

Level 3 Communications, Inc. and Consolidated Subsidiaries

(\$ in millions at actual rates)

CNS Revenue	3Q16⁽¹⁾	4Q16⁽¹⁾	1Q17	2Q17	3Q17	3Q17 % CNS
North America	\$ 1,573	\$ 1,584	\$ 1,594	\$ 1,607	\$ 1,597	81 %
Wholesale	\$ 412	\$ 405	\$ 403	\$ 415	\$ 404	20 %
Enterprise	\$ 1,161	\$ 1,179	\$ 1,191	\$ 1,192	\$ 1,193	61 %
EMEA	\$ 180	\$ 179	\$ 175	\$ 176	\$ 184	10 %
Wholesale	\$ 58	\$ 55	\$ 55	\$ 55	\$ 57	3 %
Enterprise	\$ 105	\$ 108	\$ 106	\$ 107	\$ 113	6 %
UK Government	\$ 17	\$ 16	\$ 14	\$ 14	\$ 14	1 %
Latin America	\$ 176	\$ 170	\$ 177	\$ 182	\$ 182	9 %
Wholesale	\$ 37	\$ 34	\$ 36	\$ 36	\$ 35	2 %
Enterprise	\$ 139	\$ 136	\$ 141	\$ 146	\$ 147	7 %
Total CNS Revenue	\$ 1,929	\$ 1,933	\$ 1,946	\$ 1,965	\$ 1,963	100 %
Wholesale	\$ 507	\$ 494	\$ 494	\$ 506	\$ 496	25 %
Enterprise ⁽²⁾	\$ 1,422	\$ 1,439	\$ 1,452	\$ 1,459	\$ 1,467	75 %
Total CNS Revenue	\$ 1,929	\$ 1,933	\$ 1,946	\$ 1,965	\$ 1,963	
Wholesale Voice Services Revenue	104	99	102	96	96	
Total Revenue	\$ 2,033	\$ 2,032	\$ 2,048	\$ 2,061	\$ 2,059	

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

⁽²⁾ Includes EMEA UK Government revenue

Level 3 Communications, Inc. and Consolidated Subsidiaries

(\$ in millions at actual rates)

Core Network Services Revenue	3Q16⁽¹⁾	4Q16⁽¹⁾	1Q17	2Q17	3Q17	3Q17/ 3Q16 % Change	3Q17/ 2Q17 % Change	3Q17 % CNS
Colocation and Datacenter Services	\$ 147	\$ 145	\$ 146	\$ 146	147	—%	1 %	8 %
Transport and Fiber	576	577	581	590	577	0 %	(2)%	29 %
IP and Data Services	910	916	924	940	943	4 %	0 %	48 %
Voice Services (Local and Enterprise)	296	295	295	289	296	—%	2 %	15 %
Total Core Network Services	\$ 1,929	\$ 1,933	\$ 1,946	\$ 1,965	\$ 1,963	2 %	(0)%	100 %
Wholesale Voice Services	104	99	102	96	96	(8)%	—%	
Total Revenue	\$ 2,033	\$ 2,032	\$ 2,048	\$ 2,061	\$ 2,059	1 %	(0)%	

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

Level 3 Communications, Inc. and Consolidated Subsidiaries

(\$ in millions)

	3Q16⁽¹⁾		2Q17		3Q17
Core Network Services	\$ 1,929	\$	1,965	\$	1,963
Wholesale Voice Services	104		96		96
Total Revenue	\$ 2,033	\$	2,061	\$	2,059
Adjusted EBITDA⁽²⁾	\$ 716	\$	722	\$	721
Capital Expenditures	(364)	\$	(328)	\$	(322)
Unlevered Cash Flow ⁽³⁾	\$ 407	\$	359	\$	493
Free Cash Flow⁽³⁾	\$ 281	\$	233	\$	369
Network Access Margin	66.8 %		67.2 %		67.1 %
Adjusted EBITDA Margin	35.2 %		35.0 %		35.0 %
Adjusted EBITDA Excluding Acquisition-Related Expenses Margin	35.2 %		36.1 %		36.5 %
Net Income	\$ 143	\$	154	\$	157
Basic Earnings Per Share	\$ 0.40	\$	0.42	\$	0.43
Diluted Earnings Per Share	\$ 0.39	\$	0.42	\$	0.43

⁽¹⁾ 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.

⁽²⁾ Includes \$22 million and \$31 million of CenturyLink acquisition-related expenses in 2Q17 and 3Q17, respectively.

⁽³⁾ Includes \$3 million and \$10 million of cash used for CenturyLink acquisition-related expenses in 2Q17 and 3Q17, respectively.

LEVEL 3 COMMUNICATIONS, INC. AND SUBSIDIARIES
Consolidated Statements of Income

(unaudited)

	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017
Revenue	\$ 2,033	\$ 2,032	\$ 2,048	\$ 2,061	\$ 2,059
Costs and Expenses:					
Network access costs	675	680	691	675	678
Network related expenses	337	332	336	337	345
Depreciation and amortization	319	320	320	330	333
Selling, general and administrative expenses	348	346	364	366	348
Total Costs and Expenses	1,679	1,678	1,711	1,708	1,704
Operating Income	354	354	337	353	355
Other Income (Expense):					
Interest income	1	1	2	3	6
Interest expense	(139)	(132)	(134)	(132)	(134)
Loss on modification and extinguishment of debt	—	—	(44)	—	—
Other, net	1	(6)	4	(1)	6
Total Other Expense	(137)	(137)	(172)	(130)	(122)
Income Before Income Taxes	217	217	165	223	233
Income Tax (Expense) Benefit	(74)	33	(70)	(69)	(76)
Net Income	\$ 143	\$ 250	\$ 95	\$ 154	\$ 157
Basic Earnings per Common Share:					
Net Income per Share	\$ 0.40	\$ 0.70	\$ 0.26	\$ 0.42	\$ 0.43
Weighted-Average Shares Outstanding (in thousands)	359,561	359,937	361,461	362,385	363,471
Diluted Earnings per Common Share:					
Net Income per Share	\$ 0.39	\$ 0.69	\$ 0.26	\$ 0.42	\$ 0.43
Weighted-Average Shares Outstanding (in thousands)	361,907	363,250	364,121	365,002	365,323

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

(dollars in millions)	September 30, 2017	June 30, 2017	September 30, 2016
<i>Assets</i>			
Current Assets:			
Cash and cash equivalents	\$ 2,252	\$ 1,056	\$ 1,569
Marketable securities	\$ —	1,127	—
Restricted cash and securities	\$ 5	5	8
Receivables, less allowances for doubtful accounts	\$ 750	707	749
Other	\$ 136	141	131
Total Current Assets	3,143	3,036	2,457
Property, plant and equipment, net	\$ 10,485	10,392	10,167
Restricted cash and securities	\$ 29	29	31
Goodwill	\$ 7,741	7,737	7,736
Other intangibles, net	\$ 761	809	967
Deferred tax assets	\$ 3,162	3,235	3,339
Other assets, net	\$ 52	49	49
Total Assets	\$ 25,373	\$ 25,287	\$ 24,746
<i>Liabilities and Stockholders' Equity</i>			
Current Liabilities:			
Accounts payable	\$ 704	\$ 693	\$ 728
Current portion of long-term debt	\$ 7	306	7
Accrued payroll and employee benefits	\$ 247	178	194
Accrued interest	\$ 95	97	135
Current portion of deferred revenue	\$ 276	262	263
Other	\$ 139	162	180
Total Current Liabilities	1,468	1,698	1,507
Long-Term Debt, less current portion	\$ 10,586	10,584	10,875
Deferred revenue, less current portion	\$ 1,132	1,058	1,010
Other liabilities	\$ 637	632	630
Total Liabilities	13,823	13,972	14,022
Stockholders' Equity	\$ 11,550	11,315	10,724
Total Liabilities and Stockholders' Equity	\$ 25,373	\$ 25,287	\$ 24,746

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

	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017
(dollars in millions)					
Cash Flows from Operating Activities:					
Net income	\$ 143	\$ 250	\$ 95	\$ 154	\$ 157
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	319	320	320	330	333
Non-cash compensation expense attributable to stock awards	43	35	48	39	33
Loss on modification and extinguishment of debt	—	—	44	—	—
Accretion of debt discount and amortization of debt issuance costs	5	6	5	4	4
Accrued interest on long-term debt	4	(6)	(28)	(4)	(2)
Deferred income taxes	62	(40)	62	57	70
(Gain) loss on sale of property, plant and equipment and other assets	—	(1)	—	—	6
Other, net	(4)	(3)	(5)	(3)	13
Changes in working capital items:					
Receivables	85	15	6	10	(50)
Other current assets	—	4	(32)	(4)	(2)
Payables	(33)	(16)	42	(59)	7
Deferred revenue	(21)	(3)	50	—	38
Other current liabilities	42	(4)	(68)	37	84
Net Cash Provided by Operating Activities	645	557	539	561	691
Cash Flows from Investing Activities:					
Capital expenditures	(364)	(306)	(368)	(328)	(322)
Change in restricted cash and securities, net	—	1	—	4	—
Purchases of marketable securities	—	—	—	(1,127)	—
Maturity of marketable securities	—	—	—	—	1,127
Proceeds from sale of property, plant and equipment and other assets	—	2	—	—	1
Net Cash Provided by (Used in) Investing Activities	(364)	(303)	(368)	(1,451)	806
Cash Flows from Financing Activities:					
Long-term debt borrowings, net of issuance costs	—	—	4,569	—	—
Payments on and repurchases of long-term debt and capital leases	(2)	(2)	(4,613)	(2)	(302)
Net Cash Used in Financing Activities	(2)	(2)	(44)	(2)	(302)
Effect of Exchange Rates on Cash and Cash Equivalents	(1)	(2)	1	1	1
Net Change in Cash and Cash Equivalents	278	250	128	(891)	1,196
Cash and Cash Equivalents at Beginning of Period	1,291	1,569	1,819	1,947	1,056
Cash and Cash Equivalents at End of Period	<u>\$ 1,569</u>	<u>\$ 1,819</u>	<u>\$ 1,947</u>	<u>\$ 1,056</u>	<u>\$ 2,252</u>
Supplemental Disclosure of Cash Flow Information:					
Cash interest paid	\$ 127	\$ 136	\$ 153	\$ 129	\$ 130

Non-GAAP 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.

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.

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.

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 divided by LTM Adjusted EBITDA Excluding Acquisition-Related Expenses.

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 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 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 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.

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.

Level 3 Communications, Inc. and Consolidated Subsidiaries

(\$ in millions)

			3Q16 FX		3Q16 FX
Core Network Services Revenue	3Q16 ⁽¹⁾	3Q17	3Q17 Constant Currency	3Q17/ 3Q16 % Change	3Q17 Constant Currency/ 3Q16 % Change ⁽²⁾
Colocation and Datacenter Services	\$ 147	147	\$ 146	—%	(0.5)%
Transport and Fiber	576	577	575	0.2 %	(0.3)%
IP and Data Services	910	943	942	3.6 %	3.5 %
Voice Services (Local and Enterprise)	296	296	296	—%	0.2 %
Total Core Network Services	\$ 1,929	\$ 1,963	\$ 1,959	1.8 %	1.5 %
Wholesale Voice Services	104	96	97	(7.7)%	(6.9)%
Total Revenue	\$ 2,033	\$ 2,059	\$ 2,056	1.3 %	1.1 %

⁽¹⁾ 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.

⁽²⁾ Percentages are calculated using whole numbers. Minor differences may exist due to rounding.

Level 3 Communications, Inc. and Consolidated Subsidiaries

Constant Currency

CNS Revenue (\$ in millions)	3Q17	3Q16 FX	2Q17 FX	3Q16 ⁽²⁾	2Q17	3Q16 FX	2Q17 FX	3Q17/2Q17 % Change	3Q17 Constant Currency/ 3Q16 % Change ⁽³⁾	3Q17/2Q17 % Change	3Q17 Constant Currency/2Q17 % Change ⁽³⁾
		3Q17 Constant Currency	3Q17 Constant Currency			3Q16 Constant Currency/ 3Q16 % Change ⁽³⁾	2Q17 Constant Currency/ 2Q17 % Change ⁽³⁾				
North America	\$ 1,597	\$ 1,596	\$ 1,596	\$ 1,573	\$ 1,607	1.5 %	1.5 %	(0.6)%		(0.6)%	
Wholesale	\$ 404	\$ 403	\$ 403	\$ 412	\$ 415	(1.9)%	(1.9)%	(2.7)%		(2.7)%	
Enterprise	\$ 1,193	\$ 1,193	\$ 1,193	\$ 1,161	\$ 1,192	2.8 %	2.8 %	0.1 %		0.1 %	
EMEA	\$ 184	\$ 182	\$ 179	\$ 180	\$ 176	2.2 %	0.5 %	4.5 %		2.0 %	
Wholesale	\$ 57	\$ 55	\$ 55	\$ 58	\$ 55	(1.7)%	(4.6)%	3.6 %		(0.9)%	
Enterprise	\$ 113	\$ 112	\$ 110	\$ 105	\$ 107	7.6 %	5.7 %	5.6 %		3.7 %	
UK Government	\$ 14	\$ 15	\$ 14	\$ 17	\$ 14	(17.6)%	(13.8)%	—%		0.5 %	
Latin America	\$ 182	\$ 181	\$ 182	\$ 176	\$ 182	3.4 %	2.9 %	—%		(0.2)%	
Wholesale	\$ 35	\$ 35	\$ 35	\$ 37	\$ 36	(5.4)%	(7.7)%	(2.8)%		(4.1)%	
Enterprise	\$ 147	\$ 146	\$ 147	\$ 139	\$ 146	5.8 %	5.7 %	0.7 %		0.8 %	
Total CNS Revenue	\$ 1,963	\$ 1,959	\$ 1,957	\$ 1,929	\$ 1,965	1.8 %	1.5 %	(0.1)%		(0.4)%	
Wholesale	\$ 496	\$ 493	\$ 493	\$ 507	\$ 506	(2.2)%	(2.8)%	(2.0)%		(2.6)%	
Enterprise ⁽¹⁾	\$ 1,467	\$ 1,466	\$ 1,464	\$ 1,422	\$ 1,459	3.2 %	3.1 %	0.5 %		0.4 %	
Total CNS Revenue	\$ 1,963	\$ 1,959	\$ 1,957	\$ 1,929	\$ 1,965	1.8 %	1.5 %	(0.1)%		(0.4)%	
Wholesale Voice Services	\$ 96	\$ 97	\$ 97	\$ 104	\$ 96	(7.7)%	(6.9)%	—%		0.1 %	
Total Revenue	\$ 2,059	\$ 2,056	\$ 2,054	\$ 2,033	\$ 2,061	1.3 %	1.1 %	(0.1)%		(0.3)%	
EMEA CNS Total w/o UK Govt	\$ 170	\$ 167	\$ 165	\$ 163	\$ 162	4.3 %	2.0 %	4.9 %		2.1 %	
Total CNS w/o UK Govt	\$ 1,949	\$ 1,944	\$ 1,943	\$ 1,912	\$ 1,951	1.9 %	1.7 %	(0.1)%		(0.4)%	
Enterprise w/o UK Govt	\$ 1,453	\$ 1,451	\$ 1,450	\$ 1,405	\$ 1,445	3.4 %	3.3 %	0.6 %		0.4 %	

⁽¹⁾ Includes UK Government

⁽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 Communications, Inc. and Consolidated Subsidiaries

Adjusted EBITDA

(\$ in millions)	3Q16	2Q17	3Q17
Net Income	\$ 143	\$ 154	\$ 157
Income Tax Expense	74	69	76
Total Other Expense	137	130	122
Depreciation and Amortization Expense	319	330	333
Non-Cash Compensation Expense	43	39	33
Adjusted EBITDA	\$ 716	\$ 722	\$ 721
Add back: Acquisition-Related Expenses	—	22	31
Adjusted EBITDA Excluding Acquisition-Related Expenses	\$ 716	\$ 744	\$ 752
Total Revenue	\$ 2,033	\$ 2,061	\$ 2,059
Adjusted EBITDA Margin	35.2 %	35.0 %	35.0 %
Adjusted EBITDA Excluding Acquisition-Related Expenses Margin	35.2 %	36.1 %	36.5 %

Level 3 Communications, Inc. and Consolidated Subsidiaries

Cash Flows

(\$ in millions)	3Q16	2Q17	3Q17
Net Cash Provided by Operating Activities	645	\$ 561	691
Capital Expenditures ⁽¹⁾	(364)	\$ (328)	(322)
Free Cash Flow	\$ 281	\$ 233	\$ 369
Cash Interest Paid	127	129	\$ 130
Interest Income	(1)	(3)	(6)
Unlevered Cash Flow	\$ 407	\$ 359	\$ 493
Free Cash Flow	\$ 281	\$ 233	\$ 369
Add back: Cash Acquisition-Related Expenses	—	3	10
Free Cash Flow Excluding Cash Acquisition-Related Expenses	\$ 281	\$ 236	\$ 379
Unlevered Cash Flow	\$ 407	\$ 359	\$ 493
Add back: Cash Acquisition-Related Expenses	—	3	10
Unlevered Cash Flow Excluding Cash Acquisition-Related Expenses	\$ 407	\$ 362	\$ 503

⁽¹⁾Includes \$6 million and \$4 million of CenturyLink acquisition-related capital expenditures in 2Q17 and 3Q17, respectively.

Level 3 Communications, Inc. and Consolidated Subsidiaries

Outlook

Adjusted EBITDA Outlook

Twelve Months Ended December 31, 2017

(\$ in millions)	Range	
	Low	High
Net Income	\$ 500	\$ 590
Income Tax Expense	330	360
Total Other Expense	570	550
Depreciation and Amortization Expense	1,360	1,340
Non-Cash Compensation Expense	180	160
Adjusted EBITDA	\$ 2,940	\$ 3,000

Free Cash Flow Outlook

Twelve Months Ended December 31, 2017

(\$ in millions)	Range	
	Low	High
Net Cash Provided by Operating Activities	\$ 2,420	\$ 2,520
Capital Expenditures	(1,320)	(1,360)
Free Cash Flow	\$ 1,100	\$ 1,160

Level 3 Communications, Inc. and Consolidated Subsidiaries

LTM Adjusted EBITDA

(\$ in millions)	4Q16	1Q17	2Q17	3Q17	Total: LTM
Total Revenue	\$ 2,032	\$ 2,048	\$ 2,061	\$ 2,059	\$ 8,200
Network Access Costs	(680)	(691)	(675)	(678)	\$ (2,724)
Network Related Expenses	(332)	(336)	(337)	(345)	\$ (1,350)
Selling, General and Administrative Expenses	(346)	(364)	(366)	(348)	\$ (1,424)
Add back: Non-Cash Compensation Expenses	35	48	39	33	\$ 155
Adjusted EBITDA	\$ 709	\$ 705	\$ 722	\$ 721	\$ 2,857
Add back: Acquisition-Related Expenses	15	20	22	31	\$ 88
Adjusted EBITDA Excluding Acquisition-Related Expenses	\$ 724	\$ 725	\$ 744	\$ 752	\$ 2,945

Level 3 Communications, Inc. and Consolidated Subsidiaries

Net Debt to LTM Adjusted EBITDA ratio as of September 30, 2017

(\$ in millions)

Debt	\$	10,705
Cash and Cash Equivalents		<u>(2,252)</u>
Net Debt	\$	<u>8,453</u>
Adjusted EBITDA Excluding Acquisition-Related Expenses ⁽¹⁾	\$	<u>2,945</u>
Net Debt to LTM Adjusted EBITDA Ratio		<u>2.9</u>

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