# 3rd Quarter 2017 Earnings Results

November 8, 2017

# 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 decreased demand for our legacy offerings and increased pricing pressures; 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 regulatory or judicial proceedings relating to intercarrier compensation, interconnection obligations, access charges, universal service, broadband deployment, data protection and net neutrality; our ability to timely realize the anticipated benefits of our recently-completed acquisition of Level 3, including our ability to attain anticipated cost savings, to use Level 3’s net operating losses in the amounts projected, to retain key personnel and to avoid unanticipated integration disruptions; 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 our products and services, including our ability to effectively respond to increased demand for high-speed broadband service; our ability to successfully maintain the quality and profitability of our existing product and service offerings, to provision them efficiently to our customers, 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 debt repayments, capital expenditures, operating costs, periodic share repurchases, dividends, pension contributions and other benefits payments; changes in our operating plans, corporate strategies, dividend payment plans or other capital allocation plans, whether based upon changes in our cash flows, cash requirements, financial performance, financial position, market conditions or otherwise; 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, including those caused by changes in markets, interest rates, mortality rates, demographics or regulations; adverse changes in our access to credit markets on favorable terms, whether caused by changes in our financial position, lower debt credit ratings, unstable markets or otherwise; our ability to maintain favorable relations with our key business partners, customers, suppliers, vendors, landlords and financial institutions; our ability to effectively manage our network buildout project and our other 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, including potential future impairment charges; 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, 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 such forward-looking statement, and is based upon, among other things, existing regulatory, technological, industry, competitive, economic and market conditions, and our assumptions as of such date. 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 historical and forward-looking financial measures, including but not limited to adjusted EBITDA, adjusted 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.

Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the attached financial schedules. Reconciliation of additional non-GAAP historical financial measures that may be discussed during the call described above, along with further descriptions of non-GAAP financial measures, will be available in the Investor Relations portion of the company's website at www.centurylink.com and in the current report on form 8-K that we intend to file later today. Non-GAAP measures are not presented to be replacements or alternatives to the GAAP measures, and investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP. CenturyLink may present or calculate its non-GAAP measures differently from other companies.

# Participants

**Glen Post**
Chief Executive Officer

**Jeff Storey**
President & Chief Operating Officer

**Stewart Ewing**
Executive Vice President

**Sunit Patel**
Executive Vice President & Chief Financial Officer

# Strategic Overview

**Glen Post**
Chief Executive Officer

# Building a New CenturyLink

CenturyLink + Level(3) COMMUNICATIONS =

## A new CenturyLink

**Compelling, Strategic Combination**

- Complementary networks and product portfolios
- Broader range of services and solutions for customers
- Intense focus on customer experience
- Increased opportunities for employees

# Positioned to Drive Value

~450,000 Route Miles of Fiber Globally

100,000+ On-Net buildings

Serve customers in 60+ Countries

5.8 Million Broadband subscribers

- Compelling set of assets
- Enhanced scale
- Drive operational efficiency and profitable growth
- Generate meaningful Adjusted EBITDA and Free Cash Flow growth

# Integration Update

- Integration is underway and on track
- Expect full integration of sales team in 1Q18 and ERP system in 2Q18; additional system and process changes on-going
- Anticipate majority of integration activities to be completed within three years
- Confident in ability to achieve operating and capital expense synergy targets - $850 million opex and $125 million capex

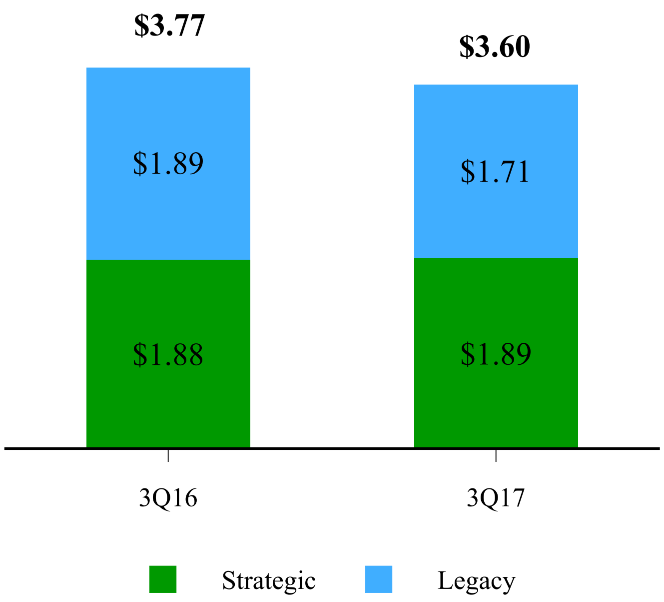
# 3Q17 Results - CenturyLink

**Stewart Ewing**
Executive Vice President

# CenturyLink 3Q17 Financial Summary

- $4.0 billion in Total revenue
  - $3.60 billion Core revenue[1], 8.1% Y/Y decrease from 3Q16; Adjusting for the Colo Sale effective May 1, 2017, core revenue declined 4.5% Y/Y
  - $1.89 billion Strategic revenue[2], 6.7% Y/Y decrease from 3Q16; Adjusting for the Colo Sale effective May 1, 2017, core revenue grew 0.8% Y/Y
  - $1.71 billion Legacy revenue[2], a 9.7% Y/Y decrease from 3Q16
- Operating income of $487 million
- Adjusted EBITDA[3] of $1.40 billion; 34.6% adjusted EBITDA margin
- $0.17 Diluted EPS; $0.42 Adjusted Diluted EPS[3]

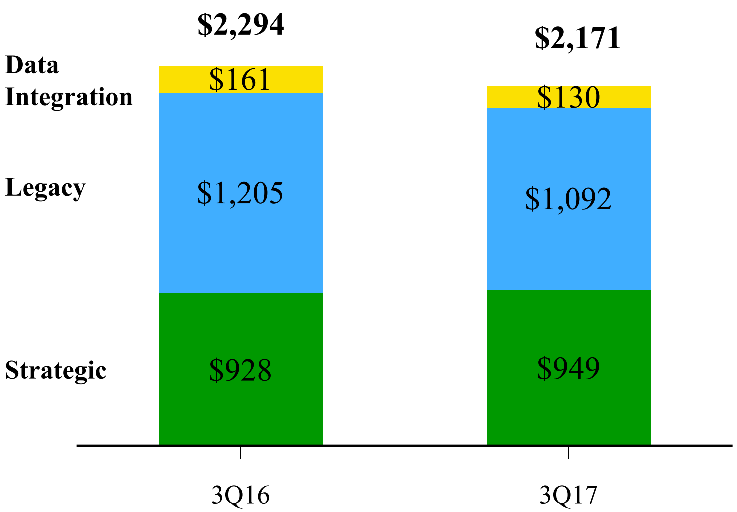
**Core Revenue ($B)[(4)]**




(1) Core revenue defined as strategic revenue plus legacy revenue (excludes data integration and other revenue)
(2) Beginning second quarter 2017, certain legacy services, specifically dark fiber network leasing, were reclassified from legacy services to strategic services. 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 these changes.
(3) See supporting financial schedules available at ir.centurylink.com
(4) 3Q16 revenue adjusted to exclude revenue associated with the May 1, 2017 sale of the data centers and colocation business.

# CenturyLink Enterprise Segment

**Enterprise - Operating Revenue[2]**
$ in millions



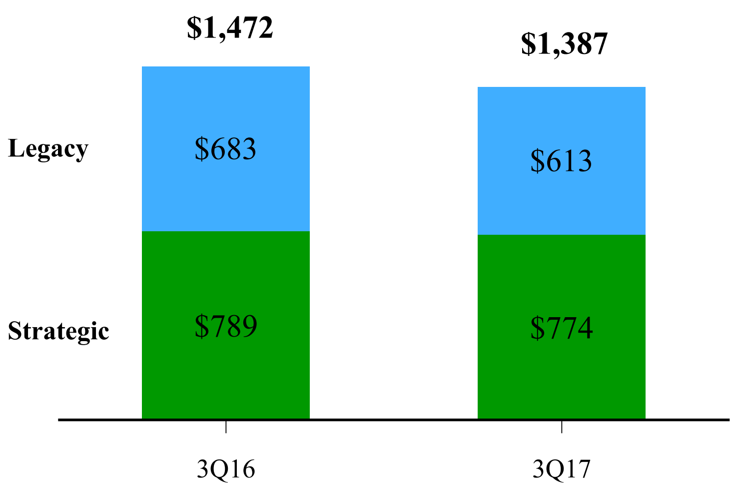

| Enterprise Strategic Revenue ($MM) | 3Q17 | 3Q16 | % Chg |
|---|---|---|---|
| High-bandwidth data services | $767 | $744 | 3.1% |
| Other strategic (primarily colocation & broadband) | 182 | 334 | (45.5)% |
| Total Strategic services | $949 | $1,078 | (12.0)% |
| *Total Strategic services excluding colocation* | *$949* | *$928* | *2.3%* |

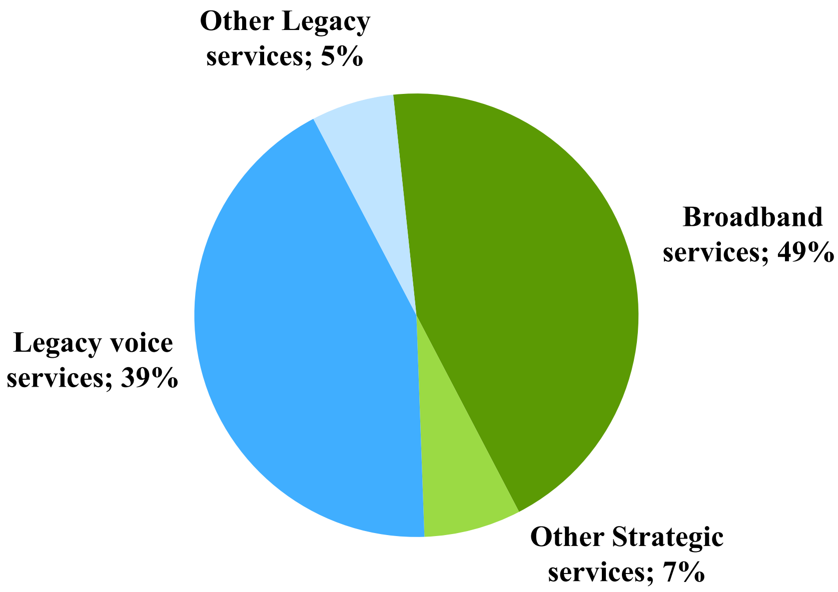
- Total revenue decline of 11.2% Y/Y
    - Strategic revenue decreased $129 million, or 12.0%, Y/Y - sale of colocation business reduced revenue ~$150 million in 3Q; high-bandwidth data services revenues grew 3.1%; Excluding the impacts of colocation sale and contracted repricing in 2Q17, Enterprise strategic revenues grew 4.2% and high-bandwidth data services revenues increased 5.5% Y/Y.
    - Legacy revenue declined 9.4% Y/Y - lower voice and low-bandwidth data services revenues
- Operating expenses declined $133 million, or 9.3%, Y/Y - sale of colocation business reduced operating expenses ~$90 million; reduction in employee-related expenses

(1) Enterprise segment (formerly Business segment) excludes IT and Managed Services revenue effective 1Q17. All historical periods have been restated to reflect this change.
(2) 3Q16 revenue adjusted to exclude revenue associated with the May 1, 2017 sale of the data centers and colocation business.

# CenturyLink Consumer Segment

**Consumer - Operating Revenue**
$ in millions




- Total revenue decline of 5.8% Y/Y
  - Strategic revenue decreased 1.9% Y/Y - impact of satellite contract restructuring in 1Q and lower broadband units
  - Legacy revenue declined 10.2% Y/Y - lower access lines
- Operating expenses declined $22 million, or 3.4%, Y/Y - lower employee-related expenses

# 3Q17 Results - Level 3

**Jeff Storey**
CenturyLink President & Chief Operating Officer

**Sunit Patel**
CenturyLink Executive Vice President & Chief Financial Officer

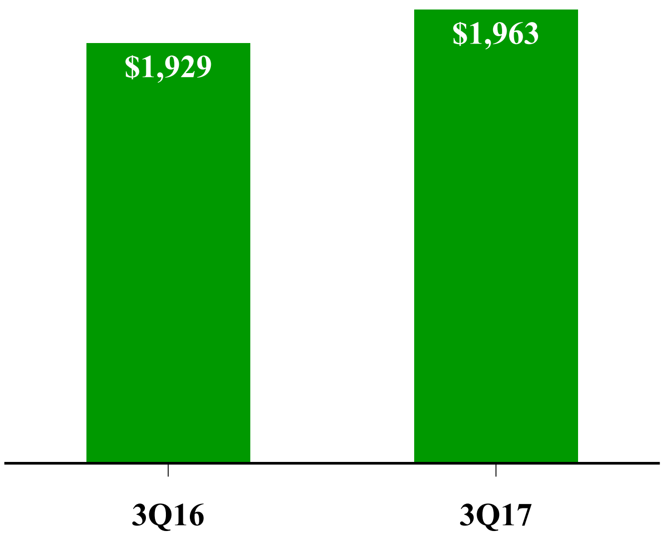
# Level 3 3Q17 Highlights

- **Grew Adjusted EBITDA[(1)(2)] to $752 million in the quarter**
- **Expanded Adjusted EBITDA Margin[(1)(2)] to 36.5%**
- **Generated Free Cash Flow[(1)(2)] of $379 million**
- **Reaffirmed full-year 2017 outlook for Adjusted EBITDA and Free Cash Flow**

(1) See schedule of non-GAAP metrics for definitions and reconciliation to GAAP measures.
(2) 3Q17 Adjusted EBITDA margin and Adjusted EBITDA results exclude $31 million of acquisition-related expenses and Free Cash Flow excludes $10 million of cash acquisition-related expenses

# Level 3 CNS Revenue

**CNS Revenue**
$ in millions




| 1.1% | 3Q17 CNS Revenue Churn(1) |
|---|---|

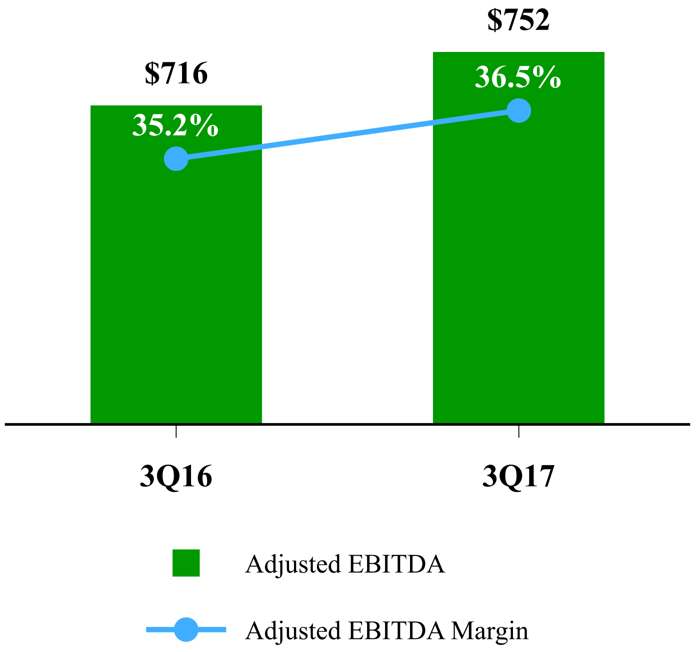
### 3Q17 CNS Revenue Performance

| Revenue | Constant Currency Y/Y % | As Reported Y/Y % |
|---|---|---|
| **Total CNS** | 1.5% | 1.8% |
| Enterprise | 3.1% | 3.2% |
| Wholesale | (2.8)% | (2.2)% |
| **North America** | 1.5% | 1.5% |
| Enterprise | 2.8% | 2.8% |
| Wholesale | (1.9)% | (1.9)% |
| **EMEA** | 0.5% | 2.2% |
| Enterprise | 5.7% | 7.6% |
| Wholesale | (4.6)% | (1.7)% |
| UK Government | (13.8)% | (17.6)% |
| **Latin America** | 2.9% | 3.4% |
| Enterprise | 5.7% | 5.8% |
| Wholesale | (7.7)% | (5.4)% |

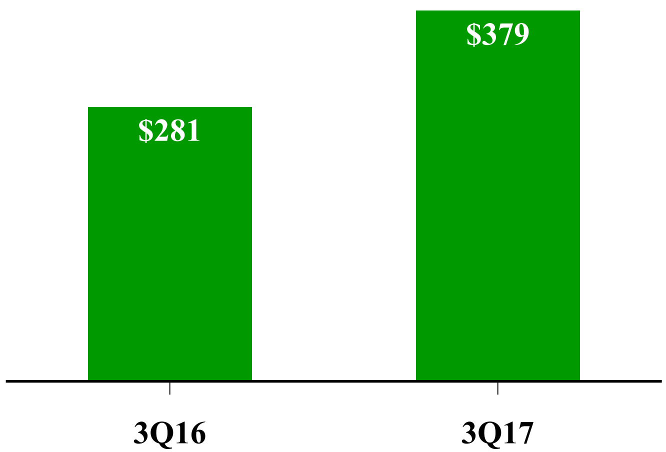
(1) Revenue churn is measured as disconnects of Core Network Services (CNS) monthly recurring revenue as a percentage of CNS revenue. This calculation excludes churn from customers who disconnected existing service in a particular location but replaced it with new services in the same location. The calculation also excludes usage.

# Level 3 Adjusted EBITDA & Free Cash Flow

**Adjusted EBITDA**(1) (2)
$ in millions




**Free Cash Flow**(1) (2)
$ in millions




| Net Debt to LTM Adjusted EBITDA(3) Leverage | 2.9x |
|---|---|

(1) See schedule of non-GAAP metrics for definitions and reconciliation to GAAP measures.
(2) 3Q17 Adjusted EBITDA and Adjusted EBITDA margin results exclude $31 million of acquisition-related expenses and Free Cash Flow excludes $10 million of cash acquisition-related expenses.
(3) LTM Adjusted EBITDA results exclude $88 million of acquisition-related expenses.

# Q&A