LEVEL 3 COMMUNICATIONS ApS

Sydvestvej 100, 2600 Glostrup

Central Business Registration No 21 26 46 44

ANNUAL REPORT 2015

The Annual General Meeting adopted the Annual Report on 16 May 2016

Director

Qamar Ul Arfeen Qadeer

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Company Details

Company

Level 3 Communications ApS
Sydvestvej 100, 2600 Glostrup
Central Business Registration No: 21 26 46 44
Registered in Glostrup
Telephone: +31 208083900
Internet: www.level3.com

Board of Directors

Hans Zabell Abildstrom
Sheela Cecilia Cribbin
Qamar Ul Arfeen Qadeer

Company Auditors

Grant Thornton, State Authorised Public Accountants
Stockholmsgade 45, 2100 Copenhagen

Management's report

The Executive Board and Board of Directors has prepared the Annual Report of Level 3 Communications ApS for the year ended 31 December 2015. The Annual Report was discussed and approved on today's date.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate and the accounting estimates made reasonable. To the best of our belief, the Annual Report includes information which is relevant for an assessment of the Company's financial position. Against this background, it is our opinion that the Annual Report gives a true and fair view of the Company's assets and liabilities, financial position and results for the year ended 31 December 2015.

We recommend that the Annual Report is approved at the Annual General Meeting.

Glostrup, 16 May 2016

Executive Board

Qamar Ul Arfeen Qadeer

Board of Director's

Hans Zabell Abildstrom

Sheela Cecilia Cribbin

Qamar Ul Arfeen Qadeer

The independent auditor's report

To the shareholder of Level 3 Communications ApS

Report on financial statements
We have audited the financial statements of Level 3 Communications ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies used, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the financial statements
The management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

Opinion
In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the management's review
Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

Copenhagen, 16 May 2016

Grant Thornton
State Authorised Public Accountants
CVR-no. 34 20 99 36

Michael Winther Rasmussen
State Authorised Public Accountant

Management review

Primary Activity
The principal activity of Level 3 Communications ApS "the Company" is the provision of national and international telecommunications services. On 10 September 2014, the company changed its name to Level 3 Communications ApS (previously Global Crossing PEC Danmark ApS).

The directors present their report and financial statements for Level 3 Communications ApS ("the Company") for the year ended 31 December 2015. The Company is a member of the Level 3 Group ("The Group"). The Level 3 Group is a facilities based provider of a broad range of integrated communications services. The Group network is an international, facilities based communications network that has been created by constructing its own assets through a combination of purchasing other companies and purchasing or leasing facilities from others. The Group network is designed to provide communications services that employ and take advantage of rapidly improving underlying optical, Internet Protocol ("IP"), computing and storage technologies.

The Group is currently focusing its attention on a number of operational and financial objectives, including (1) driving profitable revenue growth by increasing sales generated by its Core Network Services; (2) growing our Enterprise customer base as well as its share of their telecom spend, as this customer group has the largest potential for significant growth; (3) continually improving the customer experience to increase customer retention and reduce customer churn; (4) integrating the acquisition of tw telecom with the Group, building on the strengths and capabilities of the legacy companies to position the combined company as a premier global communications provider; (5) launching new products and services to meet customer needs, in particular for Enterprise customers; (6) reducing network costs and operating expenses relative to its revenue; (7) growing positive cash flows from operations; (8) continuing to show improvement in EBITDA as a percentage of revenue; (9) concentrating its capital expenditures on those technologies and assets that enable the Group to increase its Core Network Services revenue; (10) managing the Wholesale Voice Services for margin contribution.

Status of Level 3 Communications ApS
The Company made a profit of DKK 1,694k during the year (2014: a profit of DKK 6,475k), which is considered satisfactory. The Company continues to trade in the same market segments as prior years with a competitive telecommunications market limiting the Company's ability to significantly increase revenues or margins.

Subsequent Events
No significant events have occurred after the balance sheet date which could materially affect the evaluation of the financial statements.

Ownership

The Company is a wholly owned subsidiary of Level 3 Communications, Inc., a company registered in the United States of America. The smallest and largest group into which the results of the Company are consolidated is that headed by Level 3 Communications, Inc., whose accounts can be obtained from Investor Relations, Level 3 Communications, Inc., 1025 Eldorado Boulevard, Broomfield, CO 80021, United States of America.

ACCOUNTING POLICIES

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements act governing reporting class B.

The accounting policies applied for this annual report are consistent with those applied last year.

General provisions in recognition and measurement
Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liabilities can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using historical rates.

ACCOUNTING POLICIES (CONTINUED)

Income statement

Revenue
Revenue from the provision of services is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Administrative expenses
Administrative expenses comprise expenses incurred for management and administration of the Company, including expenses for the administrative staff and the management, and office supplies.

Financial income and expenses
These items comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on payables and transactions in foreign currencies, and cash discounts, etc.

Income taxes
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year, and classified directly as equity by the portion attributable to entries directly on equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Balance sheet

Property, plant and equipment
Network as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance lease, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for financing the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other financing costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Facility and leasehold improvements	10-40 years
Network infrastructure (including fibre and conduit)	25-50 years
Operating equipment	4-15 years
Furniture, fixtures, office equipment and other	2-7 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits and losses are recognised in the income statement together with depreciation and impairment losses or under other operating income if the selling price exceeds original cost.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less provisions for bad debts.

ACCOUNTING POLICIES (CONTINUED)

Balance Sheet (continued)

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to the nominal value.

Equity
Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Acquisition and selling prices as well as dividends on treasury shares are classified directly as equity under retained earnings.

Financial liabilities
At the time of borrowing, financial liabilities (mortgage debt, etc) are measured at the proceeds received less transaction costs incurred, and subsequently measured at amortised cost, corresponding to the capitalised value using the effective interest method.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, loss on work in progress, decided and published restructurings etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Any provisions estimated to mature more than one year after the balance sheet date would be discounted at the average bond yields.

Lease commitments
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and are measured at amortised cost after initial recognition. The interest portion of lease payments is recognised over the term of the contracts as financial costs in the income statement.

Other financial liabilities
Other financial liabilities are recognised at amortised cost, which usually corresponds to nominal value.

Deferred income
Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at amortised cost, which usually corresponds to nominal value.

INCOME STATEMENT

	Notes	2015 DKK'000	2014 DKK'000
Net Revenue		3.027	2.564
Intercompany Service Revenue Income	2	20.184	24.139
Network development		(13.277)	(16.627)
Administrative expenses		(3.188)	(2.726)
Profit from ordinary activities		**6.746**	**7.350**
Depreciation/Amortisation		(4.603)	(7.251)
Restructuring costs	9	-	1.786
Other financial income	4	2.225	378
Other financial cost	4	(1.568)	(516)
Profit before tax		**2.800**	**1.747**
Tax on profit for the year	5	(1.106)	4.728
Profit for the year		**1.694**	**6.475**

Proposed distribution of profit		
Profit brought forward to next year		1.694
		1.694

Average number of employees	3	

BALANCE SHEET

	Notes	2015 DKK'000	2014 DKK'000
Land	6	83	83
Network	6	21.810	12.383
Other fixtures and fittings, tools and equipment	6	-	-
Property, plant and equipment		**21.893**	**12.466**
Deposits		46	40
Long-term receivables from affiliated entities		9.848	11.580
Deferred tax asset	5	3.622	4.728
Financial fixed assets		**13.516**	**16.348**
Fixed assets		**35.409**	**28.814**
Trade receivables		326	268
Receivables from affiliated entities		34.892	41.526
Other receivables		1.222	502
Prepayments	7	1.511	977
Receivables		**37.951**	**43.273**
Cash		**2.097**	**1.157**
Current assets		**40.048**	**44.430**
Assets		**75.457**	**73.244**

BALANCE SHEET

	Notes	2015 DKK'000	2014 DKK'000
Share capital	8	310	310
Retained earnings		45.942	44.248
Equity		**46.252**	**44.558**
Lease commitments	12	16.616	17.796
Deferred income		260	178
Long-term liabilities other than provisions		**16.876**	**17.974**
Trade payables		4.942	955
Payable to affiliated entities		643	233
Other payables	10	3.634	5.366
Deferred income		415	561
Short-term lease commitments	12	2.695	3.597
Short-term liabilities other than provisions		**12.329**	**10.712**
Liabilities other than provisions		**29.205**	**28.686**
Equity and liabilities		**75.457**	**73.244**
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EQUITY STATEMENT

	Share Capital DKK'000	Share Premium DKK'000	Retained Earnings DKK'000	Total DKK'000
Equity at 31 December 2013	**310**	**-**	**37.773**	**38.083**
Net profit for the year	-	-	6.475	6.475
Equity at 31 December 2014	**310**	**-**	**44.248**	**44.558**
Net profit for the year	-	-	1.694	1.694
Equity at 31 December 2015	**310**	**-**	**45.942**	**46.252**

NOTES

1. Primary Activity

The principal activity of Level 3 Communications ApS "the Company" is the provision of national and international telecommunications services.

The communications industry has been and remains highly competitive. The industry is subject to rapid and significant changes in technology. We believe that advances in optical and internet protocol technologies have, and will continue to, facilitate decreases in unit costs for communications service providers that are able to most effectively take advantage of these technology advances. We believe that, over time, rapidly improving technologies and high demand elasticity will continue to drive this market dynamic.

In view of these market and technology opportunities, we seek to serve business customers by using a customer first focus and providing a broad range of communications services over the Level 3 group's (the "Group") advanced and extensive fibre optic network. With the networks extensive geographic reach and deep reach into major metropolitan areas of the United States of America, Europe and Latin America, we are positioned to provide end-to-end services for customers entirely on the Group's own facilities across multiple continents. We plan to continually expand this fibre optic network to new locations where the demands of customers and potential customers justify the costs of expansion.

2. Intercompany Service Revenue Income

The Level 3 Group's international network consists of telecommunications services provided by Level 3 entities operating in different jurisdictions to form a single combined and integrated world-wide telecommunications network. The Company is in the business of providing telecommunications services in its country of operation as part of Level 3's international network.

The Company entered into a new Intercompany Telecommunications Services Agreement with effect from 1 January 2013 ("'ITSA"). The agreement centralises the administrative functions relating to intercompany telecommunications services in Level 3 Communications PEC Services Europe Ltd ("PEC SEL"), a Level 3 entity incorporated in Ireland. PEC SEL succeeds to the administrative functions previously performed by Level 3 Communications Europe Ltd and Level 3 Communications PEC Ireland Ltd under prior intercompany telecommunications agreements. The ITSA also confirms the continuation of the remuneration terms of prior agreements upon which the Company procures or sells telecommunications services with other members of the Group.

NOTES

3. Average number of employees

	2015	2014
Average number of employees	4	4

No member of the Board of Directors received remuneration from the Company.

4. Financial income/(cost)

	2015 DKK'000	2014 DKK'000
Other financial income:		
Finance interest receivable from affiliated entities	2.225	308
Other foreign exchange gain	-	70
	2.225	**378**
Other financial cost:		
Finance interest payable on capital lease/other	(571)	(516)
Other foreign exchange loss	(997)	-
	(1.568)	**(516)**

5. Tax on profit for the year

During the financial year, the Company has not paid income taxes.

At 31 December 2015, the Company has recognised a deferred tax asset of DKK 3.622k (2014: DKK 4.728k) in respect of tax depreciation possibilities on fixed assets.

6. Property, plant and equipment

	Land DKK'000	Network facility and leasehold improvements DKK'000	Other fixtures, fittings, tools & equipment DKK'000
Cost at 1 January 2015	459	470.063	5.001
Additions	-	13.921	-
Cost at 31 December 2015	**459**	**483.984**	**5.001**
Depreciation at 1 January 2015	376	457.680	5.001
Depreciation	-	4.494	-
Depreciation at 31 December 2015	**376**	**462.174**	**5.001**
Carrying amount at 31 December 2015	**83**	**21.810**	**-**
Carrying amount at 31 December 2014	**83**	**12.383**	**-**

NOTES

7. Prepayments	2015 DKK'000	2014 DKK'000
Telia prepayment	328	438
Other	1.183	539
	1.511	**977**

At 31 December 2015, the Company had prepayments of DKK 328k (2014: DKK 438k) in respect of ducts and dark fibres to be provided by the Company by Telia under the above agreement. This amount will be amortised over a period of 15 years.

8. Share Capital

The share capital consists of 3.100 shares at DKK 100. The shares are not divided into classes.

9. Loss making rental agreements

In 2002, management reviewed and quantified the amount of surplus leased space held under operating leases. As a consequence, a provision was established for lease and other costs associated with the surplus space for one of the leased telecommunications sites. During 2014, the Company released the provision of DKK 1.786k on the basis that the site is expected to be used for growth.

10. Other payables	2015 DKK'000	2014 DKK'000
Wages and salaries, personal income tax, social security costs, etc payable	436	276
Holiday pay obligation	436	374
Other costs payable	2.762	4.716
	3.634	**5.366**

	2015 DKK'000	2014 DKK'000

11. Contractual obligations

Annual commitments under non-cancellable operating leases and rental agreements are as follows:

	2015 DKK'000	2014 DKK'000
Expiration:		
Within 1 year	3.333	3.111
Between 1 and 5 years	9.701	9.260
After 5 years	12.282	12.481
	25.316	**24.852**

12. Lease liability

Level 3 Communications ApS and Level 3 Communications AB has entered into a "Supply and Services Agreement" with "Oresundbro Konsortiet" regarding supply of optical fibre cables and the provision of operation and maintenance services. The "Oresundbro Konsortiet" will in the period of the contract (25 years) own the portion of the cable system installed on the coast to coast fixed link. Level 3 will acquire the cable system on an indefeasible right of use basis during the term of the agreement (25 years) and obtain operation and maintenance services from the "Oresundbro Konsortiet". In accordance with the agreement the fee of DKK 51.558k is to be paid over the term of the contract. The net debt owing as of December 31, 2015 is DKK 19.311k of which DKK 2.695k falls due for payment in 2016.

	2015 DKK'000	2014 DKK'000
Expiration:		
Within 1 year	2.695	3.597
Between 1 and 5 years	6.988	6.412
After 5 years	9.628	11.384
	19.311	**21.393**

13. Contingent liabilities

There are no contingent liabilities to disclose in the financial statements.

14. Ownership

The following immediate shareholders hold more than 5% of the Company's share capital:

Level 3 International Services Inc.1209 Orange Street, Wilmington, Delaware 19801, United States of America.

NOTES

15. Related parties

Related parties with a controlling interest in Level 3 Communications ApS:

Level 3 International Services Inc.,1209 Orange Street, Wilmington, Delaware 19801, United States of America.

Transactions between other affiliated entities and Level 3 Communications ApS in 2015:

During the year, the Company has not sold to, purchased goods from or incurred financial expenses from either its immediate parent, Level 3 International Services Inc., or other affiliated entities unless otherwise disclosed elsewhere in these financial statements

16. Consolidation

The ultimate parent company of the Company is Level 3 Communications, Inc., a company registered in the United States of America. The results of the Company are consolidated into Level 3 Communications, Inc., whose accounts can be obtained from Investor Relations, Level 3 Communications, Inc., 1025 Eldorado Boulevard, Broomfield, CO 80021, United States of America.

17. Subsequent events

No significant events have occurred after the balance sheet date which could materially affect the evaluation of the financial statements.