

LEVEL 3 COMMUNICATIONS INC

FORM 8-K (Current report filing)

Filed 09/20/99 for the Period Ending 09/14/99

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 8-K

(Unscheduled Material Events)

Filed 9/20/1999 For Period Ending 9/14/1999

Address	1025 ELDORADO BOULEVARD BLDG 2000 BROOMFIELD, Colorado 80021
Telephone	720-888-1000
CIK	0000794323
Industry	Communications Services
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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):
September 14, 1999

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

(I.R.S. Employer Identification No.)

1025 Eldorado Boulevard
Broomfield, Colorado 80021
(Address of principal executive offices)

Registrant's telephone number, including area code: (402) 536-3677

Not Applicable

(Former name or former address, if changed since last report.)

Item 5. Other Events.

On September 14, 1999, Level 3 Communications, Inc. (the "Company") entered into an underwriting agreement (the "Underwriting Agreement") with the representatives named in Schedule I thereto, as the representatives of the several underwriters named in Schedule I thereto, in connection with the offering (the "Offering") of \$750,000,000 aggregate principal amount of its 6% Convertible Subordinated Notes due 2009 (the "Notes") convertible into shares of the Company's common stock, par value \$.01 per share. An additional \$112,500,000 aggregate principal amount of the Notes is subject to an over-allotment option granted to the underwriters in the Underwriting Agreement. A copy of the Underwriting Agreement is attached hereto as Exhibit 1.1 and is incorporated herein by reference. The Notes are being issued pursuant to an Indenture dated as of September 20, 1999 (a form of which was filed as an exhibit to the Registration Statement (as hereinafter defined)) and a First Supplemental Indenture dated as of September 20, 1999. A copy of the First Supplemental Indenture is attached hereto as Exhibit 4.1 and is incorporated herein by reference. On September 20, 1999, the Offering was consummated, and the Company issued \$823,000,000 aggregate principal amount of the Notes, including \$73,000,000 aggregate principal amount pursuant to the underwriters' exercise of the over-allotment option.

The Offering is made pursuant to the Company's Registration Statement on Form S-3 (File No. 333-68887) (the "Registration Statement") under the Securities Act of 1933, as amended. The Registration Statement provides that the Company may from time to time offer its debt and equity securities with an aggregate public offering price of up to \$3.5 billion.

Item 7. Financial Statements and Exhibits

(a) Financial statements of businesses being acquired: Not applicable.

(b) Pro forma financial information: Not Applicable

(c) Exhibits:

1.1 Underwriting Agreement, dated September 14, 1999, among the Company and the representatives named in Schedule I thereto, as the representatives of the several underwriters named in Schedule I thereto

4.1 First Supplemental Indenture dated as of September 20, 1999 between the Company and IBJ Whitehall Bank & Trust Company, as Trustee

23.1 Consent of PricewaterhouseCoopers LLP

23.2 Consent of PricewaterhouseCoopers LLP

23.3 Consent of Arthur Anderson LLP

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.

Dated: September 20, 1999

By: /s/ Neil J. Eckstein

Name: Neil J. Eckstein

Title: Vice President

EXHIBIT 1.1

EXECUTION COPY

Level 3 Communications, Inc.

Underwriting Agreement

New York, New York

September 14, 1999

Goldman, Sachs & Co.
Salomon Smith Barney Inc.
Chase Securities Inc.
Credit Suisse First Boston Corporation
J. P. Morgan Securities Inc.
Morgan Stanley & Co. Incorporated

c/o Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004

Ladies and Gentlemen:

Level 3 Communications, Inc., a corporation organized under the laws of Delaware (the "Company"), proposes to sell to the several underwriters named in Schedule I hereto (the "Underwriters"), for whom you (the "Representatives") are acting as representatives, \$750,000,000 aggregate principal amount of its 6% Convertible Subordinated Notes due 2009 (the "Firm Securities") convertible into shares of the Company's common stock, \$0.01 par value (the "Common Stock"). The Company also proposes to grant to the Underwriters an option to purchase up to \$112,500,000 additional aggregate principal amount of such notes (the "Option Securities" and, together with the Firm Securities, the "Securities"). To the extent there are no additional Underwriters listed on Schedule I other than you, the term Representatives as used herein shall mean you, as Underwriters, and the terms Representatives and Underwriters shall mean either the singular or plural as the context requires. Any reference herein to the Registration Statement, the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Exchange Act on or before the Effective Date of the Registration Statement or the issue date of the Basic Prospectus, any Preliminary Final Prospectus or the Prospectus, as the case may be; and any reference herein to the terms "amend", "amendment" or "supplement" with respect to the Registration Statement, the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the Effective Date of the Registration Statement, or the issue date of the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus, as the case may be, deemed to be incorporated therein by reference. Certain terms used herein are defined in Section 17 hereof.

1. Representations and Warranties. The Company represents and warrants to, and agrees with, each Underwriter as set forth below in this Section 1.

(a) The Company meets the requirements for use of Form S-3 under the Act and has prepared and filed with the Commission a registration statement

(file

number 333-68887) on Form S-3, including a related basic prospectus, for registration under the Act of the offering and sale of the Securities. The Company may have filed one or more amendments thereto, including a Preliminary Final Prospectus, each of which has previously been furnished to you. The Company will next file with the Commission one of the following: (1) after the Effective Date of such registration statement, a final prospectus supplement relating to the Securities in accordance with Rules 430A and 424(b), (2) prior to the Effective Date of such registration statement, an amendment to such registration statement (including the form of final prospectus supplement) or (3) a final prospectus in accordance with Rules 415 and 424(b). In the case of clause (1), the Company has included in such registration statement, as amended at the Effective Date, all information (other than Rule 430A Information) required by the Act and the rules thereunder to be included in such registration statement and the Final Prospectus. As filed, such final prospectus supplement or such amendment and form of final prospectus supplement shall contain all Rule 430A Information, together with all other such required information, and, except to the extent the Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the Basic Prospectus and any Preliminary Final Prospectus) as the Company has advised you, prior to the Execution Time, will be included or made therein.

(b) On the Effective Date, the Registration Statement did or will, and when the Final Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date (as defined herein) and on any date on which Option Securities are purchased, if such date is not the Closing Date (a "settlement date"), the Final Prospectus (and any supplement thereto) will, comply in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules thereunder; on the Effective Date and at the Execution Time, the Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the Effective Date (if the Final Prospectus is not filed pursuant to Rule 424(b)) or on the date of any filing pursuant to Rule 424(b) (if the Final Prospectus is filed pursuant to Rule 424(b)) and, in either case, on the Closing Date and any settlement date, the Final Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to the information contained in or omitted from the Registration Statement or the Final Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Underwriter through the Representatives specifically for inclusion in the Registration Statement or the Final Prospectus (or any supplement thereto).

(c) Subsequent to the respective dates as of which information is given in the Final Prospectus, except as set forth or contemplated in the Final Prospectus, neither the Company nor any of its subsidiaries has incurred any liabilities or obligations, direct or contingent, which are material to the Company and its subsidiaries taken as a whole, nor entered into any transaction not in the ordinary course of business that

is material to the Company and its subsidiaries taken as a whole, and there has not been, singularly or in the aggregate, any material adverse change, in the properties, business, results of operations, financial condition, affairs or business prospects of the Company and its subsidiaries taken as a whole (a "Material Adverse Change"). Without limiting the foregoing, neither the Company nor any of its subsidiaries has sustained since the respective dates as of which information is given in the Final Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental or regulatory action, order or decree, constituting a Material Adverse Change, otherwise than as set forth or contemplated in the Final Prospectus.

(d) Each of the Company and the Subsidiaries (x) has been duly organized and is validly existing as a corporation under the laws of its jurisdiction of organization and is in good standing under the laws of such jurisdiction, (y) has the requisite corporate power and authority to carry on its business as it is currently being conducted and as described in the Final Prospectus, and to own, lease and operate its properties and (z) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the operation, ownership or leasing of property or the conduct of its business requires such qualification, except where any failure to be so qualified would not, singularly or when aggregated with failures to be qualified elsewhere, have a material adverse effect on the properties, business, results of operations, financial condition, affairs or business prospects of the Company and its subsidiaries taken as a whole (a "Material Adverse Effect"). The Company has the requisite corporate power and authority to execute, deliver and perform this Agreement and to issue, sell and deliver the Securities. The term "Subsidiary" means each entity listed on Schedule II hereto.

(e) The Company's authorized equity capitalization is as set forth in the Final Prospectus; the capital stock of the Company conforms in all material respects to the description thereof contained in the Final Prospectus; the outstanding shares of Common Stock have been duly and validly authorized and issued and are fully paid and nonassessable; the shares of Common Stock initially issuable upon conversion of the Securities have been duly and validly authorized and, when issued upon conversion against payment of the conversion price and in accordance with the terms of the Indenture (as defined below), will be validly issued, fully paid and nonassessable; the Board of Directors of the Company or a duly constituted committee thereof, has duly and validly adopted resolutions reserving such shares of Common Stock for issuance upon conversion; the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to subscribe for the Securities or the shares of Common Stock issuable upon conversion thereof; and, except as set forth in the Final Prospectus and, except for outstanding warrants and options to purchase shares of Common Stock that in the aggregate represent less than 1% of the Common Stock outstanding on the date hereof, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in the Company are outstanding. All the outstanding shares of capital stock of each Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except as otherwise set forth in the Final Prospectus, all outstanding shares of capital stock of the Subsidiaries are owned by the Company either directly or through wholly owned

subsidiaries free and clear of any perfected security interest or any other security interests, claims, liens or encumbrances.

(f) The Securities have been duly authorized and, when executed by the Company and authenticated by the Trustee (as defined below) in accordance with the terms of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the indenture to be dated as of the Closing Date (the "Base Indenture") between the Company and IBJ Whitehall Bank & Trust Company as Trustee (the "Trustee"), as supplemented by the First Supplemental Indenture to be dated as of the same date (the "Supplemental Indenture" and, together with the Base Indenture, the "Indenture") under which they are to be issued. The Base Indenture will be substantially in the form filed as an exhibit to the Registration Statement; the Indenture has been duly authorized and duly qualified under the Trust Indenture Act and, when executed and delivered by the Company and the Trustee, will constitute a valid and legally binding obligation of the Company, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Securities and the Indenture will conform to the descriptions thereof in the Prospectus;

(g) There is no franchise, contract or other document of a character required to be described in the Registration Statement or Final Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required; and the statements in the Final Prospectus under the headings "Business--Regulation" and "Business--Legal Proceedings" fairly summarize the matters therein described.

(h) This Agreement has been duly authorized, executed and delivered by the Company.

(i) The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Final Prospectus, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended.

(j) The execution and delivery of this Agreement, the issuance and sale of the Securities, the performance by the Company of this Agreement and the consummation of the other transactions herein contemplated will not

(x) conflict with or result in a breach or violation of any of the respective charters, by-laws or other organizational documents of the Company or any of the Subsidiaries, (y) violate or conflict with any material statute, rule or regulation applicable to the Company or any Subsidiary or any order or decree of any governmental or regulatory agency or body or any court having jurisdiction over the Company or any Subsidiary or any of their respective properties or (z) after giving effect to the waivers and consents obtained on or prior to the date hereof, if any, conflict with or result in a breach or violation of any term or provision of, constitute a default or cause an acceleration of any obligation under, or result in the imposition or creation of (or the obligation to create or impose) a lien or other claim or encumbrance with respect to, any bond, note, debenture or other evidence of indebtedness or any indenture, mortgage or deed of

trust or any other material agreement or instrument to which the Company or any of the Subsidiaries is a party or by which it or any of them is bound, or to which any properties of the Company or any of the Subsidiaries is or may be subject. No authorization, approval or consent or order of, or filing, registration or qualification with, any court or governmental or regulatory body or agency is required in connection with the transactions contemplated by this Agreement except as have been made or obtained and except as may be required by and made with or obtained from state securities laws or regulations, the National Association of Securities Dealers, Inc. or, with respect to filing the Final Prospectus with the Commission in accordance with Rule 424(b) under the Act.

(k) Except as described in the Final Prospectus, there is no action, suit or proceeding before or by any court, arbitrator or governmental or regulatory official, agency or body, domestic or foreign, pending against or affecting the Company or any of its subsidiaries, or any of their respective properties, that, if determined adversely, is reasonably expected to affect adversely the issuance of the Securities or in any manner draw into question the validity of this Agreement or the Securities or to result, singularly or when aggregated with other pending actions and actions known to be threatened that are not described in the Final Prospectus, in a Material Adverse Effect, or that is reasonably expected to materially and adversely affect the consummation of this Agreement or the transactions contemplated hereby, and to the best of the Company's knowledge, no such proceedings are contemplated or threatened.

(l) Neither the Company nor any of the Subsidiaries is or after giving effect to the issuance of the Securities will be (i) in violation of its respective charter, bylaws or other organizational documents or (ii) in default in the performance of any bond, debenture, note or any other evidence of indebtedness or any indenture, mortgage, deed of trust or other contract, lease or other instrument to which the Company or any of the Subsidiaries is a party or by which any of them is bound, or to which any of the property or assets of the Company or any of the Subsidiaries is subject, other than such defaults that could not, singularly or in the aggregate, have a Material Adverse Effect.

(m) The firms of accountants that have certified the consolidated financial statements and supporting schedules of the Company included or incorporated by reference in the Final Prospectus are independent public accountants with respect to the Company and its subsidiaries, as required by the Act. The consolidated historical statements and any pro forma information, together with related schedules and notes, if any, included or incorporated by reference in the Final Prospectus comply as to form in all material respects with the requirements of the Act. Such historical financial statements fairly present in all material respects the consolidated financial position of the Company and its subsidiaries at the respective dates indicated and the results of their operations and their cash flows for the respective periods indicated, in accordance with generally accepted accounting principles, except as otherwise expressly stated therein, as consistently applied throughout such periods. Such pro forma information has been prepared on a basis consistent with such historical financial statements, except for the pro forma adjustments specified therein, and gives effect to assumptions made on a reasonable basis and fairly presents in all material respects and gives effect to the transactions described therein pertaining to such pro forma information. The other financial and statistical information and data

included in the Final Prospectus and the Registration Statement, historical and pro forma, are, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company.

(n) Each of the Company and the Subsidiaries has all certificates, consents, exemptions, orders, permits, licenses, authorizations, or other approvals (each, an "Authorization") of and from, and has made all declarations and filings with, all Federal, state, local and other governmental or regulatory bodies or agencies, and all courts and other tribunals, necessary or required to own, lease, license and use its properties and assets and to conduct its business as currently operated in the manner described in the Final Prospectus, except to the extent that the failure to obtain or file any such Authorizations would not, singularly or in the aggregate, reasonably be expected to have a material adverse effect on such business taken as a whole. All such Authorizations are in full force and effect with respect to the Company and the Subsidiaries, and the Company and the Subsidiaries are in compliance in all material respects with the terms and conditions of all such Authorizations and with the rules and regulations of the regulatory authorities and governing bodies having jurisdiction with respect thereto.

(o) Except as disclosed in the Final Prospectus, no holder of any security of the Company has or will have any right to require the registration of such security by virtue of the offering and sale of the Securities under this Agreement other than any such right that has been expressly waived in writing. No holder of any of the outstanding shares of capital stock of the Company or any other person is entitled to preemptive or other rights to subscribe for the Securities.

(p) The Company has not taken nor will it take, directly or indirectly, any action prohibited by Regulation M under the Exchange Act, in connection with the offering of the Securities.

(q) Other than the Subsidiaries, there is no entity or other person

(i) of which a majority of the voting equity securities or other interests is owned, directly or indirectly, by the Company and (ii) which held more than 5% of the total assets of the Company on a consolidated basis as of June 30, 1999, excluding inter-company balances.

(r) Any reprogramming required to permit the proper functioning, in and following the year 2000, of (a) the computer systems of the Company and the Subsidiaries and (b) equipment containing embedded microchips of the Company and the Subsidiaries and the testing of all such systems and equipment, as so reprogrammed, will be completed by December 31, 1999 except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect. Except as disclosed in the Final Prospectus, the cost to the Company and the Subsidiaries of such reprogramming and testing and of the reasonably foreseeable consequences of the year 2000 to the Company and the Subsidiaries (other than reprogramming errors and the failure of others' systems or equipment) is not reasonably expected by the Company to result in a Material Adverse Effect. Except for such of the reprogramming referred to in the preceding sentence as may be necessary, the computer and management information systems of the Company and the Subsidiaries are and, with ordinary course upgrading and maintenance, will

continue to be, sufficient to permit the Company to conduct its businesses without a Material Adverse Effect.

Any certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each Underwriter.

2. Purchase and Sale. (a) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of 97.125% of the principal amount thereof, plus accrued interest, if any, from September 20, 1999 to the Closing Date, the principal amount of Firm Securities set forth opposite such Underwriters name on Schedule I hereto.

(b) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company hereby grants an option to the several Underwriters to purchase, severally and not jointly, up to \$112,500,000 aggregate principal amount of Option Securities at a purchase price of 97.125% of the principal amount thereof, plus accrued interest, if any, from September 20, 1999 to the settlement date for the Option Securities. Said option may be exercised for the sole purpose of covering sales of securities in excess of the aggregate principal amount of Firm Securities by the Underwriters. Said option may be exercised in whole or in part at any time (but not more than once) on or before the 30th day after the date of the Final Prospectus upon written or telegraphic notice by the Representatives to the Company setting forth the number of shares of the Option Securities as to which the several Underwriters are exercising the option and the settlement date. The principal amount of Option Securities to be purchased by each Underwriter shall be the same percentage of the total principal amount of Option Securities to be purchased by the several Underwriters as such Underwriter is purchasing of the Firm Securities, subject to such adjustments as you in your absolute discretion shall deem advisable.

3. Delivery and Payment. Delivery of and payment for the Firm Securities and the Option Securities (if the option provided for in Section 2(b) hereof shall have been exercised on or before the third Business Day prior to the Closing Date) shall be made at 10:00 AM, New York City time, on September 20, 1999, which date and time may be post poned by agreement between the Representatives and the Company or as provided in Section 9 hereof (such date and time of delivery and payment for the Securities being herein called the "Closing Date"). Delivery of the Securities shall be made to the Representatives for the respective accounts of the several Underwriters against payment by the several Underwriters through the Representatives of the purchase price thereof to or upon the order of the Company by wire transfer payable in same-day funds to an account specified by the Company. Delivery of the Firm Securities and the Option Securities shall be made through the facilities of The Depository Trust Company ("DTC") unless the Representatives shall otherwise instruct.

If the option provided for in Section 2(b) hereof is exercised after the third Business Day prior to the Closing Date, the Company will deliver the Option Securities (at the expense of the Company), through the facilities of DTC unless the Representatives shall instruct otherwise, on the date specified by the Representatives in the notice to the Company of their exercise of such option (which shall be not more than ten nor fewer than three Business Days after exercise of said option) for the respective accounts of the several Underwriters, against payment by the several

Underwriters through the Representatives of the purchase price thereof to or upon the order of the Company by wire transfer payable in same-day funds to an account specified by the Company. If settlement for the Option Securities occurs after the Closing Date, the Company will deliver to the Representatives on the settlement date for the Option Securities, and the obligation of the Underwriters to purchase the Option Securities shall be conditioned upon receipt of, supplemental opinions, certificates and letters confirming as of such date the opinions, certificates and letters delivered on the Closing Date pursuant to Section 6 hereof.

4. Offering by Underwriters. It is understood that the several Underwriters are to offer the Securities for sale to the public as set forth in the Final Prospectus.

5. Agreements. The Company agrees with the several Underwriters that:

(a) The Company will use its best efforts to cause the Registration Statement, if not effective at the Execution Time, and any amendment thereof, to become effective. Prior to the termination of the offering of the Securities, the Company will not file any amendment of the Registration Statement or supplement (including the Final Prospectus or any Preliminary Final Prospectus) to the Basic Prospectus or any Rule 462(b) Registration Statement unless the Company has furnished you a copy for your review prior to filing and will not file any such proposed amendment or supplement to which you reasonably object. Subject to the foregoing sentence, if the Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the Final Prospectus is otherwise required under Rule 424(b), the Company will cause the Final Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Representatives of such timely filing. The Company will promptly advise the Representatives (1) when the Registration Statement, if not effective at the Execution Time, shall have become effective, (2) when the Final Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b) or when any Rule 462(b) Registration Statement shall have been filed with the Commission, (3) when, prior to termination of the offering of the Securities, any amendment to the Registration Statement shall have been filed or become effective, (4) of any request by the Commission or its staff for any amendment of the Registration Statement, or any Rule 462(b) Registration Statement, or for any supplement to the Final Prospectus or for any additional information, (5) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (6) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the institution or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) If, at any time when a prospectus relating to the Securities is required to be delivered under the Act, any event occurs as a result of which the Final Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary

to amend the Registration Statement or supplement the Final Prospectus to comply with the Act or the Exchange Act or the respective rules thereunder, the Company promptly will (1) notify the Representatives of such event, (2) prepare and file with the Commission, subject to the second sentence of paragraph (a) of this Section 5, an amendment or supplement which will correct such statement or omission or effect such compliance and (3) supply any supplemented Final Prospectus to you in such quantities as you may reasonably request.

(c) As soon as practicable, the Company will make generally available to its security holders an earnings statement or statements of the Company and its subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(d) The Company will furnish to each of the Representatives and counsel for the Underwriters, without charge, a conformed copy of the Registration Statement (including exhibits thereto) and to each other Underwriter a copy of the Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Act, as many copies of each Preliminary Final Prospectus and the Final Prospectus and any supplement thereto as the Representatives may reasonably request. The Company will pay the expenses of printing or other production of all such documents.

(e) The Company will cooperate with the Representatives in arranging, at the Company's cost, for the qualification of the Securities for sale under the laws of such jurisdictions as the Representatives may designate and will maintain such qualifications in effect so long as required for the sale of the Securities; provided however, that in connection therewith the Company shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or subject itself to taxation in excess of a nominal dollar amount in any such jurisdiction where it is not then subject. The Company promptly will advise the Representatives of the receipt by it of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(f) The Company will not, for a period of 90 days following the Execution Date, without the prior written consent of Goldman, Sachs & Co., offer, sell, contract to sell, issue, announce the offering or issuance of or otherwise dispose of, directly or indirectly, register, cause to be registered or announce the registration or intended registration of, in any case for its own account, any securities of the Company that are substantially similar to the Securities or any shares of Common Stock, including any such shares beneficially or indirectly owned or controlled by the Company, or any securities convertible into or exchangeable for Common Stock, except for: (A) up to 2,000,000 shares of Common Stock in the aggregate issued in connection with acquisitions (including by consolidation, merger or similar transaction and including acquisitions of shares of any of its subsidiaries held by minority shareholders), provided that more than 2,000,000 such shares may be issued to the extent the purchaser or purchasers of such excess shares agree to be bound by the provisions of this paragraph until after the 90th day following the Execution Date, (B) Common Stock issued pursuant to any employee benefit plan, stock ownership or stock option plan or dividend reinvestment plan in effect on the Execution Date, or options granted pursuant to any such plan in effect on the Execution Date,

provided that such options cannot be exercised until after the 90th day following the Execution Date, (C) Common Stock issued in connection with the inclusion of the Common Stock in any Major Market Index, (D) maintaining the effectiveness of any registration statement in place on the Execution Date or otherwise permitted to be filed under this paragraph, (E) Common Stock issued in connection with the exercise of any warrants outstanding on the Execution Date, (F) Common Stock issued to prospective employees in connection with such employees being hired by the Company and (G) the Securities and Common Stock issuable upon conversion of the Securities.

(g) The Company will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(h) The Company will apply the net proceeds from the sale of the Securities sold by it substantially in accordance with its statements under the caption "Use of Proceeds" in the Final Prospectus.

6. Conditions to the Obligations of the Underwriters. The obligations of the Underwriters to purchase the Firm Securities and the Option Securities, as the case may be, shall be subject to the accuracy of the representations and warranties on the part of the Company contained herein as of the Execution Time, the Closing Date and any settlement date pursuant to Section 3 hereof, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) If the Registration Statement has not become effective prior to the Execution Time, unless the Representatives agree in writing to a later time, the Registration Statement will become effective not later than (i) 6:00 PM New York City time on the date of determination of the public offering price, if such determination occurred at or prior to 3:00 PM New York City time on such date or (ii) 9:30 AM on the Business Day following the day on which the public offering price was determined, if such determination occurred after 3:00 PM New York City time on such date, if filing of the Final Prospectus, or any supplement thereto, is required pursuant to Rule 424(b), the Final Prospectus, and any such supplement, will be filed in the manner and within the time period required by Rule 424(b); and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been instituted or threatened.

(b) The Company shall have requested and caused Willkie Farr & Gallagher, counsel for the Company, to have furnished to the Representatives their opinion, dated the Closing Date and addressed to the Representatives on behalf of the Underwriters, to the effect of Exhibit A.

(c) The Company shall have caused Swidler Berlin Shereff Friedman LLP, regulatory counsel for the Company, to have furnished to the Representatives their opinion, dated the Closing Date and addressed to the Representatives on behalf of the Underwriters, to the effect of Exhibit B.

(d) The Company shall have furnished to the Representatives the opinion of Thomas C. Stortz, Senior Vice President, General Counsel and Secretary of the Company, dated the Closing Date and addressed to the Representatives on behalf of the Underwriters, to the effect of Exhibit C.

(e) The Representatives shall have received from Cravath, Swaine & Moore, counsel for the Underwriters, such opinion or opinions, dated the Closing Date and addressed to the Representatives on behalf of the Underwriters, with respect to the issuance and sale of the Securities, the Registration Statement, the Final Prospectus (together with any supplement thereto) and other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(f) The Company shall have furnished to the Representatives a certificate of the Company, signed by the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Company, dated the Closing Date, to the effect that the signers of such certificate have carefully examined the Registration Statement, the Final Prospectus, any supplements to the Final Prospectus and this Agreement and that:

(i) the representations and warranties of the Company in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since June 30, 1999, the date of the most recent financial statements included or incorporated by reference in the Final Prospectus (exclusive of any supplement thereto), there has not been, singularly or in the aggregate, any material adverse change in the properties, business, results of operations, financial condition, affairs or business prospects of the Company and its subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Final Prospectus (exclusive of any supplement thereto).

(g) The Company shall have requested and caused Pricewaterhouse Coopers LLP to have furnished to the Representatives, at the Execution Time and at the Closing Date, letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance reasonably satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Act and the Exchange Act and the respective applicable rules and regulations adopted by the

Commission thereunder and Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules included or incorporated by reference in the Registration Statement and the Final Prospectus and reported on by them comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related rules and regulations adopted by the Commission;

(ii) nothing came to their attention which caused them to believe that the information included or incorporated by reference in the Registration Statement and the Final Prospectus in response to Regulation S-K, Item 301 (Selected Financial Data) and Item 503(d) (Ratio of Earnings to Fixed Charges) is not in conformity with the applicable disclosure requirements of Regulation S-K; and

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company and its subsidiaries) set forth in the Final Prospectus and the information included or incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 1998 and the Proxy Statement on Schedule 14A dated April 28, 1999, incorporated by reference in the Registration Statement and the Final Prospectus, agrees with the accounting records of the Company and its subsidiaries, excluding any questions of legal interpretation.

All references in this Section 6(g) to the Registration Statement or the Final Prospectus shall be deemed to include any amendment or supplement thereto at the date of the letter.

(h) At the Execution Time and at the Closing Date, Arthur Andersen LLP shall have furnished to the Representatives a letter or letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance reasonably satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Act and the Exchange Act and the applicable rules and regulations thereunder and Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules included or incorporated by reference in the Registration Statement and the Final Prospectus and reported on by them comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related rules and regulations adopted by the Commission;

(ii) based upon (x) their review, in accordance with standards established under Statement on Auditing Standards No. 71, of the unaudited interim financial information included in the Company's quarterly report on

Form 10-Q for the three-month and six-month periods ended June 30, 1999 and 1998, included or incorporated by reference in the Registration Statement and Final Prospectus, and (y) with respect to the period subsequent to June 30, 1999, including the reading of the minutes and inquiries of certain officials of the Company who have responsibility for financial and accounting matters and certain other limited procedures requested by the Representatives and described in detail in such letter, nothing has come to their attention that causes them to believe that:

(1) any unaudited financial statements included or incorporated by reference in the Registration Statement and the Final Prospectus do not comply as to form in all material respects with applicable accounting requirements of the Act and with the related rules and regulations adopted by the Commission with respect to financial statements included or incorporated by reference in quarterly reports on Form 10-Q under the Exchange Act; and said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included or incorporated by reference in the Registration Statement and the Final Prospectus;

(2) with respect to the period subsequent to June 30, 1999, there were any increases, at a specified date not more than five business days prior to the date of the letter, in the long-term debt of the Company and its subsidiaries or decreases in the stockholders' equity of the Company or decreases in total current assets of the Company and its subsidiaries or any change in capital stock of the Company and its subsidiaries, as compared with the amounts shown on the June 30, 1999 consolidated balance sheet included as an attachment to the letter or letters referred to in this paragraph or for the period from July 1, 1999, to such specified date there were any decreases, as compared with the corresponding period in the immediately preceding quarter, in revenue, cost of revenue, operating earnings, EBITDA (as defined in the Final Prospectus) or in total or per share amounts of net earnings, except in all instances for increases, changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by the Company as to the significance thereof unless said explanation is not deemed necessary by the Representatives; and

(3) the information included or incorporated by reference in the Registration Statement and the Final Prospectus in response to Regulation S-K, Item 301 (Selected Financial Data) and Item 503(d) (Ratio of Earnings to Fixed Charges) is not in conformity with the applicable disclosure requirements of Regulation S-K; and

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company and its subsidiaries) set forth in the Registration Statement and the Final

Prospectus and in Exhibit 12 to the Registration Statement, and the information included or incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 1998, Proxy Statement on Schedule 14A dated April 28, 1999, Quarterly Reports on Form 10-Q for the quarters ended March 31, 1999 and June 30, 1999 and amended Quarterly Reports on Form 10-Q/A for the quarters ended June 30, 1998 and September 30, 1998, incorporated by reference in the Registration Statement and the Final Prospectus, agrees with the accounting records of the Company and its subsidiaries, excluding any questions of legal interpretation.

All references in this Section 6(h) to the Registration Statement or the Final Prospectus shall be deemed to include any amendment or supplement thereto at the date of the letter.

(i) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the Registration Statement (exclusive of any amendment thereof) and the Final Prospectus (exclusive of any supplement thereto), there shall not have been (i) any increase, change or decrease specified in the letter or letters referred to in paragraph (h) of this

Section 6 or (ii) any change, or any development involving a prospective change, in or affecting the properties, business, results of operations, financial condition, affairs or business prospects of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Final Prospectus (exclusive of any supplement thereto) the effect of which, in any case referred to in clause (i) or (ii) above, is, in the sole judgment of the Representatives, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the Securities as contemplated by the Final Prospectus (exclusive of any supplement thereto).

(j) Subsequent to the Execution Time, there shall not have been (i) any decrease in the rating of any of the Company's debt securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Securities Act) or (ii) any notice given of any intended or potential decrease in any such rating or that such organization has under surveillance or review (other than any such notice with positive implications of a possible upgrading) its rating of the Company's debt securities.

(k) The Common Stock issuable upon conversion of the Securities shall have been listed and admitted and authorized for trading, subject to official notice of issuance, on the Nasdaq National Market, and reasonably satisfactory evidence of such actions shall have been provided to the Representatives.

(l) Prior to the Closing Date, the Company shall have furnished to the Representatives such further information, certificates and documents as the Representatives may reasonably request.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters, this Agreement and all obligations of the Underwriters hereunder may be

canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to the Company in writing or by telephone or facsimile confirmed in writing.

The documents required to be delivered by this Section 6 shall be delivered at the office of Cravath, Swaine & Moore, counsel for the Underwriters, at 825 Eighth Avenue, New York, New York 10019, on the Closing Date.

7. Reimbursement of Underwriters' Expenses. If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 6 hereof is not satisfied, because of any termination pursuant to Section 10 hereof or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof, in each case, other than by reason of a default by any of the Underwriters, the Company will reimburse the Underwriters severally through Goldman, Sachs & Co. on demand for all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities. Except as provided in the preceding sentence or elsewhere in this Agreement, the Underwriters shall be responsible for all costs and expenses incurred by them in connection with their purchase of the Securities hereunder and the resale of any of the Securities, including, without limitation, their own out-of-pocket lodging, meal and other "roadshow" expenses and fees and disbursements of counsel for the Underwriters and (ii) such other "roadshow" expenses as shall be agreed upon by the Company and the Representatives.

8. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement as originally filed or in any amendment thereof, or in the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Underwriter through the Representatives specifically for inclusion therein; provided further, that with respect to any untrue statement or omission of material fact made in the Basic Prospectus or any Preliminary Final Prospectus, the indemnity agreement contained in this Section 8(a) shall not inure to the benefit of any Underwriter from whom the person asserting any such loss, claim, damage or liability purchased the securities concerned, to the extent that any such loss, claim, damage or liability of such Underwriter occurs under the circumstance where it shall have been determined by a court of competent jurisdiction by final and

nonappealable judgment that such loss, claim, damage or liability results from the fact that (i) the Company had previously furnished copies of the Final Prospectus to the Representatives, (ii) delivery of the Final Prospectus was required by the Act to be made to such person, (iii) the untrue statement or omission of a material fact contained in the Basic Prospectus or the Preliminary Final Prospectus was corrected in the Final Prospectus, (iv) there was not sent or given to such person, at or prior to the written confirmation of the sale of such securities to such person, a copy of the Final Prospectus and (v) such correction would have cured the defect giving rise to such loss, claim, damage or liability. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Underwriter severally and not jointly agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Registration Statement, and each person who controls the Company within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity from the Company to each Underwriter, but only with reference to written information relating to such Underwriter furnished to the Company by or on behalf of such Underwriter through the Representatives specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be reasonably satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or

proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent

(i) includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. It is understood, however, that the Company shall, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of only one separate firm of attorneys (in addition to any local counsel) at any time for all such Underwriters and controlling persons, which firm shall be designated in writing by Goldman, Sachs & Co. An indemnifying party shall not be liable under this Section 8 to any indemnified party regarding any settlement or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent is consented to by such indemnifying party, which consent shall not be unreasonably withheld.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 8 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company and the Underwriters severally agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Company and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and by the Underwriters on the other from the offering of the Securities; provided, however, that in no case shall any Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the Securities) be responsible for any amount in excess of the underwriting discount or commission applicable to the Securities purchased by such Underwriter hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the Underwriters severally shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set forth on the cover page of the Final Prospectus. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Company on the one hand or the Underwriters on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an Underwriter within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall

have the same rights to contribution as such Underwriter, and each person who controls the Company within the meaning of either the Act or the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this paragraph (d).

9. Default by an Underwriter. If any one or more Underwriters shall fail to purchase and pay for any of the Securities agreed to be purchased by such Underwriter or Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the amount of Securities set forth opposite their names in Schedule I hereto bears to the aggregate amount of Securities set forth opposite the names of all the remaining Under writers) the Securities which the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that in the event that the aggregate amount of Securities which the defaulting Underwriter or Underwriters agreed but failed to purchase shall exceed 10% of the aggregate amount of Securities set forth in Schedule I hereto, the remaining Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Securities, and if such nondefaulting Underwriters do not purchase all the Securities, this Agreement will terminate without liability to any nondefaulting Underwriter or the Company. In the event of a default by any Underwriter as set forth in this

Section 9, the Closing Date shall be postponed for such period, not exceeding five Business Days, as the Representatives shall determine in order that the required changes in the Registration Statement and the Final Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to the Company and any nondefaulting Underwriter for damages occasioned by its default hereunder.

10. Termination. This Agreement shall be subject to termination in the absolute discretion of the Representatives, by notice given to the Company prior to delivery of and payment for the Securities, if at any time prior to such time (i) trading in the Company's Common Stock shall have been suspended by the Commission or the Nasdaq National Market or trading in securities generally on the New York Stock Exchange or the Nasdaq National Market shall have been suspended or limited or minimum prices shall have been established on such Exchange or the Nasdaq National Market, (ii) a banking moratorium shall have been declared either by Federal or New York State authorities or (iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war, or other calamity or crisis the effect of which on financial markets is such as to make it, in the sole judgment of the Representatives, impractical or inadvisable to proceed with the offering or delivery of the Securities as contemplated by the Final Prospectus (exclusive of any supplement thereto).

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of the officers, directors, employees, agents or controlling persons referred to in

Section 8 hereof, and will survive delivery of and payment for the Securities. The provisions of Sections 7 and 8 hereof shall survive the termination or cancelation of this Agreement.

12. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Representatives, will be mailed, delivered or telefaxed to Goldman, Sachs & Co., at 32 Old Slip, 21st Floor, New York, New York, 10005, Attention: Registration Department; or, if sent to the Company, will be mailed, delivered or telefaxed to Level 3 Communications, Inc. (fax no.: (303) 926-3467) Attention: General Counsel and confirmed to it at 1025 Eldorado Boulevard, Broomfield, Colorado 80021, Attention: General Counsel.

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers, directors, employees, agents and controlling persons referred to in Section 8 hereof, and no other person will have any right or obligation hereunder.

14. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed within the State of New York.

15. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

16. Headings. The section headings used herein are for convenience only and shall not affect the construction hereof.

17. Definitions. The terms which follow, when used in this Agreement, shall have the meanings indicated.

"Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Basic Prospectus" shall mean the prospectus referred to in Section 1(a) above contained in the Registration Statement at the Effective Date, including the Preliminary Final Prospectus (if any).

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City.

"Commission" shall mean the Securities and Exchange Commission.

"Effective Date" shall mean each date and time that the Registration Statement, any post-effective amendment or amendments thereto and any Rule 462(b) Registration Statement became or become effective.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto.

"Final Prospectus" shall mean the prospectus supplement relating to the Securities that was first filed pursuant to Rule 424(b) after the Execution Time, together with the Basic Prospectus.

"Major Market Index" shall mean the Dow Jones Industrial Average or Standard and Poor's 500 Stock Index.

"Preliminary Final Prospectus" shall mean any preliminary prospectus supplement to the Basic Prospectus which describes the Securities and the offering thereof and is used prior to filing of the Final Prospectus, together with the Basic Prospectus.

"Registration Statement" shall mean the registration statement referred to in Section 1(a) above, including exhibits and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto or any Rule 462(b) Registration Statement becomes effective prior to the Closing Date, shall also mean such registration statement as so amended or such Rule 462(b) Registration Statement, as the case may be. Such term shall include any Rule 430A Information deemed to be included therein at the Effective Date as provided by Rule 430A.

"Rule 415", "Rule 424", "Rule 430A" and "Rule 462" refer to such rules under the Act.

"Rule 430A Information" shall mean information with respect to the Securities and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A.

"Rule 462(b) Registration Statement" shall mean a registration statement and any amendments thereto filed pursuant to Rule 462(b) relating to the offering covered by the registration statement referred to in Section 1(a) hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the several Underwriters.

Very truly yours,

Level 3 Communications, Inc.

By: /s/ Kevin J. O'Hara

 Name: Kevin J. O'Hara
 Title: Executive Vice President

The foregoing Agreement is hereby confirmed and accepted as of the date specified in Schedule I hereto

Goldman, Sachs & Co.
 Salomon Smith Barney Inc.
 Chase Securities Inc.
 Credit Suisse First Boston Corporation
 J. P. Morgan Securities Inc.
 Morgan Stanley & Co. Incorporated

By: Goldman, Sachs & Co.

By: /s/ Goldman, Sachs & Co.

 Name: Kenneth L. Joslyn
 Title: Vice President

For themselves and the other several Underwriters, if any, named in Schedule I to the foregoing Agreement.

SCHEDULE I

Underwriters	Principal Amount of Firm Securities to be Purchased
-----	-----
Goldman, Sachs & Co.....	\$255,200,000
Salomon Smith Barney Inc.....	255,200,000
Chase Securities Inc.....	31,900,000
Credit Suisse First Boston Corporation.....	31,900,000
J. P. Morgan Securities Inc.....	31,900,000
Morgan Stanley & Co. Incorporated.....	31,900,000
Lazard Freres & Co. LLC.....	16,000,000
BNY Capital Markets, Inc.....	16,000,000
Credit Lyonnais Securities (USA) Inc.....	16,000,000
Dresdner Kleinwort Benson North America LLC.....	16,000,000
First Union Capital Markets Corp.....	16,000,000
Janco Partners, Inc.....	16,000,000
Kirkpatrick, Pettis, Smith, Polian Inc.....	16,000,000

Total.....	\$750,000,000
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SCHEDULE II

Subsidiaries

PKS Information Services, Inc.

Level 3 Holdings, Inc.

KCP, Inc.

Level 3 Telecom Holdings, Inc.

Level 3 Communications, LLC

EXHIBIT A

Opinion of
Willkie Farr & Gallagher
Counsel for the Company

1. Each of the Company and Level 3 Communications, LLC has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized, with full power and authority to own or lease, as the case may be, and to operate its properties and conduct its business as described in the Final Prospectus.
2. All the outstanding shares of capital stock or other equity interests of the Company and Level 3 Communications, LLC have been duly and validly authorized and are duly issued and are fully paid and nonassessable, and have not been issued and are not owned or held in violation of any statutory preemptive right of stockholders; to the knowledge of such counsel after due inquiry, such shares or other equity interests are not held in violation of any other preemptive right of stockholders or other equity interest holders, and except as otherwise set forth in the Final Prospectus, all outstanding equity interests of Level 3 Communications, LLC are owned by the Company either directly or through wholly owned subsidiaries, to the knowledge of such counsel, after due inquiry, free and clear of any agreement providing for a security interest in such equity interests to secure any obligation and any stockholders' agreements, voting trusts, claims or other encumbrances.
3. (i) To the best knowledge of such counsel, there is no pending or threatened action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its Subsidiaries or its or their property of a character required to be disclosed in the Registration Statement which is not adequately disclosed or incorporated by reference in the Final Prospectus, and (ii) to the best knowledge of such counsel, there is no contract or other document of a character required to be described in the Registration Statement or the Final Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required; and the statements included in the Final Prospectus under the heading "Description of Notes," "Description of Common Stock" and "Description of Outstanding Capital Stock," insofar as such sections summarize the terms of the Securities, the Common Stock and the Indenture, and under the heading "Certain United States Tax Consequences to Non-United States Holders", insofar as such section summarizes matters of law, fairly summarize the matters therein described.
4. The Registration Statement has become effective under the Act; any required filing of the Basic Prospectus, any Preliminary Final Prospectus and the Final Prospectus and any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued, no proceedings for that purpose have been instituted or threatened and the Registration Statement and the Final Prospectus (other than the financial statements and other financial information contained therein or omitted therefrom, as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules thereunder.

5. The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Final Prospectus, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended.
6. To the best knowledge of such counsel, no consent, approval, authorization, license, certificate, permit or order of any court or governmental agency or body is required for the execution, delivery and performance of this Agreement and the Securities or for the consummation of the transactions contemplated hereby, except such as may be required by the Federal Communications Commission or similar state regulatory authorities or under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Underwriters (as to which such counsel need not opine) and such other approvals (to be specified in such opinion) as have been obtained.
7. Neither the execution and delivery of this Agreement, nor the issue and sale of the Securities, nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms thereof will conflict with, result in a breach of, or constitute a default under the certificate of incorporation, by-laws or other organizational documents of the Company or of any Subsidiary or the terms of any agreement or instrument listed on Annex I hereto, or any judgment, order or regulation known to such counsel to be applicable to the Company or any of its Subsidiaries of any court, regulatory body, administrative agency, governmental agency, authority or body or arbitrator having jurisdiction over the Company or any of its Subsidiaries, except orders or regulations of the Federal Communications Commission or similar state regulatory authorities or regulations of any state securities commission (as to which such counsel need not opine).
8. To the knowledge of such counsel, no holders of securities of the Company have rights to the registration of such securities in connection with or as a result of the offering and sale of the Securities under this Agreement.
9. The Company's authorized equity capitalization as of June 30, 1999, is as set forth in the Final Prospectus; the capital stock of the Company conforms in all material respects to the description thereof contained in the Final Prospectus; the shares of Common Stock initially issuable upon conversion of the Securities have been duly and validly authorized, and, when issued upon conversion against payment of the conversion price and in accordance with the terms of the Indenture, will be validly issued, fully paid and nonassessable; the Board of Directors of the Company or a duly constituted committee thereof, has duly and validly adopted resolutions reserving such shares of Common Stock for issuance upon conversion; and the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to subscribe for the Securities; and, except as set forth in the Final Prospectus and, except for outstanding warrants and options to purchase shares of Common Stock that in the aggregate represent less than 1% of the Common Stock outstanding on the date of this Agreement, to the knowledge of such counsel, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in the Company are outstanding.
10. The Securities have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of the Underwriting Agreement, will constitute valid and legally binding obligations of the Company entitled to the benefits of the

Indenture, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

11. The Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Indenture has been duly qualified under the Trust Indenture Act.

12. The Company has full corporate right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder, including the issuance of the Securities; and all corporate action required to be taken by the Company for the due and proper authorization, execution and delivery of this Agreement and for the consummation of the transactions contemplated hereby has been duly and validly taken.

13. This Agreement has been duly authorized, validly executed and delivered by the Company.

In addition, such counsel shall state that they have participated in conferences with representatives of the Company, the Underwriters and their counsel, at which conferences the contents of the Final Prospectus were discussed, and, although, except as otherwise described above, such counsel has not independently checked or verified and does not pass upon and assumes no responsibility for the factual accuracy, completeness or fairness of the statements contained in the Registration Statement or the Final Prospectus, such counsel has no reason to believe that on the Effective Date or at the Execution Time the Registration Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Final Prospectus as of its date or on the Closing Date included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, other than the financial statements and other financial information contained therein or omitted therefrom and other than the sections entitled "Risk Factors-- We are subject to significant regulation that could change in an adverse manner", A-- Canadian law currently does not permit us to offer services in Canada" and A-- Potential regulation of internet service providers could adversely affect our operations" and "Business-- Regulation" included in the Final Prospectus and comparable sections in the Company's Exchange Act reports incorporated in the Final Prospectus by reference, as to which such counsel need not express a belief).

Such opinion may be limited to the laws of the State of New York, the Federal laws of the United States of America and the General Corporation Law and the Limited Liability Company Act of the State of Delaware.

All references in this Exhibit A to the Final Prospectus shall be deemed to include any supplements thereto at the Closing Date. The opinion of such counsel shall be rendered to the Underwriters at the request of the Company and shall so state.

ANNEX I
to Exhibit A

1. Construction and Maintenance Agreement relating to Japan-US Cable Network dated July 31, 1998.
2. Fibre Optic Cable License Agreement, dated December 23, 1998, between Norfolk Southern Railway Company, Central of Georgia Railroad Company, and Georgia Southern and Florida Railway Company and Level 3 Communications, LLC.
3. Agreement, dated November 19, 1998, between Worldwide Fibre Inc. and Level 3 Communications, LLC for construction and right of way.
4. Agreement, dated November 19, 1998, between Mi-Link LLC and Level 3 Communications, LLC for construction and right of way
5. Acquisition Agreement by and between CalEnergy Co., Inc. and Kiewit Diversified Group, Inc., dated September 10, 1997.
6. Agreement and Plan of Merger among Level 3 Communications, Inc., CrimsonAcqCo, Inc., XCOM Technologies, Inc. and certain individuals, partnerships and companies, dated April 3, 1998.
7. Telecommunications Services Agreement between Frontier Communications International Inc. and Level 3 Communications, LLC, dated March 23, 1998.
8. Fiber Optic Survey Agreement between Level 3 Communications, LLC and Union Pacific Rail Road Company, dated March 31, 1998.
9. Fiber Optic Agreement between Level 3 Communications, LLC and Union Pacific Rail Road Company, dated 1998.
10. Systems Integration Agreement by and between Level 3 Communications, LLC and Science Applications International Corporation, dated January 10, 1998.
11. Agreement between Kiewit Coal Properties, Inc. and Kiewit Mining Group, Inc., dated January 8, 1992.
12. Separation Agreement by and among Peter Kiewit Sons', Inc., Kiewit Diversified Group, Inc., PKS Holdings, Inc., and Kiewit Construction Group, Inc., dated December 8, 1997.
13. Amendment to Separation Agreement by and among Peter Kiewit Sons', Inc., Level 3 Communications, Inc., PKS Holdings, Inc. and Kiewit Construction Group, Inc., dated March 18, 1998.
14. Tax Sharing Agreement by and between Peter Kiewit Sons', Inc. and PKS Holdings, Inc., dated March 26, 1998.

15. Promissory Note from Peter Kiewit Sons' Co. to Metropolitan Life Insurance Company, dated June 27, 1997.
16. Deed of Trust, Security Agreement and Fixture Filing by Peter Kiewit Sons' Co., to Metropolitan Life Insurance Company, dated June 27, 1997.
17. Repayment and Cooperation Agreement between Orange County Transportation Authority and California Private Transportation Company, L.P., dated July 13, 1992.
18. Amendment to Repayment and Cooperation Agreement dated as of July 13, 1992, between Orange County Transportation Authority and California Private Transportation Company, L.P., dated July 13, 1992.
19. Subordinated Promissory Note by Orange County Transportation Authority and California Private Transportation Company, L.P., dated July 20, 1993.
20. Credit Agreement among California Private Transportation Company, L.P., Bank Nationale de Paris, CitiCorp U.S.A., Inc. and Societe Generale, dated July 14, 1993.
21. Cost Sharing and IRU Agreement among Level 3 Communications, LLC and InterneXt LLC, dated July 18, 1998.
22. Master Right-of-Way Agreement among Level 3 Communications, LLC and The Burlington Northern and Santa Fe Railway Company, dated June 23, 1998.
23. Intercity Network Infrastructure Contract between Level 3 Communications, LLC and Kiewit Construction Company, dated June 15, 1998.
24. Global Master Procurement Agreement between BTE Equipment, LLC and Lucent Technologies Inc., dated May 17, 1999.
25. Cross Channel Cables Agreement among France Manche S.A., The Channel Tunnel Group Limited, Level 3 Communications Limited and Level 3 Communications S.A., dated June 22, 1999.
26. Fiber Optic Cable System Contract between Level 3 Communications Limited, Level 3 Communications S.A. and Alcatel Submarine Networks S.A., dated May 14, 1999.
27. Engineer, Procure and Construct Contract between Level 3 Communications, GmbH and Alcatel Contracting, GmbH dated March 30, 1999.
28. Engineer, Procure and Construct Contract between Level 3 Communications, Ltd. and Fujitsu Telecommunications Europe, Ltd., dated March 19, 1999.
29. Engineer, Procure and Construct Contract between Level 3 Communications, SA and Alcatel Contracting, SA dated April 9, 1999.
30. Joint Build Agreement among Colt Telecom Group plc and certain of its subsidiaries and Level 3 International Inc. and certain of its subsidiaries, dated May 4, 1999.

31. Supply Contract among Level 3 (Bermuda) Ltd., Level 3 Communications Limited, Level 3 International, Inc. and Tyco Submarine Systems Ltd., dated June 15, 1999.

EXHIBIT B

Opinion of
Swidler Berlin Shereff Friedman LLP
Regulatory Counsel for the Company

1. The licenses, certificates, permits and authorizations set forth in Attachment A to this opinion constitute all of the licenses, certificates, permits and authorizations required by the Federal Communications Commission ("FCC") and the State Regulatory Agencies (as defined below) for the provision of telecommunications services by the Company and the Subsidiaries as such counsel understands those services currently to be provided based on the declaration of an executive officer of the Company attached to such opinion, where the failure to obtain or hold such license, certificate, permit or authorization would materially adversely affect the ability of the Company or the Subsidiaries to provide such services, and none of the Company or any Subsidiary has received any notice of proceedings relating to the revocation or modification of any such license, certificate, permit or authorization which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse affect on the Company or such Subsidiary, in connection with the provision of such services.
2. To the best knowledge of such counsel, after reasonable inquiry, neither the Company nor any of the Subsidiaries is subject to any pending or threatened proceeding, complaint or investigation before the FCC or any State Regulatory Agency based on any alleged violation by the Company or its Subsidiaries in connection with the provision of or failure to provide telecommunications services, of a character that would be required to be disclosed or incorporated by reference in the Registration Statement and the Final Prospectus, which is not adequately disclosed in the Registration Statement and the Final Prospectus.
3. The statements included in the Final Prospectus under the headings "Risk Factors--We are subject to significant regulation that could change in an adverse manner", A--Canadian law currently does not permit us to offer services in Canada" and A--Potential regulation of internet service providers could adversely affect our operations" and "Business--Regulation", fairly summarize the matters therein described.
4. No consent, approval, authorization, license, certificate, permit or order of the FCC or any State Regulatory Agency is required for the consummation of the transactions contemplated by this Agreement.
5. Neither the execution and delivery of this Agreement nor the issue and sale of the Securities contemplated hereby will conflict with or result in a breach or violation of the Communications Act of 1934, as amended, any order or regulation of the FCC or any State Regulatory Agency applicable to the Company or any of the Subsidiaries or cause the suspension, revocation, impairment, forfeiture, nonrenewal or termination of any FCC license or other authorization of the FCC.

Such counsel has not itself checked the accuracy or completeness of, or otherwise verified, the information furnished with respect to other matters in the Registration Statement and the Final Prospectus. Such counsel has generally reviewed and discussed with representatives of and counsel for the Underwriters and with certain officers and employees

of, and counsel for, the Company the information furnished, whether or not subject to its check and verification. Although such counsel has not independently checked or verified and is neither passing upon nor assuming any responsibility for the factual accuracy, completeness or fairness of the statements contained in the Registration Statement and the Final Prospectus or any amendment thereof or supplement thereto, nothing has come to its attention which would cause it to believe that the statements included in the Final Prospectus under the headings "Risk Factors--We are subject to significant regulation that could change in an adverse manner", A--Canadian law currently does not permit us to offer services in Canada" and A--Potential regulation of internet service providers could adversely affect our operations" and "Business -- Regulation", including the statements in respect to Canadian law or regulation, on the date thereof or on the Closing Date contain an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Such counsel's opinions may be based solely on the Communications Act of 1934, as amended, decisions of the FCC and FCC rules and regulations, comparable state statutes governing telecommunications, and the rules and regulations of comparable state regulatory agencies with direct regulatory jurisdiction over telecommunications matters in the states in which the Company and the Subsidiaries provide intrastate services ("State Regulatory Agencies"). Such counsel's opinion may be limited solely to matters arising under these authorities regarding federal common carrier telecommunications regulatory requirements and comparable state regulatory requirements in states in which the Company and the Subsidiaries provide intrastate services.

Such counsel is a member of the Bar of the District of Columbia. In rendering this opinion, such counsel has relied as to certain matters of fact on certificates of responsible officers of the Company and public officials.

All references in this Exhibit B to the Registration Statement or the Final Prospectus shall be deemed to include any amendment or supplement thereto at the Closing Date. The opinion of such counsel shall be rendered to the Underwriters at the request of the Company and shall so state.

EXHIBIT C

Opinion of

Thomas C. Stortz, Senior Vice President,

General Counsel and Secretary of the Company

1. Each of the Subsidiaries, other than Level 3 Communications, LLC and Continental Holdings Inc., as to which such counsel need not opine, has been duly incorporated or formed and is validly existing and in good standing in the jurisdiction of its incorporation or formation, and has the requisite corporate power and authority to carry on its business and own its properties as currently being conducted and as described in the Final Prospectus.

2. All the outstanding shares of capital stock or other equity interests of each Subsidiary, other than Level 3 Communications, LLC and Continental Holdings Inc., as to which such counsel need not opine, have been duly and validly authorized and are duly issued and are fully paid and nonassessable, and have not been issued and are not owned or held in violation of any statutory preemptive right of stockholders; to the knowledge of such counsel after due inquiry, such shares or other equity interests are not held in violation of any other preemptive right of stockholders, and except as otherwise set forth in the Final Prospectus, all outstanding shares of capital stock or other equity interests of the Subsidiaries are owned by the Company either directly or through wholly owned Subsidiaries, to the knowledge of such counsel, after due inquiry, free and clear of any agreement providing for a security interest in such shares or equity interests to secure any obligation and any stockholders' agreements, voting trusts, claims or other encumbrances.

3. Neither the execution and delivery of this Agreement nor the issue and sale of the Securities, nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms thereof will conflict with, result in a breach of, or constitute a default under the terms of any indenture or other agreement or instrument actually known to such counsel, after due inquiry (which does not include (i) a review of all the agreements or instruments in the Company's files or of agreements or instruments such counsel has not been involved with or (ii) a canvassing of the Company's employees), and to which the Company or any Subsidiary is a party or bound or its property is subject.

4. The information included in the Final Prospectus under the headings "Risk Factors--Environmental liabilities from our historical operations could be material" and "Business--Legal Proceedings", insofar as such headings summarize matters of law, fairly summarize the matters therein described.

Such opinion may be limited to the laws of the State of Nebraska, the Federal laws of the United States of America and the General Corporation Law and the Limited Liability Company Act of the State of Delaware.

All references in this Exhibit C to the Final Prospectus shall be deemed to include any supplement thereto at the Closing Date. The opinion of such counsel shall be rendered to the Underwriters at the request of the Company

and shall so state.

EXHIBIT 4.1

EXECUTION COPY

LEVEL 3 COMMUNICATIONS, INC.

AND

IBJ WHITEHALL BANK & TRUST COMPANY
as Trustee

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF SEPTEMBER 20, 1999

Supplement to Indenture dated as of September 20, 1999
(Subordinated Debt Securities)

FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE, dated as of September 20, 1999 by and between LEVEL 3 COMMUNICATIONS, INC., a Delaware corporation (hereinafter called the "Company"), and IBJ WHITEHALL BANK & TRUST COMPANY, a corporation duly organized and existing under the laws of the State of New York (hereinafter called the "Trustee"), having a Corporate Trust Office at One State Street, New York, New York, 10004, as Trustee under the Indenture (as hereinafter defined).

RECITALS

WHEREAS, the Company and the Trustee have as of September 20, 1999 entered into an Indenture (hereinafter called the "Indenture"), providing for the issuance by the Company from time to time of its subordinated debt securities;

WHEREAS, no Securities have been issued under the Indenture and there do not currently exist any Holders;

WHEREAS, Section 901 of the Indenture provides, among other things, that the Company, when authorized by or pursuant to a Board Resolution, and the Trustee may without the consent of any Holders of Securities enter into one or more indentures supplemental to the Indenture to establish the form or terms of Securities of any series, including the provisions and procedures providing for the adjustment of conversion rights with respect to Securities convertible into Common Stock or to change or eliminate any of the provisions of the Indenture, provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;

WHEREAS, the Company desires to issue one series of convertible subordinated debt securities under the Indenture, and has duly authorized the creation and issuance of such debt securities and the execution and delivery of this First Supplemental Indenture to modify the Indenture and provide certain additional provisions as hereinafter described;

WHEREAS, the Company and the Trustee deem it advisable to enter into this First Supplemental Indenture for the purposes of establishing the terms of such convertible subordinated debt securities and providing for the rights, obligations and duties of the Trustee with respect to such debt securities;

WHEREAS, concurrent with the execution hereof, the Company has delivered an Officers' Certificate and has caused its counsel to deliver to the Trustee an Opinion of Counsel or a reliance letter upon an opinion of counsel; and

WHEREAS, all conditions and requirements of the Indenture necessary to make this First Supplemental Indenture a valid, binding and legal instrument in accordance with its terms have been performed and fulfilled by the parties hereto and the execution and delivery thereof have been in all respects duly authorized by the parties hereto.

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the mutual premises and agreements herein contained, the Company and the Trustee covenant and agree, for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE ONE

CREATION OF THE NOTES

SECTION 1.1. DESIGNATION OF SERIES. Pursuant to the terms hereof and Sections 201 and 301 of the Indenture, the Company hereby creates a series of its convertible subordinated debt securities designated as the "6% Convertible Subordinated Notes due 2009" (the "Notes"), which Notes shall be deemed "Securities" for all purposes under the Indenture.

SECTION 1.2. FORM OF NOTES. (a) The Notes will be issued in permanent global form without coupons and the definitive form of the Notes shall be substantially in the form set forth in Exhibit A attached hereto, which is incorporated herein and made part hereof. The Notes shall bear interest, be payable and have such other terms as are stated in the form of definitive Note or in the Indenture, as supplemented by this First Supplemental Indenture. The Stated Maturity of the Notes shall be September 15, 2009.

(b) The fifth paragraph of Section 305 of the Indenture is hereby amended with respect to the Notes by replacing clause (y) in the fourth sentence thereof with the following:

"(y) an Event of Default or an event which after notice or lapse of time or both would be an Event of Default has occurred and is continuing and the beneficial owners representing a majority in principal amount of the Notes

represented by such global Securities advise DTC to cease acting as depositary for such global Securities or".

SECTION 1.3. LIMIT ON AMOUNT OF SERIES. The Notes shall not exceed \$862,500,000 in aggregate principal amount, and may, upon the execution and delivery of this First Supplemental Indenture or from time to time thereafter, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes to or upon the written order of the Company, signed by its Chairman of the Board, President or one of its Vice Presidents and by its Treasurer, one of its Assistant Treasurers, its Secretary or one of its Assistant Secretaries, without further action by the Company.

SECTION 1.4. CERTIFICATE OF AUTHENTICATION. The Trustee's certificate of authentication to be borne on the Notes shall be substantially as provided in the Form of Note attached hereto as Exhibit A.

SECTION 1.5. NO SINKING FUND. No sinking fund will be provided with respect to the Notes.

SECTION 1.6. NO ADDITIONAL AMOUNTS. No Additional Amounts will be payable with respect to the Notes.

SECTION 1.7. DEFINITIONS.

(a) Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned thereto in the Indenture.

(b) Solely for purposes of this First Supplemental Indenture and the Notes, the following definitions are hereby amended in their entirety to read as follows:

"Person" means any individual, corporation, company, partnership, joint venture, limited liability company, association, joint stock company, trust, unincorporated organization, government or agency or political subdivision thereof or any other entity.

"Senior Indebtedness" means the principal of, and premium, if any, and interest, including all interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding, on, and all fees and other amounts payable in connection with, the following, whether absolute or contingent, secured or unsecured, due or to become due, outstanding on the date of the Indenture or thereafter created, incurred or assumed:

(1) indebtedness of the Company evidenced by a credit or loan agreement, note, bond, debenture or other written obligation,

(2) all obligations of the Company for money borrowed,

(3) all obligations of the Company evidenced by a note or similar instrument given in connection with the acquisition of any businesses, properties or assets of any kind,

(4) obligations of the Company (A) as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles and (B) as lessee under other leases for facilities, capital equipment or related assets, whether or not capitalized, entered into or leased for financing purposes,

(5) all obligations of the Company under interest rate and currency swaps, caps, floors, collars, hedge agreements, forward contracts or similar agreements or arrangements,

(6) all obligations of the Company with respect to letters of credit, bankers' acceptances and similar facilities, including reimbursement obligations with respect to the foregoing,

(7) all obligations of the Company issued or assumed as the deferred purchase price of property or services, but excluding trade accounts payable and accrued liabilities arising in the ordinary course of business,

(8) all obligations of the type referred to in clauses (1) through (7) of another Person and all dividends of another person, the payment of which, in either case, the Company has assumed or guaranteed, or for which the Company is responsible or liable, directly or indirectly, jointly or severally, as obligor, guarantor or otherwise, or which is secured by a lien on the property of the Company, and

(9) renewals, extensions, modifications, replacements, restatements and refundings of, or any indebtedness or obligation issued in exchange for, any such indebtedness or obligation described in clauses (1) through (8) hereof;

provided, however, that Senior Indebtedness shall not include the Notes or any such indebtedness or obligation if the terms of such indebtedness or obligation, or the terms of the instrument under which, or pursuant to which it is issued expressly provide that such indebtedness or obligation is not superior in right of payment to the Notes.

"Subsidiary" of any Person means (i) a corporation more than 50% of the combined voting power of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation) in which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

(c) Solely for purposes of this First Supplemental Indenture and the Notes, the following terms shall have the indicated meanings:

"Capital Stock" of any Person means any and all shares, interest, participations or other equivalents (however designated) of corporate stock or equity participations, including partnership interests, whether general or limited, of such Person and any rights (other than debt securities convertible or exchangeable into any equity interest), warrants or options to acquire an equity interest in such person.

"Change of Control" at such time after the original issuance of the Notes means the occurrence of the following events:

(1) if any "person" or group " (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successor provisions to either of the foregoing), including any group acting for the purpose of acquiring, holding, voting or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act, other than any one or more of the Permitted Holders, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, except that a person will be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 35% or more of the total voting power of the Voting Stock of the Company; provided, however, that the Permitted Holders are the "beneficial owners" (as defined in Rule 13d-3 under the Exchange Act, except that a person will be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, in the aggregate of a lesser percentage of the total voting power of the Voting Stock of the Company than such other person or group (for purposes of this clause (1), such person or group shall be deemed to beneficially own any voting stock of a corporation (the "specified corporation") held by any other corporation (the "parent corporation") so long as such person or group beneficially owns, directly or indirectly, in the aggregate a majority of the total voting power of the Voting Stock of such parent corporation); or

(2) the sale, transfer, assignment, lease, conveyance or other disposition, directly or indirectly, of all or substantially all the assets of the Company and its subsidiaries, considered as a whole (other than a disposition of such assets as an entirety or virtually as an entirety to a wholly owned subsidiary or one or more Permitted Holders) shall have occurred; or

(3) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election or appointment by such Board or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office; or

(4) the stockholders of the Company shall have approved any plan of liquidation or dissolution of the Company;

provided, however, that a Change of Control shall not be deemed to have occurred if the Current Market Price of the Common Stock of the Company for any five Trading Days within the period of 10 consecutive Trading Days beginning immediately after the later of the Change of Control or the public announcement of the Change of Control shall equal or exceed 105% of the Conversion Price in effect on each such Trading Day; provided further that if the Change of Control results in the reclassification, conversion, exchange of outstanding shares of Common Stock of the Company, such 10 consecutive Trading Day period shall be measured as ending immediately before the Change of Control.

"Conversion Price" shall equal U.S. \$1,000 divided by the Conversion

Rate (rounded to the nearest cent, with one-half cent being rounded upward)

"Current Market Price" of Common Stock of the Company for any day means the last reported per share sale price, regular way on such day, or, if no sale takes place on such day, the average of the reported closing per share bid and asked prices on such day, regular way, in either case as reported on the Nasdaq National Market or, if such Common Stock is not quoted or admitted to trading on such quotation system, on the principal national securities exchange or quotation system on which such Common Stock may be listed or admitted to trading or quoted, or, if not listed or admitted to trading or quoted on any national securities exchange or quotation system, the average of the closing per share bid and asked prices of such Common Stock on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or similar generally accepted reporting service, or, if not so available in such manner, as furnished by any Nasdaq member firm selected from time to time by the Board of Directors of the Company for that purpose, or, if not so available in such manner, as otherwise determined in good faith by the Board of Directors of the Company.

"Exchange Act" means the Securities Exchange Act of 1934.

"Expiration Date" has the meaning specified in "Offer to Purchase" below.

"Federal Bankruptcy Code" means the Bankruptcy Act of Title 11 of the United States Code, as amended from time to time.

"Indebtedness" means, with respect to a Person:

- (1) indebtedness of such Person evidenced by a credit or loan agreement, note, bond, debenture or other written obligation,
- (2) all obligations of such Person for money borrowed,

- (3) all obligations of such Person evidenced by a note or similar instrument given in connection with the acquisition of any businesses, properties or assets of any kind,
- (4) obligations of such Person (A) as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles and (B) as lessee under other leases for facilities, capital equipment or related assets, whether or not capitalized, entered into or leased for financing purposes,
- (5) all obligations of such Person under interest rate and currency swaps, caps, floors, collars, hedge agreements, forward contracts or similar agreements or arrangements,
- (6) all obligations of such Person with respect to letters of credit, bankers' acceptances and similar facilities, including reimbursement obligations with respect to the foregoing,
- (7) all obligations of such Person issued or assumed as the deferred purchase price of property or services, but excluding trade accounts payable and accrued liabilities arising in the ordinary course of business,
- (8) all obligations of the type referred to in clauses (1) through (7) of another Person and all dividends of another person, the payment of which, in either case, such Person has assumed or guaranteed, or for which such Person is responsible or liable, directly or indirectly, jointly or severally, as obligor, guarantor or otherwise, or which is secured by a lien on the property of such Person, and
- (9) renewals, extensions, modifications, replacements, restatements and refundings of, or any indebtedness or obligation issued in exchange for, any such indebtedness or obligation described in clauses (1) through (8) hereof.
- "9-1/8% Senior Notes Indenture" means the Indenture dated as of April 28, 1998, as amended, supplemented or modified from time to time, between the Company and IBJ Schroder Bank & Trust Company, as trustee, relating to the Company's 9-1/8% Senior Notes Due 2008.
- "Offer" has the meaning specified in "Offer to Purchase" below.

"Offer to Purchase" means a written offer (the "Offer") sent by the Company by first-class mail, postage prepaid, to each Holder of Notes at its address appearing in the Security Register on the date of the Offer offering to purchase up to the principal amount of Notes specified in such Offer at the purchase price specified in such Offer (as determined pursuant to this Indenture). Unless otherwise required by applicable law, the Offer shall specify an expiration date (the "Expiration Date") of the Offer to Purchase which shall be, subject to any contrary requirements of applicable law, not less than 30 days or more than 60 days after the date of such Offer and a settlement date (the "Purchase Date") for purchase of Notes within five Business Days after the Expiration Date. The Company shall notify the Trustee at least 15 Business Days (or such shorter period as is acceptable to the Trustee) prior to the mailing of the Offer of the Company's obligation to make an Offer to Purchase, and the Offer shall be mailed by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company. The Offer shall contain information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will enable such Holders to make an informed decision with respect to the Offer to Purchase (which at a minimum will include (i) the most recent annual and quarterly financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the documents required to be filed under the Exchange Act (which requirements may be satisfied by delivery of such documents together with the Offer), (ii) a description of material developments in the Company's business subsequent to the date of the latest of such financial statements referred to in clause (i) (including a description of the events requiring the Company to make the Offer to Purchase), (iii) if applicable, appropriate pro forma financial information concerning the Offer to Purchase and the events requiring the Company to make the Offer to Purchase and (iv) any other information required by applicable law to be included therein). The Offer shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase. The Offer shall also state:

- (1) the Section of the Indenture pursuant to which the Offer to Purchase is being made;
- (2) the Expiration Date and the Purchase Date;
- (3) the aggregate principal amount of the Outstanding Notes offered to be purchased by the Company pursuant to the Offer to Purchase (the "Purchase Amount");
- (4) the purchase price to be paid by the Company for \$1,000 aggregate principal amount of Notes accepted for payment (as specified pursuant to the Indenture) (the "Purchase Price") and whether the Purchase

Price shall be paid by the Company in cash or by delivery of shares of Common Stock of the Company;

(5) that the Holder may tender all or any portion of the Notes registered in the name of such Holder and that any portion of a Note tendered must be tendered in a principal amount equal to \$5,000 or any integral multiple of \$1,000 in excess thereof;

(6) the place or places where Notes are to be surrendered for tender pursuant to the Offer to Purchase;

(7) that any Notes not tendered or tendered but not purchased by the Company will continue to accrue interest;

(8) that on the Purchase Date the Purchase Price will become due and payable upon each Note being accepted for payment pursuant to the Offer to Purchase and that interest thereon, if any, shall cease to accrue on and after the Purchase Date;

(9) that each Holder electing to tender a Note pursuant to the Offer to Purchase will be required to surrender such Note at the place or places specified in the Offer prior to the close of business on the Expiration Date (such Note being, if the Company or the Trustee so requires, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his or her attorney duly authorized in writing);

(10) in the event that the Purchase Price shall be paid in shares of Common Stock of the Company, that each Holder electing to tender a Note pursuant to the Offer to Purchase will be required to provide written notification of the name or names (with addresses) in which the certificate or certificates for shares of such Common Stock shall be issued;

(11) that Holders will be entitled to withdraw all or any portion of Notes tendered if the Company (or the Paying Agent) receives, not later than the close of business on the Expiration Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder tendered, the certificate number of the Note the Holder tendered and a statement that such Holder is withdrawing all or a portion of his tender;

(12) that if Notes in an aggregate principal amount less than or equal to the Purchase Amount are duly tendered and not withdrawn pursuant to the Offer to Purchase, the Company shall purchase all such Notes;

(13) the Conversion Rate then in effect, the date on which the right to convert the principal amount of the Notes to be repurchased will terminate and the place or places where such Notes may be surrendered for conversion; and

(14) that in the case of any Holder whose Note is purchased only in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unpurchased portion of the Note so tendered.

Any Offer to Purchase shall be governed by and effected in accordance with the Offer for such Offer to Purchase.

"Permitted Holders" means the members of the Company's Board of Directors on April 28, 1998 and their respective estates, spouses, ancestors, and lineal descendants, the legal representatives of any of the foregoing and the trustees of any bona fide trusts of which the foregoing are the sole beneficiaries or the grantors, or any person of which the foregoing "beneficially owns" (as defined in Rule 13d-3 under the Exchange Act) at least 66 2/3% of the total voting power of the Voting Stock of such person.

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Capital Stock in, and other securities of, any other Person.

"Purchase Amount" has the meaning specified in "Offer to Purchase" above.

"Purchase Date" has the meaning specified in "Offer to Purchase" above.

"Purchase Price" has the meaning specified in "Offer to Purchase" above.

"Restricted Subsidiary" means any Restricted Subsidiary under each of the 9-1/8% Senior Notes Indenture and the 10-1/2% Senior Discount Notes Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Significant Subsidiary" means any Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the Commission.

"10-1/2% Senior Discount Notes Indenture" means the Indenture dated as of December 2, 1998, as amended, supplemented or modified from time to time, between the Company and IBJ Schroder Bank & Trust Company, as trustee, relating to the Company's 10-1/2% Senior Discount Notes Due 2008.

"Trading Day" with respect to the Common Stock of the Company means

(x) if such Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if such Common Stock is quoted on the National Market System of the Nasdaq, a day on which trades may be made on such National Market System or (z) other wise, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Voting Stock" of any Person means Capital Stock of such Person who ordinarily has voting power for the election of directors (or persons performing similar functions) of such Person, whether at all times or only for so long as no senior class of securities has such voting power by reason of any contingency.

ARTICLE TWO

CONVERSION OF NOTES

SECTION 2.1. APPLICABILITY OF CONVERSION PROVISIONS. Pursuant to Section 301(24) of the Indenture, the Notes will be convertible in accordance with the provisions of, and pursuant to, Article Sixteen of the Indenture, as amended hereby, and the definitive form of the Notes.

SECTION 2.2. CONVERSION RATE. The rate at which shares of Common Stock of the Company shall be delivered upon conversion (the "Conversion Rate") shall be initially 15.3401 shares of Common Stock of the Company for each \$1,000 principal amount of Notes. The Conversion Rate shall be adjusted in certain instances as provided in Section 1605 of the Indenture, as amended hereby.

SECTION 2.3. AMENDMENTS TO ARTICLE SIXTEEN.

(a) Section 1605 is amended in its entirety with respect to the Notes to read as follows:

SECTION 1605. Adjustment Of Conversion Rate.

(1) In case at any time after the date of the issuance of the Notes, the Company shall pay or make a dividend or other distribution on any class of Capital Stock of the Company payable in shares of Common Stock of the Company, the Conversion Rate in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by dividing such Conversion Rate by a fraction of which the numerator shall be the number of shares of Common Stock of the Company outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this paragraph (1), the number of shares of Common Stock of the Company at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock of the Company. The Company will not pay any dividend or make any distribution on shares of Common Stock of the Company held in the treasury of the Company.

(2) In case at any time after the date of the issuance of the Notes, the Company shall issue rights, options or warrants to all holders of its Common Stock of the Company (other than any rights, options or warrants that by their terms will also be issued to any Holder upon conversion of a Note into Common Stock of the Company without any action required by the Company or any other person) entitling them to subscribe for or purchase shares of Common Stock of the Company (or securities convertible into Common Stock) at a price per share (or having a conversion price per share) less than the Average Current Market Price per share (determined as provided in paragraph (8) of this Section) on the date fixed for the determination of stockholders entitled to receive such rights, options or warrants (other than pursuant to a dividend reinvestment plan), the Conversion Rate in effect at the opening of business on the day following the date fixed for such determination shall be increased by dividing such Conversion Rate by a fraction of which the numerator shall be the number of shares of Common Stock of the Company outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock of the Company which the aggregate of the offering price of the total number of shares of Common Stock of the Company so offered (or the aggregate conversion price of the convertible securities so offered) for subscription or purchase would purchase at such Average Current Market Price and the denominator shall be the number of shares of Common Stock of the Company outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock of the Company so offered for subscription or purchase (or into which the convertible

securities so offered are convertible), such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this paragraph (2), the number of shares of Common Stock of the Company at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock of the Company. The Company will not issue any rights, options or warrants in respect of shares of Common Stock of the Company held in the treasury of the Company.

(3) In case at any time after the date of the issuance of the Notes, outstanding shares of Common Stock of the Company shall be subdivided into a greater number of shares of Common Stock of the Company, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares of Common Stock of the Company, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(4) In case at any time after the date of the issuance of the Notes, the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, shares of any class of its Capital Stock, evidences of its indebtedness or other assets (including securities, but excluding any rights, options or warrants referred to in paragraph (2) of this Section, any dividend or distribution paid exclusively in cash and any dividend or distribution referred to in paragraph (1) of this Section), the Conversion Rate shall be adjusted so that the same shall equal the price determined by dividing the Conversion Rate in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction of which the numerator shall be the Average Current Market Price per share (determined as provided in paragraph (8) of this Section) on the date fixed for such determination less the then fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution filed with the Trustee) of the portion of the assets, shares of capital stock or evidences of indebtedness so distributed applicable to one share of Common Stock of the Company and the denominator shall be such Average Current Market Price per share, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such distribution.

(5) In case at any time after the date of the issuance of the Notes, the Company shall, by dividend or otherwise, make a distribution to all holders of its Common Stock consisting exclusively of cash (excluding any cash that is distributed upon a merger or consolidation to which Section 1607 applies or as part of a distribution referred to in paragraph (4) of this Section) in an aggregate amount that, combined together with:

(A) the aggregate amount of any other distributions to all holders of its Common Stock made exclusively in cash within the 12 months preceding the date of payment of such distribution and in respect of which no adjustment pursuant to this paragraph (5) has been made, and

(B) the aggregate of any cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution) of consideration payable in respect of any tender offer by the Company or any of its Subsidiaries for all or any portion of the Common Stock of the Company concluded within the 12 months preceding the date of payment of such distribution and in respect of which no adjustment pursuant to paragraph (6) of this Section has been made,

(the amount of such cash distribution together with the amounts described in clauses (A) and (B) above being referred to herein as the "Aggregate Cash Distribution Amount") exceeds 10% of the product of (I) the Average Current Market Price per share on the date for the determination of holders of shares of Common Stock of the Company entitled to receive such cash distribution, times (II) the number of shares of Common Stock of the Company outstanding on such date (the amount by which the Aggregate Cash Distribution Amount exceeds 10% of the product of the amounts described in clauses (I) and

(II) above being referred to herein as the "Excess Amount"), then, and in each such case, immediately after the close of business on such date for determination, the Conversion Rate shall be increased in accordance with the following formula:

$$AC = CR / (M - (E / O))$$

(M)

Where:

AC = the adjusted Conversion Rate.

CR = the Conversion Rate in effect immediately prior to the close of business on the date fixed for determination of the stockholders entitled to receive the distribution.

M = the Average Current Market Price per share (determined as provided in paragraph (8) of this Section) on the date fixed for determination of the stockholders entitled to receive the distribution.

EA = the Excess Amount.

O = the number of shares of Common Stock of the Company outstanding on the date fixed for determination of the stockholders entitled to receive the distribution.

(6) In case at any time after the date of the issuance of the Notes, a tender offer made by the Company or any Subsidiary for all or any portion of the Common Stock of the Company shall expire and such tender offer (as amended upon the expiration thereof) shall require the payment to stockholders (based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares (as defined below)) of an aggregate consideration having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution) that combined together with:

(A) the aggregate of the cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution), as of the expiration of such tender offer, of consideration payable in respect of any other tender offer, by the Company or any Subsidiary for all or any portion of the Common Stock of the Company expiring within the 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this paragraph (6) has been made, and

(B) the aggregate amount of any distributions to all holders of the Company's Common Stock made exclusively in cash within 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to paragraph (5) of this Section has been made,

exceeds 10% of the product of (I) the Average Current Market Price per share (determined as provided in paragraph (8) of this Section) as of the last time (the "Tender Expiration Time") tenders could have been made pursuant to such tender offer (as it may be amended), times (II) the number of shares of Common Stock of the Company outstanding (including any tendered shares) on the Tender Expiration Time, then, and in each such case, immediately prior to the opening of business on the day after the date of the Tender Expiration Time, the Conversion Rate shall be increased in accordance with the following formula:

$$AC = CR / ((M \times O) - C)$$

$$(M \times (O - TS))$$

Where:

AC = the adjusted Conversion Rate.

CR = the Conversion Rate immediately prior to close of business on the date of the Tender Expiration Time.

M = the Average Current Market Price per share (determined as provided in paragraph (8) of this Section) on the date of the Tender Expiration Time.

O = the number of shares of Common Stock of the Company outstanding (including any tendered shares) on the Tender Expiration Time.

C = the amount of cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares (as defined below).

TS = the number of all shares validly tendered and not withdrawn as of the Tender Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the "Purchased Shares").

(7) The reclassification of Common Stock of the Company into securities including securities other than Common Stock of the Company (other than any reclassification upon a consolidation or merger to which Section 1607 applies) shall be deemed to involve (a) a distribution of such securities other than Common Stock of the Company to all holders of Common Stock of the Company (and the effective date of such reclassification shall be deemed to be "the date fixed for the determination of stockholders entitled to receive such distribution" and "the date fixed for

such determination" within the meaning of paragraph (4) of this Section), and

(b) a subdivision or combination, as the case may be, of the number of shares of Common Stock of the Company outstanding immediately prior to such reclassification into the number of shares of Common Stock of the Company outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision becomes effective" or "the day upon which such combination becomes effective", as the case may be, and "the day upon which such subdivision or combination becomes effective" within the meaning of paragraph (3) of this Section).

(8) For the purpose of any computation under paragraphs (2), (4), (5) and (6) of this Section, the Average Current Market Price per share on any date shall be deemed to be the average of the daily Current Market Prices for the five consecutive Trading Days selected by the Company commencing not more than ten Trading Days before, and ending not later than the earlier of, the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. For purposes of this paragraph, the term "ex" date, when used with respect to any issuance or distribution, means the first date on which the Common Stock of the Company trades regular way in the applicable securities market or on the applicable securities exchange without the right to receive such issuance or distribution.

(9) No adjustment in the Conversion Rate shall be required unless such adjustment (plus any adjustments not previously made by reason of this paragraph (9)) would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this paragraph

(9) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph (9) shall be made to the nearest cent.

(10) The Company may make such increases in the Conversion Rate, in addition to those required by this Section, as it considers to be advisable in order to avoid or diminish any income tax to any holders of shares of Common Stock of the Company resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such (i) for federal income tax purposes or (ii) for any other reasons relating to taxes.

(11) To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 days, the increase is irrevocable during such period, and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive; provided, however, that no such increase shall be taken into account for purposes of determining whether the Current Market Price for any five Trading Days within the period of 10 Trading Days (as determined pursuant to the definition of Change of Control)

exceeds the Conversion Price by 105% in connection with an event which would otherwise be a "Change of Control" or whether the Current Market Price for 20 Trading Days during a period of 30 consecutive Trading Days (as determined pursuant to Section 6.1 hereof) exceeds the Conversion Price by 140% in connection with an event which would otherwise allow the Company to cause the conversion rights of Holders of Notes to expire. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall give notice of the increase to the Holders in the manner provided in Section 106 at least 15 days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(12) Whenever the Conversion Rate is adjusted, as herein provided, the Company shall promptly file with the Trustee, at the Corporate Trust Office of the Trustee, and with the office or agency maintained by the Company for the conversion of Securities of such series pursuant to Section 1002, an Officers' Certificate, setting forth the conversion price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment. Neither the Trustee nor any conversion agent shall be under any duty or responsibility with respect to any such certificate or any facts or computations set forth therein, except to exhibit said certificate from time to time to any Holder of a Note desiring to inspect the same. The Company shall promptly cause a notice setting forth the adjusted conversion price to be mailed to the Holders of Notes, as their names and addresses appear upon the Security Register of the Company.

(13) In any case in which this Section 1605 provides that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (y) issuing to the Holder of any Note converted after such record date and before the occurrence of such event the additional shares of the Common Stock of the Company issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock of the Company issuable upon such conversion before giving effect to such adjustment and (z) paying to such Holder any amount in cash in lieu of any fractional share of Common Stock of the Company pursuant to Section 1606 of the Indenture.

(b) Section 1606 is hereby amended with respect to the Notes by deleting the last sentence thereof in its entirety and substituting the following in its place:

"Instead of a fraction of a share of Common Stock of the Company which would otherwise be issuable upon conversion of any Note or Notes (or specified portions thereof), the Company shall pay a cash adjustment (computed to the nearest cent, with one-half cent being rounded upward) in respect of such fraction of a share in an amount equal to the same fractional interest of the Current Market Price of the Common Stock of the Company on the Trading Day next preceding the day of conversion."

(c) Section 1607 is amended by adding the following to the end of the first sentence thereof:

", assuming (i) such holder of Common Stock of the Company failed to exercise his or her rights of election, if any, as to the kind or amount of shares of stock and other securities and property, including cash, receivable upon such consolidation, merger, sale or transfer (provided that if the kind or amount of shares of stock and other securities and property, including cash, receivable upon such consolidation, merger, sale or transfer is not the same for each share of Common Stock of the Company held immediately prior to such consolidation, merger, sale or transfer and in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this Section the kind and amount of shares of stock and other securities and property, including cash, receivable upon such consolidation, merger, sale or transfer by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of non-electing shares), and (ii) the Securities were convertible at the time of such consolidation, merger, sale or transfer at the initial Conversion Rate specified in the supplemental indenture establishing such Securities, as adjusted, if applicable, in accordance with the terms of such supplemental indenture."

(d) Section 1608 is amended with respect to the Notes by deleting the word "or" from the end of clause (c) thereof and adding the following immediately after clause (d) thereof:

"(e) the Company or a Subsidiary shall take any other action that would require an adjustment to the Conversion Rate pursuant to Section 1605; or

(f) the Company shall take any action that would require a supplemental indenture pursuant to Section 1607;"

ARTICLE THREE**CONSOLIDATION, MERGER, SALE, LEASE OR CONVEYANCE**

SECTION 3.1. AMENDMENTS TO ARTICLE EIGHT. Section 801 of the Indenture is amended in its entirety with respect to the Notes to read as follows:

The Company may not consolidate with or merge into any other Person or convey, transfer, sell or lease its properties and assets substantially as an entirety to any Person, and the Company shall not permit any Person to consolidate with or merge into the Company or convey, transfer, sell or lease such Person's properties and assets substantially as an entirety to the Company, unless:

(a) the Person formed by such consolidation or into or with which the Company is merged or the Person to which the properties and assets of the Company are so conveyed, transferred, sold or leased, is a corporation, limited liability company, partnership or trust organized and existing under the laws of the United States, any State thereof or the District of Columbia and, if other than the Company, shall expressly assume the due and punctual payment of the principal of and, premium, if any, and interest on the Notes and the performance of the other covenants of the Company under the Indenture, and

(b) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing.

ARTICLE FOUR**DEFEASANCE**

SECTION 4.1. DEFEASANCE APPLICABLE TO NOTES. Pursuant to Section 301(19) and Section 1401 of the Indenture, the Company will have the option of defeasance of the Notes under Section 1402 and 1403 of the Indenture upon the terms and conditions contained in Article Fourteen of the Indenture, as amended by this First Supplemental Indenture; provided, however, that the Company's option of covenant defeasance, as described in Section 1403 of the Indenture, shall be limited to defeasance of its obligations under Article Eight of this First Supplemental Indenture.

SECTION 4.2. AMENDMENTS TO ARTICLE FOURTEEN.

(a) Section 1404 is hereby amended with respect to the Notes by deleting the period from the end of clause (b) thereof and adding the following thereto:

", shall not be prohibited by Article Seventeen, and shall be permitted by the terms of all Senior Indebtedness."

(b) Section 1404 is hereby further amended by deleting "91st" in clause (c) thereof and substituting "123rd" in its place.

(c) Section 1405 is hereby amended by adding the following to the end of the first paragraph thereof:

"Money and securities so held in trust are not subject to Article Seventeen of the Indenture."

ARTICLE FIVE**EVENTS OF DEFAULT****SECTION 5.1. AMENDMENTS TO SECTION 501.**

(a) Clause 5 of Section 501 of the Indenture is amended in its entirety with respect to the Notes to read as follows:

"(5) default under the terms of any instrument evidencing or securing Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of not less than \$25,000,000 or its foreign currency equivalent at the time which default results in the acceleration of the payment of such Indebtedness or constitutes the failure to pay such Indebtedness when due (after expiration of any applicable grace period); or".

(c) Clause 6 of Section 501 of the Indenture is amended in its entirety with respect to the Notes to read as follows:

"(6) the institution by the Company or any Significant Subsidiary of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other applicable federal, state or foreign law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Company or any Significant Subsidiary or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due; or"

(c) Clause 7 of Section 501 of the Indenture is amended in its entirety with respect to the Notes to read as follows:

"(7) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Company or any Significant Subsidiary a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Significant Subsidiary under the Federal Bankruptcy Code or any other applicable federal, state or foreign law, or appointing a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Company or any Significant Subsidiary or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days."

SECTION 5.2. ADDITIONAL EVENTS OF DEFAULT. Pursuant to Section 301(15) of the Indenture, so long as any of the Notes are Outstanding, each of the following events shall be an Event of Default with respect to the Notes, in addition to the Events of Default contained in Section 501 of the Indenture, as amended hereby:

(1) failure to pay when due the Purchase Price of any Notes required to be repurchased pursuant to Article Eight of this First Supplemental Indenture, whether or not an Offer to Purchase is prohibited by Article Seventeen of the Indenture, as amended hereby; or

(2) failure to perform or comply with Article Eight of the Indenture, as amended hereby; or

(3) the rendering of any judgment or judgments for the payment of money in an aggregate amount in excess of \$25 million or its foreign currency equivalent at the time that shall be rendered against the Company or any Restricted Subsidiary and that shall not be waived, satisfied or discharged for any period of 45 consecutive days during which a stay of enforcement shall not be in effect.

SECTION 5.3. NOTICE OF DEFAULT OR EVENT OF DEFAULT. The Company shall deliver to the Trustee, as soon as reasonably practicable and in any event within 30 days after an executive officer of the Company becomes aware of the occurrence of any Event of Default or any event which, with notice or the lapse of time or both, would constitute an Event of Default, an Officers' Certificate setting forth the details of such Event of Default or Default and the action which the Company proposes to take with respect thereto.

ARTICLE SIX**EXPIRATION OF CONVERSION RIGHTS**

Pursuant to Section 301(25) of the Indenture, so long as any of the Notes are Outstanding, the following provisions shall be applicable to the Notes:

SECTION 6.1. EXPIRATION OF CONVERSION RIGHTS.

(a) On or after September 15, 2002, the Company may, at its option, cause the conversion rights of Holders of Notes to expire. The Company may exercise this option only if for at least 20 Trading Days within any period of 30 consecutive Trading Days, including the last Trading Day of such period, the Current Market Price of the Common Stock of the Company exceeded 140% of the Conversion Price (the "Expiration Condition").

(b) In order to exercise its option to cause the conversion rights of Holders of Notes to expire, the Company must issue a press release for publication on the Dow Jones News Service (or a comparable news service) announcing the conversion expiration date (the "Conversion Expiration Date") prior to the opening of business on the second Trading Day after the Expiration Condition has been met, but in no event prior to September 15, 2002. The press release shall announce the Conversion Expiration Date and provide the current Conversion Price of the Notes and the Current Market Price of the Common Stock of the Company, in each case as of the close of business on the Trading Day next preceding the date of the press release.

(c) Notice of the expiration of conversion rights will be given by the Company to the Holders of the Notes in accordance with Section 106 not more than four Business Days after the Company issued the press release under paragraph (b) hereof.

(d) Conversion rights will terminate at the close of business on the Conversion Expiration Date which will be a date selected by the Company not less than 30 nor more than 60 days after the date on which the Company issues the press release under paragraph (b) hereof announcing its intention to terminate conversion rights of the Notes.

ARTICLE SEVEN**SUBORDINATION OF NOTES**

Pursuant to Section 301(25) of the Indenture, and in addition to the other provisions contained in Article Seventeen of the Indenture (which shall be applicable as amended hereby to the Notes in all respects), so long as any of the Notes are Outstanding, the following provisions shall be applicable to the Notes:

SECTION 7.1. AMENDMENT OF SECTION 1701. (a) Section 1701 is hereby amended by relettering clause (c) in the second paragraph thereof to be clause

(b) and by deleting the following from the second paragraph thereof:

"(b) that a default shall have occurred and be continuing with respect to the payment of principal of (or premium, if any) or interest on or any Additional Amounts payable in respect of any Senior Indebtedness, or"

(b) Section 1701(l) is hereby amended by deleting the words "or (b)" therefrom.

SECTION 7.2. NO PAYMENT IN CERTAIN CIRCUMSTANCES. (a) No payment shall be made with respect to the principal of, or premium, if any, or interest on the Notes (including, but not limited to, the Purchase Price with respect to Notes submitted for repurchase in accordance with Article Eight hereof), if:

(i) a default in the payment of principal, premium, if any, or interest (including a default under any repurchase or redemption obligation) or other amounts with respect to any Senior Indebtedness occurs and is continuing unless and until such default shall have been cured or waived or shall have ceased to exist; or

(ii) a default, other than a payment default, on any Senior Indebtedness occurs and is continuing that then permits holders of such Senior Indebtedness to accelerate (with notice, lapse of time or both) its maturity unless and until such default shall have been cured or waived or shall have ceased to exist if the maturity of such Senior Indebtedness has not been accelerated.

ARTICLE EIGHT**REPURCHASE OF NOTES AT THE OPTION OF THE HOLDER
UPON A CHANGE IN CONTROL**

Pursuant to Section 301(7) of the Indenture and in substitution of the terms of Article Thirteen of the Indenture, so long as any of the Notes are Outstanding, the following provisions shall be applicable to the Notes:

SECTION 8.1. RIGHT TO REQUIRE REPURCHASE.

(a) Upon the occurrence of a Change in Control, each Holder shall have the right, at the Holder's option, but subject to the provisions of Section

8.2. hereof, to require the Company to repurchase all of such Holder's Notes or any portion of the principal amount thereof that is equal to U.S. \$5,000 or any integral multiple of \$1,000 in excess thereof (provided that no single Note may be repurchased in part unless the portion of the principal amount of such Note to be Outstanding after such repurchase is equal to U.S. \$1,000 or integral multiples of \$1,000 in excess thereof), in accordance with the procedures set forth in this Section 8.1 and this First Supplemental Indenture. The 9-1/8% Senior Notes Indenture and the 10-1/2% Senior Discount Notes Indenture require that such Indebtedness be repurchased upon the occurrence of certain of the events that would constitute a Change of Control. Other future Indebtedness of the Company may contain prohibitions of certain events which would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. To the extent other Indebtedness of the Company is both subject to similar repurchase obligations in the event of a Change of Control and ranks senior in right of payment to the Notes, the Company will repurchase such Indebtedness required to be repurchased pursuant to the terms thereof before repurchasing any of the Notes.

(b) Within 30 days of the occurrence of a Change of Control, the Company will be required to make an Offer to Purchase all Outstanding Notes at a price, subject to next sentence, in cash equal to 100% of the principal amount of the Notes on the Purchase Date, plus accrued and unpaid interest (if any) to such Purchase Date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date). At the option of the Company, the Purchase Price may be paid in cash or, subject to the fulfillment by the Company of the conditions set forth Section 8.2 hereof, by delivery of shares of Common Stock of the Company having a fair market value equal to the Purchase Price.

(c) The Company and the Trustee shall perform their respective obligations for the Offer to Purchase as specified in the Offer. Prior to the Purchase Date, the Company shall (i) accept for payment Notes or portions thereof tendered pursuant to

the Offer, (ii) irrevocably deposit with the Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in

Section 1003) cash or shares of Common Stock of the Company, as provided below, sufficient to pay the Purchase Price of all Notes or portions thereof so accepted (provided that such deposit may be made no later than 11:00 A.M. New York City time on the Purchase Date if the Company elects) and (iii) deliver or cause to be delivered to the Trustee all Notes so accepted together with an Officers' Certificate stating the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to Holders of Notes so accepted payment or shares of Common Stock of the Company in an amount equal to the Purchase Price, and the Trustee shall promptly authenticate and mail or deliver to such Holders a new Note or Notes equal in principal amount to any unpurchased portion of the principal amount of the Note surrendered as requested by the Holder. Any Note not accepted for payment shall be promptly mailed or delivered by the Company to the Holder thereof. In the event that the aggregate Purchase Price is less than the amount delivered by the Company to the Trustee or the Paying Agent, the Trustee or the Paying Agent, as the case may be, shall deliver the excess to the Company immediately after the Purchase Date.

(d) Any issuance of shares of Common Stock of the Company in respect of the Purchase Price shall be deemed to have been effected immediately prior to the close of business on the Purchase Date and the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock of the Company shall be issuable upon such repurchase shall be deemed to have become on the Purchase Date the holder or holders of record of the shares represented thereby; provided, however, that any surrender for repurchase on a date when the stock transfer books of the Company shall be closed shall constitute the Person or Persons in whose name or names the certificate or certificates for such shares are to be issued as the record holder or holders thereof for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open. No payment or adjustment shall be made for dividends or distributions on any Common Stock of the Company issued upon repurchase of any Note declared prior to the Purchase Date.

(e) No fractions of shares shall be issued upon repurchase of Notes. If more than one Note shall be repurchased from the same Holder and the Purchase Price shall be payable in shares of Common Stock of the Company, the number of full shares which shall be issuable upon such repurchase shall be computed on the basis of the aggregate principal amount of the Notes so repurchased. Instead of any fractional share of Common Stock of the Company which would otherwise be issuable on the repurchase of any Note or Notes, the Company will deliver to the applicable Holder its check for the current market value of such fractional share. The current market value of a fraction of a share is determined by multiplying the Current Market Price of a full share on the Trading Day immediately preceding the Purchase Date by the fraction, and rounding the result to the nearest cent.

(f) Any issuance and delivery of certificates for shares of Common Stock of the Company on repurchase of Notes shall be made without charge to the Holder of Notes being repurchased for such certificates or for any tax or duty in respect of the issuance or delivery of such certificates or the Notes represented thereby; provided, however, that the Company shall not be required to pay any tax or duty which may be payable in respect of (i) income of the Holder or (ii) any transfer involved in the issuance or delivery of certificates for shares of Common Stock of the Company in a name other than that of the Holder of the Notes being repurchased, and no such issuance or delivery shall be made unless and until the Person requesting such issuance or delivery has paid to the Company the amount of any such tax or duty or has established, to the satisfaction of the Company, that such tax or duty has been paid.

(g) Whenever in this First Supplemental Indenture, Exhibit A hereto or the Indenture (including Article One hereof and Sections 201, 501(1) and 508 of the Indenture) there is a reference, in any context, to the principal of any Note as of any time, such reference shall be deemed to include reference to the Purchase Price payable in respect of such Note to the extent that such Purchase Price is, was or would be so payable at such time, and express mention of the Purchase Price in any provision of this First Supplemental Indenture shall not be construed as excluding the Purchase Price in those provisions of this First Supplemental Indenture when such express mention is not made; provided, however, that for the purposes of Article Seven such reference shall be deemed to include reference to the Purchase Price only to the extent the Purchase Price is payable in cash.

(h) The Company shall not be required to make an Offer to Purchase upon a Change of Control if a third party makes the Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes validly tendered and not withdrawn under such Offer to Purchase.

(i) In the event that the Company makes an Offer to Purchase, the Company shall comply with any applicable securities laws and regulations, including any applicable requirements of Section 14(e) of, and Rule 14e-1 under, the Exchange Act. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue thereof.

SECTION 8.2. CONDITIONS TO THE COMPANY'S ELECTION TO PAY THE REPURCHASE PRICE IN COMMON STOCK. The Company may elect to pay the Purchase Price by delivery of shares of Common Stock of the Company pursuant to Section 8.1 if:

- (1) The shares of Common Stock of the Company deliverable in payment of the Purchase Price shall have a fair market value as of the Purchase Date of not less than the Purchase Price. For purposes of Section 8.1 and this Section 8.2, the fair market value of shares of Common Stock of the Company shall be determined by the Company and shall be equal to 95% of the average of the Current Market Price of the Common Stock of the Company for the five consecutive Trading Days immediately preceding and including the third Trading Day prior to the Purchase Date;
- (2) The shares of Common Stock of the Company to be issued upon repurchase of Notes hereunder (i) shall not require registration under any federal securities law before such shares may be freely transferable without being subject to any transfer restrictions under the Securities Act upon repurchase or, if such registration is required, such registration shall be completed and shall become effective prior to the Purchase Date, and (ii) shall not require registration with or approval of any governmental authority under any state law or any other federal law before such shares may be validly issued or delivered upon repurchase or if such registration is required or such approval must be obtained, such registration shall be completed or such approval shall be obtained prior to the Purchase Date;
- (3) The shares of Common Stock of the Company to be issued upon repurchase of Notes hereunder are, or shall have been, approved for listing on the Nasdaq National Market or the New York Stock Exchange or listed on another national securities exchange, in any case, prior to the Purchase Date; and
- (4) All shares of Common Stock of the Company which may be issued upon repurchase of Notes will be issued out of the Company's authorized but unissued Common Stock of the Company and, will upon issue, be duly and validly issued and fully paid and non-assessable and free of any preemptive or similar rights.

If all of the conditions set forth in this Section 8.2 are not satisfied in accordance with the terms hereof, the Purchase Price shall be paid by the Company only in cash.

SECTION 8.3. CONSOLIDATION, MERGER, ETC. In the case of any consolidation, conveyance, sale, transfer or lease of all or substantially all of the assets of the Company to which Section 1607 of the Indenture applies, in which the Common Stock of the Company is changed or exchanged as a result into the right to

receive shares of stock and other securities or property or assets (including cash) which includes shares of Common Stock of the Company or common stock of another Person that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States and such shares constitute at the time such change or exchange becomes effective in excess of 50% of the aggregate fair market value of such shares of stock and other securities, property and assets (including cash) (as determined by the Company, which determination shall be conclusive and binding), then the Person formed by such consolidation or resulting from such merger or combination or which acquires the properties or assets (including cash) of the Company, as the case may be, shall execute and deliver to the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) modifying the provisions of this First Supplemental Indenture relating to the right of Holders to cause the Company to repurchase the Notes following a Change in Control, including without limitation the applicable provisions of this Article Eight and the definitions of the Common Stock and Change in Control, as appropriate, and such other related definitions set forth herein and in the Indenture as determined in good faith by the Company (which determination shall be conclusive and binding), to make such provisions apply in the event of a subsequent Change of Control to the common stock and the issuer thereof if different from the Company and Common Stock of the Company (in lieu of the Company and the Common Stock of the Company).

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 9.1. AMENDMENTS TO ARTICLE NINE. (a) Section 901 is hereby amended with respect to the Notes by deleting the word "or" from the end of clause (9) thereof, deleting the "." from the end of clause (10) thereof and substituting a ";" in its place and by adding the following to the end thereof:

(11) to add guarantees with respect to the Notes; or

(12) to comply with any requirements of the Commission in connection with qualifying, or maintaining the qualification of, the Indenture under the Securities Act or the TIA.

(b) Section 902 is hereby amended by inserting "at any time after a Change of Control has occurred" after the words "Section 504, or" in clause (1) thereof and by adding the following to the end of the first paragraph of Section 902:

(6) modify Article Sixteen or Article Seventeen of the Indenture, as amended, or Article Six of this First Supplemental Indenture in a manner adverse to the Holders.

ARTICLE TEN

MEETINGS OF HOLDERS OF SECURITIES

SECTION 10.1. AMENDMENTS TO ARTICLE FIFTEEN. Section 1504 of the Indenture is amended with respect to the Notes by adding the following to the end of the first paragraph thereof:

"Subject to the proviso in the first sentence of this paragraph, the Persons entitled to vote 25% of the principal amount of the Outstanding Notes shall constitute a quorum for a reconvened meeting previously adjourned for lack of a quorum."

ARTICLE ELEVEN

MISCELLANEOUS

SECTION 11.1. APPLICATION OF FIRST SUPPLEMENTAL INDENTURE. Each and every term and condition contained in this First Supplemental Indenture that modifies, amends or supplements the terms and conditions of the Indenture shall apply only to the Notes created hereby and not to any future series of Notes established under the Indenture.

SECTION 11.2. BENEFITS OF FIRST SUPPLEMENTAL INDENTURE. Nothing contained in this First Supplemental Indenture shall or shall be construed to confer upon any person other than a Holder of the Notes, the Company and the Trustee any right or interest to avail itself or himself, as the case may be, of any benefit under any provision of the Indenture or this First Supplemental Indenture, except for Holders of Senior Indebtedness as provided in Article Seven hereof.

SECTION 11.3. EFFECTIVE DATE. This First Supplemental Indenture shall be effective as of the date first above written and upon the execution and delivery hereof by each of the parties hereto.

SECTION 11.4. GOVERNING LAW. This First Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 11.5. COUNTERPARTS. This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed by their respective officers hereunto duly authorized, all as of the day and year first above written.

LEVEL 3 COMMUNICATIONS, INC.

Dated: September 20, 1999

By: /s/ Thomas C. Stortz

Name: Thomas C. Stortz

Title: Senior Vice President

/s/ Neil J. Eckstein

Attest: Neil J. Eckstein

**IBJ WHITEHALL BANK & TRUST COMPANY,
as Trustee**

By: /s/ Luis Perez

Name: Luis Perez
Title: Assistant Vice President

Dated: September 20, 1999

/s/ Kevin Fox

Attest: Kevin Fox

EXHIBIT A

Form of Face of Security

[If a Global Security, then insert:] THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS SECURITY IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

[If a Global Security, then insert:] UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

LEVEL 3 COMMUNICATIONS, INC.

6% Convertible Subordinated Note Due 2009

CUSIP No. 52729NAG5

No. [if a Global security, insert: up to] \$

Level 3 Communications, Inc., a Delaware corporation (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of [if a Global Security, then insert: up to] _____ Dollars [if a Global Security, then insert: (the outstanding principal amount of which shall be reflected in the attached Schedule of Increases or Decreases in Global Security and the records of the Trustee which, taken together with the outstanding principal amounts of all other Outstanding Securities, shall not exceed \$862,500,000 in the aggregate at any time)] on September 15, 2009, at the office or agency of the Company referred to below, and to pay interest thereon, in cash in arrears semiannually on March 15 and September 15 in each year, with payment commencing on March 15, 2000, and interest accruing from September 20, 1999, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate of 6% per annum, until the principal amount hereof is paid or duly provided for. The Company shall pay interest on overdue principal at the rate borne by this Security, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be March 1 or September 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in said Indenture. Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in The City of New York, or at such other office or agency of the Company as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided,

however, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:_____

LEVEL 3 COMMUNICATIONS, INC.

By:

Authorized Signatory

Attest:_____

Form of Reverse of Security

This Security is one of a duly authorized issue of securities of the Company designated as its 6% Convertible Subordinated Notes Due 2009 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to \$862,500,000, which may be issued under an indenture (herein called the "Base Indenture") dated as of September 20, 1999, as supplemented by the First Supplemental Indenture (the "First Supplemental Indenture" and, together with the Base Indenture, the "Indenture") dated as of September 20, 1999, in each case between the Company and IBJ Whitehall Bank & Trust Company, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

Expiration of Conversion Rights

On or after September 15, 2002, the Company may, at its option, cause the conversion rights of Holders of Notes to expire. The Company may exercise this option only if for at least 20 Trading Days within any period of 30 consecutive Trading Days, including the last Trading Day of such period, the Current Market Price of Common Stock of the Company exceeded 140% of the Conversion Price. In order to exercise its option to cause the conversion rights of Holders of Notes to expire, the Company must issue a press release for publication on the Dow Jones News Service (or a comparable news service) announcing the Conversion Expiration Date prior to the opening of business on the second Trading Day after any period in which the Expiration Condition has been met, but in no event prior to September 15, 2002. The press release shall announce the Conversion Expiration Date and provide the current Conversion Price of the Notes and the Current Market Price of the Common Stock of the Company, in each case as of the close of business on the Trading Day next preceding the date of the press release.

Notice of the expiration of conversion rights will be given by the Company by first-class mail to the Holders of the Notes not more than four business days after the Company issued the press release. Conversion rights will terminate at the close of business on the Conversion Expiration Date which will be a date selected by the Company not less than 30 nor more than 60 days after the date on which the Company issues the press release announcing its intention to terminate conversion rights of the Notes.

Repurchase at the Option of Holders upon a Change of Control

Upon the occurrence of a Change of Control, the Holder of this Security may require the Company, subject to certain limitations provided in the Indenture, to repurchase this Security at a purchase price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest (if any) to the Purchase Date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

At the option of the Company, the Purchase Price may be paid in cash or, subject to the conditions provided in the Indenture, by delivery of shares of Common Stock of the Company having a fair market value equal to the Purchase Price. For purposes of this paragraph, the fair market value of shares of Common Stock of the Company shall be determined by the Company and shall be equal to 95% of the average of the Current Market Price for the five consecutive Trading Days immediately preceding and including the third Trading Day prior to the Purchase Date. Whenever in this Note there is a reference, in any context, to the principal of any Note as of any time, such reference shall be deemed to include reference to the Purchase Price payable in respect of such Note to the extent that such Purchase Price is, was or would be so payable at such time, and express mention of the Purchase Price in any provision of this Note shall not be construed as excluding the Purchase Price so payable in those provisions of this Note when such express mention is not made.

In the event of repurchase of this Security in part only, a new Security or Securities for the unrepurchased portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

Conversion Rights

Subject to and upon compliance with the provisions of the Indenture, the Holder of this Note is entitled, at his or her option, at any time following the original issue date of the Notes and on or before the close of business on the Business Day immediately preceding September 15, 2009, or in case the Company has caused the conversion rights of the Holder hereof to expire or the Holder hereof has exercised his right to require the Company to repurchase this Note or such portion hereof, then in respect of this Note until but (unless the Company defaults in making the payment due upon redemption or repurchase, as the case may be) not after, the close of business on the Conversion Expiration Date or the Business Day immediately preceding the Purchase Date, as the case may be, to convert this Note (or any portion of the principal amount hereof that is an integral multiple of \$1,000, provided that the unconverted portion of such principal amount is \$1,000 or any integral multiple of \$1,000 in excess thereof) into fully paid and nonassessable shares of Common Stock of the Company at an initial Conversion Rate of 15.3401 shares of Common Stock of the Company for each \$1,000 principal amount of Notes (or at the current adjusted Conversion Rate if an adjustment has been made as provided in the Indenture) by surrender of this Note, duly endorsed or assigned to the Company or in blank and, in case such surrender shall be made during the period from the close of business on any Regular Record Date next preceding any Interest Payment Date to the opening of business on such Interest Payment Date (except if this Note or portion thereof repurchasable on a Purchase Date and the conversion rights of this Note, or such portion thereof, would terminate during the period between such Regular Record Date and the close of business on such Interest Payment Date), also accompanied by payment in New York Clearing House or other funds acceptable to the Company of an amount equal to the interest payable on such Interest Payment Date on the principal amount of this Note then being converted, and also the conversion notice hereon duly executed, to the Company at the Corporate Trust Office of the Trustee, or at such other office or agency of the Company, subject to any laws or regulations applicable thereto and subject to the right of the Company to terminate the appointment of any Conversion Agent (as defined below) as may be designated by it for such purpose in the Borough of Manhattan, The City of New York, or at such other offices or agencies as the Company may designate (each a "Conversion Agent"), provided, however, that if this Note or portion hereof is repurchasable on a Purchase Date and the conversion rights of this Note, or such portion thereof, would terminate during the period between such Regular Record Date and the close of business on such Interest Payment Date, then the Holder of this Note on such Regular Record Date will be entitled to receive the interest accruing on this Note or a portion hereof from the Interest Payment Date next preceding the date of such conversion to such succeeding Interest Payment Date and the Holder of this Note who converts this Note or a portion hereof during such period shall not be required to pay such interest upon surrender of this Note for conversion. Subject to the provisions of the preceding sentence and, in the case of a conversion after the close of business on the Regular Record Date next preceding any Interest Payment Date and on or before the close of business on such Interest Payment Date, to the right of the Holder of this Note (or any

Predecessor Security of record as of such Regular Record Date) to receive the related installment of interest to the extent and under the circumstances provided in the Indenture, no cash payment or adjustment is to be made on conversion for interest accrued hereon from the Interest Payment Date next preceding the day of conversion, or for dividends on the Common Stock of the Company issued on conversion hereof. The Company shall thereafter deliver to the Holder the fixed number of shares of Common Stock of the Company (together with any cash adjustment, as provided in the Indenture) into which this Note is convertible and such delivery will be deemed to satisfy the Company's obligation to pay the principal amount of this Note. No fractions of shares or scrip representing fractions of shares will be issued on conversion, but instead of any fractional interest the Company shall pay a cash adjustment as provided in the Indenture. The Conversion Rate is subject to adjustment as provided in the Indenture. In addition, the Indenture provides that in case of certain consolidations or mergers to which the Company is a party (other than a consolidation or merger that does not result in any reclassification, conversion, exchange or cancellation of the Common Stock of the Company) or the conveyance, transfer, sale or lease of all or substantially all of the property and assets of the Company, the Indenture shall be amended, without the consent of any Holders of Notes, so that this Note, if then Outstanding, will be convertible thereafter, during the period this Note shall be convertible as specified above, only into the kind and amount of securities, cash and other property receivable upon such consolidation, merger, conveyance, transfer, sale or lease by a holder of the number of shares of Common Stock of the Company into which this Note could have been converted immediately prior to such consolidation, merger, conveyance, transfer, sale or lease. No adjustment in the Conversion Rate will be made until such adjustment would require an increase or decrease of at least one percent of such price, provided that any adjustment that would otherwise be made will be carried forward and taken into account in the computation of any subsequent adjustment.

Subordination

The indebtedness evidenced by this Note is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full in cash of all Senior Indebtedness of the Company, and this Note is issued subject to such provisions of the Indenture with respect thereto. Each Holder of this Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination so provided and (c) appoints the Trustee his attorney-in-fact for any and all such purposes.

Events of Default

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

Defeasance

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Security and (b) its obligation to repurchase Securities upon the occurrence of a Change of Control and related Defaults and Events of Default, upon compliance by the Company with certain conditions set forth therein, which provisions apply to this Security.

Modification and Amendment

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Without the consent of any Holder of Securities, the Company and the Trustee may amend or modify the Indenture for certain purposes specified therein. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

Miscellaneous

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registerable on the Security Register of the Company, upon surrender of this Security for registration of transfer at the office or agency of the

Company maintained for such purpose in The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. The Securities are issuable only in registered form without coupons in denominations of \$1,000 principal amount and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of the Securities, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Form of Trustee's Certificate of Authentication

The Trustee's certificate of authentication shall be in substantially the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the Securities referred to in the within-mentioned Indenture.

**IBJ WHITEHALL BANK & TRUST COMPANY,
as Trustee**

**By:
Authorized Signatory**

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CONVERSION NOTICE

The undersigned Holder of this Note hereby irrevocably exercises the option to convert this Note, or any portion of the principal amount hereof (which is \$1,000 or an integral multiple of \$1,000 in excess thereof, PROVIDED that the unconverted portion of such principal amount is \$1,000 or any integral multiple of \$1,000 in excess thereof) below designated, into shares of Common Stock of the Company in accordance with the terms of the Indenture referred to in this Note, and directs that such shares, together with a check in payment for any fractional share and any Notes representing any unconverted principal amount hereof, be delivered to and be registered in the name of the undersigned unless a different name has been indicated below. If shares of Common Stock of the Company or Notes are to be registered in the name of a Person other than the undersigned, (a) the undersigned will pay all transfer taxes payable with respect thereto and (b) signature(s) must be guaranteed by an Eligible Guarantor Institution with membership in an approved signature guarantee program pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934. Any amount required to be paid by the undersigned on account of interest accompanies this Note.

Dated: _____

Signature(s)

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If shares or Notes are to be registered in the name of a Person other than the Holder, please print such Person's name and address:

Name

Address

Social Security or other Identification
Number, if any

Signature Guaranteed

If only a portion of the Notes is to be converted, please indicate:

1. Principal amount to be converted:

\$_____

2. Principal amount and denomination of Notes representing unconverted principal amount to be issued:

Amount \$

(\$1,000 or any integral multiple of \$1,000 in excess thereof, provided that the unconverted portion of such principal amount is \$1,000 or any integral multiple of \$1,000 in excess thereof)

Assignment Form

If you, the Holder, want to assign this Security, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Security to _____

(Insert assignee's social security or tax ID number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____

of _____

agent to transfer this Security on the books of the Company. The agent may substitute another to act for such agent.

Dated: _____

Your signature: _____

(Sign exactly as your name appears on
the other side of this Security)

By:

NOTICE: To be executed by an
executive officer

Signature Guarantee: _____

Option of Holder to Elect Purchase

If you wish to have this Security purchased by the Company pursuant to Section 8.1 of the First Supplemental Indenture, check the box: ☐

If you wish to have a portion of this Security purchased by the Company pursuant to Section 8.1 of the First Supplemental Indenture, state the amount:
\$_____.

In the event that the Purchase Price shall be paid in shares of Common Stock of the Company, provide the name in which the certificate(s) for shares of Common Stock of the Company are to be issued, together with the address of such person:

If shares or Notes are to be registered in the name of a Person other than the Holder, please print such Person's name and address:

(Print or type name, address and zip code)

Name

Address

Dated: _____

Your Signature: _____
(Sign exactly as your name appears on the other side of this Security)

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The initial principal amount of this Global Security is \$[]. The following increases or decreases in this Global Security have been made:

Date of Transfer	Amount of decrease in Principal Amount of this Global Security	Amount of increase in Principal Amount of this Global Security	Principal amount of this Global Security following such decrease or increase	Signature of authorized signatory of Trustee or Security Registrar
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EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion and incorporation by reference in the Prospectus Supplement dated September 14, 1999 to the Registration Statement of Level 3 Communications, Inc. on Form S-3 of our report dated March 30, 1998, on our audits of the consolidated financial statements of Level 3 Communications, Inc. (formerly Peter Kiewit Sons', Inc.) as of December 27, 1997 and for each of the two years in the period ended December 27, 1997 which report is included in the 1998 Annual Report on Form 10-K of Level 3 Communications, Inc. We also consent to the reference to our firm in the Prospectus Supplement under the caption "Experts".

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Omaha, Nebraska

September 14, 1999

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Prospectus Supplement dated September 14, 1999 to the Registration Statement of Level 3 Communications, Inc. on Form S-3 of our report dated March 8, 1999, except for Note 20 as to which the date is March 18, 1999, on our audits of the consolidated financial statements and financial statement schedules of RCN Corporation and Subsidiaries as of December 31, 1998 and 1997, and for the years ended December 31, 1998, 1997 and 1996, which report is incorporated by reference in the 1998 Annual Report on Form 10-K of Level 3 Communications, Inc. We also consent to the reference to our firm in the Prospectus Supplement under the caption "Experts".

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

*Philadelphia, Pennsylvania
September 14, 1999*

EXHIBIT 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the inclusion in the Prospectus Supplement dated September 14, 1999 to the Registration Statement on Form S-3 of Level 3 Communications, Inc. (No. 333-68887) of our report dated March 29, 1999, on our audit of the consolidated financial statements of Level 3 Communications, Inc. as of December 31, 1998 and the year then ended and to all references to our Firm included in the Prospectus Supplement dated September 14, 1999.

/s/ Arthur Andersen LLP

Denver, Colorado

September 14, 1999

End of Filing

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