



4th Quarter & Full-Year 2013 Earnings Results

February 12, 2014

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 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 if one or more of these risks or uncertainties materialize, or if our 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, including product displacement; the effects of ongoing changes in the regulation of the communications industry, including the outcome of regulatory or judicial proceedings relating to intercarrier compensation, access charges, universal service, broadband deployment, data protection and net neutrality; our ability to effectively adjust to changes in the communications industry, and changes in our markets, product mix and network 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; 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, including our ability to effectively respond to increased demand for high-speed broadband service; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; the adverse impact on our business and network from possible equipment failures, security breaches or similar attacks on our network; our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; our ability to use net operating loss carryovers of Qwest in projected amounts; our continued access to credit markets on favorable terms; our ability to collect our receivables from financially troubled communications companies; our ability to maintain favorable relations with our key business partners, suppliers, vendors, landlords and financial institutions; any adverse developments in legal or regulatory proceedings involving us; changes in our operating plans, corporate strategies, dividend payment plans or other capital allocation plans, including those caused by changes in our cash requirements, capital expenditure needs, debt obligations, pension funding requirements, cash flows, or financial position, or other similar changes; the effects of adverse weather; other risks referenced from time to time in our filings with the SEC; and the effects of more general factors such as changes in interest rates, in tax laws, 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 of our Form 10-Q for the quarter ended September 30, 2013, 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 are inherently speculative and speak only as of the date made. 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

Jeff Von Deylen

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4Q13 & 2013 Highlights & Strategic Overview

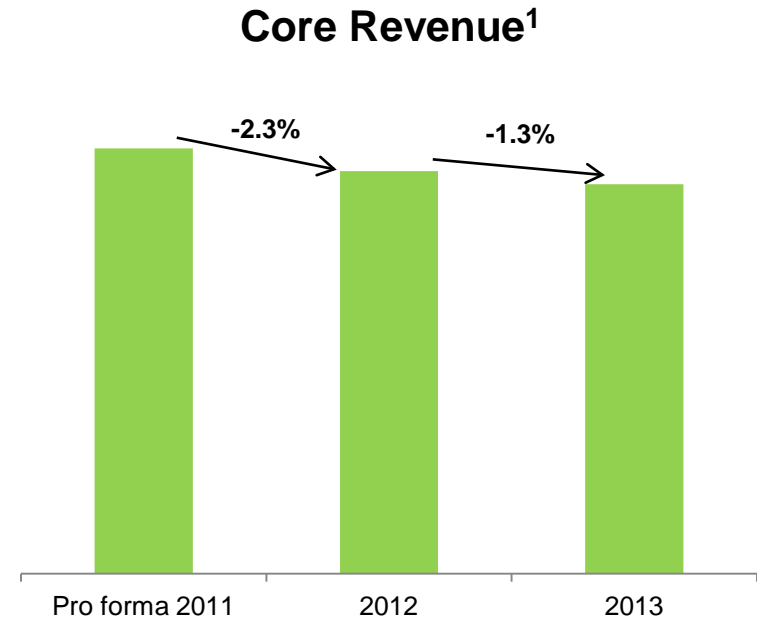
Glen Post

Chief Executive Officer & President



2013 Accomplishments

- ✓ Improved core revenue trend
- ✓ Generated solid strategic revenue growth of nearly \$400 million, a 4.7% increase from 2012
- ✓ Achieved solid subscriber growth – adding 140,000 high-speed Internet customers and 69,000 Prism™ TV customers
- ✓ Increased 20 Mbps and 40 Mbps speed enablement by approximately 25% year-over-year; Added over 1,000 fiber-fed buildings into our MTU program
- ✓ Repurchased 46 million shares for \$1.57 billion during 2013; Program to date through February 11, 2014, repurchased total of 50.8 million shares for \$1.72 billion



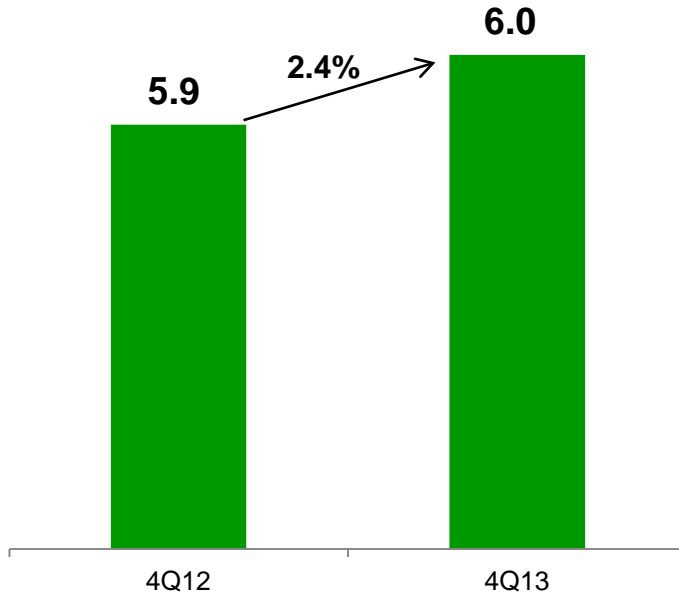
⁽¹⁾ Core revenue defined as Strategic revenue plus Legacy revenue (excluding Data Integration and Other revenue)

Broadband Expansion & Enhancement

Achieving growth in broadband penetration

Broadband subscribers

Ending in service, millions



- ▶ Added 49,000 broadband subscribers in fourth quarter - ending the quarter with 6.0 million broadband customers

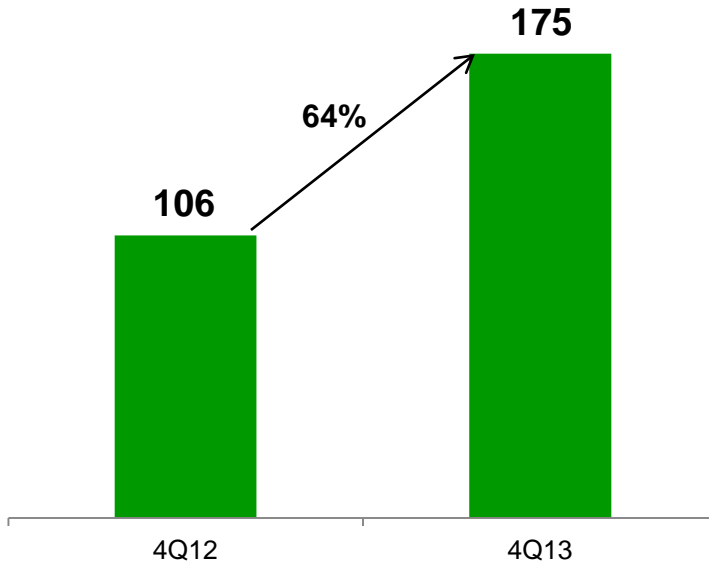
- ▶ Expanded speed and service capabilities to serve high value Business and Consumer customers
- ▶ Added approximately 200 fiber-fed buildings to our Multi-Tenant program in 4Q targeting speeds up to 500 Mbps symmetrical
- ▶ Continue to expand Ethernet capabilities
- ▶ Deployed GPON service to over 40,000 homes in Omaha and select areas of Las Vegas

Prism™ TV

Expanding footprint and growing subscriber base

Prism TV subscribers

Ending in service, thousands



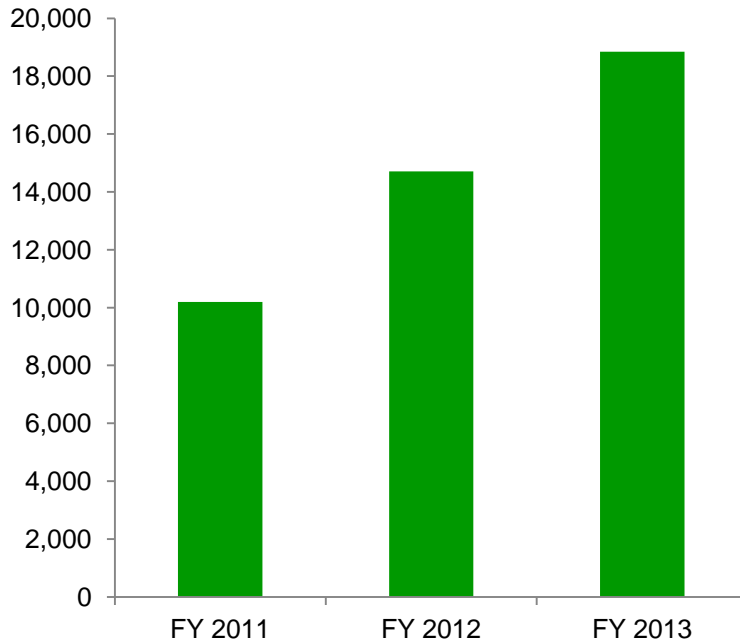
- ▶ Added a record 26,000 Prism™ TV subscribers during the quarter, growing total subscribers 17% from 3Q13
- ▶ Generated solid subscriber growth in newly launched markets during 4Q
- ▶ Expanded addressable footprint by approximately 180,000 homes in 4Q
- ▶ Continued to see lower churn in Prism™ TV triple play compared to voice single play

Fiber-to-the-Tower (FTTT)

Investing in FTTT to drive long-term growth

Fiber-to-the-Tower:

Cumulative builds complete at year-end



- ▶ Completed 930 fiber builds in 4Q13 for a total of 4,100 fiber builds in 2013; 18,800 fiber connected towers
- ▶ Expect full-year 2014 fiber builds of 3,000 – 3,500
- ▶ Fiber-based wireless data backhaul demand continues to grow
- ▶ Expect to mitigate revenue compression during 2014

Managed Hosting & Cloud Services

Enhancing capacity and services to meet customer needs and market opportunity

- ▶ Generated solid hosting sales during the quarter, including accelerating sales to network customers
- ▶ Cross-sell opportunities continue to be strong
- ▶ Opened a new data center in Hong Kong in fourth quarter
- ▶ Completed the acquisition of Tier 3, an innovative provider of public cloud services, in November 2013
- ▶ In January 2014, Savvis began operating as CenturyLink Technology Solutions aligning the brand with CenturyLink and demonstrating deeper ties to the broad portfolio of IT solutions

2014 Priorities

Consumer

- Continue broadband speed enablement and penetration
- Expand Prism™ TV addressable market footprint and penetration

Business

- Continue growth in sales of MPLS, Ethernet & Wavelength services
- Grow and expand Managed Office/Managed Services offerings
- Expand Business GPON and fiber to buildings

Wholesale

- Drive fiber-fed Ethernet backhaul services
- Expand marketing of white label cloud services

Data Hosting

- Integrate cloud platform and automation of Managed Services
- Increase marketing, retention and sales growth
- Develop alternate partner channel

4Q13 Financial Results & Guidance Overview

Stewart Ewing

Executive Vice President & Chief Financial Officer



4Q13 Highlights

- ▶ \$4.54 billion in revenue
 - Total revenue declined 0.9% from 4Q12
 - Core revenue¹ of \$4.11 billion, declined 0.4% from 4Q12
 - Strategic revenue of \$2.3 billion, 5.4% annual increase from 4Q12

4Q13 Adjusted Diluted EPS, Guidance mid-point	\$0.58
Strategic revenue performance	0.02
Benefits/operating tax adjustments and other	0.05
Income tax accounting adjustments	0.03
4Q13 Adjusted Diluted EPS, Actual	\$0.68

- ▶ Strong high-speed Internet and Prism subscriber growth
- ▶ Strong high bandwidth data services and hosting product sales among business customers
- ▶ \$0.68 Adjusted Diluted EPS²
- ▶ Free cash flow³ of \$601 million (excl. special items and integration-related capital)
- ▶ 10.5 million shares repurchased for \$331 million during 4Q13

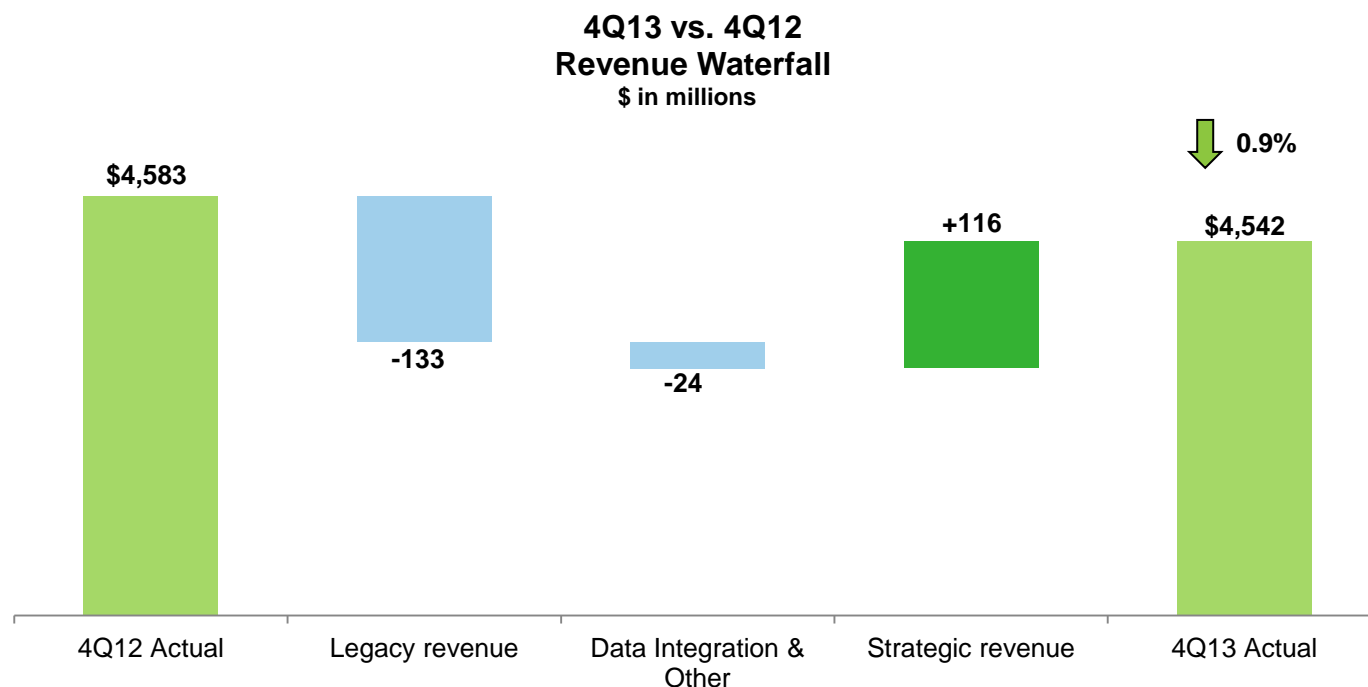
(1) Core revenue defined as Strategic revenue plus Legacy revenue (excludes Data Integration and Other revenue)

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

¹² (3) Free Cash Flow calculated as operating cash flow less cash paid for taxes, interest and capital expenditures, adjusted for other income/(expense), see supporting financial schedules.



4Q13 Revenue Drivers



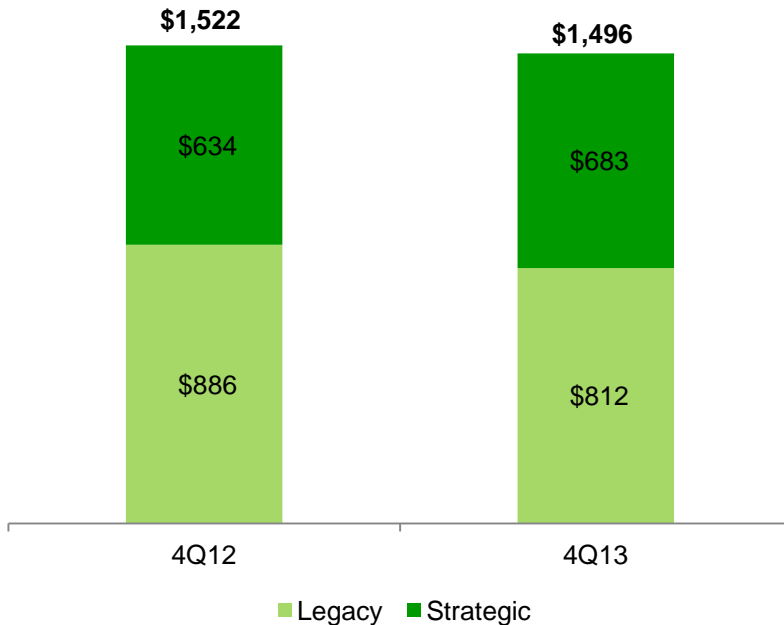
Year-over-year: 4Q13 vs. 4Q12

- ▶ Strategic revenue growth driven by MPLS & Ethernet services, HSI, cloud & managed hosting and Prism™ TV
- ▶ Legacy revenue decline due to access line losses and lower access revenue
- ▶ Data integration and other revenue decreased primarily due to lower USF contribution rate

Consumer

Consumer - Operating Revenue¹

\$ in millions



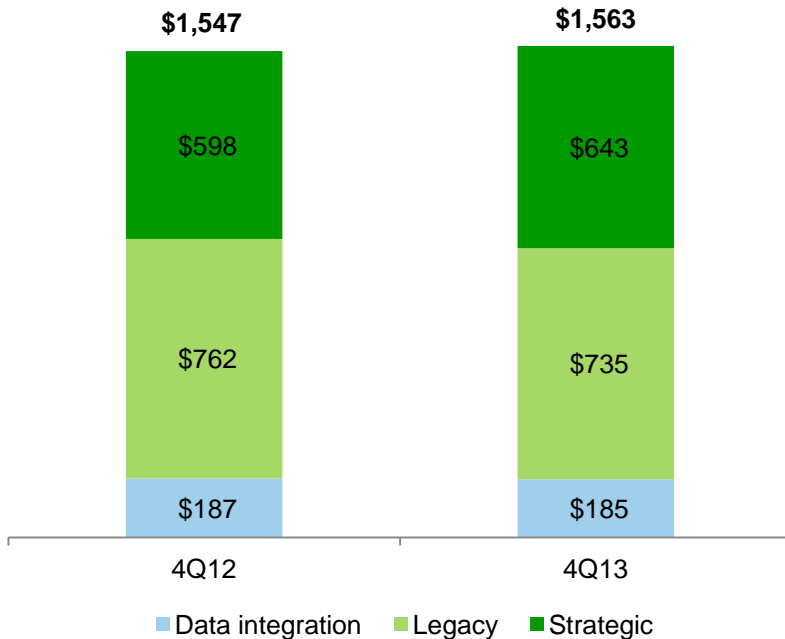
- ▶ Strategic revenue increased 7.7% from year-ago period driven by growth of broadband and Prism™ TV subscribers
- ▶ Legacy services revenue declined 8.4% in 4Q13 due to lower local and LD revenue
- ▶ Operating expenses were relatively flat from 4Q12 as lower employee-related costs offset higher Prism™ TV costs

(1) 4Q12 and 4Q13 revenue sum does not match Earnings Release or accompanying schedules due to exclusion of data integration revenue from this chart

Business

Business - Operating Revenue

\$ in millions

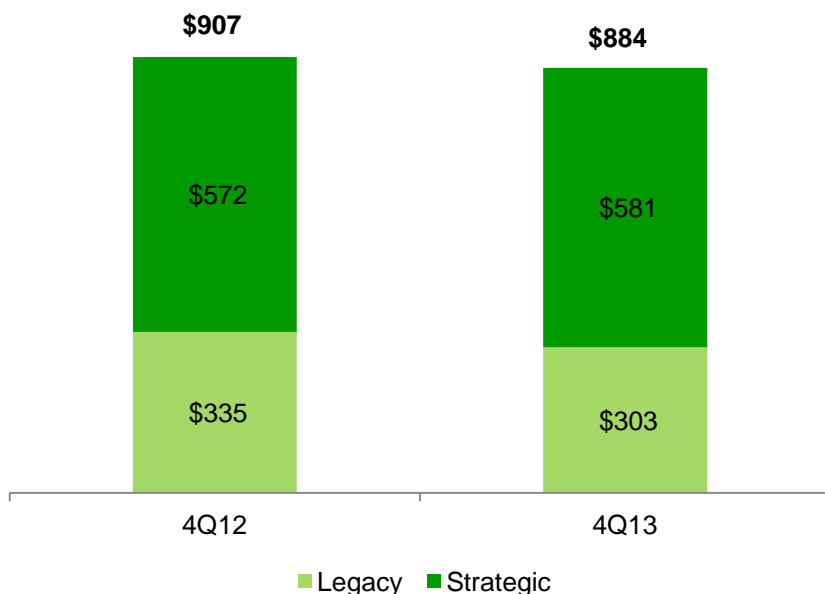


- ▶ Strategic revenue increased 7.5% from 4Q12 driven by continued strength in high-bandwidth products including MPLS, Ethernet and Wavelength
- ▶ Legacy services revenue declined 3.5% in 4Q13 due to lower voice revenue
- ▶ Operating expenses increased \$39 million, or 4.1%, from 4Q12 primarily driven by increased facility costs associated with MPLS product growth

Wholesale

Wholesale - Operating Revenue

\$ in millions



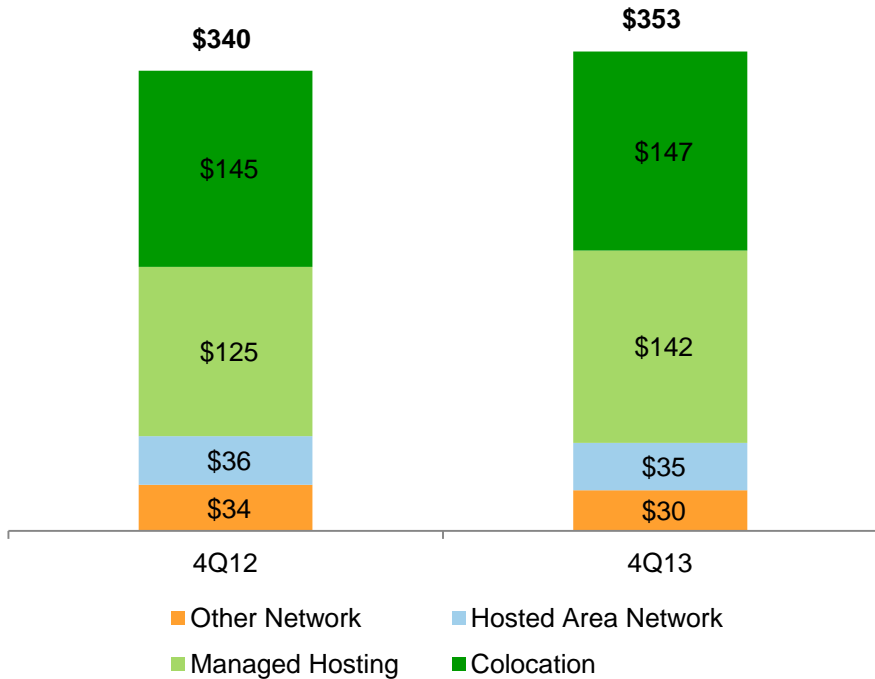
- ▶ Strategic revenue increased from 4Q12 due to growth in Ethernet services and bandwidth expansion by wireless customers along with delays in DS1 disconnects
- ▶ Lower access revenue driven by continued implementation of the CAF Order¹ and lower minutes of use continue to pressure wholesale legacy revenue
- ▶ Segment expenses declined \$11 million, or 3.7%, from 4Q12 driven primarily by lower voice usage costs

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

Data Hosting

Data Hosting - Operating Revenue

\$ in millions



- ▶ Total revenue y/y growth of nearly 4%
- ▶ Achieved expected sequential revenue growth of 3.2% driven by strength in managed hosting and cloud revenue
- ▶ Managed hosting & cloud revenue grew 14% over year-ago period and colocation grew 1.4% over the same period
- ▶ Colocation growth was weakened by legacy Qwest customer churn and price erosion in previous quarters
- ▶ Expenses increased \$19 million, or 7.2%, from 4Q12 primarily due to increased sales and marketing costs and AppFog/Tier 3 acquisitions

1Q14 Guidance

1st Quarter 2014

Operating Revenue	\$4.46 to \$4.51 billion
Core Revenue	\$4.07 to \$4.12 billion
Operating Cash Flow	\$1.73 to \$1.78 billion
Adjusted Diluted EPS	\$0.58 to \$0.63

4Q13 Adjusted Diluted EPS, Actual	\$0.680
Non-recurring favorable 4Q adjustments	(0.090)
Core revenue decline	(0.015)
Depreciation reduction and other	0.030
1Q14 Adjusted Diluted EPS, Guidance mid-point	\$0.605

2014 Guidance

Full-Year 2014

Operating Revenue	\$17.90 to \$18.10 billion
Annual percent change in Operating Revenue	0.0% to -1.2%
Core Revenue	\$16.25 to \$16.45 billion
Annual percent change in Core Revenue	0.0% to -1.2%
Operating Cash Flow	\$7.05 to \$7.25 billion
Adjusted Diluted EPS	\$2.40 to \$2.60
Capital Expenditures ¹	Approximately \$3.0 billion
Free Cash Flow ¹	\$2.6 to \$2.8 billion

(1) Excludes approximately \$30 million of integration-related capital expenditures

Q & A

