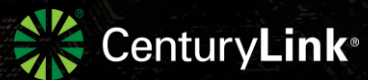




# 4<sup>th</sup> Quarter 2018 Results

February 13, 2019





# 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 traditional wireline service offerings and increased pricing pressures; the effects of new, emerging or competing technologies, including those that could make our products less desirable or obsolete; our ability to attain our key operating imperatives, including simplifying and consolidating our network, simplifying and automating our service support systems, strengthening our relationships with customers and attaining projected cost savings; our ability to safeguard our network, and to avoid the adverse impact on our business from possible security breaches, service outages, system failures, equipment breakage or similar events impacting our network or the availability and quality of our services; 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, special access, universal service, broadband deployment, data protection and net neutrality; our ability to timely realize the anticipated benefits of our November 2017 combination with Level 3, including our ability to use Level 3’s net operating losses in the amounts projected; 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 data transmission services; our ability to successfully maintain the quality and profitability of our existing product and service offerings 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; the negative impact of 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, including our ability to make transfers of cash in compliance therewith; our ability to maintain favorable relations with our key business partners, suppliers, vendors, landlords and financial institutions; 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, practices or assumptions, 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 public policy, in the views of financial analysts or in general market, labor, economic or geo-political conditions; 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.



# Expansive Network Assets

Global & National  
Long-haul Footprint

Deep & Dense  
Metro Footprint

Expansive 37 State  
LEC Footprint



# Financial Highlights

- **Generated Adjusted EBITDA<sup>(1)</sup> of \$9.040 billion for FY2018**
- **Expanded Adjusted EBITDA<sup>(1)(2)</sup> margin to 39.8% from 35.5% since the close of the Level 3 transaction**
- **Generated Free Cash Flow<sup>(3)</sup> of \$4.215 billion**
- **Achieved targeted \$850 million of annualized run-rate Adjusted EBITDA synergies in one year, rather than 80% in three years as initially projected**
- **Announced Revised Capital Allocation Plan**

(1) FY18 Adjusted EBITDA results exclude \$438 million of integration-related expenses and special items

(2) 3FY17 Adjusted EBITDA results exclude \$438 million of integration-related expenses and special items

(3) FY18 Free Cash Flow results exclude \$358 million of integration-related expenses and special items

# 4Q18 Revenue by Business Unit

Revenue (\$ in millions)	4Q18	YoY % Change <sup>(1)</sup>	YoY % Change (Excluding ASC- 606)	QoQ % Change (Excluding ASC- 606)
Business Unit				
Medium & Small	\$825	(5.6%)	(4.7%)	(2.8%)
Enterprise	\$1,329	0.4%	(0.1%)	3.3%
International & GAM	\$925	(1.7%)	(1.7%)	4.3%
Wholesale & Indirect	\$1,237	(3.1%)	(3.0%)	(1.5%)
<b>Business Total</b>	<b>\$4,316</b>	<b>(2.2%)</b>	<b>(2.2%)</b>	<b>0.9%</b>
Consumer	\$1,285	(8.3%)	(6.5%)	(2.5%)
Regulatory	\$177	(6.3%)	(6.3%)	(0.6%)
<b>Total</b>	<b>\$5,778</b>	<b>(3.8%)</b>	<b>(3.3%)</b>	<b>0.1%</b>

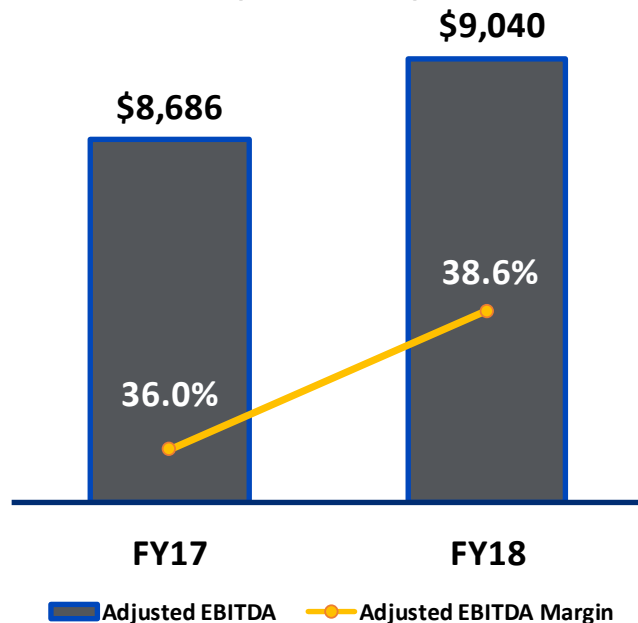
Consumer Broadband Performance (in thousands)	4Q18
Total Subscribers	4,812
Subscriber Quarterly Net Change	(31)
Below 20 Mbps	(96)
20 Mbps & Above	65
>100 Mbps & Above	28

(1) Year-over-Year percent change compares 4Q18 results to 4Q17PF results

# FY18 Free Cash Flow

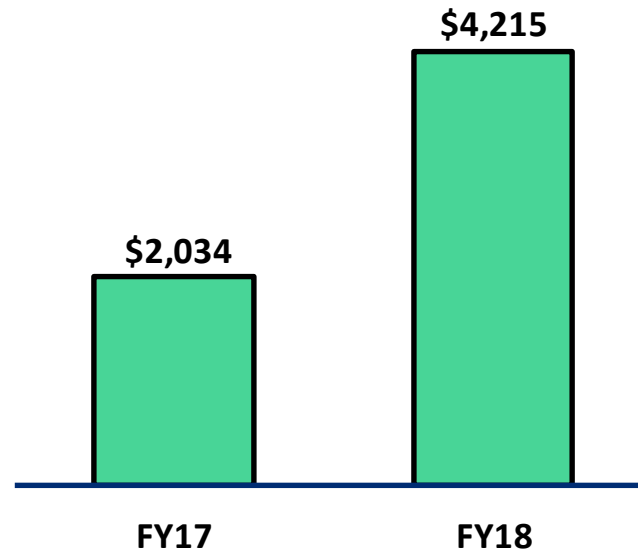
## Adjusted EBITDA<sup>(1)(2)</sup>

(\$ in millions)



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

(\$ in millions)



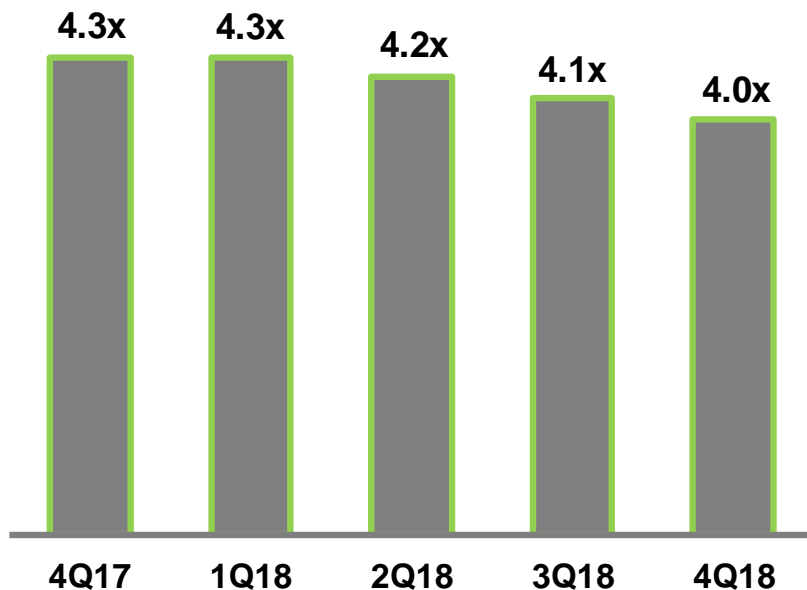
1) FY18 Adjusted EBITDA results exclude \$438 million of transaction and integration-related expenses and special items

2) FY17 Adjusted EBITDA results exclude \$438 million of transaction and integration-related expenses and special items

3) FY18 Free Cash Flow results exclude \$358 million of transaction and integration-related expenses and special items

4) FY17 Free Cash Flow results exclude \$467 million of transaction and integration-related expenses and special items

# Leverage | Net Debt to Adjusted EBITDA



- Capital allocation plan supports disciplined deleveraging over the next 3 years
- Narrowing and lowering leverage range to 2.75x-3.25x from 3x-4x
- Expect to reach target range in approximately 3 years

Note: Please see CenturyLink's Investor Relations website for calculations



# 2019 Reporting Changes (Business Unit)

## Previous 2018 Reporting Structure

Revenue (\$ in millions)	4Q18
Business Unit	
Medium & Small	\$825
Enterprise	\$1,329
International & Global Accounts	\$925
Wholesale & Indirect	\$1,237
<b>Business Total</b>	<b>\$4,316</b>
Consumer	\$1,285
Regulatory	\$177
<b>Total</b>	<b>\$5,778</b>

## New 2019 Reporting Structure

Revenue (\$ in millions)	4Q18
Business Unit	
Small & Medium	\$773
Enterprise	\$1,543
International & Global Accounts	\$924
Wholesale	\$1,070
<b>Business Total</b>	<b>\$4,310</b>
Consumer	\$1,468
<b>Total</b>	<b>\$5,778</b>

- New reporting reflects January 2019 organizational changes and changes made to customer assignments between business units
- For 2019, Indirect moving to SMB from Wholesale. State and Local Gov't moving from SMB to Enterprise. Regulatory moving into Consumer.

# 2019 Reporting Changes (Service Type)

## Previous 2018 Reporting Structure

Revenue (\$ in millions)	4Q18
Service Type	
IP and Data Services	\$1,818
Transport and Infrastructure	\$2,056
Voice and Collaboration	\$1,582
IT and Managed Services	\$145
Regulatory	\$177
<b>Total</b>	<b>\$5,778</b>

## New 2019 Reporting Structure

Business	4Q18
Service Type (\$ in millions)	
IP and Data Services	\$1,758
Transport and Infrastructure	\$1,354
Voice and Collaboration	\$1,053
IT and Managed Services	\$145
<b>Total</b>	<b>\$4,310</b>

Consumer	4Q18
Service Type (\$ in millions)	
Broadband	\$706
Voice	\$505
Regulatory	\$177
Other	\$80
<b>Total</b>	<b>\$1,468</b>

# 2019 Business Outlook

Metric <sup>(1)(2)</sup>	Outlook
Adjusted EBITDA	\$9.0 to \$9.2 billion
Free Cash Flow	\$3.1 to \$3.4 billion
Dividends <sup>(3)</sup>	\$1.075 billion
Free Cash Flow after Dividends	\$2.025 billion to \$2.325 billion
GAAP Interest Expense	\$2.1 billion
Cash Interest	\$2.05 to \$2.10 billion
Capital Expenditures	\$3.5 to \$3.8 billion
Depreciation & Amortization	\$4.9 to \$5.1 billion
Non-cash Compensation Expense	\$210 million
Cash Income Taxes	\$100 million
Full Year Effective Income Tax Rate	~25%

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 and transformation 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 Feb. 13, 2019. 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 payment of dividends at the amounts announced 02-13-19, based on the number of shares outstanding on December 31, 2018. Payments of all dividends are at the discretion of the board of directors.

