



NEWS

QWEST REPORTS HIGHER SEQUENTIAL NET INCOME, CONTINUED MARGIN EXPANSION, AND STRONG FREE CASH FLOW

Unaudited (in millions, except per share amounts)

	Q2 2006	Q1 2006	Seq. Change	Q2 2005	Y over Y Change
Operating Revenues	\$3,472	\$3,476	(0.1)%	\$3,470	0.0%
Net Income (Loss)	117	88	33%	(164)	nm
Net Income (Loss) per Diluted Share	0.06	0.05	20%	(0.09)	nm

- **Improved Earnings Per Share of \$0.06**
- **EBITDA Margin Advances 330 Basis Points Year-Over-Year to 31.9 Percent^a**
- **Net Income Increases 33 Percent Sequentially**
- **Strong Free Cash Flow^a of \$595 Million**

DENVER, August 1, 2006 — Qwest Communications International Inc. (NYSE: Q) today reported solid second quarter results highlighted by improved earnings per share, further margin expansion and strong free cash flow. For the quarter, Qwest reported net income of \$117 million, or \$0.06 per fully diluted share, compared with a loss of \$164 million, or (\$0.09) per share in the second quarter 2005.

“We are very pleased that we’ve entered the second half of the year with the momentum of two profitable quarters,” said Richard C. Notebaert, Qwest chairman and CEO. “Our cost structure and investments remain focused and rational while customers are embracing our higher-value, higher ARPU products that contribute to our revenue.”

Financial Results

Qwest reported revenue of \$3.5 billion for the second quarter, benefiting from improving sales within Qwest’s diverse portfolio of growth products, including high-speed Internet, advanced data products, long distance and wireless.

“The second quarter continues to illustrate that we are delivering on goals and meeting expectations,” said Oren G. Shaffer, Qwest vice chairman and CFO. “Our free cash flow is on track for the year, our margins continue to widen toward our target of the mid-

^a See attachment E for Non GAAP Reconciliation

30 percent range, and we have continued growth opportunity for the remainder of the year.”

Qwest’s operating expenses declined 6 percent to \$3.1 billion for the second quarter of 2006 over the second quarter of 2005 as a result of improvement in productivity and operating efficiencies, lower facility costs, and lower depreciation.

Qwest’s EBITDA margins continued to expand, reaching 31.9 percent in the second quarter, a 330 basis point improvement from the second quarter a year ago and up more than 100 basis points sequentially.

Cash Flow, Capital Spending and Interest

The company generated strong free cash flow of \$595 million in the quarter by benefiting from improved operating results and lower interest payments. Qwest continues to expect free cash flow of \$1.35 billion to \$1.5 billion in 2006 compared with \$904 million in 2005 (both before one-time payments).

Second quarter capital expenditures totaled \$442 million, compared to \$352 million in the second quarter of 2005, with a continued focus on the proportion spent on broadband, enabling higher speeds and footprint expansion. Capital spending in 2006 is expected to be approximately equal to our 2005 level as the company continues to focus in a disciplined fashion on investment in key growth areas and to support the highest service levels.

Interest expense totaled \$298 million for the second quarter compared to \$380 million in the year-ago quarter. As a result of successfully tendering for and retiring high coupon legacy debt in the fourth quarter of last year, interest expense is expected to be reduced by approximately \$300 million in 2006.

Balance Sheet Update

The company ended the quarter with total debt of \$15.4 billion, a decline of \$2.2 billion compared with the second quarter a year ago. The company’s near doubling of cash and short-term investments to \$1.4 billion during the quarter, brought total debt less cash and short-term investments to less than \$14 billion.

Customer Connections

The company continues to see growth from customer connections since new bundling and localized sales initiatives began in May 2005. Qwest’s customer connections – which include consumer and small-business primary and secondary access lines, high-speed Internet subscribers, wireless and video customers – grew 318,000 from the year-ago quarter, marking the third quarter of year-over-year increases.

Total retail line losses held steady at a decline of 4.4 percent year-over-year, excluding 32,000 UUnet and affiliate disconnects in the prior year. Anticipated pressure from the decline in the number of access lines resold by Qwest’s competitors continued to impact access-line trends.

High-Speed Internet

Qwest High-Speed Internet continued to show strong growth for the quarter. As a result, mass markets data and Internet revenues increased 8 percent sequentially and 40 percent year-over-year. The company added 120,000 high-speed Internet lines in the second quarter. Qwest benefited from strong demand, particularly in the conversion of customers from dial-up to broadband and growing demand for higher-speed offerings. These strong net additions bring the total subscribers to 1.8 million – a 7 percent increase sequentially and a 51 percent increase year-over-year.

Qwest continued to invest in its high-speed Internet footprint as well as increase the speeds available to customers. Currently, 80 percent of Qwest's households are eligible for broadband services, up from approximately 67 percent at the end of 2004. About 98 percent of qualified households are able to purchase broadband speeds of 1.5 Mbps or greater, more than 50 percent are able to purchase service at speeds in excess of 3.0 Mbps, and more than 25 percent are able to purchase service at speeds in excess of 7.0 Mbps. In addition to its focus on availability and speeds, Qwest was able, through attention to the customer service and support experience, to increase retention.

During the quarter, Qwest teamed with Microsoft Corp. to become the first communications company in the United States to announce plans to offer co-branded Windows Live™ services. The Windows Live services platform will complement the Qwest High-Speed Internet offering by providing customers with enhanced communications flexibility and security features.

Bundles

Qwest has been rewarded for its aggressive focus on bundle packaging and sales. Since the launch of new bundles a year ago, followed by targeted incentives and promotional initiatives, the company has significantly increased the number of products available in its bundled offerings. Qwest's full-featured bundled offering includes high-speed Internet access, a national wireless offering, local and long-distance service, and integrated TV services through Qwest's own ChoiceTV or its marketing alliance with DIRECTV, Inc.

The company's bundle penetration increased to 54 percent in the quarter, compared to 48 percent a year ago. Sales of voice packages plus three and four products continue to experience significant growth. Customer demand for value-added services is driving higher consumer ARPU, which increased 7 percent to \$49 from \$46 a year ago.

In-Region Long-Distance

Long-distance penetration of total retail lines reached 38 percent in the second quarter, compared to 35 percent a year ago. The company ended the quarter with more than 4.8 million long-distance lines, a 5 percent increase over a year ago. During the quarter, the company launched its "digital voice" campaign to promote Qwest's reliable, high-quality, integrated local and long-distance services.

Wireless

Wireless revenue grew 8 percent compared to the prior year, driven by promotions and successful bundling efforts. As a result of proactively focusing on high-value customers, Qwest's wireless segment income turned positive in the quarter. Qwest continues to benefit from wireless in the bundle with approximately 75 percent of wireless subscribers on an integrated bill with at least one other service. The company's wireless subscriber base totaled 777,000 for the quarter.

Qwest's data and enhanced features, as well as higher-value price plans, are driving higher wireless ARPU, which increased 4 percent to \$52 from \$50 a year ago. The company continues to focus on adding wireless data to subscribers and approximately 50 percent of new customers sign up for additional wireless enhancements.

DIRECTV® Alliance

Customer net additions for DIRECTV service grew 25 percent in the second quarter or more than three times from a year ago. Subscribers totaled nearly 213,000 in the quarter. Qwest and DIRECTV's strategic relationship allows Qwest to offer DIRECTV digital satellite television services to residential customers across the entire Qwest region.

Last month, the company in coordination with DIRECTV, launched the "Qwest Football Bundle"—Qwest High-Speed Internet service, digital voice (unlimited local and long-distance service) and DIRECTV programming. The new campaign features a more interactive football experience, just in time for the upcoming fall season.

Enterprise and Wholesale

Revenues from Qwest's enterprise channel, which includes business and government customers, held steady in the quarter benefiting from continued strong growth in data and Internet revenue of 3.6 percent year over year. Qwest continues to advance its MPLS-based capabilities, VoIP and iQ suite of services in the marketplace driving strong volumes of approximately 4 billion VoIP minutes per month.

In a move to expand the reach of its nationwide MPLS backbone network, Qwest agreed to acquire OnFiber Communications, Inc., an Austin, Texas-based provider of custom-built and managed metropolitan Ethernet and wide-area networks. OnFiber operates an all-optical network in 23 metropolitan areas and features a full offering of access and transport services. The transaction is expected to close in the third quarter.

Also in the quarter, Qwest announced new or expanded networking and voice and data agreements with U.S. Bancorp, Scottrade, Inc., Arizona State University and the State of Arizona.

The company's wholesale channel continued to drive profitable growth and improve efficiency in delivering services to customers. Wholesale long distance revenue grew 3.7 percent year over year, continuing to benefit from its focus on growth customers including cable, wireless and VoIP providers. In the quarter, Qwest wholesale also has

increased its focus on international long distance services and as a result customers are seeing improved service delivery in this space.

Customer Service

For the fourth consecutive year, the J.D. Power results show significant improvement for Qwest as the company improved two levels this year. In addition, satisfaction with Qwest's technicians is the highest among all providers, demonstrating Qwest's unwavering commitment to the Spirit of Service. Qwest continues to make steady progress, and all Qwest employees are committed to driving even more improvement.

Conference Call Today

As previously announced, Qwest will host a conference call for investors and the media today at 9 a.m. EDT with Richard C. Notebaert, Qwest chairman and CEO, and Oren G. Shaffer, Qwest vice chairman and CFO. The call can be heard on the Web at www.qwest.com/about/investor/events.

About Qwest

Qwest Communications International Inc. (NYSE: Q), through its operating subsidiaries, is a leading provider of high-speed Internet, data, video and voice services. With nearly 40,000 employees, Qwest is committed to the "Spirit of Service" and providing world-class services that exceed customers' expectations for quality, value and reliability. For more information, please visit the Qwest Web site at www.qwest.com.

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Forward Looking Statement Note

This release may contain projections and other forward-looking statements that involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to the documents filed by us with the Securities and Exchange Commission, specifically the most recent reports which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including but not limited to: access line losses due to increased competition, including from technology substitution of our access lines with wireless and cable alternatives, among others; our substantial indebtedness, and our inability to complete any efforts to de-lever our balance sheet through asset sales or other transactions; any adverse outcome of the current investigation by the U.S. Attorney's office in Denver into certain matters relating to us; adverse results of increased review and scrutiny by regulatory authorities, media and others (including any internal analyses) of financial reporting issues and practices or otherwise; rapid and significant changes in technology and markets; any adverse developments in commercial disputes or legal proceedings, including any adverse outcome of current or future legal proceedings related to matters that are or were the subject of governmental investigations, and, to the extent not covered by insurance, if any, our inability to satisfy any resulting obligations from funds available to us, if any; potential fluctuations in quarterly results; volatility of our stock price; intense competition in the markets in which we compete including the likelihood of certain of our competitors consolidating with other providers; changes in demand for our products and services; acceleration of the deployment of advanced new services, such as broadband data, wireless and video services, which could require substantial expenditure of financial and other resources in excess of contemplated levels; higher than anticipated employee levels, capital expenditures and operating expenses; adverse changes in the regulatory or legislative environment affecting our business; changes in the outcome of future events from the assumed outcome included in our significant accounting policies; and our ability to utilize net operating losses in projected amounts.

The information contained in this release is a statement of Qwest's present intention, belief or expectation and is based upon, among other things, the existing regulatory environment, industry conditions, market conditions and prices, the economy in general and Qwest's assumptions. Qwest may change its intention, belief or expectation, at any time and without notice, based upon any changes in such factors, in Qwest's assumptions or otherwise. The cautionary statements contained or referred to in this release should be considered in connection with any subsequent written or oral forward-looking statements that Qwest or persons acting on its behalf may issue. This release may include analysts' estimates and other information prepared by third parties for which Qwest assumes no responsibility.

Qwest undertakes no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements and other statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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