

Level 3 Communications

Citigroup EMT Conference

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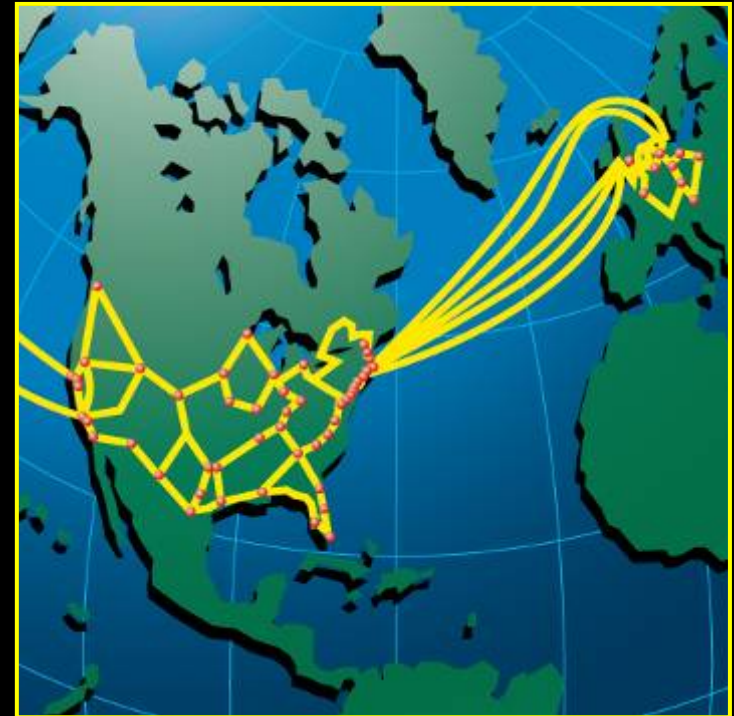
Level 3's Strategy

- Continue to leverage the most cost efficient network
- Offer the right services
- Drive growth through a customer-centric organization
- Maintain the most cost efficient operations
- Add value through opportunistic M&A
- Maintain financial strength



The Level 3 Intercity Network

- ~47,000 route miles in US and Europe
- Connects 16 countries
- Leverages optical and IP technology improvements
- Enables the global high-speed data explosion



Note: Metrics are pro forma the integration of WilTel, Progress Telecom, ICG, TelCove, Looking Glass, and Broadwing

Level 3's Metropolitan Facilities Are A Significant Competitive Advantage

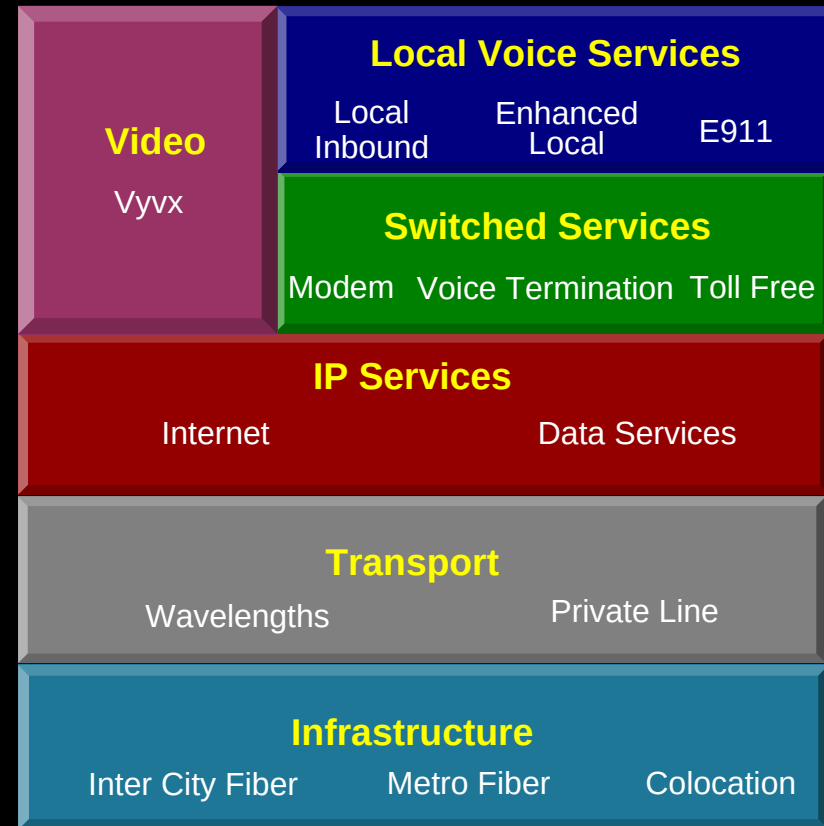
- ~120 metro fiber markets and 6,200 traffic aggregation points
 - Cable headends
 - Wireless switching centers
 - Internet traffic exchanges
 - Telco central offices
 - Enterprise Buildings
- ~24,000 metro fiber route miles
- Metro facilities allow Level 3 to drive high-margin revenue



Note: Metrics are pro forma the integration of WilTel, Progress Telecom, ICG, TelCove, Looking Glass, and Broadwing

Level 3 Offers The Right Services

- Integrated set of optical and IP services
- Basic building blocks to feature rich IP and VoIP services
 - Addresses full range of needs from service providers to enterprises
- Proven business support systems
- Industry leading customer support



Customer-Centric Focus Driving Growth

Level 3's customers include the world's most bandwidth intensive companies

Wholesale Markets Group

- Targets the largest global service providers; customers integrate Level 3 services into their own products and services

Content Markets Group

- Focused on both traditional and emerging media companies with large and growing bandwidth needs

Business Markets Group

- Targets enterprise buyers of communications services

European Markets Group

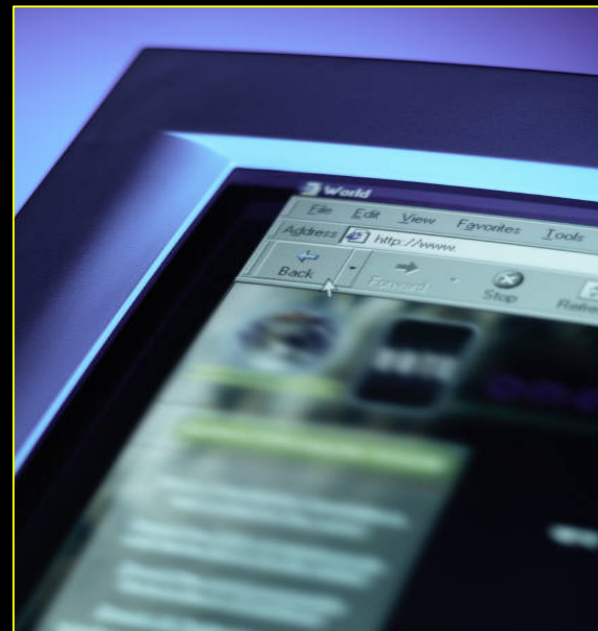
- Targets the largest European consumers of bandwidth

Representative Customers



Strong Momentum behind Current Demand

- Explosion in wireless, broadband, IP video, social networking, and emerging media driving growth
- Growth in software as a service, business continuity/disaster recovery, and migration to IP driving demand in enterprise space
- VoIP adoption in both consumer primary line replacement and enterprise applications has accelerated
- Level 3's full portfolio meets the complexity and scale of bandwidth needs, which vary by application and by segment

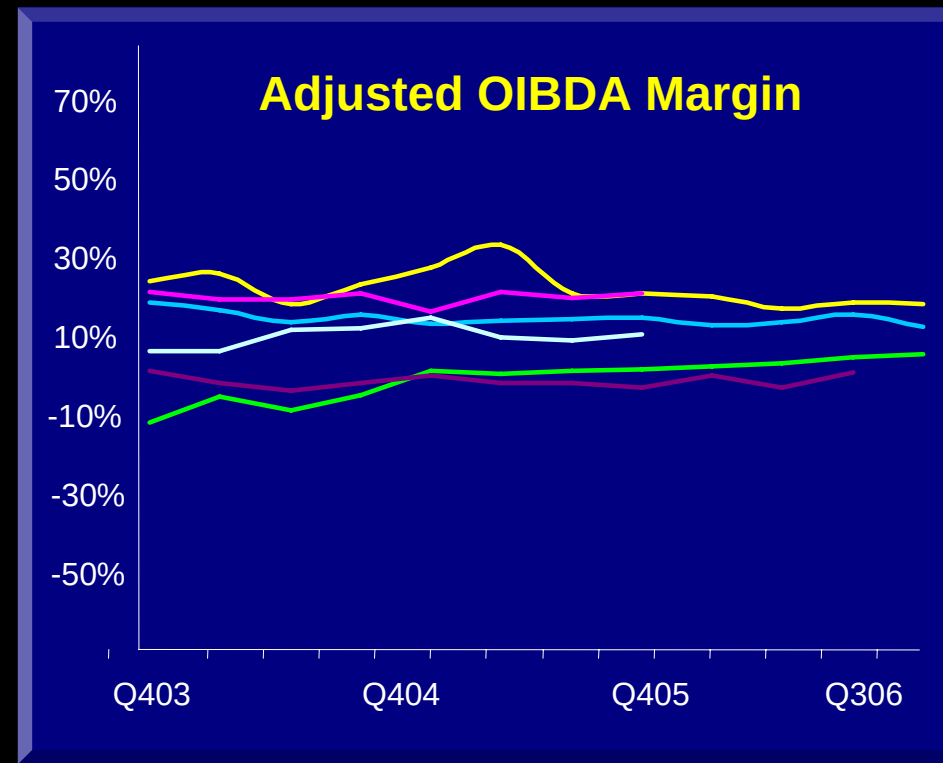
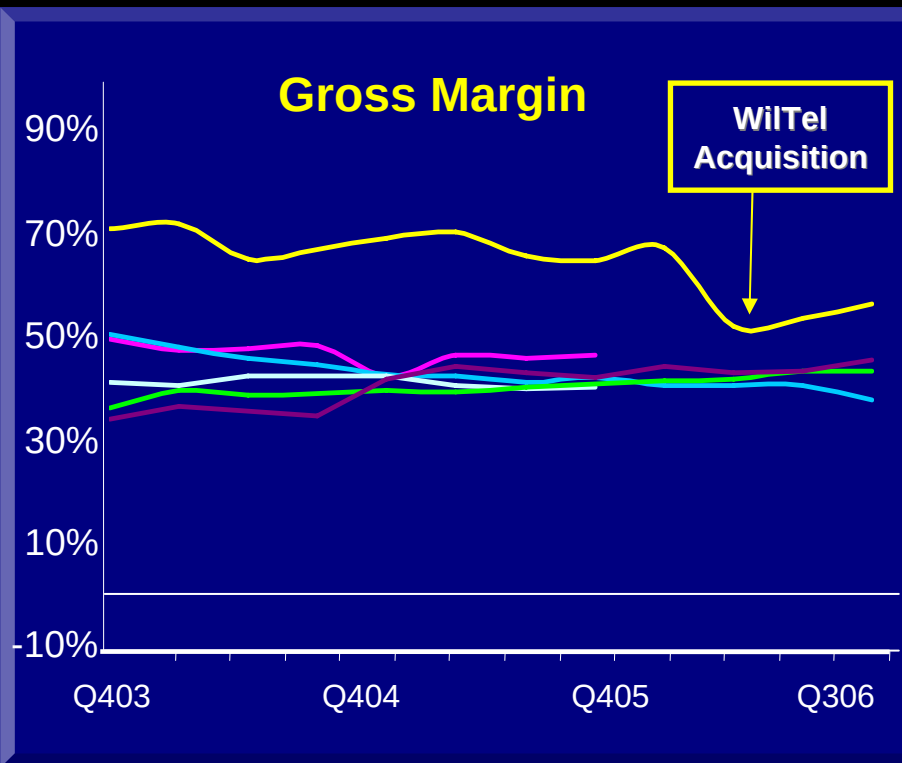


Video Over IP Is Expected To Be A Major Source Of Future Bandwidth Demand

- Rapidly growing demand from emerging media services
 - User-generated content
 - Video downloads
- Video file sizes dwarf all other forms of content
- The current Internet backbone has insufficient capacity to distribute commercial video
- Vyvx and Content Markets Group are benefiting from this growth



Operating Margins Are Evidence Of Level 3's Efficiency



— Level 3
— AT&T Wireline
— MCI
— Sprint Nextel LD
— Global Crossing
— Broadwing

(1) Gross and Adjusted OIBDA Margins for Level 3, Sprint Nextel LD, Broadwing and Global Crossing represent results through Q306. AT&T and MCI margins represent results through Q305.

Acquisitions Have Added Significant Value

- Given superior margins and capital efficiency, Level 3 is a logical consolidator with proven integration experience
- Two major types of acquisition opportunities
 - Backbone companies: opportunity for significant expense reduction as traffic can be efficiently shifted onto the Level 3 network
 - Genuity, WiTel Communications, Broadwing Communications and dial-up providers (McLeod, Allegiance, ICG, KMC and Sprint)
 - Metro assets: Add strategic assets to the Level 3 network that have significant revenue and cash flow growth potential
 - TelCove, Progress, ICG, and Looking Glass

Communications Revenue

- Core services revenue growth driven by organic growth and acquisitions
 - Organic growth of 6% in Q306
 - Annualized organic growth in 2006 of approximately 20%
- Declines in Other revenues primarily from continued migration from narrowband to broadband

(\$millions)	<u>Q306 ⁽¹⁾</u>	<u>Q206 ⁽¹⁾</u>	<u>% Change</u>	<u>3Q06 % of Total</u>
T&I	\$284	\$217	31%	33%
IP and Data	\$78	\$67	16%	9%
Voice	\$153	\$107	43%	18%
Vyvx	\$29	\$30	(3%)	3%
Total Core	\$544	\$421	29%	63%
Other	\$107	\$120	(11%)	13%
SBC	\$207	\$278	(26%)	24%
Total	\$858	\$819	5%	100%

(1) Q206 and Q306 revenue includes \$21 million and \$120 million of revenue from acquisitions of Telcove, Looking Glass, ICG Communications and Progress Telecom respectively

Communications Gross Margin and SG&A

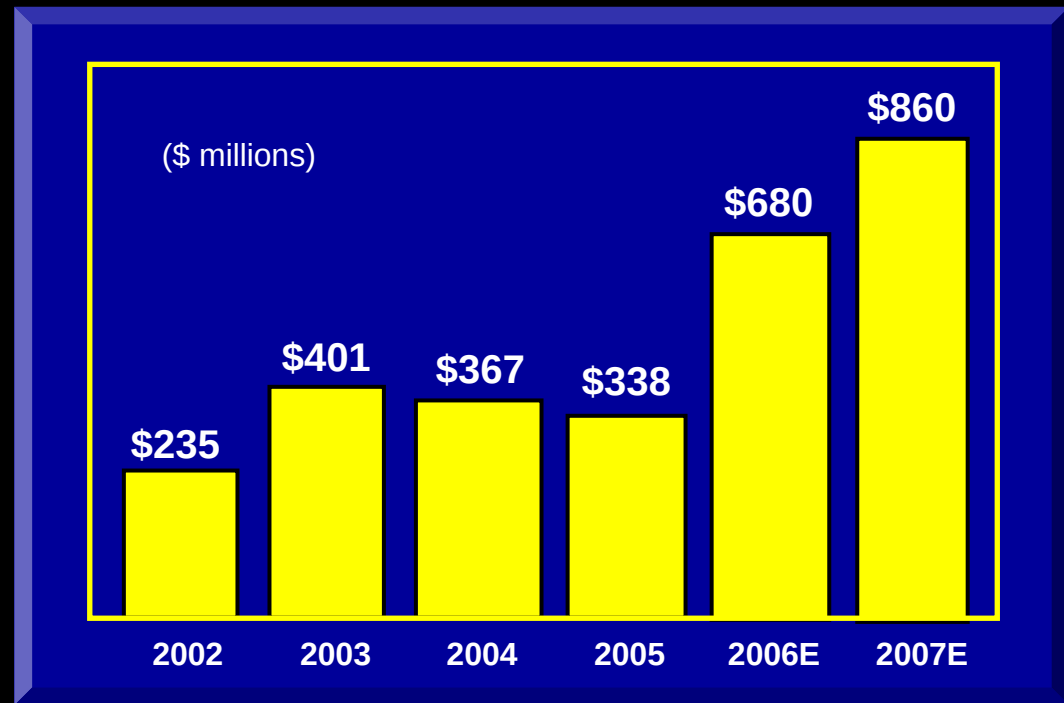
■ Communications Gross Margin

2005 A	72%
2006 E	mid 50% range
2007-2009 E	65%-70%

- Expect 2006 Communications SG&A of approximately \$1.2B

Consolidated Adjusted OIBDA Is Expected To Grow Rapidly

- 2006 increase from the acquisition of WiTel, Progress, ICG, TelCove, and Looking Glass as well as growth in Core Services
- 2007 increase reflects the full year benefit of acquisitions and growth in Core Services



Notes

1. 2002 – 2005 figures exclude termination and settlement revenue
2. 2006 and 2007 estimates represent the midpoint of guidance, and do not include Broadwing

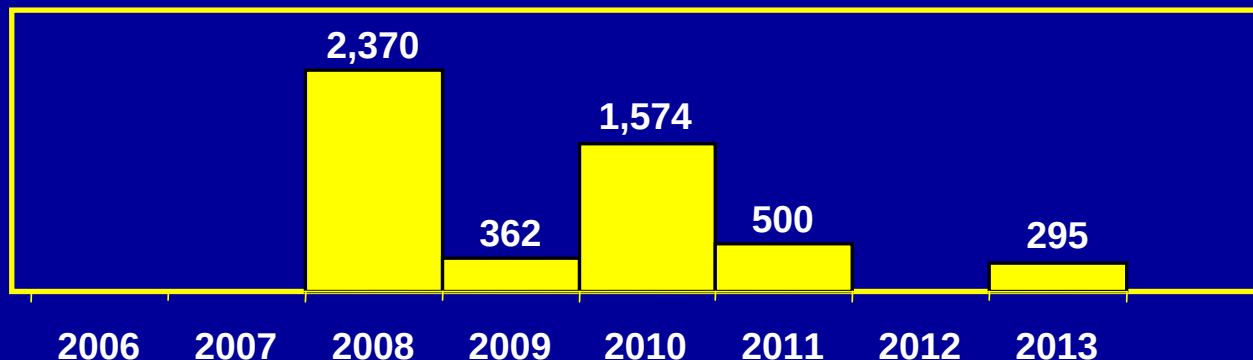
Communications Capital Expenditures

- 2005 Communications CapEx of \$298M
 - Includes Transport and IP upgrades
- Expect 2006 Consolidated CapEx of \$390M to \$410M
 - \$30M for WiTel integration
 - \$15M for European network expansion
 - Increase from previous estimate due to the timing of the TelCove and Looking Glass acquisitions
- Expect future Communications CapEx of 12% to 14% of total Communications revenue

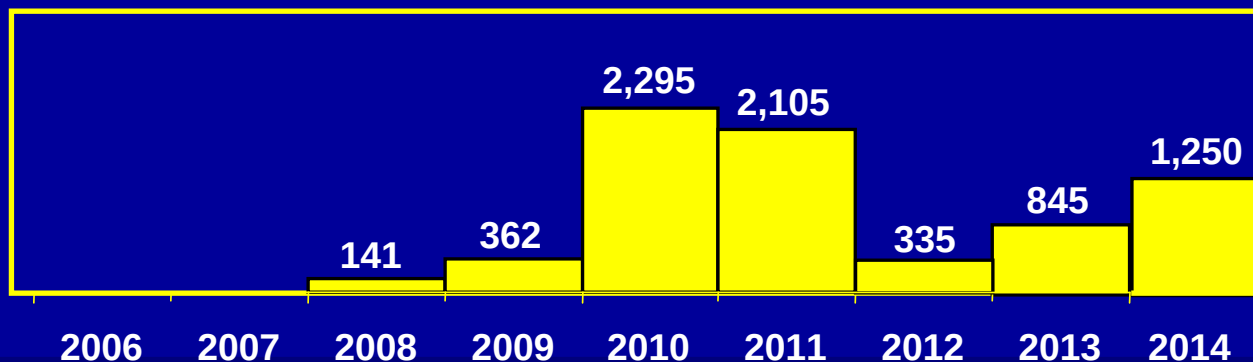
Level 3's Improved Debt Maturity Profile

(\$ millions)

October
2005



January
2007



- Approx \$1.2B of cash pro forma the close of Broadwing, and the issuance of \$1,250M debt
- 2006 net cash interest expense of ~\$495M

Note: Figures exclude headquarters mortgage and capital leases of \$94M

Presentation Summary

- Level 3 is executing to take advantage of today's improving environment
- Level 3 has industry leading current and incremental margins
- Level 3 is a logical consolidator with a proven track record
- Level 3's financial profile is rapidly improving
 - Core Communications Services revenue is expected to grow rapidly
 - Cash flow profile is improving
 - Substantial current liquidity

