

Qwest[®] [®]
Spirit of Service[™]

Investment Highlights

In 2003 we were building the foundation for future growth

- *Improving the balance sheet*
- *Regaining credibility with our customers*
- *Taking cost out of the business*

We have positive momentum going into 2004 to return to growth

- *To drive top-line growth*
- *To improve profitability*
- *To increase financial flexibility*

We are putting in place the right elements to differentiate Qwest in an industry that is increasingly commoditized by providing

- *The best service*
- *A competitive cost structure*
- *Industry-leading products and services that are what our customers want*

2003: Building the Foundation

In 2003 we improved our service and expanded our product line

New “Spirit of Service”

- Improved service and customer satisfaction*
- Revitalized corporate culture*
- Improved employee morale*
- Renegotiated CWA contract*
- Reinitiated community service programs*

Expanded product suite; new Qwest Choice[®] package

- Wireless – expanded offering*
- DSL – increased footprint, control of customer relationship*
- Long-distance – full re-entry in all 14 states*
- Video – partnerships with EchoStar and DIRECTV*
- VoIP – phased deployment underway*
- Launched Qwest Choice[®] package campaign 12/15/03*

2004: Positive Momentum

***Our key objectives are to drive profitable growth
and continue to improve financial flexibility***



***Top-Line
Growth***



***Improved
Profitability***



***Financial
Flexibility***

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***Top-Line
Growth***

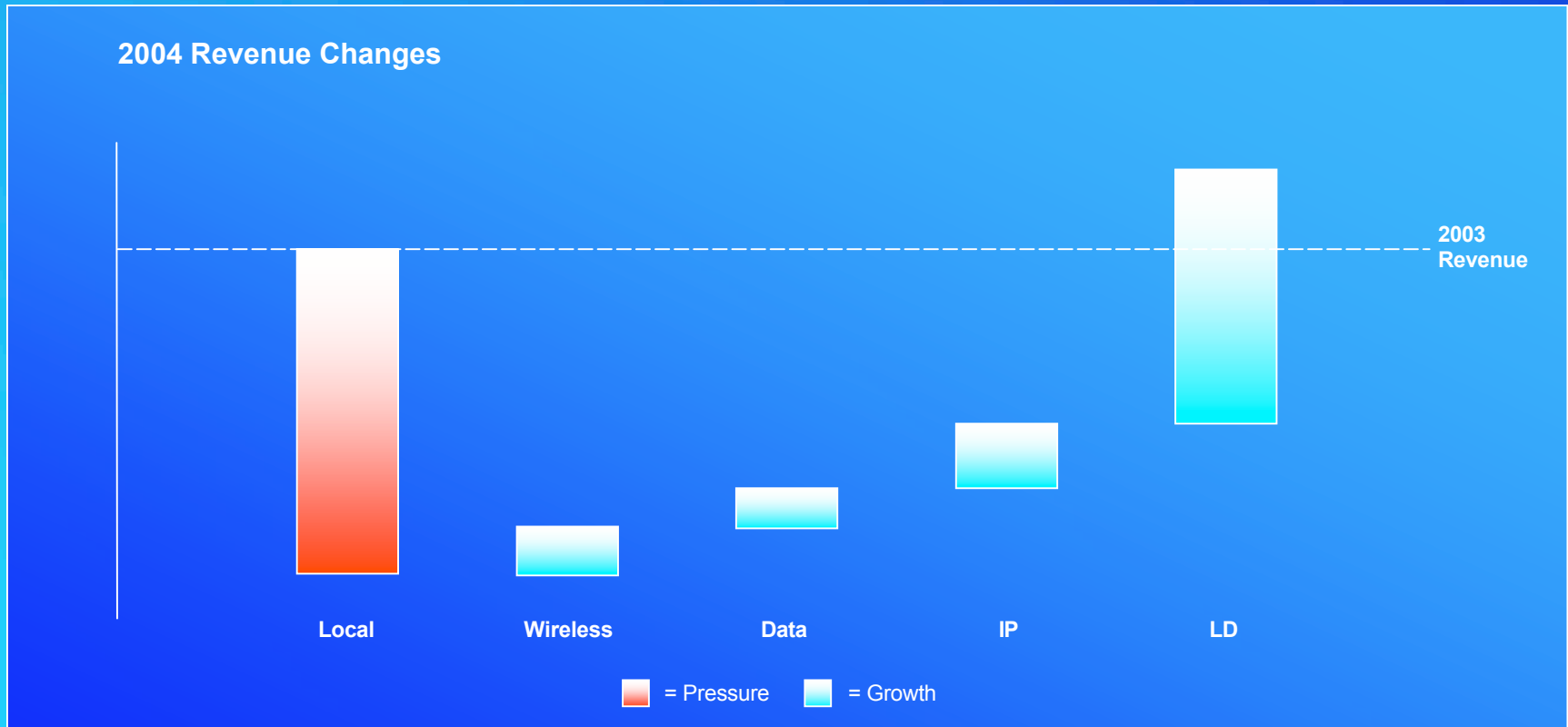


***Improved
Profitability***



***Financial
Flexibility***

Our growth initiatives will begin to offset access line pressures in 2004



Top-Line
Growth



Improved
Profitability



Financial
Flexibility

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Our strategy is to drive customer retention and acquisition through bundled services, new products and value

Qwest Choice \$25.99

Local Line + wire maint. + Any 3 features

+ \$5.00 Off

+ LD	+ DSL	+ Wireless	+ Video
5 cents/minute \$20 cap	256K 1.5M \$26.99 \$39.99	500 minutes \$34.99	DirecTV & EchoStar pricing

Qwest Choice[®] initiatives drive 2004 improvement plan

- Simple, value oriented package
- 14 state LD approval
- DSL emphasis
- Wireless/Sprint PCS launch
- Qwest Guarantee
- Package provides simplicity, flexibility, and value



**Top-Line
Growth**



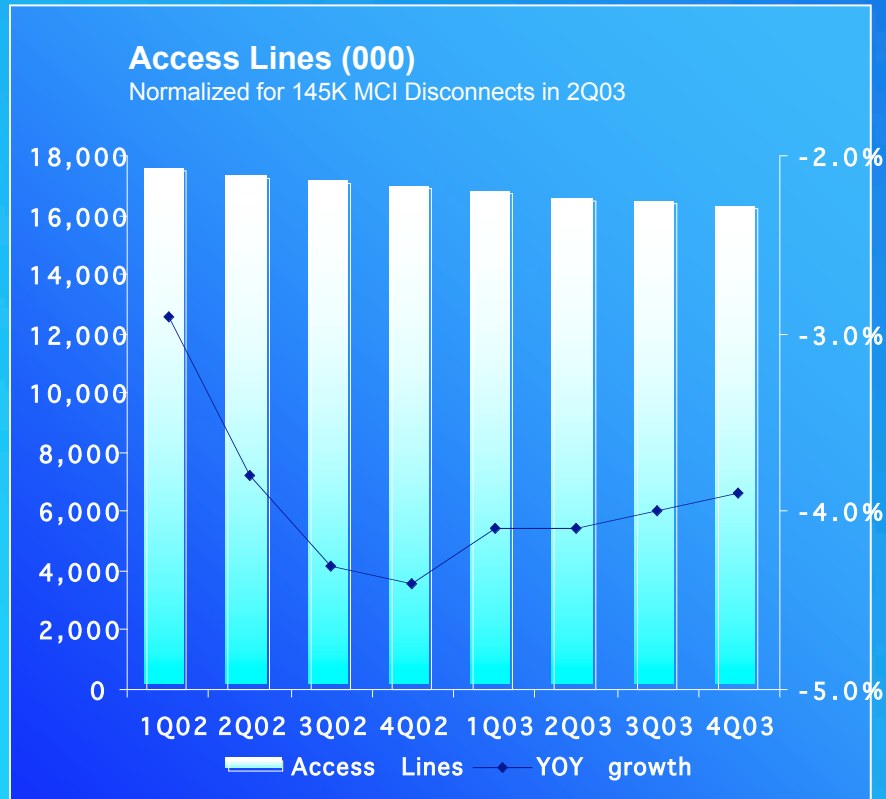
**Improved
Profitability**



**Financial
Flexibility**

Qwest. 
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We've stabilized access line losses through our focus on retention and win-back



- Access line trends stabilized in 2003; trends improving in 2004
- Still expect access line losses, though at an improving rate
- Positive trends in consumer primary lines and win-backs
- Consumer primary line losses improved more than 30% since launch of Qwest Choice



Top-Line
Growth



Improved
Profitability



Financial
Flexibility

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We're leading the market with the products that our customers want

VoIP

Standalone DSL

iQ Networking

A new model:

- In a business that has become commoditized, we must have an appropriate cost structure and differentiate with products and services that our customers want.*



**Top-Line
Growth**



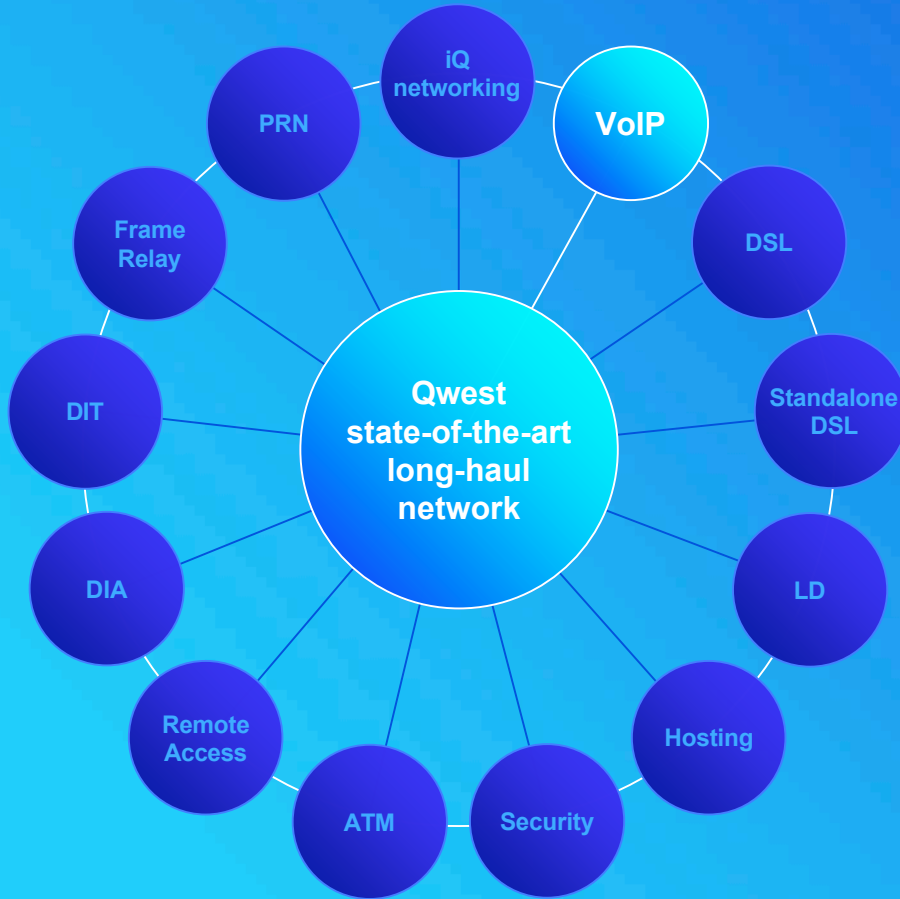
**Improved
Profitability**



**Financial
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We are a leader in introducing VoIP



VoIP leverages existing assets and gives customers the products they want

- Introduced in Minnesota in 4Q 2003
- Expansion to major markets in our 14-state region complete by year-end 2004
- Business VoIP introduced in 1H 2004
- Minimal additional capital required
- Architecture optimized for data or information services, with voice laid over that
- Opportunity to overlay features that add margin



Top-Line Growth

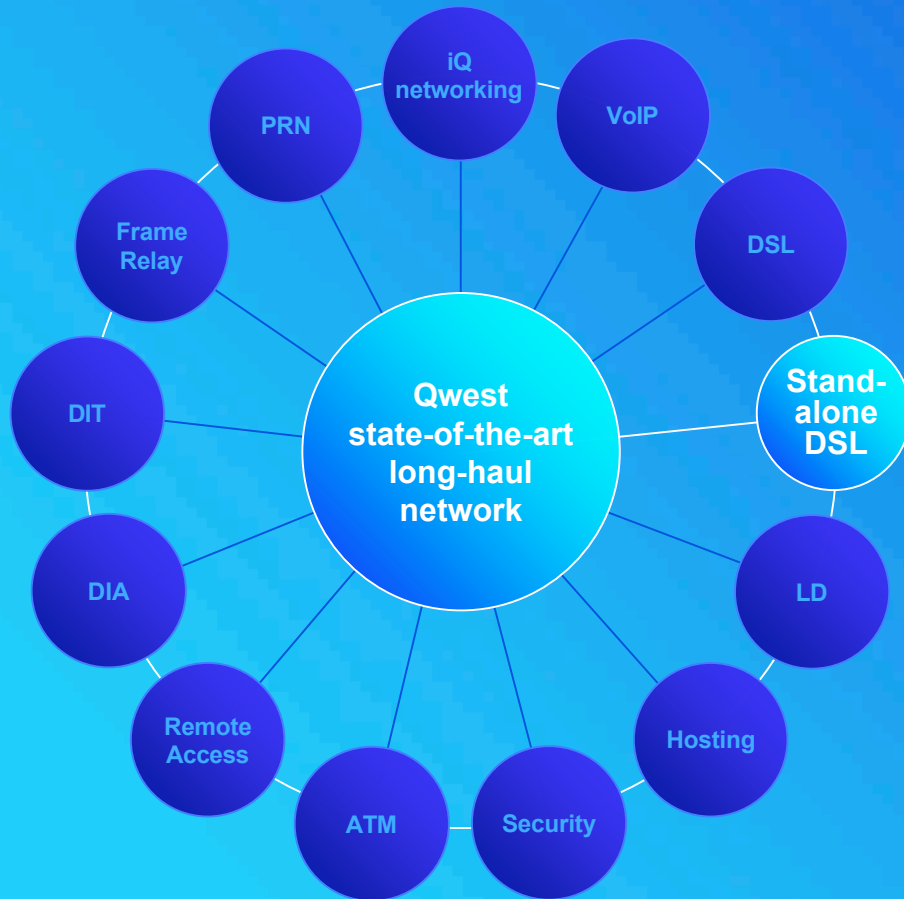


Improved Profitability



Financial Flexibility

We're a leader in introducing standalone DSL



Standalone DSL leverages existing assets and gives customers the products they want

- First in our industry to offer DSL without voice
- Customers in-region able to receive up to 1.5 M broadband access without purchasing a residential phone line
- Available in both basic and premium packages
- Launched end of February



Top-Line
Growth



Improved
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Financial
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***Top-Line
Growth***

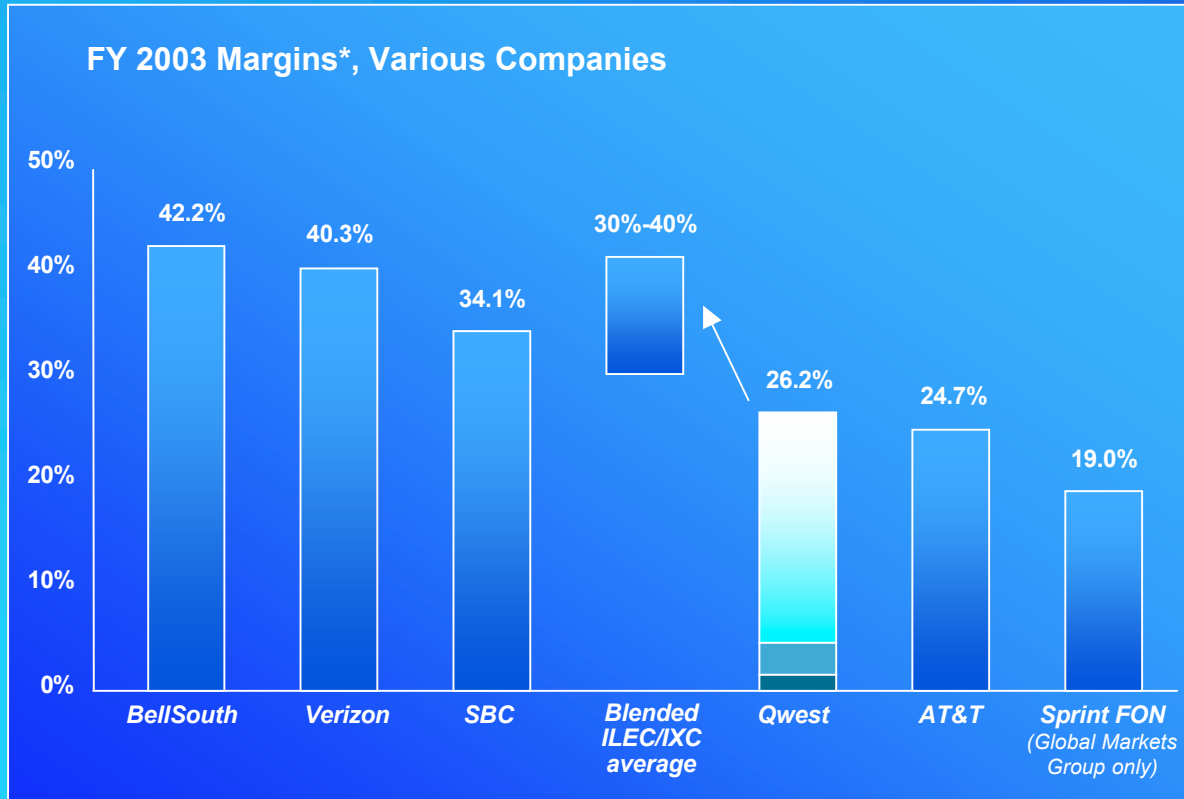


***Improved
Profitability***



***Financial
Flexibility***

We're driving toward a blended ILEC/IXC margin through cost reduction and asset utilization



QCII Margin, as reported	22.8%
Impact on QCII margin by excluding UPO termination charges of \$393m	2.7%
Impact on QCII margin by excluding legal reserve of \$100m	0.7%
Adjusted QCII Margin	26.2%

**Qwest's margins are calculated as operating income plus impairments and other charges and depreciation and amortization. Please see the attached slide entitled "Non-GAAP Financial Measures Reconciliation." The margins for all other companies are provided to us by UBS and represent EBITDA margins of those companies, adjusted for extraordinary items.*



**Top-Line
Growth**



**Improved
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**Financial
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Our current acquisition focus is to improve asset utilization and drive growth

Acquisition parameters

Strategic fit:

*Looking for acquisition opportunities or partnerships
that leverage existing asset base*

Financial discipline:

*Must provide value as measured
by minimum acceptable return and payback timeframe*



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***We continue to look at every opportunity
to improve our balance sheet and liquidity***

- Opportunities to reduce debt and extend maturities***
- Focused Capex, with continuing support of growth businesses, such as DSL, Wireless and Long-Distance***
- Building on positive free cash flow in 2003, increasing free cash flow in 2004 at a similar rate as in 2003***



**Top-Line
Growth**



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2004: The Right Elements to Differentiate Qwest

Our fundamentals are improving and we expect to return to growth in 2004

- Modest revenue growth***
- Improving margins***
- Lower interest expense***
- Lower and focused CAPEX***
- Continued improvement in balance sheet***
- Growth in free cash flow***

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