

LEVEL 3 COMMUNICATIONS INC

FORM 10-K/A (Amended Annual Report)

Filed 04/03/02 for the Period Ending 12/31/01

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

LEVEL 3 COMMUNICATIONS INC

FORM 10-K/A (Amended Annual Report)

Filed 4/3/2002 For Period Ending 12/31/2001

Address	1025 ELDORADO BOULEVARD BLDG 2000 BROOMFIELD, Colorado 80021
Telephone	720-888-1000
CIK	0000794323
Industry	Communications Services
Sector	Services
Fiscal Year	12/31

FORM 10-K/A-1

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the fiscal year ended December 31, 2001

OR

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

For the transition period from _____ to _____

Commission file number: 0-15658

Level 3 Communications, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

80021
(Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to section 12(g) of the Act:

Common Stock, par value \$.01 per share
Rights to Purchase Series A Junior Participating Preferred Stock, par
value \$.01 per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

(Cover continued on next page)

(Cover continued from prior page)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Title Outstanding Common Stock, par value \$.01 per share 392,676,814 as of March 8, 2002

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).

Portions of the Company's Definitive Proxy Statement for the 2002 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K

(End of cover)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Item 8 to the Level 3 Communications, Inc. (the "Registrant") Annual Report on

Form 10-K for the year ended December 31, 2001 is hereby amended and restated in its entirety as set forth below:

Financial statements and supplementary financial information for Level 3 Communications, Inc. (f/k/a Peter Kiewit Sons', Inc.) and Subsidiaries begin on page F-1.

The financial statements of an equity method investee (RCN Corporation) are required by Rule 3.09 and are incorporated by reference from RCN's Form 10-K for the year ended December 31, 2001, filed under Commission No. 000-22825.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

Item 14 to the Level 3 Communications, Inc. (the "Registrant") Annual Report on

Form 10-K for the year ended December 31, 2001 is hereby amended and restated in its entirety as set forth below:

(a) Financial statements and financial statement schedules required to be filed for the registrant under Items 8 or 14 are set forth following the index page at page F-1. Exhibits filed as a part of this report are listed below. Exhibits incorporated by reference are indicated in parentheses.

3.1 Restated Certificate of Incorporation dated March 31, 1998 (Exhibit 1 to Registrant's Form 8-A filed on April 1, 1998).

3.2 Certificate of Amendment of Restated Certificate of Incorporation of Level 3 Communications, Inc. (Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated June 3, 1999).

3.3 Specimen Stock Certificate of Common Stock, par value \$.01 per share (Exhibit 3 to the Registrant's Form 8-A filed on March 31, 1998).

3.4 Amended and Restated By-laws as of May 23, 2001 (Exhibit 3 to Registrant's Quarterly Report on Form 10-Q for the three months ended June 30, 2001).

3.5 Rights Agreement, dated as of May 29, 1998, between the Registrant and Norwest Bank Minnesota, N.A., as Rights Agent, which includes the Form of Certificate of Designation, Preferences, and Rights of Series A. Junior Participating Preferred Stock of the Registrant, as Exhibit A, the Form of Rights Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock, as Exhibit C (Exhibit 1 to the Registrant's Form 8-A Amendment No. 1 filed on June 10, 1998).

4.1 Indenture, dated as of April 28, 1998, between the Registrant and IBJ Schroder Bank & Trust Company as Trustee relating to the Registrant's 9% Senior Notes due 2008 (Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 File No. 333-56399).

4.2 Indenture, dated as of December 2, 1998, between the Registrant and IBJ Schroder Bank & Trust Company as Trustee relating to the Registrant's 10 1/2% Senior Discount Notes due 2008 (Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 File No. 333-71687).

4.3.1 Form of Senior Indenture (incorporated by reference to Exhibit 4.1 to Amendment 1 to the Registrant's Registration Statement on Form S-3 (File No. 333-68887) filed with the Securities and Exchange Commission on February 3, 1999).

- 4.3.2 First Supplemental Indenture, dated as of September 20, 1999, between the Registrant and IBJ Whitehall Bank & Trust Company as Trustee relating to the Registrant's 6% Convertible Subordinated Notes due 2009 (Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated September 20, 1999).
- 4.3.3 Second Supplemental Indenture, dated as of February 29, 2000, between the Registrant and The Bank of New York as Trustee relating to the Registrant's 6% Convertible Subordinated Notes due 2010 (Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated February 29, 2000).
- 4.4 Indenture, dated as of February 29, 2000, between the Registrant and The Bank of New York as Trustee relating to the Registrant's 11% Senior Notes due 2008 (Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 File No. 333-37362).
- 4.5 Indenture, dated as of February 29, 2000, between the Registrant and The Bank of New York as Trustee relating to the Registrant's 11 1/4% Senior Notes due 2010 (Exhibit 4.2 to the Registrant's Registration Statement on Form S-4 File No. 333-37362).
- 4.6 Indenture, dated as of February 29, 2000, between the Registrant and The Bank of New York as Trustee relating to the Registrant's 12% Senior Discount Notes due 2010 (Exhibit 4.3 to the Registrant's Registration Statement on Form S-4 File No. 333-37362).
- 4.7 Indenture, dated as of February 29, 2000, between the Registrant and The Bank of New York as Trustee relating to the Registrant's 10 3/4% Senior Euro Notes due 2008 (Exhibit 4.1 to the Registrant's Registration Statement on Form S-4 File No. 333-37364).
- 4.8 Indenture, dated as of February 29, 2000, between the Registrant and The Bank of New York as Trustee relating to the Registrant's 11 1/4% Senior Euro Notes due 2010 (Exhibit 4.2 to the Registrant's Registration Statement on Form S-4 File No. 333-37364).
- 10.1 Separation Agreement, dated December 8, 1997, by and among Peter Kiewit Sons', Inc., Kiewit Diversified Group Inc., PKS Holdings, Inc. and Kiewit Construction Group Inc. (Exhibit 10.1 to the Registrant's Form 10-K for 1997).
- 10.2 Amendment No. 1 to Separation Agreement, dated March 18, 1997, by and among Peter Kiewit Sons', Inc., Kiewit Diversified Group Inc., PKS Holdings, Inc. and Kiewit Construction Group Inc. (Exhibit 10.1 to the Registrant's Form 10-K for 1997).
- 10.3 Credit Agreement dated as of September 30, 1999 among Level 3 Communications, LLC, the Borrowers named therein, the Lenders Party thereto and The Chase Manhattan Bank, as Agent (Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the three months ended September 30, 1999).
- 10.4 Stock Purchase Agreement dated as of February 21, 2002 between Level 3 Holdings, Inc. and David C. McCourt (Exhibit 10.4 to the Registrant's Form 10-K for 2001).
- 10.5 Warrant Agreement, dated as of March 11, 2002 between the Registrant and William L. Grewcock (Exhibit 10.5 to the Registrant's Form 10-K for 2001).
- 10.6 Form of Promissory Note with certain officers of the Registrant (Exhibit 10.6 to the Registrant's Form 10-K for 2001).
- 10.7 Form of Aircraft Time-Share Agreement (Exhibit 10.7 to the Registrant's Form 10-K for 2001).
- 21 List of subsidiaries of the Company (Exhibit 21 to the Registrant's Form 10-K for 2001).

23.1 Consent of Arthur Andersen LLP

23.2 Consent of PriceWaterhouseCoopers LLP

99.1 Correspondence relating to Arthur Andersen LLP

(b) Reports on Form 8-K filed by the Registrant during the fourth quarter of 2002.

On October 10, 2001, the Registrant filed a Current Report on Form 8-K relating to the amendment by its wholly owned subsidiary Level 3 Finance, LLC of "Modified Dutch Tender" offers for a portion of the Registrant's outstanding debt and convertible debt securities. In addition, such Current Report on Form 8-K reported the issuance of a press release by the Registrant relating to the actions taken by Level 3 Finance, LLC.

On October 23, 2001, the Registrant filed a Current Report on Form 8-K relating to the completion by its wholly owned subsidiary Level 3 Finance, LLC of "Modified Dutch Tender" offers for a portion of the Registrant's outstanding debt and convertible debt securities.

On October 25, 2001, the Registrant filed a Current Report on Form 8-K relating to third quarter 2001 financial results and proposed cost management initiatives.

On December 19, 2001, the Registrant filed a Current Report on Form 8-K relating to execution of a definitive agreement with Reach Ltd. concerning the disposition of the Registrant's operations in Asia.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized, this 3rd day of April, 2002.

Level 3 Communications, Inc.

By: /s/ Neil J. Eckstein

Name: Neil J. Eckstein

Title: Vice President

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated January 29, 2002, except with respect to the matters discussed in Note 17, as to which the date is March 13, 2002, on the consolidated financial statements of Level 3 Communications, Inc. as of December 31, 2001 and 2000 and for each of the three years ended December 31, 2001, included in this Annual Report on Form 10-K/A-1, into Level 3 Communications, Inc.'s previously filed Registration Statements on Forms S-3 (File Nos. 333-53914, 333-91899, 333-68887 and 333-71713) and on Forms S-8 (File Nos. 333-79533, 333-42465, 333-68447, 333-58691 and 333-52697).

/s/ Arthur Andersen LLP

*Denver, Colorado
April 2, 2002*

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-53914, 333-91899, 333-68887 and 333-71713) and on Form S-8 (No. 333-79533, 333-42465, 333-68447, 333-58691 and 333-52697) of Level 3 Communications, Inc. of our report dated March 1, 2002, except for Notes 13 and 20 as to which the date is March 25, 2002, relating to the financial statements and financial statement schedules of RCN Corporation and Subsidiaries as of December 31, 2001 and 2000, and for each of the three years ended December 31, 2001, which is incorporated by reference in this Form 10-K/A-1

/s/ PricewaterhouseCoopers LLP

*Philadelphia, Pennsylvania
April 2, 2002*

Exhibit No. 99.1 April 2, 2002
Securities and Exchange Commission
Washington, DC

Arthur Andersen LLP has represented to Level 3 Communications, Inc. that its audit for the year ended December 31, 2001 was subject to Andersen's quality control system for the U.S. accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards and that there was appropriate continuity of Andersen personnel working on the audit, availability of national office consultation and availability of personnel at foreign affiliates of Andersen to conduct the relevant portions of the audit.

Sincerely,
Level 3 Communications, Inc.

By /s/ Neil J. Eckstein

Neil J. Eckstein
Vice President

End of Filing

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