



CenturyLink, Inc.

Quarterly Earnings Supplement

As of June 30, 2014

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 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)								
OPERATING REVENUES								
Strategic services	\$ 2,119	2,144	2,164	2,186	2,212	2,261	2,281	2,298
Legacy services	2,027	1,983	1,952	1,923	1,892	1,849	1,829	1,803
Data integration	168	189	140	167	163	186	174	187
Other	257	267	257	249	248	246	254	253
Total Operating Revenues	4,571	4,583	4,513	4,525	4,515	4,542	4,538	4,541
OPERATING EXPENSES								
Cash expenses	2,691	2,697	2,614	2,687	2,965	2,743	2,778	2,793
Depreciation and amortization	1,144	1,220	1,117	1,123	1,135	1,166	1,107	1,093
Impairment of goodwill	-	-	-	-	1,100	(8)	-	-
Total Operating Expenses	3,835	3,917	3,731	3,810	5,200	3,901	3,885	3,886
OPERATING INCOME (LOSS)	736	666	782	715	(685)	641	653	655
OPERATING CASH FLOW								
Operating Cash Flow Margin	41.1%	41.2%	42.1%	40.6%	34.3%	39.6%	38.8%	38.5%
OTHER INCOME (EXPENSE)								
Interest expense	(326)	(315)	(316)	(325)	(329)	(328)	(331)	(325)
Other (expense) income	12	23	39	4	9	17	9	(7)
Income tax expense	(152)	(141)	(207)	(125)	(40)	(91)	(128)	(130)
NET INCOME (LOSS)	\$ 270	233	298	269	(1,045)	239	203	193
EARNINGS (LOSS) PER COMMON SHARE-DILUTED*	\$ 0.43	0.37	0.48	0.44	(1.76)	0.41	0.35	0.34
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED*	623.3	623.7	621.1	605.6	594.6	586.4	575.5	569.0

* 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>June 30,</u> <u>2013</u>	<u>September 30,</u> <u>2013</u>	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2014</u>	<u>June 30,</u> <u>2014</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 214	266	168	219	181
Other current assets	3,459	3,571	3,739	3,529	3,417
Total current assets	<u>3,673</u>	<u>3,837</u>	<u>3,907</u>	<u>3,748</u>	<u>3,598</u>
NET PROPERTY, PLANT AND EQUIPMENT					
Property, plant and equipment	33,034	33,724	34,307	34,847	35,404
Accumulated depreciation	(14,384)	(15,059)	(15,661)	(16,354)	(16,969)
Net property, plant and equipment	<u>18,650</u>	<u>18,665</u>	<u>18,646</u>	<u>18,493</u>	<u>18,435</u>
GOODWILL AND OTHER ASSETS					
Goodwill	21,639	20,532	20,674	20,674	20,674
Other, net	9,212	8,870	8,560	8,251	7,907
Total goodwill and other assets	<u>30,851</u>	<u>29,402</u>	<u>29,234</u>	<u>28,925</u>	<u>28,581</u>
TOTAL ASSETS	<u>\$ 53,174</u>	<u>51,904</u>	<u>51,787</u>	<u>51,166</u>	<u>50,614</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Current maturities of long-term debt	\$ 302	191	785	1,126	1,188
Other current liabilities	3,446	3,787	3,624	3,495	3,255
Total current liabilities	<u>3,748</u>	<u>3,978</u>	<u>4,409</u>	<u>4,621</u>	<u>4,443</u>
LONG-TERM DEBT	20,283	20,391	20,181	19,814	19,771
DEFERRED CREDITS AND OTHER LIABILITIES	10,743	10,821	10,006	9,933	9,802
STOCKHOLDERS' EQUITY	<u>18,400</u>	<u>16,714</u>	<u>17,191</u>	<u>16,798</u>	<u>16,598</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 53,174</u>	<u>51,904</u>	<u>51,787</u>	<u>51,166</u>	<u>50,614</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, 2013, 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>Q2 2013</u>	<u>Q3 2013</u>	<u>Q4 2013</u>	<u>Q1 2014</u>	<u>Q2 2014</u>
OPERATING ACTIVITIES					
Net income (loss)	\$ 269	(1,045)	239	203	193
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,123	1,135	1,166	1,107	1,093
Impairment of assets	-	-	-	-	32
Impairment of goodwill	-	1,100	(8)	-	-
Deferred income taxes	141	43	41	106	102
Provision for uncollectible accounts	38	46	41	30	33
Net loss on early retirement of debt	-	-	(10)	-	-
Changes in current assets and current liabilities, net	(70)	327	(225)	(47)	(317)
Retirement benefits	(42)	(68)	(54)	(28)	(74)
Changes in other noncurrent assets and liabilities, net	34	22	(51)	3	63
Other, net	(24)	2	2	6	4
Net cash provided by operating activities	<u>1,469</u>	<u>1,562</u>	<u>1,141</u>	<u>1,380</u>	<u>1,129</u>
INVESTING ACTIVITIES					
Payments for property, plant and equipment and capitalized software	(747)	(801)	(837)	(670)	(731)
Proceeds from sale of intangible assets or property	-	-	5	1	(1)
Cash paid for acquisitions	-	(10)	(150)	-	-
Other, net	19	(4)	(39)	(13)	(5)
Net cash used in investing activities	<u>(728)</u>	<u>(815)</u>	<u>(1,021)</u>	<u>(682)</u>	<u>(737)</u>
FINANCING ACTIVITIES					
Net proceeds from issuance of long-term debt	752	-	741	-	-
Payments of long-term debt	(962)	(151)	(841)	(47)	(74)
Net borrowings (payments) on credit facility	(30)	155	525	30	90
Early retirement of debt costs	-	-	(31)	-	-
Dividends paid	(320)	(325)	(315)	(309)	(307)
Net proceeds from issuance of common stock	27	14	19	7	25
Repurchase of common stock	(470)	(385)	(334)	(328)	(165)
Other, net	-	(3)	18	-	1
Net cash used in financing activities	<u>(1,003)</u>	<u>(695)</u>	<u>(218)</u>	<u>(647)</u>	<u>(430)</u>
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-	-
Net (decrease) increase in cash and cash equivalents	(262)	52	(98)	51	(38)
Cash and cash equivalents at beginning of period	476	214	266	168	219
Cash and cash equivalents at end of period	<u>\$ 214</u>	<u>266</u>	<u>168</u>	<u>219</u>	<u>181</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, 2013, 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 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14
CONDENSED CONSOLIDATED STATEMENTS OF INCOME								
OPERATING REVENUES								
Strategic services	\$ 2,119	2,144	2,164	2,186	2,212	2,261	2,281	2,298
Legacy services	2,027	1,983	1,952	1,923	1,892	1,849	1,829	1,803
Data integration	168	189	140	167	163	186	174	187
Other	257	267	257	249	248	246	254	253
Total Operating Revenues	4,571	4,583	4,513	4,525	4,515	4,542	4,538	4,541
OPERATING EXPENSES								
Cash expenses	2,672	2,670	2,580	2,667	2,710	2,706	2,750	2,728
Depreciation and amortization	1,189	1,220	1,117	1,123	1,135	1,166	1,107	1,093
Total Operating Expenses	3,861	3,890	3,697	3,790	3,845	3,872	3,857	3,821
OPERATING INCOME	710	693	816	735	670	670	681	720
OPERATING CASH FLOW								
Operating Cash Flow Margin	41.5%	41.7%	42.8%	41.1%	40.0%	40.4%	39.4%	39.9%
OTHER INCOME (EXPENSE)								
Interest expense	(326)	(315)	(316)	(325)	(329)	(328)	(331)	(325)
Other income (expense)	6	5	2	4	9	7	9	7
Income tax expense	(153)	(143)	(199)	(165)	(139)	(124)	(139)	(155)
NET INCOME	\$ 237	240	303	249	211	225	220	247
EARNINGS PER COMMON SHARE-DILUTED	\$ 0.38	0.38	0.49	0.41	0.35	0.38	0.38	0.43
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	623.3	623.7	621.1	605.6	595.7	586.4	575.5	569.0

*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 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14
ADJUSTMENTS TO OPERATING EXPENSES								
Cash expenses	\$ (19) (A)	(27) (D)	(34) (F)	(20) (H)	(255) (I)	(37) (K)	(28) (M)	(65) (N)
Depreciation and amortization	45 (B)	-	-	-	-	-	-	-
Impairment of goodwill					(1,100) (J)	8 (J)	-	-
Total Operating Expenses	<u>26</u>	<u>(27)</u>	<u>(34)</u>	<u>(20)</u>	<u>(1,355)</u>	<u>(29)</u>	<u>(28)</u>	<u>(65)</u>
ADJUSTMENTS TO OPERATING INCOME	(26)	27	34	20	1,355	29	28	65
ADJUSTMENTS TO OTHER INCOME OR EXPENSE								
Interest expense	-	-	-	-	-	-	-	-
Other income or expense	(6) (C)	(18) (E)	(37) (G)	-	-	(10) (L)	-	14 (O)
Income tax expense or benefit	(1) (P)	(2) (P)	8 (P)	(40) (P)	(99) (P)	(33) (P)	(11) (P)	(25) (P)
ADJUSTMENTS TO NET INCOME OR LOSS	<u>\$ (33)</u>	<u>7</u>	<u>5</u>	<u>(20)</u>	<u>1,256</u>	<u>(14)</u>	<u>17</u>	<u>54</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 (\$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.
- (B) Out-of-period depreciation adjustment (\$45 million) to correct an overstatement of depreciation.
- (C) Gain on the sale of a non-operating investment (\$6 million).
- (D) 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).
- (E) Gain on the sale of a non-operating investment (\$3 million) and early retirement of debt (\$15 million).
- (F) 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).
- (G) Gain on the sale of a non-operating investment (\$32 million) and settlements of other non-operating issues (\$5 million).
- (H) 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).
- (I) 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).
- (J) Non-cash, non-tax deductible goodwill impairment charge of (\$1.1 billion) in third quarter 2013 and \$8 million in fourth quarter 2013.
- (K) 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.
- (L) Gain on early retirement of debt
- (M) Includes severance costs associated with headcount reductions (\$19 million), integration and retention costs associated with our acquisition of Qwest (\$11 million) and the offsetting impact of a litigation settlement in the amount of \$2 million.
- (N) Includes severance costs associated with recent headcount reductions (\$33 million), integration and retention costs associated with our acquisition of Qwest (\$14 million) and the impairment of two office buildings (\$18 million).
- (O) Impairment of a non-operating investment (\$14 million).
- (P) 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 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14
<u>Operating Cash Flow and Cash Flow Margin</u>								
Operating Income, excluding special items*	\$ 710	693	816	735	670	670	681	720
Add: Depreciation and amortization	1,189	1,220	1,117	1,123	1,135	1,166	1,107	1,093
Operating cash flow	\$ 1,899	1,913	1,933	1,858	1,805	1,836	1,788	1,813
Operating Revenues	\$ 4,571	4,583	4,513	4,525	4,515	4,542	4,538	4,541
Operating cash flow margin (operating cash flow divided by revenues)	41.5%	41.7%	42.8%	41.1%	40.0%	40.4%	39.4%	39.9%
<u>Free Cash Flow</u>								
Operating cash flow	\$ 1,899	1,913	1,933	1,858	1,805	1,836	1,788	1,813
Less: Cash (paid) refunded for income taxes	(28)	(23)	(8)	(38)	1	(3)	(10)	(13)
Less: Cash paid for interest, net of amounts capitalized	(268)	(408)	(265)	(382)	(268)	(419)	(265)	(407)
Less: Capital expenditures, excluding expenditures related to integration efforts	(704)	(877)	(656)	(739)	(786)	(820)	(662)	(723)
Add: Other income (expense)	6	5	2	4	9	7	9	7
Free cash flow	\$ 905	610	1,006	703	761	601	860	677

*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 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14
Net income (excluding special items**)	\$ 237	240	303	249	211	225	220	247
Add back:								
Amortization of customer base intangibles:								
Qwest	241	237	234	230	226	223	219	216
Embarq	34	34	34	34	29	30	29	30
Savvis	15	15	15	15	15	16	15	16
Amortization of trademark intangibles:								
Qwest	15	14	12	11	9	7	6	5
Savvis	2	2	2	2	2	15	5	-
Amortization of fair value adjustment of long-term debt:								
Embarq	1	1	1	1	1	1	1	2
Qwest	(20)	(18)	(17)	(17)	(14)	(14)	(12)	(12)
Subtotal	288	285	281	276	268	278	263	257
Tax effect of above items	(112)	(110)	(109)	(108)	(104)	(107)	(102)	(96)
Net adjustment, after taxes	\$ 176	175	172	168	164	171	161	161
Net income, as adjusted for above items	\$ 413	415	475	417	375	396	381	408
Weighted average common shares outstanding-diluted	623.3	623.7	621.1	605.6	595.7	586.4	575.5	569.0
Diluted EPS (excluding special items)	\$ 0.38	0.38	0.49	0.41	0.35	0.38	0.38	0.43
Adjusted diluted EPS as adjusted for purchase accounting intangible and interest amortizations (excluding special items)	\$ 0.66	0.67	0.76	0.69	0.63	0.68	0.66	0.72

*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 3Q12	Actual 4Q12	Actual 1Q13*	Actual 2Q13*	Actual 3Q13*	Actual 4Q13*	Actual 1Q14	Actual 2Q14
Consumer								
Revenues								
Strategic services	\$ 624	635	645	653	669	683	702	709
Legacy services	912	887	864	840	833	812	806	790
Data integration	-	2	2	1	1	1	1	1
Total Revenues	1,536	1,524	1,511	1,494	1,503	1,496	1,509	1,500
Expenses								
Direct expense	478	472	436	458	481	482	466	478
Allocated expense	127	125	113	116	124	121	117	121
Total expenses	605	597	549	574	605	603	583	599
Segment income	\$ 931	927	962	920	898	893	926	901
Segment income margin	60.6%	60.8%	63.7%	61.6%	59.7%	59.7%	61.4%	60.1%
Business								
Revenues								
Strategic services	\$ 600	598	614	615	638	644	655	663
Legacy services	774	761	753	744	744	734	731	715
Data integration	168	187	138	166	162	185	173	186
Total Revenues	1,542	1,546	1,505	1,525	1,544	1,563	1,559	1,564
Expenses								
Direct expense	795	814	753	804	816	850	854	866
Allocated expense	118	117	104	108	116	114	112	106
Total expenses	913	931	857	912	932	964	966	972
Segment income	\$ 629	615	648	613	612	599	593	592
Segment income margin	40.8%	39.8%	43.1%	40.2%	39.6%	38.3%	38.0%	37.9%
Wholesale								
Revenues								
Strategic services	\$ 568	571	571	571	563	581	570	568
Legacy services	341	335	335	339	315	303	292	298
Data integration	-	-	-	-	-	-	-	-
Total Revenues	909	906	906	910	878	884	862	866
Expenses								
Direct expense	38	39	30	50	46	44	41	46
Allocated expense	265	263	244	251	247	246	235	237
Total expenses	303	302	274	301	293	290	276	283
Segment income	\$ 606	604	632	609	585	594	586	583
Segment income margin	66.7%	66.7%	69.8%	66.9%	66.6%	67.2%	68.0%	67.3%
Hosting								
Revenues								
Strategic services	\$ 327	340	334	347	342	353	354	358
Total Revenues	327	340	334	347	342	353	354	358
Expenses								
Direct expense	193	203	209	215	219	229	238	226
Allocated expense	39	39	39	39	41	43	36	38
Total expenses	232	242	248	254	260	272	274	264
Segment income	\$ 95	98	86	93	82	81	80	94
Segment income margin	29.1%	28.8%	25.7%	26.8%	24.0%	22.9%	22.6%	26.3%
Total segment revenues	\$ 4,314	4,316	4,256	4,276	4,267	4,296	4,284	4,288
Total segment expenses	2,053	2,072	1,928	2,041	2,090	2,129	2,099	2,118
Total segment income	\$ 2,261	2,244	2,328	2,235	2,177	2,167	2,185	2,170
Total segment income margin (segment income divided by segment revenues)	52.4%	52.0%	54.7%	52.3%	51.0%	50.4%	51.0%	50.6%

* During the first quarter of 2014, we adopted several changes with respect to the assignment of certain expenses to our segments. We have restated the previously reported segment results for the three and six months ended June 30, 2013 to conform to the current presentation. The nature of the most significant changes and the related effect on segment expenses for the three and six months ended June 30, 2013 are as follows:

- The method for allocating certain shared costs of consumer sales and care, including bad debt expense and credit card fees, was revised, which resulted in an increase in consumer segment expenses of \$22 million and \$42 million with a corresponding decrease in business segment expenses for the three and six months ended June 30, 2013, respectively; and
- Hosting segment expenses have been conformed to the reporting of our other segments' expenses. Specifically, our integration efforts and centralization of certain administrative functions reached the point where it has become more practical to discontinue including certain finance, information technology, legal and human resources expenses in the hosting segment, which resulted in a decrease of \$21 million and \$39 million in hosting segment expenses for the three and six months ended June 30, 2013, respectively.

During 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 certain revenues from legacy services to strategic services. Also in 2013, we reallocated our CLEC revenues into their component products and services. The net effect of this CLEC reallocation was a reclassification of certain revenues from strategic services to legacy services. The 2013 information presented here has been restated to reflect these reclassifications.

See our SEC reports for further information.

** 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 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14
Total segment revenues	\$ 4,314	4,316	4,256	4,276	4,267	4,296	4,284	4,288
Total segment expenses	2,053	2,072	1,928	2,041	2,090	2,129	2,099	2,118
Total segment income	\$ 2,261	2,244	2,328	2,235	2,177	2,167	2,185	2,170
Total segment income margin (segment income divided by segment revenues)	52.4%	52.0%	54.7%	52.3%	51.0%	50.4%	51.0%	50.6%

Reconciliation of segment income to net income:

Total segment income	\$ 2,261	2,244	2,328	2,235	2,177	2,167	2,185	2,170
Other revenue	257	267	257	249	248	246	254	253
Unassigned expenses	(619)	(598)	(652)	(626)	(620)	(577)	(651)	(610)
Operating Cash Flow	\$ 1,899	1,913	1,933	1,858	1,805	1,836	1,788	1,813
Depreciation and amortization	(1,189)	(1,220)	(1,117)	(1,123)	(1,135)	(1,166)	(1,107)	(1,093)
Total other expense	(320)	(310)	(314)	(321)	(320)	(321)	(322)	(318)
Income tax expense	(153)	(143)	(199)	(165)	(139)	(124)	(139)	(155)
Net Income	\$ 237	240	303	249	211	225	220	247

*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 3Q12*	Actual 4Q12*	Actual 1Q13*	Actual 2Q13*	Actual 3Q13*	Actual 4Q13*	Actual 1Q14	Actual 2Q14
Colocation	\$	153	154	153	155	156	157	158	158
Managed Hosting **		113	126	126	135	129	143	142	148
Other		61	60	55	57	57	53	54	52
Total Data Center Revenue	\$	327	340	334	347	342	353	354	358

Segment View

		Actual 3Q12*	Actual 4Q12*	Actual 1Q13*	Actual 2Q13*	Actual 3Q13*	Actual 4Q13*	Actual 1Q14	Actual 2Q14
Business	\$	46	48	43	52	47	55	60	62
Wholesale		2	2	2	2	2	2	2	2
Hosting		279	290	289	293	293	296	292	294
Total Data Center Revenue	\$	327	340	334	347	342	353	354	358

Data Center Metrics

	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13	Actual 3Q13*	Actual 4Q13*	Actual 1Q14	Actual 2Q14
Number of data centers***	53	54	54	55	55	55	56	57
Revenue square feet, million sq ft	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Billable square feet, million sq ft	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.9
Utilization	71%	72%	71%	70%	68%	69%	66%	64%

*During the first quarter of 2014, we reclassified the cross connect service package from Other to Colocate. We also transferred an account from Hosting to Business. Previously reported periods have been restated to reflect this reclassification.

**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.