group or any alleged understanding or arrangement between me and the Company or any other member of the Company Group[, other than any payments or benefits, if any to which I am entitled pursuant to the Level 3 Communications, Inc. 2012 Management Incentive and Retention Plan (the "MRIP Benefits")]

(2).

### **Section 3. Release and Waiver of Claims.**

(a) **Definitions.** As used in this Agreement, the term "claims" will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, equity, or otherwise.

(b) **Release.** For and in consideration of the payments and benefits described in Section 2 above, and other good and valuable consideration, I, for and on behalf of myself and my heirs, administrators, executors, and assigns, effective the date hereof, do fully and forever release, remise, and discharge each member of the Company Group and their successors and assigns, together with their respective officers, directors, partners, shareholders, employees, and agents (collectively, and with the Company, the "Company Parties") from any and all claims whatsoever up to the date hereof that I had, may have had, or now have against the Company Parties, whether known or unknown, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to my employment or the termination of my employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination

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(2) Include bracketed language for individuals who are participants in the Management Retention and Incentive Plan and who are eligible for benefits thereunder upon a Qualifying Termination.



based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, and the Equal Pay Act, each as may be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer's right to terminate the employment of employees. I intend that the release contained herein shall constitute a general release of any and all claims that I may have against the Company Parties to the fullest extent permissible by law.

(c) No Claims. I acknowledge and agree that as of the date I execute this Agreement, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph.

(d) ADEA Release. By executing this Agreement, I understand that I am specifically releasing all claims relating to my employment and its termination under ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans. [Include if CA: In addition, I am expressly waiving any and all rights under Section 1542 of the Civil Code of the State of California, or any other federal or state statutory rights or rules or principles of common law or equity, or those of any jurisdiction, government, or political subdivision similar to Section 1542 (a "similar provision") in effect as of the signing of this Agreement, and as a result, may not invoke the benefits of Section 1542 or any similar provision in order to prosecute or assert in any manner any claims that are released under this Agreement. Section 1542 provides as follows:

(e) "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."]

(f) Preservation of Rights. Notwithstanding the foregoing, nothing in this Agreement shall be a waiver of (i) my rights with respect to payment of amounts under this Agreement, (ii) any claims that cannot be waived by law including, without limitation any claims filed with the Equal Employment Opportunity Commission, the U.S. Department of Labor, and claims under the ADEA that arise after the date of this Agreement, [or] (iii) my rights to indemnification as provided by, and in accordance with the terms of, the Company's by-laws or a Company insurance policy providing such coverage, as any of such may be amended from time to time[, or (iv) my rights to the MRIP Benefits] (3).

(g) Acknowledgement of Full and Final Release. I acknowledge and agree that by virtue of the foregoing, I have waived any relief available to me (including without limitation, monetary damages, equitable relief, and reinstatement) under any of the claims or causes of action waived in this Section 3. I agree, therefore, that I will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other

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(3) Include bracketed language for individuals who are participants in the Management Retention and Incentive Plan and who are eligible for benefits thereunder upon a Qualifying Termination.

person or by any government agency) with respect to any claim or right waived in this Agreement.

**Section 4. Knowing and Voluntary Waiver.**

I expressly acknowledge and agree that I—

- (a) Am able to read the language, and understand the meaning and effect, of this Agreement;
- (b) Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Agreement or its terms, and that I am not acting under the influence of any medication, drug, or chemical of any type in entering into this Agreement;
- (c) Am specifically agreeing to the terms of the release contained in this Agreement because the Company has agreed to provide me with the severance payments and benefits provided by the Plan, which the Company has agreed to provide because of my agreement to accept it in full settlement of all possible claims that I might have or ever have had, and because of my execution of this Agreement;
- (d) Acknowledge that but for my execution of this Agreement, I would not be entitled to the severance payments and benefits provided by the Plan;
- (e) Understand that, by entering into this Agreement, I do not waive rights or claims under ADEA that may arise after the date on which I execute this Agreement;
- (f) Had or could have had the entire Review Period in which to review and consider this Agreement, and that if I execute this Agreement prior to the expiration of the Review Period, I have voluntarily and knowingly waived the remainder of the Review Period;
- (g) Was advised to consult with my attorney regarding the terms and effect of this Agreement; and
- (h) Have signed this Agreement knowingly and voluntarily.

**Section 5. No Suit.**

I represent and warrant that I have not previously filed, and to the maximum extent permitted by law agree that I will not file, a complaint, charge, or lawsuit against any of the Company Parties regarding any of the claims released herein. If, notwithstanding this representation and warranty, I have filed or file such a complaint, charge, or lawsuit, I agree that I shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such complaint, charge, or lawsuit, including without limitation the attorneys' fees of any of the Company Parties against whom I have filed such a complaint, charge, or lawsuit.

**Section 6. No Re-Employment.**

I hereby agree to waive any and all claims to re-employment with the Company or any other member of the Company Group. I affirmatively agree not to seek further employment with the Company or any other member of the Company Group.

**Section 7. Successors and Assigns.**

The provisions hereof shall inure to the benefit of my heirs, executors, administrators, legal personal representatives, and assigns and shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns.

**Section 8. Severability.**

If any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force and effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

**Section 9. Confidentiality.**

The terms and conditions of this Agreement are and shall be deemed to be confidential, and shall not be disclosed by me to any person or entity without the prior written consent of the Company, except if required by law, and to my accountants, attorneys, and immediate family, provided that, to the maximum extent permitted by applicable law, rule, code, or regulation, they agree to maintain the confidentiality of the Agreement.

**Section 10. Non-Admission.**

Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of me or any member of the Company Group.

**Section 11. Entire Agreement.**

This Agreement, together with the Plan, my Participation Notice and my Restrictive Covenant Agreement, constitutes the entire understanding and agreement between me and each member of the Company Group regarding the termination of my employment. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings, and agreements between me and any member of the Company Group relating to the subject matter of this Agreement.

**Section 12. Governing Law; Jurisdiction.**

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL LAW AND THE LAWS OF THE STATE OF DELAWARE, APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE. EACH PARTY TO THIS AGREEMENT

HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

\* \* \*

IN WITNESS WHEREOF, I have executed this Agreement as of the date set forth below.

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[Participant]  
Dated:

## **EXHIBIT D**

### **Restricted Entities**

For purposes of the Plan and each Participant's obligations under his or her Restrictive Covenant Agreement, the following entities shall be deemed "Restricted Entities": (i) companies that include within their corporate structure competitive local exchange carrier(s) or incumbent local exchange carrier(s), which with affiliates have, for their most recent fiscal year, annual consolidated total communications revenue equal to or greater than \$1 Billion; (ii) providers of content delivery network services which with affiliates have, for their most recent fiscal year, consolidated total content delivery network revenues greater than \$50 million; (iii) international communication services providers which with affiliates have a presence in the United States and, with affiliates, have, for their most recent fiscal year, annual consolidated total revenue equal to or greater than \$1 Billion; or (iv) XO Holdings, Inc., CenturyLink, Inc., AT&T Inc., Sprint Nextel Corporation, tw telecom inc., Verizon Communications Inc., Limelight Networks, Inc., Akamai Technologies Inc., Windstream Corporation, Reliance Communications Venture Limited, including in each case their affiliates, successors, and assigns.

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**LEVEL 3 COMMUNICATIONS, INC.  
2012 MANAGEMENT INCENTIVE AND RETENTION PLAN**

**Article I - Establishment and Purpose**

Level 3 Communications, Inc., has established this Level 3 Communications, Inc. 2012 Management Incentive and Retention Plan (the “**Plan**”) to provide a means to encourage key management personnel to remain employed with the Company or one of its Affiliates and to reward the achievement of established performance criteria. The Plan consists of an opportunity to receive Retention Awards and Incentive Awards.

**Article II - Definitions**

Whenever used in this Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word is capitalized:

“**2013 Adjusted EBITDA**” means the Company’s Adjusted EBITDA for fiscal year 2013, as determined by the Committee on a run rate basis during the first quarter of 2014, first by normalizing Adjusted EBITDA for the fourth quarter of 2013, and then by multiplying such normalized Adjusted EBITDA for the fourth quarter of 2013 by four to determine full-year 2013 Adjusted EBITDA.

“**Adjusted EBITDA**” means the Company’s net income (loss) from the Company’s Consolidated Statements of Operations before income taxes, total other income (expense), non-cash impairment charges, depreciation and amortization and non-cash stock compensation expense (other than non-cash stock compensation expenses relating to bonus payments made in the form of stock that related to performance in 2013), on a consolidated basis as the accounting elements constituting Adjusted EBITDA are determined in accordance with generally accepted accounting principles and consistent with past practice .

“**Affiliate**” means any direct or indirect parent entity of the Company that has majority control over the Company, and each direct or indirect subsidiary thereof.

“**Award**” means a Retention Award or an Incentive Award, as applicable.

“**Award Letter**” means the letter provided by the Committee to each Participant that sets forth the Participant’s Award opportunity and the terms and conditions of such Participant’s Award hereunder, which shall be substantially in the form set forth on either Exhibit A or Exhibit B, as applicable.

“**Base Salary**” means the Participant’s annual rate of base salary in effect on April 1, 2012.

“**Benchmark Adjusted EBITDA**” means \$1,328,000,000.

“**Board**” means the Board of Directors of the Company.

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“ **Cash Incentive Award** ” means the portion of a Participant’s Incentive Award denominated by, and payable in, cash, which shall equal a multiple of such Participant’s Base Salary based upon the amount by which 2013 Adjusted EBITDA exceeds the Benchmark Adjusted EBITDA, as set forth in such Participant’s Award Letter.

“ **Cash Retention Award** ” means the portion of a Participant’s Retention Award denominated by, and payable in, cash, which shall equal a multiple of such Participant’s Base Salary, as set forth in such Participant’s Award Letter.

“ **Cause** ” means (i) the willful and continued failure by a Participant to substantially perform his or her duties with the Company and its Affiliates (other than any such failure resulting from his or her incapacity due to physical or mental impairment, or any such actual or anticipated failure after the issuance of a notice of termination by him or her for Good Reason) after a written demand for substantial performance is delivered to the Participant by the Company, which demand specifically identifies the manner in which he or she has not substantially performed his or her duties; (ii) the willful engagement by a Participant in conduct that is demonstrably and materially injurious to the Company or any of its Affiliates, monetarily or otherwise or (iii) a Participant’s indictment for, conviction of or plea of guilty or no contest to, any felony; provided, however, that to the extent that any act or failure to act otherwise constituting Cause hereunder is curable, such Participant shall be given not less than ten (10) days’ written notice by the Company’s Chief Executive Officer (or in the case of a Participant who is (or was at any time while a Participant) a “named executive officer” ( within the meaning of Item 402 of Regulation S-K issued under the Exchange Act) of the Company, the Chief Executive Officer or the Board) of the Company’s intention to terminate him or her with Cause. Such notice of a termination with Cause shall state in detail the grounds on which the proposed termination with Cause is based, and a termination with Cause shall be effective at the expiration of such ten (10) day notice period unless the Participant has fully cured during such period such act or failure to act that gives rise to Cause.

For purposes of this definition, no act, or failure to act, on a Participant’s part shall be deemed “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interests of the Company and its Affiliates. Any act, or failure to act, based upon (A) the lawful instruction or direction of the Board, (B) the lawful instruction of the Chief Executive Officer of the Company or the Participant’s direct supervisor or (C) the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. Following a Change in Control, a Participant shall not be deemed to have terminated employment for Cause unless and until there shall have been delivered to the Participant a copy of a resolution duly adopted by the affirmative vote of not fewer than three quarters of the entire membership of the Board (excluding the Participant, if the Participant is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Participant and the Participant is given an opportunity, together with counsel for the Participant, to be heard before the Board), finding that, in the good faith opinion of the Board, the Participant is guilty of the conduct constituting Cause, and specifying the particulars thereof in detail.



“ **Change in Control** ” means the occurrence of any of the following events:

(a) a change in ownership or control of the Company effected through a transaction or series of related transactions (other than an offering of common stock of the Company to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” (as defined in Section 3(a)(9) of the Exchange Act) or any two or more persons deemed to be one “person” (as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), other than the Company or any of its Affiliates, or an employee benefit plan maintained by the Company or any of its Affiliates, directly or indirectly acquire, other than pursuant to an acquisition from the Company, “beneficial ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) the date upon which individuals who, as of the Effective Date, constitute the Board (the “ **Incumbent Board** ”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board since the Effective Date, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board or

(c) the sale or disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any “person” (as defined in Section 3(a)(9) of the Exchange Act) or to any two or more persons deemed to be one “person” (as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) other than the Company’s Affiliates.

A Change in Control shall also include “change in control event” as described in Treasury Regulation Section 1.409A-3(i)(5) with respect to any Participant who is employed by an Affiliate of the Company at such time that such Affiliate incurs such change in control event.

“ **Code** ” means the Internal Revenue Code of 1986, as amended.

“ **Committee** ” means the Compensation Committee of the Board or a committee or committees of the Board appointed by the Board to administer the Plan.

“ **Company** ” means Level 3 Communications, Inc., a Delaware corporation.

“ **Effective Date** ” means March 19, 2012.

“ **Eligible Individuals** ” means (a) each “named executive officer” of the Company and its Affiliates, within the meaning of Item 402 of Regulation S-K issued under the Exchange Act, as of the Effective Date, other than the Chief Executive Officer of the Company, and (b) each employee of the Company or its Affiliates, other than the Chief Executive Officer of the Company, who is designated in writing by the Committee.

“ **Equity Incentive Award** ” means the portion of a Participant’s Incentive Award, if any, consisting of an opportunity to receive a grant of Restricted Stock Units based upon the amount by which 2013 Adjusted EBITDA exceeds the Benchmark Adjusted EBITDA.

“ **Equity Retention Award** ” means the portion of a Participant’s Retention Award, if any, granted in the form of a number of Restricted Stock Units awarded under the Stock Plan, as set forth in such Participant’s Award Letter.

“ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended.

“ **Good Reason** ” means, without the Participant’s express written consent, the occurrence of any of the following events on or following a Change in Control:

(i) a material diminution in the Participant’s authority, duties, responsibilities or reporting requirements, or the assignment to the Participant of any duties inconsistent in any respect with the Participant’s position (including status, offices, titles and reporting requirements), or any action by the Board, the Company or any of its Affiliates that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial, inadvertent and immaterial action not taken in bad faith and that is remedied promptly after receipt of notice thereof given by the Participant;

(ii) a reduction in the Participant’s Base Salary or target short-term incentive award opportunity;

(iii) a requirement imposed by the Company or its Affiliate that the Participant be based at any office or location other than the office or location where the Participant was employed immediately preceding the Change in Control;

(iv) the failure to continue to provide the Participant with employee benefits substantially similar to those enjoyed by him or her under the pension, life insurance, medical, health, accident and disability plans, or any retirement or fringe benefit material to the Participant for which he or she was eligible at the time of the Change in Control;

(v) the failure to obtain a satisfactory agreement from any successor to the Company or any acquiror of any Affiliate or division of the Company to assume and agree to perform the Plan pursuant to Section 6.1 herein;

(vi) the termination of a Participant’s Award other than as a result of a forfeiture of the Award in connection with a Termination of Employment other than a Qualifying Termination; and

(vii) any purported termination of the Participant’s employment that is not effected pursuant to a notice of termination satisfying the requirements of Section 4.1 herein.

A Participant may terminate his or her employment with Good Reason by providing the Company thirty (30) days’ written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within ninety (90) days following the initial occurrence of such event. During such thirty (30)

day notice period, the Company shall have a cure right (if curable), and if not cured within such period, the Participant's termination will be effective upon the expiration of such cure period. A Participant's right to terminate his or her employment for Good Reason shall not be affected by his or her incapacity due to physical or mental impairment. A Participant's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder. For the avoidance of doubt, no Participant shall have Good Reason to terminate his or her employment due to the occurrence or non-occurrence of any events prior to a Change in Control.

“ **Incentive Award** ” means an incentive award granted pursuant to Article IV, which shall either consist solely of a Cash Incentive Award or consist of both a Cash Incentive Award and an Equity Incentive Award, as determined by the Committee and set forth in a Participant's Award Letter.

“ **Participant** ” means any Eligible Individual who has been granted an Award under the Plan.

“ **Plan** ” has such meaning as provided in Article I.

“ **Qualifying Termination** ” means a Participant's Termination of Employment (i) by the Company other than for Cause or (ii) by the Participant for Good Reason. A Termination of Employment for any other reason, including by reason of death, disability or retirement, shall not be treated as a Qualifying Termination.

“ **Release Condition** ” means the Participant's execution, delivery to the Company and non-revocation of a release agreement substantially in the form attached hereto as **Exhibit C** (and the expiration of any revocation period contained in such release agreement) within sixty (60) days following the effective date of such Participant's Termination of Employment.

“ **Restricted Stock Unit** ” has such meaning as provided under the Stock Plan.

“ **Retention Award** ” means a retention award granted pursuant to Article III, which shall either consist solely of a Cash Retention Award or consist of both a Cash Retention Award and an Equity Retention Award, as determined by the Committee and set forth in a Participant's Award Letter.

“ **Stock** ” has such meaning as provided under the Stock Plan.

“ **Stock Plan** ” means the Level 3 Communications, Inc. Stock Plan.

“ **Successor** ” means any person, firm, corporation, or business entity that at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets, stock or business of the Company.

“ **Termination of Employment** ” means the event where the Participant has a “separation from service,” as defined under Section 409A of the Code, with the Company and its Affiliates.

### **Article III - Retention Awards**

**3.1. Eligibility for Retention Awards** . Retention Awards may be granted under the Plan to Eligible Individuals, as selected in the sole discretion of the Committee. As soon as practicable following selection by the Committee, each selected Eligible Individual shall be provided with an Award Letter, which shall describe the terms and conditions of his or her participation in, and Retention Award opportunity under, the Plan.

**3.2. Payment of Cash Retention Awards** . Fifty percent (50%) of a Participant's Cash Retention Award shall be paid on the last payroll date of the Company occurring in December 2012, and the remaining fifty percent (50%) shall be paid on the last payroll date of the Company occurring in December 2013, subject in either case to the Participant's continued employment by the Company or any of its Affiliates through the applicable payroll date. Notwithstanding the foregoing, subject to the Participant's satisfaction of the Release Condition, any then-unpaid portion of a Participant's Cash Retention Award shall be paid to the Participant on the sixtieth (60<sup>th</sup>) day following his or her Qualifying Termination. For the avoidance of doubt, upon any Participant's Termination of Employment other than a Qualifying Termination, or a Qualifying Termination following which the Participant does not satisfy the Release Condition, all rights of such Participant to any then-unpaid portion of a Cash Retention Award shall be forfeited.

**3.3. Settlement of Equity Retention Awards** . Fifty percent (50%) of a Participant's Equity Retention Award shall vest and settle in January 2013, and the remaining fifty percent (50%) shall vest and settle in January 2014, subject in either case to the terms of the Stock Plan and the Participant's continued employment by the Company or any of its Affiliates through the applicable vesting date. Notwithstanding the foregoing, subject to the Participant's satisfaction of the Release Condition, any then-outstanding Restricted Stock Units constituting a Participant's Equity Retention Award shall vest and be settled on the sixtieth (60<sup>th</sup>) day following his or her Qualifying Termination. For the avoidance of doubt, upon any Participant's Termination of Employment other than a Qualifying Termination, or a Qualifying Termination following which the Participant does not satisfy the Release Condition, all rights of such Participant to any then-outstanding Restricted Stock Units constituting a Participant's Equity Retention Award shall be forfeited.

### **Article IV - Incentive Awards**

**4.1. Eligibility for Incentive Awards** . Incentive Awards may be granted under the Plan to Eligible Individuals, as selected in the sole discretion of the Committee. As soon as practicable following selection by the Committee, each selected Eligible Individual shall be provided with an Award Letter, which shall describe the terms and conditions of his or her participation in, and Incentive Award opportunity under, the Plan. Each Participant's Award Letter shall set forth the range of performance levels applicable to such Incentive Award and a formula for determining the amount earned by such Participant if performance falls within such range.

**4.2. Payment of Cash Incentive Awards** . A Participant's Cash Incentive Award, if any, shall be paid as soon as practicable following the Committee's determination of the level of

attainment of the applicable performance criteria set forth in such Participant's Award Letter, subject to the Participant's continued employment by the Company or any of its Affiliates through the payment date. Upon any Participant's Termination of Employment, all rights of such Participant to any then-unpaid portion of a Cash Incentive Award shall be forfeited.

**4.3. Settlement of Equity Incentive Awards.** As soon as practicable following the Committee's determination of the level of attainment of the applicable performance criteria, each Participant shall be granted the number of Restricted Stock Units determined pursuant to his or her Award Letter based upon such attainment of such performance criteria, subject to the Participant's continued employment by the Company or any of its Affiliates through the grant date. Restricted Stock Units granted in settlement of an Equity Incentive Award hereunder shall settle as soon as practicable following the grant date in accordance with the terms of the Stock Plan. Upon any Participant's Termination of Employment, all rights of such Participant to any then-outstanding Equity Incentive Award shall be forfeited.

**4.4. Change in Control.** Notwithstanding anything herein to the contrary, upon a Change in Control, regardless of whether a Participant experiences a Termination of Employment on or following such Change in Control, each then-outstanding Incentive Award held by a Participant who has not experienced a Termination of Employment prior to such Change in Control shall become payable in cash or settled in Restricted Stock Units, as applicable, as of immediately prior to such Change of Control (in the case of an Equity Incentive Award held by a Participant who is a current employee of the Company or any of its Affiliates as of the consummation of such Change in Control, so as to permit such Participant to participate in such Change in Control as a shareholder of the Company with respect to the shares of Stock underlying his or her Equity Incentive Award), in each case at the deemed level of performance specified in such Participant's Award Letter.

## **Article V - Rights Of Participants**

**5.1. No Employment or Benefit Guaranty.** Neither the establishment of the Plan nor the receipt of an Award Letter (or any modification or amendment thereof), nor the payment of any benefits shall be construed as giving to any Participant or other person any legal or equitable right against the Company, any Affiliate or the Committee except as expressly provided herein. Under no circumstances shall this Plan or any Award Letter constitute a contract of employment, nor shall the terms of employment of any Participant be modified or in any way affected hereby. Accordingly, neither participation in the Plan nor the grant of an Award shall be held or construed to give any Participant a right to be retained in the employ of the Company or any Affiliate.

**5.2. Nonassignability.** Benefits under the Plan may not be sold, assigned, transferred, pledged, anticipated, mortgaged or otherwise encumbered, hypothecated or conveyed in advance of actual receipt of the amounts, if any, payable hereunder.

**5.3. No Funding.** The Company and each Affiliate of the Company employing a given Participant shall be jointly and severally responsible for any payments and benefits to such Participant hereunder. The Plan shall be unfunded, and all payments hereunder and expenses incurred in connection with the Plan shall be paid from the general assets of the Company. No

Participants shall have any right, title or interest whatsoever in or to any amounts under the Plan prior to receipt. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust or fund of any kind, or a fiduciary relationship between the Company or an Affiliate and any other person. The rights of any Participant (or beneficiary) to any amounts hereunder shall be no greater than those of an unsecured general creditor of the Company.

**5.4. Other Plans.** Unless otherwise determined by the Committee for this purpose in writing, any Award made under this Plan shall not be taken into account in computing the Participant's salary, wages, base pay or compensation for the purposes of determining any benefits or compensation under (i) any pension, retirement, life insurance, severance, welfare or other benefit plans, programs or arrangements of the Company or its Affiliates or (ii) any agreement between the Participant and the Company or its Affiliates.

## **Article VI - Successors; Binding Agreement**

**6.1. Successors.** The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, operation of law or otherwise) to all or substantially all of the business or assets of the Company to unconditionally assume all of the obligations of the Company hereunder. Further, the Company will require each Affiliate or the acquiror of each Affiliate or division that employs a Participant and that ceases to be an Affiliate or division of the Company to establish and maintain a plan that is identical, in all material respects, to the Plan, and designate the Participant as a participant in such plan until the second anniversary of the divestiture of such Affiliate or division. Failure of the Company to obtain such assumption prior to the effectiveness of any such divestiture by the Company shall constitute Good Reason hereunder and shall entitle the affected Participants to compensation and other benefits in the same amount and on the same terms as such Participants would have been entitled hereunder if they had a Qualifying Termination, except that for purposes of implementing the foregoing, the date on which any such divestiture becomes effective shall be deemed the Date of Termination.

**6.2. Binding Agreement.** The benefits provided under the Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Participant shall die while any amounts would be payable to the Participant hereunder had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of the Plan to such person or persons appointed in writing by the Participant to receive such amounts or, if no person is so appointed, to the Participant's estate.

## **Article VII - Miscellaneous Provisions**

**7.1. Withholding for Taxes.** Notwithstanding any other provisions of the Plan, the Company shall withhold from any payment to be made under the Plan such amount or amounts as may be required for purposes of complying with the tax withholding provisions of the Code or any applicable federal, state, local or foreign laws, and in the case of expatriate employees, the withholding required under the Company's expatriate program, or such other amount or amounts as are agreed to by the Participant.

**7.2. Amendment and Termination**. The Board reserves the right to amend or terminate the Plan, in whole or in part, at any time. Except as expressly provided in the Plan, no amendment or termination of the Plan shall adversely affect the rights of any Participant under an Award opportunity previously awarded to such Participant.

**7.3. Number**. Words denoting the singular shall include the plural and the plural shall include the singular wherever required by the context.

**7.4. Code Section 409A**. To the extent applicable, and notwithstanding anything herein to the contrary, this Plan and the Awards granted hereunder shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding anything herein to the contrary, (i) if at the time of the Participant's Termination of Employment, the Participant is a "specified employee" as defined in Section 409A of the Code and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such Termination of Employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) until the date that is six months following the Participant's Termination of Employment (or the earliest date as is permitted under Section 409A of the Code) and (ii) if any other payments of money or other benefits due to the Participant hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that does not cause such an accelerated or additional tax. The Company shall use commercially reasonable efforts to implement the provisions of this Section 7.4 in good faith; provided that neither the Company, its Affiliates, any Successor, the Committee nor any of its or their employees, directors or representatives shall have any liability to Participants with respect to this Section 7.4.

**7.5. Severability**. Whenever possible, each provision of the Plan shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of the Plan is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and the Plan shall be reformed, construed and enforced in such jurisdiction so as to best give effect to the intent of the Company under the Plan.

**7.6. Effective Date**. This Plan shall be effective as of the Effective Date.

**7.7. Survival**. The respective obligations and benefits afforded to the Company, its Affiliates and each Participant shall survive the termination of the Plan.

**7.8. Governing Law; Validity**. To the extent not preempted by federal law, the Plan, and all benefits and agreements hereunder, and any and all disputes in connection therewith, shall be governed by and construed in accordance with the substantive laws of the State of

Delaware, without regard to conflict or choice of law principles that might otherwise refer the construction, interpretation or enforceability of the Plan to the substantive law of another jurisdiction.

**7.9. Interpretation and Administration.** The Plan shall be administered by the Committee. Unless otherwise provided in the Plan, actions of the Committee shall be taken by a majority vote of its members. The Committee shall have the authority (i) to exercise all of the powers granted to it under the Plan, (ii) to construe, interpret and implement the Plan, (iii) to prescribe, amend and rescind rules and regulations relating to the Plan, (iv) to make all determinations necessary or advisable for the administration of the Plan, (v) to correct any defect, supply any omission and reconcile any inconsistency in the Plan, (vi) to determine the amount of any Award (which need not be the same for each Participant or among Participants of the same seniority level, class or title), (vii) to determine the terms and conditions of each individual's participation, and the level of satisfaction of such terms and conditions, in a manner consistent with the provisions of the Plan, (viii) to establish the Adjusted EBITDA-based performance criteria applicable to Incentive Awards and determine to the extent to which such criteria are achieved and (ix) to delegate to the Company's Chief Executive Officer the Committee's authority hereunder to designate Eligible Individuals, other than himself or herself. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan. Subject to applicable law, prior to a Change in Control, any interpretation of the provisions of the Plan and any decision on any matter within the discretion of the Committee made by the Committee in good faith shall be final and conclusive and binding on all persons. Notwithstanding anything in the Plan to the contrary, any court, tribunal or arbitration panel that adjudicates any dispute, controversy or claim arising between a Participant and the Company, or any of their delegates or successors, will apply a de novo standard of review to any determinations made by the Company, Committee or any other person. Such de novo standard shall apply notwithstanding the grant of full discretion hereunder to any person or characterization of any such decision by such person as final, binding or conclusive on any party.

**7.10. Liability.** No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his or her behalf in his or her capacity as a member of the Board or Committee or for any mistake of judgment made in good faith or upon the advice of counsel, and the Company shall indemnify and hold harmless each member of the Committee, and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against all costs and expenses (including counsel fees) and liabilities (including sums paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or willful misconduct; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's certificate or articles of incorporation or by-laws, each as may be amended from time to time, as a matter of law or otherwise, or any power that the Company may have to indemnify them or hold them harmless.



**7.11. Entire Agreement.** In the event of any inconsistency or conflict between the terms of the Plan and the terms of any other plan in which a Participant participates or any agreement to which a Participant is a party, the terms of this Plan shall control.

**7.12. Headings.** The Section headings contained herein are for convenience of reference only, and shall not be construed as defining or limiting the matter contained thereunder.

**Personal & Confidential**

[ • ], 2012

[NAME]

[ADDRESS]

Dear [FIRST NAME]:

I am pleased to inform you that you have been selected to participate in and to receive an Award pursuant to the Level 3 Communications, Inc. 2012 Management Incentive and Retention Plan (the “**Plan**”), which has been established to recognize employees who are in a position to make important contributions to the Company and who remain committed and productive during this time of major organizational change. Your Award, which consists of a Cash Retention Award and a Cash Incentive Award, is subject to all of the terms and conditions set forth in this award letter (this “**Award Letter**”) as well as all of the terms and conditions of the Plan, all of which are incorporated herein in their entirety. Capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the Plan.

*Cash Retention Award*

Your Cash Retention Award shall equal [ • ]% of your Base Salary and shall be paid in accordance with Article III of the Plan, subject to your continued employment with the Company or any of its Affiliates through the applicable payment dates and any other terms and conditions set forth in the Plan.

*Cash Incentive Award*

The value of your Cash Incentive Award will be the result of the following formula: your Base Salary multiplied by the Performance Multiple. For purposes of this Award Letter the term “**Performance Multiple**” means the multiple determined with reference to the chart below, based upon the amount by which 2013 Adjusted EBITDA exceeds the Benchmark Adjusted EBITDA (the “**Percentage Increase**”). Any portion of your Cash Incentive Award that is earned by you shall be paid to you in accordance with Article IV of the Plan as soon as practicable after the Committee’s determination of 2013 Adjusted EBITDA, subject to your continued employment with the Company or any of its Affiliates through the payment date and any other terms and conditions set forth in the Plan. The following table sets forth the full range of your Cash Incentive Award opportunity based on the Percentage Increase:

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### Percentage Increase Table

Percentage Increase	Performance Multiple
Less than 19%	0
19%	
20%	
21%	
22%	
23%	
24%	
25%	
26%	
27%	
28%	
29%	
30%	
31%	
32%	
33%	
34%	
35%	
36%	
37%	
38%	
39%	
40%	
41%	
42%	
43%	
44%	
45%	
46%	
47%	
48%	
49%	
50%	
51%	
52%	
53%	
54%	
55%	
56%	
57% or More	

The Committee's determination of the Percentage Increase, which shall be calculated to the nearest hundredth of one percentage point (0.01) and then rounded up (if 0.50 or higher) or down (if less than 0.50) to the nearest whole percentage point, shall be final and binding on you. For the avoidance of doubt, if the Percentage Increase does not equal or exceed 19%, you shall not be entitled to any payment in respect of your Cash Incentive Award. Notwithstanding the foregoing, the Percentage Increases set forth in the table above shall be equitably adjusted up or down by the Committee from time to time in good faith to reflect any acquisitions, dispositions, or other extraordinary events that result in or could result in, in either case as determined by the Committee in its sole reasonable discretion, any substantial dilution or enlargement of the rights intended to be granted to, or available for, you hereunder. Notwithstanding anything herein to the contrary, in the event that your Cash Incentive Award becomes payable in connection with a Change in Control as set forth in Section 4.4 of the Plan, the Percentage Increase shall for all purposes of this Award Letter be deemed to equal 34%.

It is important that your Award information be kept confidential, as it only pertains to you. If you have any questions regarding this Award Letter or the Plan, please direct those questions to [ • ]. Please acknowledge your acceptance of the terms and conditions of your participation in the Plan as set forth in this Award Letter and the Plan by signing your name where indicated below and returning an executed copy of this Award Letter to [ • ]. I look forward to working with you during this exciting time.

Sincerely,

Acknowledged and agreed:

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Name:

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**Personal & Confidential**

[ • ], 2012

[NAME]

[ADDRESS]

Dear [FIRST NAME]:

I am pleased to inform you that you have been selected to participate in and to receive an Award pursuant to the Level 3 Communications, Inc. 2012 Management Incentive and Retention Plan (the “**Plan**”), which has been established to recognize employees who are in a position to make important contributions to the Company and who remain committed and productive during this time of major organizational change. Your Award, which consists of a Retention Award and an Incentive Award, is subject to all of the terms and conditions set forth in this award letter (this “**Award Letter**”) as well as all of the terms and conditions of the Plan, all of which are incorporated herein in their entirety. Capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the Plan.

Retention Award

Your Retention Award shall consist of a Cash Retention Award and an Equity Retention Award, each as described in more detail below.

*Cash Retention Award*

Your Cash Retention Award shall equal [ • ]% of your Base Salary and shall be paid in accordance with Article III of the Plan, subject to your continued employment with the Company or any of its Affiliates through the applicable payment dates and any other terms and conditions set forth in the Plan.

*Equity Retention Award*

Your Equity Retention Award shall consist of [ • ] Restricted Stock Units granted to you as of the date hereof pursuant to the Stock Plan and the Company’s Amended Master Deferred Issuance Stock Agreement and the Deferred Issuance Stock Award Letter attached thereto (the “**RSU Agreement**”), each in the form attached hereto as an exhibit. The Restricted Stock Units granted to you as an Equity Retention Award shall vest and settle in shares of Stock in accordance with Article IV of the Plan, subject to your continued employment with the Company or any of its Affiliates through the applicable payment dates and any other terms and conditions set forth in the Plan, the Stock Plan or the RSU Agreement, as applicable.

Incentive Award

Your Incentive Award shall consist of a Cash Incentive Award and an Equity Incentive Award, each as described in more detail below. The value of your Cash Incentive Award and the number of Restricted Stock Units to be granted to you in settlement of your Equity Incentive

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Award will be the result of the following formula: (i) with respect to your Cash Incentive Award, your Base Salary multiplied by the Performance Multiple, and (ii) with respect to your Equity Incentive Award, the number of Restricted Stock Units granted to you during the Company's annual grant cycle in 2012 multiplied by the Performance Multiple. For purposes of this Award Letter the term "**Performance Multiple**" means the multiple determined with reference to the chart below, based upon the amount by which 2013 Adjusted EBITDA exceeds the Benchmark Adjusted EBITDA (the "**Percentage Increase**"). Any portion of your Incentive Award that is earned by you shall be paid or granted to you in accordance with Article IV of the Plan as soon as practicable after the Committee's determination of 2013 Adjusted EBITDA, subject to your continued employment with the Company or any of its Affiliates through the payment date and any other terms and conditions set forth in the Plan, the Stock Plan or the RSU Agreement, as applicable. The following table sets forth the full range of your Incentive Award opportunity based on each Percentage Increase:

**Percentage Increase Table**

<b>Percentage Increase</b>	<b>Performance Multiple</b>
Less than 19%	0
19%	
20%	
21%	
22%	
23%	
24%	
25%	
26%	
27%	
28%	
29%	
30%	
31%	
32%	
33%	
34%	
35%	
36%	
37%	
38%	
39%	
40%	
41%	
42%	
43%	
44%	
45%	
46%	
47%	
48%	
49%	
50%	
51%	
52%	
53%	
54%	
55%	
56%	
57% or More	

The Committee's determination of the Percentage Increase, which shall be calculated to the nearest hundredth of one percentage point (0.01) and then rounded up (if 0.50 or higher) or down (if less than 0.50) to the nearest whole percentage point, shall be final and binding on you. For the avoidance of doubt, if the Percentage Increase does not equal or exceed 19%, you shall not be entitled to any payment in respect of your Cash Incentive Award or to the grant of any Restricted Stock Units in settlement of your Equity Incentive Award. Notwithstanding the foregoing, the Percentage Increases set forth in the table above shall be equitably adjusted up or down by the Committee from time to time in good faith to reflect any acquisitions, dispositions, or other extraordinary events that result in or could result in, in either case as determined by the Committee in its sole reasonable discretion, any substantial dilution or enlargement of the rights intended to be granted to, or available for, you hereunder. Notwithstanding anything herein to the contrary, in the event that your Incentive Award becomes payable or settleable in connection with a Change in Control as set forth in Section 4.4 of the Plan, the Percentage Increase shall for all purposes of this Award Letter be deemed to equal 34%.

It is important that your Award information be kept confidential, as it only pertains to you. If you have any questions regarding this

Award Letter or the Plan, please direct those questions to [ • ]. Please acknowledge your acceptance of the terms and conditions of your

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participation in the Plan as set forth in this Award Letter and the Plan by signing your name where indicated below and returning an executed copy of this Award Letter to [ • ]. I look forward to working with you during this exciting time.

Sincerely,

Acknowledged and agreed:

\_\_\_\_\_  
Name:

\_\_\_\_\_



## RELEASE AGREEMENT

This Release Agreement (this “**Agreement**”) is executed and agreed to by [Participant] pursuant to the terms and conditions of the Level 3 Communications, Inc. 2012 Management Incentive and Retention Plan (the “**Plan**”). Capitalized terms used, but not defined, herein shall have the meaning given to them in the Plan.

In consideration of the promises set forth herein, I acknowledge and agree as to the following:

### **Section 1. Opportunity for Review; Acceptance.**

This Agreement may be executed at any time during the period commencing on the effective date of the Qualifying Termination, which is [ — ], and ending on [ • ] (1) (the “**Review Period**”), and during the Review Period, the terms and conditions set forth herein should be carefully reviewed and considered. To accept this Agreement, and the terms and conditions contained herein, prior to the expiration of the Review Period, this Agreement must be executed and dated where indicated below and returned to the Company in accordance with the notice provisions set forth in the Plan. Notwithstanding anything contained herein to the contrary, this Agreement will not become effective or enforceable for a period of seven (7) calendar days following the date of its execution (the “**Revocation Period**”), during which time such execution may be revoked by notifying the Company in accordance with the notice provisions set forth in the Plan no later than 5:00 p.m. on the seventh (7<sup>th</sup>) calendar day following its execution. Provided that the Agreement is timely executed and not timely revoked, the eighth (8<sup>th</sup>) day following the date on which this Agreement is executed shall be its effective date. In the event that the Agreement is not timely executed and delivered to the Company, or if the Agreement is otherwise timely revoked during the Revocation Period, this Agreement will be null and void and of no effect, and the Company will have no obligations to provide me with my Retention Award pursuant to the Plan, which is conditioned upon the execution and non-revocation of this Agreement.

### **Section 2. Consideration.**

(a) Retention Award. In consideration of my release and waiver of claims set forth in Section 3 below, and conditioned upon my execution and non-revocation of this Agreement, and subject to all other terms and conditions of the Plan, the Company will provide me with (i) any portion of my Retention Award not yet paid to me as of my Qualifying Termination in accordance with the terms of the Plan and my Award Letter and/or (ii) any portion of my Incentive Award not yet paid pursuant to Section 4.4 of the Plan and my Award Letter.

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(1) Insert the date that is 21 days following the effective date of the Qualifying Termination, or if such termination occurs “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is 45 days following the effective date of the Qualifying Termination.

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(b) No Further Benefits. I hereby acknowledge and agree that the payment(s) and other benefits provided pursuant to this Section 2 are in full discharge of any and all liabilities and obligations of the Company and each other member of the Company Group to me, monetarily or with respect to employee benefits or otherwise, including but not limited to any and all obligations arising under any alleged written or oral employment agreement, policy, plan, or procedure of the Company or any other member of the Company Group or any alleged understanding or arrangement between me and the Company or any other member of the Company Group[, other than any payments or benefits, if any to which I am entitled pursuant to the Level 3 Communications, Inc. Key Executive Severance Plan (the “KESP Benefits”)]. (2)

### **Section 3. Release and Waiver of Claims.**

(a) Definitions. As used in this Agreement, the term “claims” will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys’ fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, equity, or otherwise.

(b) Release. For and in consideration of the payments and benefits described in Section 0 above, and other good and valuable consideration, I, for and on behalf of myself and my heirs, administrators, executors, and assigns, effective the date hereof, do fully and forever release, remise, and discharge each member of the Company Group and their successors and assigns, together with their respective officers, directors, partners, shareholders, employees, and agents (collectively, and with the Company, the “Company Parties”) from any and all claims whatsoever up to the date hereof that I had, may have had, or now have against the Company Parties, whether known or unknown, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to my employment or the termination of my employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act (“ADEA”), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, and the Equal Pay Act, each as may be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer’s right to terminate the employment of employees. I intend that the release contained herein shall constitute a general release of any and all claims that I may have against the Company Parties to the fullest extent permissible by law.

(c) No Claims. I acknowledge and agree that as of the date I execute this Agreement, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph.

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(2) Include bracketed language for individuals who are participants in the Key Executive Severance Plan and who are eligible for benefits thereunder upon a Qualifying Termination.

(d) ADEA Release. By executing this Agreement, I understand that I am specifically releasing all claims relating to my employment and its termination under ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans. [Include if CA: In addition, I am expressly waiving any and all rights under Section 1542 of the Civil Code of the State of California, or any other federal or state statutory rights or rules or principles of common law or equity, or those of any jurisdiction, government, or political subdivision similar to Section 1542 (a “similar provision”) in effect as of the signing of this Agreement, and as a result, may not invoke the benefits of Section 1542 or any similar provision in order to prosecute or assert in any manner any claims that are released under this Agreement. Section 1542 provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”]

(e) Preservation of Rights. Notwithstanding the foregoing, nothing in this Agreement shall be a waiver of (i) my rights with respect to payment of amounts under this Agreement, (ii) any claims that cannot be waived by law including, without limitation any claims filed with the Equal Employment Opportunity Commission, the U.S. Department of Labor, and claims under the ADEA that arise after the date of this Agreement, [or] (iii) my rights to indemnification as provided by, and in accordance with the terms of, the Company’s by-laws or a Company insurance policy providing such coverage, as any of such may be amended from time to time[, or (iv) my rights to the KESP Benefits]. (3)

(f) Acknowledgement of Full and Final Release. I acknowledge and agree that by virtue of the foregoing, I have waived any relief available to me (including without limitation, monetary damages, equitable relief, and reinstatement) under any of the claims or causes of action waived in this Section 3. I agree, therefore, that I will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any claim or right waived in this Agreement.

#### **Section 4. Knowing and Voluntary Waiver.**

I expressly acknowledge and agree that I—

(a) Am able to read the language, and understand the meaning and effect, of this Agreement;

(b) Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Agreement or its terms, and that I am not acting under the influence of any medication, drug, or chemical of any type in entering into this Agreement;

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(3) Include bracketed language for individuals who are participants in the Key Executive Severance Plan and who are eligible for benefits thereunder upon a Qualifying Termination.

(c) Am specifically agreeing to the terms of the release contained in this Agreement because the Company has agreed to provide me with my Retention Award pursuant to the Plan, which the Company has agreed to provide because of my agreement to accept it in full settlement of all possible claims that I might have or ever have had, and because of my execution of this Agreement;

(d) Acknowledge that but for my execution of this Agreement, I would not be entitled to my Retention Award pursuant to the Plan;

(e) Understand that, by entering into this Agreement, I do not waive rights or claims under ADEA that may arise after the date on which I execute this Agreement;

(f) Had or could have had the entire Review Period in which to review and consider this Agreement, and that if I execute this Agreement prior to the expiration of the Review Period, I have voluntarily and knowingly waived the remainder of the Review Period;

(g) Was advised to consult with my attorney regarding the terms and effect of this Agreement; and

(h) Have signed this Agreement knowingly and voluntarily.

**Section 5. No Suit.**

I represent and warrant that I have not previously filed, and to the maximum extent permitted by law agree that I will not file, a complaint, charge, or lawsuit against any of the Company Parties regarding any of the claims released herein. If, notwithstanding this representation and warranty, I have filed or file such a complaint, charge, or lawsuit, I agree that I shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such complaint, charge, or lawsuit, including without limitation the attorneys' fees of any of the Company Parties against whom I have filed such a complaint, charge, or lawsuit.

**Section 6. No Re-Employment.**

I hereby agree to waive any and all claims to re-employment with the Company or any other member of the Company Group. I affirmatively agree not to seek further employment with the Company or any other member of the Company Group.

**Section 7. Successors and Assigns.**

The provisions hereof shall inure to the benefit of my heirs, executors, administrators, legal personal representatives, and assigns and shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns.

**Section 8. Severability.**

If any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force and effect. The illegality or

unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

**Section 9. Confidentiality.**

The terms and conditions of this Agreement are and shall be deemed to be confidential, and shall not be disclosed by me to any person or entity without the prior written consent of the Company, except if required by law, and to my accountants, attorneys, and immediate family, provided that, to the maximum extent permitted by applicable law, rule, code, or regulation, they agree to maintain the confidentiality of the Agreement.

**Section 10. Non-Admission.**

Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of me or any member of the Company Group.

**Section 11. Entire Agreement.**

This Agreement, together with the Plan, constitutes the entire understanding and agreement between me and each member of the Company Group regarding the termination of my employment. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings, and agreements between me and any member of the Company Group relating to the subject matter of this Agreement.

**Section 12. Governing Law; Jurisdiction.**

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL LAW AND THE LAWS OF THE STATE OF DELAWARE, APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

\* \* \*

IN WITNESS WHEREOF, I have executed this Agreement as of the date set forth below.

\_\_\_\_\_  
[Participant]  
Dated:

**EMPLOYMENT AGREEMENT**

This EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into as of this 19th day of March 2012, by and among Level 3 Communications, Inc., a Delaware corporation (the “Corporation”), Level 3 Communications, LLC, a Delaware limited liability company (the “LLC”), and James Q. Crowe (“Executive”). Unless the context indicates otherwise, all references to the “Company” shall refer to both the LLC and the Corporation, collectively.

**W I T N E S S E T H :**

WHEREAS, Executive is currently employed by the Company as its Chief Executive Officer; and

WHEREAS, the Company desires to continue to employ Executive and to enter into this Agreement embodying the terms of such continued employment, and Executive desires to enter into this Agreement and to accept such continued employment, subject to the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

Section 1.           **Acceptance and Term .**

The Company agrees to continue to employ Executive, and Executive agrees to continue to serve the Company, on the terms and conditions set forth herein. The Term of this Agreement shall commence on the date first set forth above and, unless terminated sooner as provided in Section 6 hereof, shall continue during the period ending at the close of business on December 31, 2014.

Section 2.           **Position, Duties, and Responsibilities; Place of Performance .**

(a)           Position, Duties, and Responsibilities . During the Term, Executive shall be employed and serve as the Chief Executive Officer of the Company (together with such other position or positions consistent with Executive’s title as the Board shall specify from time to time) and shall have such authority, duties, and responsibilities commensurate with such title. Executive also agrees to serve as an officer or director of any other member of the Company Group, in each case without additional compensation. During the Term, Executive shall report directly to the Board.

(b)           Performance . Executive shall devote his full business time, attention, skill, and best efforts to the performance of his duties under this Agreement and shall not engage in any other business or occupation during the Term, including, without limitation, any activity that (x) conflicts with the interests of the Company or any other member of the Company Group, (y) interferes with the proper and efficient performance of Executive’s duties for the Company, or (z) interferes with Executive’s exercise of judgment in the Company’s best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the

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prior written consent of the Board (which consent shall not be unreasonably withheld), as a member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal investments and affairs; *provided, however*, that the activities set out in clauses (i), (ii), and (iii) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of his duties and responsibilities hereunder. Except to the extent conflicting with this Agreement, Executive agrees that he will abide by, and will conduct business in accordance with and subject to, all applicable policies and procedures of the Company, including all ethical policies, as the same may exist from time to time.

(c) Principal Place of Employment. Executive's principal place of employment shall be in Broomfield, Colorado, although Executive understands and agrees that he may be required to spend a reasonable amount of time traveling from time to time for business reasons.

### Section 3. **Compensation** .

During the Term, Executive shall be entitled to the following compensation:

(a) Base Salary. Executive shall be paid a base salary of not less than one million, two hundred fifty thousand dollars (\$1,250,000) per year, with increases, if any, as may be approved in writing by the Compensation Committee ("Base Salary"). Executive's Base Salary shall be payable in accordance with the regular payroll practices of the Company and subject to normal tax withholding.

(b) Annual Bonus. Executive shall be eligible for an annual incentive bonus award determined by the Compensation Committee in respect of each fiscal year ending during the Term (the "Annual Bonus"). The target Annual Bonus for each fiscal year shall be two hundred percent (200%) of Base Salary (the "Target Bonus"), with the actual Annual Bonus payable to be determined by the Compensation Committee in its sole discretion; *provided, however*, that with respect to any fiscal year during which individuals who are not members of the Board as of the date hereof become and constitute a majority of the members of the Compensation Committee, Executive's Annual Bonus shall be no less than fifty percent (50%) of the Target Bonus. Except as otherwise provided herein, the Annual Bonus shall be paid to Executive during the fiscal year following the year to which such Annual Bonus relates, at the same time as annual bonuses are generally payable to other senior executives of the Company, subject to Executive's continuous employment through the payment date.

(c) Equity Awards .

(i) On the date hereof, the Corporation shall grant to Executive a total of nine hundred thousand (900,000) Restricted Stock Units (as defined in the Stock Plan). Subject to Section 6, such Restricted Stock Units shall vest and settle as follows subject to Executive's continued employment with the Company or an affiliate of the Company through the Applicable Vesting Date:

- (A) three hundred thousand (300,000) of such Restricted Stock Units shall vest and settle on December 31, 2012 (“ Tranche A RSUs ”);
- (B) three hundred thousand (300,000) of such Restricted Stock Units shall vest and settle on December 31, 2013 (“ Tranche B RSUs ”); and
- (C) three hundred thousand (300,000) of such Restricted Stock Units shall vest and settle on December 31, 2014 (“ Tranche C RSUs ”).

(ii) On April 1, 2012, the Corporation shall grant to Executive four hundred fifty thousand (450,000) Outperform Stock Options (as defined in the Stock Plan), which shall vest on December 31, 2014, subject to Executive’s continued employment with the Company through such Applicable Vesting Date (the “ Executive OSOs ”), or such other events provided herein.

Other than as set forth in this Section 3(c) or as approved by the Board or Compensation Committee, Executive shall not be entitled to grants of any additional equity-based awards during the Term, whether under the Stock Plan or otherwise.

#### Section 4. **Employee Benefits .**

During the Term, Executive shall be entitled to participate in health, insurance, retirement, and other benefits provided generally to similarly situated senior executives of the Company. Executive shall also be entitled to the same number of holidays, vacation days, and sick days, as well as any other benefits, in each case as are generally allowed to similarly situated senior executives of the Company in accordance with the Company policy as in effect from time to time. Without limiting the foregoing, Executive shall also be entitled to the following benefits during the Term:

- (a) continued personal use of the Company’s airplane consistent with the policies and practices in effect as of the date hereof;
- (b) one (1) annual physical exam at the Company’s expense, by a physician, of Executive’s choosing; and
- (c) reimbursement of up to a maximum amount of one hundred thousand dollars (\$100,000) for premiums for life insurance covering Executive for the benefit of Executive’s designated beneficiary(ies) and/or long term disability insurance covering Executive, as determined by Executive in his discretion; *provided, however* , that any such reimbursements shall be subject to, and conditioned on, Executive providing sufficient documentation evidencing the payment of life insurance and long term disability insurance premiums.

#### Section 5. **Reimbursement of Business Expenses .**

During the Term, the Company shall pay (or promptly reimburse Executive) for out-of-pocket expenses reasonably incurred by Executive in the course of performing his duties and responsibilities hereunder, which are consistent with the Company’s policies in effect from



time to time with respect to business expenses, subject to the Company's requirements with respect to reporting of such expenses.

**Section 6. Termination of Employment .**

(a) General. The Term shall terminate earlier than December 31, 2014, upon the earliest to occur of (i) Executive's death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, and (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall be deemed to have resigned from any and all directorships, committee memberships, and any other positions Executive holds with the Company or any other member of the Company Group. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as Executive has also undergone a "separation from service," as defined in Treas. Reg. Section 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 6 as if Executive had undergone such termination of employment (under the same circumstances) on the date of his actual "separation from service," as defined in Treas. Reg. Section 1.409A-1(h).

(b) Termination Due to Death or Disability. The Executive's employment will terminate immediately upon the occurrence of a Disability. Upon Executive's death or in the event that Executive's employment is terminated due to his Disability, Executive or his estate or his beneficiaries, as the case may be, shall be entitled to:

(i) Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, which amount shall be paid during the fiscal year following the year to which such Annual Bonus relates, at the same time as annual bonuses are generally payable to other senior executives of the Company;

(iii) Continued payment of Executive's Base Salary through the last day of the month in which such termination occurs;

(iv) A prorated Annual Bonus for the fiscal year of termination (determined using the Target Bonus for the fiscal year in which Executive's employment terminates) based on the number of days elapsed from the commencement of such fiscal year through and including the date of such termination, such amount to be paid (A) within five (5) business days of such termination in the event of Executive's death and (B) during the fiscal year following the year to which such Annual Bonus relates, at the same time as annual bonuses are generally payable to other senior executives of the Company, in the event of Executive's termination of employment on account of a Disability;

(v) Continued access for Executive (in the case of Executive's Disability) and his spouse and dependents to the Company's group health plan until the two (2) year anniversary of the date of Executive's termination of employment; *provided, however*, that if Executive becomes eligible to receive health care benefits under another employer-provided plan (including through a spouse's employer), the health care benefits provided hereunder shall be secondary to those provided under such other plan during the applicable period of eligibility under such other plan; and

(vi) Immediate award, if not yet awarded, and vesting of the then-unvested equity-based awards then held by Executive, whether pursuant to the Stock Plan or otherwise, including, without limitation, Tranche A RSUs, Tranche B RSUs, Tranche C RSUs, and Executive OSOs; *provided that*, the Executive OSOs shall remain outstanding until the Settlement Date (as that term is defined in each Award Letter issued pursuant to the OSO Master Award Agreement).

Following Executive's death or a termination of Executive's employment by reason of a Disability, except as set forth in this Section 6(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company with Cause.

(i) The Company may terminate Executive's employment at any time with Cause, effective upon Executive's receipt of written notice of such termination; *provided, however*, that to the extent that such act or acts or failure or failures to act are curable, Executive shall be given not less than twenty (20) business days' written notice by the Board of the Company's intention to terminate him with Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination with Cause is based, and such termination shall be effective at the expiration of such twenty (20) business day notice period unless Executive has fully cured such act or acts or failure or failures to act that give rise to Cause during such period. With respect to the grounds for Cause described in clause (i), (ii), (iii), (iv) or (vi) of the definition of Cause, the termination of Executive's employment for Cause shall not be deemed to be effective unless and until the Board finds (after reasonable notice, specifying the particulars thereof in reasonable detail, is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before the Board) that, in the good faith opinion of the Board, there is Cause for termination.

(ii) In the event that the Company terminates Executive's employment with Cause, he shall be entitled only to Accrued Obligations. Following such termination of Executive's employment with Cause, except as set forth in this Section 6(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event that Executive's employment is terminated by

the Company without Cause (other than due to death or Disability), Executive shall be entitled to:

(i) Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, which amount shall be paid during the fiscal year following the year to which such Annual Bonus relates, at the same time as annual bonuses are generally payable to other senior executives of the Company;

(iii) A cash severance benefit equal to the sum of (I) the total amount that Executive would receive as Base Salary, based on the then-current Base Salary (disregarding any reduction in Base Salary that gave rise to Good Reason hereunder) through December 31, 2014, (II) an amount equal to the Target Bonus for the fiscal year in which Executive's employment terminates, and (III) an amount equal to the product of (x) the Target Bonus for the fiscal year in which Executive's employment terminates and (y) the remaining full fiscal years remaining from the date of termination through December 31, 2014, payable in substantially equal installments on the Company's regular payroll dates commencing on or immediately after the sixtieth (60<sup>th</sup>) day following Executive's termination of employment until December 31, 2014;

(iv) Continued access for Executive and his spouse and dependents to the Company's group health plan until the two (2) year anniversary of the date of Executive's termination of employment; *provided, however*, that if Executive becomes eligible to receive health care benefits under another employer-provided plan (including through a spouse's employer), the health care benefits provided hereunder shall be secondary to those provided under such other plan during the applicable period of eligibility under such other plan; and

(v) Immediate vesting in all then-unvested equity-based awards then held by Executive, whether pursuant to the Stock Plan or otherwise, including, without limitation, Tranche A RSUs, Tranche B RSUs, Tranche C RSUs, and Executive OSOs; *provided that*, the Executive OSOs shall remain outstanding until the Settlement Date (as that term is defined in each Award Letter issued pursuant to the OSO Master Award Agreement).

Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 6(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Termination by Executive with Good Reason. Executive may terminate his employment with Good Reason by providing the Company ten (10) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within sixty (60) days of the occurrence of such event. During such ten (10) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the expiration of such cure period, and Executive shall be entitled to the same payments and benefits

as provided in Section 6(d) hereof for a termination by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 6(d) hereof. Following such termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 6(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Executive without Good Reason. Executive may terminate his employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 6(f), Executive shall be entitled only to Accrued Obligations; *provided, however*, that in the event that such termination is a Retirement, Executive shall also be entitled to:

(i) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, which amount shall be paid during the fiscal year following the year to which such Annual Bonus relates, at the same time as annual bonuses are generally payable to other senior executives of the Company;

(ii) A cash severance benefit equal to the sum of (I) the total amount that Executive would receive as Base Salary, based on the then-current Base Salary (disregarding any reduction in Base Salary that may have given rise to Good Reason hereunder) through the end of the calendar month in which such Retirement occurs and (II) a prorated Annual Bonus for the fiscal year of termination (determined using the Target Bonus for the fiscal year in which Executive's employment terminates) based on the number of days elapsed from the commencement of such fiscal year through and including the date of such termination, payable in substantially equal installments on the Company's regular payroll dates commencing on or immediately after the sixtieth (60<sup>th</sup>) day following Executive's termination of employment until December 31, 2014;

(iii) Continued access for Executive and his spouse and dependents to the Company's group health plan until the two (2) year anniversary of the date of Executive's termination of employment; *provided, however*, that if Executive becomes eligible to receive health care benefits under another employer-provided plan (including through a spouse's employer), the health care benefits provided hereunder shall be secondary to those provided under such other plan during the applicable period of eligibility under such other plan; and

(iv) Immediate vesting in a prorated portion of each of the Tranche A RSUs, Tranche B RSUs, Tranche C RSUs, and Executive OSOs, where, with respect to each such equity award, such vested portion shall be determined by multiplying the number of shares of common stock subject to the award by a fraction, the numerator of which is the total number of days in the period commencing January 1, 2012 through the last day of the calendar month in which the date of Executive's Retirement occurs, and the denominator is the total number of days in the period commencing January 1, 2012 through the equity award's Applicable Vesting Date; *provided that*, the vested portion of the Executive OSOs shall remain outstanding until the Settlement Date (as that term is defined in each Award Letter issued pursuant to the OSO Master Award Agreement).

In the event of termination of Executive's employment under this Section 6(f), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination without changing the characterization of such termination as a termination by Executive without Good Reason or for Retirement.

Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 6(f), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(g) Employment following Expiration of the Term. If Executive's employment with the Company continues beyond the expiration of the Term, Executive shall be considered an "at-will" employee and shall not be entitled to any additional payments or benefits under this Agreement, including any payments or benefits upon any subsequent termination of employment for any reason whatsoever.

(h) Release. Notwithstanding any provision herein to the contrary, the payment of any amount or provision of any benefit pursuant to this Section 6 (other than Accrued Obligations) (collectively, the "Severance Benefits") shall be conditioned upon Executive's execution, delivery to the Company, and non-revocation of the Release of Claims (and the expiration of any revocation period contained in such Release of Claims) within sixty (60) days following the date of Executive's termination of employment hereunder. If Executive fails to execute the Release of Claims in such a timely manner so as to permit any revocation period to expire prior to the end of such sixty (60) day period, or timely revokes his acceptance of such release following its execution, Executive shall not be entitled to any of the Severance Benefits. Further, to the extent that any of the Severance Benefits constitute "nonqualified deferred compensation" for purposes of Section 409A of the Code, any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60<sup>th</sup>) day following the date of Executive's termination of employment hereunder, but for the condition of executing the Release of Claims as set forth herein, shall not be made until the first regularly scheduled payroll date coinciding with or immediately following such sixtieth (60<sup>th</sup>) day, after which any remaining Severance Benefits shall thereafter be provided to Executive according to the applicable schedule set forth herein. For the avoidance of doubt, in the event of a termination due to Executive's death or Disability, Executive's obligations herein to execute and not revoke the Release of Claims may be satisfied on his behalf by his estate or a person having legal power of attorney over his affairs.

#### Section 7. **Restrictive Covenant Agreements**.

As a condition of Executive's continued employment with the Company, Executive shall have executed and delivered to the Company the Restrictive Covenant Agreement. The parties hereto acknowledge and agree that this Agreement and the Restrictive Covenant Agreement shall be considered separate contracts, and the Restrictive Covenant Agreement will survive the termination of this Agreement for any reason. Notwithstanding any other provision of this Agreement to the contrary, the payments and benefits described in Section 6, other than Accrued Obligation, shall immediately be suspended in the event that the Board determines in good faith that Executive has materially breached the Restrictive Covenant Agreement; *provided that*, such payments and benefits shall be fully restored retroactively in the

event that a court of competent jurisdiction (such court reviewing such dispute de novo without deference to the determination of the Board) finds in favor of Executive that Executive has not materially breached the Restrictive Covenant Agreement.

Section 8. **Clawback/Recoupment Policy .**

Notwithstanding anything contained herein to the contrary, any Annual Bonus, Tranche A RSUs, Tranche B RSUs, Tranche C RSUs, Executive OSOs or other incentive or equity compensation granted pursuant to the Agreement or otherwise shall be and remain subject to any incentive compensation clawback or recoupment policy as may be adopted by the Board with respect to the Company's senior management to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Section 9. **Indemnification .**

Executive shall be entitled to the benefits of all provisions of the Certificate of Incorporation of the Corporation, as amended, the Bylaws of the Corporation, as amended, and such other governing documents of the LLC, that provide for indemnification of officers and directors of the Company (including, for the avoidance of doubt, the Corporation and the LLC). Upon Executive's request, the Company will advance any reasonable expenses or costs, subject to Executive's undertaking to repay any such advances in the event that there is an unappealable final determination that Executive is not entitled to indemnification for such expenses. In addition, for so long as Executive is an officer or director of the Company or any of its affiliates and thereafter for so long as such insurance is carried by the Company, the Company shall provide, at its expense, directors and officers insurance and indemnity coverage covering Executive, in each case on the same terms as it provides to other executive officers and directors of the Company or any of its affiliates or, for any period during which Executive is no longer employed, on the same terms as it provides to other former executive officers and directors of the Company or any of its affiliates. This provision shall survive the expiration or termination of this Agreement.

Section 10. **Attorney's Fees and Costs .**

In the event Executive institutes any action to enforce his rights under this Agreement or must defend himself in any dispute that arises under this Agreement and prevails on at least one material claim in such action, the Company shall pay Executive's reasonable cost and expenses (including legal fees) incurred in connection with such action.

Section 11. **Definitions .**

As used in this Agreement, the following terms have the following meanings:

" Accrued Obligations " shall mean, as of the date of Executive's termination of employment, (i) all then-accrued but unpaid Base Salary through such date, (ii) any then-unpaid or unreimbursed expenses incurred through such date in accordance with Section 5 hereof, and (iii) all benefits provided under the Company's employee benefit plans upon a termination of employment (including unused paid time off, but excluding any severance plans), in accordance with the terms contained therein.

“ Applicable Vesting Date ” means, with respect to Tranche A RSUs, Tranche B RSUs, Tranche C RSUs, and Executive OSOs, the applicable date specified in Section 3(c) on which Executive would become vested in the Tranche A RSUs, Tranche B RSUs, Tranche C RSUs, and Executive OSOs, respectively.

“ Agreement ” shall have the meaning set forth in the preamble hereto.

“ Annual Bonus ” shall have the meaning set forth in Section 3(b) hereof.

“ Base Salary ” shall mean the salary provided for in Section 3(a) hereof or any increased salary granted to Executive pursuant to Section 3(a) hereof.

“ Board ” shall mean the Board of Directors of the Corporation.

“ Cause ” shall mean (i) Executive’s act(s) of gross negligence or willful misconduct in the course of Executive’s employment hereunder, (ii) willful failure or refusal by Executive to perform in any material respect his duties or responsibilities other than as a result of Executive’s physical or mental disability, (iii) misappropriation (or attempted misappropriation) by Executive of any assets or business opportunities of the Company or any other member of the Company Group, (iv) embezzlement or fraud committed (or attempted) by Executive, or at his direction, (v) Executive’s conviction of or pleading “guilty” or “no contest” to, a felony, or (vi) Executive’s material breach of this Agreement or material breach of the Restrictive Covenant Agreement. For purposes of Cause, no act or failure to act on the part of Executive shall be considered “willful” unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive’s act or omission was in the best interests of the Company. Any act, or failure to act, based upon express authority given pursuant to the written direction of the Board with respect to such act or omission shall be presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company.

“ Code ” shall mean the Internal Revenue Code of 1986, as amended.

“ Company ” shall have the meaning set forth in the preamble hereto.

“ Company Group ” shall mean the Company, together with any direct or indirect subsidiaries of the Company.

“ Compensation Committee ” or “ Committee ” shall mean the Compensation Committee of the Board or such other committee of the Board that is designated to make compensation decisions relating to senior executive officers of the Company Group.

“ Delay Period ” shall have the meaning set forth in Section 13 hereof.

“ Disability ” shall mean Executive’s inability, unwillingness or failure to perform the essential functions of his regular duties and responsibilities, with reasonable accommodation, due to a physical or mental illness or impairment for a period of six consecutive months or an aggregate of nine months (whether or not consecutive) in any twelve (12) month period. Any question as to the existence, extent, or potentiality of Executive’s Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent

physician selected by the Executive and approved by Company (which approval shall not be unreasonably withheld). The determination of any such physician shall be final and conclusive for all purposes of this Agreement.

“ Executive ” shall have the meaning set forth in the preamble hereto.

“ Executive OSOs ” shall have such meaning as provided in Section 3(c)(ii).

“ Good Reason ” shall mean, without Executive’s consent, (i) a diminution in Executive’s title, duties, or responsibilities as set forth in Section 2 hereof, including, without limitation, Executive ceasing to hold the position of chief executive officer of the ultimate parent entity of the Company; (ii) a reduction in Base Salary or Target Bonus, (iii) a relocation of Executive’s principal place of employment (as provided in Section 2(c) hereof) that would increase Executive’s commute from his primary residence, (iv) any other material breach of a provision of this Agreement by the Company (other than a provision that is covered by clause (i), (ii), or (iii) above), or (v) Executive’s failure to be nominated for election or failure to be elected or re-elected as a member of the Board. Notwithstanding the foregoing, during the Term, “Good Reason” shall not be deemed to exist in the event that Executive’s title and position changes to that of Chairman of the Board and Executive assumes duties and responsibilities commensurate with such change; *provided, that* no such suspension shall alter the Company’s obligations under this Agreement.

“ Person ” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

“ Release of Claims ” shall mean the Release of Claims in substantially the same form attached hereto as Exhibit B.

“ Restrictive Covenant Agreement ” shall mean the Restrictive Covenant Agreement attached hereto as Exhibit A.

“ Retirement ” means Executive’s voluntary termination of employment without Good Reason pursuant to the Company’s retirement policy.

“ Severance Benefits ” shall have the meaning set forth in Section 6(h) hereof.

“ Stock Plan ” shall mean the Level 3 Communications, Inc. Stock Plan, as amended from time to time.

“ Target Bonus ” shall have such meaning as provided in Section 3(b).

“ Tranche A RSUs ” shall have such meaning as provided in Section 3(c)(i)(A).

“ Tranche B RSUs ” shall have such meaning as provided in Section 3(c)(i)(B).

“ Tranche C RSUs ” shall have such meaning as provided in Section 3(c)(i)(C).



“Term” shall mean the period specified in Section 1 hereof.

Section 12.           **Taxes .**

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment, and social insurance taxes, as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to him in connection with this Agreement and that he has been advised by the Company to seek tax advice from his own tax advisors regarding this Agreement and payments that may be made to him pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

Section 13.           **Set Off; Mitigation .**

The Company’s obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim, or recoupment of amounts owed by Executive to the Company or its affiliates; *provided, however* , that no such set-off, counterclaim, or recoupment shall be permitted if it shall cause Executive to incur a penalty tax under Section 409A of the Code; and *provided, further* , that to the extent that any amount so subject to set-off, counterclaim, or recoupment is payable in installments hereunder, such set-off, counterclaim, or recoupment shall not modify the applicable payment date of any installment, and to the extent that an obligation cannot be satisfied by reduction of a single installment payment, any portion not satisfied shall remain an outstanding obligation of Executive and shall be applied to the next installment only at such time that the installment is otherwise payable pursuant to the specified payment schedule. Executive shall not be required to mitigate the amount of any payment provided pursuant to this Agreement by seeking other employment or otherwise, and except as provided in Section 6(d)(iv) or Section 6(f)(iii) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive’s other employment or otherwise.

Section 14.           **Additional Section 409A Provisions .**

Notwithstanding any provision in this Agreement to the contrary—

(a)       The payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any penalty taxes under Section 409A of the Code. Any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive’s employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the “Delay Period”). On the first business day following the expiration of the Delay Period, Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, plus interest accrued on such payments through such date at a rate of five percent (5%) per year, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

(b)       Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(c) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided, that* the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

**Section 15. Successors and Assigns; No Third-Party Beneficiaries .**

(a) The Company. This Agreement shall inure to the benefit of the Company (for the avoidance of doubt, both the Corporation and the LLC) and its respective successors and assigns. Neither this Agreement nor any of the rights, obligations, or interests arising hereunder may be assigned by the Company to a Person (other than another member of the Company Group, or its or their respective successors) without Executive's prior written consent (which shall not be unreasonably withheld, delayed, or conditioned); *provided, however*, that in the event of a merger, consolidation, or other similar corporate transaction involving the Company, or a sale of all or substantially all of the assets of the Company or any direct or indirect division or subsidiary thereof to which Executive's employment primarily relates, the Company shall provide that this Agreement will be assigned to, and assumed by, the successor to the Company or the acquiror of such assets, division, or subsidiary, as applicable, it being agreed that in such circumstances, Executive's consent will not be required in connection therewith.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; *provided, however*, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee, or if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 6(b) or Section 15(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Company, the other members of the Company Group, and Executive any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement.

**Section 16. Waiver and Amendment .**

Any waiver, alteration, amendment, or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; *provided, however*, that any such waiver, alteration, amendment, or modification must be consented to on the Company's behalf by the Board or the Compensation Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver

with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

Section 17.       **Severability .**

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction, (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 18.       **Governing Law and Jurisdiction .**

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF COLORADO APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR CLAIM OF BREACH HEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO, TO THE EXTENT FEDERAL JURISDICTION EXISTS, AND IN ANY COURT SITTING IN COLORADO, BUT ONLY IN THE EVENT FEDERAL JURISDICTION DOES NOT EXIST, AND ANY APPLICABLE APPELLATE COURTS. BY EXECUTION OF THIS AGREEMENT, THE PARTIES HERETO, AND THEIR RESPECTIVE AFFILIATES, CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS, AND WAIVE ANY RIGHT TO CHALLENGE JURISDICTION OR VENUE IN SUCH COURT WITH REGARD TO ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

Section 19.       **Notices .**

(a)       Place of Delivery. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom or which it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided*, that unless and until some other address be so designated, all notices and communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices and communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b)       Date of Delivery. Any notice so addressed shall be deemed to be given or received (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing, and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 20.       **Section Headings.**

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof or affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 21.       **Entire Agreement.**

This Agreement, together with any exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings, and agreements between the parties relating to the subject matter of this Agreement.

Section 22.       **Survival of Operative Sections.**

Upon any termination of Executive's employment, the provisions of Section 6 through Section 23 of this Agreement (including with any related definitions set forth in Section 10 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

Section 23.       **Counterparts.**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

\*                   \*                   \*

[ Signatures to appear on the following page. ]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

LEVEL 3 COMMUNICATIONS, INC.

/s/ Thomas C. Stortz

By: Thomas C. Stortz

Title: EVP

LEVEL 3 COMMUNICATIONS, LLC

/s/ John M. Ryan

By: John M. Ryan

Title: CLO

EXECUTIVE

/s/ James Q. Crowe

James Q. Crowe

## EXHIBIT A

### RESTRICTIVE COVENANT AGREEMENT

This Restrictive Covenant Agreement is made and entered into as of this 19th day of March, 2012 by and between Level 3 Communications, Inc., a Delaware corporation (the “Company,” and together with its direct and indirect subsidiaries, the “Company Group”), and James Q. Crowe (“Executive”) pursuant to the terms and conditions of that certain Employment Agreement (the “Employment Agreement”) made and entered into as of the 19th day of March, 2012, by and between the Company and Executive. Capitalized terms not otherwise defined in this Agreement shall have the meanings assigned to such terms in the Employment Agreement.

In consideration of Executive’s employment with the Company and receipt of the compensation paid to Executive by the Company under the Employment Agreement the Company and Executive agree to the following:

#### Section 1. **Confidential Information and Intellectual Property.**

(a) Executive represents he is a party to an Employee Confidentiality and Intellectual Property Agreement with the Company, dated March 19, 2012 (the “Employee Confidentiality and Intellectual Property Agreement”), and agrees that such Employee Confidentiality and Intellectual Property Restrictive Covenant Agreement is incorporated herein by reference and made a part hereof and shall survive and not be superseded by this Agreement and shall survive the termination of Executive’s employment.

(b) Company Policies. Executive acknowledges and agrees that in addition to any covenants or restrictions set forth herein, Executive will at all times continue to be bound by the Company’s intellectual property and confidential information policies as in effect from time to time.

#### Section 2. **Returning Company Group Documents and Property .**

Executive agrees that, at the time of any termination of his employment with the Company Group for any reason, Executive will deliver to the Company (and will not keep in his possession, recreate, or deliver to anyone else) any and all other property belonging to the Company or any other member of the Company Group, including but not limited to all confidential information and all other documents (including any copies thereof) in any form belonging to the Company, materials, information, and property developed by Executive pursuant to his employment or otherwise belonging to the Company or any member of the Company Group, cell phone, smart phone, iPad, beeper, keys, card access to the building and office floors, employee handbook, phone card, computer user name and password, disks, and voicemail code. Executive agrees further that any property situated on the Company’s premises and owned by the Company (or any other member of the Company Group), including disks and other storage media, filing cabinets, and other work areas, is subject to inspection by personnel of any member of the Company Group at any time with or without notice.

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Section 3. **Disclosure of Restrictive Covenant Agreement.**

As long as it remains in effect, Executive will disclose the existence of this Agreement to any prospective employer, partner, co-venturer, investor, or lender prior to entering into an employment, partnership, or other business relationship with such person or entity.

Section 4. **Noncompetition; Nonsolicitation; Nondisparagement.**

(a) Noncompetition and Nonsolicitation . During the period of Executive's employment with any of the members of the Company Group and the Restricted Period (as defined below), Executive will not (a) directly or indirectly encourage, solicit, or induce, or in any manner attempt to encourage, solicit, or induce, any person employed by, or providing consulting services to, any member of the Company Group to terminate such person's employment or services (or in the case of a consultant, to materially reduce such services) with the Company Group; (b) hire any individual who was employed by the Company Group within the six (6) month period prior to the date of such hiring and with whom Executive had contact during his employment with the Company Group within the six (6) month period prior to the date of such hiring; (c) induce or attempt to induce any customer, supplier, licensee, or other business relation of the Company Group to cease doing business with or reduce the amount of its business with the Company Group or interfere with the relationship between any such customer, supplier, licensee, or business relation and the Company Group; or (d) directly or indirectly engage in, own, invest in, manage, be employed by, consult, advise, assist, loan money to, or promote business for any person(s) or entity who or which is engaged in the same business as the Company Group, offers for sale the same products or services as the Company Group, or otherwise is a competitor of Company Group. Clause (d) of the preceding sentence shall include the entities (and types of entities) set forth on Appendix 1 hereto, which, for the avoidance of doubt, may be reasonably updated or amended by the Company from time to time upon prompt written notice to, but without the consent of Executive. For purposes of this Agreement, the term "Restricted Period" means the period commencing on the date of Executive's termination of employment for any reason and continuing thereafter through December 31, 2014; *provided, however* , that in the event that such termination either occurs after December 31, 2013, or constitutes a Retirement, the Company may elect to extend the Restricted Period through December 31, 2015, by providing written notice of such election within five (5) business days following such termination, in which case, in consideration for such extension, the Company will provide additional severance benefits ("Additional Severance Benefits") to Executive in the form of either (i) or (ii) below, as selected by the Company in its sole discretion:

(i) subject to Executive's continued compliance with this Agreement, cash in the amount of twelve million dollars (\$12,000,000), payable in substantially equal installments in each of the Company's payroll periods during the 2015 calendar year; or

(ii) subject to Executive's continued compliance with this Agreement, (A) cash in the amount of three million seven hundred fifty thousand dollars

(\$3,750,000), payable in substantially equal installments in each of the Company's payroll periods during the 2015 calendar year, and (B) three hundred thousand (300,000) Restricted Stock Units (as defined in the Stock Plan) and one hundred fifty thousand (150,000) Outperform Stock Options (as defined in the Stock Plan), each of which shall vest and settle on December 31, 2015, subject to Executive's continued compliance with this Agreement.

The payment or settlement of Additional Severance Benefits shall be subject to any required tax withholding by the Company.

Notwithstanding the foregoing, the payments and benefits described in clauses (i) and (ii) above shall immediately be suspended, in the event that the Board determines in good faith that Executive has materially breached the Employee Confidentiality and Intellectual Property Agreement or this Agreement; *provided that*, such payments and benefits shall be fully restored retroactively in the event that a court of competent jurisdiction (such court reviewing such dispute *de novo* without deference to the determination of the Board) finds in favor of Executive that Executive has not materially breached this Agreement.

(b) Nondisparagement. Executive agrees that, during the period of his employment with any of the members of the Company Group and at all times thereafter, Executive will not make any disparaging or defamatory comments regarding any member of the Company Group or its respective current or former directors, officers, or employees in any respect or make any comments concerning any aspect of Executive's relationship with any member of the Company Group or any conduct or events which precipitated any termination of Executive's employment from any member of the Company Group. However, Executive's obligations under this subsection (b) shall not apply to disclosures required by applicable law, regulation, or order of a court or governmental agency.

#### Section 5. **Reasonableness of Restrictions** .

Executive acknowledges and recognizes the highly competitive nature of the business of the members of the Company Group, that access to Confidential Information renders Executive special and unique within the industry of the members of the Company Group, and that Executive will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of the members of the Company Group during the course of and as a result of Executive's employment with any of the members of the Company Group. In light of the foregoing, Executive recognizes and acknowledges that the restrictions and limitations set forth in this Agreement are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company Group. Executive acknowledges further that the restrictions and limitations set forth in this Agreement will not materially interfere with Executive's ability to earn a living following the termination of his employment with the Company Group and that Executive's ability to earn a livelihood without violating such restrictions is a material condition to Executive's employment with the Company Group.



Section 6. **Independence; Severability; Blue Pencil .**

Each of the rights enumerated in this Agreement shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the members of the Company Group at law or in equity. If any of the provisions of this Agreement or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of this Agreement, which shall be given full effect without regard to the invalid portions. If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, the Company and Executive agree that the court making such determination shall have the power to reduce the duration, scope, and area of such provision to the maximum and/or broadest duration, scope, and area permissible by law, and in its reduced form said provision shall then be enforceable.

Section 7. **Injunctive Relief .**

Executive expressly acknowledges that any breach or threatened breach of any of the terms or conditions set forth in this Agreement may result in substantial, continuing, and irreparable injury to one or more of the members of the Company Group. Therefore, Executive hereby agrees that, in addition to any other remedy that may be available to any member of the Company Group, any member of the Company Group, on its own behalf or on behalf of any other member or members of the Company Group, shall be entitled to seek injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Agreement without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach.

Section 8. **Cooperation.**

Executive agrees that, following any termination of Executive's employment, Executive will continue to provide reasonable cooperation to the Company and any other member of the Company Group and its or their respective counsel in connection with any investigation, administrative proceeding, or litigation relating to any matter that occurred during Executive's employment in which Executive was involved or of which he has knowledge. As a condition of such cooperation, the Company shall reimburse Executive for reasonable out-of-pocket expenses incurred at the request of the Company with respect to Executive's compliance with this paragraph. Executive also agrees that, in the event that Executive is subpoenaed by any person or entity (including, but not limited to, any government agency) to give testimony or provide documents (in a deposition, court proceeding, or otherwise) that in any way relates to Executive's employment by the Company Group, Executive will give prompt notice of such request to the Company and will make no disclosure until the Company or the other applicable member of the Company Group has had a reasonable opportunity to contest the right of the requesting person or entity to such disclosure.

Section 9. **General Provisions.**

(a) Governing Law and Jurisdiction. EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS RESTRICTIVE COVENANT AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF COLORADO APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES.

(b) Entire Agreement. This Agreement together with the Employment Agreement sets forth the entire agreement and understanding between the Company and Executive relating to the subject matter herein and merges all prior discussions between the parties. No modification or amendment to this Agreement or any waiver of any rights under this Agreement will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in Executive's duties, obligations, rights, or compensation will not affect the validity or scope of this Agreement.

(c) No Right of Continued Employment. Executive acknowledges and agrees that nothing contained herein shall be construed as granting Executive any right to continued employment by the Company Group, and the right of Executive's employer to terminate Executive's employment at any time and for any reason, with or without cause, is specifically reserved.

(d) Successors and Assigns. This Agreement will be binding upon Executive's heirs, executors, administrators, and other legal representatives and will be for the benefit of the Company, its successors, and its assigns. Executive expressly acknowledges and agrees that this Agreement may be assigned by the Company upon prompt notice to, but without Executive's consent to any other member of the Company Group as well as any purchaser of all or substantially all of the assets or stock of the Company or of any business or division of the Company Group for which Executive provides services, whether by purchase, merger, or other similar corporate transaction.

(e) Survival. Except as otherwise provided herein or in the Employment Agreement the provisions of this Agreement shall survive the termination of Executive's employment with the Company Group or the assignment of this Agreement by the Company to any successor in interest or other assignee.

\* \* \*

[ Signatures to appear on the following page. ]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

LEVEL 3 COMMUNICATIONS, INC.

\_\_\_\_\_  
By:  
Title:

EXECUTIVE

\_\_\_\_\_  
James Q. Crowe

## Appendix 1

For purposes of the Restrictive Covenant Agreement, the following entities shall be deemed competitive with the Company:

- (i) companies that include within their corporate structure competitive local exchange carrier(s) or incumbent local exchange carrier(s), which with affiliates have, for their most recent fiscal year, annual consolidated total communications revenue equal to or greater than \$1 Billion;
- (ii) providers of content delivery network services which with affiliates have, for their most recent fiscal year, consolidated total content delivery network revenues greater than \$50 million;
- (iii) international communication services providers which with affiliates have a presence in the United States and, with affiliates, have, for their most recent fiscal year, annual consolidated total revenue equal to or greater than \$1Billion; and
- (iv) any of the entities identified as competitors in the Company's Forms 10-K during the Term (as defined in Executive's Employment Agreement) and the Restrictive Period.

## EXHIBIT B

### RELEASE OF CLAIMS

As used in this Release of Claims (this “Release”), the term “claims” will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys’ fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, in equity, or otherwise.

For and in consideration of the Severance Benefits (as defined in my Employment Agreement, dated March 19, 2012, with Level 3 Communications, Inc. and Level 3 Communications, LLC (my “Employment Agreement”)), and other good and valuable consideration, I, James Q. Crowe, for and on behalf of myself and my heirs, administrators, executors, and assigns, effective as of the date on which this release becomes effective pursuant to its terms, do fully and forever release, remise, and discharge the Company and each of its direct and indirect subsidiaries and affiliates, and their respective successors and assigns, together with their respective officers, directors, partners, shareholders, employees, and agents (collectively, the “Group”), from any and all claims whatsoever up to the date hereof that I had, may have had, or now have against the Group, whether known or unknown, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to my employment or the termination of my employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act (“ADEA”), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, and the Equal Pay Act, each as may be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer’s right to terminate the employment of employees. The release contained herein is intended to be a general release of any and all claims to the fullest extent permissible by law.

I acknowledge and agree that as of the date I execute this Release, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph.

By executing this Release, I specifically release all claims relating to my employment and its termination under ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans.

Notwithstanding any provision of this Release to the contrary, by executing this Release, I am not releasing (i) any claims relating to my rights under Section 10 of my Employment Agreement, (ii) any claims that cannot be waived by law, or (iii) my rights under Section 9 of my Employment Agreement, including my right of indemnification as provided by, and in accordance with the terms of, the Corporation’s by-laws, LLC’s governing documents or a Company insurance policy providing such coverage, as any of such may be amended from time to time.

I expressly acknowledge and agree that I —

- Am able to read the language, and understand the meaning and effect, of this Release;
- Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Release or its terms, and that I am not acting under the influence of any medication, drug, or chemical of any type in entering into this Release;
- Am specifically agreeing to the terms of the release contained in this Release because the Company has agreed to pay me the Severance Benefits in consideration for my agreement to accept it in full settlement of all possible claims I might have or ever have had, and because of my execution of this Release;
- Acknowledge that, but for my execution of this Release, I would not be entitled to the Severance Benefits;
- Understand that, by entering into this Release, I do not waive rights or claims under ADEA that may arise after the date I execute this Release;
- Had or could have had [ twenty-one (21) ][ forty-five (45) ] days from the date of my termination of employment (the “ Release Expiration Date ”) in which to review and consider this Release, and that if I execute this Release prior to the Release Expiration Date, I have voluntarily and knowingly waived the remainder of the review period;
- Have not relied upon any representation or statement not set forth in this Release or my Employment Agreement made by the Company or any of its representatives;
- Was advised to consult with my attorney regarding the terms and effect of this Release; and
- Have signed this Release knowingly and voluntarily.

I represent and warrant that I have not previously filed, and to the maximum extent permitted by law agree that I will not file, a complaint, charge, or lawsuit against any member of the Group regarding any of the claims released herein. If, notwithstanding this representation and warranty, I have filed or file such a complaint, charge, or lawsuit, I agree that I shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such complaint, charge, or lawsuit, including without limitation the attorneys’ fees of any member of the Group against whom I have filed such a complaint, charge, or lawsuit. This paragraph shall not apply, however, to a claim of age discrimination under ADEA or to any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (the “ EEOC ”); *provided , however* , that if the EEOC were to pursue any claims relating to my employment with Company, I agree that I shall

not be entitled to recover any monetary damages or any other remedies or benefits as a result and that this Release and Section 8 of my Employment Agreement will control as the exclusive remedy and full settlement of all such claims by me .

I hereby agree to waive any and all claims to re-employment with the Company or any other member of the Company Group.

Notwithstanding anything contained herein to the contrary, this Release will not become effective or enforceable prior to the expiration of the period of seven (7) calendar days following the date of its execution by me (the “ Revocation Period ”), during which time I may revoke my acceptance of this Release by notifying the Company and the Board, in writing, delivered to the Company at its principal executive office, marked for the attention of its Chief Legal Officer. To be effective, such revocation must be received by the Company no later than 11:59 p.m. on the seventh (7<sup>th</sup>) calendar day following the execution of this Release. Provided that the Release is executed and I do not revoke it during the Revocation Period, the eighth (8<sup>th</sup>) day following the date on which this Release is executed shall be its effective date. I acknowledge and agree that if I revoke this Release during the Revocation Period, this Release will be null and void and of no effect, and neither the Company nor any other member of the Company Group will have any obligations to pay me the Severance Benefits.

The provisions of this Release shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns. If any provision of this Release shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force or effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Release.

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS RELEASE IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF COLORADO APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS RELEASE OR CLAIM OF BREACH HEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO, TO THE EXTENT FEDERAL JURISDICTION EXISTS, AND IN ANY COURT SITTING IN COLORADO, BUT ONLY IN THE EVENT FEDERAL JURISDICTION DOES NOT EXIST, AND ANY APPLICABLE APPELLATE COURTS. BY EXECUTION OF THIS RELEASE, I CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS, AND WAIVE ANY RIGHT TO CHALLENGE JURISDICTION OR VENUE IN SUCH COURT WITH REGARD TO ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS RELEASE.

Capitalized terms used, but not defined herein, shall have the meanings ascribed to such terms in my Employment Agreement.

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James Q. Crowe  
Date:



**EXHIBIT A****RESTRICTIVE COVENANT AGREEMENT**

This Restrictive Covenant Agreement is made and entered into as of this 19th day of March, 2012 by and between Level 3 Communications, Inc., a Delaware corporation (the “Company,” and together with its direct and indirect subsidiaries, the “Company Group”), and James Q. Crowe (“Executive”) pursuant to the terms and conditions of that certain Employment Agreement (the “Employment Agreement”) made and entered into as of the 19th day of March, 2012, by and between the Company and Executive. Capitalized terms not otherwise defined in this Agreement shall have the meanings assigned to such terms in the Employment Agreement.

In consideration of Executive’s employment with the Company and receipt of the compensation paid to Executive by the Company under the Employment Agreement the Company and Executive agree to the following:

**Section 1. Confidential Information and Intellectual Property.**

(a) Executive represents he is a party to an Employee Confidentiality and Intellectual Property Agreement with the Company, dated March 19, 2012 (the “Employee Confidentiality and Intellectual Property Agreement”), and agrees that such Employee Confidentiality and Intellectual Property Restrictive Covenant Agreement is incorporated herein by reference and made a part hereof and shall survive and not be superseded by this Agreement and shall survive the termination of Executive’s employment.

(b) Company Policies. Executive acknowledges and agrees that in addition to any covenants or restrictions set forth herein, Executive will at all times continue to be bound by the Company’s intellectual property and confidential information policies as in effect from time to time.

**Section 2. Returning Company Group Documents and Property .**

Executive agrees that, at the time of any termination of his employment with the Company Group for any reason, Executive will deliver to the Company (and will not keep in his possession, recreate, or deliver to anyone else) any and all other property belonging to the Company or any other member of the Company Group, including but not limited to all confidential information and all other documents (including any copies thereof) in any form belonging to the Company, materials, information, and property developed by Executive pursuant to his employment or otherwise belonging to the Company or any member of the Company Group, cell phone, smart phone, iPad, beeper, keys, card access to the building and office floors, employee handbook, phone card, computer user name and password, disks, and voicemail code. Executive agrees further that any property situated on the Company’s premises and owned by the Company (or any other member of the Company Group), including disks and other storage media, filing cabinets, and other work areas, is subject to inspection by personnel of any member of the Company Group at any time with or without notice.

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Section 3. **Disclosure of Restrictive Covenant Agreement.**

As long as it remains in effect, Executive will disclose the existence of this Agreement to any prospective employer, partner, co-venturer, investor, or lender prior to entering into an employment, partnership, or other business relationship with such person or entity.

Section 4. **Noncompetition; Nonsolicitation; Nondisparagement.**

(a) Noncompetition and Nonsolicitation . During the period of Executive's employment with any of the members of the Company Group and the Restricted Period (as defined below), Executive will not (a) directly or indirectly encourage, solicit, or induce, or in any manner attempt to encourage, solicit, or induce, any person employed by, or providing consulting services to, any member of the Company Group to terminate such person's employment or services (or in the case of a consultant, to materially reduce such services) with the Company Group; (b) hire any individual who was employed by the Company Group within the six (6) month period prior to the date of such hiring and with whom Executive had contact during his employment with the Company Group within the six (6) month period prior to the date of such hiring; (c) induce or attempt to induce any customer, supplier, licensee, or other business relation of the Company Group to cease doing business with or reduce the amount of its business with the Company Group or interfere with the relationship between any such customer, supplier, licensee, or business relation and the Company Group; or (d) directly or indirectly engage in, own, invest in, manage, be employed by, consult, advise, assist, loan money to, or promote business for any person(s) or entity who or which is engaged in the same business as the Company Group, offers for sale the same products or services as the Company Group, or otherwise is a competitor of Company Group. Clause (d) of the preceding sentence shall include the entities (and types of entities) set forth on Appendix 1 hereto, which, for the avoidance of doubt, may be reasonably updated or amended by the Company from time to time upon prompt written notice to, but without the consent of Executive. For purposes of this Agreement, the term "Restricted Period" means the period commencing on the date of Executive's termination of employment for any reason and continuing thereafter through December 31, 2014; *provided, however* , that in the event that such termination either occurs after December 31, 2013, or constitutes a Retirement, the Company may elect to extend the Restricted Period through December 31, 2015, by providing written notice of such election within five (5) business days following such termination, in which case, in consideration for such extension, the Company will provide additional severance benefits ("Additional Severance Benefits") to Executive in the form of either (i) or (ii) below, as selected by the Company in its sole discretion:

(i) subject to Executive's continued compliance with this Agreement, cash in the amount of twelve million dollars (\$12,000,000), payable in substantially equal installments in each of the Company's payroll periods during the 2015 calendar year; or

(ii) subject to Executive's continued compliance with this Agreement, (A) cash in the amount of three million seven hundred fifty thousand dollars

(\$3,750,000), payable in substantially equal installments in each of the Company's payroll periods during the 2015 calendar year, and (B) three hundred thousand (300,000) Restricted Stock Units (as defined in the Stock Plan) and one hundred fifty thousand (150,000) Outperform Stock Options (as defined in the Stock Plan), each of which shall vest and settle on December 31, 2015, subject to Executive's continued compliance with this Agreement.

The payment or settlement of Additional Severance Benefits shall be subject to any required tax withholding by the Company.

Notwithstanding the foregoing, the payments and benefits described in clauses (i) and (ii) above shall immediately be suspended, in the event that the Board determines in good faith that Executive has materially breached the Employee Confidentiality and Intellectual Property Agreement or this Agreement; *provided that*, such payments and benefits shall be fully restored retroactively in the event that a court of competent jurisdiction (such court reviewing such dispute *de novo* without deference to the determination of the Board) finds in favor of Executive that Executive has not materially breached this Agreement.

(b) Nondisparagement. Executive agrees that, during the period of his employment with any of the members of the Company Group and at all times thereafter, Executive will not make any disparaging or defamatory comments regarding any member of the Company Group or its respective current or former directors, officers, or employees in any respect or make any comments concerning any aspect of Executive's relationship with any member of the Company Group or any conduct or events which precipitated any termination of Executive's employment from any member of the Company Group. However, Executive's obligations under this subsection (b) shall not apply to disclosures required by applicable law, regulation, or order of a court or governmental agency.

#### Section 5. **Reasonableness of Restrictions .**

Executive acknowledges and recognizes the highly competitive nature of the business of the members of the Company Group, that access to Confidential Information renders Executive special and unique within the industry of the members of the Company Group, and that Executive will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of the members of the Company Group during the course of and as a result of Executive's employment with any of the members of the Company Group. In light of the foregoing, Executive recognizes and acknowledges that the restrictions and limitations set forth in this Agreement are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company Group. Executive acknowledges further that the restrictions and limitations set forth in this Agreement will not materially interfere with Executive's ability to earn a living following the termination of his employment with the Company Group and that Executive's ability to earn a livelihood without violating such restrictions is a material condition to Executive's employment with the Company Group.

Section 6. **Independence; Severability; Blue Pencil .**

Each of the rights enumerated in this Agreement shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the members of the Company Group at law or in equity. If any of the provisions of this Agreement or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of this Agreement, which shall be given full effect without regard to the invalid portions. If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, the Company and Executive agree that the court making such determination shall have the power to reduce the duration, scope, and area of such provision to the maximum and/or broadest duration, scope, and area permissible by law, and in its reduced form said provision shall then be enforceable.

Section 7. **Injunctive Relief .**

Executive expressly acknowledges that any breach or threatened breach of any of the terms or conditions set forth in this Agreement may result in substantial, continuing, and irreparable injury to one or more of the members of the Company Group. Therefore, Executive hereby agrees that, in addition to any other remedy that may be available to any member of the Company Group, any member of the Company Group, on its own behalf or on behalf of any other member or members of the Company Group, shall be entitled to seek injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Agreement without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach.

Section 8. **Cooperation.**

Executive agrees that, following any termination of Executive's employment, Executive will continue to provide reasonable cooperation to the Company and any other member of the Company Group and its or their respective counsel in connection with any investigation, administrative proceeding, or litigation relating to any matter that occurred during Executive's employment in which Executive was involved or of which he has knowledge. As a condition of such cooperation, the Company shall reimburse Executive for reasonable out-of-pocket expenses incurred at the request of the Company with respect to Executive's compliance with this paragraph. Executive also agrees that, in the event that Executive is subpoenaed by any person or entity (including, but not limited to, any government agency) to give testimony or provide documents (in a deposition, court proceeding, or otherwise) that in any way relates to Executive's employment by the Company Group, Executive will give prompt notice of such request to the Company and will make no disclosure until the Company or the other applicable member of the Company Group has had a reasonable opportunity to contest the right of the requesting person or entity to such disclosure.

Section 9. **General Provisions.**

(a) Governing Law and Jurisdiction. EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS RESTRICTIVE COVENANT AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF COLORADO APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES.

(b) Entire Agreement. This Agreement together with the Employment Agreement sets forth the entire agreement and understanding between the Company and Executive relating to the subject matter herein and merges all prior discussions between the parties. No modification or amendment to this Agreement or any waiver of any rights under this Agreement will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in Executive's duties, obligations, rights, or compensation will not affect the validity or scope of this Agreement.

(c) No Right of Continued Employment. Executive acknowledges and agrees that nothing contained herein shall be construed as granting Executive any right to continued employment by the Company Group, and the right of Executive's employer to terminate Executive's employment at any time and for any reason, with or without cause, is specifically reserved.

(d) Successors and Assigns. This Agreement will be binding upon Executive's heirs, executors, administrators, and other legal representatives and will be for the benefit of the Company, its successors, and its assigns. Executive expressly acknowledges and agrees that this Agreement may be assigned by the Company upon prompt notice to, but without Executive's consent to any other member of the Company Group as well as any purchaser of all or substantially all of the assets or stock of the Company or of any business or division of the Company Group for which Executive provides services, whether by purchase, merger, or other similar corporate transaction.

(e) Survival. Except as otherwise provided herein or in the Employment Agreement the provisions of this Agreement shall survive the termination of Executive's employment with the Company Group or the assignment of this Agreement by the Company to any successor in interest or other assignee.

\* \* \*

[ Signatures to appear on the following page. ]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

LEVEL 3 COMMUNICATIONS, INC.

/s/ Thomas C. Stortz

By: Thomas C. Stortz

Title: EVP

EXECUTIVE

/s/ James Q. Crowe

James Q. Crowe

## Appendix 1

For purposes of the Restrictive Covenant Agreement, the following entities shall be deemed competitive with the Company: (i) companies that include within their corporate structure competitive local exchange carrier(s) or incumbent local exchange carrier(s), which with affiliates have, for their most recent fiscal year, annual consolidated total communications revenue equal to or greater than \$1 Billion; (ii) providers of content delivery network services which with affiliates have, for their most recent fiscal year, consolidated total content delivery network revenues greater than \$50 million; (iii) international communication services providers which with affiliates have a presence in the United States and, with affiliates, have, for their most recent fiscal year, annual consolidated total revenue equal to or greater than \$1Billion; and (iv) any of the entities identified as competitors in the Company's Forms 10-K during the Term (as defined in Executive's Employment Agreement) and the Restrictive Period.