

## Portfolio Management Business Development Corporate Strategy Global Perspective

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### Corporate Strategy

ESG (Governance). The CTL shareholders (the ownership) deserve your best effort in creating value for the organization. First, the total compensation for the CEO far exceeds that of the CTL peer group. Even though the Corporate Strategy has destroyed more than 50% of the shareholder value since the CEO took control of the CTL organization.

When an organization underperforms the market, it's either the strategy or the execution of the strategy. In this case, it's the strategy – because the CTL organization has (absolutely) great assets!

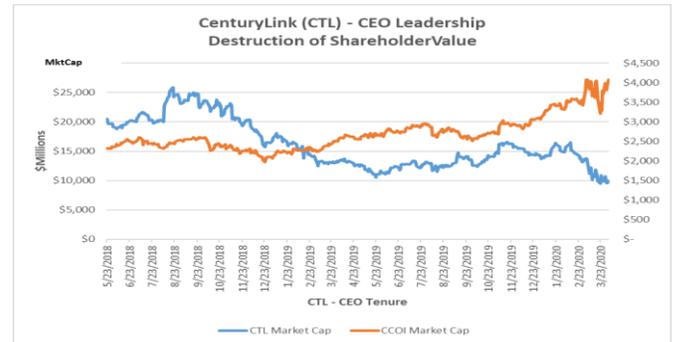
Unfortunately, the CTL organization has struggled mightily to offer compelling value in the market. There is a reason why other Ma Bell spinouts have created incredible value for stakeholders as well as shareholders.

Likewise, there is a reason why CTL has struggled to create commensurate value in the market. First, the organization has too narrowly defined its target-market. As a result, the organization has missed significant opportunities developing in the market for both the enterprise and the consumer segments.

The inability to understand the needs of the market has cost CTL considerably in terms of creating value for both the shareholders as well as the stakeholders.

\$Millions	Fiscal 2019			Comparison - Value Creation		
	CEO Total Comp.	Revenue	Operating Cash Flow	Market Capitalization		
Competitors				5/23/2018	4/3/2020	% Δ
Century Link (CTL)	\$ 35.7	\$ 22,401	\$ 6,680	\$ 20,509	\$ 9,926	(52%)
Verizon (VZ)	\$ 18.1	\$ 131,868	\$ 35,746	\$ 200,769	\$ 226,232	13%
AT&T (T)	\$ 32.0	\$ 181,193	\$ 48,668	\$ 198,539	\$ 197,248	(1%)
Merger / Acquisition Targets - Joint Venture Candidates						
US Cellular (USM)	\$ 8.6	\$ 4,022	\$ 724	\$ 3,080	\$ 2,376	(23%)
Dish (DISH)	\$ 2.4	\$ 12,807	\$ 2,662	\$ 14,479	\$ 9,928	(31%)
Cogent (CCOI)	\$ 9.5	\$ 546	\$ 149	\$ 2,319	\$ 4,078	76%
2018 CEO Compensation for USM & CTL - Timely Proxy?						

To reinforce the argument, please examine the following organization: Cogent Communications (CCOI). Compare the relative performance ... then ask yourself the following question: “why the difference?”



It might be the result of some magical dust, or it might be the result of a basic “position” in the market. CCOI focuses the delivery to its ultra, high-speed, broadband connection (~50,000 fiber miles), whereas CTL struggles with a burdensome legacy. But is it really a burden? Or ... is it a strength not yet recognized by the current stakeholders and shareholders?

The CTL organization has developed significant miles of a fiber-optic network, digitally delivering content at the speed of light. Essentially, the organization supports the “backbone” of the internet, (arguably), critical to the development of mankind. So, how in the world could this ever be an “undervalued” asset, especially now?

CTL must seize an opportunity in the market to grow its organization and create value for shareholders and stakeholders. CTL must not view the consumer as part of a burdensome legacy (but rather), part of an incredible opportunity to efficiently connect the consumer to the enterprise – and thereby create seamless productivity between the environments: Work & Home.

Ditch the “price-for-life” strategy! Further develop and better utilize the fiber-optic network! In fact, if CTL efficiently connects the consumer to the enterprise, CTL creates significant, sustainable value in the market!

Respectfully,  
Ken Copley  
Capital Executive LLC