



4th Quarter & Full-Year 2012 Earnings Results

February 13, 2013

Forward-Looking Statements / Non-GAAP Financial Measures

Certain non-historical statements made in this release and future oral or written statements or press releases by us or our management are intended to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. Actual events and results may differ materially from those anticipated, estimated or projected 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 timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry (including recent reforms and changes by the Federal Communications Commission regarding intercarrier compensation and the Universal Service Fund, among other things); our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; our ability to effectively adjust to changes in the communications industry and changes in the composition of our markets and product mix caused by our recent acquisitions; our ability to successfully integrate recently acquired operations into our incumbent operations, including the possibility that the anticipated benefits from our recent acquisitions cannot be fully realized in a timely manner or at all, or that integrating the acquired operations will be more difficult, disruptive or costly than anticipated; our ability to use the net operating loss carryovers of Qwest in projected amounts; our ability to effectively manage our expansion opportunities, including retaining and hiring key personnel; possible changes in the demand for, or pricing of, our products and services; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; our continued access to credit markets on favorable terms; our ability to collect our receivables from financially troubled communications companies; any adverse developments in legal proceedings involving us; our ability to pay common share dividends in amounts previously indicated, which may be affected by changes in our cash requirements, capital spending plans, cash flows or financial position; unanticipated increases or other changes in our future cash requirements, whether caused by unanticipated increases in capital expenditures, increases in pension funding requirements or otherwise; the effects of adverse weather; other risks referenced from time to time in our filings with the Securities and Exchange Commission (the "SEC"); and the effects of more general factors such as changes in interest rates, in tax rates, in accounting policies or practices, in operating, medical, pension or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to our business and our recent acquisitions are described in greater detail in Item 1A to our Form 10-Q for the quarter ended September 30, 2012, as updated and supplemented by our subsequent SEC reports. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the business or the extent to which any one or more factors may cause actual results to differ from those reflected in any forward-looking statements. You are further cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. We undertake no obligation to update any of our forward-looking statements for any reason.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures. These measures are provided and valid only as of the date of this presentation and should not be relied upon beyond that date. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are available on our website at www.centurylink.com.

Participants

Glen Post

Chief Executive Officer & President

Stewart Ewing

Executive Vice President & Chief Financial Officer

Karen Puckett

Executive Vice President & Chief Operating Officer

Bill Cheek

President, Wholesale Markets

Jim Ousley

Chief Executive Officer, Savvis

2012 Accomplishments, 4Q12 Highlights & Strategic Overview

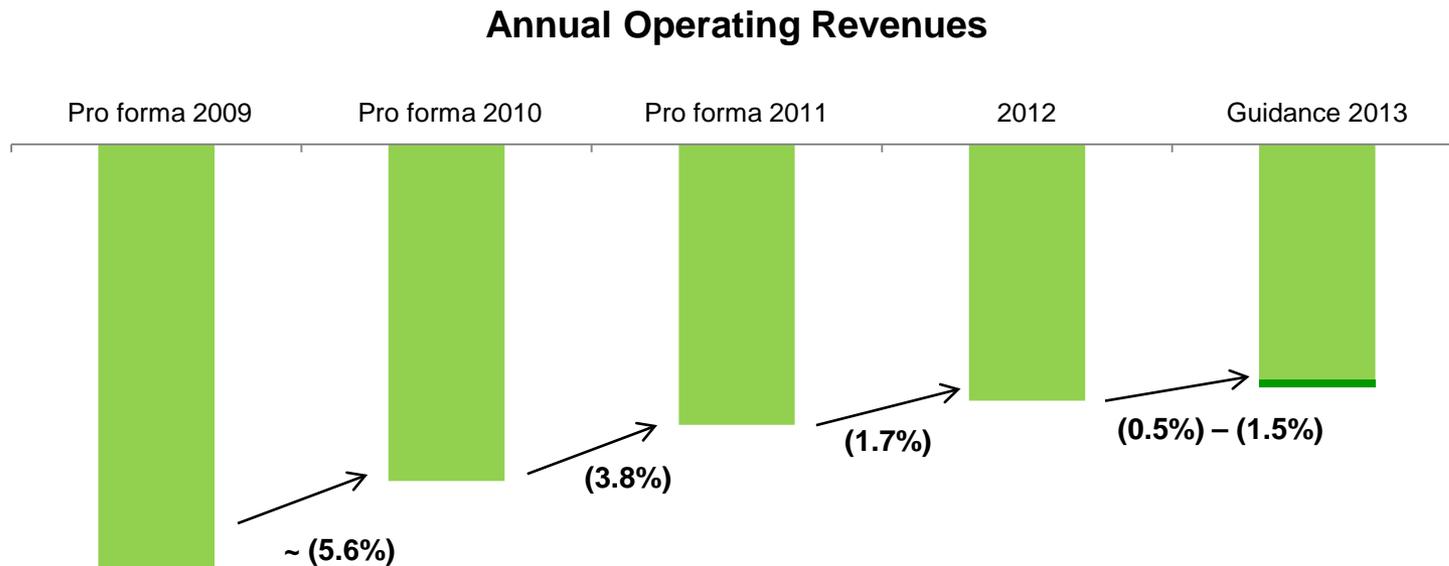
Glen Post

Chief Executive Officer & President



2012 Accomplishments

- ▶ Continued to improve top-line revenue trend
 - Pro forma revenue declined 1.7% for full-year 2012 versus 3.8% for full-year 2011
 - Driven by revenue growth from HSI, Prism TV, MPLS, Ethernet and data hosting services



2012 Accomplishments (continued)

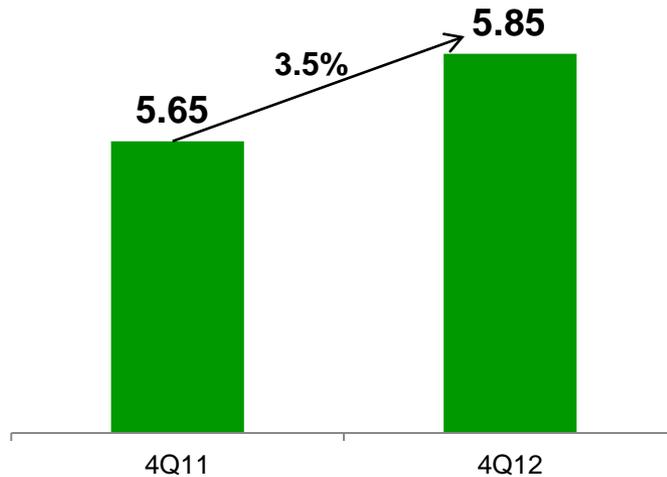
- ▶ Continued to improve the access line loss trend and grew broadband subscribers approximately 196,000, or 3.5% year-over-year
- ▶ Added nearly 45,000 Prism™ TV subscribers during 2012
- ▶ Grew recurring revenue for four consecutive quarters in Enterprise Markets – Network segment driven by high-bandwidth data services growth
- ▶ Completed 4,500 Fiber-to-the-tower builds and enabled Ethernet to over 375 exchanges during 2012
- ▶ Expanded data center footprint – adding 3 new data centers and expanding 4 existing data centers
- ▶ Launched savvisdirect in fourth quarter 2012 – a new public cloud capability
- ▶ Increased operating expense synergy target for Qwest acquisition from \$575 million to \$650 million – achieved annual run-rate operating expense synergies of \$480 million at year-end 2012

Broadband Expansion & Enhancement

Achieving growth in broadband penetration

Broadband subscribers

Ending in service, millions



HSI Speed Availability

As percent of HSI Enabled Access Lines

	4Q11	4Q12	Percent Change
6 Mbps or higher	67%	72%	7%
10 Mbps or higher	53%	59%	15%
20 Mbps or higher	25%	31%	40%
40 Mbps or higher	8%	13%	56%

- ▶ Added over 41,000 high-speed Internet subscribers during the quarter, ending with more than 5.85 million broadband customers
- ▶ Enabled over 274,000 living units with Fiber-to-the-node (FTTN) during 4Q12 – reaching target of nearly 1 million enabled in 2012
- ▶ Increased broadband speeds across footprint
- ▶ Expanded Ethernet over Copper footprint, improving broadband speed availability

Prism™ TV

Expanding footprint and growing subscriber base

- ▶ Expanded Prism™ TV subscribers by 10% in 4Q12 from 3Q12 with penetration of homes passed reaching nearly 11%
- ▶ Over 50% of new Prism™ TV customers added during 4Q12 were new to CenturyLink
- ▶ New Prism™ TV customers continue to reflect high multi-product attachment rates with over 90% adding HSI service
- ▶ Soft launched Prism™ TV service in Phoenix in late December, with commercial launch targeted in first half 2013

Prism TV Markets

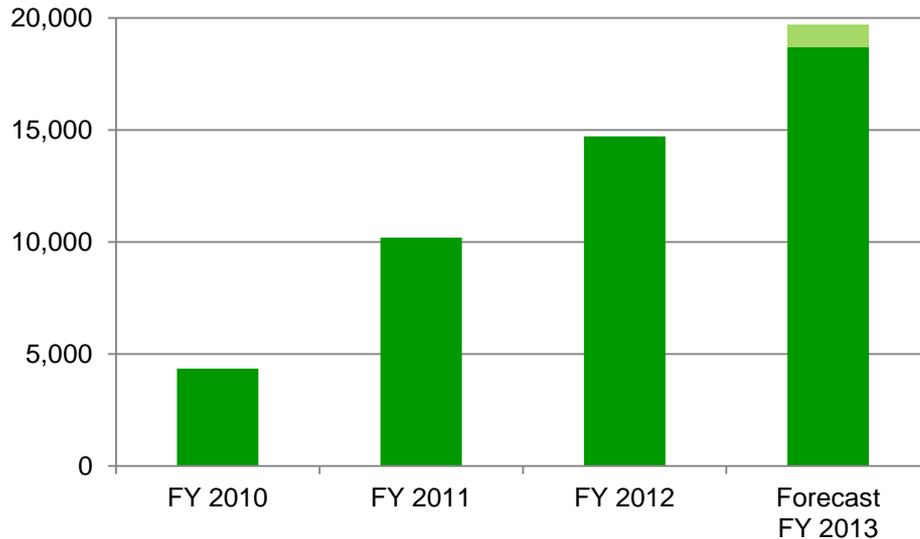


Fiber-to-the-Tower (FTTT)

Investing in FTTT to drive long-term growth

Fiber-to-the-Tower:

Cumulative builds complete at period-end



- ▶ Completed 1,175 fiber builds in 4Q12 and over 4,500 in 2012
- ▶ Anticipate completing 4,000 – 5,000 fiber builds for full-year 2013
- ▶ Average bandwidth capacity of initial fiber-based connections is increasing
- ▶ Expect to mitigate revenue compression by early 2014

“Positions CenturyLink to benefit from significant growth in wireless data demand and an expanded addressable market from strategic fiber route design and placement”

Managed Hosting & Cloud Services

Capacity and product portfolio to meet customer needs and market opportunity

- ▶ Achieved highest quarterly bookings in 4 years, up 39% from 3Q12
- ▶ Opened data center in Frankfurt, Germany in 4Q12 – 54 total data centers and 1.4 million sellable square feet across globe
- ▶ Increased focus on sales training to better leverage cross-selling opportunities of hosting products with business customers
- ▶ Launched savvisdirect¹ in early December – a new public cloud offering for businesses of all sizes

(1) savvisdirect is CenturyLink's highly scalable, affordable and easy-to-use cloud services platform designed for business of all sizes that is immediately accessible to business users, IT administrators and developers through an intuitive, user-friendly Web portal

Changes to Capital Allocation Strategy

Actions Taken:

- ▶ Authorized up to \$2.0 billion share repurchase program over two-year period ending February 13, 2015
- ▶ Indicated intention by Board to reduce quarterly cash dividend to \$0.54 from \$0.725 per share at Board meeting on February 26
- ▶ Expect to maintain leverage less than 3.0X EBITDA

Rationale:

- ▶ Further enables strategy of investing in key strategic initiatives to drive top-line growth
- ▶ Increases total cash returned to shareholders in 2013 and 2014
- ▶ Positions company to maintain dividend payout ratio below 60% of free cash flow after full utilization of NOLs

“We are confident that the capital allocation initiatives we announced today will allow us to continue investing in key areas to drive strategic revenue growth, while maintaining our focus on creating long-term shareholder value”

Strategic Summary

- ▶ Solid fourth quarter and full-year 2012 results with improving top-line revenue trend
- ▶ Continued improvement in customer trends
- ▶ Solid organic revenue growth opportunities stemming from investments in key strategic initiatives
- ▶ Commercial launch of Prism™ TV in Phoenix in 2013 provides additional growth opportunity
- ▶ Leveraged hosting assets and intellectual capital to develop savvisdirect platform and train network sales teams to sell hosting services
- ▶ Capital allocation changes will further our strategy of investing in our key growth initiatives

4Q12 Financial Results & Guidance Overview

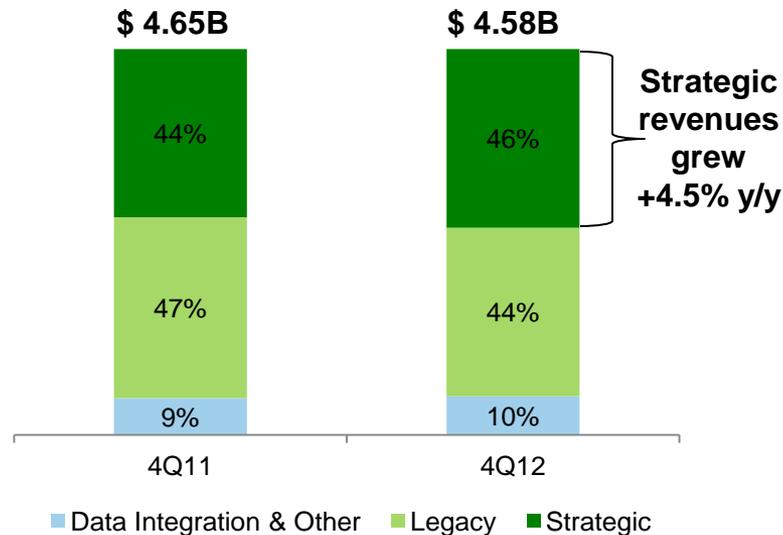
Stewart Ewing

Executive Vice President & Chief Financial Officer



4Q12 Financial Summary

Consolidated Operating Revenues

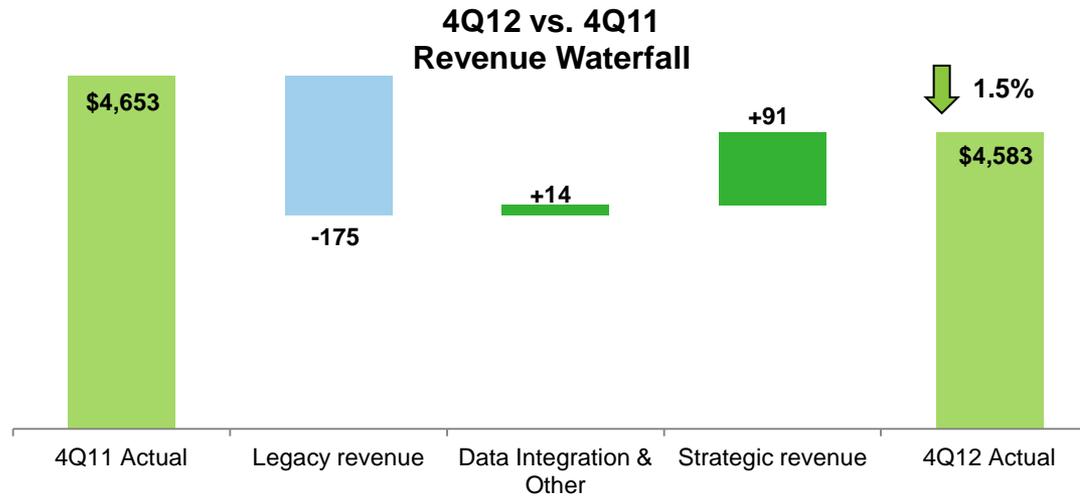


- ▶ \$4.58 billion in revenues, in line with guidance
 - Total revenue declined 1.5% from 4Q11
 - Strategic revenues of \$2.1B, 4.5% annual increase from 4Q11
- ▶ \$0.67 Adjusted Diluted EPS¹
- ▶ Free cash flow² generation of \$610 million (excl. special items and integration-related capital)

⁽¹⁾ See supporting financial schedules available at ir.centurylink.com

⁽²⁾ Free Cash Flow calculated as operating cash flow less cash paid for taxes, interest and capital expenditures, adjusted for other income/(expense).

4Q12 Revenue Drivers



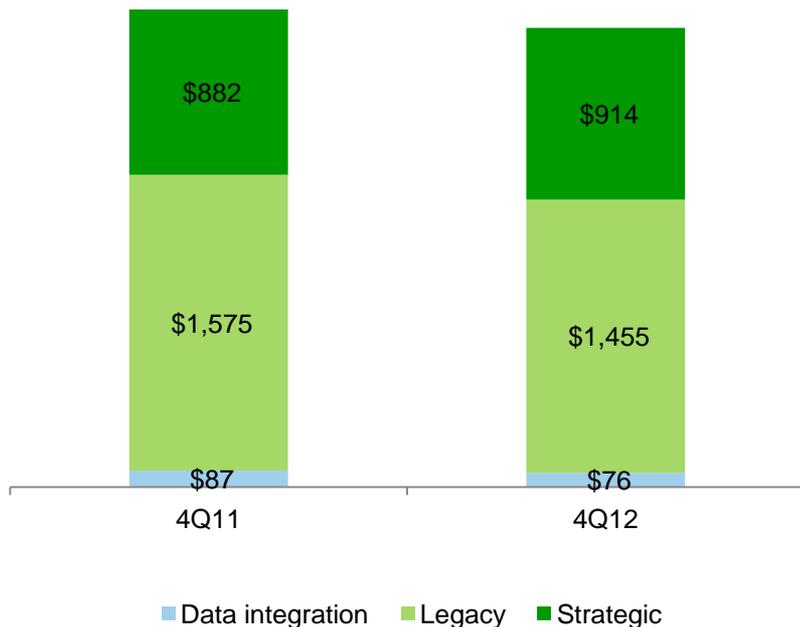
Year-over-year: 4Q12 vs. 4Q11

- ▶ Strategic revenue growth driven by MPLS & Ethernet services, HSI, managed hosting and Prism™ TV
- ▶ Legacy revenue decline driven by access line losses and lower access revenue
- ▶ Other revenue increased primarily due to higher USF contribution rate

Regional Markets

Regional Markets - Operating Revenues

\$ in millions

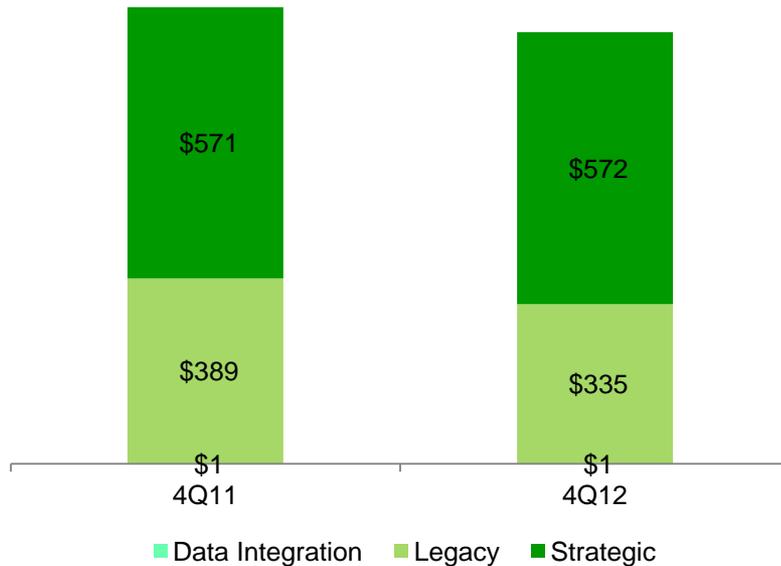


- ▶ Strategic revenue increased 3.6% from year-ago period driven by growth of broadband and Prism™ TV subscribers and higher revenue from strategic business data services (i.e. Ethernet and MPLS)
- ▶ Legacy services revenue declined 7.6% in 4Q12 due to lower local and LD revenue partially mitigated by implementation of the CAF Order¹
- ▶ Operating expenses declined 1.9% y/y as lower employee and data integration costs were partially offset by higher Prism™ TV costs

(1) Federal Communications Commission's Connect America and Intercarrier Compensation Reform Order (the CAF Order) adopted on October 27, 2011

Wholesale Markets

Wholesale Markets - Operating Revenues \$ in millions



- ▶ Strategic revenues increased slightly from 4Q11 due to growth in Ethernet services, offset by reductions of low speed special access revenue associated with FTTT completions
- ▶ Lower access revenues driven by implementation of the CAF Order¹ and lower minutes of use continue to pressure legacy revenue
- ▶ Segment expenses declined 13% from 4Q11 driven by lower access and other operating costs

(1) Federal Communications Commission's Connect America and Intercarrier Compensation Reform Order (the CAF Order) adopted on October 27, 2011

Enterprise Markets - Network

Enterprise Markets - Network - Operating Revenues

\$ in millions

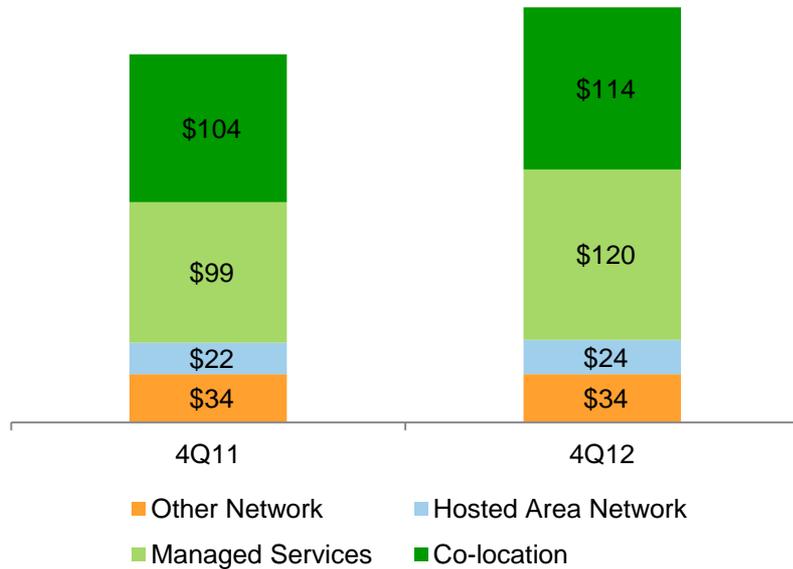


- ▶ Strategic revenue increased nearly 8% from 4Q11 fueled by strength in high-bandwidth products including MPLS, Ethernet and Wavelength
- ▶ Excluding private line, strategic revenues grew nearly 13%
- ▶ Recurring revenue increased in each quarter of 2012 and in 4Q12 grew 4.5% from the same year-ago period
- ▶ Continue to experience solid sales momentum from enterprise and government customers

Enterprise Markets – Data Hosting

Enterprise Markets - Data Hosting - Operating Revenues¹

\$ in millions



- ▶ Managed hosting revenue grew 21% over year-ago period and colocation grew nearly 10% over the same period
- ▶ Excluding the revenue contribution from Ciber assets acquired in October, managed hosting revenue increased 8%
- ▶ Higher 4Q12 customer bankruptcy churn impacted y/y growth
- ▶ 4Q12 bookings highest quarterly level in 4 years
- ▶ Expenses increased year-over-year driven primarily by higher employee costs, including those related to Ciber acquisition, and savvisdirect expenses

(1) 4Q12 product revenues sum may not match Earnings Release or accompanying schedules due to rounding

New Segment Structure (effective 1Q13)

Consumer and Business – Led by Karen Puckett

Consumer

- Residential customers
- 37-state national footprint
- Local operating model approach

Business

- All SMB, enterprise businesses & government accounts
- Operates across the U.S. - nationwide products and services – and select international locations
- Local operating model approach, where appropriate

Wholesale – Led by Bill Cheek

- Other communications companies
- Fiber-to-the-tower for wireless providers
- Payphone services

Data Hosting – Led by Jim Ousley

- Colocation, managed hosting, cloud services and hosting related network services
- IT infrastructure management
- Assets and capabilities in North America, Europe and Asia

Guidance

1st Quarter 2013

Operating Revenues	\$4.46 to \$4.51 billion
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Operating Cash Flow	\$1.83 to \$1.88 billion
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Adjusted Diluted EPS	\$0.67 to \$0.72
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Full Year 2013

Operating Revenue	\$18.1 to \$18.3 billion
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Annual percent change in Operating Revenue	-0.5% to -1.5%
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Operating Cash Flow	\$7.3 to \$7.5 billion
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Adjusted Diluted EPS	\$2.50 to \$2.70
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Capital Expenditures ¹	\$2.8 to \$3.0 billion
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Free Cash Flow ¹	\$3.0 to \$3.2 billion
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(1) Excludes approximately \$70 million of integration-related capital expenditures

Q & A



Concluding Remarks

Glen Post

Chief Executive Officer & President



Closing

- ▶ Continued improvement in revenue trend – ending 2012 with annual revenue decline of 1.7%; expect continued revenue trend improvement to annual decline of 0.5% to 1.5% in 2013
- ▶ Demand from business customers for advanced network and hosted IT solutions remains strong
- ▶ Launch of savvisdirect in December and planned commercial launch of Prism™ TV in Phoenix in 1H13 further enhances strategic revenue growth opportunity
- ▶ Key strategic initiatives continue to strengthen CenturyLink's competitive position
- ▶ Capital allocation changes will further our strategy of investing in our key growth initiatives

Well Positioned to Drive Long-Term Shareholder Value, Deliver Strong Financial Results and Further Enhance Position as an Industry Leader



4th Quarter & Full-Year 2012 Earnings Results

February 13, 2013