



1st Quarter 2014 Earnings Results

May 7, 2014

Forward-Looking Statements / Non-GAAP Financial Measures

Certain non-historical statements made in this presentation 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-K for the year ended December 31, 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

President, CenturyLink Technology Solutions

1Q14 Highlights & Strategic Overview

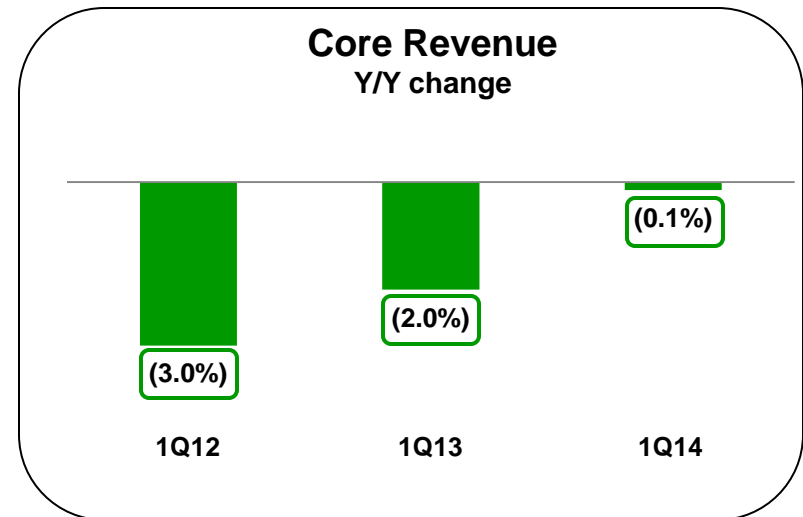
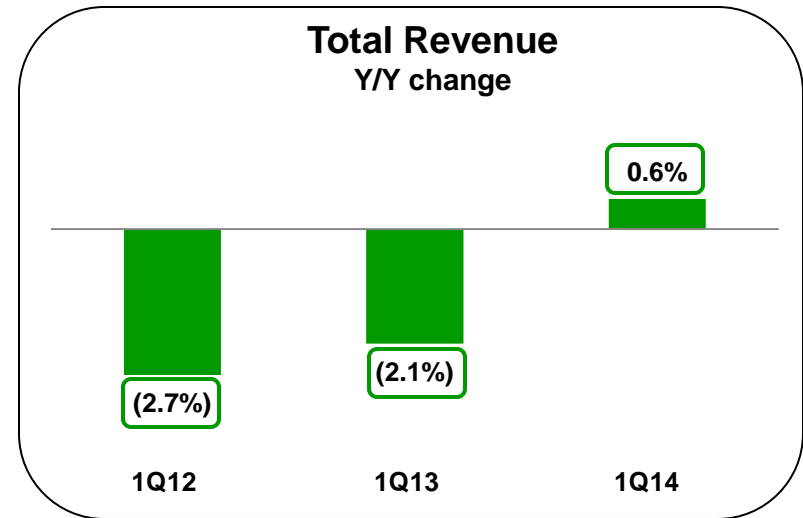
Glen Post

Chief Executive Officer & President



Strong 1Q14 Results

- Total operating revenues, operating cash flow and Adjusted Diluted EPS exceeded expectations
- Total operating revenues of \$4.54 billion grew Y/Y \$25 million, or 0.6%
 - Compares to Y/Y declines of 2.1% in 1Q13 and 2.7% in 1Q12
- Core revenue¹ near top-end of guidance
- Core revenues of \$4.11 billion was nearly flat from 1Q13
 - Compares to Y/Y declines of 2% in 1Q13 and 3% in 1Q12



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

Key Drivers of 1Q14 Results

- Strategic revenue growth increased from prior year while legacy revenue decline slowed
- Demand for high-bandwidth data services and bundled service offerings drove solid Business revenue growth
- Managed hosting revenue¹ grew 12.7% year-over-year and colocation revenue increased 3.3%
- Strength in high-speed Internet and Prism™ TV customer growth, price increases and improved churn resulted in nearly flat year-over-year Consumer revenue

(1) Hosting revenue by product category was restated to allocate cross-connect revenue with the associated colocation or managed service.

Strategic Priorities

- Business Network Solutions
- Hosting, Cloud & IT Services
- Consumer Broadband & Video
- Operating Efficiency

Strategic Priorities

➤ Business Network Solutions

- Expand MPLS, Ethernet, Wavelength and VoIP offerings
- Extend FTTT footprint for wireless data backhaul

➤ Hosting, Cloud and IT Services

- Expand and enhance cloud and hosting services platform
- Increase participation rate of direct sales and expand partner sales channel
- Offer complete portfolio of IT and cloud enablement services

➤ Consumer Broadband and Video

- Deploy fiber deeper into network to drive higher speeds
- Expand Prism TV footprint and penetration

➤ Operating Efficiency

- Simplify and rationalize network infrastructure
- Automate and improve processes
- Continue to integrate and simplify systems

1Q14 Financial Results & Guidance Overview

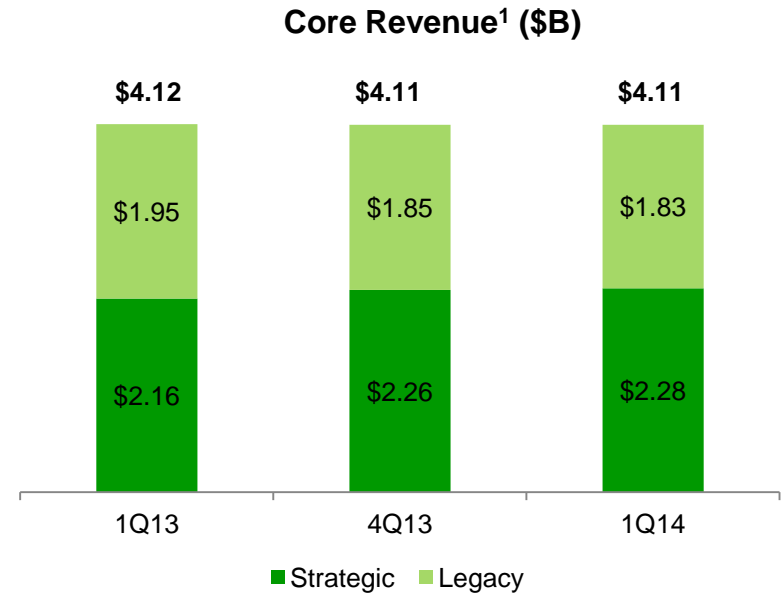
Stewart Ewing

Executive Vice President & Chief Financial Officer



1Q14 Financial Summary

- ▶ \$4.54 billion in Total revenue
 - \$4.11 billion Core revenue¹, nearly flat from 1Q13 and 4Q13
 - \$2.3 billion Strategic revenue, 5.4% y/y increase from 1Q13 vs. 4.5% increase in 1Q13
 - \$1.8 billion Legacy revenue, a 6.3% y/y decrease from 1Q13 vs. 8.3% decrease in 1Q13

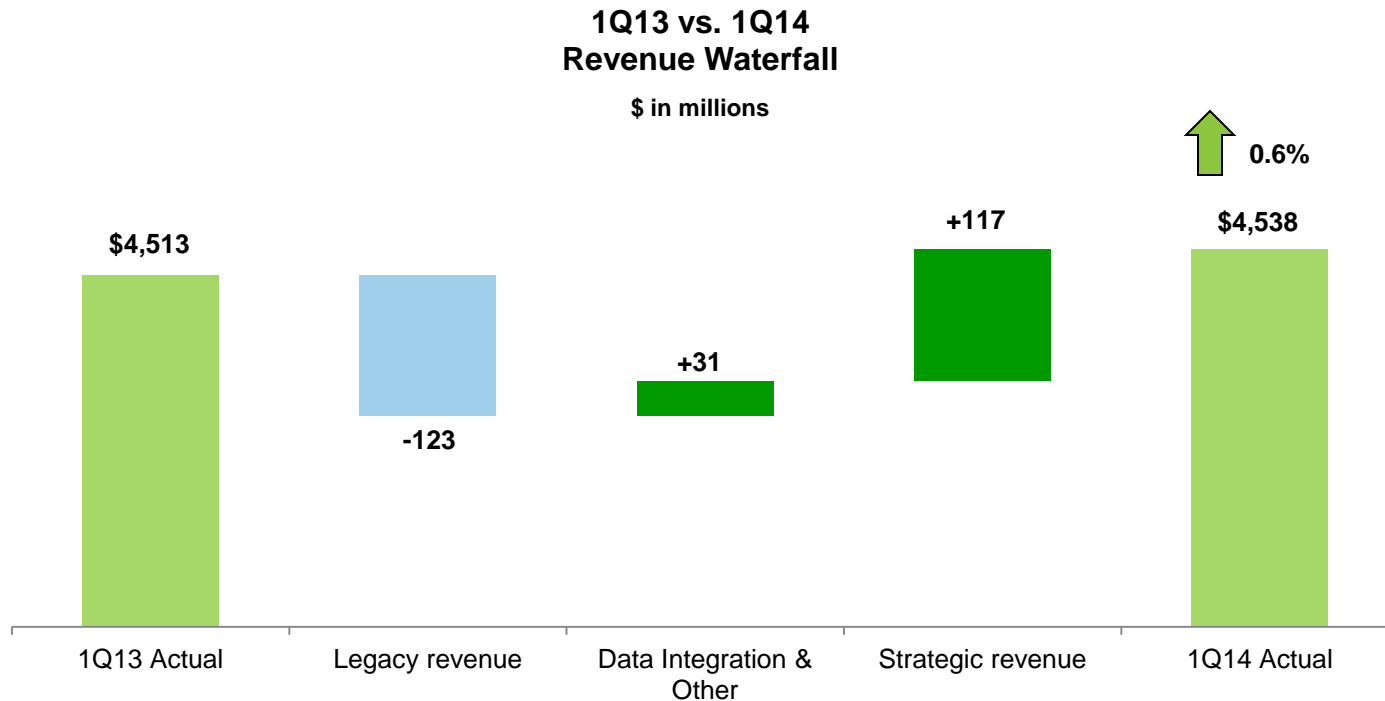


- ▶ Added 66,000 high-speed Internet customers and approximately 24,000 Prism™ TV customers
- ▶ Operating cash flow² of \$1.79 billion and free cash flow² of \$860 million
- ▶ \$0.66 Adjusted Diluted EPS²
- ▶ 10.4 million shares repurchased for \$319 million during 1Q14; Program to date through May 6, 2014, repurchased total of 58.7 million shares for \$1.97 billion

⁽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

1Q14 Revenue Drivers



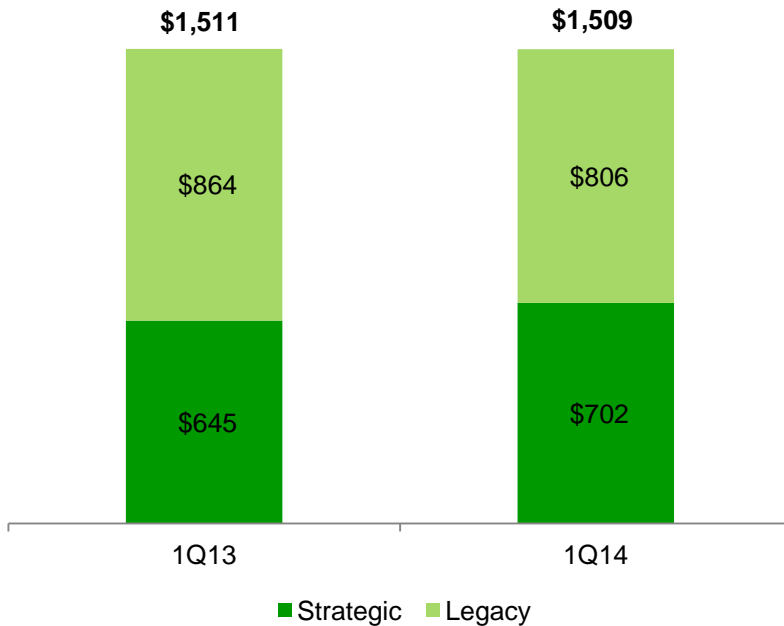
Year-over-year: 1Q14 vs. 1Q13

- ▶ Strategic revenue growth driven by MPLS & Ethernet services, HSI, Managed Hosting & Cloud and Prism™ TV
- ▶ Legacy revenue decline of \$123 million due to access line losses and lower access revenue. Compares favorably to \$177 million decline in 1Q13
- ▶ Data integration and other revenue increased primarily due to higher CPE sales

Consumer

Consumer - Operating Revenue¹

\$ in millions

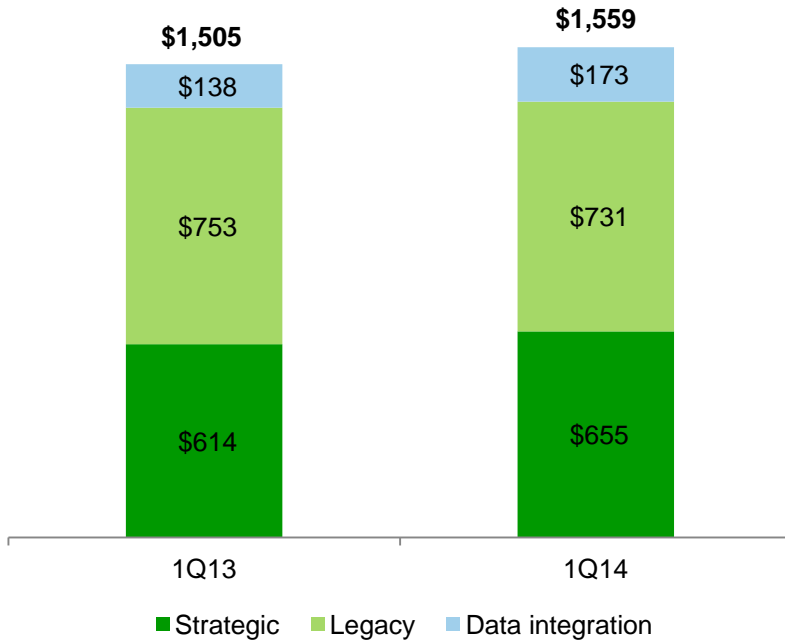


- ▶ Strategic revenue increased 8.8% from year-ago period driven by growth of high-speed Internet and Prism™ TV customers
- ▶ Legacy services revenue declined 6.7% in 1Q14 due to lower local and LD revenue; 9.7% decline in 1Q13
- ▶ Operating expenses increased from 1Q13, primarily driven by higher Prism™ TV costs

(1) 1Q13 and 1Q14 revenue sum does not match Earnings Release or accompanying schedules due to exclusion of data integration revenue from this chart

Business - Operating Revenue

\$ in millions



- ▶ Total revenue y/y growth of 3.6%
- ▶ Strategic revenue increased 6.7% from 1Q13 driven by continued strength in high-bandwidth products including MPLS, Ethernet and Wavelength
- ▶ Legacy services revenue declined 2.9% in 1Q14 due to lower voice revenue
- ▶ Data integration revenue increased 25% driven by higher CPE sales in the quarter
- ▶ Operating expenses increased \$109 million, or 12.7%, from 1Q13 primarily driven by increased CPE and facility costs, along with higher employee-related expenses

Wholesale

Wholesale - Operating Revenue

\$ in millions



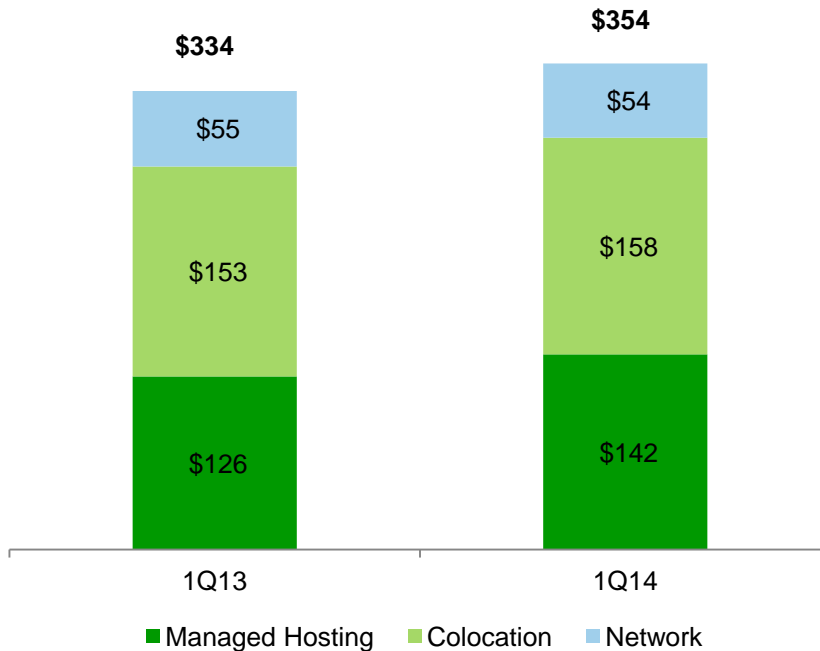
- ▶ Strategic revenue was flat from 1Q13 due to growth in Ethernet services and wireless bandwidth expansion offset by DS1 disconnects
- ▶ Legacy revenue declined as continued implementation of the CAF Order¹ and lower minutes of use continue to pressure wholesale access revenue
- ▶ Segment expenses were relatively flat from 1Q13

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

Hosting

Hosting - Operating Revenue¹

\$ in millions



- ▶ Total revenue y/y growth of 6%
- ▶ Managed hosting & cloud revenue grew 12.7% over year-ago period and colocation grew 3.3% over the same period
- ▶ Colocation growth was impacted by customer churn and price erosion
- ▶ Expenses² increased \$26 million, or 10.5%, from 1Q13 primarily due to higher employee costs partially related to the AppFog/Tier 3 acquisitions and one-time weather-related power costs

- (1) Hosting revenue by product category was restated to allocate cross-connect revenue with the associated colocation or managed service.
- (2) Current and prior period Hosting expenses restated to remove certain administrative expenses in order to conform reporting methodology of all segments.

2Q14 Guidance

2nd Quarter 2014

Operating Revenue	\$4.48 to \$4.53 billion
Core Revenue	\$4.07 to \$4.12 billion
Operating Cash Flow	\$1.75 to \$1.80 billion
Adjusted Diluted EPS	\$0.62 to \$0.67

Q & A

