

2nd Quarter 2016 Earnings Results

August 3, 2016

Forward-Looking Statements

Except for historical and factual information, the matters set forth in this presentation and other of our oral or written statements identified by words such as “estimates,” “expects,” “anticipates,” “believes,” “plans,” “intends,” and similar expressions are forward-looking statements as defined by the federal securities laws, and are subject to the “safe harbor” protections thereunder. These forward-looking statements are not guarantees of future results and are based on current expectations only, are inherently speculative, 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 effects of competition from a wide variety of competitive providers, including lower demand for our legacy offerings; the effects of new, emerging or competing technologies, including those that could make our products less desirable or obsolete; the effects of ongoing changes in the regulation of the communications industry, including the outcome of pending regulatory or judicial proceedings; our ability to effectively adjust to changes in the communications industry and changes in the composition of our markets and product mix; possible changes in the demand for, or pricing of, our products and services; our ability to successfully maintain the quality and profitability of our existing product and service offerings and to introduce new offerings on a timely and cost-effective basis; the adverse impact on our business and network from possible equipment failures, service outages, security breaches or similar events impacting our network; our ability to generate cash flows sufficient to fund our financial commitments and objectives, including our capital expenditures, operating costs, debt repayments, dividends, periodic share repurchases, periodic pension contributions and other benefits payments; changes in our operating plans, corporate strategies, dividend payment plans or other capital allocation plans; our ability to effectively retain and hire key personnel and to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; increases in the costs of our pension, health, post-employment or other benefits; our ability to use our net operating loss carryforwards in projected amounts; adverse changes in our access to credit markets on favorable terms; our ability to maintain favorable relations with our key business partners, suppliers, vendors, landlords and financial institutions; our ability to effectively manage our expansion opportunities; our ability to collect our receivables from financially troubled customers; any adverse developments in legal or regulatory proceedings involving us; changes in tax, communications, pension, healthcare or other laws or regulations, in governmental support programs, or in general government funding levels; the effects of changes in accounting policies or practices; the effects of terrorism, adverse weather or other natural or man-made disasters; the effects of more general factors such as changes in interest rates, in operating costs, in general market, labor, economic or geo-political conditions (including uncertainty about the long-term prospects of the European Union, China and certain other economies), or in public policy; and other risks referenced from time to time in our filings with the U.S. Securities and Exchange Commission (the “SEC”). For all the reasons set forth above and in our SEC filings, you are cautioned not to place undue reliance upon any of our forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly update or revise any of our forward-looking statements for any reason. Furthermore, any information about our intentions contained in any of our forward-looking statements reflects our intentions solely as of the date of such forward-looking statement. We may change our intentions, strategies or plans without notice at any time and for any reason.

Non-GAAP Measures

This presentation includes certain non-GAAP financial measures, including but not limited to operating cash flow, free cash flow, core revenues, Adjusted Net Income, Adjusted Diluted EPS and adjustments to GAAP measures to exclude the effect of special items. In addition to providing key metrics for management to evaluate the Company's performance, we believe these measurements assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends. 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 financial measures, along with any additional non-GAAP financial measures that may be discussed during the earnings call, to the most comparable GAAP measures are available in the Investor Relations portion of the Company's website at www.centurylink.com. Investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP. We may determine or calculate our non-GAAP measures differently from other companies.

Participants

Glen Post

Chief Executive Officer & President

Stewart Ewing

Executive Vice President & Chief Financial Officer

Dean Douglas

President, Sales & Marketing

Financial & Strategic Overview

Glen Post

Chief Executive Officer & President

2Q16 Overview

- Solid 2Q financial results -- Total and core revenue in-line with guidance; operating cash flow and adjusted diluted EPS exceeded guidance
- Business high-bandwidth data services revenue grew 8% year-over-year
- Consumer strategic services revenue grew 5.5% year-over-year
- Subscriber results below expectations
- Strategic review process for data center and colocation business remains on track for completion late 3Q/early 4Q

Our Key Objective

Improve the lives of our customers by connecting them to the power of the digital world

Operational Initiatives

Maximize market penetration of enabled network & adjacent services

- Achieved over 21% penetration of YE2015 GPON-enabled addressable units
 - Refined Business go-to-market strategies to focus on targeted groups and key verticals
 - Leverage partner community
 - Pivoted toward higher-value bundled solutions for the Consumer market
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Invest with discipline and a network-first focus

- Enhanced SDN/NFV deployment and multi-cloud application management capabilities
 - Launched CenturyLink SD-WAN
 - Continued to expand broadband network speeds and reach
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Intensive users unlikely to top 75 Mbps downstream

Implications

Potential household download speed requirements

Total Mbps required	Assumptions
Ultra HD (4k) streams 30	2 streams x 15 Mbps each
Full HD (1080p) streams 15	4 streams x 3.75 Mbps each
Group HD video, 7 people 8	1 stream, simultaneous
Online gaming 6	2 games in parallel
Bit Torrent download 5	Several P2P downloads
Music streams 2	3 streams x 0.5 Mbps each
Call 0	2 streams x 0.1 Mbps each
Total 66	

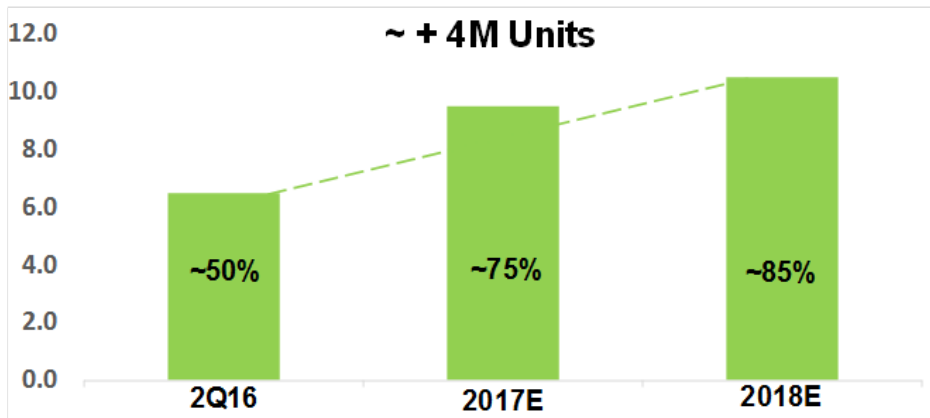
Source: Tier 1 consulting firm

Broadband Access Enablement

≥ 40 Mbps

**Addressable Broadband Units
Top 25 Markets**

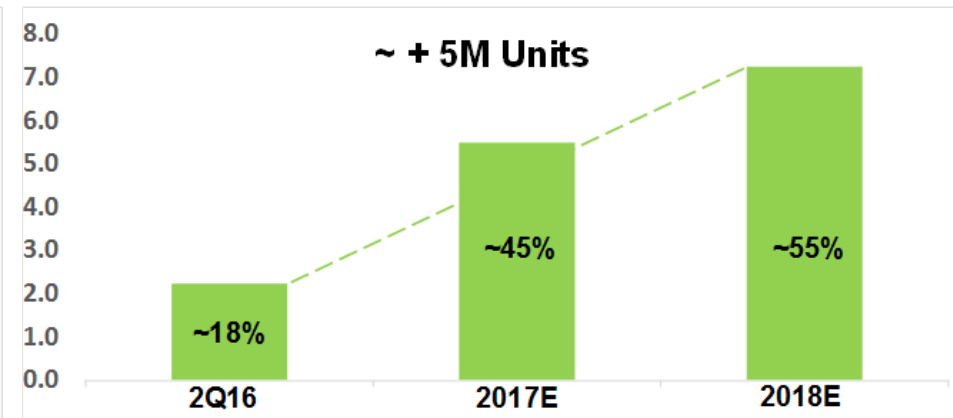
in millions



≥ 100 Mbps

**Addressable Broadband Units
Top 25 Markets**

in millions



- By YE2018 in our top 25 markets we expect:
 - ~ 10.5M, or ~ 85% of addressable broadband-enabled units to have 40Mbps or higher speeds
 - ~ 7.0M, or ~ 55% of addressable broadband-enabled units to have 100Mbps or higher speeds
- By YE2019 in all markets served by CenturyLink we expect:
 - ~ 11M addressable broadband-enabled units will to have 100Mbps or higher speeds
 - ~ 3M addressable broadband-enabled units with 1Gbps or higher speeds

Operational Initiatives

Create great customer experiences

- Simplifying offering through product rationalization
 - Accelerating provisioning of business network services
 - Increased focus on first call resolution
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Optimize operating and capital efficiencies

- Simplification of billing platforms
 - Continue to simplify processes and further automate systems
 - Strategic review of data centers and colocation business
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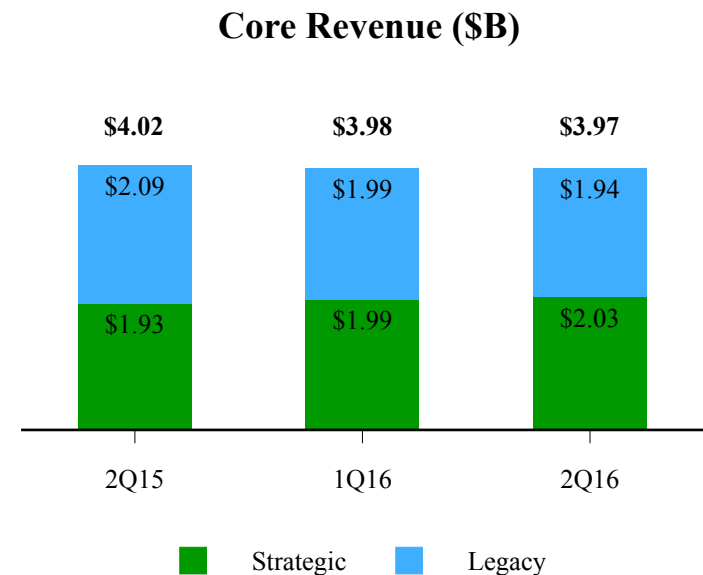
2Q Results & Guidance Overview

Stewart Ewing

Executive Vice President & Chief Financial Officer

2Q16 Financial Summary

- \$4.40 billion in Total revenue
 - \$3.97 billion Core revenue¹, 1.2% Y/Y decrease from 2Q15
 - \$2.03 billion Strategic revenue², 5.2% Y/Y increase from 2Q15
 - \$1.94 billion Legacy revenue², a 7.2% Y/Y decrease from 2Q15
 - Other revenue increased ~\$50 million Y/Y due primarily to CAF Phase 2 revenues



- Operating income of \$650 million; operating cash flow³ of \$1.65 billion; free cash flow³ of \$617 million
- \$0.36 diluted EPS; \$0.63 Adjusted Diluted EPS³

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

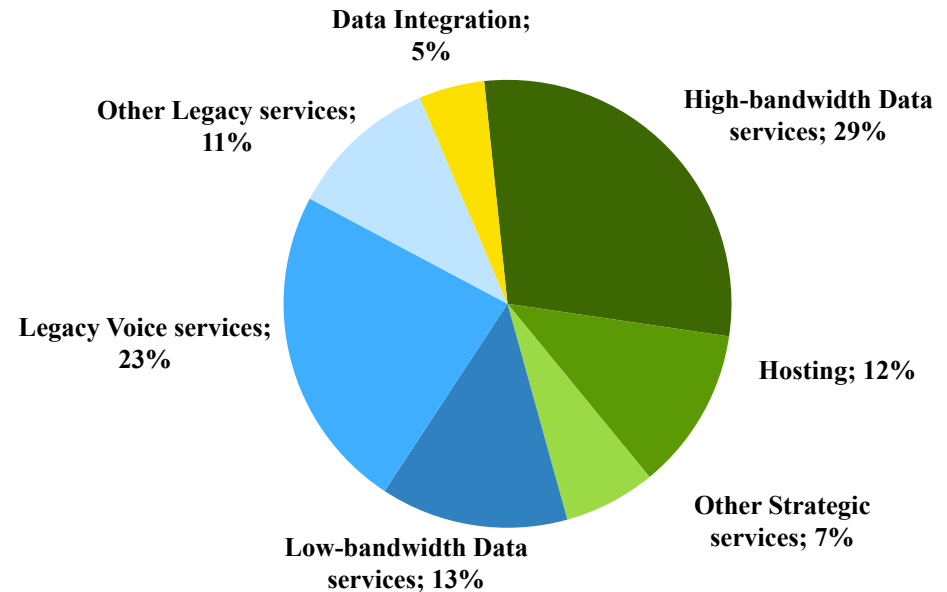
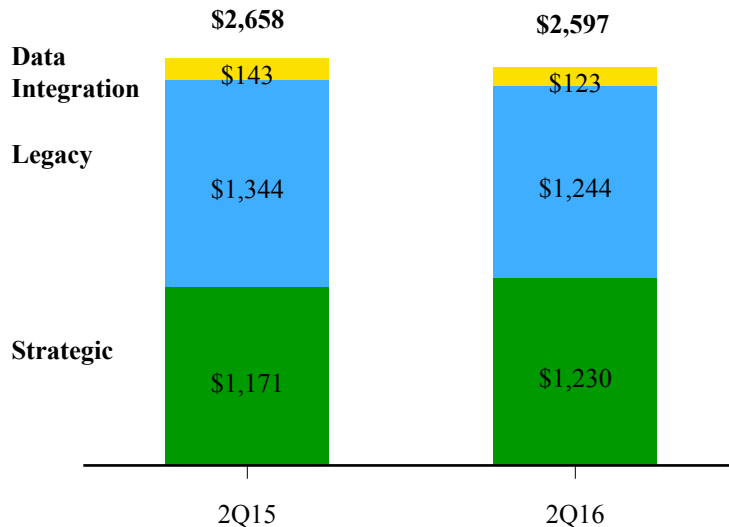
(2) Beginning second quarter 2016, private line (including special access) revenues were reclassified from strategic services to legacy services. All historical periods have been restated to reflect this change

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

Business Segment

Business - Operating Revenue

\$ in millions

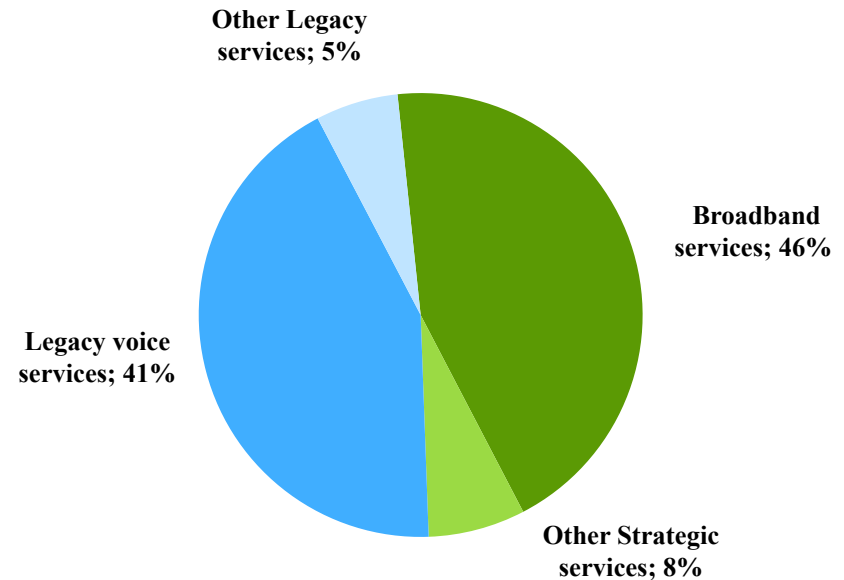
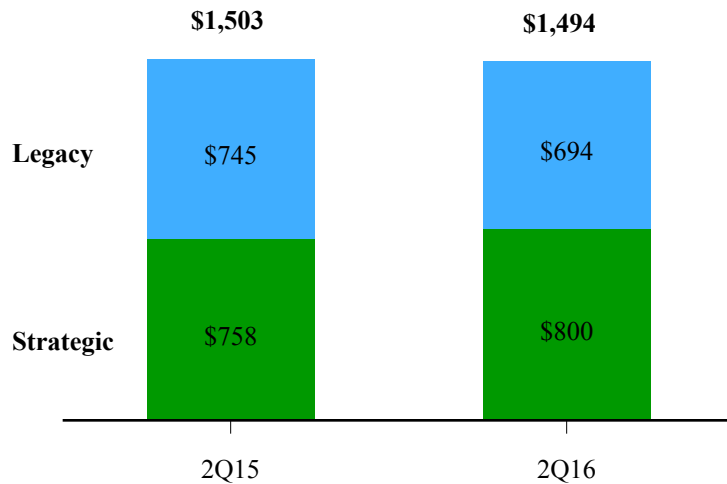


- Total revenue decline of 2.3% Y/Y
 - Strategic revenue increased 5.0% Y/Y - growth in high-bandwidth data services partially offset by lower hosting revenues
 - Legacy revenue declined 7.4% Y/Y - lower voice and low-bandwidth data services revenues
 - Data integration revenue declined \$20 million, or 14.0%, Y/Y - lower CPE sales
- Operating expenses declined 1.1% Y/Y - lower employee-related and network expenses partially offset by higher facility costs

Consumer Segment

Consumer - Operating Revenue

\$ in millions



- Total revenue decline of 0.6% Y/Y
 - Strategic revenue increased 5.5% Y/Y - growth in broadband and Prism™ TV revenues
 - Legacy revenue declined 6.8% Y/Y - lower access lines partially offset by select price increases
- Operating expenses increased 2.8% Y/Y - higher Prism™ TV costs, commissions and marketing expenses partially offset by lower employee-related expenses.

3Q16 Guidance

3rd Quarter 2016 ⁽¹⁾	
Operating Revenue	\$4.35 to \$4.40 billion
Core Revenue	\$3.90 to \$3.95 billion
Operating Cash Flow	\$1.56 to \$1.61 billion
Adjusted Diluted EPS	\$0.52 to \$0.57

Q&A