

1st Quarter 2016 Earnings Results

May 4, 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, share repurchases, dividends, pension contributions and debt 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 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, 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.

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

1Q16 Overview

- Solid 1Q results -- Core revenue, operating cash flow and adjusted diluted EPS in-line with guidance
- High-bandwidth data services revenue provided to Business customers grew more than 7% year-over-year
- Consumer strategic services revenue grew approximately 5% year-over-year
- Announced placement of over \$1.2 billion in debt to refinance substantially all 2016 debt maturities

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 and adjacent services

- Leverage localized marketing initiatives to drive faster penetration of GPON and other broadband technology investments
- Increase and leverage indirect channels and strategic partnerships to enhance sales
- Be more aggressive in customer and revenue retention

Create great customer experiences

- Increase digitization of end-to-end service delivery platforms
- Simplify and automate products, processes and systems
- Improve managed services delivery and service model

Operational Initiatives (continued)

Invest with discipline and a network-first focus

- Focus investment on enabling fast, reliable broadband connectivity
- Leverage capital-light strategies to deliver adjacent services
- Seek strategic partnerships that leverage our core network and adjacent services capabilities

Optimize operating and capital efficiencies

- Drive efficiencies through product portfolio and process simplification and automation
- Increase the discipline and rigor of our capital allocation process
- Conclude strategic review of data centers and colocation business

Strategic Review Process Update

- Progressing with our data center and colocation business strategic review process
 - Colocation represents ~\$630M¹ of annual revenue
- Interest from numerous strategic and financial parties

(1) Excludes affiliate revenue

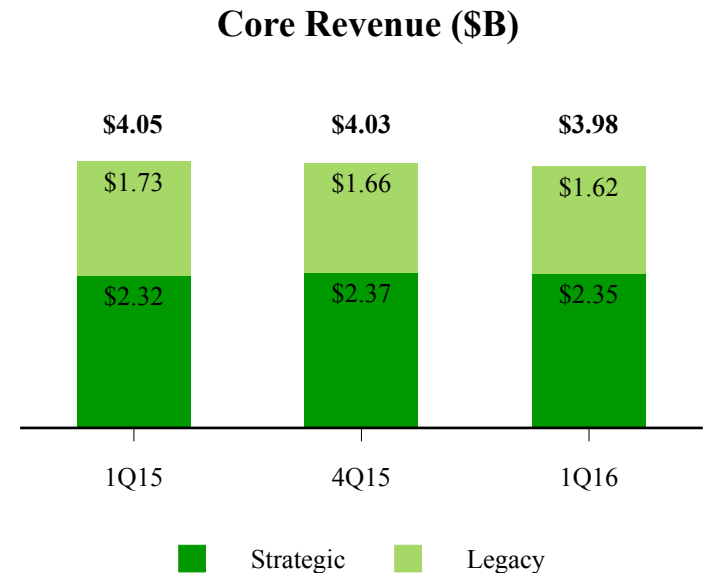
1Q Results & Guidance Overview

Stewart Ewing

Executive Vice President & Chief Financial Officer

1Q16 Financial Summary

- \$4.40 billion in Total revenue
 - \$3.98 billion Core revenue¹, 1.9% Y/Y decrease from 1Q15
 - \$2.35 billion Strategic revenue², 1.5% Y/Y increase from 1Q15
 - \$1.62 billion Legacy revenue², a 6.4% Y/Y decrease from 1Q15
 - Other revenue increased ~\$50 million Y/Y due to CAF Phase 2 revenues



- Added more than 16,900 Prism™ TV customers and nearly 7,800 high-speed Internet customers
- Operating cash flow³ of \$1.69 billion and free cash flow³ of \$824 million
- \$0.71 Adjusted Diluted EPS³

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

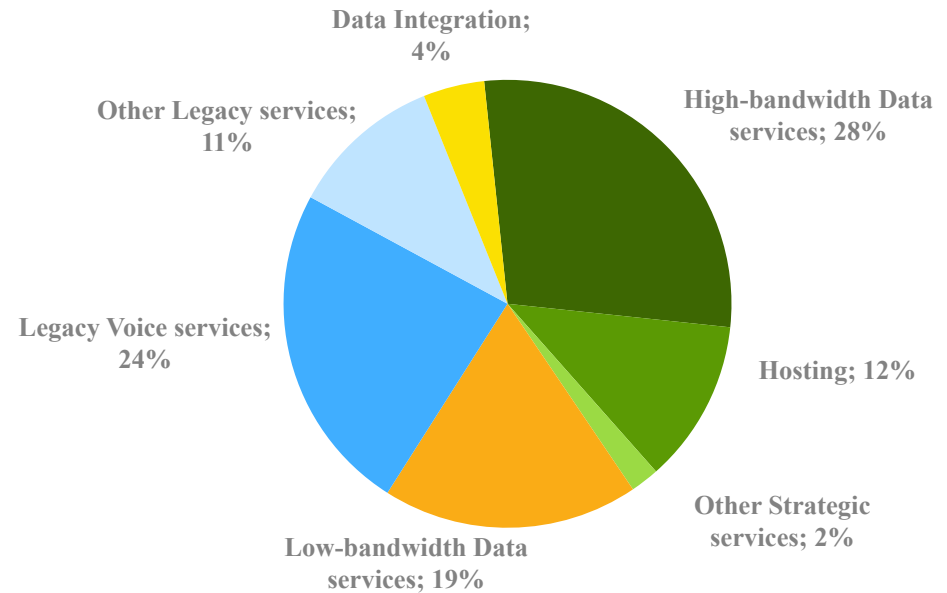
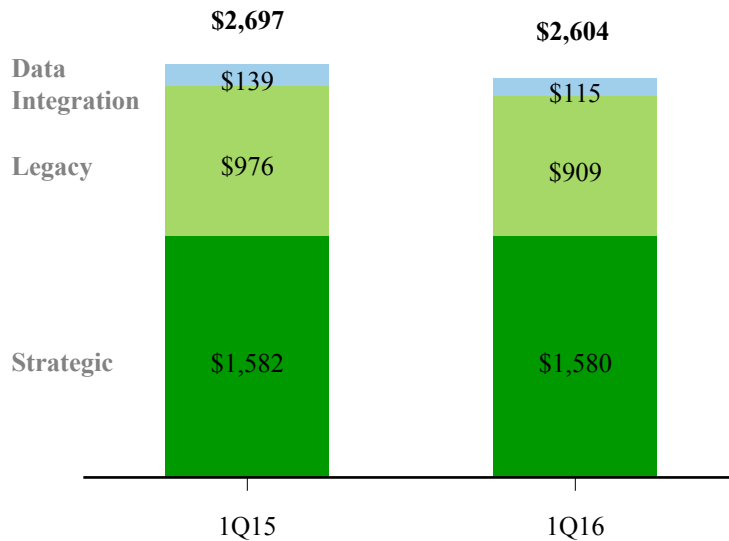
(2) Beginning first quarter 2015, certain revenues were reclassified between strategic and legacy services. All historical periods have been restated to reflect this change

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

Business Segment

Business - Operating Revenue

\$ in millions

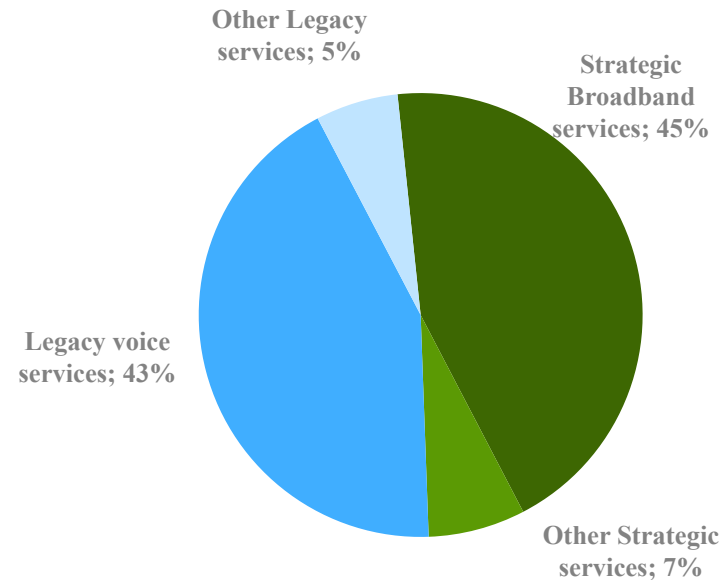
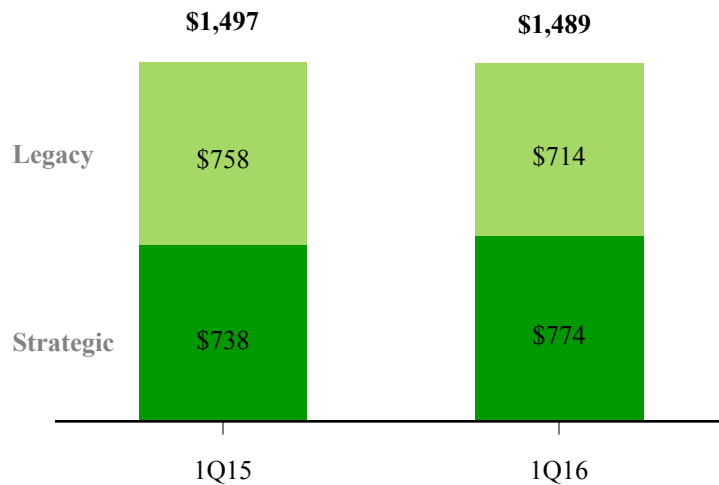


- Total revenue decline of 3.4% Y/Y
 - Strategic revenue was flat Y/Y - growth in high-bandwidth data services offset by the decline in low-bandwidth data services and hosting revenues
 - Legacy revenue declined 6.9% Y/Y - lower voice and switched access revenue
 - Data integration revenue declined \$24 million, or 17%, Y/Y - lower CPE sales
- Operating expenses declined 2.5% Y/Y - lower employee-related expenses

Consumer Segment

Consumer - Operating Revenue¹

\$ in millions



- Total revenue decrease of 0.5% Y/Y
 - Strategic revenue increased 4.9% Y/Y - growth in high-speed Internet and Prism™ TV revenues
 - Legacy revenue declined 5.8% Y/Y - lower voice revenue partially offset by select price increases
- Operating expenses increased 2.6% Y/Y - higher Prism™ TV content costs and marketing expenses

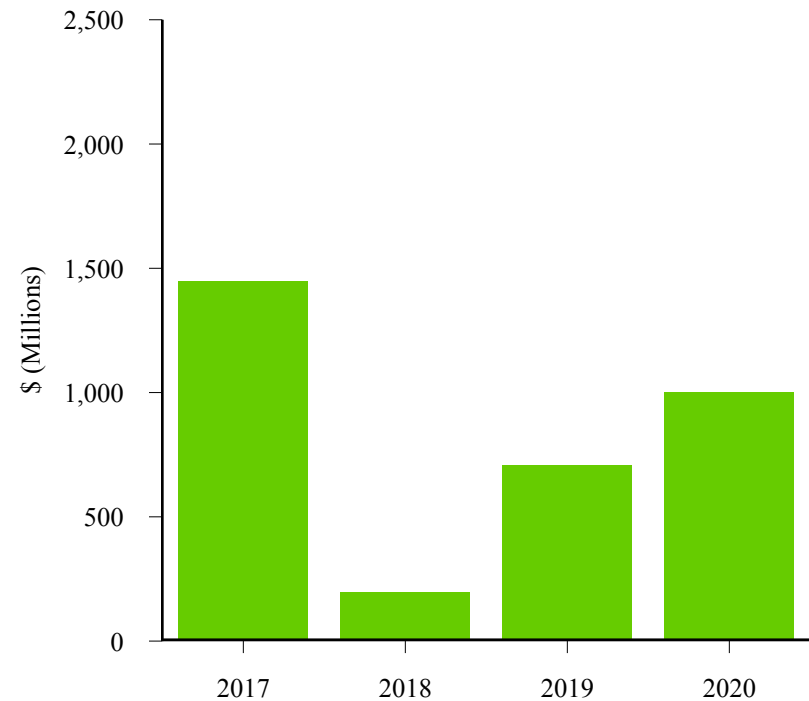
2Q16 Guidance

2nd Quarter 2016 ⁽¹⁾	
Operating Revenue	\$4.38 to \$4.43 billion
Core Revenue	\$3.94 to \$3.99 billion
Operating Cash Flow	\$1.59 to \$1.64 billion
Adjusted Diluted EPS	\$0.57 to \$0.62

Liquidity Overview

- Announced placement of over \$1.2 billion of debt during 1Q; addresses 2016 debt maturities
- As of March 31, full capacity of \$2 billion credit facility available
- Estimated free cash flow of \$1.8 to \$2.0 billion after ~ \$3.0 billion of capital expenditures
- Expect low to mid-60's dividend payout ratio for 2016

Debt Maturity Schedule



Q&A