

CenturyLink

1st Quarter 2012 Earnings Conference Call
May 9, 2012



Century**Link**TM

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 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 effectively adjust to changes in the communications industry and changes in the composition of our markets and product mix caused by our recent acquisitions of Savvis, Qwest and Embarq; our ability to successfully integrate the operations of Savvis and Qwest into our operations, including the possibility that the anticipated benefits from these 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 net operating loss carryovers of Qwest in projected amounts; the effects of changes in our assignment of the Savvis or Qwest purchase price to identifiable assets or liabilities after the date hereof; 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 a \$2.90 per common share dividend annually, 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; our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; 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, our July 2011 acquisition of Savvis, our April 2011 acquisition of Qwest and our July 2009 acquisition of Embarq are described in greater detail in Item 1A of our Form 10-K for the year ended December 31, 2011, 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 presentation. 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 Group

Jim Ousley

Chief Executive Officer, Savvis & President, Enterprise Markets Group

Strategic Overview

Glen Post
Chief Executive Officer & President

Strategic Overview

- ▶ **Improved Revenue Trend - annual revenue decline of 2.7% in 1Q12 compared to decline of 3.6% in pro forma 1Q11 and 3.2% in 4Q11**
- ▶ **Raised annual opex synergy target for Qwest to \$650 million; Achieved annual run-rate synergies of \$340 million related to Qwest at end of first quarter 2012**
- ▶ **Achieved line loss improvement and strong broadband growth, and continued to scale our Prism™ TV service**
- ▶ **Announced operating group restructuring to better serve business and government customers**
- ▶ **Continued disciplined investment in our four key strategic initiatives**

Four Key Strategic Initiatives

**Broadband Expansion
& Enhancement:**
Achieving growth in
broadband penetration

- ▶ Added over 89,000 high-speed Internet subscribers during the quarter, ending with 5.64 million broadband customers
- ▶ Improved line loss trend to 6.4% in 1Q12 from 7.6% in 1Q11
- ▶ Enabled an additional 175,000 living units with FTTN
- ▶ Expanded Ethernet over Copper footprint
- ▶ Enhanced year-over-year broadband speeds:
 - 6Mbps or higher improved from 61% to 68%
 - 10Mbps or higher improved from 44% to 54%

Prism™ TV:
Expanding footprint
and growing
subscriber base

- ▶ Expanded Prism™ TV subscribers by over 20% in 1Q12 from 4Q11 and increased penetration of available homes to more than 8%
- ▶ 55% of new Prism™ TV customers added in first quarter were new to CenturyLink, up from approximately 50% the prior quarter
- ▶ New Prism™ TV customers continue to reflect higher multi-product attach rates

Four Key Strategic Initiatives (continued)

FTTT Initiative:

Investing in build-out of fiber-to-the-tower sites to drive long-term growth in data transport

- ▶ Completed 650 fiber builds in 1Q12 and on track to achieve targeted 4,000 – 5,000 fiber builds for full year 2012
- ▶ Approximately 70% of fiber builds completed to date are provisioned for Ethernet
- ▶ Secured long-term FTTT backhaul commitments for majority of cell sites in our territory
- ▶ Positions CenturyLink to benefit from significant growth in wireless data demand

Managed Hosting & Cloud Services:

Capacity and product portfolio to meet customer needs and market opportunity

- ▶ Achieved strong quarterly bookings which grew 26% from the year-ago period. 1Q12 and 4Q11 bookings were the strongest since early 2008
- ▶ Announced data center JV with Digital Realty Trust in Hong Kong and launched Savvis cloud services in Hong Kong and Japan; Selected to provide cloud and hosting services to several global IT Services organizations
- ▶ Increased traction in leveraging cross-selling opportunities of Savvis products with BMG customers
- ▶ At quarter end, we had 51 data centers¹ in North America, Europe and Asia, with total sellable floor space of 1.36 million square feet

¹ We define a “data center” to include any facility where we market, sell and deliver either colocation services or multi-tenant managed services, or both.

Summary

- ▶ **Solid first quarter results**
- ▶ **Improving top-line revenue trend**
- ▶ **Good cost containment and strong cash flows**
- ▶ **Strong improvement in line loss trend and growth in high-speed Internet customers**
- ▶ **Solid progress in our key strategic initiatives**

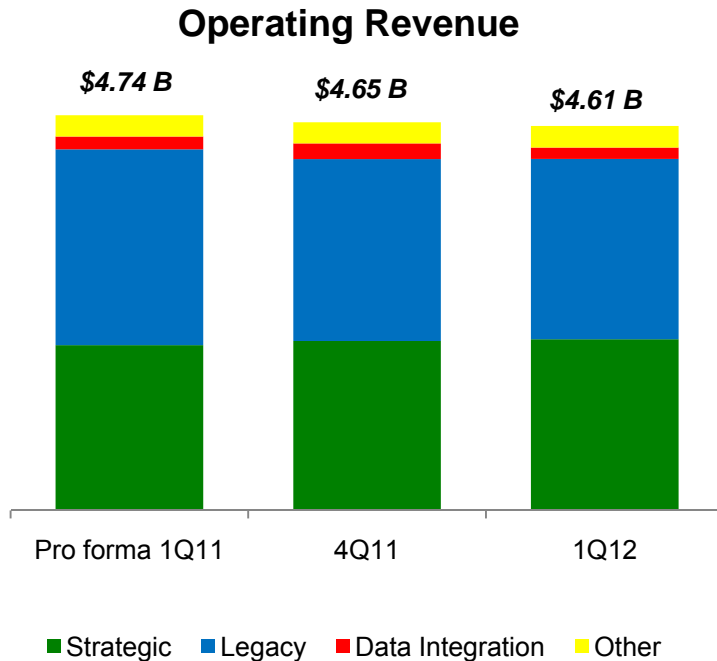
1Q Financial Results & Guidance Overview

Stewart Ewing

Executive Vice President & Chief Financial Officer

1Q12 Financial Summary

1Q12 vs. 1Q11 Y/Y revenues ↓ 2.7%



- ▶ Strong quarter: \$4.61 billion in revenues, in line with guidance
 - Total revenue declined 2.7% from pro forma 1Q11¹
 - Strategic revenues of \$2.06B, 3.8% annual increase from pro forma 1Q11.
- ▶ \$0.68 Adjusted Diluted EPS², exceeding guidance
- ▶ Free cash flow³ generation of \$1.04 billion (excl. special items and integration-related capital)

⁽¹⁾ Quarter Ended 3/31/2011 reflects financials as if Qwest and Savvis mergers occurred effective 01/01/10

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

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

Regional Markets Group

Dollars in millions	1Q12	Pro forma 1Q11 ⁽¹⁾	% Change
Total segment revenue	\$2,204	\$2,298	(4.1%)
Strategic services	764	735	3.9%
Legacy services	1,411	1,535	(8.1%)
Data Integration	29	28	3.6%
Total segment expense	922	998	(7.6%)
Segment income	1,282	1,300	(1.4%)
Segment Income Margin	58%	57%	

- ▶ **Strategic revenue increased 3.9% from year-ago period driven by growth of broadband and Prism™ TV subscribers and higher revenue from strategic data services (i.e. Ethernet and MPLS) to business customer**
- ▶ **Legacy services revenue rate of decline improved from 9.4% in pro forma 1Q11 to 8.1% in 1Q12 due to better local and LD performance.**
- ▶ **Expense declined 7.6% year-over-year as lower employee-related expenses, professional fees and marketing and advertising expenses were partially offset by higher Prism™ TV costs**

(1) Pro forma 3/31/2011 reflect financials as if Qwest and Savvis mergers occurred effective January 1, 2010

Business Markets Group

Dollars in millions	1Q12	Pro forma 1Q11 ⁽¹⁾	% Change
Total segment revenue	\$917	\$929	(1.3%)
Strategic services	450	437	3.0%
Legacy services	351	367	(4.4%)
Data Integration	116	125	(7.2%)
Total segment expense	581	530	9.6%
Segment income	336	399	(15.8%)
Segment income margin	37%	43%	

- ▶ **Strategic revenue increased 3.0% from pro forma 1Q11 fueled by strength in high bandwidth products including Ethernet, DWDM and MPLS. Excluding low-speed data private line, strategic revenues grew nearly 8%**
- ▶ **Recurring revenue grew for second consecutive quarter**
- ▶ **Monthly recurring charges (MRC) increased 17% from 4Q11 and 29% from pro forma 1Q11**

(1) Pro forma 3/31/2011 reflect financials as if Qwest and Savvis mergers occurred effective January 1, 2010

Wholesale Markets Group

Dollars in millions	1Q12	Pro forma 1Q11 ⁽¹⁾	% Change
Total segment revenue	\$957	\$999	(4.2%)
Strategic services	576	553	4.2%
Legacy services	381	446	(14.6%)
Data Integration	-	-	n/m
Total segment expense	278	290	(4.1%)
Segment income	679	709	(4.2%)
Segment income margin	71%	71%	

- ▶ **Strategic revenues grew 4.2% from pro forma 1Q11 primarily driven by strength in Ethernet services offsetting declines in DS1 revenue**
- ▶ **Lower access revenues and minutes of use continue to pressure legacy revenue**
- ▶ **Segment expense declined over 4% from pro forma 1Q11 driven by lower professional fees and reduced headcount**

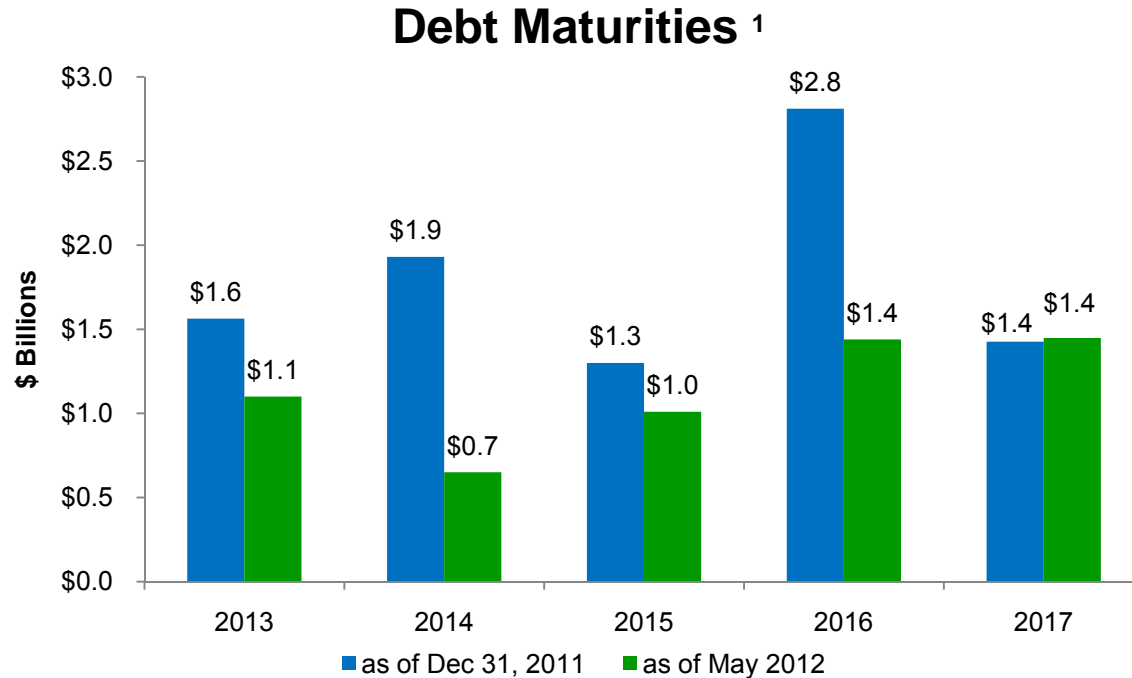
(1) Pro forma 3/31/2011 reflect financials as if Qwest and Savvis mergers occurred effective January 1, 2010

Dollars in millions	1Q12	Pro forma 1Q11 ⁽¹⁾	% Change
Total segment revenue	\$266	\$256	3.9%
Colocation	103	99	4.0%
Managed hosting	99	92	7.6%
Network	64	65	(1.5%)
Total segment expense	209	190	10.0%
Segment income	57	66	(13.6%)
Segment income margin	21%	26%	

- ▶ **Managed hosting revenue grew 7.6% over pro forma year-ago period**
- ▶ **1Q12 bookings increased 26% from 1Q11 with strength in media and financial verticals, including an increase in colocation bookings related to the financial sector**
- ▶ **Expenses increased year-over-year driven primarily by higher operations and sales and marketing staff to support revenue growth**

(1) Pro forma 3/31/2011 reflect financials as if Qwest and Savvis mergers occurred effective January 1, 2010

Liability Management Update



- ▶ **Making progress on \$1.5 - \$2.0 billion gross debt repayment plan - repaid approximately \$1 billion**
- ▶ **Recent debt actions extended our maturity curve**
- ▶ **Quarterly interest expense expected to modestly decline through remainder of 2012**

¹ Excludes capital leases and other obligations, other subsidiary first mortgage notes and unamortized premiums and other, net

Guidance

2nd Quarter 2012	
Operating Revenues	\$4.55 - \$4.60 billion
Operating Cash Flow	\$1.86 - \$1.91 billion
Adjusted Diluted EPS	\$0.59 - \$0.64

Full Year 2012	Previous Guidance	Current Guidance
Operating Revenue	\$18.2 - \$18.4 billion	No revision
Operating Cash Flow	\$7.4 - \$7.6 billion	\$7.45 - \$7.65 billion
Adjusted Diluted EPS	\$2.25 - \$2.45	\$2.35 - \$2.55
Capital Expenditures ¹	\$2.6 - \$2.8 billion	No revision
Free Cash Flow	\$3.2 - \$3.4 billion	No revision

¹ Excludes approximately \$100 million of integration-related capital expenditures

Q & A

Concluding Remarks

Glen Post
Chief Executive Officer & President

Closing

- ▶ **First quarter results represent a solid start toward our 2012 objectives**
- ▶ **Integrations are on track with Qwest synergy target raised**
- ▶ **Operating group restructuring should enhance our ability to serve business and government customers**
- ▶ **Investments in our key strategic initiatives continue to strengthen CenturyLink's competitive position**

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

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