



Connecting and Protecting
the Networked World



Third Quarter 2016 Results
October 31, 2016

Modified Adjustment and Cautionary Statement

In this presentation, Modified prior period results exclude the company's Venezuelan subsidiary's operations, which were deconsolidated as of September 30, 2015, and reflect changes made to customer assignments between the wholesale and enterprise channels at the beginning of 2016. Consistent with the SEC's recently issued Compliance and Disclosure Interpretations relating to non-GAAP metrics, we have made changes to some of our earnings materials. See slide 13 for Non-GAAP Reconciliations.

Some statements made in this presentation are forward-looking in nature and are based on management's current expectations or beliefs. These forward-looking statements are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are outside Level 3's control, which could cause actual events to differ materially from those expressed or implied by the statements. Important factors that could prevent Level 3 from achieving its stated goals include, but are not limited to, the company's ability to: increase revenue from its services to realize its targets for financial and operating performance; develop and maintain effective business support systems; manage system and network failures or disruptions; avert the breach of its network and computer system security measures; develop new services that meet customer demands and generate acceptable margins; manage the future expansion or adaptation of its network to remain competitive; defend intellectual property and proprietary rights; manage risks associated with continued uncertainty in the global economy; manage continued or accelerated decreases in market pricing for communications services; obtain capacity for its network from other providers and interconnect its network with other networks on favorable terms; successfully integrate future acquisitions; effectively manage political, legal, regulatory, foreign currency and other risks it is exposed to due to its substantial international operations; mitigate its exposure to contingent liabilities; and meet all of the terms and conditions of its debt obligations. Additional information concerning these and other important factors can be found within Level 3's filings with the Securities and Exchange Commission. Statements in this presentation should be evaluated in light of these important factors. Level 3 is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

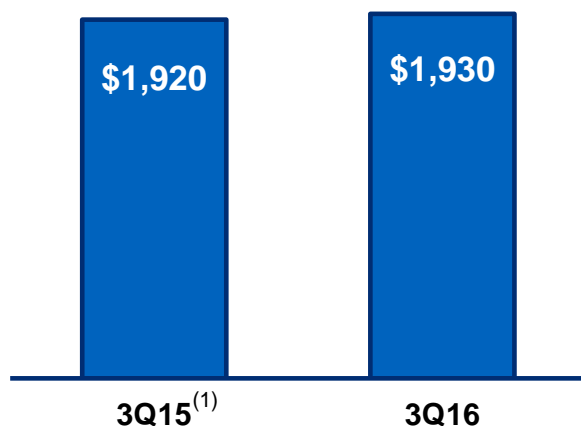
3Q16 Highlights

- ➔ Network Access Margin of 66.8%
- ➔ Adjusted EBITDA Margin of 35.2%
- ➔ 12% YoY Adjusted EBITDA⁽¹⁾ Growth
- ➔ Generated Strong Free Cash Flow of \$281 million

(1) Modified results exclude the company's Venezuelan subsidiary's operations, which were deconsolidated as of September 30, 2015

CNS Revenue

(\$ in millions)



3Q16 CNS Revenue Growth⁽¹⁾

Revenue	Constant Currency and Modified YoY%	Modified YoY%
Total CNS	1.1%	0.5%
Enterprise	3.2%	2.6%
Wholesale	(4.2%)	(4.9%)
North America	1.4%	1.4%
Enterprise	3.1%	3.1%
Wholesale	(3.3%)	(3.3%)
EMEA	(7.7%)	(14%)
Enterprise	(3.7%)	(9.6%)
Wholesale	(8.4%)	(13%)
UK Government	(23%)	(35%)
Latin America	10%	11%
Enterprise	16%	18%
Wholesale	(7.4%)	(7.5%)

(1) These Modified results exclude the company's Venezuelan subsidiary's operations, which were deconsolidated as of September 30, 2015, and reflect changes made to customer assignments between the wholesale and enterprise channels at the beginning of 2016.

(2) Level 3 measures revenue churn as disconnects of Core Network Services (CNS) monthly recurring revenue as a percentage of CNS revenue. This calculation excludes churn from customers who disconnected existing service in a particular location but replaced it with new services in the same location. The calculation also excludes usage.

1.3%

3Q16 CNS Revenue Churn⁽²⁾

North America Enterprise CNS Revenue

Revenue by Customer Spend

Customer	3Q16 \$ in MM	% of 3Q16 CNS Revenue	% of Customers	2Q16/3Q16 CNS Revenue Change %
Global Accounts	\$193	17%	0.3%	1.9%
\$20K and up per month	\$687	59%	6%	1.2%
\$2K to \$20K per month	\$223	19%	27%	(0.6%)
Less than \$2K per month	\$57	5%	66%	(18%)
Total	\$1,160	100%	100%	(0.2%)

➔ Strong growth in Global Accounts Revenue

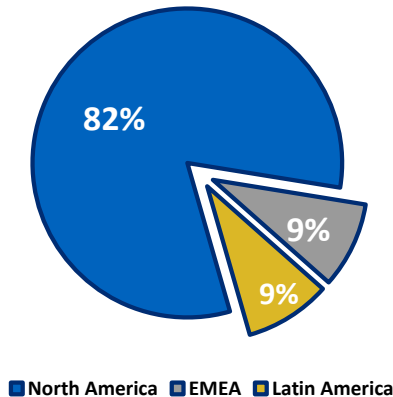
➔ Revenue from the smallest customers, representing 5% of revenue, seeing highest decline

➔ Several initiatives in-flight to improve revenue performance

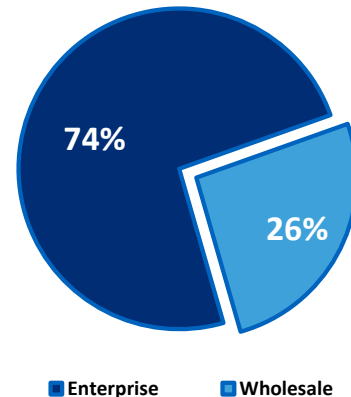
Note: Percentages may not foot due to rounding

3Q16 Revenue Mix

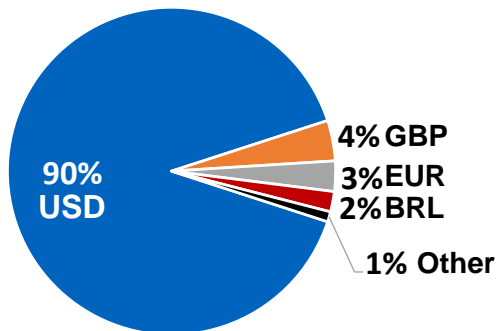
CNS Revenue by Region



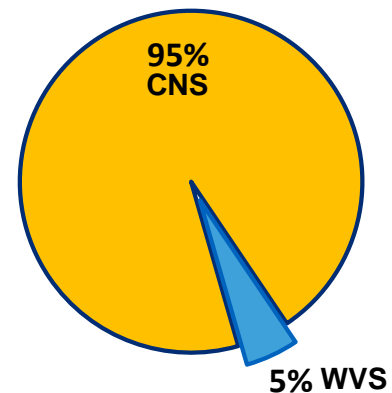
CNS Revenue by Customer Type



Total Revenue by Currency



Total Revenue Mix

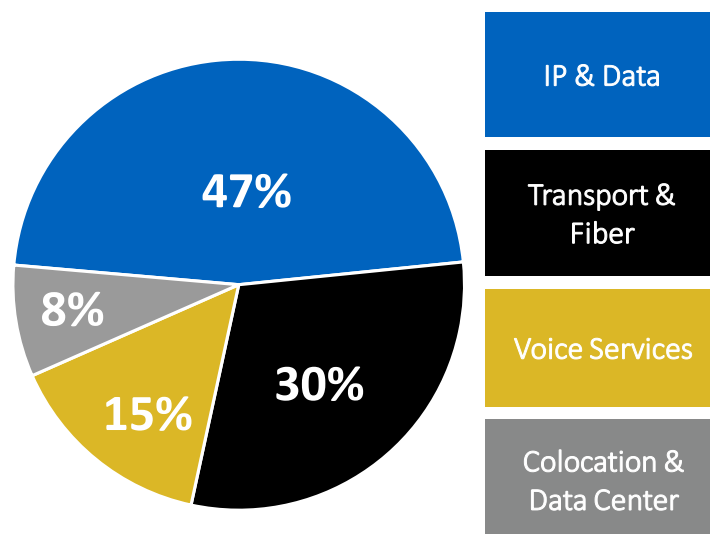


3Q16 CNS Services Revenue

CNS Revenue by Service Type⁽¹⁾

IP & Data Services \$910M	3.0%	Constant Currency
	2.5%	Modified
Transport & Fiber \$577M	(1.0%)	Constant Currency
	(1.4%)	Modified
Voice Services \$296M	0.4%	Constant Currency
	(0.7%)	Modified
Colocation & Data Center \$147M	(0.2%)	Constant Currency
	(1.3%)	Modified

CNS Revenue by Service Type⁽¹⁾

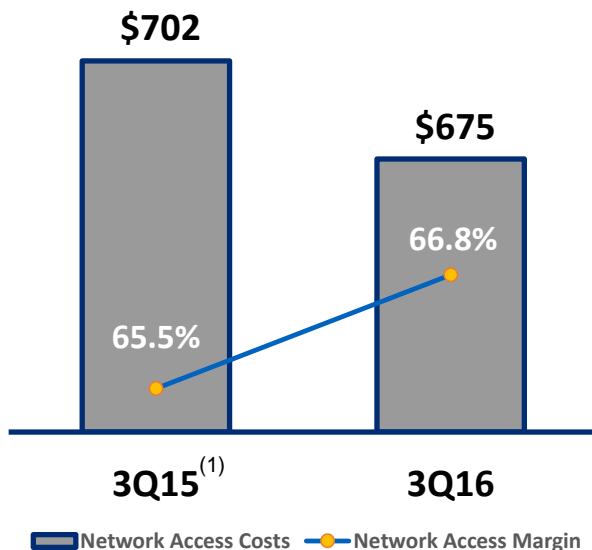


(1) These Modified results exclude the company's Venezuelan subsidiary's operations, which were deconsolidated as of September 30, 2015, and reflect changes made to customer assignments between the wholesale and enterprise channels at the beginning of 2016.

Network Access Costs & Operating Expenses

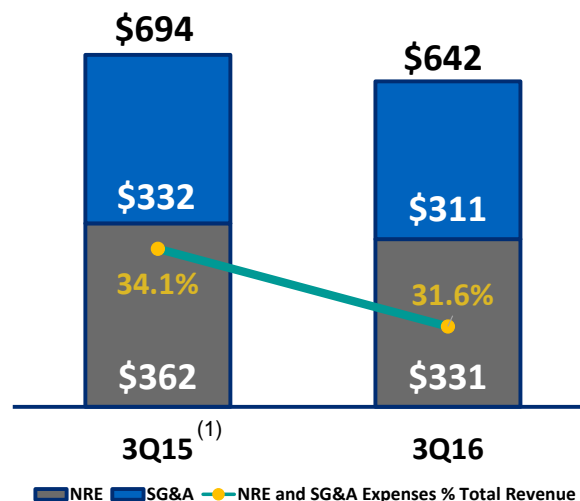
Network Access Costs & Margin

(\$ in millions)



Network Related Expenses(NRE) and SG&A⁽²⁾

(\$ in millions)



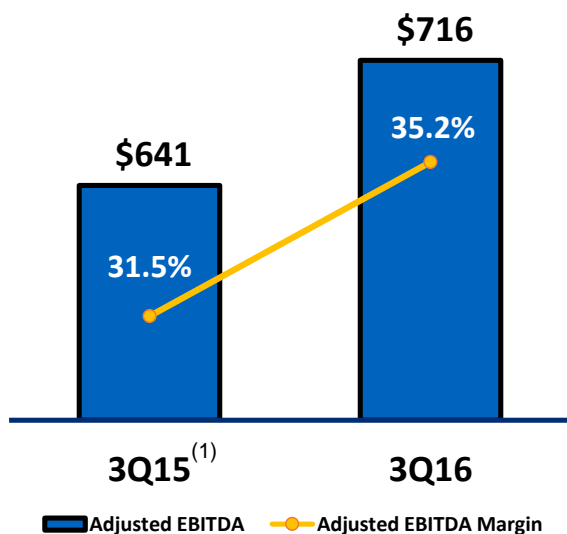
(1) These Modified results exclude the company's Venezuelan subsidiary's operations, which were deconsolidated as of September 30, 2015

(2) Excludes non-cash compensation expense of \$5 million and \$6 million in NRE for 3Q15-and 3Q16, respectively and \$29 million and \$37 million in SG&A for 3Q15 and 3Q16, respectively.

Adjusted EBITDA & Free Cash Flow

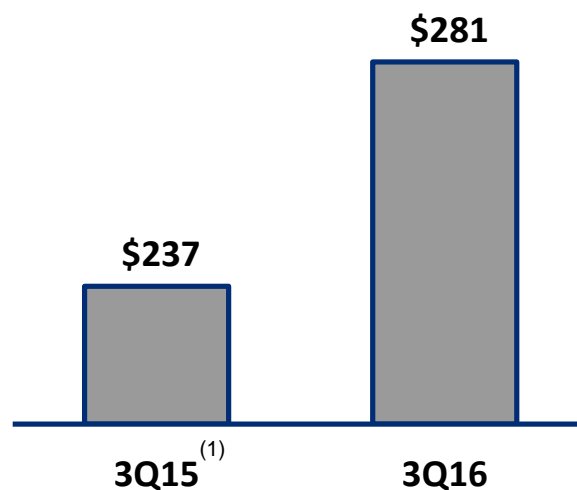
Adjusted EBITDA

(\$ in millions)



Free Cash Flow

(\$ in millions)



Net Debt to Adjusted EBITDA Leverage

3.3x

(1) These Modified results exclude the company's Venezuelan subsidiary's operations, which were deconsolidated as of September 30, 2015

2016 Business Outlook

	Outlook Metric
Adjusted EBITDA ⁽¹⁾	YoY Growth of 10% to 12%
Free Cash Flow	\$1.0 to \$1.1 billion
GAAP Interest Expense	\$555 million
Cash Interest Expense	\$510 million
Capital Expenditures ⁽²⁾	16% of Total Revenue
Depreciation & Amortization ⁽²⁾	\$1.260 billion
Cash Income Tax	\$40 million
Non-Cash Compensation ⁽²⁾	\$160 million
Full Year Income Tax Rate	~30%

(1) From a starting point of \$2.592 billion, which represents 2015 Adjusted EBITDA, on a modified basis to exclude results from the company's Venezuelan subsidiary's operations

(2) Updated as of 3Q16

Appendix

Financial & Operational Metrics (3Q16)

Revenue Metrics

CNS Revenue by Geography

- 82% North America
- 9% EMEA
- 9% Latin America

CNS Revenue by Product Group

- 47% IP & Data
- 30% Transport & Fiber
- 15% Voice Services
- 8% Colocation & Data Center

CNS vs. WVS Revenue

- 95% CNS
- 5% WVS

CNS Revenue by Channel

- 74% Enterprise
- 26% Wholesale

Total Revenue by Currency

- 90% USD
- 4% GBP
- 3% EUR
- 2% BRL
- 1% All Other Currencies

CNS Revenue by Currency

- 90% USD
- 4% GBP
- 3% EUR
- 2% BRL
- 1% All Other Currencies

Capital Expenditures as a Percent of Total Revenue

- 3Q16: 18%
- YTD: 17%

CNS Revenue Churn

- 1.3% (monthly)

Operational Metrics

Customers

- Total: ~50,000
- 96% Enterprise
- 4% Wholesale

Headcount

- Total Employees: ~12,900
- QBHC: ~1,180

On-Net Buildings

- Total: 45,350
- 78% North America
- 17% Latin America
- 5% EMEA

Financial Metrics

Shares Outstanding

- 360 million

U.S. Federal NOL Balance

- \$9.8 billion as of 12/31/15

Net Debt to Adjusted EBITDA ratio

- 3.3x
- Focused on the low end of target leverage range of 3 to 4 times

Non-GAAP Reconciliation

Schedule to Reconcile to Non-GAAP Financial Metrics

Pursuant to Regulation G, the company is hereby providing definitions of non-GAAP financial metrics and reconciliations to the most directly comparable GAAP measures.

The following describes and reconciles those financial measures as reported under accounting principles generally accepted in the United States (GAAP) with those financial measures as adjusted by the items detailed below and presented in the accompanying news release. These calculations are not prepared in accordance with GAAP and should not be viewed as alternatives to GAAP. In keeping with its historical financial reporting practices, the company believes that the supplemental presentation of these calculations provides meaningful non-GAAP financial measures to help investors understand and compare business trends among different reporting periods on a consistent basis.

In addition, measures referred to in the accompanying news release as being calculated “on a constant currency basis” or “in constant currency terms” are non-GAAP metrics intended to present the relevant information assuming a constant exchange rate between the two periods being compared. Such metrics are calculated by applying the currency exchange rates used in the preparation of the prior period financial results to the subsequent period results.

References to “modified” figures represent the adjustments made to exclude the Company's Venezuelan subsidiary's operations, that was deconsolidated as of September 30, 2015.

Schedule to Reconcile to Non-GAAP Financial Metrics



Core Network Services Revenue includes revenue from colocation and datacenter services, transport and fiber, IP and data services, and voice services (local and enterprise).

Network Access Costs includes leased capacity, right-of-way costs, access charges, satellite transponder lease costs and other third party costs directly attributable to providing access to customer locations from the Level 3 network, but excludes Network Related Expenses, and depreciation and amortization. Network Access Costs do not include any employee expenses or impairment expenses; these expenses are allocated to Network Related Expenses or Selling, General and Administrative Expenses.

Network Related Expenses includes certain expenses associated with the delivery of services to customers and the operation and maintenance of the Level 3 network, such as facility rent, utilities, maintenance and other costs, each related to the operation of its communications network, as well as salaries, wages and related benefits (including non-cash stock-based compensation expenses) associated with personnel who are responsible for the delivery of services, operation and maintenance of its communications network, and accretion expense on asset retirement obligations, but excludes depreciation and amortization.

Network Access Margin (\$) is defined as total Revenue less Network Access Costs from the Consolidated Statements of Income, and excludes Network Related Expenses.

Network Access Margin (%) is defined as Network Access Margin (\$) divided by total Revenue. Management believes that network access margin is a relevant metric to provide to investors, as it is a metric that management uses to measure the margin available to the company after it pays third party network services costs; in essence, a measure of the efficiency of the company's network.

Schedule to Reconcile to Non-GAAP Financial Metrics

Adjusted EBITDA is defined as net income (loss) from the Consolidated Statements of Income before income taxes, total other income (expense), non-cash impairment charges, depreciation and amortization and non-cash stock compensation expense.

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by total Revenue.

Management believes that Adjusted EBITDA and Adjusted EBITDA Margin are relevant and useful metrics to provide to investors, as they are an important part of the company's internal reporting and are key measures used by Management to evaluate profitability and operating performance of the company and to make resource allocation decisions. Management believes such measures are especially important in a capital-intensive industry such as telecommunications. Management also uses Adjusted EBITDA and Adjusted EBITDA Margin to compare the company's performance to that of its competitors and to eliminate certain non-cash and non-operating items in order to consistently measure from period to period its ability to fund capital expenditures, fund growth, service debt and determine bonuses. Adjusted EBITDA excludes non-cash impairment charges and non-cash stock compensation expense because of the non-cash nature of these items. Adjusted EBITDA also excludes interest income, interest expense and income taxes because these items are associated with the company's capitalization and tax structures. Adjusted EBITDA also excludes depreciation and amortization expense because these non-cash expenses primarily reflect the impact of historical capital investments, as opposed to the cash impacts of capital expenditures made in recent periods, which may be evaluated through cash flow measures. Adjusted EBITDA excludes the gain (or loss) on extinguishment and modification of debt and other, net because these items are not related to the primary operations of the company.

There are limitations to using Adjusted EBITDA as a financial measure, including the difficulty associated with comparing companies that use similar performance measures whose calculations may differ from the company's calculations. Additionally, this financial measure does not include certain significant items such as interest income, interest expense, income taxes, depreciation and amortization, non-cash impairment charges, non-cash stock compensation expense, the gain (or loss) on extinguishment and modification of debt and net other income (expense). Adjusted EBITDA and Adjusted EBITDA Margin should not be considered a substitute for other measures of financial performance reported in accordance with GAAP.

Schedule to Reconcile to Non-GAAP Financial Metrics

Debt is defined as total gross debt, including capital leases from the Footnotes to the Consolidated Financial Statements.

Net Debt to Last Twelve Months (LTM) Adjusted EBITDA Ratio is defined as Debt, reduced by cash and cash equivalents and divided by LTM Adjusted EBITDA.

Unlevered Cash Flow is defined as net cash provided by (used in) operating activities less capital expenditures, plus cash interest paid and less interest income all as disclosed in the Consolidated Statements of Cash Flows or the Consolidated Statements of Income. Management believes that Unlevered Cash Flow is a relevant metric to provide to investors, as it is an indicator of the operational strength and performance of the company and, measured over time, provides management and investors with a sense of the underlying business' growth pattern and ability to generate cash. Unlevered Cash Flow excludes cash used for acquisitions and debt service and the impact of exchange rate changes on cash and cash equivalents balances.

There are material limitations to using Unlevered Cash Flow to measure the company's cash performance as it excludes certain material items such as payments on and repurchases of long-term debt, interest income, cash interest expense and cash used to fund acquisitions. Comparisons of Level 3's Unlevered Cash Flow to that of some of its competitors may be of limited usefulness since Level 3 does not currently pay a significant amount of income taxes due to net operating losses, and therefore, generates higher cash flow than a comparable business that does pay income taxes. Additionally, this financial measure is subject to variability quarter over quarter as a result of the timing of payments related to accounts receivable and accounts payable and capital expenditures. Unlevered Cash Flow should not be used as a substitute for net change in cash and cash equivalents in the Consolidated Statements of Cash Flows.

Schedule to Reconcile to Non-GAAP Financial Metrics

Free Cash Flow is defined as net cash provided by (used in) operating activities less capital expenditures as disclosed in the Consolidated Statements of Cash Flows. Management believes that Free Cash Flow is a relevant metric to provide to investors, as it is an indicator of the company's ability to generate cash to service its debt. Free Cash Flow excludes cash used for acquisitions, principal repayments and the impact of exchange rate changes on cash and cash equivalents balances.

There are material limitations to using Free Cash Flow to measure the company's performance as it excludes certain material items such as principal payments on and repurchases of long-term debt and cash used to fund acquisitions. Comparisons of Level 3's Free Cash Flow to that of some of its competitors may be of limited usefulness since Level 3 does not currently pay a significant amount of income taxes due to net operating losses, and therefore, generates higher cash flow than a comparable business that does pay income taxes. Additionally, this financial measure is subject to variability quarter over quarter as a result of the timing of payments related to interest expense, accounts receivable and accounts payable and capital expenditures. Free Cash Flow should not be used as a substitute for net change in cash and cash equivalents on the Consolidated Statements of Cash Flows.

Schedule to Reconcile to Non-GAAP Financial Metrics

Outlook

In order to provide our outlook with respect to non-GAAP metrics, we are required to indicate a range for GAAP measures that are components of the reconciliation of the non-GAAP metric. The provision of these ranges is in no way meant to indicate that the company is explicitly or implicitly providing an outlook on those GAAP components of the reconciliation. In order to reconcile the non-GAAP financial metric to GAAP, the company has to use ranges for the GAAP components that arithmetically add up to the non-GAAP financial metric. While the company feels reasonably comfortable about the outlook for its non-GAAP financial metrics, it fully expects that the ranges used for the GAAP components will vary from actual results. We will consider our outlook of non-GAAP financial metrics to be accurate if the specific non-GAAP metric is met or exceeded, even if the GAAP components of the reconciliation are different from those provided in an earlier reconciliation.

Schedule to Reconcile to Non-GAAP Financial Metrics

Level 3 Communications, Inc. and Consolidated Subsidiaries Modified and Constant Currency

	3Q15 FX						3Q15 FX				
								3Q16 Constant Currency/ 3Q15			
CNS Revenue (\$ in millions)	3Q16	3Q16 Constant Currency	3Q15 ⁽²⁾	3Q15 Venezuela	3Q15 Modified ⁽³⁾	3Q16/ 3Q15 %Change	3Q16/3Q15 Modified %Change	Modified %Change ⁽⁶⁾	3Q16 %CNS		
North America	\$ 1,572	\$ 1,572	\$ 1,551	\$ —	\$ 1,551	1.4 %	1.4 %	1.4 %	82 %		
Wholesale	\$ 412	\$ 412	\$ 426	\$ —	\$ 426	(3.3)%	(3.3)%	(3.3)%	21 %		
Enterprise	\$ 1,160	\$ 1,160	\$ 1,125	\$ —	\$ 1,125	3.1 %	3.1 %	3.1 %	61 %		
EMEA	\$ 182	\$ 195	\$ 211	\$ —	\$ 211	(13.7)%	(13.7)%	(7.7)%	9 %		
Wholesale	\$ 61	\$ 64	\$ 70	\$ —	\$ 70	(12.9)%	(12.9)%	(8.4)%	3 %		
Enterprise	\$ 104	\$ 111	\$ 115	\$ —	\$ 115	(9.6)%	(9.6)%	(3.7)%	5 %		
UK Government	\$ 17	\$ 20	\$ 26	\$ —	\$ 26	(34.6)%	(34.6)%	(23.3)%	1 %		
Latin America	\$ 176	\$ 174	\$ 183	\$ 25	\$ 158	(3.8)%	11.4 %	10.4 %	9 %		
Wholesale	\$ 37	\$ 37	\$ 45	\$ 5	\$ 40	(17.8)%	(7.5)%	(7.4)%	2 %		
Enterprise	\$ 139	\$ 137	\$ 138	\$ 20	\$ 118	0.7 %	17.8 %	16.4 %	7 %		
Total CNS Revenue	\$ 1,930	\$ 1,941	\$ 1,945	\$ 25	\$ 1,920	(0.8)%	0.5 %	1.1 %	100 %		
Wholesale	\$ 510	\$ 513	\$ 541	\$ 5	\$ 536	(5.7)%	(4.9)%	(4.2)%	26 %		
Enterprise ⁽¹⁾	\$ 1,420	\$ 1,428	\$ 1,404	\$ 20	\$ 1,384	1.1 %	2.6 %	3.2 %	74 %		
Total CNS Revenue	\$ 1,930	\$ 1,941	\$ 1,945	\$ 25	\$ 1,920	(0.8)%	0.5 %	1.1 %			
Wholesale Voice Services	103	104	117	—	117	(12.0)%	(12.0)%	(11.2)%			
Total Revenue	\$ 2,033	\$ 2,045	\$ 2,062	\$ 25	\$ 2,037	(1.4)%	(0.2)%	0.4 %			
EMEA Total w/o UK Govt	\$ 165	\$ 175	\$ 185	\$ —	\$ 185	(10.8)%	(10.8)%	(5.5)%			
Total CNS w/o UK Govt	\$ 1,913	\$ 1,921	\$ 1,919	\$ 25	\$ 1,894	(0.3)%	1.0 %	1.5 %			
Enterprise w/o UK Govt	\$ 1,403	\$ 1,408	\$ 1,378	\$ 20	\$ 1,358	1.8 %	3.3 %	3.7 %			
Network Access Costs			706	4	702						
Network Related Expenses ⁽⁴⁾			364	2	362						
Selling, General and Administrative Expenses ⁽⁵⁾			335	3	332						
Network Access Margin			65.8 %		65.5 %						

⁽¹⁾ includes UK Government

⁽²⁾ Adjusted to reflect changes made to customer assignments between wholesale and enterprise channels as of the beginning of 2016.

⁽³⁾ Represents the consolidated results modified to exclude the Company's Venezuelan subsidiary's operations that was deconsolidated as of September 30, 2015.

⁽⁴⁾ Excludes non-cash compensation of \$5 million.

⁽⁵⁾ Excludes non-cash compensation of \$29 million.

⁽⁶⁾ Percentages are calculated using whole numbers. Minor differences may exist due to rounding.

Schedule to Reconcile to Non-GAAP Financial Metrics

Level 3 Communications, Inc. and Consolidated Subsidiaries (\$ in millions)

	3Q15 FX				3Q15 FX 3Q16 Constant Currency/ 3Q15			
		3Q15 Modified ⁽¹⁾⁽²⁾	3Q16	3Q16 Constant Currency	3Q16/ 3Q15 %Change	3Q16/ 3Q15 Modified %Change	Modified %Change ⁽³⁾	3Q16 % CNS
Core Network Services Revenue	3Q15 ⁽²⁾							
Colocation and Datacenter Services	\$ 152	\$ 149	\$ 147	\$ 148	(3.3)%	(1.3)%	(0.2)%	8 %
Transport and Fiber	590	585	577	579	(2.2)%	(1.4)%	(1.0)%	30 %
IP and Data Services	905	888	910	915	0.6 %	2.5 %	3.0 %	47 %
Voice Services (Local and Enterprise)	298	298	296	299	(0.7)%	(0.7)%	0.4 %	15 %
Total Core Network Services	\$ 1,945	\$ 1,920	\$ 1,930	\$ 1,941	(0.8)%	0.5 %	1.1 %	100 %
Wholesale Voice Services	117	117	103	104	(12.0)%	(12.0)%	(11.2)%	
Total Revenue	\$ 2,062	\$ 2,037	\$ 2,033	\$ 2,045	(1.4)%	(0.2)%	0.4 %	

⁽¹⁾ Represents the consolidated results modified to exclude the Company's Venezuelan subsidiary's operations that was deconsolidated as of September 30, 2015.

⁽²⁾ The 2015 quarterly results have been adjusted to reflect changes made to customer assignments between the wholesale and enterprise channels as of the beginning of 2016.

⁽³⁾ Percentages are calculated using whole numbers. Minor differences may exist due to rounding.

Schedule to Reconcile to Non-GAAP Financial Metrics

Level 3 Communications, Inc. and Consolidated Subsidiaries

Adjusted EBITDA

(\$ in millions)	3Q15	3Q15 Venezuela	3Q15 Modified ⁽¹⁾	2Q16 ⁽²⁾	3Q16
Net Income (Loss)	\$ 1	\$ 9	\$ (8)	\$ 156	\$ 143
Income Tax Expense	16	—	16	34	74
Total Other Expense	310	5	305	184	137
Depreciation and Amortization Expense	296	2	294	310	319
Non-Cash Compensation Expense	34	—	34	31	43
Adjusted EBITDA	\$ 657	\$ 16	\$ 641	\$ 715	\$ 716
Total Revenue	\$ 2,062	\$ 25	\$ 2,037	\$ 2,056	\$ 2,033
Adjusted EBITDA Margin	31.9 %		31.5 %	34.8 %	35.2 %

⁽¹⁾ Represents the consolidated results modified to exclude the Company's Venezuelan subsidiary's operations that was deconsolidated as of September 30, 2015.

⁽²⁾ Results have been adjusted to reflect the Company's adoption of Accounting Standards Update 2016-09, Improvements to Employee Share-Based Payment Accounting.

Schedule to Reconcile to Non-GAAP Financial Metrics

Level 3 Communications, Inc. and Consolidated Subsidiaries

Cash Flows

(\$ in millions)	3Q15	3Q15 Venezuela	3Q15 Modified ⁽¹⁾	4Q15	1Q16	2Q16	3Q16	LTM
Net Cash Provided by Operating Activities	\$ 575	\$ 14	\$ 561	\$ 556	\$ 510	\$ 631	\$ 645	\$ 2,342
Capital Expenditures	(328)	(4)	(324)	(330)	(297)	(367)	(364)	(1,358)
Free Cash Flow	\$ 247	\$ 10	\$ 237	\$ 226	\$ 213	\$ 264	\$ 281	\$ 984
Cash Interest Paid	129	—	129	173	112	133	127	
Interest Income	—	—	—	—	(1)	(1)	(1)	
Unlevered Cash Flow	\$ 376	\$ 10	\$ 366	\$ 399	\$ 324	\$ 396	\$ 407	

⁽¹⁾ Represents the consolidated results modified to exclude the Company's Venezuelan subsidiary's operations that was deconsolidated as of September 30, 2015.

Schedule to Reconcile to Non-GAAP Financial Metrics



Level 3 Communications, Inc. and Consolidated Subsidiaries

LTM Adjusted EBITDA

(\$ in millions)	4Q15	1Q16	2Q16	3Q16	Total: LTM
Total Revenue	\$ 2,053	\$ 2,051	\$ 2,056	\$ 2,033	\$ 8,193
Network Access Costs	(708)	(694)	(676)	(675)	(2,753)
Network Related Expenses	(344)	(338)	(339)	(337)	(1,358)
Selling, General and Administrative Expenses	(369)	(356)	(357)	(348)	(1,430)
Add back: Non-Cash Compensation Expenses	49	47	31	43	170
Adjusted EBITDA	\$ 681	\$ 710	\$ 715	\$ 716	\$ 2,822

Schedule to Reconcile to Non-GAAP Financial Metrics



Level 3 Communications, Inc. and Consolidated Subsidiaries Net Debt to LTM Adjusted EBITDA ratio as of September 30, 2016

(\$ in millions)

Debt	\$	11,013
Cash and Cash Equivalents		<u>(1,569)</u>
Net Debt	\$	<u>9,444</u>
Adjusted EBITDA ⁽¹⁾	\$	<u>2,822</u>
Net Debt to LTM Adjusted EBITDA Ratio		<u>3.3</u>

⁽¹⁾ Please refer to the computation on LTM Adjusted EBITDA.

Schedule to Reconcile to Non-GAAP Financial Metrics

Level 3 Communications, Inc. and Consolidated Subsidiaries Outlook

Adjusted EBITDA Outlook

Twelve Months Ended December 31, 2016

(\$ in millions)	Range	
	Low	High
Net Income	580	600
Income Tax Expense	245	260
Total Other Expense	585	620
Depreciation and Amortization Expense	1,265	1,255
Non-Cash Compensation Expense	170	155
Adjusted EBITDA	\$ 2,845	\$ 2,890

Free Cash Flow Outlook

Twelve Months Ended December 31, 2016

(\$ in millions)	Range	
	Low	High
Net Cash Provided by Operating Activities	\$ 2,300	\$ 2,440
Capital Expenditures	(1,300)	(1,340)
Free Cash Flow	\$ 1,000	\$ 1,100

Forward Looking Statements

Forward Looking Statements

Except for the historical and factual information contained herein, the matters set forth in this release, including statements regarding the expected timing and benefits of the proposed transaction, such as efficiencies, cost savings, enhanced revenues, growth potential, market profile and financial strength, and the competitive ability and position of the combined company, and other statements identified by words such as “will,” “estimates,” “expects,” “projects,” “plans,” “intends” and similar expressions, are forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. Actual events and results may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the ability of the parties to timely and successfully receive the required approvals of regulatory agencies and their respective shareholders; the possibility that the anticipated benefits from the proposed transaction cannot be fully realized or may take longer to realize than expected; the possibility that costs or difficulties related to the integration of Level 3’s operations with those of CenturyLink will be greater than expected; the ability of the combined company to retain and hire key personnel; the effects of competition from a wide variety of competitive providers, including lower demand for CenturyLink’s legacy offerings; the effects of new, emerging or competing technologies, including those that could make the combined company’s products less desirable or obsolete; the effects of ongoing changes in the regulation of the communications industry, including the outcome of regulatory or judicial proceedings relating to intercarrier compensation, interconnection obligations, access charges, universal service, broadband deployment, data protection and net neutrality; adverse changes in the combined company’s access to credit markets on favorable terms, whether caused by changes in its financial position, lower debt credit ratings, unstable markets or otherwise; the combined company’s ability to effectively adjust to changes in the communications industry, and changes in the composition of its markets and product mix; possible changes in the demand for, or pricing of, the combined company’s products and services, including the combined company’s ability to effectively respond to increased demand for high-speed broadband service; the combined company’s ability to successfully maintain the quality and profitability of its existing product and service offerings and to introduce new offerings on a timely and cost-effective basis; the adverse impact on the combined company’s business and network from possible equipment failures, service outages, security breaches or similar events impacting its network; the combined company’s ability to maintain favorable relations with key business partners, suppliers, vendors, landlords and financial institutions; the ability of the combined company to utilize net operating losses in amounts projected; changes in the future cash requirements of the combined company; and other risk factors and cautionary statements as detailed from time to time in each of CenturyLink’s and Level 3’s reports filed with the U.S. Securities and Exchange Commission (the “SEC”). There can be no assurance that the proposed acquisition or any other transaction described above will in fact be consummated in the manner described or at all. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the proposed transaction or the combined company. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this document. Unless legally required, CenturyLink and Level 3 undertake no obligation and each expressly disclaim any such obligation, to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information

CenturyLink and Level 3 plan to file a joint proxy statement/prospectus with the SEC. INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. You will be able to obtain the joint proxy statement/prospectus and the filings that will be incorporated by reference in the joint proxy statement/prospectus, as well as other filings containing information about CenturyLink and Level 3, free of charge, at the website maintained by the SEC at www.sec.gov. Copies of the joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, free of charge, by directing a request to CenturyLink, 100 CenturyLink Drive, Monroe, Louisiana 71203, Attention: Corporate Secretary, or to Level 3, 1025 Eldorado Boulevard, Broomfield, Colorado 80021, Attention: Investor Relations.

Participants in the Solicitation

The respective directors and executive officers of CenturyLink and Level 3 and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding CenturyLink's directors and executive officers is available in its proxy statement filed with the SEC by CenturyLink on April 5, 2016, and information regarding Level 3's directors and executive officers is available in its proxy statement filed with the SEC by Level 3 on April 7, 2016. These documents can be obtained free of charge from the sources indicated above. Other information regarding the interests of the participants in the proxy solicitation will be included in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available. This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.