



CenturyLink®

2nd Quarter 2015 Earnings Results

August 5, 2015

Forward-Looking Statements / Non-GAAP Financial Measures

Certain non-historical statements made in this presentation and future oral or written statements or press releases by us or our management are intended to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations only, and are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. Actual events and results may differ materially from those anticipated, estimated, projected or implied by us if one or more of these risks or uncertainties materialize, or if our underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change, including product displacement; the effects of ongoing changes in the regulation of the communications industry, including the outcome of regulatory or judicial proceedings relating to intercarrier compensation, access charges, universal service, broadband deployment, data protection and net neutrality; our ability to effectively adjust to changes in the communications industry, and changes in our markets, product mix and network; our ability to effectively manage our expansion opportunities, including retaining and hiring key personnel; possible changes in the demand for, or pricing of, our products and services, including our ability to effectively respond to increased demand for high-speed broadband service; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; the adverse impact on our business and network from possible equipment failures, security breaches or similar attacks on our network; our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; our ability to use our net operating loss carryovers in projected amounts; our continued access to credit markets on favorable terms; our ability to collect our receivables from financially troubled companies; our ability to maintain favorable relations with our key business partners, suppliers, vendors, landlords and financial institutions; any adverse developments in legal or regulatory proceedings involving us; changes in our operating plans, corporate strategies, dividend payment plans or other capital allocation plans, including those caused by changes in our cash requirements, capital expenditure needs, debt obligations, pension funding requirements, cash flows, or financial position, or other similar changes; the effects of adverse weather; other risks referenced from time to time in our filings with the SEC; and the effects of more general factors such as changes in interest rates, in tax laws, in accounting policies or practices, in operating, medical, pension or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to our business and our recent acquisitions are described in greater detail in Item 1A of our Form 10-Q for the quarter ended March 31, 2015, as updated and supplemented by our subsequent SEC reports. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the business or the extent to which any one or more factors may cause actual results to differ from those reflected in any forward-looking statements. Given these uncertainties, we caution investors not to unduly rely on our forward-looking statements. We undertake no obligation to update or revise any forward-looking statements for any reason, whether as a result of new information, future events or developments, changed circumstances, or otherwise. Furthermore, any information about our intentions contained in any of our forward-looking statements reflects our intentions as of the date of this release, and is based upon, among other things, the existing regulatory and technological environment, industry and competitive conditions, economic and market conditions, and our assumptions as of such date. We may change our intentions, strategies or plans at any time and without notice, based upon any changes in such factors, in our assumptions or otherwise.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures. These measures are provided and valid only as of the date of this presentation and should not be relied upon beyond that date. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are available on our website at www.centurylink.com.

Participants

Glen Post

Chief Executive Officer & President

Stewart Ewing

Executive Vice President & Chief Financial Officer

Ross Garrity

Interim President, Global Markets

2Q15 Highlights & Strategic Overview

Glen Post

Chief Executive Officer & President



2Q15 Overview

- Second quarter results below expectations
- Total and Core revenue at lower end of guidance range, primarily due to lower wholesale and long distance revenues
- Cash expenses above expectations primarily due to higher than anticipated CPE sales and employee-related expenses
- Organizational changes implemented and plans underway to align capital investment and operating costs with revenue performance
- Confident in our assets and strategies to reach revenue stability and growth

Strategic Priorities

Business Solutions

- Grow MPLS, Ethernet, Wavelength, Business GPON and VoIP offerings
 - Enhance cloud and hosting services platform
 - Grow Managed Network and Infrastructure Services
 - Increase sales efficiency of direct channel and expand partner sales channel
 - Deliver a broad portfolio of network, hosting/cloud and IT solutions
- Sales continued to improve - higher by 15% Q/Q
 - Strength in sale of high-bandwidth data and managed services
 - Expanded GPON footprint and enhanced competitive broadband speeds
 - Continued network innovation deployment of SDN/NFV and enhanced MPLS and SIP capabilities
 - Completed legacy cloud enhancements and expanded new CenturyLink Cloud

Strategic Priorities (continued)

Consumer Broadband and Video

- Deploy fiber/GPON deeper into network to drive higher speeds
- Expand Prism™ TV footprint and penetration
- Develop home automation and security solutions

- Continue to see good results in GPON and Prism TV markets
- Currently have FTTP available to ~475K businesses and ~600K households
- Expanded Prism™ TV availability to three new markets and an additional 175,000 addressable homes
- Modified Consumer Broadband GTM strategy to mitigate non-pay

Operating Efficiency

- Simplify and rationalize network infrastructure
- Automate and improve processes
- Continue to integrate and simplify systems

- Continue to manage expenses related to legacy services
- Migrating internal IT services to our cloud platform
- Streamlining and modernizing our workflow processes

Committed to Driving Shareholder Value

- Dividend is an important component of creating shareholder value - Confident in dividend sustainability
- Path to revenue stability and growth non-linear and taking longer than anticipated
- Initiatives to offset headwinds
 - Reduce planned 2015 capital expenditures by approximately \$200 million to about \$2.8 billion for the year
 - Reduce planned operating expenses by approximately \$125 million

CenturyLink has invested in key strategic assets and implemented customer strategies to help ensure the Company's future success and create value for shareholders

2Q15 Financial Results & Guidance Overview

Stewart Ewing

Executive Vice President & Chief Financial Officer



2Q15 Financial Summary

- \$4.42 billion in Total revenue
 - \$4.02 billion Core revenue¹, 2.0% Y/Y decline from 2Q14
 - \$2.33 billion Strategic revenue², 1.9% Y/Y increase from 2Q14
 - \$1.69 billion Legacy revenue², a 6.9% Y/Y decrease from 2Q14

Core Revenue (\$B)



- Added approximately 8,400 Prism™ TV customers
- Operating cash flow³ of \$1.62 billion and free cash flow³ of \$562 million
- \$0.55 Adjusted Diluted EPS³
- Repurchased 2.5 million shares for nearly \$90 million during 2Q15

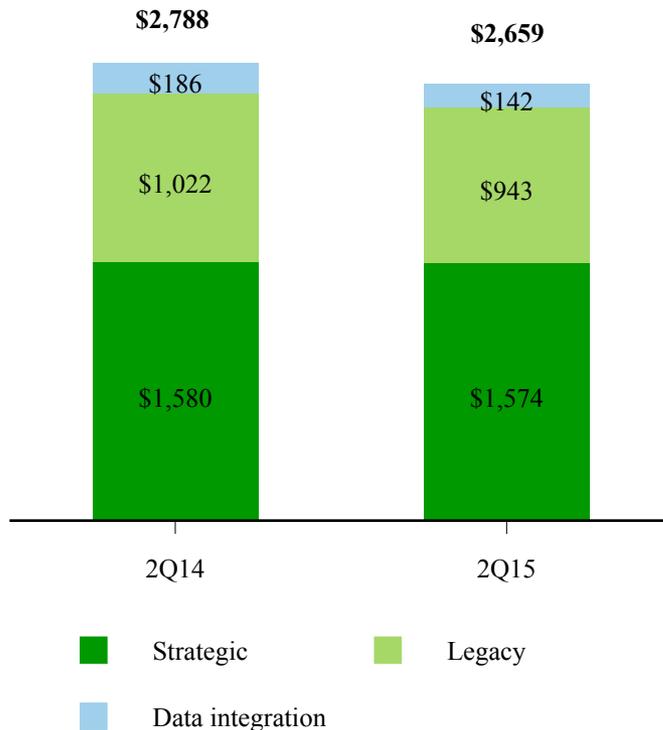
(1) Core revenue defined as strategic revenue plus legacy revenue (excludes data integration and other revenue)

(2) Beginning first quarter 2015, certain revenues were reclassified between strategic and legacy services. All historical periods have been restated to reflect this change

(3) See supporting financial schedules available at ir.centurylink.com

Business - Operating Revenue

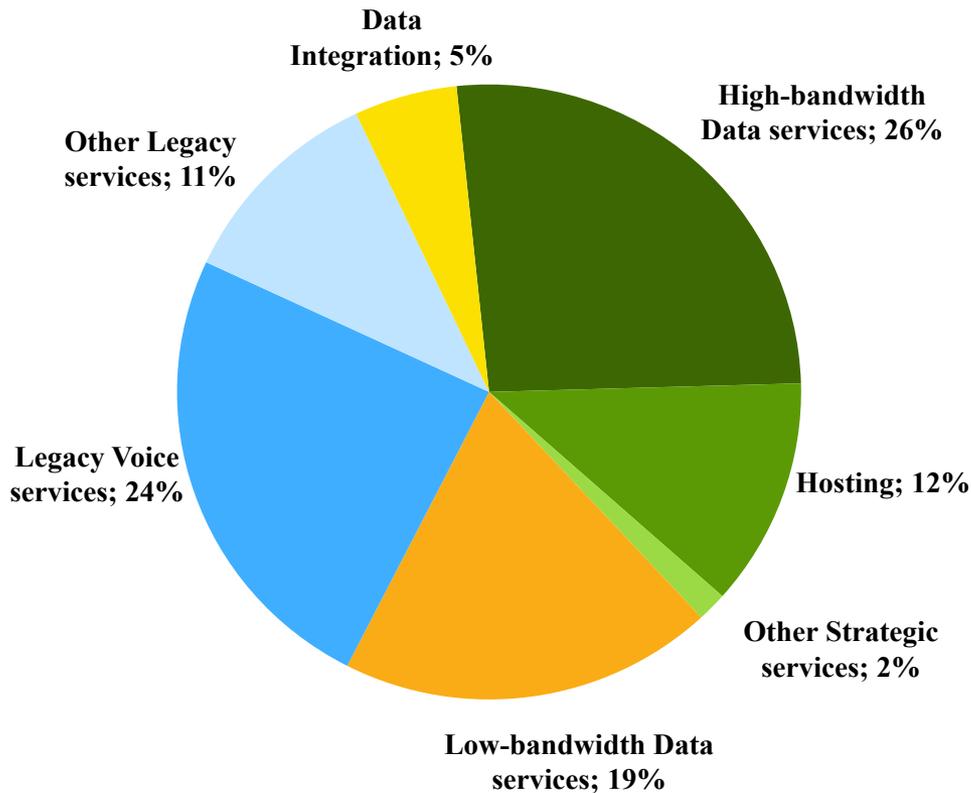
\$ in millions



- Total Y/Y revenue decline of 4.6%
- Strategic revenue decreased 0.4% from 2Q14 driven by the declines in low-bandwidth data services revenue and wholesale re-pricing, offset by continued growth in high-bandwidth products including MPLS, Ethernet and Wavelength
- Legacy revenue declined 7.7% from 2Q14 due to lower voice and switched access revenue
- Operating expenses increased from 2Q14 primarily driven by higher employee-related expenses, partially offset by lower CPE costs

Business Revenue Mix

Business Revenue Mix - 2Q15



- High-bandwidth data services¹ revenue grew more than 10% Y/Y in 2Q15
- Low-bandwidth data services² revenue declined 13.6% Y/Y primarily due to customers' continued network grooming and migration to fiber-based services
- Hosting revenue declined 3.0% Y/Y due to unfavorable foreign currency impacts, higher customer credits and lower non-recurring revenue
- Data integration revenue decreased \$44 million, or 24%, driven by lower CPE sales

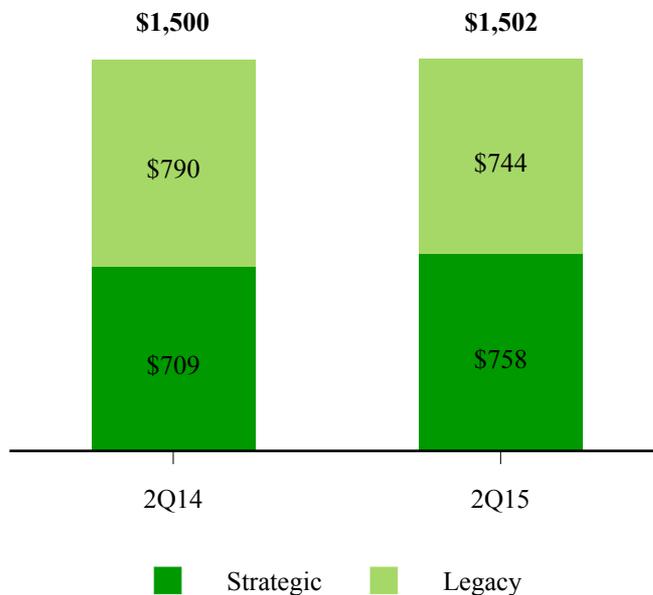
(1) High-bandwidth Data services includes MPLS, Ethernet and Wavelength revenue

(2) Low-bandwidth Data services includes private line and high-speed Internet revenue

Consumer

Consumer - Operating Revenue¹

\$ in millions



- Total Y/Y revenue increase of 0.1%
- Strategic revenue increased 6.9% from year-ago period driven by growth of high-speed Internet and Prism™ TV customers and select price increases
- Legacy revenue declined 5.8% from 2Q14 due primarily to lower local and LD revenue partially offset by select price increases
- Operating expenses increased from 2Q14 driven by higher Prism™ TV costs

(1) Total revenue for 2Q14 includes \$1 million of data integration revenue not reflected graphically in the chart

Guidance

3rd Quarter 2015

Operating Revenue	\$4.42 to \$4.47 billion
Core Revenue	\$4.02 to \$4.07 billion
Operating Cash Flow	\$1.62 to \$1.67 billion
Adjusted Diluted EPS	\$0.53 to \$0.58

Full-Year 2015

Previous

Revised

Operating Revenue	\$17.9 to \$18.1 billion	\$17.7 to \$17.9 billion
Core Revenue	\$16.25 to \$16.45 billion	\$16.1 to \$16.25 billion
Operating Cash Flow	\$6.8 to \$7.0 billion	\$6.7 to \$6.85 billion
Adjusted Diluted EPS	\$2.50 to \$2.70	\$2.35 to \$2.55
Free Cash Flow	\$2.5 to \$2.7 billion	No Change
Capital Expenditures	~ \$3.0 billion	~ \$2.8 billion

CAF Phase 2 Program

- Eligible for up to \$514 million of annual CAF Phase 2 support payments
- Currently expect to accept at least \$300 million; will make final decision on remainder by August 27 notification deadline
- Expect distribution of support payments from FCC to begin in September or October 2015
- Minimal CAF Phase 2 capital expenditures in 2015; higher CAF Phase 2 capital investment program in 2016
- Impact of CAF Phase 2 expected to be accretive to 2015 results

Q & A

