



Safe Harbor Statement

Some of the statements made by Level 3 in this presentation are forward-looking in nature. Actual results may differ materially from those projected in forward-looking statements. Level 3 believes that its primary risk factors include, but are not limited to: integrate strategic acquisitions; increase the volume of traffic on our network; defend our intellectual property and proprietary rights; develop new products and services that meet customer demands and generate acceptable margins; successfully complete commercial testing of new technology and information systems to support new products and services; stabilize or reduce the rate of price compression on certain of our communications services; attract and retain qualified management and other personnel; and meet all of the terms and conditions of our 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.

Guidance Statement

All reference to forward looking guidance measurements in the presentation are based on guidance provided by Level 3 on July 24, 2008. These measurements are referenced in this presentation for informational purposes only, *and are not intended to represent a reiteration of those guidance metrics.*

Presentation Summary

- Company Overview
- The Level 3 Strategy
- 2008 Goals
- Financial Overview

Company Overview

- Level 3 is a premier, international provider of voice, data and video transport services
- The company's services are purchased by the world's largest and fastest growing consumers of communications services
- The company's services are primarily offered over its combined long distance and metro network
- On net services are an increasingly important competitive differentiator



Communications Services Revenue Reporting Hierarchy

2Q08 Actuals

Communications
\$1,072M

Core Communications
\$972M

SBC Contract
\$54M ↓
ΔGM ~50%

Other
\$46M ↓
ΔGM ~90%

Core Network
\$797M ↑
ΔGM ~80%

Wholesale Voice
\$175M ↑ ↓
ΔGM ~30%

ΔGM= Incremental Gross Margin

Core Communications Services

Wholesale Voice Services

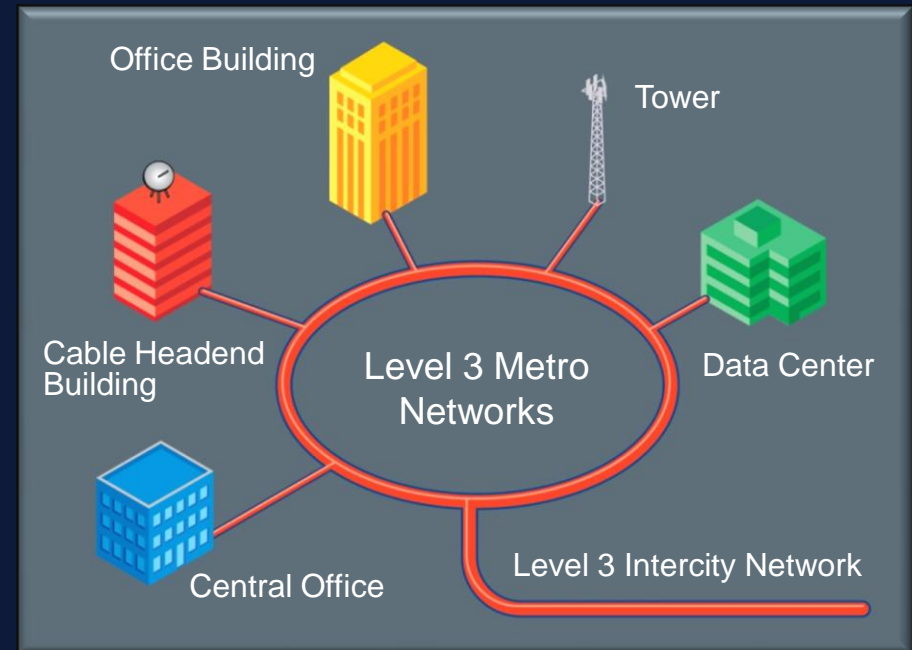
- Includes voice termination and toll free services
- Our local infrastructure is a competitive advantage
- Managed for margin contribution
- Incremental gross margins of ~30%

Core Network Services

- Includes infrastructure, data, content delivery and local voice
- Our network reach is a competitive advantage
- Managed for revenue growth
- Incremental gross margins of ~80%

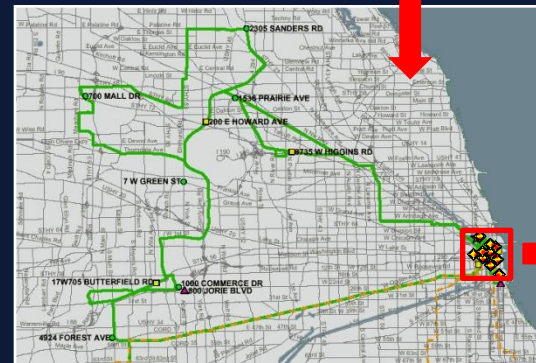
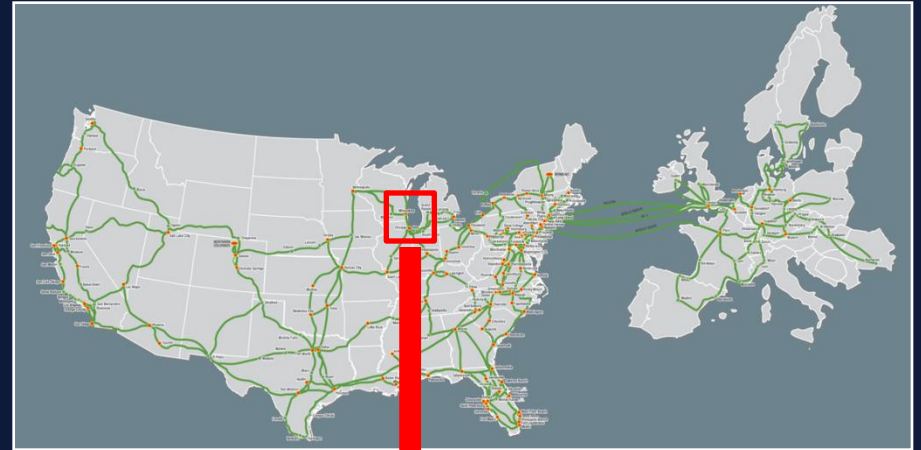
Level 3 Is A Backbone Services Provider

- Backbone networks combine metro and intercity components
- Backbone networks connect access networks at traffic aggregation points (TAPs)
 - Office buildings
 - Cable headends
 - Switching centers
 - Data centers



The Level 3 Network

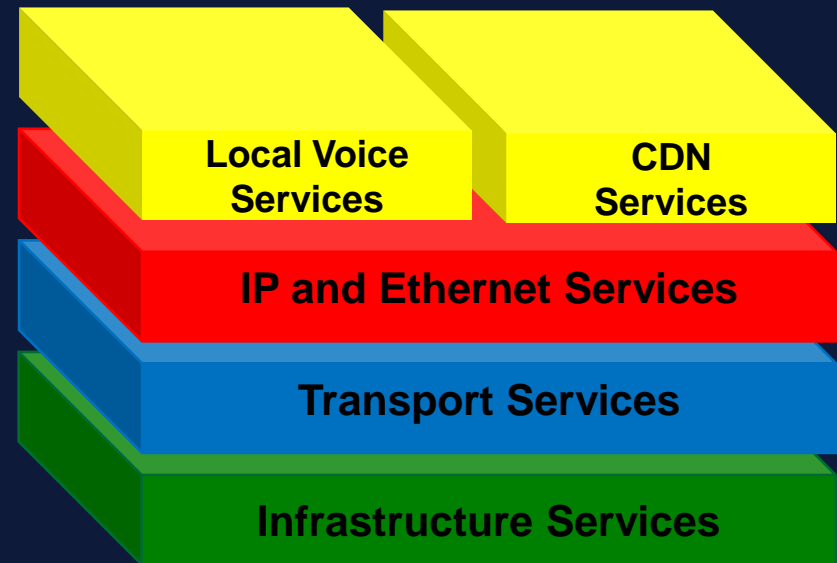
- Over \$25B of total gross PP&E¹
- Optimized for optical and IP services
- 48,000 intercity route miles
- 26,000 metro route miles
- 125 metro fiber markets
- Over 100,000 enterprise buildings within 500 ft of US network



1. Based on estimated original cost

Level 3 Core Network Services

- High incremental margin, integrated set of optical and IP services
- Basic building blocks to feature rich voice and content distribution services
- Addresses full range of needs for service providers, enterprises and content owners



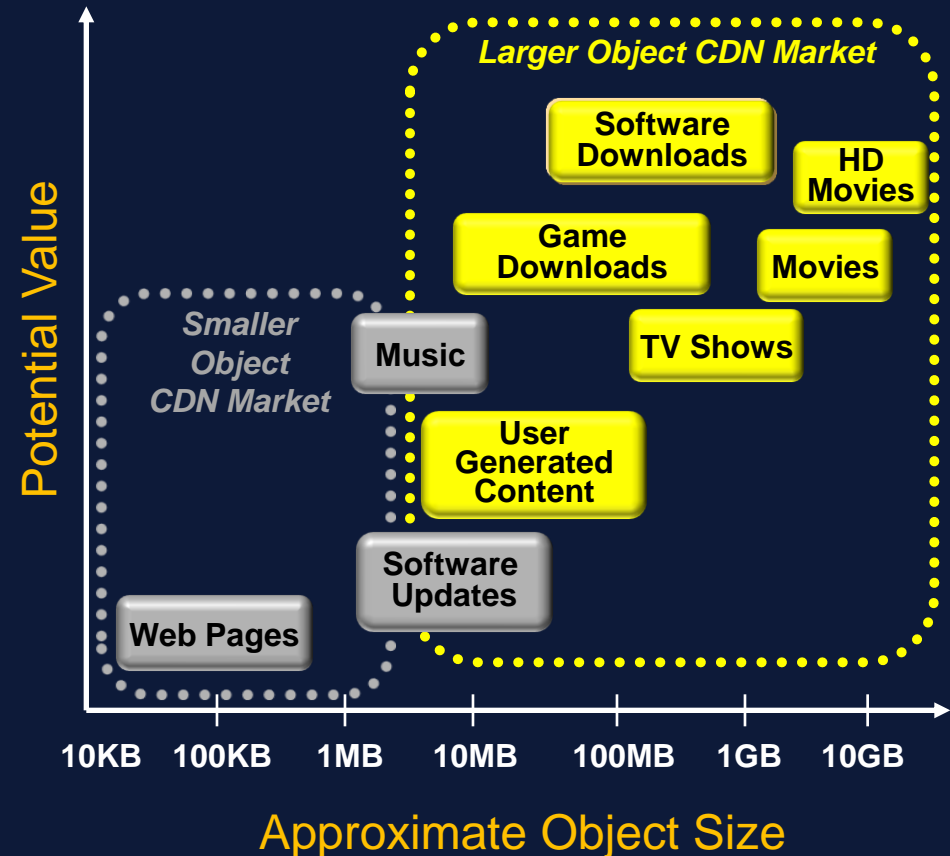
Smaller Vs. Larger Object Content Distribution Networks

Smaller Object CDN

- Optimized for small or interactive content, e.g. ecommerce
- More difficult and expensive to scale; servers at hundreds of nodes











Larger Object CDN

- Optimized for serving large objects such as video
- More scalable
- Requires substantially more bandwidth



Note: Chart concept adapted from Illume Consulting presentation

The Market Environment For Core Network Services Remains Positive

	Infra-structure	Transport	IP & Data Services	CDN	Local Voice
Pricing Trend			 ¹  ²	N/A	
Demand Trend					

1. High speed IP services
2. IP-VPN and Ethernet Services

Level 3's Business Groups Serve The Needs Of A Premier Group Of Customers

Wholesale

56%



Business

25%



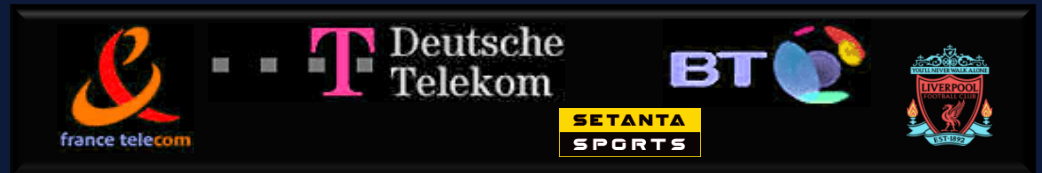
Content

10%













European

9%



Note: Percentages are of 2Q08 Core Communications Services Revenue

Why Customers Buy From Level 3

	Combined Long Haul and Metro Network	Breadth of Service Portfolio	Lack of Strategic Conflicts	Desire for Alternative Supplier	Intellectual Property Portfolio
Wholesale					
Business					
Content					

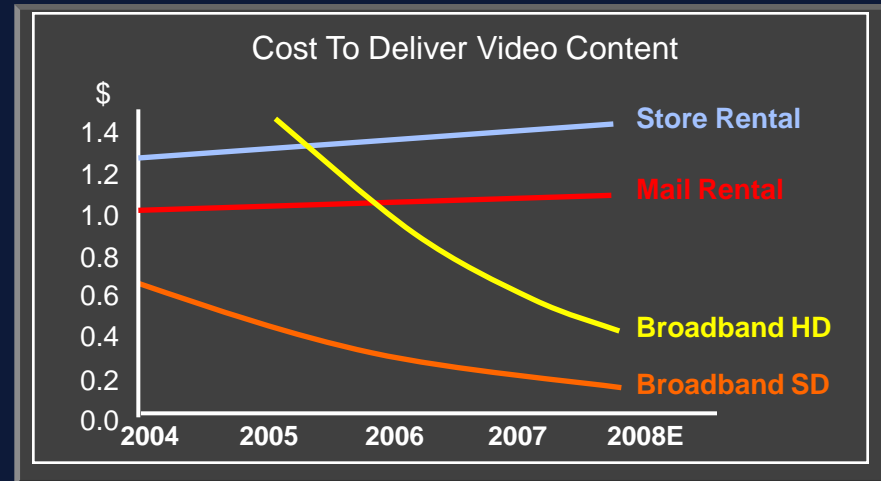
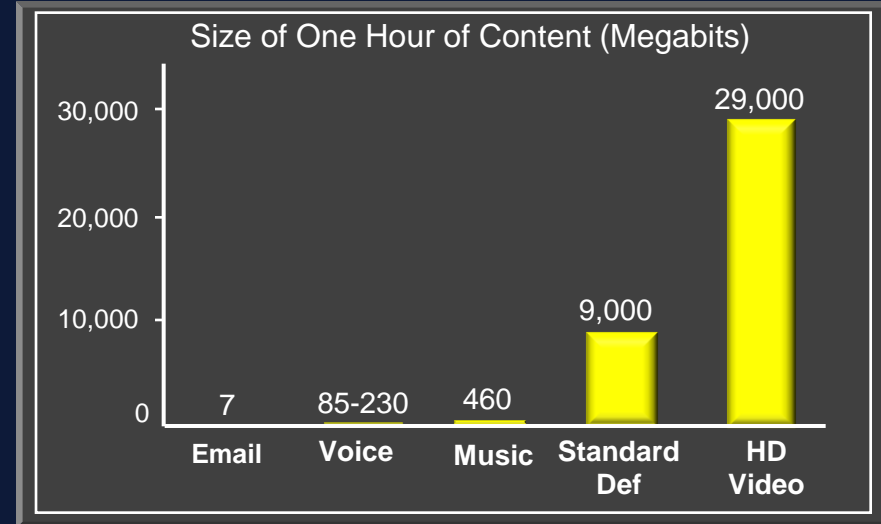
The Level 3 Strategy

Combine Technical Innovation With Industry Leading Incremental Cost and Margins

- Visible market trends mean that fiber based services are increasingly a technical commodity
- Successful providers must combine technical innovation with the lowest costs to add capacity
- Level 3 is a leader in optical and IP technologies
- Level 3 has industry leading incremental costs and margins

Rapidly Growing Demand

- Communications demand is price elastic
- Communications demand is cross elastic with other information distribution channels
- IP/optical costs are improving more rapidly than alternatives
- Online video is a major source of demand growth



Source: Level 3 estimates

Online Video Is A Major Source Of Demand Growth

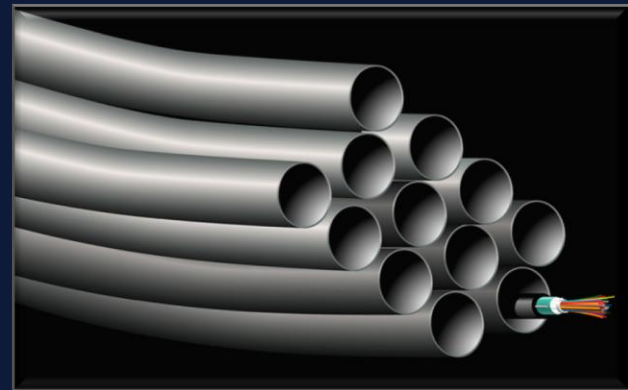
- Over 10 billion videos viewed online each month in US
- YouTube consumes more bandwidth than entire Internet did in 2000²
- Internet video revenues are projected to exceed \$7B in 2010³



1. comScore Inc
2. The Broadband Fact Book, 2007
3. Park Associates Press Release, Dec 7, 2006

Dominance Of Fiber And Wireless Technology

- Fiber technologies dominate at fixed locations which justify upfront costs
- Wireless will increasingly dominate for:
 - Mobile applications
 - One way, broadcast applications
 - Networking home and office electronics
- Given rapidly increasing demand, fiber will be economically justified at an increasing number of fixed locations



Dominance Of Market Based Technical Standards

Centrally Planned Standards

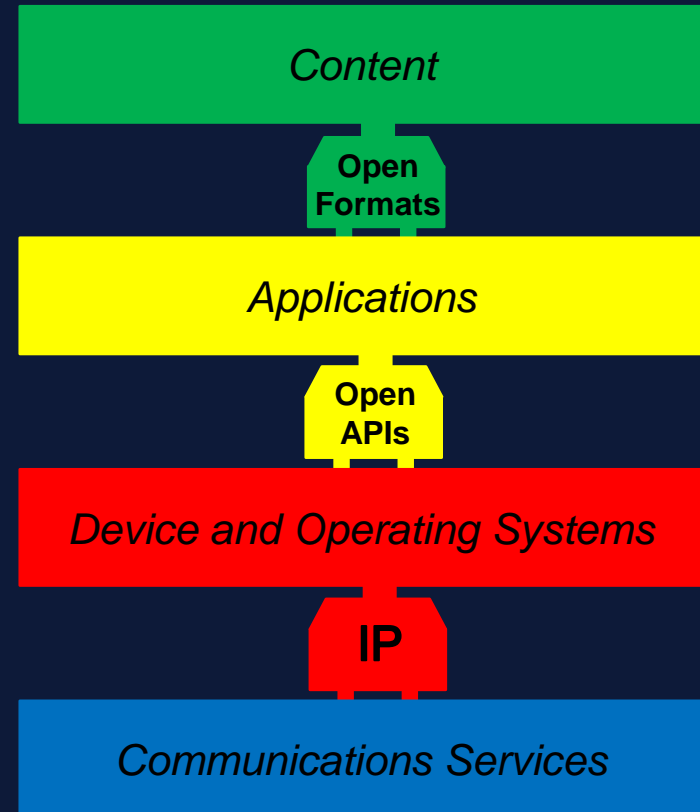
- Led by government sponsored standards bodies
- Standards development determines product and services development
- Predictable with slow price performance improvements

Market Based Standards

- Led by market based purchase decisions
- Market success determines product and services development
- Unpredictable with rapid price performance improvements

Horizontal Market Segmentation

- Communications services, devices, applications and content connect using standardized, market based protocols
- Devices, applications and content will be provided by suppliers with specific expertise in each
- Successful communications service providers must combine technical innovation with industry leading costs and margins



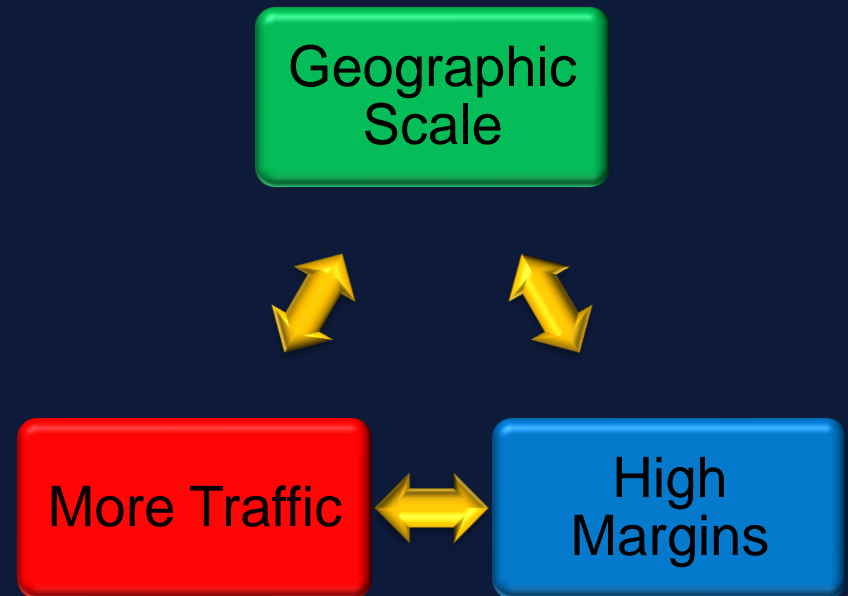
Level 3 Is A Recognized Leader In Technical Innovation

- Leadership in deployment of
 - Optical fiber and transmission technology
 - Internet Protocol technology
 - Ethernet technology for long haul communications services
- Developed first commercial softswitch
- Rich media and video content distribution technologies
- Portfolio of over 850 pending and issued patents
- Recognized leadership in backbone communications economics



Successful Communications Service Providers Must Have Industry Leading Costs

- Low costs require industry leading
 - Geographic scale
 - IP/optical unit traffic
 - Incremental margins



Level 3 Already Has Industry Leading Scale

- 48,000 intercity route miles
- 26,000 metropolitan route miles
- 187 on net markets in 22 countries
- Over 7,600 buildings on net
- Industry leading IP traffic volume
- Over \$25B total original capital investment



And Level 3 Already Has Industry Leading Incremental Margins

Wholesale Voice Services

- Includes voice termination and toll free services
- Our local infrastructure is a competitive advantage
- Incremental gross margins of ~30%

Core Network Services

- Includes infrastructure, data, content delivery and local voice
- Our network reach is a competitive advantage
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2008 Goals

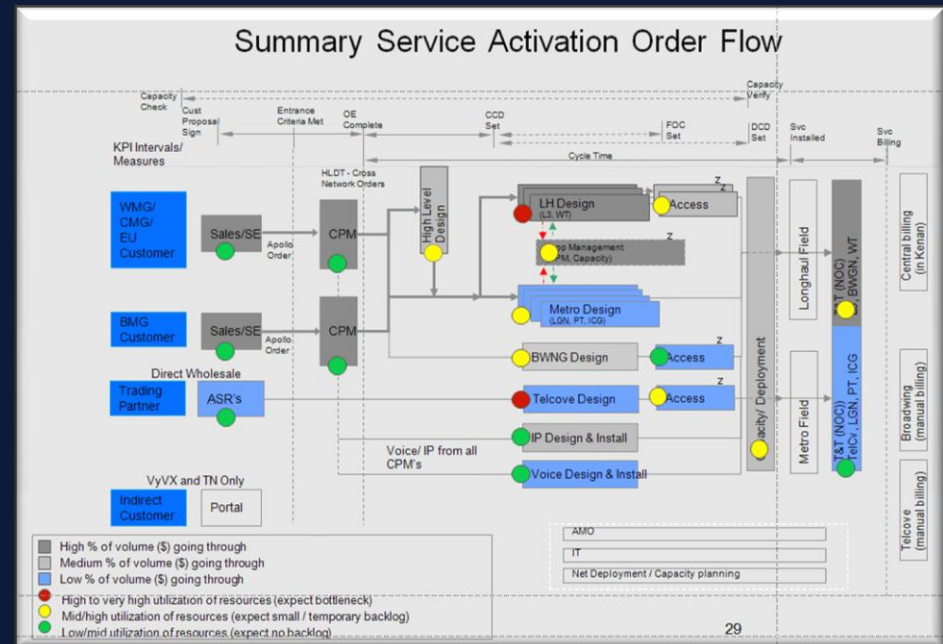
- Increase sales and installation rates to match already demonstrated demand for our services
- Generate sustainable positive free cash flow as soon as reasonably possible

Increase Sales And Installation Rates

- The demand and pricing environments are positive
- We have a demonstrated capacity to sell at rates which support Core Communications Services revenue growth of greater than 20%
- Installation bottlenecks constrained revenue growth in 2007
- We believe we have created additional installation capacity
- We are focused on increasing sales
- Our integrated Unity process and application platform will further increase capacity and efficiency

We Believe Our Actions Have Created Sufficient Capacity To Meet 2008 Targets

- Completed internal and third party review of service activation processes
- Completed diagnosis of service activation bottlenecks and made corrective adjustments
- Improved synchronization of product definitions and service activation capabilities
- Improved ability to forecast future order flow by product
- Improved ability to model and match future resource requirements to forecasted order flow



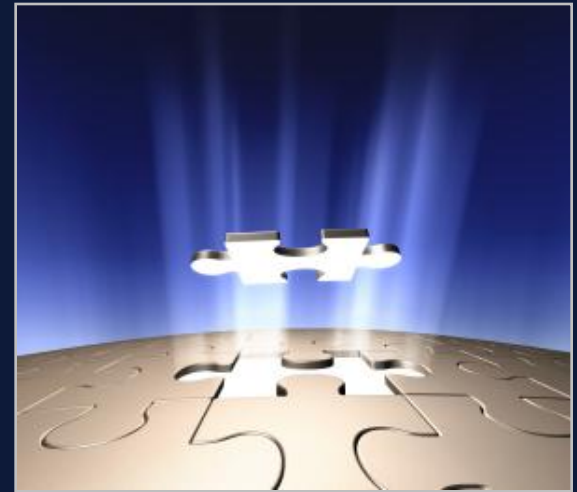
We Are Focused On Increasing Sales

- Targeting quota bearing salesperson increase from ~400¹ at YE 2007 to ~500 in 2H08
- As of June 30, total QBHC was ~460 including new hires and signed offers
- Launched special sales incentives for high margin Core Network Services

1. Does not include ~200 quota bearing sales engineers

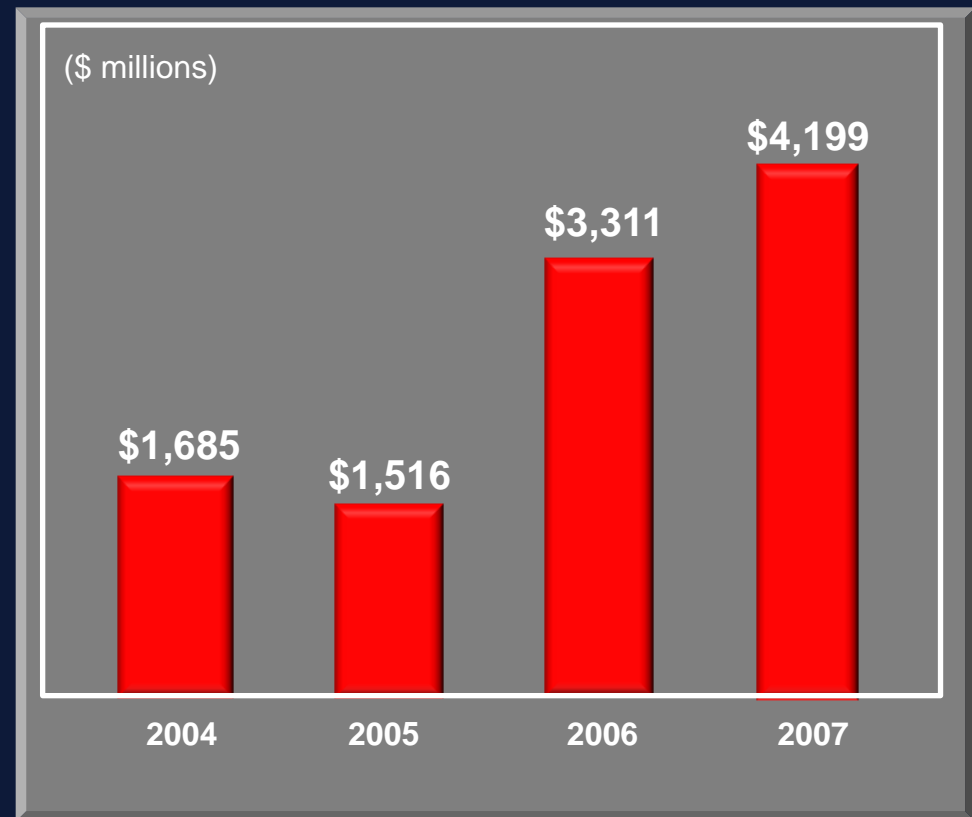
Unity Integrated Processes And System Project

- Integrating legacy processes and systems from seven companies
- Moving to a single, integrated set of processes and systems
- Currently expect two-thirds of Core Network Services revenue to be Unity enabled by YE08
- Expected to further increase available activation capacity at lower incremental cost per order

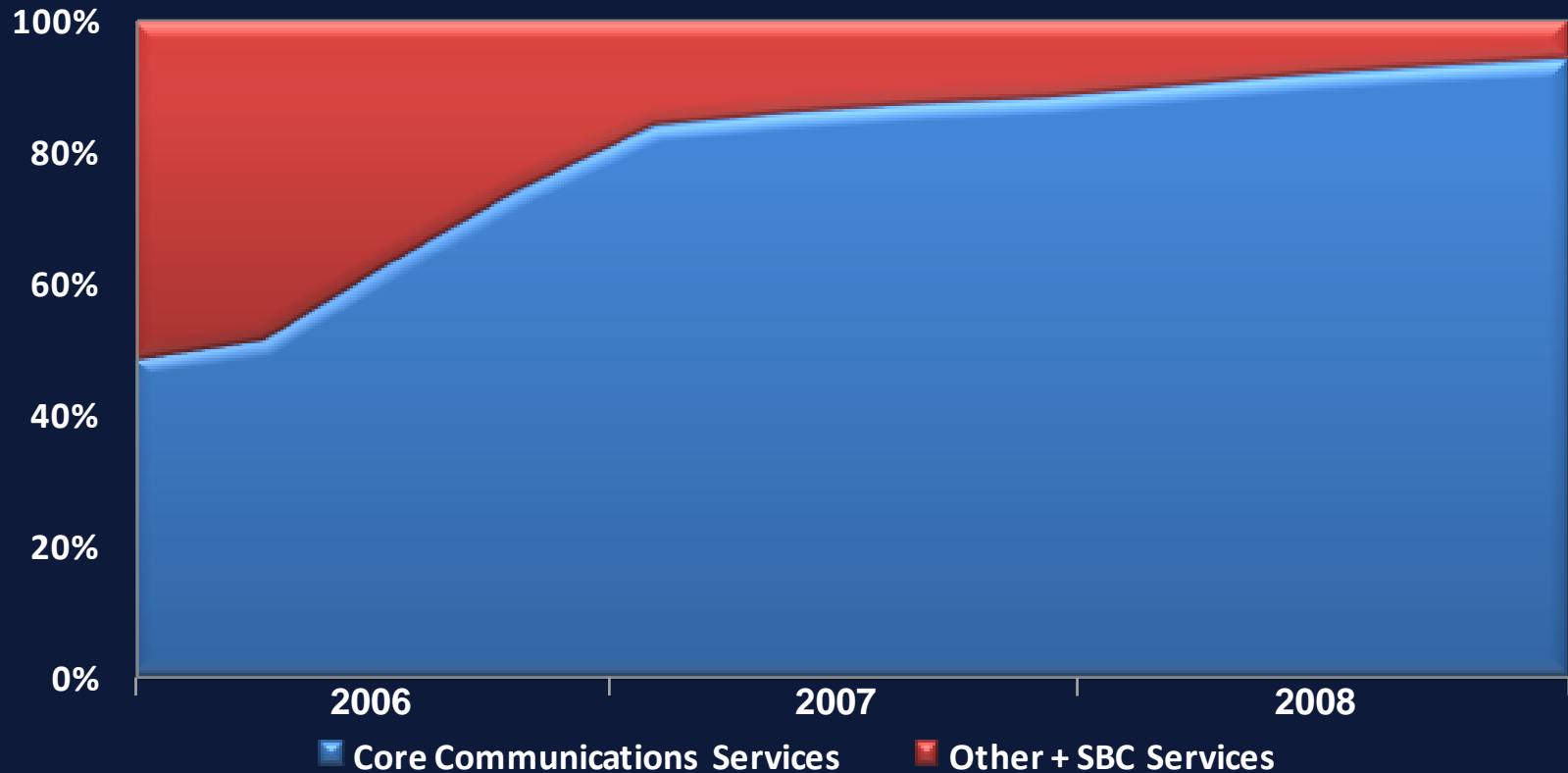


Communications Revenue

- Core Communications Services revenue was ~90% of 2Q08 revenue and is expected to grow 8% to 13% in 2008
- SBC Contract and Other Communications Services revenues were ~10% of 2Q08 revenue and are expected to continue to decline



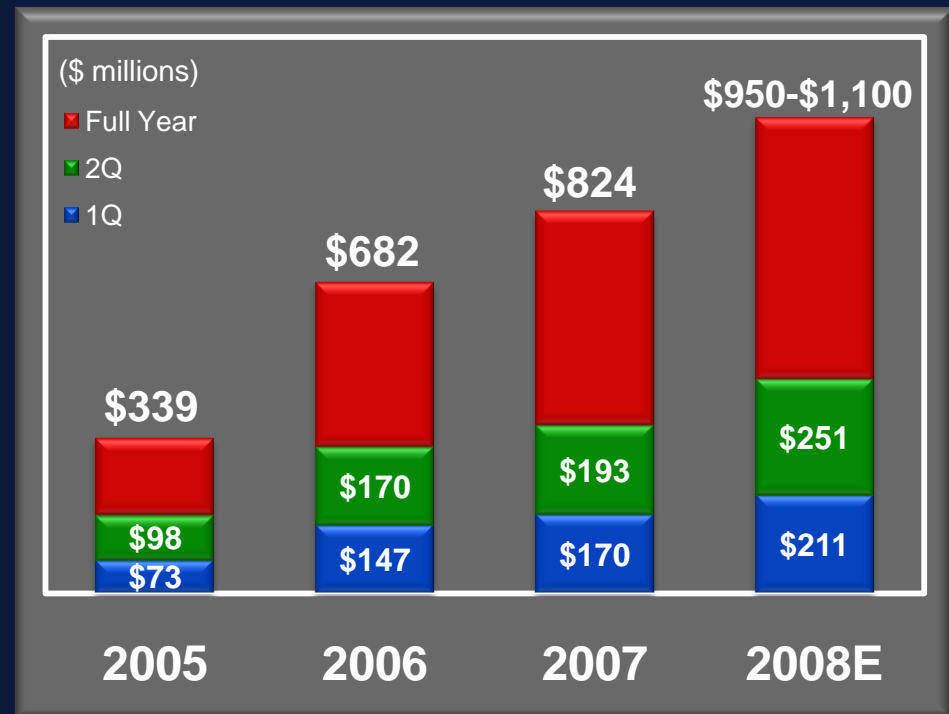
Communications Revenue Mix



- Other and SBC Services Revenue declining from more than 50% of Total Revenue in 2006 to less than 10% in 2008
- Total Revenue expected to accelerate with Core Revenue Growth

Consolidated Adjusted EBITDA Growth

- 2006 to 2008 reflect benefit of acquisitions and organic revenue growth
- 2006 and 2007 included significant integration costs
- Core Services have incremental Adjusted EBITDA margin of ~60%



Improving Margin Profile

	Q107	Q207	Q307	Q407	Q108	Q208
Communications Revenue	\$1,037	\$1,035	\$1,043	\$1,084	\$1,066	\$1,072
Gross Margin %	57%	58%	58%	59%	57%	59%
EBITDA %	16%	19%	21%	23%	19%	24%
EBITDA-Capex %	1%	2%	6%	9%	9%	14%

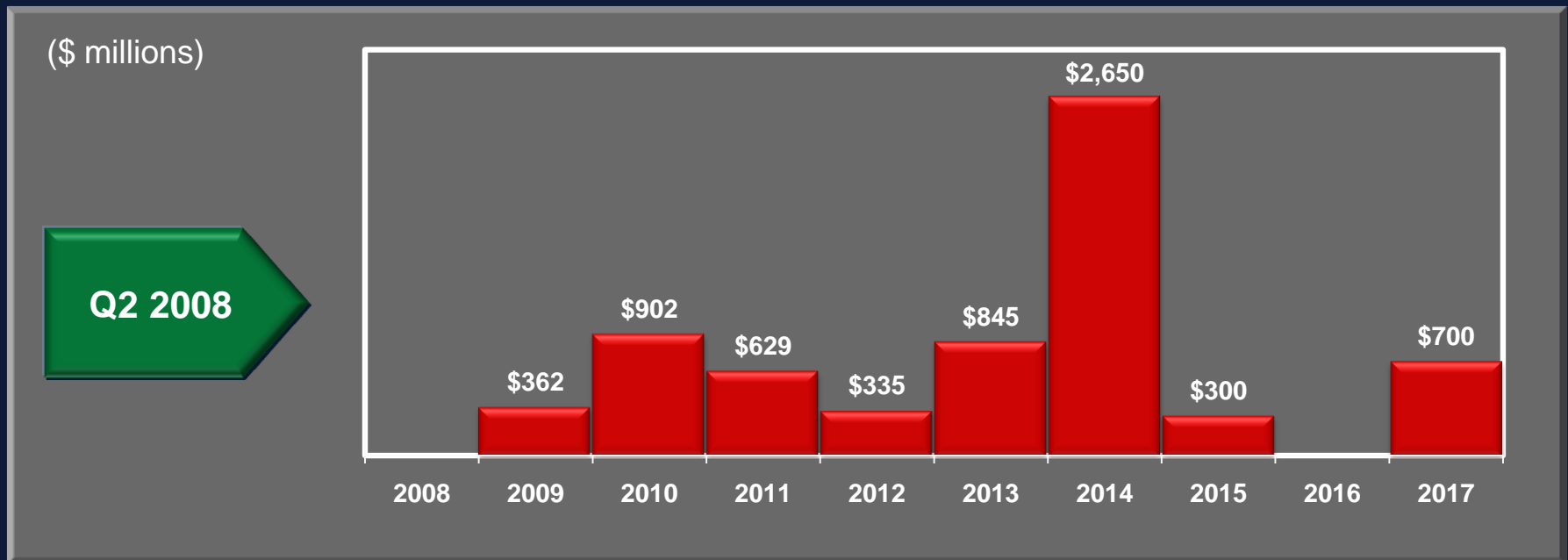
Increased Capital Efficiency

- Tighter management of equipment inventory
- Improved capital recovery processes
 - Reuse of equipment installed in network
- 2008 CapEx expected to be 11-12% of Total Communications Revenue
- Longer term CapEx expected to be 12-14% of Total Communications Revenue



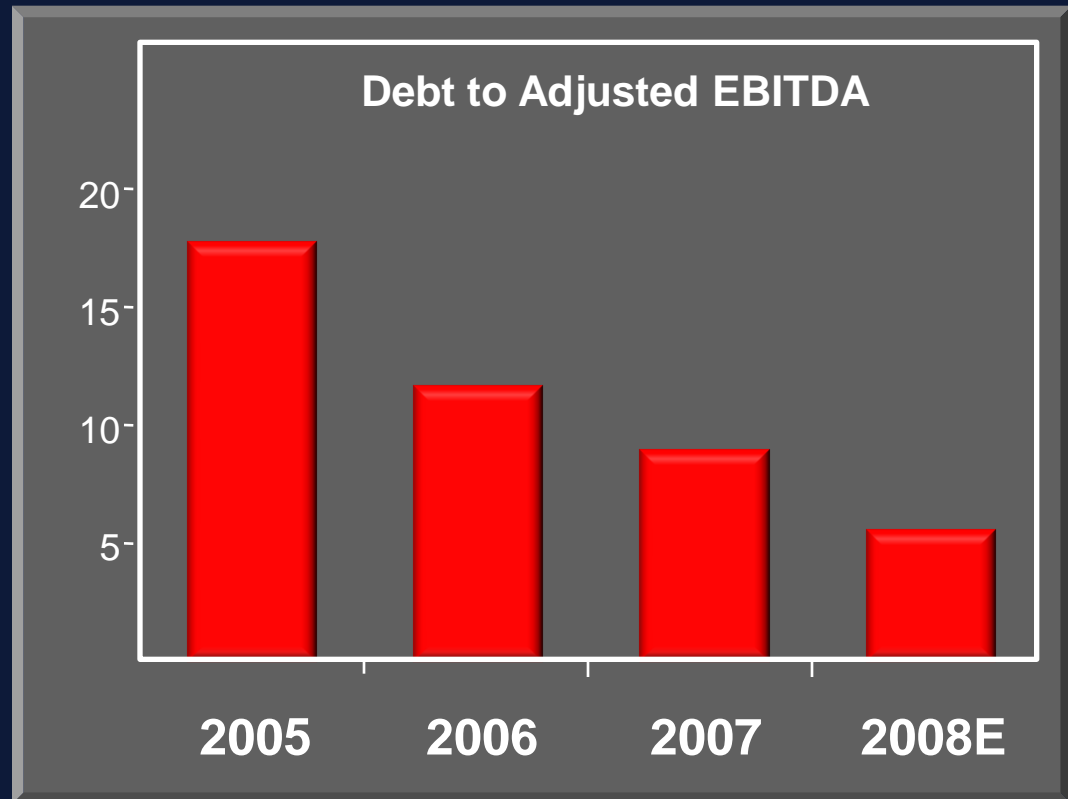
Level 3's Debt Maturity Profile

- Cash and marketable securities of ~\$666M as of 6/30/08
- Company is Free Cash Flow positive



Financial Leverage Has Improved Rapidly

- Debt/Adjusted EBITDA expected to be 6.6X for 2008
- Targeting leverage ratio of 3X to 5X



Summary

- Second quarter 2008 Core Communication Services Revenue grew 9% year-over-year
- Market dynamics remain favorable
- Forecasted 2008 Core revenue growth of 8% to 13% reflect various rates of improvement in sales and installations
- The Company is executing on the plan to improve sales and provisioning
- Level 3 has substantial liquidity
- Expect to be free cash flow positive for the remainder of 2008
 - Expect to be free cash flow positive for the full year 2009

