

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 7, 2020

Level 3 Parent, LLC

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35134
(Commission
File Number)

47-0210602
(IRS Employer
Identification No.)

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

80021
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01 Other Events.

During the first quarter of 2020, Level 3 Parent, LLC (“we” or “our”) made certain changes to our financial reporting as detailed below.

We have elected to change the presentation for taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, including federal and certain state Universal Service Fund (USF) regulatory fees, to present all such taxes on a net basis in our Consolidated Statements of Operations. Prior to the first quarter of 2020, we presented such USF fees on a gross basis within operating revenue and costs of services and products, and all other significant taxes on a net basis. We changed our policy to present such taxes on the net basis and believe the new policy is preferable because of the historical and potential future regulatory rate changes outside of our control resulting in significant variability in tax and fee revenue that is not indicative of our operating performance. We believe that the net presentation provides the most useful and transparent financial information and improves comparability and consistency of financial results. As a result of this decision, the amount of operating revenue and cost of services and products being reported will be lower than in prior years. These changes do not affect Operating Income (Loss) or Net Income (Loss) on the Consolidated Statements of Operations. Commencing in the first quarter of 2020, this change in accounting policy will be applied retrospectively.

In addition to these changes, we reclassified certain products and services within our five primary categories used to report products and services revenue: IP and Data Services, Transport and Infrastructure, Voice and Collaboration, Other, and Affiliate Services. The product and service reclassifications do not have any impact on the total revenue previously reported. The impact of these reclassifications has been applied retrospectively and was immaterial to reported product and service offering revenue results.

To enable a comparison between the information to be presented in our first quarter 2020 Form 10-Q filing with prior periods’ filings, we have furnished herewith as Exhibit 99.1 unaudited supplemental financial information that recasts our historical operating revenue and cost of services and products and select revenue and product disclosures to reflect the above-described changes for each of the four quarters comprising the year ended December 31, 2019 and full year periods ended December 31, 2019 and 2018.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
99.1	<i>Unaudited supplemental historical financial information</i>
104	Cover Page Interactive Data File (formatted in iXBRL in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Level 3 Parent, LLC has duly caused this Current Report to be signed on its behalf by the undersigned officer hereunto duly authorized.

LEVEL 3 PARENT, LLC

By: /s/ Eric J. Mortensen

Eric J. Mortensen
Senior Vice President and Controller

Dated: May 7, 2020

Level 3 Parent, LLC
(Unaudited)

The following table reflects the retrospective impacts to consolidated financial statement captions and additional disclosures resulting from the change in accounting policy (including USF fees) and product reclassifications:

<i>\$ in millions</i>	<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>2019</u>	<u>2018</u>
Operating revenue, as reported	\$2,046	2,014	2,064	2,061	8,185	8,220
<i>Reclassifications:</i>						
Change in accounting policy	(96)	(88)	(112)	(116)	(412)	(381)
Product reclassifications	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating revenue, as adjusted	\$1,950	1,926	1,952	1,945	7,773	7,839
Revenue from contracts with customers, as reported	\$1,996	1,925	1,970	1,401	7,292	7,921
<i>Reclassifications:</i>						
Change in accounting policy	(96)	(88)	(112)	(116)	(412)	(381)
Product reclassifications	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenue from contracts with customers, as adjusted	\$1,900	1,837	1,858	1,285	6,880	7,540
Cost of services and products, as reported	\$ 967	919	960	953	3,799	3,937
<i>Reclassifications:</i>						
Change in accounting policy	(96)	(88)	(112)	(116)	(412)	(381)
Product reclassifications	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cost of services and products, as adjusted	\$ 871	831	848	837	3,387	3,556
Operating expenses, as reported	\$5,439	1,742	1,755	1,776	10,712	7,252
<i>Reclassifications:</i>						
Change in accounting policy	(96)	(88)	(112)	(116)	(412)	(381)
Product reclassifications	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating expenses, as adjusted	\$5,343	1,654	1,643	1,660	10,300	6,871

The change in accounting policy and product reclassifications had no impact on Consolidated Operating Income (Loss) or Net Income (Loss).

Level 3 Parent, LLC
(Unaudited)

The following table reflects the retrospective impacts to revenue by product and service offering resulting from the change in accounting policy (including USF fees) and product reclassifications:

<i>\$ in millions</i>		<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>2019</u>	<u>2018</u>
IP and Data Services	Reported	\$ 979	965	972	972	3,888	3,945
	Change in accounting policy	(57)	(50)	(63)	(64)	(234)	(217)
	Product reclassifications	1	0	1	(1)	1	0
	Adjusted/New	\$ 923	915	910	907	3,655	3,728
Transport and Infrastructure	Reported	\$ 658	655	668	681	2,662	2,701
	Change in accounting policy	(27)	(25)	(33)	(35)	(120)	(109)
	Product reclassifications	(1)	1	1	1	2	(1)
	Adjusted/New	\$ 630	631	636	647	2,544	2,591
Voice and Collaboration	Reported	\$ 352	355	379	357	1,443	1,464
	Change in accounting policy	(12)	(13)	(16)	(17)	(58)	(55)
	Product reclassifications	0	(1)	(1)	2	0	4
	Adjusted/New	\$ 340	341	362	342	1,385	1,413
Other	Reported	\$ 2	1	4	5	12	3
	Change in accounting policy	0	0	0	0	0	0
	Product reclassifications	0	0	(1)	(2)	(3)	(3)
	Adjusted/New	\$ 2	1	3	3	9	0
Affiliate Services	Reported	\$ 55	38	41	46	180	107
	Change in accounting policy	0	0	0	0	0	0
	Product reclassifications	0	0	0	0	0	0
	Adjusted/New	\$ 55	38	41	46	180	107
Total	Reported	\$2,046	2,014	2,064	2,061	8,185	8,220
	Change in accounting policy	(96)	(88)	(112)	(116)	(412)	(381)
	Product reclassifications	0	0	0	0	0	0
	Adjusted/New	\$1,950	1,926	1,952	1,945	7,773	7,839