



# CenturyLink, Inc.

## Quarterly Earnings Supplement

As of June 30, 2015

**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 and shares in millions, except per share amounts)*

	Actual 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14	Actual 3Q14	Actual 4Q14	Actual 1Q15	Actual 2Q15
<b>CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)</b>								
<b>OPERATING REVENUES *</b>								
Strategic services	\$ 2,200	2,250	2,271	2,289	2,302	2,304	2,320	2,332
Legacy services	1,904	1,860	1,839	1,812	1,777	1,744	1,735	1,687
Data integration	163	186	174	187	185	144	139	142
Other	248	246	254	253	250	246	257	258
Total Operating Revenues	4,515	4,542	4,538	4,541	4,514	4,438	4,451	4,419
<b>OPERATING EXPENSES</b>								
Cash expenses	2,965	2,743	2,778	2,793	2,798	2,824	2,762	2,822
Depreciation and amortization	1,135	1,166	1,107	1,093	1,097	1,131	1,040	1,048
Impairment of goodwill	1,100	(8)	—	—	—	—	—	—
Total Operating Expenses	5,200	3,901	3,885	3,886	3,895	3,955	3,802	3,870
OPERATING INCOME (LOSS)	(685)	641	653	655	619	483	649	549
OPERATING CASH FLOW	1,550	1,799	1,760	1,748	1,716	1,614	1,689	1,597
Operating Cash Flow Margin	34.3%	39.6%	38.8%	38.5%	38.0%	36.4%	37.9%	36.1%
<b>OTHER INCOME (EXPENSE)</b>								
Interest expense	(329)	(328)	(331)	(325)	(325)	(330)	(328)	(327)
Other income (expense)	9	17	9	(7)	5	4	2	12
Income tax (expense) benefit	(40)	(91)	(128)	(130)	(111)	31	(131)	(91)
NET INCOME (LOSS)	\$ (1,045)	239	203	193	188	188	192	143
EARNINGS (LOSS) PER COMMON SHARE-DILUTED*	\$ (1.76)	0.41	0.35	0.34	0.33	0.33	0.34	0.26
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED **	594.6	586.4	575.5	569.0	567.4	567.0	563.5	559.2

\* During the first quarter of 2015, we determined that certain products and services associated with our acquisition of SAVVIS, Inc. are more closely aligned to legacy services than to strategic services. As a result, these operating revenues are now reflected as legacy services.

\*\* For the three months ended September 30, 2013, due to the net loss position, CenturyLink excluded from the calculation of diluted loss per share 1.16 million shares which were potentially issuable under incentive compensation plans or 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, 2014</u>	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>March 31, 2015</u>	<u>June 30, 2015</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 181	734	128	155	155
Other current assets	3,417	3,284	3,448	3,313	3,150
Total current assets	<u>3,598</u>	<u>4,018</u>	<u>3,576</u>	<u>3,468</u>	<u>3,305</u>
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>					
Property, plant and equipment	35,404	35,970	36,718	37,100	37,642
Accumulated depreciation	(16,969)	(17,647)	(18,285)	(18,917)	(19,553)
Net property, plant and equipment	<u>18,435</u>	<u>18,323</u>	<u>18,433</u>	<u>18,183</u>	<u>18,089</u>
<b>GOODWILL AND OTHER ASSETS</b>					
Goodwill	20,674	20,664	20,755	20,753	20,758
Other, net	7,907	7,641	7,383	7,116	6,825
Total goodwill and other assets	<u>28,581</u>	<u>28,305</u>	<u>28,138</u>	<u>27,869</u>	<u>27,583</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>50,614</u></b>	<b><u>50,646</u></b>	<b><u>50,147</u></b>	<b><u>49,520</u></b>	<b><u>48,977</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Current maturities of long-term debt	\$ 1,188	1,169	550	202	1,519
Other current liabilities	3,255	3,408	3,368	3,377	3,278
Total current liabilities	<u>4,443</u>	<u>4,577</u>	<u>3,918</u>	<u>3,579</u>	<u>4,797</u>
LONG-TERM DEBT	19,771	19,982	20,121	20,254	18,834
DEFERRED CREDITS AND OTHER LIABILITIES	9,802	9,642	11,085	10,922	10,759
STOCKHOLDERS' EQUITY	<u>16,598</u>	<u>16,445</u>	<u>15,023</u>	<u>14,765</u>	<u>14,587</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ <u>50,614</u></b>	<b><u>50,646</u></b>	<b><u>50,147</u></b>	<b><u>49,520</u></b>	<b><u>48,977</u></b>

See the notes to our consolidated financial statements as reported in our Annual Report on Form 10-K for the year ended December 31, 2014, 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 2013</u>	<u>Q4 2013</u>	<u>Q1 2014</u>	<u>Q2 2014</u>	<u>Q3 2014</u>	<u>Q4 2014</u>	<u>Q1 2015</u>	<u>Q2 2015</u>
<b>OPERATING ACTIVITIES</b>								
Net income (loss)	\$ (1,045)	239	203	193	188	188	192	143
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Depreciation and amortization	1,135	1,166	1,107	1,093	1,097	1,131	1,040	1,048
Impairment of assets	—	—	—	32	—	—	8	—
Impairment of goodwill	1,100	(8)	—	—	—	—	—	—
Deferred income taxes	43	41	106	102	93	(10)	37	16
Provision for uncollectible accounts	46	41	30	33	47	49	42	42
Net gain on early retirement of debt	—	(10)	—	—	—	—	—	—
Share based compensation	15	21	19	23	20	17	18	20
Changes in current assets and current liabilities, net	327	(225)	(47)	(317)	140	(223)	13	(106)
Retirement benefits	(68)	(54)	(28)	(74)	(153)	71	(9)	(10)
Changes in other noncurrent assets and liabilities, net	22	(51)	3	63	—	33	(10)	(1)
Other, net	(13)	(19)	(13)	(19)	(4)	(5)	5	(7)
Net cash provided by operating activities	<u>1,562</u>	<u>1,141</u>	<u>1,380</u>	<u>1,129</u>	<u>1,428</u>	<u>1,251</u>	<u>1,336</u>	<u>1,145</u>
<b>INVESTING ACTIVITIES</b>								
Payments for property, plant and equipment and capitalized software	(801)	(837)	(670)	(731)	(712)	(934)	(616)	(656)
Cash paid for acquisitions, net	(10)	(150)	—	—	—	(93)	—	(4)
Proceeds from sale of property or intangible assets	—	5	1	(1)	—	63	14	12
Other, net	(4)	(39)	(13)	(5)	18	—	(8)	—
Net cash used in investing activities	<u>(815)</u>	<u>(1,021)</u>	<u>(682)</u>	<u>(737)</u>	<u>(694)</u>	<u>(964)</u>	<u>(610)</u>	<u>(648)</u>
<b>FINANCING ACTIVITIES</b>								
Net proceeds from issuance of long-term debt	—	741	—	—	483	—	594	—
Payments of long-term debt	(151)	(841)	(47)	(74)	(41)	(638)	(386)	(120)
Net (payments) borrowings on credit facility	155	525	30	90	(260)	136	(425)	20
Early retirement of debt costs	—	(31)	—	—	—	—	—	—
Dividends paid	(325)	(315)	(309)	(307)	(308)	(304)	(304)	(305)
Net proceeds from issuance of common stock	14	19	7	25	13	5	8	1
Repurchase of common stock	(385)	(334)	(328)	(165)	(65)	(92)	(185)	(92)
Other, net	(3)	18	—	1	(3)	—	(1)	(1)
Net cash used in financing activities	<u>(695)</u>	<u>(218)</u>	<u>(647)</u>	<u>(430)</u>	<u>(181)</u>	<u>(893)</u>	<u>(699)</u>	<u>(497)</u>
Net increase (decrease) in cash and cash equivalents	52	(98)	51	(38)	553	(606)	27	—
Cash and cash equivalents at beginning of period	<u>214</u>	<u>266</u>	<u>168</u>	<u>219</u>	<u>181</u>	<u>734</u>	<u>128</u>	<u>155</u>
Cash and cash equivalents at end of period	<u>\$ 266</u>	<u>168</u>	<u>219</u>	<u>181</u>	<u>734</u>	<u>128</u>	<u>155</u>	<u>155</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, 2014, 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 and shares in millions, except per share amounts)*

	Actual 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14	Actual 3Q14	Actual 4Q14	Actual 1Q15	Actual 2Q15
<b>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</b>								
<b>OPERATING REVENUES **</b>								
Strategic services	\$ 2,200	2,250	2,271	2,289	2,302	2,304	2,320	2,332
Legacy services	1,904	1,860	1,839	1,812	1,777	1,744	1,735	1,687
Data integration	163	186	174	187	185	144	139	142
Other	248	246	254	253	250	246	257	258
Total Operating Revenues	4,515	4,542	4,538	4,541	4,514	4,438	4,451	4,419
<b>OPERATING EXPENSES</b>								
Cash expenses	2,710	2,706	2,750	2,728	2,768	2,729	2,716	2,795
Depreciation and amortization	1,135	1,166	1,107	1,093	1,097	1,131	1,040	1,048
Total Operating Expenses	3,845	3,872	3,857	3,821	3,865	3,860	3,756	3,843
OPERATING INCOME	670	670	681	720	649	578	695	576
OPERATING CASH FLOW	1,805	1,836	1,788	1,813	1,746	1,709	1,735	1,624
Operating Cash Flow Margin	40.0%	40.4%	39.4%	39.9%	38.7%	38.5%	39.0%	36.8%
<b>OTHER INCOME (EXPENSE)</b>								
Interest expense	(329)	(328)	(331)	(325)	(325)	(330)	(328)	(327)
Other income (expense)	9	7	9	7	5	4	2	12
Income tax expense	(139)	(124)	(139)	(155)	(122)	(65)	(143)	(101)
NET INCOME	\$ 211	225	220	247	207	187	226	160
EARNINGS PER COMMON SHARE-DILUTED	\$ 0.35	0.38	0.38	0.43	0.36	0.33	0.40	0.29
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	595.7	586.4	575.5	569.0	567.4	567.0	563.5	559.2

\* 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.

\*\* During the first quarter of 2015, we determined that certain products and services associated with our acquisition of SAVVIS, Inc. are more closely aligned to legacy services than to strategic services. As a result, these operating revenues are now reflected as legacy services.

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

(UNAUDITED)

(Dollars in millions)

	<u>Actual 3Q13</u>	<u>Actual 4Q13</u>	<u>Actual 1Q14</u>	<u>Actual 2Q14</u>	<u>Actual 3Q14</u>	<u>Actual 4Q14</u>	<u>Actual 1Q15</u>	<u>Actual 2Q15</u>
<b>ADJUSTMENTS TO OPERATING EXPENSES</b>								
Cash expenses	\$ (255) (A)	(37) (C)	(28) (E)	(65) (F)	(30) (H)	(95) (I)	(46) (J)	(27) (K)
Depreciation and amortization	—	—	—	—	—	—	—	—
Impairment of goodwill	<u>(1,100) (B)</u>	<u>8 (B)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Operating Expenses	<u>(1,355)</u>	<u>(29)</u>	<u>(28)</u>	<u>(65)</u>	<u>(30)</u>	<u>(95)</u>	<u>(46)</u>	<u>(27)</u>
<b>ADJUSTMENTS TO OPERATING INCOME</b>								
	1,355	29	28	65	30	95	46	27
<b>ADJUSTMENTS TO OTHER INCOME OR EXPENSE</b>								
Interest expense	—	—	—	—	—	—	—	—
Other income or expense	—	(10) (D)	—	14 (G)	—	—	—	—
Income tax expense or benefit	(99) (L)	(33) (L)	(11) (L)	(25) (L)	(11) (L)	(96) (L)	(12) (L)	(10) (L)
<b>ADJUSTMENTS TO NET INCOME OR LOSS</b>								
	<u>\$ 1,256</u>	<u>(14)</u>	<u>17</u>	<u>54</u>	<u>19</u>	<u>(1)</u>	<u>34</u>	<u>17</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 a litigation reserve (\$233 million), severance costs associated with headcount reductions (\$3 million), integration and retention costs associated with our acquisition of Qwest (\$9 million), integration costs associated with our acquisition of Savvis (\$1 million) and an impairment of an office building (\$9 million).
- (B) Non-cash, non-tax deductible goodwill impairment charge.
- (C) Includes the Communications Workers of America contract ratification bonus (\$6 million), severance costs associated with headcount reductions (\$13 million), integration 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.
- (D) Gain on early retirement of debt.
- (E) 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.
- (F) Includes severance costs associated with headcount reductions (\$33 million), integration costs associated with our acquisition of Qwest (\$14 million) and the impairment of two office buildings (\$18 million).
- (G) Impairment of a non-operating investment.
- (H) Includes severance costs associated with headcount reductions (\$14 million) and integration costs associated with our acquisition of Qwest (\$16 million).
- (I) Includes severance costs associated with headcount reductions (\$22 million), integration costs associated with our acquisition of Qwest (\$10 million) and a pension settlement charge (\$63 million).
- (J) Includes severance costs associated with headcount reductions (\$13 million), integration costs associated with our acquisition of Qwest (\$10 million), the impairment of office buildings (\$8 million) and regulatory fines associated with a 911 system outage (\$15 million).
- (K) Includes severance costs associated with recent headcount reductions (\$19 million) and integration costs associated with our acquisition of Qwest (\$8 million).
- (L) Tax effect of above items. Second quarter 2013 includes a favorable federal income tax settlement (\$33 million), fourth quarter 2013 includes a release of a tax reserve (\$22 million) and fourth quarter 2014 includes a favorable income tax adjustment of \$60 million.

**CenturyLink, Inc.****OPERATING CASH FLOW, OPERATING CASH FLOW MARGIN AND FREE CASH FLOW, EXCLUDING SPECIAL ITEMS - NON-GAAP\***

(UNAUDITED)

*(Dollars in millions)*

	<b>Actual 3Q13</b>	<b>Actual 4Q13</b>	<b>Actual 1Q14</b>	<b>Actual 2Q14</b>	<b>Actual 3Q14</b>	<b>Actual 4Q14</b>	<b>Actual 1Q15</b>	<b>Actual 2Q15</b>
<b><u>Operating Cash Flow and Cash Flow Margin</u></b>								
Operating Income, excluding special items*	\$ 670	670	681	720	649	578	695	576
Add: Depreciation and amortization	1,135	1,166	1,107	1,093	1,097	1,131	1,040	1,048
Operating cash flow	\$ <u>1,805</u>	<u>1,836</u>	<u>1,788</u>	<u>1,813</u>	<u>1,746</u>	<u>1,709</u>	<u>1,735</u>	<u>1,624</u>
Operating Revenues	\$ <u>4,515</u>	<u>4,542</u>	<u>4,538</u>	<u>4,541</u>	<u>4,514</u>	<u>4,438</u>	<u>4,451</u>	<u>4,419</u>
Operating cash flow margin (operating cash flow divided by revenues)	40.0%	40.4%	39.4%	39.9%	38.7%	38.5%	39.0%	36.8%
<b><u>Free Cash Flow</u></b>								
Operating cash flow	\$ 1,805	1,836	1,788	1,813	1,746	1,709	1,735	1,624
Less: Cash (paid) refunded for income taxes	1	(3)	(10)	(13)	2	(6)	(5)	(36)
Less: Cash paid for interest, net of amounts capitalized	(268)	(419)	(265)	(407)	(262)	(404)	(270)	(384)
Less: Capital expenditures, excluding expenditures related to integration efforts related to integration efforts	(786)	(820)	(662)	(723)	(711)	(930)	(613)	(654)
Add: Other income (expense)	9	7	9	7	5	4	2	12
Free cash flow	\$ <u>761</u>	<u>601</u>	<u>860</u>	<u>677</u>	<u>780</u>	<u>373</u>	<u>849</u>	<u>562</u>

\*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 and shares in millions, except per share amounts)

	Actual 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14	Actual 3Q14	Actual 4Q14	Actual 1Q15	Actual 2Q15
Net income (excluding special items**)	\$ 211	225	220	247	207	187	226	160
Add back:								
Amortization of customer base intangibles:								
Qwest	226	223	219	216	212	209	205	202
Embarq	29	30	29	30	24	25	25	24
Savvis	15	16	15	16	15	16	15	16
Amortization of trademark intangibles:								
Qwest	9	7	6	5	4	2	1	—
Savvis	2	15	5	—	—	—	—	—
Amortization of fair value adjustment of long-term debt:								
Embarq	1	1	1	2	1	1	1	2
Qwest	(14)	(14)	(12)	(12)	(12)	(6)	(6)	(6)
Subtotal	268	278	263	257	244	247	241	238
Tax effect of above items	(104)	(107)	(102)	(96)	(92)	(94)	(92)	(90)
Net adjustment, after taxes	164	171	161	161	152	153	149	148
Net income, as adjusted for above items	\$ 375	396	381	408	359	340	375	308
Weighted average common shares outstanding-diluted	595.7	586.4	575.5	569.0	567.4	567.0	563.5	559.2
Diluted EPS (excluding special items)	\$ 0.35	0.38	0.38	0.43	0.36	0.33	0.40	0.29
Adjusted diluted EPS as adjusted for purchase accounting intangible and interest amortizations (excluding special items)	\$ 0.63	0.68	0.66	0.72	0.63	0.60	0.67	0.55

\* 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 3Q13*	Actual 4Q13*	Actual 1Q14*	Actual 2Q14*	Actual 3Q14*	Actual 4Q14*	Actual 1Q15	Actual 2Q15
<b>Business</b>								
Revenues								
Strategic services	\$ 1,531	1,567	1,569	1,580	1,590	1,577	1,582	1,574
Legacy services	1,071	1,048	1,033	1,022	999	978	977	943
Data integration	162	185	173	186	184	143	138	142
Total revenues	2,764	2,800	2,775	2,788	2,773	2,698	2,697	2,659
Expenses								
Total expenses	1,472	1,513	1,503	1,516	1,549	1,521	1,484	1,525
Segment income	\$ 1,292	1,287	1,272	1,272	1,224	1,177	1,213	1,134
Segment income margin	46.7%	46.0%	45.8%	45.6%	44.1%	43.6%	45.0%	42.6%
<b>Consumer</b>								
Revenues								
Strategic services	\$ 669	683	702	709	712	727	738	758
Legacy services	833	812	806	790	778	766	758	744
Data integration	1	1	1	1	1	1	1	—
Total revenues	1,503	1,496	1,509	1,500	1,491	1,494	1,497	1,502
Expenses								
Total expenses	612	610	593	601	612	614	589	617
Segment income	\$ 891	886	916	899	879	880	908	885
Segment income margin	59.3%	59.2%	60.7%	59.9%	59.0%	58.9%	60.7%	58.9%
Total segment revenues	\$ 4,267	4,296	4,284	4,288	4,264	4,192	4,194	4,161
Total segment expenses	2,084	2,123	2,096	2,117	2,161	2,135	2,073	2,142
Total segment income	\$ 2,183	2,173	2,188	2,171	2,103	2,057	2,121	2,019
Total segment income margin (segment income divided by segment revenues)	51.2%	50.6%	51.1%	50.6%	49.3%	49.1%	50.6%	48.5%

\* During the fourth quarter of 2014, we implemented a new organizational structure designed to strengthen our ability to attain our operational, strategic and financial goals. As a result of this reorganization, we now operate and report two segments in our consolidated financial statements.

During the first quarter of 2015, we determined that certain products and services associated with our acquisition of SAVVIS, Inc. are more closely aligned to legacy services than to strategic services. As a result, these operating revenues are now reflected as legacy services.

We have recast our previously reported segment results due to the reorganization of our management structure in the fourth quarter of 2014. Consequently, we have adopted several changes with respect to the assignment of certain expenses to our segments, including changes that increased our consumer segment expenses and decreased our business segment expenses in prior periods. We have restated our previously reported segment results for all periods before fourth quarter 2014 to conform to the current presentation.

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 3Q13	Actual 4Q13	Actual 1Q14	Actual 2Q14	Actual 3Q14	Actual 4Q14	Actual 1Q15	Actual 2Q15
Total segment revenues	\$ 4,267	4,296	4,284	4,288	4,264	4,192	4,194	4,161
Total segment expenses	2,084	2,123	2,096	2,117	2,161	2,135	2,073	2,142
Total segment income	\$ 2,183	2,173	2,188	2,171	2,103	2,057	2,121	2,019
Total segment income margin (segment income divided by segment revenues)	51.2%	50.6%	51.1%	50.6%	49.3%	49.1%	50.6%	48.5%

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

Total segment income	\$ 2,183	2,173	2,188	2,171	2,103	2,057	2,121	2,019
Other revenue	248	246	254	253	250	246	257	258
Unassigned expenses	(626)	(583)	(654)	(611)	(607)	(594)	(643)	(653)
Operating Cash Flow	\$ 1,805	1,836	1,788	1,813	1,746	1,709	1,735	1,624
Depreciation and amortization	(1,135)	(1,166)	(1,107)	(1,093)	(1,097)	(1,131)	(1,040)	(1,048)
Total other expense	(320)	(321)	(322)	(318)	(320)	(326)	(326)	(315)
Income tax expense	(139)	(124)	(139)	(155)	(122)	(65)	(143)	(101)
Net Income	\$ 211	225	220	247	207	187	226	160

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

**CenturyLink, Inc.**

## SUPPLEMENTAL NON-GAAP SEGMENT DATA, BUSINESS SEGMENT REVENUES

(UNAUDITED)

*(Dollars in millions)*

	<b>Actual 3Q13</b>	<b>Actual 4Q13</b>	<b>Actual 1Q14</b>	<b>Actual 2Q14</b>	<b>Actual 3Q14</b>	<b>Actual 4Q14</b>	<b>Actual 1Q15</b>	<b>Actual 2Q15</b>
<b>Revenues *</b>								
High-bandwidth data services (1)	\$ 561	600	617	632	655	675	687	697
Hosting services (2)	319	325	328	329	331	328	318	319
Other strategic services (3)	16	14	3	22	30	21	44	42
Low-bandwidth data services (4)	635	628	621	597	574	553	533	516
Legacy voice services	730	710	711	700	692	677	671	649
Other legacy services	341	338	322	322	307	301	306	294
Data integration	162	185	173	186	184	143	138	142
Total revenues	\$ 2,764	2,800	2,775	2,788	2,773	2,698	2,697	2,659

(1) Includes MPLS, Ethernet and Wavelength revenue

(2) See Hosting Services Detail below

(3) Includes primarily VoIP, video, IT services and deferred revenue recognition

(4) Includes private line and high-speed Internet revenue

\* During the first quarter of 2015, we determined that certain products and services associated with our acquisition of SAVVIS, Inc. are more closely aligned to legacy services than to strategic services. As a result, these operating revenues are now reflected as legacy services.

**CenturyLink, Inc.**SUPPLEMENTAL NON-GAAP SEGMENT DATA, HOSTING REVENUES AND OPERATING METRICS  
(UNAUDITED)*(Dollars in millions)***Hosting Services Detail (1)**

	<b>Actual 3Q13</b>	<b>Actual 4Q13</b>	<b>Actual 1Q14</b>	<b>Actual 2Q14</b>	<b>Actual 3Q14</b>	<b>Actual 4Q14</b>	<b>Actual 1Q15</b>	<b>Actual 2Q15</b>
Colocation	\$ 156	158	161	158	164	160	156	156
Managed Hosting/Cloud	138	143	142	147	145	146	140	142
Hosting Area Network	25	24	25	24	22	22	22	21
Total Hosting Services	\$ 319	325	328	329	331	328	318	319

**Hosting Data Center Metrics**

	<b>Actual 3Q13</b>	<b>Actual 4Q13</b>	<b>Actual 1Q14</b>	<b>Actual 2Q14</b>	<b>Actual 3Q14</b>	<b>Actual 4Q14</b>	<b>Actual 1Q15</b>	<b>Actual 2Q15</b>
Number of data centers (2)	55	55	56	57	58	58	58	59
Sellable square feet, million sq ft	1.44	1.39	1.42	1.43	1.45	1.46	1.53	1.57
Billed square feet, million sq ft	0.99	0.96	0.93	0.93	0.94	0.92	0.93	1.01
Utilization	68%	69%	66%	65%	65%	63%	61%	64%

(1) Excludes Wide-Area Network (WAN) revenue previously reported in total Hosting revenue.

During the first quarter of 2015, we determined that certain products and services associated with our acquisition of SAVVIS, Inc. are more closely aligned to legacy services than to strategic services. As a result, these operating revenues are now reflected as legacy services.

(2) We define a data center as any facility where we market, sell and deliver colocation services, managed hosting (including cloud hosting) services, multi-tenant managed services, or any combination thereof.