

**LEVEL 3 COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
(unaudited)

(dollars in millions, except per share data)	Three Months Ended		
	September 30, 2015	June 30, 2015	September 30, 2014
Revenue	\$ 2,062	\$ 2,061	\$ 1,629
Costs and Expenses			
Network Access Costs	706	696	607
Network Related Expenses	369	363	307
Depreciation and Amortization	296	288	187
Selling, General and Administrative Expenses	364	364	266
Total Costs and Expenses	1,735	1,711	1,367
Operating Income	327	350	262
Other Income (Expense):			
Interest income	—	—	1
Interest expense	(145)	(165)	(159)
Loss on modification and extinguishment of debt	—	(163)	—
Venezuela deconsolidation charge	(171)	—	—
Other, net	6	(17)	(11)
Total Other Expense	(310)	(345)	(169)
Income Before Income Taxes	17	5	93
Income Tax Expense	(16)	(18)	(8)
Net Income (Loss)	\$ 1	\$ (13)	\$ 85
Basic Earnings per Common Share:			
Net Income (Loss) per Share	\$ —	\$ (0.04)	\$ 0.36
Weighted-Average Shares Outstanding (in thousands)	355,791	354,471	238,265
Diluted Earnings per Common Share:			
Net Income (Loss) per Share	\$ —	\$ (0.04)	\$ 0.35
Weighted-Average Shares Outstanding (in thousands)	358,714	354,471	242,464

**LEVEL 3 COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
(unaudited)

(dollars in millions)	September 30, 2015	December 31, 2014	September 30, 2014
<i>Assets</i>			
Current Assets:			
Cash and cash equivalents	\$ 691	\$ 580	\$ 729
Restricted cash and securities	7	7	1,020
Receivables, less allowances for doubtful accounts	810	737	678
Other	155	165	173
Total Current Assets	<u>1,663</u>	<u>1,489</u>	<u>2,600</u>
Property, Plant and Equipment, net	9,812	9,860	8,268
Restricted Cash and Securities	44	20	21
Goodwill	7,753	7,689	2,570
Other Intangibles, net	1,182	1,414	154
Other Assets	429	475	370
Total Assets	<u>\$ 20,883</u>	<u>\$ 20,947</u>	<u>\$ 13,983</u>
<i>Liabilities and Stockholders' Equity</i>			
Current Liabilities:			
Accounts payable	\$ 630	\$ 664	\$ 607
Current portion of long-term debt	16	349	502
Accrued payroll and employee benefits	230	273	165
Accrued interest	137	174	184
Current portion of deferred revenue	273	287	244
Other	184	167	151
Total Current Liabilities	<u>1,470</u>	<u>1,914</u>	<u>1,853</u>
Long-Term Debt, less current portion	10,997	10,984	8,856
Deferred Revenue, less current portion	942	921	877
Other Liabilities	694	765	749
Total Liabilities	<u>14,103</u>	<u>14,584</u>	<u>12,335</u>
Stockholders' Equity	6,780	6,363	1,648
Total Liabilities and Stockholders' Equity	<u>\$ 20,883</u>	<u>\$ 20,947</u>	<u>\$ 13,983</u>

**LEVEL 3 COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
(unaudited)

(dollars in millions)	Three Months Ended		
	September 30, 2015	June 30, 2015	September 30, 2014
<b>Cash Flows from Operating Activities:</b>			
Net income (loss)	\$ 1	\$ (13)	\$ 85
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	296	288	187
Non-cash compensation expense attributable to stock awards	34	27	22
Loss on modification and extinguishment of debt	—	163	—
Venezuela deconsolidation charge	171	—	—
Accretion of debt discount and amortization of debt issuance costs	5	6	10
Accrued interest on long-term debt	12	(62)	18
Non-cash tax adjustments	—	—	(5)
Deferred income taxes	15	—	(12)
Gain (loss) on sale of property, plant and equipment and other assets	—	2	(2)
Other, net	2	9	(19)
Changes in working capital items:			
Receivables	(98)	(9)	24
Other current assets	15	(17)	(1)
Payables	21	2	(17)
Deferred revenue	63	(12)	(7)
Other current liabilities	38	35	38
<b>Net Cash Provided by Operating Activities</b>	<b>575</b>	<b>419</b>	<b>321</b>
<b>Cash Flows from Investing Activities:</b>			
Capital expenditures	(328)	(317)	(204)
Cash related to deconsolidated Venezuela operations	(83)	—	—
Change in restricted cash and securities, net	—	(25)	(12)
Proceeds from sale of property, plant and equipment and other assets	1	1	2
Other	(14)	—	(1)
<b>Net Cash Used in Investing Activities</b>	<b>(424)</b>	<b>(341)</b>	<b>(215)</b>
<b>Cash Flows from Financing Activities:</b>			
Long-term debt borrowings, net of issuance costs	(1)	3,456	(1)
Payments on and repurchases of long-term debt and capital leases	(4)	(4,096)	(2)
<b>Net Cash Used in Financing Activities</b>	<b>(5)</b>	<b>(640)</b>	<b>(3)</b>
Effect of Exchange Rates on Cash and Cash Equivalents	(4)	(3)	(11)
<b>Net Change in Cash and Cash Equivalents</b>	<b>142</b>	<b>(565)</b>	<b>92</b>
Cash and Cash Equivalents at Beginning of Period	549	1,114	637
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 691</b>	<b>\$ 549</b>	<b>\$ 729</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>			
Cash interest paid	\$ 129	\$ 219	\$ 131