



CenturyLink, Inc.

Quarterly Earnings Supplement

As of December 31, 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 INCOME (LOSS)

(UNAUDITED)

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

	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)								
OPERATING REVENUES								
Strategic services	\$ 2,070	2,094	2,119	2,144	2,164	2,186	2,212	2,260
Legacy services	2,129	2,082	2,027	1,983	1,952	1,923	1,892	1,850
Data integration	145	170	168	189	140	167	163	186
Other	266	266	257	267	257	249	248	246
Total Operating Revenues	4,610	4,612	4,571	4,583	4,513	4,525	4,515	4,542
OPERATING EXPENSES								
Cash expenses	2,748	2,747	2,691	2,697	2,614	2,687	2,965	2,743
Depreciation and amortization	1,208	1,208	1,144	1,220	1,117	1,123	1,135	1,166
Impairment of goodwill							1,100	(8)
Total Operating Expenses	3,956	3,955	3,835	3,917	3,731	3,810	5,200	3,901
OPERATING INCOME (LOSS)	654	657	736	666	782	715	(685)	641
OPERATING CASH FLOW								
Operating Cash Flow Margin	40.4%	40.4%	41.1%	41.2%	42.1%	40.6%	34.3%	39.6%
OTHER INCOME (EXPENSE)								
Interest expense	(343)	(335)	(326)	(315)	(316)	(325)	(329)	(328)
Other income (expense)	20	(199)	12	23	39	4	9	17
Income tax expense	(131)	(49)	(152)	(141)	(207)	(125)	(40)	(91)
NET INCOME (LOSS)	\$ 200	74	270	233	298	269	(1,045)	239
EARNINGS (LOSS) PER COMMON SHARE-DILUTED*	\$ 0.32	0.12	0.43	0.37	0.48	0.44	(1.76)	0.41
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED*	620.4	621.8	623.3	623.7	621.1	605.6	594.6	586.4

* 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>December 31, 2012</u>	<u>March 31, 2013</u>	<u>June 30, 2013</u>	<u>September 30, 2013</u>	<u>December 31, 2013</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 211	476	214	266	168
Other current assets	<u>3,427</u>	<u>3,424</u>	<u>3,459</u>	<u>3,571</u>	<u>3,739</u>
Total current assets	<u>3,638</u>	<u>3,900</u>	<u>3,673</u>	<u>3,837</u>	<u>3,907</u>
NET PROPERTY, PLANT AND EQUIPMENT					
Property, plant and equipment	31,933	32,407	33,034	33,724	34,307
Accumulated depreciation	<u>(13,024)</u>	<u>(13,710)</u>	<u>(14,384)</u>	<u>(15,059)</u>	<u>(15,661)</u>
Net property, plant and equipment	<u>18,909</u>	<u>18,697</u>	<u>18,650</u>	<u>18,665</u>	<u>18,646</u>
GOODWILL AND OTHER ASSETS					
Goodwill	21,627	21,628	21,639	20,532	20,674
Other, net	<u>9,766</u>	<u>9,424</u>	<u>9,212</u>	<u>8,870</u>	<u>8,560</u>
Total goodwill and other assets	<u>31,393</u>	<u>31,052</u>	<u>30,851</u>	<u>29,402</u>	<u>29,234</u>
TOTAL ASSETS	<u>\$ 53,940</u>	<u>53,649</u>	<u>53,174</u>	<u>51,904</u>	<u>51,787</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Current maturities of long-term debt	\$ 1,205	1,193	302	191	785
Other current liabilities	<u>3,390</u>	<u>3,390</u>	<u>3,446</u>	<u>3,787</u>	<u>3,624</u>
Total current liabilities	4,595	4,583	3,748	3,978	4,409
LONG-TERM DEBT	19,400	19,595	20,283	20,391	20,181
DEFERRED CREDITS AND OTHER LIABILITIES	10,656	10,615	10,743	10,821	10,006
STOCKHOLDERS' EQUITY	<u>19,289</u>	<u>18,856</u>	<u>18,400</u>	<u>16,714</u>	<u>17,191</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 53,940</u>	<u>53,649</u>	<u>53,174</u>	<u>51,904</u>	<u>51,787</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>Q4 2012</u>	<u>Q1 2013</u>	<u>Q2 2013</u>	<u>Q3 2013</u>	<u>Q4 2013</u>
OPERATING ACTIVITIES					
Net income (loss)	\$ 233	298	269	(1,045)	239
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,220	1,117	1,123	1,135	1,166
Impairment of goodwill	-	-	-	1,100	(8)
Deferred income taxes	134	166	141	43	41
Provision for uncollectible accounts	43	27	38	46	41
Gain on sale of intangible assets	-	-	(32)	-	-
Net loss on early retirement of debt	(15)	-	-	-	(10)
Changes in current assets and current liabilities, net	(335)	(29)	(70)	327	(225)
Retirement benefits	10	(178)	(42)	(68)	(54)
Changes in other noncurrent assets and liabilities	70	14	34	22	(51)
Other, net	19	(28)	8	2	2
Net cash provided by operating activities	<u>1,379</u>	<u>1,387</u>	<u>1,469</u>	<u>1,562</u>	<u>1,141</u>
INVESTING ACTIVITIES					
Payments for property, plant and equipment and capitalized software	(895)	(663)	(747)	(801)	(837)
Proceeds from sale of property and intangible assets	58	75	-	-	5
Cash paid for acquisitions				(10)	(150)
Other, net	10	4	19	(4)	(39)
Net cash used in investing activities	<u>(827)</u>	<u>(584)</u>	<u>(728)</u>	<u>(815)</u>	<u>(1,021)</u>
FINANCING ACTIVITIES					
Net proceeds from issuance of long-term debt	(1)	988	752	-	741
Payments of long-term debt	(589)	(56)	(962)	(151)	(841)
Net borrowings (payments) on credit facility	540	(745)	(30)	155	525
Early retirement of debt costs	(22)	-	-	-	(31)
Dividends paid	(454)	(341)	(320)	(325)	(315)
Proceeds from issuance of common stock	19	13	27	14	19
Repurchase of common stock	(17)	(397)	(470)	(385)	(334)
Other, net	(12)	-	-	(3)	18
Net cash used in financing activities	<u>(536)</u>	<u>(538)</u>	<u>(1,003)</u>	<u>(695)</u>	<u>(218)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	17	265	(262)	52	(98)
Cash and cash equivalents at beginning of period	<u>194</u>	<u>211</u>	<u>476</u>	<u>214</u>	<u>266</u>
Cash and cash equivalents at end of period	<u>\$ 211</u>	<u>476</u>	<u>214</u>	<u>266</u>	<u>168</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 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
CONDENSED CONSOLIDATED STATEMENTS OF INCOME								
OPERATING REVENUES								
Strategic services	\$ 2,070	2,094	2,119	2,144	2,164	2,186	2,212	2,260
Legacy services	2,129	2,082	2,027	1,983	1,952	1,923	1,892	1,850
Data integration	145	170	168	189	140	167	163	186
Other	266	266	257	267	257	249	248	246
Total Operating Revenues	4,610	4,612	4,571	4,583	4,513	4,525	4,515	4,542
OPERATING EXPENSES								
Cash expenses	2,666	2,712	2,672	2,670	2,580	2,667	2,710	2,706
Depreciation and amortization	1,208	1,208	1,189	1,220	1,117	1,123	1,135	1,166
Total Operating Expenses	3,874	3,920	3,861	3,890	3,697	3,790	3,845	3,872
OPERATING INCOME	736	692	710	693	816	735	670	670
OPERATING CASH FLOW	1,944	1,900	1,899	1,913	1,933	1,858	1,805	1,836
Operating Cash Flow Margin	42.2%	41.2%	41.5%	41.7%	42.8%	41.1%	40.0%	40.4%
OTHER INCOME (EXPENSE)								
Interest expense	(343)	(335)	(326)	(315)	(316)	(325)	(329)	(328)
Other income (expense)	7	3	6	5	2	4	9	7
Income tax expense	(157)	(142)	(153)	(143)	(199)	(165)	(139)	(124)
NET INCOME	\$ 243	218	237	240	303	249	211	225
EARNINGS PER COMMON SHARE-DILUTED	\$ 0.39	0.35	0.38	0.38	0.49	0.41	0.35	0.38
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	620.4	621.8	623.3	623.7	621.1	605.6	595.7	586.4

*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 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
ADJUSTMENTS TO OPERATING EXPENSES								
Cash expenses	\$ (82) (A)	(35) (C)	(19) (E)	(27) (H)	(34) (J)	(20) (L)	(255) (M)	(37) (O)
Depreciation and amortization	-	-	45 (F)	-	-	-	-	-
Impairment of goodwill							(1,100) (N)	8 (N)
Total Operating Expenses	<u>(82)</u>	<u>(35)</u>	<u>26</u>	<u>(27)</u>	<u>(34)</u>	<u>(20)</u>	<u>(1,355)</u>	<u>(29)</u>
ADJUSTMENTS TO OPERATING INCOME	82	35	(26)	27	34	20	1,355	29
ADJUSTMENTS TO OTHER INCOME OR EXPENSE								
Interest expense	-	-	-	-	-	-	-	-
Other income or expense	(13) (B)	202 (D)	(6) (G)	(18) (I)	(37) (K)	-	-	(10) (P)
Income tax expense or benefit	(26) (Q)	(93) (Q)	(1) (Q)	(2) (Q)	8 (Q)	(40) (Q)	(99) (Q)	(33) (Q)
ADJUSTMENTS TO NET INCOME OR LOSS	<u>\$ 43</u>	<u>144</u>	<u>(33)</u>	<u>7</u>	<u>5</u>	<u>(20)</u>	<u>1,256</u>	<u>(14)</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 quarterly earnings release information, and are summarized below.

Summary description of special items:

- (A) 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).
- (B) Gain associated with early retirement of debt (\$8 million) and gain on the sale of investment securities (\$5 million).
- (C) 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).
- (D) Loss associated with early retirement of debt.
- (E) Includes severance costs associated with reduction in force initiatives (\$2 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$16 million) and 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 integration.
- (F) Out-of-period depreciation adjustment (\$45 million) to correct an overstatement of depreciation.
- (G) Gain on the sale of a non-operating investment (\$6 million).
- (H) 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).
- (I) Gain on the sale of a non-operating investment (\$3 million) and early retirement of debt (\$15 million).
- (J) Includes severance costs associated with headcount reductions (\$7 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$7 million), integration, severance, and retention costs associated with our acquisition of Savvis (\$3 million) and an accounting adjustment (\$17 million).
- (K) Gain on the sale of a non-operating investment (\$32 million) and settlements of other non-operating issues (\$5 million).
- (L) Includes severance costs associated with headcount reductions (\$4 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$11 million), integration, severance, and retention costs associated with our acquisition of Savvis (\$4 million) and an accounting adjustment (\$1 million).
- (M) Includes a litigation reserve (\$233 million), severance costs associated with headcount reductions (\$3 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$9 million), integration, severance, and retention costs associated with our acquisition of Savvis (\$1 million) and an impairment of an office building (\$9 million).
- (N) Non-cash, non-tax deductible goodwill impairment charge of (\$1.1 billion) in third quarter 2013 and \$8 million in fourth quarter 2013.
- (O) Includes the Communications Workers of America contract ratification bonus (\$6 million), severance costs associated with headcount reductions (\$13 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$20 million) and integration, severance, and retention costs associated with our acquisition of Savvis \$2 million.
- (P) Gain on early retirement of debt
- (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), second quarter 2013 includes a favorable federal income tax settlement (\$33 million) and fourth quarter 2013 includes a release of a tax reserve (\$22 million).

CenturyLink, Inc.

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

(UNAUDITED)

(Dollars in millions)

	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
<u>Operating Cash Flow and Cash Flow Margin</u>								
Operating Income, excluding special items*	\$ 736	692	710	693	816	735	670	670
Add: Depreciation and amortization	1,208	1,208	1,189	1,220	1,117	1,123	1,135	1,166
Operating cash flow	\$ 1,944	1,900	1,899	1,913	1,933	1,858	1,805	1,836
Operating Revenues	\$ 4,610	4,612	4,571	4,583	4,513	4,525	4,515	4,542
Operating cash flow margin (operating cash flow divided by revenues)	42.2%	41.2%	41.5%	41.7%	42.8%	41.1%	40.0%	40.4%
<u>Free Cash Flow</u>								
Operating cash flow	\$ 1,944	1,900	1,899	1,913	1,933	1,858	1,805	1,836
Less: Cash (paid) refunded for income taxes	(1)	(30)	(28)	(23)	(8)	(38)	1	(3)
Less: Cash paid for interest, net of amounts capitalized	(244)	(485)	(268)	(408)	(265)	(382)	(268)	(419)
Less: Capital expenditures, excluding expenditures related to integration efforts	(668)	(609)	(704)	(877)	(656)	(739)	(786)	(820)
Add: Other income (expense)	7	3	6	5	2	4	9	7
Free cash flow	\$ 1,038	779	905	610	1,006	703	761	601

*For additional information regarding special items, please see 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 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
Net income (excluding special items**)	\$ 243	218	237	240	303	249	211	225
Add back:								
Amortization of customer base intangibles:								
Qwest	244	244	241	237	234	230	226	223
Embarq	39	39	34	34	34	34	29	30
Savvis	15	14	15	15	15	15	15	16
Amortization of trademark intangibles:								
Qwest	18	16	15	14	12	11	9	7
Savvis	2	3	2	2	2	2	2	15
Amortization of fair value adjustment of long-term debt:								
Embarq	1	1	1	1	1	1	1	1
Qwest	(28)	(20)	(20)	(18)	(17)	(17)	(14)	(14)
Subtotal	291	297	288	285	281	276	268	278
Tax effect of above items	(111)	(112)	(112)	(110)	(109)	(108)	(104)	(107)
Net adjustment, after taxes	\$ 180	185	176	175	172	168	164	171
Net income, as adjusted for above items	\$ 423	403	413	415	475	417	375	396
Weighted average common shares outstanding-diluted	620.4	621.8	623.3	623.7	621.1	605.6	595.7	586.4
Diluted EPS (excluding special items)	\$ 0.39	0.35	0.38	0.38	0.49	0.41	0.35	0.38
Adjusted diluted EPS as adjusted for purchase accounting intangible and interest amortizations (excluding special items)	\$ 0.68	0.65	0.66	0.67	0.76	0.69	0.63	0.68

*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 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
Consumer								
Revenues								
Strategic services	\$ 605	611	624	634	645	653	669	683
Legacy services	957	926	912	886	864	840	833	812
Data integration	2	3	-	2	2	1	1	1
Total Revenues	1,564	1,540	1,536	1,522	1,511	1,494	1,503	1,496
Expenses								
Direct expense	445	444	458	449	413	435	456	454
Allocated expense	122	124	127	122	113	116	124	120
Total expenses	567	568	585	571	526	551	580	574
Segment income	\$ 997	972	951	951	985	943	923	922
Segment income margin	63.7%	63.1%	61.9%	62.5%	65.2%	63.1%	61.4%	61.6%
Business								
Revenues								
Strategic services	\$ 573	586	599	598	613	615	638	643
Legacy services	792	784	774	762	753	744	744	735
Data integration	143	167	168	187	138	166	162	185
Total Revenues	1,508	1,537	1,541	1,547	1,504	1,525	1,544	1,563
Expenses								
Direct expense	799	829	818	839	778	829	842	880
Allocated expense	111	114	118	115	103	108	116	113
Total expenses	910	943	936	954	881	937	958	993
Segment income	\$ 598	594	605	593	623	588	586	570
Segment income margin	39.7%	38.6%	39.3%	38.3%	41.4%	38.6%	38.0%	36.5%
Wholesale								
Revenues								
Strategic services	\$ 582	574	569	572	572	571	563	581
Legacy services	380	372	341	335	335	339	315	303
Data integration	-	-	-	-	-	-	-	-
Total Revenues	962	946	910	907	907	910	878	884
Expenses								
Direct expense	48	45	38	38	30	49	46	44
Allocated expense	264	268	266	263	244	252	247	246
Total expenses	312	313	304	301	274	301	293	290
Segment income	\$ 650	633	606	606	633	609	585	594
Segment income margin	67.6%	66.9%	66.6%	66.8%	69.8%	66.9%	66.6%	67.2%
Data Hosting								
Revenues								
Strategic services	\$ 310	323	327	340	334	347	342	353
Total Revenues	310	323	327	340	334	347	342	353
Expenses								
Direct expense	232	241	248	266	266	271	275	284
Allocated expense	(1)	(2)	(2)	(2)	(2)	(1)	(1)	(1)
Total expenses	231	239	246	264	264	270	274	283
Segment income	\$ 79	84	81	76	70	77	68	70
Segment income margin	25.5%	26.0%	24.8%	22.4%	21.0%	22.2%	19.9%	19.8%
Total segment revenues	\$ 4,344	4,346	4,314	4,316	4,256	4,276	4,267	4,296
Total segment expenses	2,020	2,063	2,071	2,090	1,945	2,059	2,105	2,140
Total segment income	\$ 2,324	2,283	2,243	2,226	2,311	2,217	2,162	2,156
Total segment income margin (segment income divided by segment revenues)	53.5%	52.5%	52.0%	51.6%	54.3%	51.8%	50.7%	50.2%

During the fourth quarter of 2013, we reallocated the discounts on our bundled services (local, long distance, and broadband) to the component products and services. The net effect of the bundled services reallocation was a reclassification of revenues from legacy services to strategic services. The prior periods have been restated to reflect this reclassification.

During the fourth quarter of 2013, we reallocated our CLEC revenues into their component products and services. The net effect of this CLEC reallocation was a reclassification of revenues from strategic services to legacy services. The prior periods have been restated to reflect this reclassification.

The Direct segment expenses for Data Hosting for the second quarter of 2013 have been restated to reflect the correction of a \$3 million error relevant to severance and retention expenses.

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 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 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
Total segment revenues	\$ 4,344	4,346	4,314	4,316	4,256	4,276	4,267	4,296
Total segment expenses	2,020	2,063	2,071	2,090	1,945	2,059	2,105	2,140
Total segment income	\$ 2,324	2,283	2,243	2,226	2,311	2,217	2,162	2,156
Total segment income margin (segment income divided by segment revenues)	53.5%	52.5%	52.0%	51.6%	54.3%	51.8%	50.7%	50.2%

Reconciliation of segment income to net income:

Total segment income	\$ 2,324	2,283	2,243	2,226	2,311	2,217	2,162	2,156
Other revenue	266	266	257	267	257	249	248	246
Unassigned expenses	(646)	(649)	(601)	(580)	(635)	(608)	(605)	(566)
Operating Cash Flow	\$ 1,944	1,900	1,899	1,913	1,933	1,858	1,805	1,836
Depreciation and amortization	(1,208)	(1,208)	(1,189)	(1,220)	(1,117)	(1,123)	(1,135)	(1,166)
Total other expense	(336)	(332)	(320)	(310)	(314)	(321)	(320)	(321)
Income tax expense	(157)	(142)	(153)	(143)	(199)	(165)	(139)	(124)
Net Income	\$ 243	218	237	240	303	249	211	225

*For additional information regarding special items, please see 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 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
Colocation	\$ 138	142	144	145	144	145	146	147
Managed Hosting *	104	111	112	125	125	134	129	142
Other	68	70	71	70	65	68	67	64
Total Data Center Revenue	\$ 310	323	327	340	334	347	342	353

Segment View

	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
Business	\$ 43	42	44	46	41	50	45	53
Wholesale	3	3	2	2	2	2	2	2
Data Hosting	264	278	281	292	291	295	295	298
Total Data Center Revenue	\$ 310	323	327	340	334	347	342	353

Data Center Metrics

	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13
Number of data centers**	51	52	53	54	54	55	55	55
Revenue square feet, million sq ft	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Billable square feet, million sq ft	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Utilization	70%	71%	71%	72%	71%	70%	68%	69%

*Managed Hosting for the 4th Quarter 2012 and all periods subsequent 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.