

Testimony of:



CenturyLink™

Before the:

**House Consumer Affairs Committee
Informational Hearing on the Telecommunications,
Cable and Wireless Industries**

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Presented by:

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Good Morning Chairman Godshall, Chairman Preston and Members of the Consumer Affairs Committee. My name is Gerald Piper and I am the Vice President and General Manager for CenturyLink in Pennsylvania and New Jersey. In this role, I oversee all of CenturyLink's operations in the two states, including sales and marketing, customer care, engineering and our retail operations. It is my distinct pleasure to appear before you today to tell you a little bit about CenturyLink as a company, and to share with you some perspectives on the ever-changing telecommunications industry.

CenturyLink is a leading provider of high-quality broadband, entertainment and voice services to both consumers and businesses in all or parts of 25 predominantly rural counties in Pennsylvania. We currently serve approximately 250,000 access lines and employ over 600 individuals in the state. While CenturyLink serves communities in Pennsylvania that are somewhat larger, such as Carlisle, Chambersburg, Butler and Gettysburg, we also serve many smaller communities like Foxburg, Blain, Hopewell, Blue Ridge Summit, State Line and Hewitt. We are very much a rural company in Pennsylvania with an average of 54 customers per square mile in our local operating territory. As a reference, I have included as an attachment to my testimony a map illustrating CenturyLink's local operating territory in

Pennsylvania, as well as our LightCore fiber network that we just recently completed to enhance the services we provide throughout the State.

Nationally, CenturyLink operates in 33 states and is headquartered in Monroe, Louisiana. We are an S&P 500 company and are included among the Fortune 500 list of America's largest corporations. As many of you are aware, we are currently in the process of finalizing the acquisition of Qwest Communications of Denver, Colorado. Upon close of this transaction, CenturyLink will become the third-largest telecommunications company in the U.S., offering local, long distance, data, high speed internet, entertainment and wireless services across 37 states. We are still in the process of gaining the necessary state and federal approvals to finalize the Qwest transaction, but we do anticipate Day 1 of the combined company will take place in either late first quarter or early second quarter of this year.

[Please reference Addendum A for Safe Harbor Statement]

CenturyLink is committed to delivering product and service offerings that meet the personal and business communications needs of our customers. For residential customers, CenturyLink offers an innovative portfolio of services that includes reliable local and long distance home phone service,

high-speed Internet and satellite television from DirecTV -- all on one monthly bill. With data, Internet and telephone solutions from CenturyLink and our partners, business customers of all sizes can get the services they need to succeed. CenturyLink believes that business isn't just about making contacts. It's about making strong connections -- connections that can help businesses get more done in less time so that they can focus on what's really important -- their customers.

CenturyLink continues to meet or exceed all of its obligations under its Amended Alternative Regulation Plan. Pursuant to Act 183 of 2004, CenturyLink chose to accelerate its 100 percent broadband commitment to December 31, 2013. Today, we have broadband deployed to over 92 percent of our retail access lines in Pennsylvania and continue to work and invest diligently to make our year-end 2013 commitment. In addition, 127 Carrier Serving Areas in CenturyLink's local operating territory have qualified for broadband deployment under our Bona Fide Retail Request or BFRR program. As a result, nearly 10,000 Pennsylvania residents have had broadband deployed to them sooner than what may have occurred under our normal deployment schedule. Needless to say, this program has been very beneficial to our consumers and I applaud the Legislature for establishing it

as part of Act 183.

I believe it is important to emphasize that CenturyLink continues to invest heavily in infrastructure improvements in Pennsylvania. While a significant portion of our capital has been devoted to meeting our Act 183 commitments, we continue to invest in new and existing infrastructure in order to provide the very highest quality and most innovative services to our customers.

CenturyLink is also committed to providing the very best in customer care as we understand that service quality is an absolute must in today's environment if we want to continue to be competitive. While we work very hard to avoid service disruptions and outages, when such service issues do occur, we are diligent at addressing them immediately to ensure customer satisfaction. As a result, we not only meet PUC-mandated service quality levels, but we consistently exceed those requirements. As you can imagine, it is not easy or inexpensive to serve customers in sparsely-populated and often remote areas of Pennsylvania, but our customers are our lifeblood and

we take very seriously our commitment to serving them.

Ladies and gentlemen, I'm sure you all realize that the days of the telecom monopoly are gone forever and that CenturyLink will never again be our customers' only option for telecommunications products and services. We face unprecedented levels of competition from a myriad of competitors, including Competitive Local Exchange Carriers (CLECs), as well as intermodal competitors like wireless companies, Voice over Internet Protocol (or VoIP) service providers and cable-telephony providers.

CenturyLink recently released 2010 financial results showing access line loss of 7.6% for the year – down slightly from 8.8% in the previous year - and our trends in Pennsylvania are generally consistent with our company's national results.

CenturyLink believes it is increasingly important that Pennsylvania recognize and address the challenges incumbent local exchanges carriers -- like CenturyLink -- face in today's marketplace. CenturyLink and the other ILECs remain the only communications providers in Pennsylvania with the

regulatory obligation to serve all consumers – regardless of where they live and regardless of whether or not we will ever see a return on our investments. This basic public policy tenet is known as Universal Service, and CenturyLink and Pennsylvania’s other ILECs are the instruments for carrying-out this important public policy objective.

While CenturyLink is saddled with the Universal Service obligation, the 100% broadband commitment resulting from Act 183 and other regulatory requirements, our competitors, with very few exceptions, are free to manage their businesses in a manner completely consistent with their economic interests and the marketplace. And while this Committee and the General Assembly have made definite and considerable strides toward regulatory parity, more work needs to be done to address the disparate set of rules for carriers offering similar, if not identical services, and competing for the same customers. We submit that additional regulatory reform is necessary in order for all carriers to operate on a level playing field and so that all of your constituents – whether they reside in urban, suburban or rural communities -- can benefit from a truly competitive telecommunications marketplace.

In the absence of meaningful additional regulatory reform, the General Assembly needs to recognize the important role that CenturyLink plays in carrying-out important public policy initiatives like Universal Service and ubiquitous broadband availability. And, most importantly, you need to ensure that we have the necessary tools and resources to continue to meet these important obligations. To this end, CenturyLink pledges its commitment to work with this Committee and the General Assembly as a whole, to advance public policies that are mutually beneficial to Pennsylvania's consumers and telecommunications service providers.

I very much appreciate the opportunity to present testimony before you today and I look forward to answering any questions you may have.

Thank you.

ADDENDUM A:

SAFE HARBOR STATEMENT

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 those arising out of the Federal Communication Commission's National Broadband Plan released in the first quarter of 2010); 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 Embarq into our operations, including the possibility that the anticipated benefits from the Embarq merger cannot be fully realized in a timely manner or at all, or that integrating Embarq's operations into ours will be more difficult, disruptive or costly than anticipated; our ability to successfully complete our pending acquisition of Qwest, including timely receiving all shareholder and regulatory approvals and realizing the anticipated benefits of the transaction; 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; 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 capital expenditures; 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 this report or other of 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 recently completed or pending acquisitions are described in greater detail in Item 1A to our most recent Form 10-K, 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.

CenturyLink is a leading provider of high-quality broadband, entertainment and voice services over its advanced communications networks to consumers and businesses in 33 states. CenturyLink, headquartered in Monroe, La., is an S&P 500 company and is included among the Fortune 500 list of America's largest corporations. For more information on CenturyLink, visit www.centurylink.com.

CenturyLink in Pennsylvania



- CenturyLink Wireline Exchanges
- Core Fiber (Lit)
- Core Fiber (Dark)

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PENNSYLVANIA STATISTICAL PROFILE

Employees	610
2009 Annual Payroll*	\$40,869,000
Total Investment	\$971,334,000
Access Lines	267,000
Access Lines, DSL-Enabled	93%

*As of 12/31/09
 All other statistics as of 03/31/10

