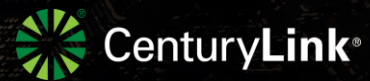




# 3<sup>rd</sup> Quarter 2018 Results

November 8, 2018





# 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 in those statements if one or more of these risks or uncertainties materialize, or if 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, universal service, broadband deployment, data protection and net neutrality; our ability to timely realize the anticipated benefits of our recently-completed combination with 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 safeguard our network, and to avoid the adverse impact on our business from possible security breaches, service outages, system failures, equipment breakages or similar events impacting our network or the availability and quality of our services; 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 profitable new offerings on a timely and cost-effective basis; our ability to generate cash flows sufficient to fund our financial commitments and objectives, including our capital expenditures, operating costs, debt repayments, 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 meet the terms and conditions of our debt obligations; 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 changes that could potentially require future impairment charges; the effects of adverse weather, terrorism or other natural or man-made disasters; the effects of more general factors such as changes in interest rates, in exchange 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 (“SEC”). For all the reasons set forth above and in our SEC filings, you are cautioned not to unduly rely upon our forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly 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 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, free cash flow, unlevered cash flow, pro forma financial data 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 company's 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 <http://ir.centurylink.com/quarterly-results> and in the associated current report on form 8-K. 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.

Comparisons to prior periods are being presented on a "pro forma" (PF) basis, assuming the Level 3 acquisition and the colocation and data center sale took place on January 1, 2017. In addition, the growth rates disclosed in the presentation are on a year-over-year basis.



# 3Q18 Financial Highlights

- **Captured approximately \$790 million of annualized run-rate Adjusted EBITDA synergies since the close of the Level 3 transaction**
- **Generated Adjusted EBITDA<sup>(1)</sup> of \$2.29 billion**
- **Expanded Adjusted EBITDA<sup>(1)(2)</sup> margin to 39.3% from 35.5%**
- **Generated Free Cash Flow<sup>(3)</sup> of \$1.163 billion**
- **Reiterated Full Year Outlook for Adjusted EBITDA**
  - **Updated Outlook for 2018 Capital Expenditures to \$3.15 to \$3.25 billion**
  - **Updated Full Year Outlook for Free Cash Flow to \$4.00 to \$4.20 billion**

(1) 3Q18 Adjusted EBITDA results exclude \$59 million of integration-related expenses and special items

(2) 3Q17 Adjusted EBITDA results exclude \$31 million of integration-related expenses and special items

(3) 3Q18 Free Cash Flow results exclude \$60 million of integration-related expenses and special items

# 3Q18 Revenue by Business Unit

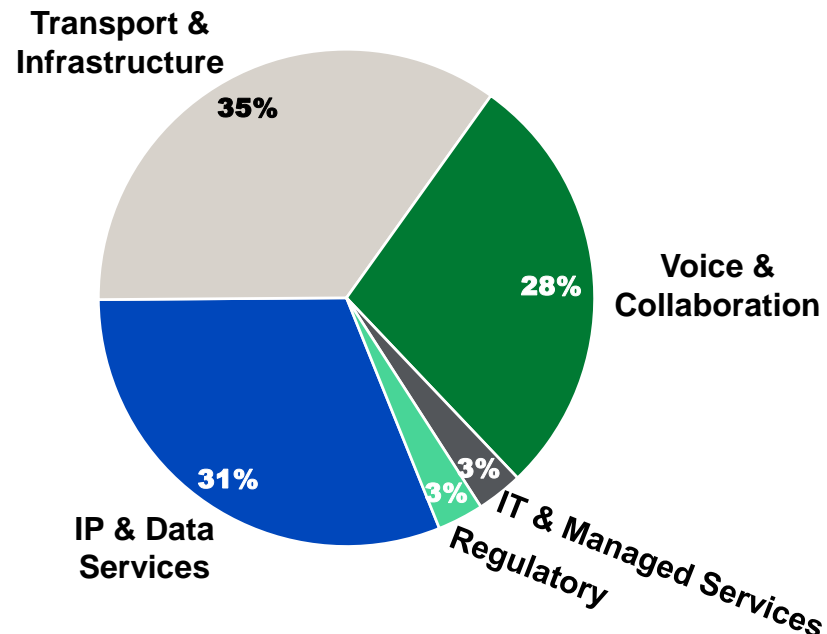
Revenue (\$ in millions)	3Q18	YoY % Change <sup>(1)</sup>	YoY % Change (Excluding ASC- 606)	Revenue Mix
Business Unit				
Medium & Small	\$860	(4.0%)	(4.4%)	15%
Enterprise	\$1,278	(2.5%)	(2.3%)	22%
International & GAM	\$892	(2.8%)	(3.4%)	15%
Wholesale & Indirect	\$1,255	(3.6%)	(3.5%)	22%
<b>Business Total</b>	<b>\$4,285</b>	<b>(3.2%)</b>	<b>(3.3%)</b>	<b>74%</b>
Consumer	\$1,355	(4.6%)	(5.4%)	23%
Regulatory	\$178	(4.3%)	(4.3%)	3%
<b>Total</b>	<b>\$5,818</b>	<b>(3.6%)</b>	<b>(3.8%)</b>	<b>100%</b>

Consumer Broadband Performance (in thousands)	3Q18
Total Subscribers	4,843
Subscriber Quarterly Net Change	(63)
Below 20 Mbps	(130)
20 Mbps & Above	67

(1) Year-over-Year percent change compares 3Q18 results to 3Q17 Pro Forma results

# 3Q18 Revenue Mix by Service Type

Revenue (\$ in millions)	3Q18	YoY % Change <sup>(1)</sup>
Service Type		
IP and Data Services	\$1,796	(0.3%)
Transport and Infrastructure	\$2,051	(1.9%)
Voice and Collaboration	\$1,640	(8.4%)
IT and Managed Services	\$153	(7.3%)
Regulatory	\$178	(4.3%)
<b>Total</b>	<b>\$5,818</b>	<b>(3.6%)</b>

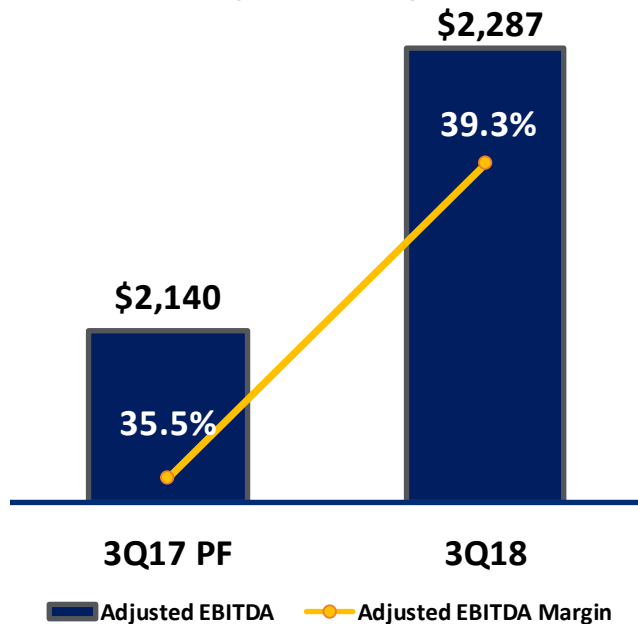


(1) Year-over-Year percent change compares 3Q18 results to 3Q17 Pro Forma results and includes revenue recognition standard (ASC 606)

# 3Q18 Adjusted EBITDA & Free Cash Flow

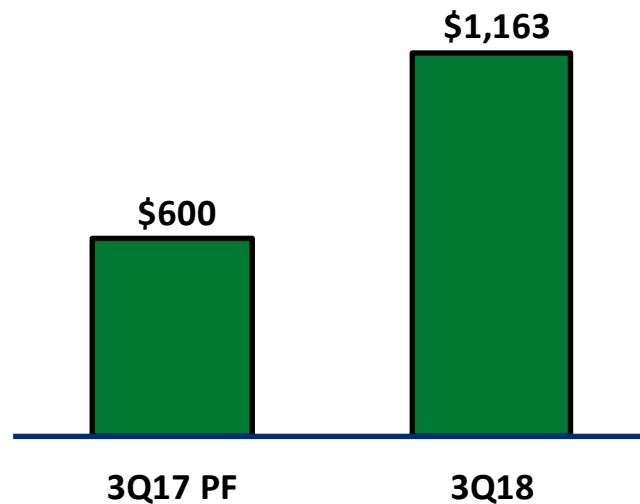
## Adjusted EBITDA<sup>(1)(2)</sup>

(\$ in millions)



## Free Cash Flow<sup>(3)(4)</sup>

(\$ in millions)



1) 3Q18 Adjusted EBITDA results exclude \$59 million of integration-related expenses and special items

2) 3Q17 Adjusted EBITDA results exclude \$31 million of integration-related expenses and special items

3) 3Q18 Free Cash Flow results exclude \$60 million of integration-related expenses and special items

4) 3Q17 Free Cash Flow results exclude \$26 million of integration-related expenses and special items

# Integration Synergies and Expenses

Metric (\$ in millions)	3Q18
Annualized Run-Rate Adjusted EBITDA Synergies	\$790
Integration-Related Expenses and Special Items effecting Adjusted EBITDA	\$59

- **Expect to achieve targeted \$850 million run-rate Adjusted EBITDA synergies before the end of the year**
- **Transitioning from Synergy Savings to Cost Transformation Savings**



# 2018 Business Outlook

Metric <sup>(1)(2)</sup>	Updated Outlook	Previous Outlook
Adjusted EBITDA	\$9.00 to \$9.15 billion	\$9.00 to \$9.15 billion
<b>Free Cash Flow</b>	<b>\$4.00 to \$4.20 billion</b>	\$3.60 to \$3.80 billion
Dividends <sup>(3)</sup>	\$2.30 billion	\$2.30 billion
<b>Free Cash Flow after Dividends</b>	<b>\$1.70 billion to \$1.90 billion</b>	\$1.30 billion to \$1.50 billion
GAAP Interest Expense	\$2.25 billion	\$2.25 billion
Cash Interest	\$2.10 billion	\$2.10 billion
<b>Capital Expenditures</b>	<b>\$3.15 to \$3.25 billion</b>	~16% of Revenue
Depreciation & Amortization	\$5.10 to \$5.30 billion	\$5.10 to \$5.30 billion
Non-cash Compensation Expense	\$200 million	\$200 million
Cash Income Taxes <sup>(4)</sup>	\$100 million	\$100 million
Full Year Effective Income Tax Rate	~18%	~18%

1) For definitions of non-GAAP metrics and reconciliation to GAAP figures, see CenturyLink's Investor Relations website.

2) Outlook measures in this presentation and the accompanying schedules (i) exclude integration-related expenses, (ii) exclude the effects of special items, future changes in our operating or capital allocation plans, unforeseen changes in regulation, laws or litigation, and other unforeseen events or circumstances impacting our financial performance and (iii) speak only as of Nov. 8, 2018. See "Forward Looking Statements" at the beginning of this presentation.

3) Dividends is defined as dividends paid as disclosed in the Consolidated Statements of Cash Flows. Assumes continued payment of dividends at the current rates based on the number of shares outstanding on September 30, 2018. Payments of all dividends are at the discretion of the board of directors.

4) Cash income taxes are exclusive of all material prior period refunds.

