

SPC X-S&PCORRECT: S&P Downgrades Level 3 Communications To 'SD'
Dec 31 2008 12:36:31

(Editor's note: This media release, originally published Dec. 29, 2008, had incomplete information regarding future expectations for the company's corporate credit rating.)

NEW YORK (Standard & Poor's) Dec. 29, 2008--Standard & Poor's Ratings Services said today it lowered its corporate credit rating on Level 3 Communications Inc. to 'SD' (selective default) from 'CC'. In addition, we lowered the ratings on the company's 6% convertible subordinated notes due 2010 and 2.875% convertible senior notes due 2010 to 'D' from 'C'. At the same time, we removed these ratings from CreditWatch, where they were placed with negative implications on Nov. 18, 2008, following Level 3's announcement of tender offers for three convertible debt issues due in 2009 and 2010.

The 'C' issue rating on the company's 6% convertible subordinated notes due 2009 remains on CreditWatch with negative implications until the below-par tender offer for this issue, which was extended until Dec. 30, 2008, is completed. Following the completion of this offer, we will lower the issue rating on these notes to 'D'.

"These rating actions follow the completion of below-par debt tender offers for two of the three issues," said Standard & Poor's credit analyst Susan Madison, "and Standard & Poor's viewed these offers as distressed and, as such, tantamount to default."

"We expect to raise Level 3's corporate credit rating to 'B-' with a stable outlook once all the tender transactions have been completed," added Ms. Madison, "since the company's near-term liquidity position will improve." At that point, we would also raise the issue-level ratings on debt that remains outstanding for the three tendered issues, and resolve the negative CreditWatch on all remaining issues based on their respective recovery prospects.

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search.

Primary Credit Analyst: Susan Madison, New York (1) 212-438-4516;
susan_madison@standardandpoors.com

Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

SPC X-S&PCORRECT: S&P Downgrades Level 3 Communications To 'SD'
Dec 31 2008 12:36:31

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Copyright (c) 2008, Standard & Poor's Ratings Services

This media release is 20 minutes delayed. CreditWire subscribers may access real-time credit ratings and research by typing SPC <GO>.

In addition to CreditWire, Standard & Poor's also offers RatingsDirect, the online source for real-time, objective credit ratings and research; and RatingXpress, a real-time, customizable digital feed of credit information.

If you are interested in becoming a subscriber and would like more information on Standard & Poor's real-time information products and services, please call: HONG KONG (852) 2533-3500; LONDON (44) 20-7176-7176; MELBOURNE (61) 3-9631-2000; NEW YORK (1) 212-438-7280; PARIS (33) 1-4420-6758

Ratings are available in real-time at
<http://www.standardandpoors.com>

Provider ID: 00712903
-0- Dec/31/2008 17:36 GMT