

**CenturyLink, Inc.**

NET DEBT TO LTM PRO FORMA ADJUSTED EBITDA RATIO

AS OF DECEMBER 31, 2017

(UNAUDITED)

*(Dollars in millions)*

**Net Debt to LTM Pro Forma Adjusted EBITDA Ratio**

Gross Debt	\$	38,053
Cash and Cash Equivalents		(551)
Net Debt	\$	<u>37,502</u>
LTM Pro Forma Adjusted EBITDA Excluding Acquisition-Related Expenses	\$	<u>8,741</u>
Net Debt to LTM Adjusted EBITDA Ratio		<u>4.29</u>

**Gross Debt** is defined as total long-term debt, less unamortized discounts, premiums and other, net \$23 million and unamortized debt issuance costs of (\$350 million).

**Net Debt to Last Twelve Months (LTM) Pro Forma Adjusted EBITDA Ratio** is defined as Gross Debt, reduced by cash and cash equivalents and divided by LTM Pro Forma Adjusted EBITDA Excluding Acquisition-Related Expenses.

Adjusted EBITDA is defined as operating income (loss) from the Pro Forma Combined Company Results less depreciation and amortization expense, non-cash impairment charges, non-cash stock compensation expense and special items, excluding CenturyLink colocation revenue and related estimated costs

**CenturyLink, Inc.**

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(UNAUDITED)

*(Dollars in millions, except per share amounts and shares in thousands)*

	<b>Fourth Quarter 2017</b>		
	<b>As Reported</b>	<b>Less Special Items</b>	<b>As Adjusted excluding Special Items</b>
Net Income as reported in Consolidated Statement of Income	\$ 1,117	(956)	161
Weighted Average Shares Outstanding - Diluted	889,135		889,135
Diluted Earnings Per Share	<u>\$ 1.26</u>		<u>0.18</u>

Special items include:

Integration costs related to CenturyLink's acquisition of Level 3	\$	206
Interest income related to Term Loan B Escrow account for pre-acquisition		(4)
Interest expense associated with Term Loan B for pre-acquisition colocation business		20
Income tax effect of special items		(46)
Impact of Tax Reform		(1,132)
		<u>\$ (956)</u>

## **CENTURYLINK STANDALONE DESCRIPTION OF NON-GAAP FINANCIAL MEASURES**

To enable investors to track CenturyLink's results through the end of 2017 on a basis that assumes CenturyLink did not acquire Level 3, we are providing selected unaudited results in the format previously used.

We use the term *Special items* as a non-GAAP measure to describe items that impacted a period's net income and the statement of operations for which investors may want to give special consideration due to their magnitude, nature or both. We do not use the term *non-recurring* because while some of these items are special because they are unusual and infrequent, others may recur in future periods.

We use Adjusted Earnings before interest, taxes, depreciation and amortization or the term *Adjusted EBITDA* as a non-GAAP measure to show profitability in our continuing, central business activities, without regard for the effects of special items, capital structure or tax structure, which may be helpful in analyzing trends or making comparisons to other companies that have different capital or tax structures. Other companies may refer to this measure using the term *Operating income before depreciation and amortization* (OIBDA). Adjusted EBITDA is an accrual based measure that has the effect of excluding quarter-to-quarter variances that are caused by changes in working capital. *Adjusted EBITDA* does not represent the residual cash flow available for discretionary expenditures, as mandatory debt service requirements and other non-discretionary expenditures are not deducted from the measure. It is also not intended to be used as a replacement for the GAAP measures of *Operating income* or *Cash flows provided by operating activities*. Rather it is intended to provide additional information to enhance the understanding of CenturyLink's GAAP financial information, and it should be considered by investors in addition to, but not in substitution for, the GAAP measures.

## CenturyLink Standalone

### RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(UNAUDITED)

(Dollars in millions)

	Three months ended December 31, 2017			Three months ended December 31, 2016		
	As reported	Less special items	As adjusted excluding special items	As reported	Less special items	As adjusted excluding special items
	<b>Adjusted EBITDA and adjusted EBITDA margin</b>					
Operating income *	\$ 524	(206)	(1) 730	405	(186)	(3) 591
Add: Depreciation and amortization	1,197	—	1,197	958	(36)	(4) 994
Less: Operating revenues from Level 3	(1,406)	—	(1,406)	—	—	—
Add: Operating expenses less depreciation and amortization from Level 3	943	28	(2) 915	—	—	—
Add: Affiliate eliminations	47		47			
Less: CenturyLink expenses billed from Level 3	(12)		(12)			
Adjusted EBITDA	\$ 1,293	(178)	1,471	1,363	(222)	1,585
Revenues	\$ 5,323	—	5,323	4,289	—	4,289
Less: Revenues from Level 3	(1,406)	—	(1,406)	—	—	—
Add: Affiliate eliminations	47		47			
Revenues less Level 3	\$ 3,964	—	3,964	4,289	—	4,289
Adjusted EBITDA margin (adjusted EBITDA divided by revenues)	32.6%		37.1%	31.8%		37.0%

#### SPECIAL ITEMS

- (1) - Acquisition and integration costs associated with CenturyLink's acquisition of Level 3 (\$178 million) incurred by CenturyLink and (\$28 million) in transaction costs incurred by Level 3.
- (2) - Transaction costs incurred by Level 3 of \$28 million.
- (3) - Includes severance costs associated with reduction in force initiatives (\$148 million), integration costs associated with CenturyLink's acquisition of Qwest (\$2 million), costs associated with a large billing system integration project (\$2 million), costs related to our pending acquisition of Level 3 (\$52 million), costs associated with our pending sale of the colocation business \$7 million and the impairment of a building (\$11 million), offset by the termination of depreciation expense related to CenturyLink's pending sale of the colocation business \$36 million.
- (4) - Termination of depreciation and amortization expense related to our sale of the colocation business (\$36 million).

\* In the first quarter of 2017, CenturyLink adopted ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" ("ASU 2017-07"). ASU 2017-07 modified the presentation of net periodic pension and postretirement benefit costs and requires the service cost component to be reported separately from the other components in order to provide more useful information. Under ASU 2017-07, the service cost component of net periodic pension and postretirement benefit costs is required to be presented in the same expense category as the related salary and wages for the employee. The other components of the net periodic pension and postretirement benefit costs are required to be recognized below operating income in other (expense) income, net in CenturyLink's consolidated statements of operations. This change was applied on a retrospective basis to all previous periods to match the current period presentation. This retrospective application resulted in a \$13 million increase in operating income and a corresponding increase in total other expense, net for the three months ended December 31, 2016.

## CenturyLink Standalone

### RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(UNAUDITED)

(Dollars in millions)

	Twelve months ended December 31, 2017			Twelve months ended December 31, 2016		
	As reported	Less special items	As adjusted excluding special items	As reported	Less special items	As adjusted excluding special items
	<b>Adjusted EBITDA and adjusted EBITDA margin</b>					
Operating income *	\$ 2,009	(347)	(1) 2,356	2,333	(228)	(4) 2,561
Add: Depreciation and amortization	3,936	(6)	(2) 3,942	3,916	(36)	(5) 3,952
Less: Operating revenues from Level 3	(1,406)	—	(1,406)	—	—	—
Add: Operating expenses less depreciation and amortization from Level 3	943	28	(3) 915	—	—	—
Add: Affiliate eliminations	47	—	47	—	—	—
Less: CenturyLink expenses billed from Level 3	(12)	—	(12)	—	—	—
<b>Adjusted EBITDA</b>	<b>\$ 5,517</b>	<b>(325)</b>	<b>5,842</b>	<b>6,249</b>	<b>(264)</b>	<b>6,513</b>
Revenues	\$ 17,656	—	17,656	17,470	—	17,470
Less: Revenues from Level 3	(1,406)	—	(1,406)	—	—	—
Add: Affiliate eliminations	47	—	47	—	—	—
<b>Revenues less Level 3</b>	<b>\$ 16,297</b>	<b>—</b>	<b>16,297</b>	<b>17,470</b>	<b>—</b>	<b>17,470</b>
<b>Adjusted EBITDA margin (adjusted EBITDA divided by revenues)</b>	<b>33.9%</b>		<b>35.8%</b>	<b>35.8%</b>		<b>37.3%</b>

#### SPECIAL ITEMS

- (1) - Acquisition and integration costs associated with CenturyLink's acquisition of Level 3 (\$243 million) incurred by CenturyLink and (\$28 million) in transaction costs incurred by Level 3, a loss associated with the sale of CenturyLink's data centers and colocation business (\$82 million), partially offset by the termination of depreciation and amortization expense related to CenturyLink's sale of the data centers and colocation business \$50 million, which were substantially offset by additional depreciation expense adjustment recorded on real estate assets CenturyLink was required to reflect on its balance sheet as a result of not meeting the requirement of sale leaseback accounting (\$44 million).
- (2) - Termination of depreciation and amortization expense related to CenturyLink's sale of the data centers and colocation business (\$50 million), which were substantially offset by additional depreciation expense adjustment recorded of \$44 million on real estate assets CenturyLink was required to reflect on its balance sheet as a result of not meeting the requirement of sale leaseback accounting.
- (3) - Transaction costs incurred by Level 3 of \$28 million.
- (4) - Includes severance costs associated with reduction in force initiatives (\$173 million), integration costs associated with CenturyLink's acquisition of Qwest (\$10 million) and costs associated with a large billing system integration project (\$15 million), less an offsetting gain on the sale of a building \$4 million.
- (5) - Termination of depreciation and amortization expense related to our sale of the colocation business (\$36 million).

\* In the first quarter of 2017, CenturyLink adopted ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" ("ASU 2017-07"). ASU 2017-07 modified the presentation of net periodic pension and postretirement benefit costs and requires the service cost component to be reported separately from the other components in order to provide more useful information. Under ASU 2017-07, the service cost component of net periodic pension and postretirement benefit costs is required to be presented in the same expense category as the related salary and wages for the employee. The other components of the net periodic pension and postretirement benefit costs are required to be recognized in other (expense) income, net in CenturyLink's consolidated statements of operations. This change was applied on a retrospective basis to all previous periods to match the current period presentation. This retrospective application resulted in a \$2 million increase in operating income and a corresponding increase in total other expense, net for the twelve months ended December 31, 2016.

## CenturyLink Standalone

### RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(UNAUDITED)

(Dollars in millions)

	<b>Fourth Quarter 2017</b>	<b>Fourth Quarter 2016</b>	<b>Full Year 2017</b>	<b>Full Year 2016</b>
Consolidated payments for property, plant and equipment and software	\$ 743	971	3,106	2,981
Less Two Months Level 3 capital expenditures	(207)	—	(207)	—
Capital Expenditures for CenturyLink Standalone	<u>536</u>	<u>971</u>	<u>2,899</u>	<u>2,981</u>
Less Capital expenditures related to integration of Qwest and Level 3	(8)	(8)	(13)	(23)
Capital expenditures excluding integration of Qwest and Level 3	<u>\$ 528</u>	<u>963</u>	<u>2,886</u>	<u>2,958</u>

## Level 3 Standalone

### Description of Non-GAAP Metrics

To enable investors to track Level 3's results through the end of 2017 on a basis that assumes CenturyLink did not acquire Level 3, we are providing selected unaudited results in the format previously used.

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.

**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 share-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 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 Level 3 after it pays third party network services costs; in essence, a measure of the efficiency of Level 3's network.

**Adjusted EBITDA (\$)** is defined as net income (loss) from the Statements of Income before income tax (expense) benefit, 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 Level 3's internal reporting and are key measures used by Management to evaluate profitability and operating performance of Level 3 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 (and similarly uses these terms excluding acquisition-related expenses) to compare Level 3'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 Level 3'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 Level 3.

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 Level 3'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 (either with or without acquisition-related expense adjustments) should not be considered a substitute for other measures of financial performance reported in accordance with GAAP.

**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 Statements of Cash Flows or the 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 Level 3 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 Level 3'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 loss carryforwards, 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.

**Free Cash Flow** is defined as net cash provided by (used in) operating activities less capital expenditures as disclosed in the 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 Level 3'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 Level 3'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 loss carryforwards, 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.



## Level 3 Standalone

### FINANCIAL RESULTS

THREE MONTHS ENDED DECEMBER 31, 2017 AND 2016

(UNAUDITED)

*(Dollars in millions)*

	<b>Three months ended December 31,</b>	
	<b>2017</b>	<b>2016 <sup>(1)</sup></b>
Core Network Services Revenue	\$ 2,017	1,933
Wholesale Voice Services Revenue	93	99
Total Revenue	2,110	2,032
Network Access Costs	724	680
Network Access Margin	65.7%	66.5%
Network Related Expenses (NRE) <sup>(2)(7)</sup>	335	327
Selling, General & Administrative Expenses (SG&A) <sup>(2)</sup>	387	316
Non-cash Compensation Expense	32	35
Adjusted EBITDA <sup>(3)</sup>	664	709
Adjusted EBITDA, excluding acquisition-related expenses <sup>(3)(4)</sup>	758	724
Adjusted EBITDA Margin <sup>(3)</sup>	31.5%	34.9%
Adjusted EBITDA Margin, excluding acquisition-related expenses <sup>(3)(4)</sup>	35.9%	35.6%
Cash Flows from Operating Activities <sup>(5)</sup>	431	557
Capital Expenditures	308	306
Capital Expenditures, excluding acquisition-related capital expenditures <sup>(6)</sup>	301	306
Unlevered Cash Flow <sup>(3)</sup>	221	386
Unlevered Cash Flow, excluding cash acquisition-related expenses <sup>(3)(5)(4)</sup>	451	401
Free Cash Flow <sup>(3)</sup>	123	251
Free Cash Flow, excluding cash acquisition-related expenses <sup>(3)(5)</sup>	353	266
Net Income	74	250

(1) - The reported fourth quarter 2016 results have been adjusted to reflect changes made to customer assignments between the wholesale and enterprise channels as of the beginning of 2017.

(2) - Excludes non-cash compensation expense.

(3) - See schedule of non-GAAP metrics for definitions and reconciliation to GAAP measures.

(4) - In the fourth quarter 2017, acquisition-related expenses were \$87 million and \$15 million in fourth quarter 2016. In the fourth quarter 2017, 401K matching contributions of \$7 million were funded with cash under the CenturyLink plan

(5) - In the fourth quarter 2017, cash paid for acquisition-related expenses was \$223 million and \$15 million in fourth quarter 2016.

(6) - In the fourth quarter 2017, acquisition-related capital expenditures were \$7 million.

(7) - Included in cost of services and products in statements of income to conform to CenturyLink presentation.

### Level 3 Standalone

#### QUARTERLY CONSTANT CURRENCY

(UNAUDITED)

(Dollars in millions)

	4Q16 FX		3Q17 FX		4Q16 FX		3Q17 FX		
	4Q17	4Q17 Constant Currency	4Q17 Constant Currency	4Q16 <sup>(2)</sup>	3Q17	4Q17/ 4Q16 %	4Q17 Constant Currency/ 4Q16 %	4Q17/ 3Q17 %	4Q17 Constant Currency/ 3Q17 %
North America	\$ 1,644	1,644	1,644	1,584	1,597	3.8 %	3.8 %	2.9 %	2.9 %
Wholesale	399	399	399	405	404	(1.5)%	(1.5)%	(1.2)%	(1.2)%
Enterprise	1,245	1,245	1,245	1,179	1,193	5.6 %	5.6 %	4.4 %	4.4 %
EMEA	\$ 188	180	187	179	184	5.0 %	0.6 %	2.2 %	1.7 %
Wholesale	57	54	57	55	57	3.6 %	(2.1)%	—%	0.5 %
Enterprise	118	114	117	108	113	9.3 %	5.3 %	4.4 %	3.7 %
UK Govt	13	12	13	16	14	(18.8)%	(22.3)%	(7.1)%	(8.9)%
Latin America	\$ 185	184	186	170	182	8.8 %	8.0 %	1.6 %	2.3 %
Wholesale	33	33	34	34	35	(2.9)%	(3.6)%	(5.7)%	(3.4)%
Enterprise	152	151	152	136	147	11.8 %	11.0 %	3.4 %	3.7 %
Total CNS Revenue	\$ 2,017	2,008	2,017	1,933	1,963	4.3 %	3.8 %	2.8 %	2.8 %
Wholesale	489	486	490	494	496	(1.0)%	(1.8)%	(1.4)%	(1.1)%
Enterprise <sup>(1)</sup>	1,528	1,522	1,527	1,439	1,467	6.2 %	5.7 %	4.2 %	4.1 %
Total CNS Revenue	\$ 2,017	2,008	2,017	1,933	1,963	4.3 %	3.8 %	2.8 %	2.8 %
Wholesale Voice Services	93	93	93	99	96	(6.1)%	(5.6)%	(3.1)%	(3.6)%
Total Revenues	<u>\$ 2,110</u>	<u>2,101</u>	<u>2,110</u>	<u>2,032</u>	<u>2,059</u>	3.8 %	3.3 %	2.5 %	2.5 %
Total Enterprise CNS Revenue, excluding UK Government revenue	\$ 1,515	1,510	1,514	1,423	1,453	6.5 %	6.0 %	4.3 %	4.2 %

(1) Includes EMEA UK Government revenue.

(2) The 2016 results have been adjusted to reflect changes made to customer assignments between the wholesale and enterprise channels as of the beginning of 2017.

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

### Level 3 Standalone

Adjusted EBITDA Metric

(UNAUDITED)

(Dollars in millions)

	<b>Actuals</b>				
	<b>Predecessor</b>	<b>Successor</b>	Less Adjustments	Combined Predecessor or Successor 4Q17	Actuals 4Q16
	One month ended October 31, 2017	Two months ended December 31, 2017			
Net income (loss)	\$ 19	(141)	(196)	74	250
Income tax (benefit) expense	53	234	179	108	(33)
Total other expense	41	65	(10)	116	137
Depreciation and Amortization	104	282	52	334	320
Non-Cash Stock Compensation	12	26	6	32	35
Adjusted EBITDA	<u>229</u>	<u>466</u>	<u>31</u>	<u>664</u>	<u>709</u>
Acquisition-Related Expenses	12	28	(47)	87	15
401(k) cash matching contributions	—	7	—	7	—
Adjusted EBITDA excluding acquisition related expenses	<u>\$ 241</u>	<u>501</u>	<u>(16)</u>	<u>758</u>	<u>724</u>
Core Network Service Revenue	\$ 669	1,346	(2)	2,017	1,933
Wholesale Voice Services and Other Revenue	32	61	—	93	99
Total Revenue	<u>\$ 701</u>	<u>1,407</u>	<u>(2)</u>	<u>2,110</u>	<u>2,032</u>
Adjusted EBITDA Margin	32.7%	33.1%		31.5%	34.9%
Adjusted EBITDA (excluding acquisition related expenses) Margin	34.4%	35.6%		35.9%	35.6%

### Level 3 Standalone

Adjusted EBITDA Metric

(UNAUDITED)

(Dollars in millions)

	<b>Actuals</b>				
	<b>Predecessor</b>	<b>Successor</b>	Less Adjustments	Combined Predecessor or Successor FY 2017	Actuals FY 2016
	Ten months ended October 31, 2017	Two months ended December 31, 2017			
Net income	\$ 425	(141)	(196)	480	677
Income tax (benefit) expense	268	234	179	323	165
Total other expense	458	65	(17)	540	602
Depreciation and Amortization	1,030	282	(5)	1,317	1,250
Non-Cash Stock Compensation	132	26	6	152	156
Adjusted EBITDA	<u>2,313</u>	<u>466</u>	<u>(33)</u>	<u>2,812</u>	<u>2,850</u>
Acquisition-Related Expenses	85	28	(47)	160	15
401(k) cash matching contributions	—	7	—	7	—
Adjusted EBITDA excluding acquisition related expenses	<u>\$ 2,398</u>	<u>501</u>	<u>(80)</u>	<u>2,979</u>	<u>2,865</u>
Core Network Service Revenue	\$ 6,543	1,346	(2)	7,891	7,764
Wholesale Voice Services and Other Revenue	327	61	1	387	408
Total Revenue	<u>\$ 6,870</u>	<u>1,407</u>	<u>(1)</u>	<u>8,278</u>	<u>8,172</u>
Adjusted EBITDA Margin	33.7%	33.1%		34.0%	34.9%
Adjusted EBITDA (excluding acquisition related expenses) Margin	34.9%	35.6%		36.0%	35.1%

### Level 3 Standalone

Cash Flows

(UNAUDITED)

(Dollars in millions)

	<b>Actuals</b>				
	<b>Predecessor</b>	<b>Successor</b>	Less Adjustments	Combined Predecessor Successor 4Q17	Actuals 4Q16
	One month ended October 31, 2017	Two months ended December 31, 2017			
Net cash used in Investing Activities	\$ (101)	(2,032)	—	(2,133)	(303)
Net cash used in Financing Activities	\$ —	(251)	—	(251)	(2)
Net cash provided by Operating Activities	\$ 123	308	—	431	557
Capital Expenditures	(101)	(207)	—	(308)	(306)
Free Cash Flow	22	101	—	123	251
Cash Interest paid	56	56	—	112	136
Interest Income	(2)	(12)	—	(14)	(1)
Unlevered Cash Flow	\$ 76	145	—	221	386
Free Cash Flow	\$ 22	101	—	123	251
Add back: Cash Acquisition-Related Expenses	14	162	(47)	223	15
Add back: 401(k) cash funding	—	7	—	7	—
Free Cash Flow Excluding Cash Acquisition-Related Expenses	\$ 36	270	(47)	353	266
Unlevered Cash Flow	\$ 76	145	—	221	386
Add back: Cash Acquisition-Related Expenses	14	162	(47)	223	15
Add back: 401(k) cash funding	—	7	—	7	—
Unlevered Cash Flow Excluding Cash Acquisition-Related Expenses	\$ 90	314	(47)	451	401

### Level 3 Standalone

Cash Flows

(UNAUDITED)

(Dollars in millions)

	Actuals				
	Predecessor	Successor	Less Adjustments	Combined Predecessor Successor FY 2017	Actuals FY 2016
	Ten months ended October 31, 2017	Two months ended December 31, 2017			
Net cash used in Investing Activities	\$ (1,114)	(2,032)	—	(3,146)	(1,319)
Net cash used in Financing Activities	\$ (348)	(251)	—	(599)	(56)
Net cash provided by Operating Activities	\$ 1,914	308	—	2,222	2,343
Capital Expenditures	(1,119)	(207)	—	(1,326)	(1,334)
Free Cash Flow	795	101	—	896	1,009
Cash Interest paid	468	56	—	524	508
Interest Income	(13)	(12)	—	(25)	(4)
Unlevered Cash Flow	\$ 1,250	145	—	1,395	1,513
Free Cash Flow	\$ 795	101	—	896	1,009
Add back: Cash Acquisition-Related Expenses	29	162	(47)	238	15
Add back: 401(k) cash funding	—	7	—	7	—
Free Cash Flow Excluding Cash Acquisition-Related Expenses	\$ 824	270	(47)	1,141	1,024
Unlevered Cash Flow	\$ 1,250	145	—	1,395	1,513
Add back: Cash Acquisition-Related Expenses	29	162	(47)	238	15
Add back: 401(k) cash funding	—	7	—	7	—
Unlevered Cash Flow Excluding Cash Acquisition-Related Expenses	\$ 1,279	314	(47)	1,640	1,528

### Level 3 Standalone

#### RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(UNAUDITED)

*(Dollars in millions)*

	<b>Fourth Quarter 2017</b>	<b>Full Year 2017</b>
	<u>          </u>	<u>          </u>
Consolidated Capital Expenditures thru October 31, 2017	\$ 101	1,119
Add November and December	207	207
Capital expenditures	<u>308</u>	<u>1,326</u>
Less: acquisition-related capital expenditures	(7)	(17)
Capital expenditures less acquisition-related expenditures	<u>\$ 301</u>	<u>1,309</u>

**CenturyLink, Inc. Pro Forma Combined Company Results**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
(UNAUDITED)  
*(Dollars in millions)*

	<b>Three Months ending December 31, 2017</b>				<b>Twelve Months ending December 31, 2017</b>			
	<b>Reported Consolidated CenturyLink</b>	<b>Add Month of October Level 3</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined Company</b>	<b>Reported Consolidated CenturyLink</b>	<b>Predecessor Level 3 October YTD</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Combined Company</b>
<b>OPERATING REVENUES</b>								
Operating revenues	\$ 5,323	701	(21) (a)	6,003	17,656	6,870	(205) (a)	24,321
Less colocation sold to Cyxtera and not retained				2				(194)
				6,005				24,127
<b>OPERATING EXPENSES</b>								
Cost of services and products	2,498	355	(21) (a)	2,838	8,203	3,481	(195) (a)	11,489
Selling, general and administrative	1,104	122	—	1,227	3,508	1,208		4,716
Depreciation and amortization	1,197	104	—	1,301	3,936	1,030	172 (b)	5,138
Less estimated net costs of colocation sold to Cyxtera and not retained								(100)
	4,799	581	(21)	5,366	15,647	5,719	(23)	21,243
OPERATING INCOME	524	121	—	639	2,009	1,151	(182)	2,884
Depreciation and amortization				1,301				5,138
Non Cash Compensation				54				238
ADJUSTED EBITDA INCLUDING SPECIAL ITEMS AND				\$ 1,994				8,260
<b>ACQUISITION- RELATED EXPENSES</b>								
Level 3 acquisition related expenses				\$ 39				113
CenturyLink special items and acquisition-related expenses				178				325
ADJUSTED EBITDA EXCLUDING SPECIAL ITEMS AND				217				438
ACQUISITION- RELATED EXPENSES				\$ 2,211				8,698

\* Reported in CenturyLink Consolidated Statement of Operations

\*\* Reported in Level 3 Consolidated Statement of Operations

(a)

Adjustment reflects the elimination of operating revenues and expenses for existing commercial transactions between CenturyLink and Level 3 (\$19 million) and elimination of Level 3 deferred revenues (\$2 million) three months ended December 31, 2017 and (\$176 million) for the twelve months ending December 31, 2017

(b)

Depreciation expense decreased on Level 3's property, plant and equipment resulting from decreased PP&E fair value; (\$303 million) for twelve months ending December 31, 2017. Increase in amortization expense resulting from increase intangible asset fair value and \$475 million for the twelve months ending December 31, 2017



**CenturyLink, Inc. Pro Forma Combined Company Results**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
(UNAUDITED)  
*(Dollars in millions)*

	<b>Three Months ending December 31, 2016</b>				<b>Twelve Months ending December 31, 2016</b>			
	<b>Reported *</b> <b>CenturyLink</b>	<b>Reported **</b> <b>Level 3</b>	<b>Pro Forma</b> <b>Adjustments</b>	<b>Pro Forma</b> <b>Combined</b> <b>Company</b>	<b>Reported *</b> <b>CenturyLink</b>	<b>Reported **</b> <b>Level 3</b>	<b>Pro Forma</b> <b>Adjustments</b>	<b>Pro Forma</b> <b>Combined</b> <b>Company</b>
<b>OPERATING REVENUES</b>								
Operating revenues	\$ 4,289	2,032	(62) (a)	6,259	17,470	8,172	(264) (a)	25,378
Less colocation sold to Cyxtera and not retained				(147)				(594)
				<u>6,112</u>				<u>24,784</u>
<b>OPERATING EXPENSES</b>								
Cost of services and products	1,929	1,029	(56) (a)	2,902	7,774	4,128	(236) (a)	11,666
Selling, general and administrative	997	345	—	1,342	3,447	1,407	—	4,854
Depreciation and amortization	958	303	67 (b)	1,328	3,916	1,193	408 (b)	5,517
Less estimated net costs of colocation sold to Cyxtera and not retained				(75)				(300)
	<u>3,884</u>	<u>1,677</u>	<u>11</u>	<u>5,497</u>	<u>15,137</u>	<u>6,728</u>	<u>172</u>	<u>21,737</u>
<b>OPERATING INCOME</b>	<b>405</b>	<b>355</b>	<b>(73)</b>	<b>615</b>	<b>2,333</b>	<b>1,444</b>	<b>(436)</b>	<b>3,047</b>
Depreciation and amortization				1,328				5,517
Non Cash Compensation				55				236
				<u>1,383</u>				<u>5,753</u>
<b>ADJUSTED EBITDA INCLUDING SPECIAL ITEMS AND</b>				<b>\$ 1,998</b>				<b>8,800</b>
<b>ACQUISITION- RELATED EXPENSES</b>								
Level 3 acquisition related expenses				\$ 15				15
CenturyLink special items and acquisition-related expenses				222				264
				<u>237</u>				<u>279</u>
<b>ADJUSTED EBITDA EXCLUDING SPECIAL ITEMS AND</b>								
<b>ACQUISITION- RELATED EXPENSES</b>				<b>\$ 2,235</b>				<b>9,079</b>

\* Reported in CenturyLink Consolidated Statement of Operations

\*\* Reported in Level 3 Consolidated Statement of Operations

- (a) Adjustment reflects the elimination of operating revenues and operating expenses for existing commercial transactions between CenturyLink and Level 3 (\$56 million) for the three months ending December 31, 2016 and (\$236 million) for the twelve months ending December 31, 2016. The operating revenues recognized by Level 3 associated with the existing deferred revenues from prior installation activities that will likely be assigned little or no value in the purchase price allocation process (\$6 million) for the three months ending December 31, 2016 and (\$28 million) for the twelve months ending December 31, 2016.
- (b) Depreciation expense decreased on Level 3's property, plant and equipment resulting from decreased PP&E fair value; (\$89 million) for the three months ending December 31, 2016 and (\$216 million) for the twelve months ending December 31, 2016. Increase in amortization expense resulting from increase intangible asset fair value; \$156 million for the three months ending December 31, 2016 and \$624 million for the twelve months ending December 31, 2016.

CenturyLink, Inc. Pro Forma Combined Company Results  
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES  
(UNAUDITED)  
(Dollars in millions)

	<b>Fourth Quarter 2017</b>	<b>Fourth Quarter 2016</b>	<b>Full Year 2017</b>	<b>Full Year 2016</b>
CenturyLink Consolidated Capital Expenditures	\$ 743	971	3,106	2,981
Capital Expenditures Predecessor Level 3	101	306	1,119	1,334
Pro Forma Capital Expenditures	<u>844</u>	<u>1,277</u>	<u>4,225</u>	<u>4,315</u>
Less CenturyLink Standalone Capital Expenditures related to integration of Qwest and Level 3	(8)	(8)	(13)	(23)
Less Level 3 Standalone Capital Expenditures related to integration	(7)	—	(17)	—
Less Capital Expenditures related to colocation business	—	(21)	(14)	(58)
Pro Forma Capital Expenditures excluding colocation business and integration of Qwest and Level 3	<u>\$ 829</u>	<u>1,248</u>	<u>4,181</u>	<u>4,234</u>

CenturyLink, Inc. Pro Forma Combined Company Results  
 ADJUSTED PRO FORMA REVENUE BY QUARTER  
 (UNAUDITED)  
 (Dollars in millions)

	<b>Fourth Quarter 2017</b>	<b>Third Quarter 2017</b>	<b>Second Quarter 2017</b>	<b>First Quarter 2017</b>	<b>Fourth Quarter 2016</b>
Business	\$ 4,415	4,427	4,419	4,429	4,451
Consumer	1,401	1,420	1,436	1,447	1,485
Regulatory	189	186	185	174	176
Total Adjusted Pro Forma Revenue	<b>\$ 6,005</b>	<b>6,033</b>	<b>6,040</b>	<b>6,050</b>	<b>6,112</b>

**By Business Unit**

Medium & Small Business	\$ 874	896	893	901	918
Enterprise	1,324	1,311	1,296	1,292	1,263
International & Global Accounts	941	918	911	891	905
Wholesale & Indirect	1,276	1,302	1,319	1,345	1,365
Consumer	1,401	1,420	1,436	1,447	1,485
Regulatory	189	186	185	174	176
Total Adjusted Pro Forma Revenue	<b>\$ 6,005</b>	<b>6,033</b>	<b>6,040</b>	<b>6,050</b>	<b>6,112</b>

**By Service Type**

IP & Data Services	\$ 1,839	1,811	1,807	1,819	1,802
Transport & Infrastructure	2,092	2,108	2,119	2,092	2,128
Voice & Collaboration	1,716	1,759	1,768	1,812	1,848
IT & Managed Services	169	169	161	153	158
Regulatory	189	186	185	174	176
Total Adjusted Pro Forma Revenue	<b>\$ 6,005</b>	<b>6,033</b>	<b>6,040</b>	<b>6,050</b>	<b>6,112</b>