

STOCKHOLDER LETTER

NON-GAAP RECONCILIATIONS

Adjusted EBITDA, as defined by the Company, is net income (loss) from the Consolidated Statements of Operations before income taxes, total other income (expense), non-cash impairment charges, depreciation and amortization and non-cash stock compensation expense.

The following information provides a reconciliation of Net Income (Loss) to Adjusted EBITDA as defined by the Company:

(dollars in millions)	Year Ended December 31, 2015
Net Income	\$3,433
Income Tax Benefit.....	(3,150)
Total Other Expense.....	1,048
Depreciation and Amortization Expense	1,166
Non-Cash Compensation Expense	141
Adjusted EBITDA.....	<u>\$2,638</u>

(dollars in millions)	Year Ended December 31, 2014
Net Income	\$314
Income Tax Benefit.....	(76)
Total Other Expense.....	775
Depreciation and Amortization Expense	808
Non-Cash Compensation Expense	73
Non-Cash Impairment	<u>1</u>
Adjusted EBITDA.....	<u>\$1,895</u>

(dollars in millions)	Year Ended December 31, 2013
Net Loss	\$(109)
Income Tax Expense.....	38
Total Other Expense.....	737
Depreciation and Amortization Expense	800
Non-Cash Compensation Expense	151
Non-Cash Impairment	7
Adjusted EBITDA.....	<u>\$1,624</u>

(dollars in millions)	Year Ended December 31, 2012
Net Loss	\$(422)
Income Tax Expense.....	48
Total Other Expense.....	949
Depreciation and Amortization Expense	749
Non-Cash Compensation Expense	135
Adjusted EBITDA.....	<u>\$1,459</u>

(dollars in millions)	Year Ended December 31, 2011
Net Loss	\$(756)
Income Tax Expense.....	41
Total Other Expense.....	838
Depreciation and Amortization Expense	805
Non-Cash Compensation Expense	101
Income from Discontinued Operations, Net	<u>(71)</u>
Adjusted EBITDA.....	<u>\$958</u>

Free Cash Flow is defined as net cash provided by operating activities less capital expenditures as disclosed in the Consolidated Statements of Cash Flows.

Free Cash Flow is calculated as follows:

	Year Ended December 31, 2015
(dollars in millions)	
Net Cash Provided by Operating Activities	\$1,855
Capital Expenditures	(1,229)
Free Cash Flow	<u>\$626</u>

	Year Ended December 31, 2014
(dollars in millions)	
Net Cash Provided by Operating Activities	\$1,161
Capital Expenditures	(910)
Free Cash Flow	<u>\$251</u>

	Year Ended December 31, 2013
(dollars in millions)	
Net Cash Provided by Operating Activities	\$713
Capital Expenditures	(760)
Free Cash Flow	<u>\$(47)</u>

	Year Ended December 31, 2012
(dollars in millions)	
Net Cash Provided by Operating Activities	\$578
Capital Expenditures	(743)
Free Cash Flow	<u>\$(165)</u>

	Year Ended December 31, 2011
(dollars in millions)	
Net Cash Provided by Operating Activities	\$388
Capital Expenditures	(494)
Free Cash Flow	<u>\$(106)</u>

Net Debt to Adjusted EBITDA Ratio is defined as debt, reduced by cash and cash equivalents and divided by Adjusted EBITDA excluding \$32 million of acquisition-related expenses.

Net Debt to Adjusted EBITDA Ratio is calculated as follows:

(dollars in millions)	Year Ended December 31, 2015
Debt	\$11,025
Cash and Cash Equivalents	(854)
Net Debt	<u>\$10,171</u>
Adjusted EBITDA Excluding Acquisition-Related Expenses.....	<u>\$2,670</u>
Net Debt to Adjusted EBITDA Ratio.....	<u>3.8</u>

Net Debt to Pro Forma Adjusted EBITDA Ratio is defined as debt, reduced by cash and cash equivalents and divided by Adjusted EBITDA Pro Forma to include tw telecom results excluding \$172 million of acquisition-related expenses.

Net Debt to Pro Forma Adjusted EBITDA Ratio is calculated as follows:

(dollars in millions)	Year Ended December 31, 2014
Debt	\$11,366
Cash and Cash Equivalents	(580)
Net Debt	<u>\$10,786</u>
Pro Forma Adjusted EBITDA	<u>\$2,443</u>
Net Debt to Pro Forma Adjusted EBITDA Ratio.....	<u>4.4</u>

Net Debt to Adjusted EBITDA Ratio is defined as debt, reduced by cash and cash equivalents and divided by Adjusted EBITDA.

Net Debt to Adjusted EBITDA Ratio is calculated as follows:

(dollars in millions)	Year Ended December 31, 2013
Debt	\$8,392
Cash and Cash Equivalents	(631)
Net Debt	<u>\$7,761</u>
Adjusted EBITDA	<u>\$1,624</u>
Net Debt to Adjusted EBITDA Ratio.....	<u>4.8</u>

Net Debt to Pro Forma Adjusted EBITDA Ratio is defined as debt, reduced by cash and cash equivalents and divided by Adjusted EBITDA Pro Forma to exclude \$81 million of acquisition-related expenses.

Net Debt to Pro Forma Adjusted EBITDA Ratio is calculated as follows:

(dollars in millions)	Year Ended December 31, 2012
Debt	\$8,780
Cash and Cash Equivalents	(979)
Net Debt	<u>\$7,801</u>
Pro Forma Adjusted EBITDA	<u>\$1,540</u>
Net Debt to Adjusted EBITDA Ratio	<u>5.1</u>

Net Debt to Pro Forma Adjusted EBITDA Ratio is defined as debt, reduced by cash and cash equivalents and divided by Adjusted EBITDA Pro Forma to include Global Crossing results excluding \$107 million of acquisition-related expenses.

Net Debt to Pro Forma Adjusted EBITDA Ratio is calculated as follows:

(dollars in millions)	Year Ended December 31, 2011
Debt	\$8,528
Cash and Cash Equivalents	(918)
Net Debt	<u>\$7,610</u>
Pro Forma Adjusted EBITDA	<u>\$1,323</u>
Net Debt to Pro Forma Adjusted EBITDA Ratio	<u>5.8</u>