

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE 13D**

Under the Securities Exchange Act of 1934  
(Amendment No.    )\*

**CENTURYLINK, INC.**  
(Name of Issuer)

**COMMON STOCK, \$1.00 PAR VALUE**  
(Title of Class of Securities)

**156700106**  
(CUSIP Number)

**Keith Meister  
Patrick J. Dooley, Esq.  
Corvex Management LP  
667 Madison Avenue  
New York, NY 10065  
(212) 474-6700**

**Jeffrey L. Kochian  
Akin Gump Strauss Hauer & Feld LLP  
One Bryant Park  
New York, NY 10036  
(212) 872-8069**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

**May 4, 2017**  
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.    ☐

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\*       The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

---

1. Name of Reporting Person:  
CORVEX MANAGEMENT LP
2. Check the Appropriate Box if a Member of a Group (See Instructions):  
(a) ☐ (b) ☒
3. SEC Use Only:
4. Source of Funds (See Instructions):  
AF
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e): ☐
6. Citizenship or Place of Organization:  
DELAWARE
- |  |                           |
|--|---------------------------|
| 7.   | Sole Voting Power:        |
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person<br>With | 29,998,645*               |
| 8.   | Shared Voting Power:      |
| 9.   | 0                         |
| 9.   | Sole Dispositive Power:   |
| 10.  | 29,998,645*               |
| 10.  | Shared Dispositive Power: |
|  | 0                         |
11. Aggregate Amount Beneficially Owned by Each Reporting Person:  
29,998,645\*
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions): ☐
13. Percent of Class Represented by Amount in Row (11):  
5.5%\*
14. Type of Reporting Person (See Instructions):  
PN, IA
- (\*) See Item 5.
-

1.

Name of Reporting Person:

KEITH MEISTER
2.

Check the Appropriate Box if a Member of a Group (See Instructions):

(a) ☐ (b) ☒
3.

SEC Use Only:
4.

Source of Funds (See Instructions):

AF
5.

Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e): ☐
6.

Citizenship or Place of Organization:

United States
- Number of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person  
With

7.  
  
8.  
  
9.  
  
10.

Sole Voting Power:

29,998,645\*

Shared Voting Power:

0

Sole Dispositive Power:

29,998,645\*

Shared Dispositive Power:

0
11.

Aggregate Amount Beneficially Owned by Each Reporting Person:

29,998,645\*
12.

Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions): ☐
13.

Percent of Class Represented by Amount in Row (11):

5.5%\*
14.

Type of Reporting Person (See Instructions):

IN, HC
- (\*)

See Item 5.

**Item 1. Security and Issuer**

The title of the class of equity security to which this statement on Schedule 13D relates is the common stock, par value \$1.00 per share (the “Shares”), of CenturyLink, Inc., a Louisiana corporation (the “Issuer”). The address of the Issuer’s principal executive offices is 100 CenturyLink Drive, Monroe, Louisiana 71203.

The information set forth in response to each separate Item below shall be deemed to be a response to all Items where such information is relevant.

**Item 2. Identity and Background**

This statement on Schedule 13D is filed on behalf of Corvex Management LP, a Delaware limited partnership (“Corvex”), and Keith Meister, a U.S. citizen (collectively, the “Reporting Persons”). This statement relates to Shares held for the accounts of certain private investment funds for which Corvex acts as investment adviser, including Corvex Master Fund, LP and Corvex Select Equity Master Fund LP, each a Cayman Islands limited partnership, the general partner of each of which is controlled by Mr. Meister (collectively, the “Corvex Funds”). The general partner of Corvex is controlled by Mr. Meister. The principal business address of each of Corvex and Mr. Meister is 667 Madison Avenue, New York, NY 10065. The principal business of Corvex is serving as the investment adviser of private investment funds, whose principal business is investing in securities. Mr. Meister’s principal occupation is serving as the Managing Partner of Corvex. A joint filing agreement of Corvex and Mr. Meister is attached hereto as Exhibit 1.

During the last five years, none of Corvex, Mr. Meister or any of the Corvex Funds has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

**Item 3. Source and Amount of Funds or Other Consideration**

The Reporting Persons used the working capital of the Corvex Funds to purchase the 2,726,702 Shares reported herein and to acquire the call options and equity forward purchase contracts referenced in Item 5. The total purchase price for the Shares reported herein was approximately \$67,163,207, the purchase price to acquire such call options was approximately \$2,029,564, and the purchase price to acquire such equity forward purchase contracts was \$382,736,553.

Various of the Reporting Persons may effect purchases of securities through margin accounts maintained for the Corvex Funds with brokers, which extend margin credit as and when required to open or carry positions in their margin accounts, subject to applicable federal margin regulations, stock exchange rules and such firms’ credit policies. Positions in Shares may be held in margin accounts and may be pledged as collateral security for the repayment of debit balances in such accounts.

**Item 4. Purpose of Transaction**

The Reporting Persons acquired the Shares over which they exercise beneficial ownership in the belief that the Shares are undervalued and are an attractive investment.

On May 8, 2017, Keith Meister gave a presentation at the Sohn Conference in New York which discussed Corvex’s view of the transformational opportunities which Corvex believes can be created for the Issuer as a result of its proposed combination with Level 3 Communications, Inc. (“Level 3”). A copy of the written materials prepared by Corvex and presented at the Sohn Conference is attached as Exhibit 3.

---

Mr. Meister expressed the view that the combination with Level 3 presents the unprecedented opportunity to: (i) drive significant free cash flow accretion and secure the Issuer's dividend, (ii) enhance its EBITDA outlook including growth through cost synergies, and (iii) improve the Issuer's long-term revenue trajectory. However, Mr. Meister also noted that it is critical to the success of the combined company that the Issuer ensure that the Chief Executive Officers of both companies — Glen Post, who is 64 years old and has served as CEO of the Issuer for 25 years, and Jeff Storey — who is 56 years old and has served as CEO of Level 3 for 4 years — have senior executive roles at the Issuer as of the closing of the combination. Corvex believes that Mr. Post should continue to serve as Chief Executive Officer of the Issuer and Mr. Storey should join the Issuer in a senior role as President of the Issuer for an initial integration period of approximately 1 year after the closing of the combination, and that after such period, as part of the succession plan for the Issuer, Mr. Storey should step into the role of Chief Executive Officer, with Mr. Post becoming Chairman of the Issuer. Corvex urges the Board of Directors of the Issuer (the "Board") to promptly consider and then implement a plan consistent with this proposal, and to announce it in the near future.

The Reporting Persons expect to have conversations with the Issuer and may also have conversations with third parties and shareholders of the Issuer and others regarding this proposal.

The Reporting Persons intend to review their investment in the Issuer on a continuing basis and may from time to time and at any time in the future depending on various factors, including, without limitation, the Issuer's financial position and strategic direction, actions taken by the Board, price levels of the Shares, other investment opportunities available to the Reporting Persons, conditions in the securities market and general economic and industry conditions, take such actions with respect to their investments in the Issuer as they deem appropriate. These actions may include, without limitation: (i) acquiring additional Shares and/or other equity, debt, notes, other securities, or derivative or other instruments that are convertible into Shares, or are based upon or relate to the value of the Shares or the Issuer (collectively, "Securities") in the open market or otherwise; (ii) disposing of any or all of their Securities in the open market or otherwise; (iii) engaging in any hedging or similar transactions with respect to the Securities; or (iv) proposing or considering one or more of the actions described in subsections (a) through (j) of Item 4 of Schedule 13D.

#### **Item 5. Interest in Securities of the Issuer**

(a)-(b) Corvex may be deemed to be the beneficial owner of 2,726,702 Shares, 12,000,000 Shares underlying the call options referenced below in this Item 5, and 15,271,943 Shares underlying the equity forward purchase contracts referenced below in this Item 5, which collectively represent approximately 5.5% of the Issuer's outstanding Shares. By virtue of his position as control person of the general partner of Corvex, Mr. Meister may be considered to beneficially own such Shares. The Reporting Persons may be deemed to have sole power to vote and sole power to dispose of 29,998,645 Shares.

The percentage calculated in the immediately foregoing paragraph is calculated based on a total of 548,812,063 Shares outstanding as of April 27, 2017, as reported in the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 5, 2017.

The call options referenced above are over-the-counter market American-style call options referencing an aggregate of 4,000,000 Shares, which have an exercise price of \$28 per Share and expire on October 20, 2017, over-the-counter market American-style call options referencing an aggregate of 8,000,000 Shares, which have an exercise price of \$30 per Share and expire on October 20, 2017.

In addition, Corvex sold over-the-counter market American-style put options referencing an aggregate of 4,000,000 Shares, which have an exercise price of \$22 per Share and expire on October 20, 2017.

The equity forward purchase contracts referenced above provide for the purchase of the number of Shares set forth in Exhibit 2 at the prices listed in such Exhibit on May 31, 2018, unless earlier exercised by Corvex. Corvex expects to promptly seek the requisite clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and thereafter to promptly exercise the equity forward purchase contracts referenced in this Item 5.

(c) Except as set forth in Exhibit 2 attached hereto, there have been no transactions in the Shares during the sixty days prior to the date hereof by any of the Reporting Persons.

(d) The limited partners of (or investors in) each of the private investment funds for which Corvex or its affiliates acts as general partner and/or investment adviser have the right to participate in the receipt of dividends from, or proceeds from the sale of, the Shares held for the accounts of their respective funds in accordance with their respective limited partnership interests (or investment percentages) in their respective funds.

(e) Not applicable.

#### **Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

Except for the arrangements described herein, to the best knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any other person with respect to any securities of the Issuer, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

---

**Item 7.      Material to be Filed as Exhibits**

Exhibit 1	Joint Filing Agreement
Exhibit 2	Transactions in the Shares effected in the past 60 days
Exhibit 3	Presentation dated May 8, 2017

---

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: May 8, 2017

CORVEX MANAGEMENT LP

By: /s/ Keith Meister  
Keith Meister  
Managing Partner

Date: May 8, 2017

KEITH MEISTER

By: /s/ Keith Meister  
Keith Meister

---

AGREEMENT  
JOINT FILING OF SCHEDULE 13D

The undersigned hereby agree to jointly prepare and file with regulatory authorities this Schedule 13D and any future amendments thereto reporting each of the undersigned's beneficial ownership of securities of CenturyLink, Inc., and hereby affirm that such Schedule 13D is being filed on behalf of each of the undersigned pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the other, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

Date: May 8, 2017

CORVEX MANAGEMENT LP

By: /s/ Keith Meister  
Name: Keith Meister  
Title: Managing Partner

Date: May 8, 2017

KEITH MEISTER

By: /s/ Keith Meister

---



## TRANSACTIONS

The following table sets forth all transactions with respect to Shares effected in the last sixty days by the Reporting Persons or on behalf of the Reporting Persons in respect of the Shares, inclusive of any transactions effected through 3:00 p.m., New York City time, on May 8, 2017. Except as otherwise noted below, all such transactions were purchases or sales of securities effected in the open market, and the table includes commissions paid in per share prices.

NATURE OF TRANSACTION	DATE OF TRANSACTION	AMOUNT OF SECURITIES	PRICE PER SHARE / PREMIUM PER OPTION (\$)
Purchase of Common Stock	04/03/2017	259,967	23.51
Purchase of Common Stock	04/04/2017	690,998	23.81
Purchase of Common Stock	04/05/2017	850,000	24.19
Purchase of Common Stock	04/06/2017	187,400	24.47
Purchase of Common Stock	04/07/2017	66,600	24.71
Purchase of Equity Forward Purchase Contracts	04/07/2017	409,743(1)	24.69
Purchase of Equity Forward Purchase Contracts	04/10/2017	350,000(1)	24.86
Purchase of Common Stock	04/11/2017	400,000	24.88
Purchase of Equity Forward Purchase Contracts	04/11/2017	535,000(1)	24.87
Purchase of Common Stock	04/12/2017	100,000	24.89
Purchase of Equity Forward Purchase Contracts	04/12/2017	581,600(1)	25.06
Purchase of Equity Forward Purchase Contracts	04/13/2017	400,000(1)	25.17
Purchase of Equity Forward Purchase Contracts	04/17/2017	346,800(1)	25.35
Purchase of Equity Forward Purchase Contracts	04/18/2017	300,000(1)	25.15
Purchase of Equity Forward Purchase Contracts	04/19/2017	588,000(1)	25.26
Purchase of Equity Forward Purchase Contracts	04/20/2017	1,260,000(1)	25.39
Purchase of Common Stock	04/21/2017	45,000	25.29
Purchase of Equity Forward Purchase Contracts	04/21/2017	797,000(1)	25.32
Purchase of Equity Forward Purchase Contracts	04/24/2017	456,600(1)	25.48
Purchase of Common Stock	04/25/2017	255,000	25.71
Purchase of Equity Forward Purchase Contracts	04/25/2017	2,342,000(1)	25.80
Purchase of Equity Forward Purchase Contracts	04/26/2017	971,400(1)	25.95
Sale of Common Stock	04/27/2017	(930,000)	25.87
Purchase of Equity Forward Purchase Contracts	04/27/2017	844,300(1)	25.88
Purchase of Equity Forward Purchase Contracts	04/27/2017	4,000,000(2)	0.51(3)

Sale of Put Options	04/27/2017	(4,000,000)(4)	0.52(5)
Purchase of Common Stock	04/28/2017	808,937	25.58
Sale of Common Stock	04/28/2017	(360,000)	25.53
Purchase of Call Options	04/28/2017	4,000,000(2)	0.26(6)
Purchase of Common Stock	05/01/2017	637,800	25.55
Sale of Common Stock	05/01/2017	(360,000)	25.60
Purchase of Call Options	05/01/2017	4,000,000(2)	0.28(6)
Purchase of Equity Forward Purchase Contracts	05/01/2017	237,500(1)	25.45
Purchase of Equity Forward Purchase Contracts	05/02/2017	427,000(1)	25.85
Purchase of Common Stock	05/03/2017	75,000	25.54
Purchase of Equity Forward Purchase Contracts	05/03/2017	925,000(1)	25.54
Purchase of Equity Forward Purchase Contracts	05/04/2017	2,000,000(1)	23.64
Purchase of Equity Forward Purchase Contracts	05/05/2017	1,000,000(1)	23.64
Purchase of Equity Forward Purchase Contracts	05/08/2017	500,000(1)	23.62

---

(1) Issued as American-style call and European-style put options and reissued as equity forward purchase contracts.

(2) Represents Shares underlying American-style call options purchased in the over-the-counter market. These call options expire on October 20, 2017.

(3) This amount represents the cost of an applicable American-style over-the-counter market call option to purchase one Share. The per Share exercise price of these call options is \$28.

(4) Represents Shares underlying American-style put options sold in the over-the-counter market. These put options expire on October 20, 2017.

(5) This amount represents the proceeds received from an applicable American-style over-the-counter market put option to sell one Share. The per Share exercise price of these put options is \$22.

(6) This amount represents the cost of an applicable American-style over-the-counter market call option to purchase one Share. The per Share exercise price of these call options is \$30.



---

2017 Sohn Investment Conference  
*May 8, 2017*

# Disclaimer

These materials serve as a limited supplement to a verbal presentation at the 2017 Sohn Investment Conference. This document is not an investment recommendation or an offer to sell, nor a solicitation of an offer to buy any security of Corvex Management LP or any other investment product or service.

The information and opinions contained in this document are for the purpose of providing background information only, do not purport to be full or complete and do not constitute investment advice. No reliance should be placed, for any purpose, on the information or opinions contained in this document or their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this document by Corvex or by its directors, officers, partners, employees or affiliates and no liability is accepted by any of the foregoing for the accuracy or completeness of any such information or opinions.

Securities or investment ideas are presented to illustrate Corvex's typical research process and not to suggest or show profitability of any or all transactions. There should be no assumption that any specific securities identified and described herein were or will be profitable. Corvex owns or may own, or has or may have short positions in, securities of or related to issuers mentioned herein, and Corvex may initiate, increase, decrease, exit, or otherwise hedge positions in such securities. Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation, and may not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof. Figures provided are rounded as applicable. Information contained herein is believed to be substantially accurate and/or derived from sources which Corvex believes to be reliable; however Corvex disclaims any and all liability as to the completeness or accuracy of the information contained herein and for any omissions of material facts. Certain statements in these materials are forward-looking and based on expectations, estimates and assumptions regarding business and performance of the issuers mentioned herein. Therefore such statements are inherently susceptible to change and actual results of the issuers may vary materially from the statements made due to factors including, without limitation, government regulation, competition from other businesses, economic, strategic, social and political conditions and other unforeseen circumstances. Trade names, trademarks, service marks and logos herein are the property of their respective owners who retain all proprietary rights over their use.

# Corvex Background

- Concentrated, value-based investing strategy across the capital structure
- Active investing to create asymmetric risk / reward opportunities
- Focus on investing in high quality businesses undergoing change in industries with positive secular tailwinds
- Long-term investment horizon, concentrated portfolio, and industry expertise enable us to conduct heavy diligence and focus our full energy on each investment
- Knowledge-based and experienced approach to partnering with management and other constituents to create shareholder value

# Historical Context

- First Corvex 13D: AboveNet, Inc. (ABVT) in December 2011
  - ABVT acquired by Zayo in March 2012 for \$84.00 per share in cash, +40.6% from 13D filing
- 2013 Sohn Investment Conference: presented tw telecom, inc. (TWTC) and Level 3 Communications, Inc. (LVLT)
  - TWTC acquired by LVLT in June 2014 for \$40.86 in stock, +50.3% from Ira Sohn 2013
  - LVLT stock had appreciated to \$44.09 the day prior to TWTC deal announcement, +90.0% from Ira Sohn 2013
- October 2016: CenturyLink, Inc. (CTL) announces acquisition of LVLT for \$66.50 in cash and stock, +186.5% from Ira Sohn 2013

# Industry Landscape – 2005

## National Networks:



## Regional Networks:



Source: Company filings, Capital IQ, news reports, and Zayo Investor Presentation dated 3/12/13.



# Industry Landscape – Ira Sohn 2013

## National Networks:



CenturyLink™

cogent  
COMMUNICATIONS

Level(3)  
COMMUNICATIONS

Sprint



tw telecom

verizon



zayo

## Regional Networks:



Net  
consolidation  
of over **45**  
standalone  
companies  
since 2005...

Source: Company filings, Capital IQ, news reports and Zayo Investor Presentation dated 3/12/13.



# Industry Landscape – Today

## National Networks:

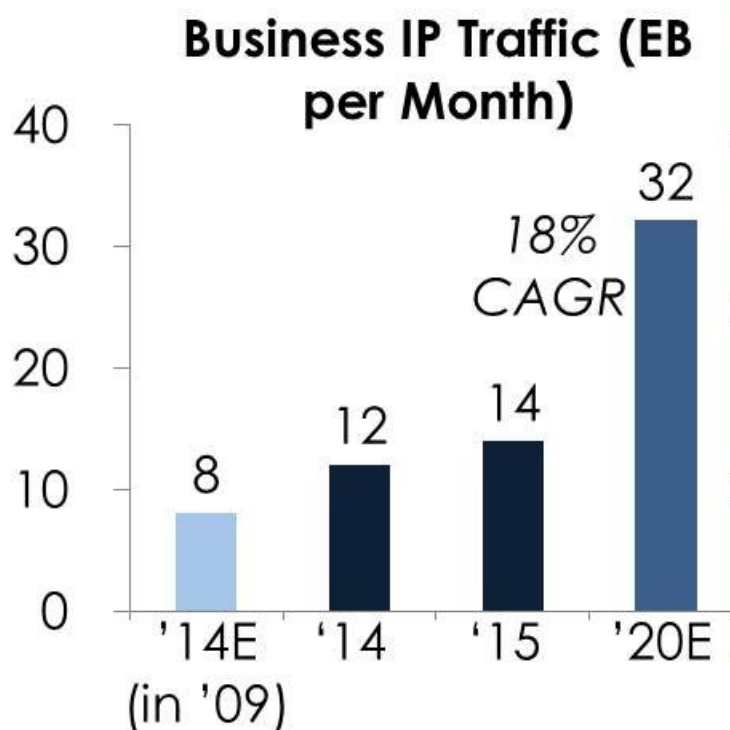


## Regional Networks:



Level3, tw telecom, and XO acquired in major deals, along with many regional players

# Significant Growth in Demand for Data



1000x

**Traffic Per Internet User Over The Last 20 Years**

4x

**IP Traffic Growth 2010-2015**

2x

**Business IP Traffic Growth 2015-2020 (18% CAGR)**

7x

**Mobile Traffic Growth 2016-2021 (47% CAGR)**

*2016 annual run-rate (1 Zettabyte) of Global IP Traffic took ~40 years to achieve – projected to more than double by 2020*

# Company Overview



Company	CenturyLink, Inc. (CTL)	Level 3 Communications, Inc. (LVL3)
Business Description	Integrated communications company providing services to residential and business customers	Leading global facilities-based provider of integrated communications services
Customer Mix	64% enterprise & wholesale, 36% consumer	100% enterprise & wholesale
Strategic Mix	~46%	~68%
CEO	Glen Post, III	Jeff Storey
HQ	Monroe, LA	Denver, CO

**Corvex owns >28mm shares and share equivalents of CTL (>5% of the company), making us its largest non-index fund shareholder**

Source: Bloomberg, company filings, Corvex estimates. Strategic revenue mix as of 2016 (estimated for LVL3, which does not disclose Strategic and Legacy revenue categories) and based on total revenues.

# Financial Snapshot



CenturyLink™



**Pro-Forma  
Combined**

<b>Recent Stock Price</b>	<b>\$24</b>	<b>\$58</b>	
<b>Market Cap</b>	<b>\$13B</b>	<b>\$21B</b>	<b>\$25B</b>
<b>TEV</b>	<b>\$36B</b>	<b>\$27B</b>	<b>\$64B</b>
<b>Federal NOLs</b>	<b>--</b>	<b>\$9B</b>	
<b>TEV / '17E EBITDA</b>	<b>6.1x</b>	<b>9.1x / 10.0x<sup>1</sup></b>	<b>6.5x</b>
<b>2017E EBITDA</b>	<b>\$6B</b>	<b>\$3B</b>	<b>\$10B</b>
<b>Net Debt / LTM EBITDA</b>	<b>3.1x</b>	<b>3.1x</b>	<b>3.7x</b>
<b>2016 EBITDA Growth</b>	<b>(6.2%)</b>	<b>+9.7%</b>	<b>3% '17-'20 CAGR</b>
<b>Dividend Yield</b>	<b>9.2%</b>	<b>--</b>	<b>9.2%</b>

Source: Bloomberg, company filings, Corvex estimates. All trading prices as of May 5, 2017 unless otherwise noted. 2017E EBITDA shown including pro-forma synergies.  
<sup>1</sup> Represents multiple excluding value of NOLs.



## Both Companies Have a Rich M&A History



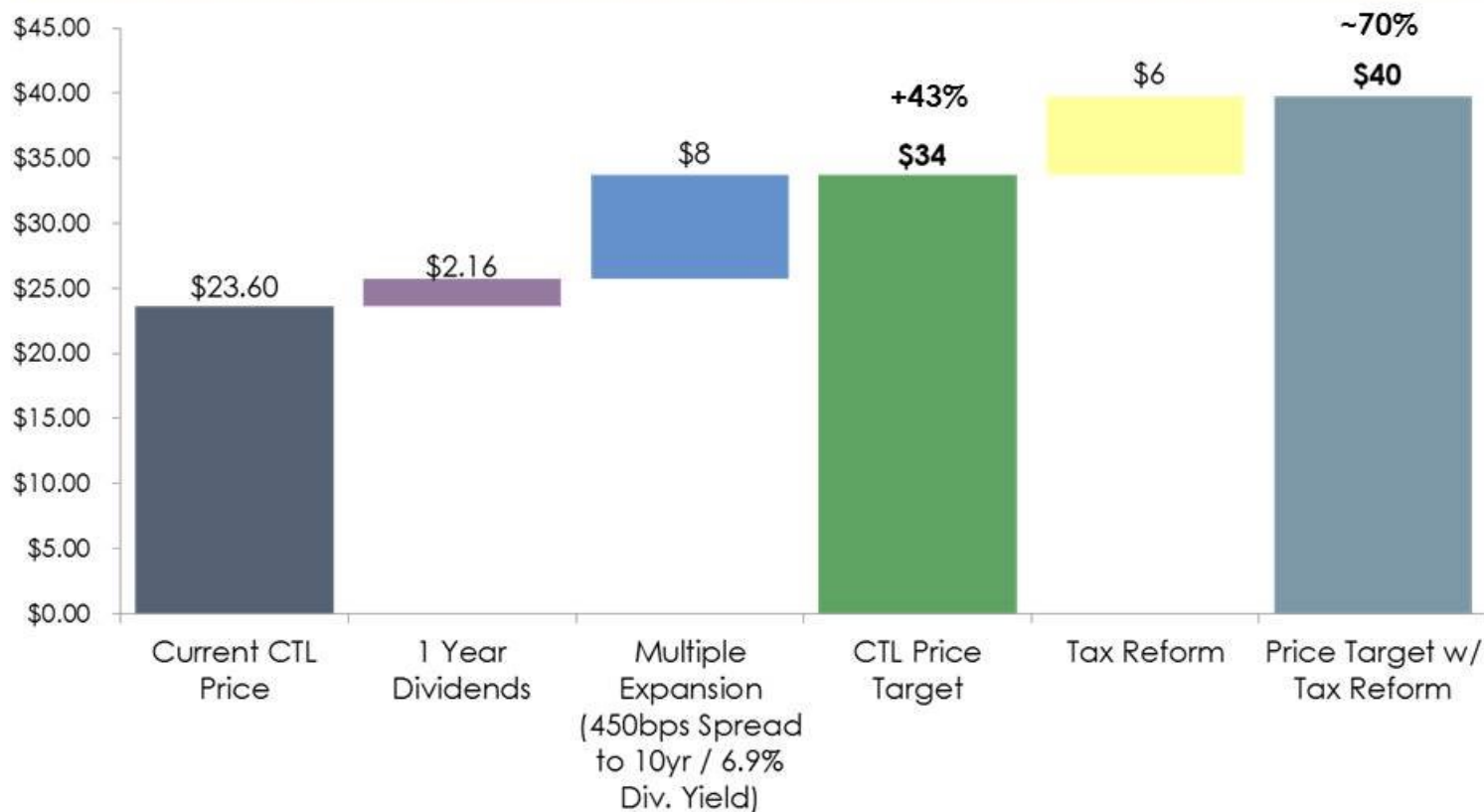
*With a 9.2% dividend yield and >130% coverage (and rising), we see CenturyLink as a credit investment with equity upside*

- Level 3 merger creates: (i) free cash flow accretion and a secure dividend payout, (ii) an enhanced EBITDA outlook including growth through cost synergies, and (iii) an improved revenue trajectory
- Further, we see an opportunity for a stronger combined management team and Board of Directors befitting a global leader with unique scale in enterprise communications
- Attractive entry point now due to stock overhangs which should continue to ease in the coming months
- Long-term path of improving business mix, financial growth profile, and management strength should lead to multiple expansion
- Company benefits from increasing U.S. business confidence, new infrastructure spending, and **corporate tax reform**

# Returns Summary



**We see 40% returns in a base case including dividends, with ~50-70% upside potential including the benefits of corporate tax reform**



Source: Bloomberg, Corvex estimates.

- 13 -

# Put Your Best Athletes on the Field

***After the closing of a transformational merger for both CenturyLink and Level 3, shareholders are counting on management and the board to nail the execution of a large, complex integration process***

- Glen Post has grown CTL from a local access line provider into a diversified global communications leader through large-scale M&A, culminating in the Level 3 merger – he brings a deep understanding of the company, its history, and its successful evolution
- Jeff Storey brings large enterprise expertise and operational experience managing a mix of growing and legacy businesses with the goal of maximizing FCF per share and net present value
- We believe both Glen Post and Jeff Storey need to be executive officers of the new company
- We commend the CTL Board of Directors for this transaction, and call on all stakeholders to come up with a plan that makes this happen and ultimately guarantees thoughtful succession



# Summary Deal Terms



<b>Consideration @ Announcement</b>	<b>\$66.50 per LVLT Share (60% Stock / 40% Cash); Fixed Exchange Ratio - 1.4286x</b>
<b>PF Ownership</b>	<b>51% CenturyLink / 49% Level 3</b>
<b>Board of Directors</b>	<b>CTL to appoint 4 LVLT directors at close</b>
<b>x'16A EBITDA</b>	<b>11.7x / 10.8x incl. NOL</b>
<b>x'17E EBITDA</b>	<b>11.2x / 10.3x incl. NOL</b>
<b>PF Net Leverage</b>	<b>3.7x</b>
<b>Expected Close</b>	<b>Third Quarter 2017</b>

Source: CenturyLink / Level 3 merger presentation, Bloomberg, Corvex estimates. Multiples shown at announcement.

- 15 -

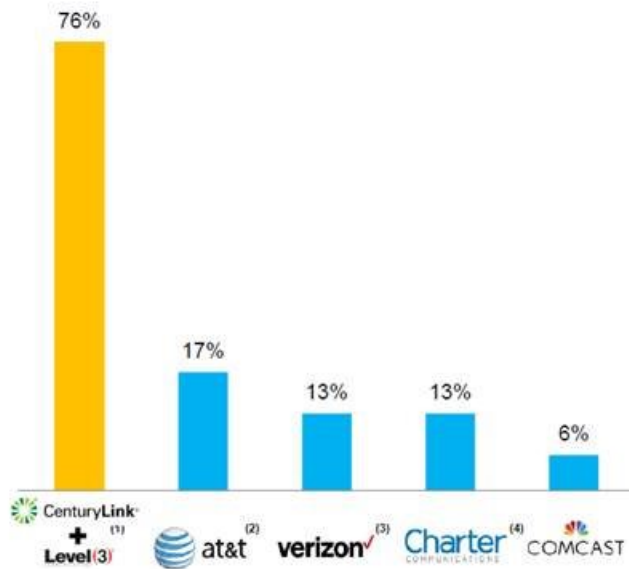
# Attractive Merger



**CenturyLink / Level 3 merger creates unique scale and focus in the enterprise communications space, with strong strategic rationale, significant operating and capital synergies, and unique tax benefits**

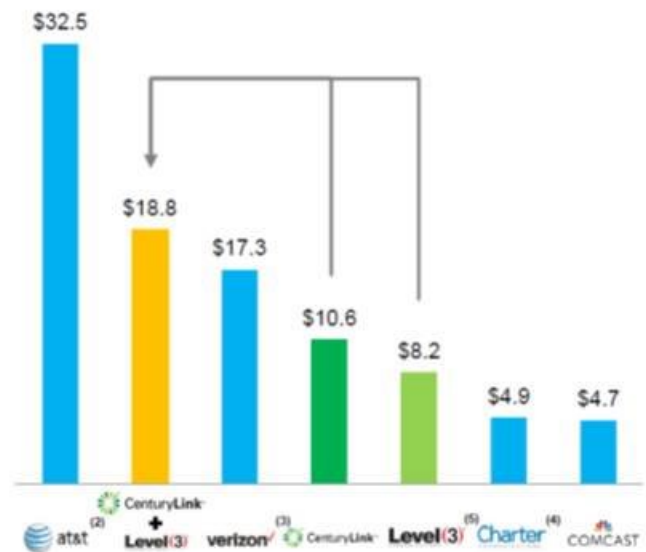
## Business Focus

Enterprise / SME / Wholesale Revenue  
as % of Total Revenue (2015A)



## Leading Domestic Communications Provider Serving Global Enterprise Customers

Enterprise / SME / Wholesale Revenue (\$bn, 2015A)



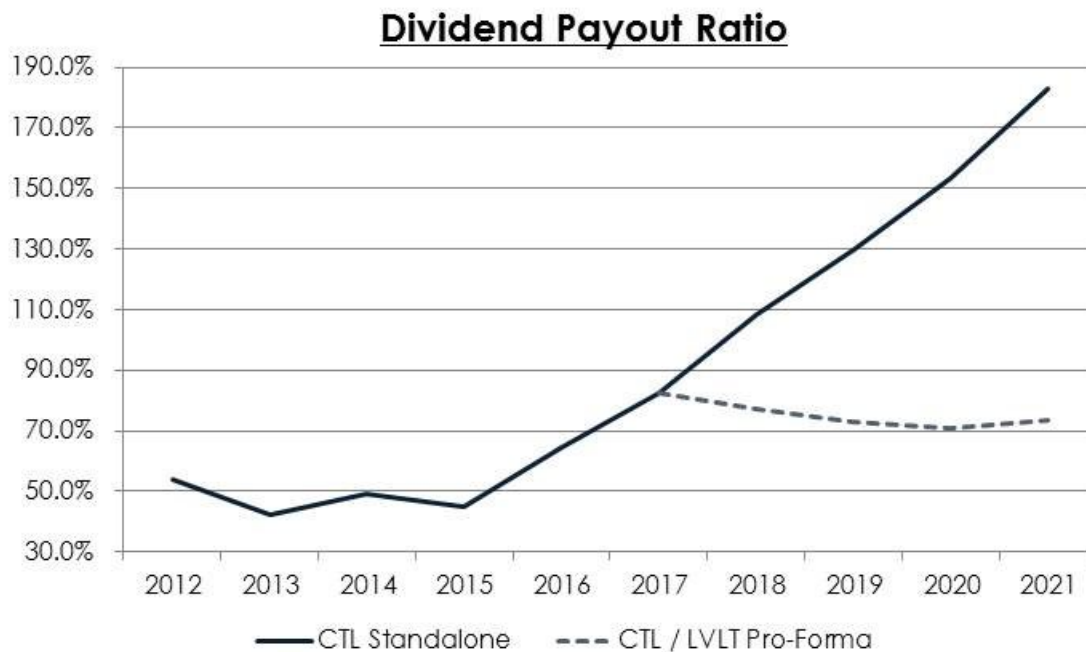
Source: CenturyLink / Level 3 merger presentation.

- 16 -

# Merger Creates Long-Term Dividend Security for CTL

***The Level 3 merger secures CenturyLink's dividend for the long-term, with a sustainable payout ratio in the 70% range***

- Absent a deal, we believe CTL's payout ratio could have exceeded 100% as soon 2018, with further deterioration over time



# Free Cash Flow Accretion

***Dividend payout ratio improves dramatically due to massive free cash flow accretion, driven by operating cost and capital synergies, and accelerated utilization of LVLT's \$9 billion of Federal NOLs***

- \$850mm of operating cost savings, which we believe could exceed \$1B based on precedent transactions
- \$125mm of capital synergies, with additional revenue growth benefit from avoidance of duplicative capex
- \$9B of NOLs, with ~\$650mm free cash flow benefit each year

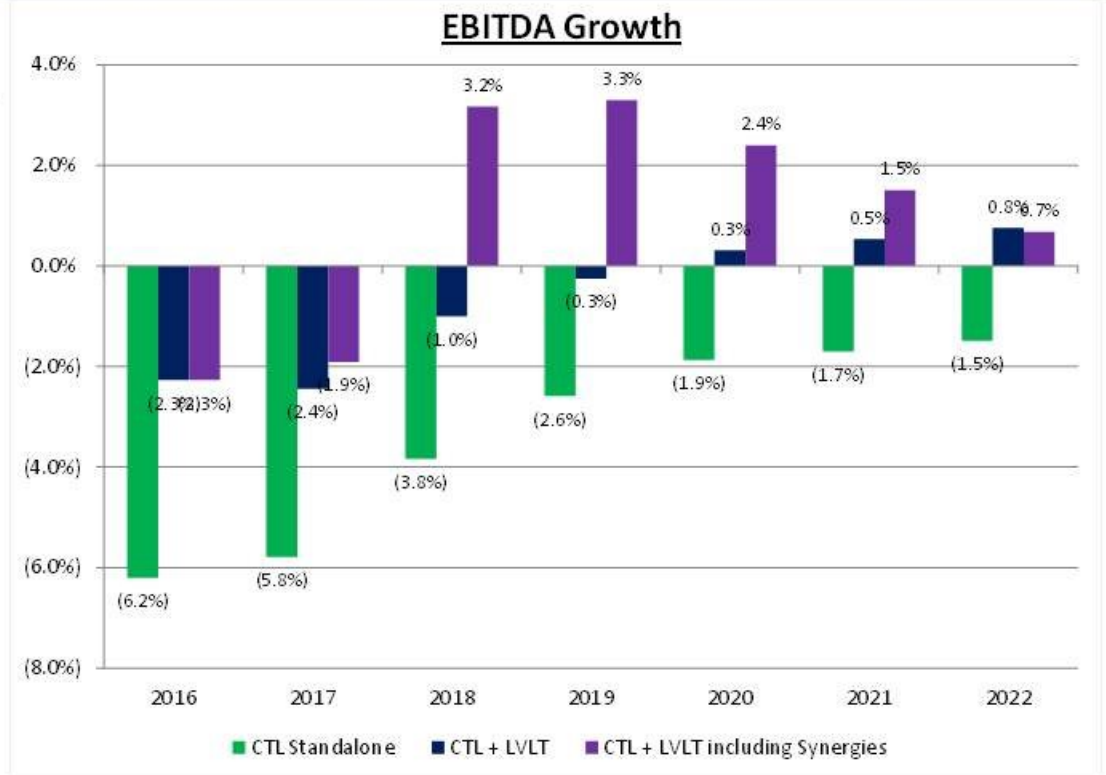
<u>CTL Standalone</u>	2015	2016	2017E	2018E	2019E	2020E
FCF / Share	\$4.83	\$3.36	\$2.63	\$2.00	\$1.67	\$1.41
Dividend / Share	\$2.16	\$2.16	\$2.16	\$2.16	\$2.16	\$2.16
Payout Ratio %	45%	64%	82%	108%	129%	153%
 <u>Pro-Forma NewCo</u>						
FCF / Share				\$2.81	\$2.95	\$3.04
Payout Ratio %				77%	73%	71%
Multiple of FCF				8.4x	8.0x	7.8x
Accretion %				40%	77%	116%



# Enhanced EBITDA Growth

**EBITDA growth improves from declines at legacy CTL to low single-digit growth at the new pro-forma company, driven by LVLT's stronger business mix and significant synergies between the two companies**

- Investors do not need to believe in change in underlying business drivers
- CTL mgmt projects MSD EBITDA growth per proxy, but has missed guidance repeatedly

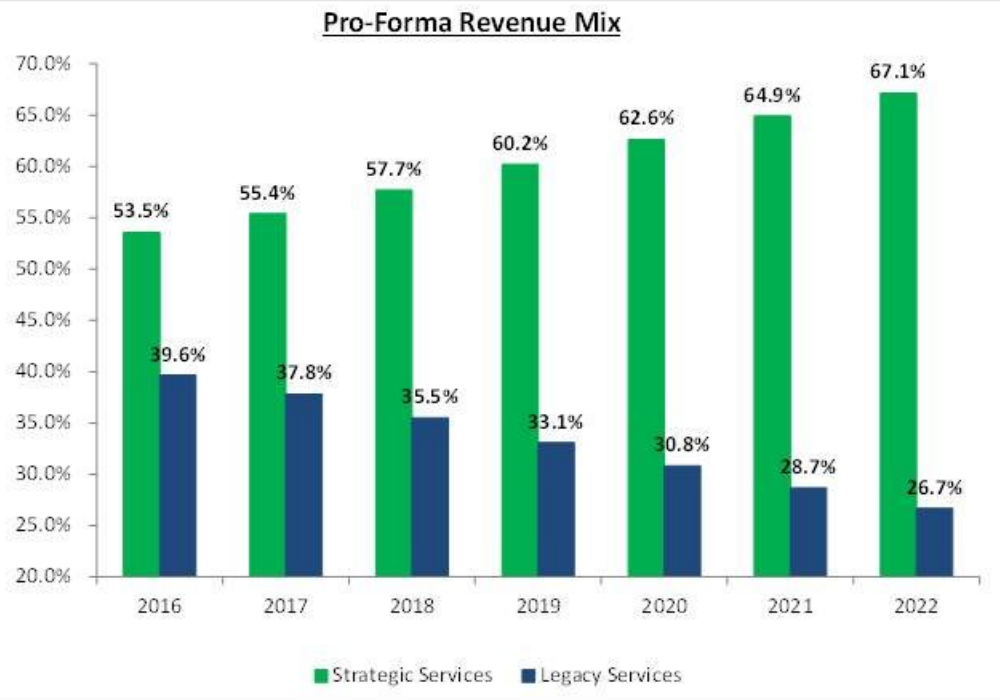
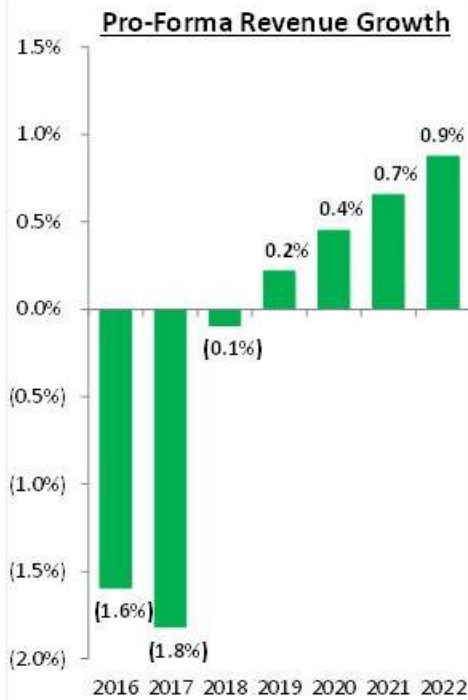


Source: Company filings, Corvex estimates. Growth rates pro-forma for recent data center sale.

- 19 -

# Improved Revenue Trajectory

**Similarly, revenue trajectory improves from declines to stabilization, and ultimately we believe the pro-forma company can inflect to positive growth in the next three years as legacy products attrit and next generation revenue streams continue to grow**

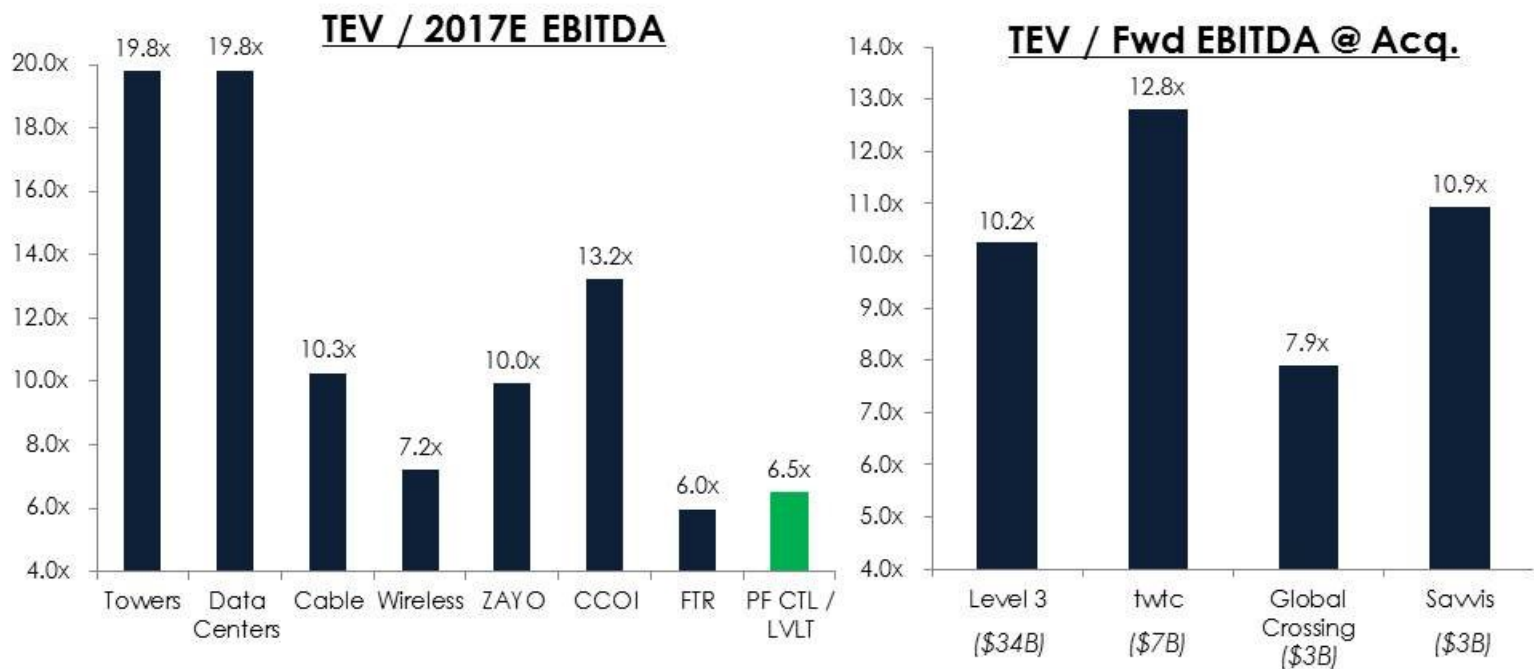


Source: Company filings, Corvex estimates. 2017 and 2018 growth rates pro-forma for recent data center sale. Revenue mix figures do not sum to 100% due to Data Integration and Other.

# Long-Term Multiple Expansion

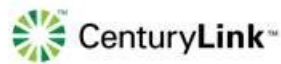
***Long-term path of improving business mix, a more attractive financial growth profile, and an enhanced management team and board should lead to multiple expansion over time***

- Other telecommunications companies trade at significantly higher multiples, driven in part by stronger growth prospects



Source: Bloomberg, company filings, Corvex estimates. Transaction values shown represent values at announcement per companies.

# Pre-Deal vs. Post-Deal Comparison



<b>Dividend Coverage</b>	<b>Shaky</b>	<b>Strong</b>
<b>2018E Dividend Payout Ratio</b>	108% and rising	77% and declining
<b>Revenue Trajectory</b>	Declining	Stable and inflecting
<b>EBITDA Trajectory</b>	Declining	Growing
<b>Enterprise &amp; Wholesale Mix</b>	64%	76%
<b>Federal NOLs</b>	Minimal	~\$9 billion
<b>Management, Board of Directors, and Succession Plan</b>	Deficiencies	Opportunities



# Level 3 Shareholder Returns

**Since Jeff Storey became CEO of Level 3 in April 2013, shareholders have earned a total return of ~175% (28% IRR / 2.7x MOIC) and outperformed the S&P 500 index by 125%**



# Jeff Storey's Track Record

	<u>2013</u>	<u>2017E</u>	<u>'13-'17 Δ</u>
<b>Total Revenue</b>	\$6,313mm	\$8,270mm	+\$2.0bn
<b>Adjusted EBITDA</b>	\$1,624mm	\$2,970mm	\$1.3bn
<b>EBITDA % Margin</b>	25.7%	35.9%	+1019bps
<b>Free Cash Flow</b>	(\$47mm)	\$1,130mm	\$1.2bn
<b>Enterprise Mix</b>	57%	70%+	
<b>Share Price</b>	\$21.00	\$66.50	+3x
<b>Market Cap</b>	\$4.8bn	\$24.2bn	+5x

# **“Profitable Growth” Playbook**

**Jeff Storey’s promise to shareholders since becoming CEO of Level 3 in April 2013 has been to drive “profitable growth” and maximize free cash flow per share on a risk-adjusted basis**

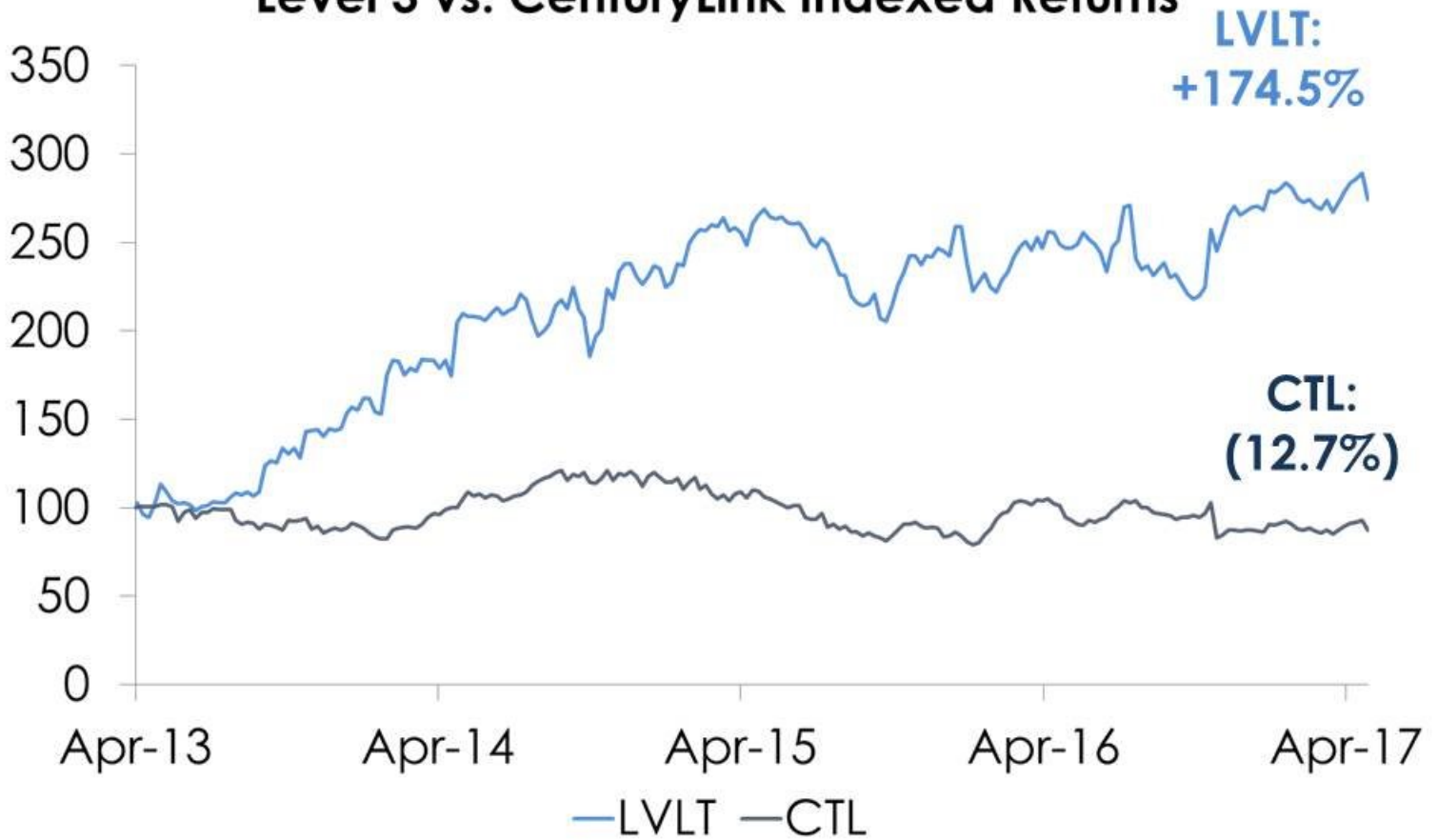
“Across the company we remain focused on developing and delivering the right products and services to meet enterprise customers’ needs, enhancing our operational efficiency, and continually improving the customer experience, all as a part of our objective to **drive profitable growth...**

While we continue to be disciplined in managing costs, we are also investing in initiatives to improve our operational efficiency as well as in key products and services to drive future revenue growth. **In summary we continue to focus our attention on profitable growth, driving adjusted EBITDA, and generating free cash flow.”**

– Jeff Storey, April 2014

## Level 3 Shareholder Returns

### Level 3 vs. CenturyLink Indexed Returns



Source: Bloomberg. CTL includes dividends.

# Enhanced Board of Directors

*Merger adds strong and accomplished additional board members*

	<u>Age</u>	<u>Joined</u>	<u>CenturyLink</u>	<u>Embarq</u>	<u>Qwest</u>	<u>Level 3</u>
<b>Glen Post III</b>	64	1985	✓			
<b>Harvey P. Perry</b>	72	1990	✓			
<b>Bruce Hanks</b>	62	1992	✓			
<b>Virginia Boulet</b>	63	1995				
<b>Laurie Siegel</b>	61	2009		✓		
<b>Peter Brown</b>	58	2009		✓		
<b>Michael Roberts</b>	66	2011			✓	
<b>Mary Landrieu</b>	61	2015				
<b>Martha Bejar</b>	55	2016				
<b>Steven T. Klontz</b>	66	2012				✓
<b>General Kevin P. Chilton</b>	62	2012				✓
<b>T. Michael Glen</b>	61	2012				✓
<b>Jeff Storey</b>	56	2013				✓

Source: Bloomberg, company filings. William Owens (not shown) is retiring from the Board of Directors as disclosed in the company's proxy statement. Joined column represents date joined Level 3 Board of Directors for legacy Level 3 directors.

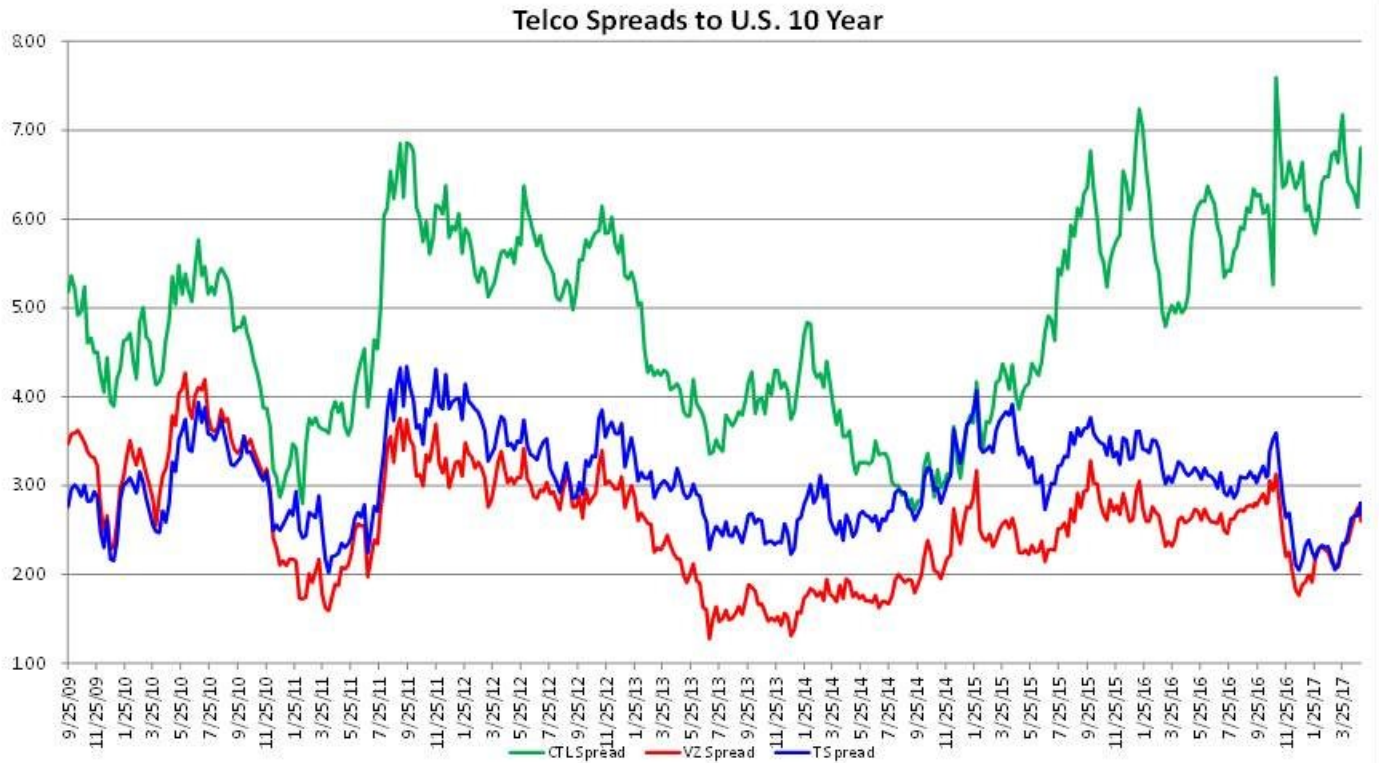


## **WHAT IS IT WORTH?**



# Telco Yield Comparison

***CTL's spread to the U.S. ten year is at all-time wides with improving fundamentals and coverage pro-forma for LVLT, whereas VZ and T are at tight with worsening growth and free cash flow***



Source: Bloomberg.

- 29 -

# What Is It Worth?

	<u>Today</u>	<u>Price Target</u>
CTL Stock Price	\$23.60	~\$31.50 + \$2.16 div.
EV / '18E PF EBITDA	6.6x	7.5x
'18E FCF Multiple	8.4x	11.2x
'18E Dividend Yield	9.2%	6.9%
'18E Dividend Spread to 10yr	~680bps	~450bps
'18E Dividend Spread to Bells	~415bps	~185bps

***We see 40% returns in a base case including dividends, with ~50-70% upside potential including the benefits of corporate tax reform***



# Tackling the Bear Case

***We are familiar with the industry bear case, having been negatively pre-disposed to RLECs in the past***

- Legacy revenue exposures
- Incremental / decremental margins
- Network asset quality
- Missed financial guidance
- Integration risk
- Software Defined Networking ("SDN") / Virtualization
- Frontier

***We see 40% upside driven by a secure dividend with growing EBITDA, and long-term multiple expansion through improving business mix and enhanced management and Board leadership***







- **Credit investment with equity upside**

- Level 3 transaction creates: (i) free cash flow accretion and strong dividend coverage, (ii) an enhanced EBITDA outlook including growth through cost synergies, and (iii) improved revenue trajectory
- Stock overhangs should continue to ease in the coming months, providing near-term catalysts along the way
- Company may be able to unlock additional shareholder value over time through additional M&A, asset optimization, and dark fiber sales
- Corporate tax reform offers an additional ~10-30% return potential, equating to 50-70% total upside for a relatively predictable business



## **APPENDIX**

# Highest Dividend Yielding Stocks in the S&P

	 CenturyLink  Level(3) <small>COMMUNICATIONS</small>	 MATTEL	 IRON MOUNTAIN <small>INCORPORATED</small>	 SEAGATE	 KOHL'S
<b>Dividend Yield</b>	9.2%	6.9%	6.2%	5.8%	5.5%
<b>Last FYE Div. as a % of FCF</b>	80.8% Pre-syn.	156.0%	235.0%	66.5%	48.7% <sup>1</sup>
<b>Trailing 3yr Revenue CAGR</b>	(0.4%)	(5.6%)	0.2% <sup>2</sup>	(8.0%)	(0.6%)
<b>Trailing 3yr EBITDA CAGR</b>	(0.8%)	(14.6%)	2.5% <sup>2</sup>	(18.7%)	(6.9%)

PF for LVLT and LVLTL adjusted for TWTC contribution; EBITDA CAGR excluding synergies; Dividend coverage excluding synergies.  
 Source: Company Filings; Bloomberg; <sup>1</sup> Adjusted for working capital and capitalized lease payments; <sup>2</sup> Excludes Recall.

# What about the Bells?



	CenturyLink Level(3)	at&t	verizon
<b>Dividend Yield</b>	<b>9.2%</b>	<b>5.1%</b>	<b>4.9%</b>
<b>'18E Payout Ratio</b>	<b>76.9%</b>	<b>63.6%</b>	<b>73.3%</b> <sup>1</sup>
<b>'16 – '19 Revenue CAGR</b>	<b>(1.4%)</b>	<b>0.9%</b>	<b>(0.2%)</b> <sup>1</sup>
<b>'16 – '19 EBITDA CAGR</b>	<b>0.5%</b>	<b>1.9%</b>	<b>1.4%</b> <sup>1</sup>
<b>'18 FCF Yield</b>	<b>~11.5%</b>	<b>~8%</b>	<b>~7%</b>

PF for LVT and LVT adjusted for TWTC contribution; EBITDA CAGR excluding synergies; Dividend coverage assumes run-rate synergies.  
Source: Company Filings; Bloomberg; <sup>1</sup> Adjusted for Frontier.

# Market Reaction

**Since deal announcement on October 31<sup>st</sup> CTL stock has sold off to a ~\$23-\$26 per share range, down ~10%-25% from a ~\$27-\$31 range pre-deal, despite over 20% free cash flow per share accretion**





# Frontier Contagion

***Investors see Frontier's stock down 57% YTD and 72% in the last year – driven by a disastrous integration process which has resulted in residential customers leaving the company in droves, culminating in a 62% dividend cut last week***



# CenturyLink vs. Frontier Comparison

*Pro-forma CenturyLink / Level 3 differs significantly from Frontier in several key areas, including scale, enterprise mix, financial growth profile, leverage, and integration track record*



CenturyLink™ **Level(3)**  
COMMUNICATIONS



<b>PF TEV / EBITDA</b>	<b>6.5x</b>	<b>6.0x</b>
<b>PF Net Debt / EBITDA</b>	<b>3.7x</b>	<b>4.9x</b>
<b>'17-'19 EBITDA CAGR</b>	<b>+3%</b>	<b>-3%</b>
<b>Network Footprint</b>	<b>National &amp; Global</b>	<b>Regional</b>
<b>Enterprise Mix</b>	<b>76%</b>	<b>42%</b>
<b>Acquisition Type</b>	<b>Corporate Merger</b>	<b>Hard Cutover</b>
<b>Integration History</b>	<b>Strong</b>	<b>Poor</b>
<b>CEO Tenure</b>	<b>25 years / 4 years</b>	<b>2 years</b>

Source: Bloomberg, company filings, Corvex estimates. PF EBITDA based on 2017 figures. EBITDA growth rate pro-forma for data center sale.

- 38 -

# Level 3: An Ira Sohn Then And Now Stor(e)y

*In 2013, we argued Level 3 was transforming from an over-levered, money-losing wholesale provider into a cash flow generative enterprise business with unique network real estate and massive NOLs*

- Level 3's multiple expanded from ~6.5x TEV/EBITDA in 2013 to >10x LVL: Then and Now

	Then ('09A)	Now ('13E)	Today ('16A)
TEV:	\$8.2B	\$13.0B	\$27B
Net Leverage:	6.2x	4.8x	3.2x
EPS:	(\$6.05)	(\$0.40)	\$1.89
OCF:	\$357M	\$854M	\$2,343M
NOLs:	Irrelevant	Valuable Asset	Valuable Asset
Revenue Mix: <sup>(1)</sup>	<p>Wholesale 69%, Enterprise 31%</p>	<p>Wholesale 45%, Enterprise 55%</p>	<p>Wholesale 31%, Enterprise 69%</p>

(1) As of 4Q 2009 and 1Q 2013, respectively. 4Q 2009 Enterprise mix estimated based on the "Large Enterprise and Federal" and "Mid-Market" customer revenues.

Source: Corvex Presentation at 2013 Sohn Investment Conference (5/8/13), company filings.

- 39 -