

2017 Summary Annual Report
and 2018 Annual Meeting Documents





CenturyLink Global Network

To Our Shareholders

CenturyLink had a truly momentous year in 2017. With the acquisition of Level 3, we have created one of the world's most compelling network service providers, with even more powerful choices for businesses and consumers in this world of increasing connectivity. CenturyLink is the second-largest U.S.-based communications provider to global enterprise customers, with a fiber-rich global footprint and a robust portfolio of network solutions and managed services.

Our Principal Focus

Our principal operational focus is clear: we want to become the world's best, most trusted and easiest-to-use fiber-based network services provider. The reach and capabilities of our network put CenturyLink at the forefront of the digital world. We make our decisions and invest our capital with an emphasis on expanding the reach and capabilities of our network and improving the experience we deliver to our customers. There is power in that clarity and focus. In my 26 years as CEO, I cannot remember a time when I have been more enthusiastic about the potential for CenturyLink, our customers and other stakeholders.



We are also clear on our financial objectives. While we expect the migration to IP-enabled platforms will continue to put pressure on our legacy revenues, we are focused on growing free cash flow per share. We believe we have the ability to drive that growth, first through synergy achievement, and then through ongoing efficiencies and profitable revenue growth over the long term. We are confident in our financial outlook for 2018, which includes growth in adjusted earnings before interest, taxes,



Glen F. Post, III
Chief Executive Officer

depreciation and amortization (EBITDA) and strong free cash flow generation. Our dividend remains an important part of our value proposition for shareholders, and we are comfortable with our dividend payout ratio given the cash flow outlook for our business.

New Opportunities for Profitable Growth

We operate one of the world's most powerful networks, and we believe we are well positioned to drive both market share gains and operating efficiencies.

- » We have approximately 450,000 route miles of fiber globally and more than 100,000 fiber-enabled, on-net buildings, including 10,000 buildings in Europe, the Middle East, Africa and Latin America. The scale, scope and quality of our network allows us to compete globally.
- » We receive approximately 75 percent of our revenue from business customers across more than 350 metropolitan areas. We will remain focused on investing in the products, services and customer experience platforms necessary to meet the

connectivity and managed services needs of the business market.

- » We connect more than five million consumers to the power of the digital world and believe we have the ability to grow our base of higher bandwidth consumer customers.
- » We also expect to realize \$975 million in annual run-rate cash synergies when we complete the integration of CenturyLink and Level 3. Making solid progress toward achieving these synergies is one of our top priorities in 2018.

Over the long term, we see an increasingly digital world with growing bandwidth demand. Cloud computing, video streaming, 5G wireless and the billions of devices around the world that need connectivity are among the trends driving increased data traffic. In this environment of increasing bandwidth demand, our global network is an incredibly valuable asset and a distinct competitive advantage. CenturyLink can provide an essential link to the digital world for both enterprise customers and consumers, an important position that we believe holds excellent potential for our stakeholders.

Our 2017 Performance

In early 2016, we declared our intention to refocus on our core network. We made significant steps toward that end in 2017. We completed the sale of our data centers and colocation business in May and the acquisition of Level 3 in November. Obviously, both transactions were top priorities for 2017, and we entered 2018 a stronger, more focused company.



49,000 
Employees, Globally

For full-year 2017, the combined operating performance of CenturyLink and Level 3 was mixed. We continued to see good demand for high-bandwidth data services, and our legacy business performed about as we had expected. While the extended time to complete the acquisition did impact our sales performance for the year, we believe we navigated through the sales and integration processes well, and we are confident in our ability to execute going forward.

Our Integration Plan

In addition to focusing on customers' needs and improving our overall customer experience, a top priority for 2018 is executing our integration plan and achieving the expected operating expense and capital cost savings. We have a clear plan and are well underway:

- » We have a unified view of our go-to-market plan across all customer segments and have aligned our sales organization with our five customer-facing business units: wholesale and indirect, global accounts and international, North America strategic enterprise and federal government, small and medium enterprise and consumer. We have completed account migrations between sales teams, and we now have account team assignments in place for each customer. We've also implemented a sales support center to help sales and sales support employees learn more about our combined portfolio of products, services and systems.
- » The network backbones of the two companies were interconnected early in the integration process.

Customer network migrations will occur over the next several years in a deliberate process that is focused on minimizing customer disruption.

- » We are executing our IT systems integration plan. We expect to begin consolidation of major customer portals in the first half of 2018, which will enable customers to work with a single combined portal. We also have identified our product roadmap and selected the best products from each company, and implementation is underway.
- » We have initiated a cultural integration program across the organization. This program isn't as tangible as network integration, but we believe bringing the teams together into an effective and high-performing unit is critical to our success. Over 300 leaders have attended training sessions through this process, and we are cascading it throughout the organization during 2018.

During fourth quarter 2017, we reached approximately \$75 million of our estimated \$850 million in annualized run-rate operating expense synergies. We expect to fully achieve the \$125 million in capital expenditure synergies in 2018 and to capture most of the remainder of the operating expense synergies over the next three years. We believe delivery on our integration plan can create significant value for shareholders and a more productive work environment for our employees.



A More Powerful Choice for Customers

Whether enterprise or consumer, we enable a powerful set of network services capabilities for our customers. We are focusing our investment on expanding the power and reach of those offerings. We know, too, that the experience we provide our customers is directly related to our long-term success. And while our employees work every day to meet our customers' needs, we believe we have an opportunity to further differentiate our services by enabling the world's best network services customer experience.

- » We have simplified our go-to-market pricing, billing, products and processes. In mid-2017, for example, we introduced a new consumer broadband service plan called Price For Life. This is a single-price plan that does not change for as long as the customer has the service. This simplified pricing approach has resonated well with consumers. In the first six months following its introduction in mid-2017, more than one million customers signed up for Price For Life. On the enterprise side, we are reducing the number of product offerings, standardizing equipment options and simplifying pricing plans. Simplification of these offers is the beginning of an improved customer experience.
- » We are automating service ordering, provisioning and maintenance to make them more dynamic and responsive to our customers' needs. In some of our multi-tenant commercial and residential environments, we have enabled our customers

to establish an account, order services, automatically pay and change broadband access without speaking to a CenturyLink agent or utilizing a technician. It is the experience our customers want, and we are working to push that experience deeper into our markets.

- » We have built strong capabilities in software-defined networking and network functions virtualization, and we are coupling these services with MPLS, wave transport and cloud applications to enable hybrid networking capabilities for our customers. We also are investing in services that are high priorities for our enterprise customers, including security, private cloud and our cloud application manager platform.
- » We are continuing to invest to improve speeds for both enterprises and consumers. For enterprises, we expect to enable gigabit service in every fiber-enabled building on our network. For consumers, we are focusing our investments on driving higher broadband speeds to as many households as feasible.

These are all steps along the path to our goal of becoming the world's best, most-trusted and easiest-to-use fiber-based network services provider. We believe we can achieve that goal and create significant value for customers and shareholders. We will continue to align our operational focus and investment toward that end.

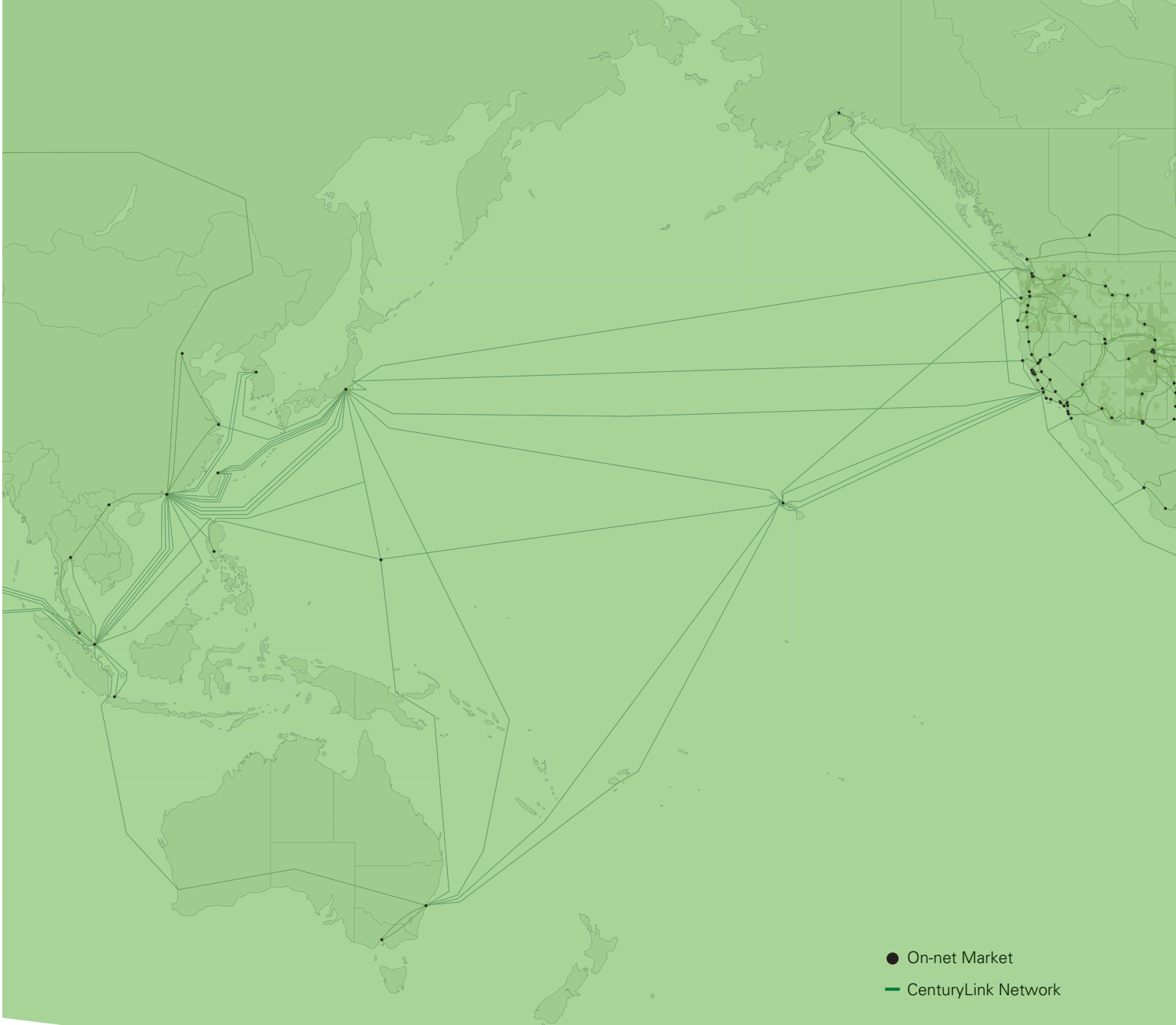


On a personal note, the 2018 Shareholders' Meeting will mark the end of my 42 years with CenturyLink and 26 years as CEO. This is, of course, a hard decision for me, but I know in my heart that it is the right time for me to retire. Through the hard work of thousands of employees over the years, we have built a remarkable company. We've worked together, learned together, made mistakes together and grown together. It is one of the great blessings of my life to have been part of this experience, and I am grateful for all the support and help I have had along the way.

I am also pleased to have someone of Jeff Storey's capabilities and integrity to lead the company upon my retirement. I have worked with Jeff for over two years, and I am just as confident in his ability to lead CenturyLink as I am confident about the prospects of the company he is about to lead. He is the right leader for the next chapter in this remarkable story. So, while this is a bittersweet moment for me, I leave CenturyLink as excited about the company's future as I am proud of its past.

A handwritten signature in black ink that reads "Glen F. Post, III". The signature is fluid and cursive, with a stylized "P" and "I".

Glen F. Post, III
Chief Executive Officer



CenturyLink Global Network



If you would like more complete information about us or a copy of our 2017 Annual Report on Form 10-K, please refer to the accompanying Proxy Statement (which forms part of this report) or to our website at www.centurylink.com, or call our Investor Relations Department at the number listed below.

This report contains forward-looking statements that are subject to uncertainties that could cause our actual results to differ materially. A description of these uncertainties is contained in our 2017 Annual Report on Form 10-K.

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