



# CenturyLink, Inc.

## Quarterly Earnings Supplement

As of September 30, 2013

**Disclosures:**

The information presented herein is intended to supplement our financial statements prepared in accordance with generally accepted accounting principles ("GAAP") and related analysis contained in the annual, quarterly and current reports filed by us with the Securities and Exchange Commission (the "SEC"). Please refer to those reports for additional information about our financial performance.

You are urged to consider any non-GAAP measures included herein in addition to, and not in substitution for, measures prepared in accordance with GAAP.

**CenturyLink, Inc.**CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME  
(UNAUDITED)*(Dollars in millions, except per share amounts; shares in thousands)*

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13
<b>CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME</b>								
OPERATING REVENUES								
Strategic services	\$ 2,033	2,058	2,078	2,101	2,124	2,142	2,164	2,189
Legacy services	2,178	2,141	2,098	2,045	2,003	1,974	1,945	1,915
Data integration	188	145	170	168	189	140	167	163
Other	254	266	266	257	267	257	249	248
Total Operating Revenues	4,653	4,610	4,612	4,571	4,583	4,513	4,525	4,515
OPERATING EXPENSES								
Cash expenses	2,868	2,748	2,747	2,691	2,697	2,614	2,687	2,965
Depreciation and amortization	1,252	1,208	1,208	1,144	1,220	1,117	1,123	1,135
Impairment of goodwill								1,100
Total Operating Expenses	4,120	3,956	3,955	3,835	3,917	3,731	3,810	5,200
OPERATING (LOSS) INCOME	533	654	657	736	666	782	715	(685)
OPERATING CASH FLOW								
Operating Cash Flow Margin	38.4%	40.4%	40.4%	41.1%	41.2%	42.1%	40.6%	34.3%
OTHER INCOME (EXPENSE)								
Interest expense	(340)	(343)	(335)	(326)	(315)	(316)	(325)	(329)
Other income (expense)	(1)	20	(199)	12	23	39	4	9
Income tax expense	(83)	(131)	(49)	(152)	(141)	(207)	(125)	(40)
NET (LOSS) INCOME	\$ 109	200	74	270	233	298	269	(1,045)
(LOSS) EARNINGS PER COMMON SHARE-DILUTED*	\$ 0.18	0.32	0.12	0.43	0.37	0.48	0.44	(1.76)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED*	618.5	620.4	621.8	623.3	623.7	621.1	605.6	594.6

\* For the three months ended September 30, 2013, CenturyLink excluded from the calculation of diluted loss per share, 1.37 million shares potentially issuable under incentive compensation plans and convertible securities, as their effect, if included, would have been anti-dilutive.

**CenturyLink, Inc.**

## CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

*(Dollars in millions)*

	<u>September 30, 2012</u>	<u>December 31, 2012</u>	<u>March 31, 2013</u>	<u>June 30, 2013</u>	<u>September 30, 2013</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 194	211	476	214	266
Other current assets	<u>3,639</u>	<u>3,402</u>	<u>3,399</u>	<u>3,434</u>	<u>3,546</u>
Total current assets	<u>3,833</u>	<u>3,613</u>	<u>3,875</u>	<u>3,648</u>	<u>3,812</u>
NET PROPERTY, PLANT AND EQUIPMENT					
Property, plant and equipment	31,288	31,933	32,407	33,034	33,724
Accumulated depreciation	<u>(12,275)</u>	<u>(13,024)</u>	<u>(13,710)</u>	<u>(14,384)</u>	<u>(15,059)</u>
Net property, plant and equipment	<u>19,013</u>	<u>18,909</u>	<u>18,697</u>	<u>18,650</u>	<u>18,665</u>
GOODWILL AND OTHER ASSETS					
Goodwill	21,732	21,732	21,733	21,744	20,637
Other, net	<u>10,054</u>	<u>9,766</u>	<u>9,424</u>	<u>9,212</u>	<u>8,870</u>
Total goodwill and other assets	<u>31,786</u>	<u>31,498</u>	<u>31,157</u>	<u>30,956</u>	<u>29,507</u>
TOTAL ASSETS	<u>\$ 54,632</u>	<u>54,020</u>	<u>53,729</u>	<u>53,254</u>	<u>51,984</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Current maturities of long-term debt	\$ 1,198	1,205	1,193	302	191
Other current liabilities	<u>3,733</u>	<u>3,390</u>	<u>3,390</u>	<u>3,446</u>	<u>3,787</u>
Total current liabilities	4,931	4,595	4,583	3,748	3,978
LONG-TERM DEBT	19,508	19,400	19,595	20,283	20,391
DEFERRED CREDITS AND OTHER LIABILITIES	9,996	10,736	10,695	10,823	10,901
STOCKHOLDERS' EQUITY	<u>20,197</u>	<u>19,289</u>	<u>18,856</u>	<u>18,400</u>	<u>16,714</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 54,632</u>	<u>54,020</u>	<u>53,729</u>	<u>53,254</u>	<u>51,984</u>

See the notes to our consolidated financial statements as reported in our Annual Report on Form 10-K for the year ended December 31, 2012, as updated and supplemented by our subsequent reports filed with the SEC.

**CenturyLink, Inc.**

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

*(Dollars in millions)*

	<u>Q3 2012</u>	<u>Q4 2012</u>	<u>Q1 2013</u>	<u>Q2 2013</u>	<u>Q3 2013</u>
<b>OPERATING ACTIVITIES</b>					
Net (loss) income	\$ 270	233	298	269	(1,045)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:					
Depreciation and amortization	1,144	1,220	1,117	1,123	1,135
Impairment of goodwill	-	-	-	-	1,100
Deferred income taxes	123	134	166	141	42
Provision for uncollectible accounts	41	43	27	38	46
Gain on sale of intangible assets	-	-	-	(32)	-
Net loss on early retirement of debt	-	(15)	-	-	-
Changes in current assets and current liabilities, net	299	(335)	(29)	(70)	327
Retirement benefits	(16)	10	(178)	(42)	(68)
Changes in other noncurrent assets and liabilities	38	70	14	34	13
Other, net	(12)	19	(28)	8	2
Net cash provided by operating activities	<u>1,887</u>	<u>1,379</u>	<u>1,387</u>	<u>1,469</u>	<u>1,552</u>
<b>INVESTING ACTIVITIES</b>					
Payments for property, plant and equipment and capitalized software	(719)	(895)	(663)	(747)	(801)
Proceeds from sale of property and intangible assets	-	58	75	-	-
Other, net	31	10	4	19	(4)
Net cash used in investing activities	<u>(688)</u>	<u>(827)</u>	<u>(584)</u>	<u>(728)</u>	<u>(805)</u>
<b>FINANCING ACTIVITIES</b>					
Net proceeds from issuance of long-term debt	2	(1)	988	752	-
Payments of long-term debt	(899)	(589)	(56)	(962)	(151)
Early retirement of debt costs	-	(22)	-	-	-
Net borrowings (payments) on credit facility	30	540	(745)	(30)	155
Dividends paid	(452)	(454)	(341)	(320)	(325)
Proceeds from issuance of common stock	26	19	13	27	14
Repurchase of common stock	-	(17)	(397)	(470)	(385)
Other, net	7	(12)	-	-	(3)
Net cash used in financing activities	<u>(1,286)</u>	<u>(536)</u>	<u>(538)</u>	<u>(1,003)</u>	<u>(695)</u>
Effect of exchange rate changes on cash and cash equivalents	-	1	-	-	-
Net increase (decrease) in cash and cash equivalents	(87)	17	265	(262)	52
Cash and cash equivalents at beginning of period	<u>281</u>	<u>194</u>	<u>211</u>	<u>476</u>	<u>214</u>
Cash and cash equivalents at end of period	<u>\$ 194</u>	<u>211</u>	<u>476</u>	<u>214</u>	<u>266</u>

See the notes to our consolidated financial statements as reported in our Annual Report on Form 10-K for the year ended December 31, 2012, as updated and supplemented by our subsequent reports filed with the SEC.

**CenturyLink, Inc.**

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME, EXCLUDING SPECIAL ITEMS - NON-GAAP\*

(UNAUDITED)

*(Dollars in millions, except per share amounts; shares in thousands)*

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13
<b>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</b>								
<b>OPERATING REVENUES</b>								
Strategic services	\$ 2,033	2,058	2,078	2,101	2,124	2,142	2,164	2,189
Legacy services	2,178	2,141	2,098	2,045	2,003	1,974	1,945	1,915
Data integration	188	145	170	168	189	140	167	163
Other	254	266	266	257	267	257	249	248
Total Operating Revenues	4,653	4,610	4,612	4,571	4,583	4,513	4,525	4,515
<b>OPERATING EXPENSES</b>								
Cash expenses	2,807	2,666	2,712	2,672	2,670	2,580	2,667	2,710
Depreciation and amortization	1,252	1,208	1,208	1,189	1,220	1,117	1,123	1,135
Total Operating Expenses	4,059	3,874	3,920	3,861	3,890	3,697	3,790	3,845
OPERATING INCOME	594	736	692	710	693	816	735	670
<b>OPERATING CASH FLOW</b>								
Operating Cash Flow Margin	39.7%	42.2%	41.2%	41.5%	41.7%	42.8%	41.1%	40.0%
<b>OTHER INCOME (EXPENSE)</b>								
Interest expense	(340)	(343)	(335)	(326)	(315)	(316)	(325)	(329)
Other income (expense)	5	7	3	6	5	2	4	9
Income tax expense	(108)	(157)	(142)	(153)	(143)	(199)	(165)	(139)
NET INCOME	\$ 151	243	218	237	240	303	249	211
EARNINGS PER COMMON SHARE-DILUTED	\$ 0.24	0.39	0.35	0.38	0.38	0.49	0.41	0.35
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	618.5	620.4	621.8	623.3	623.7	621.1	605.6	595.7

\*Includes certain adjustments to GAAP operating results for certain special items. In addition to providing key metrics for management to evaluate our performance, we believe these adjustments assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends. For additional information relating to adjustments for special items, please see page 6, Impacts of Non-GAAP Special Items.

**CenturyLink, Inc.**

CONDENSED CONSOLIDATED STATEMENTS OF INCOME OR LOSS, IMPACTS OF NON-GAAP SPECIAL ITEMS\*

(UNAUDITED)

(Dollars in millions)

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13
ADJUSTMENTS TO OPERATING EXPENSES								
Cash expenses	\$ (61) (A)	(82) (C)	(35) (E)	(19) (G)	(27) (I)	(34) (L)	(20) (N)	(255) (O)
Depreciation and amortization	-	-	-	45 (H)	-	-	-	-
Impairment of goodwill								(1,100) (P)
Total Operating Expenses	<u>(61)</u>	<u>(82)</u>	<u>(35)</u>	<u>26</u>	<u>(27)</u>	<u>(34)</u>	<u>(20)</u>	<u>(1,355)</u>
ADJUSTMENTS TO OPERATING INCOME	61	82	35	(26)	27	34	20	1,355
ADJUSTMENTS TO OTHER INCOME OR EXPENSE								
Interest expense	-	-	-	-	-	-	-	-
Other income or expense	6 (B)	(13) (D)	202 (F)	(6) (I)	(18) (K)	(37) (M)	-	-
Income tax expense or benefit	(25) (Q)	(26) (Q)	(93) (Q)	(1) (Q)	(2) (Q)	8 (Q)	(40) (Q)	(99) (Q)
ADJUSTMENTS TO NET INCOME OR LOSS	<u>\$ 42</u>	<u>43</u>	<u>144</u>	<u>(33)</u>	<u>7</u>	<u>5</u>	<u>(20)</u>	<u>1,256</u>

\*The amounts shown above represent the cumulative adjustments to GAAP operating results for certain special items for each of the periods presented. In addition to providing key metrics for management to evaluate our performance, we believe these adjustments assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends. These adjustments for special items are detailed in CenturyLink's, Qwest's and Savvis' quarterly earnings release information, and are summarized below.

**Summary description of special items:**

- (A) Includes integration and severance costs associated with the Qwest and Embarq acquisitions incurred by CenturyLink; realignment, severance and merger related costs incurred by Qwest; and merger related costs incurred by Savvis.
- (A) Includes integration, severance, and retention costs associated with our acquisition of Qwest, along with restructuring charges (\$55 million); integration and severance costs associated with our acquisition of Embarq (\$2 million); and transaction and other costs associated with our acquisition of Savvis (\$4 million).
- (B) Loss associated with early retirement of debt.
- (C) Includes severance costs associated with reduction in force initiatives (\$43 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$36 million) and integration, severance, and retention costs associated with our acquisition of Savvis (\$3 million).
- (D) Gain associated with early retirement of debt (\$8 million) and gain on the sale of investment securities (\$5 million).
- (E) Includes severance costs associated with reduction in force initiatives (\$23 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$10 million) and integration, severance, and retention costs associated with our acquisition of Savvis (\$2 million).
- (F) Loss associated with early retirement of debt.
- (G) Includes severance costs associated with reduction in force initiatives (\$2 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$16 million), integration, severance, and retention costs associated with our acquisition of Savvis (\$4 million); partially offset with a \$3 million credit related to tax incentives for the Embarq
- (H) Out-of-period depreciation adjustment (\$45 million) to correct an overstatement of depreciation.
- (I) Gain on the sale of a non-operating investment (\$6 million).
- (J) Includes severance costs associated with reduction in force initiatives (\$13 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$9 million) and integration, severance, and retention costs associated with our acquisition of Savvis (\$5 million).
- (K) Gain on the sale of a non-operating investments (\$3 million) and early retirement of debt (\$15 million).
- (L) Includes severance costs associated with headcount reductions (\$7 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$7 million), severance, and retention costs associated with our acquisition of Savvis (\$3 million) and an accounting adjustment (\$17 million).
- (M) Gain on the sale of a non-operating investments (\$32 million) and settlements of other non-operating issues (\$5 million).
- (N) Includes severance costs associated with headcount reductions (\$4 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$11 million), severance, and retention costs associated with our acquisition of Savvis (\$4 million) and an accounting adjustment (\$1 million).
- (O) Includes severance costs associated with recent headcount reductions (\$3 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$9 million), severance, and retention costs associated with our acquisition of Savvis (\$1 million), an impairment of an office building (\$9 million) and a litigation reserve (\$233 million).
- (P) Non-cash, non-tax deductible goodwill impairment charge of (\$1.1 billion).
- (Q) Tax effect of above items. Third quarter 2012 includes a benefit from the reversal of a valuation allowance (\$11 million), fourth quarter 2012 includes a benefit from the reversal of a valuation allowance and the effect of a rate adjustment on the first three quarters of year (\$3 million) and second quarter 2013 includes a favorable federal income tax settlement (\$33 million).

**CenturyLink, Inc.**

## OPERATING CASH FLOW, OPERATING CASH FLOW MARGIN AND FREE CASH FLOW, EXCLUDING SPECIAL ITEMS - NON-GAAP\*

(UNAUDITED)

*(Dollars in millions)*

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13
<b><u>Operating Cash Flow and Cash Flow Margin</u></b>								
Operating Income, excluding special items*	\$ 594	736	692	710	693	816	735	670
Add: Depreciation and amortization	1,252	1,208	1,208	1,189	1,220	1,117	1,123	1,135
Operating cash flow	\$ 1,846	1,944	1,900	1,899	1,913	1,933	1,858	1,805
Operating Revenues	\$ 4,653	4,610	4,612	4,571	4,583	4,513	4,525	4,515
Operating cash flow margin (operating cash flow divided by revenues)	39.7%	42.2%	41.2%	41.5%	41.7%	42.8%	41.1%	40.0%
<b><u>Free Cash Flow</u></b>								
Operating cash flow	\$ 1,846	1,944	1,900	1,899	1,913	1,933	1,858	1,805
Less: Cash (paid) refunded for income taxes	25	(1)	(30)	(28)	(23)	(8)	(38)	1
Less: Cash paid for interest, net of amounts capitalized	(465)	(244)	(485)	(268)	(408)	(265)	(382)	(268)
Less: Capital expenditures, excluding expenditures related to integration efforts	(896)	(668)	(609)	(704)	(877)	(656)	(739)	(786)
Add: Other income (expense)	5	7	3	6	5	2	4	9
Free cash flow	\$ 515	1,038	779	905	610	1,006	703	761

\*For additional information regarding special items, please see Endnote 1 and page 6, Impacts of Non-GAAP Special Items.

**CenturyLink, Inc.**
**SUPPLEMENTAL NON-GAAP INFORMATION - ADJUSTED DILUTED EARNINGS PER SHARE\***

(UNAUDITED)

(Dollars in millions, except per share amounts; shares in thousands)

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13
Net income (excluding special items**)	\$ 151	243	218	237	240	303	249	211
Add back:								
Amortization of customer base intangibles:								
Qwest	253	244	244	241	237	234	230	226
Embarq	39	39	39	34	34	34	34	29
Savvis	20	15	14	15	15	15	15	15
Amortization of trademark intangibles:								
Qwest	19	18	16	15	14	12	11	9
Savvis	2	2	3	2	2	2	2	2
Amortization of fair value adjustment of long-term debt:								
Embarq	-	1	1	1	1	1	1	1
Qwest	(31)	(28)	(20)	(20)	(18)	(17)	(17)	(14)
Subtotal	302	291	297	288	285	281	276	268
Tax effect of above items	(110)	(111)	(112)	(112)	(110)	(109)	(108)	(104)
Net adjustment, after taxes	\$ 192	180	185	176	175	172	168	164
Net income, as adjusted for above items	\$ 343	423	403	413	415	475	417	375
Weighted average common shares outstanding-diluted	618.5	620.4	621.8	623.3	623.7	621.1	605.6	595.7
Diluted EPS (excluding special items)	\$ 0.24	0.39	0.35	0.38	0.38	0.49	0.41	0.35
Adjusted diluted EPS as adjusted for purchase accounting intangible and interest amortizations (excluding special items)	\$ 0.55	0.68	0.65	0.66	0.67	0.76	0.69	0.63

\*The above schedule presents adjusted net income and adjusted earnings per share (both excluding special items) by adding back to net income and earnings per share certain non-cash expense items that arise as a result of the application of business combination accounting rules to our recent acquisitions. Such presentation is not in accordance with GAAP, but management believes the presentation is useful to analysts and investors to understand the impacts of expanding our business through acquisitions.

\*\*For more information on these special items, please see page 6, Impacts of Non-GAAP Special Items.



**CenturyLink, Inc.**

SUPPLEMENTAL NON-GAAP SEGMENT DATA, EXCLUDING SPECIAL ITEMS\*

(UNAUDITED)

(Dollars in millions)

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13
<b>Consumer</b>								
Revenues								
Strategic services	\$ 585	588	590	603	612	620	628	644
Legacy services	992	974	947	933	908	889	865	858
Data integration	2	2	3	-	2	2	1	1
Total Revenues	1,579	1,564	1,540	1,536	1,522	1,511	1,494	1,503
Expenses								
Direct expense	444	445	444	458	449	413	435	456
Allocated expense	135	122	124	127	122	113	116	124
Total expenses	579	567	568	585	571	526	551	580
Segment income	\$ 1,000	997	972	951	951	985	943	923
Segment income margin	63.3%	63.7%	63.1%	61.9%	62.5%	65.2%	63.1%	61.4%
<b>Business</b>								
Revenues								
Strategic services	\$ 573	578	590	602	600	615	617	640
Legacy services	796	787	780	771	760	751	742	742
Data integration	184	143	167	168	187	138	166	162
Total Revenues	1,553	1,508	1,537	1,541	1,547	1,504	1,525	1,544
Expenses								
Direct expense	861	799	829	818	839	778	829	842
Allocated expense	100	111	114	118	115	103	108	116
Total expenses	961	910	943	936	954	881	937	958
Segment income	\$ 592	598	594	605	593	623	588	586
Segment income margin	38.1%	39.7%	38.6%	39.3%	38.3%	41.4%	38.6%	38.0%
<b>Wholesale</b>								
Revenues								
Strategic services	\$ 572	582	575	569	572	573	572	563
Legacy services	390	380	371	341	335	334	338	315
Data integration	2	-	-	-	-	-	-	-
Total Revenues	964	962	946	910	907	907	910	878
Expenses								
Direct expense	52	48	45	38	38	30	49	46
Allocated expense	286	264	268	266	263	244	252	247
Total expenses	338	312	313	304	301	274	301	293
Segment income	\$ 626	650	633	606	606	633	609	585
Segment income margin	64.9%	67.6%	66.9%	66.6%	66.8%	69.8%	66.9%	66.6%
<b>Data Hosting</b>								
Revenues								
Strategic services	\$ 303	310	323	327	340	334	347	342
Total Revenues	303	310	323	327	340	334	347	342
Expenses								
Direct expense	232	232	241	248	266	266	274	275
Allocated expense	(2)	(1)	(2)	(2)	(2)	(2)	(1)	(1)
Total expenses	230	231	239	246	264	264	273	274
Segment income	\$ 73	79	84	81	76	70	74	68
Segment income margin	24.1%	25.5%	26.0%	24.8%	22.4%	21.0%	21.3%	19.9%
Total segment revenues	\$ 4,399	4,344	4,346	4,314	4,316	4,256	4,276	4,267
Total segment expenses	2,108	2,020	2,063	2,071	2,090	1,945	2,062	2,105
Total segment income	\$ 2,291	2,324	2,283	2,243	2,226	2,311	2,214	2,162
Total segment income margin (segment income divided by segment revenues)	52.1%	53.5%	52.5%	52.0%	51.6%	54.3%	51.8%	50.7%

During the first quarter of 2013, we reorganized our operating segments in order to strengthen our focus on the business market while continuing our commitment to our wholesale, hosting and consumer customers. We also revised our methodology for how we allocate our expenses to our segments to better align segment expenses with related revenues. We have restated prior periods to reflect the reorganization and the change in our allocation methodology.

\*For additional information regarding special items, please see Endnote 1 and page 6, Impacts of Non-GAAP Special Items.

**CenturyLink, Inc.**

## RECONCILIATION OF NON-GAAP SEGMENT INCOME TO NET INCOME, EXCLUDING SPECIAL ITEMS - NON-GAAP\*

(UNAUDITED)

*(Dollars in millions)*

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13
Total segment revenues	\$ 4,399	4,344	4,346	4,314	4,316	4,256	4,276	4,267
Total segment expenses	2,108	2,020	2,063	2,071	2,090	1,945	2,062	2,105
Total segment income	\$ 2,291	2,324	2,283	2,243	2,226	2,311	2,214	2,162
Total segment income margin (segment income divided by segment revenues)	52.1%	53.5%	52.5%	52.0%	51.6%	54.3%	51.8%	50.7%

**Reconciliation of segment income to net income:**

Total segment income	\$ 2,291	2,324	2,283	2,243	2,226	2,311	2,214	2,162
Other revenue	254	266	266	257	267	257	249	248
Unassigned expenses	(699)	(646)	(649)	(601)	(580)	(635)	(605)	(605)
Operating Cash Flow	\$ 1,846	1,944	1,900	1,899	1,913	1,933	1,858	1,805
Depreciation and amortization	(1,252)	(1,208)	(1,208)	(1,189)	(1,220)	(1,117)	(1,123)	(1,135)
Total other expense	(335)	(336)	(332)	(320)	(310)	(314)	(321)	(320)
Income tax expense	(108)	(157)	(142)	(153)	(143)	(199)	(165)	(139)
Net Income	\$ 151	243	218	237	240	303	249	211

\*For additional information regarding special items, please see Endnote 1 and page 6, Impacts of Non-GAAP Special Items.

## CenturyLink, Inc.

### SUPPLEMENTAL NON-GAAP SEGMENT DATA, DATA CENTER REVENUES AND METRICS

(UNAUDITED)

(Dollars in millions)

#### Product View

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13
Colocation	\$ 133	138	142	144	145	144	145	146
Managed Hosting *	103	104	111	112	125	125	134	129
Other	67	68	70	71	70	65	68	67
Total Data Center Revenue	\$ 303	310	323	327	340	334	347	342

#### Segment View

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 2Q13
Business	\$ 41	43	42	44	46	41	50	45
Wholesale	2	3	3	2	2	2	2	2
Data Hosting	260	264	278	281	292	291	295	295
Total Data Center Revenue	\$ 303	310	323	327	340	334	347	342

#### Data Center Metrics

	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 2Q13
Number of data centers**	51	51	52	53	54	54	55	55
Revenue square feet, million sq ft	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4
Billable square feet, million sq ft	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Utilization	71%	70%	71%	71%	72%	71%	70%	68%

\*Managed Hosting for the 4th Quarter 2012 includes Ciber global IT outsourcing assets acquired October 15, 2012.

\*\*We define a "data center" as any facility where we market, sell and deliver either colocation services or multi-tenant managed services, or both.