



# CenturyLink, Inc.

## Quarterly Earnings Supplement

As of December 31, 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.

This supplement includes certain non-GAAP financial measures, including but not limited to operating cash flow, free cash flow, core revenues, Adjusted Net Income, Adjusted Diluted EPS and adjustments to GAAP measures to exclude the effect of special items. In addition to providing key metrics for management to evaluate the Company’s performance, we believe these measurements assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends. Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the attached financial schedules.

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  
(UNAUDITED)*(Dollars and shares in millions, except per share amounts)*

	Actual 1Q14	Actual 2Q14	Actual 3Q14	Actual 4Q14	Actual 1Q15	Actual 2Q15	Actual 3Q15	Actual 4Q15
<b>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</b>								
<b>OPERATING REVENUES *</b>								
Strategic services	\$ 2,271	2,289	2,302	2,304	2,320	2,332	2,319	2,372
Legacy services	1,839	1,812	1,777	1,744	1,735	1,687	1,673	1,657
Data integration	174	187	185	144	139	142	153	139
Other	254	253	250	246	257	258	409	308
Total operating revenues	4,538	4,541	4,514	4,438	4,451	4,419	4,554	4,476
<b>OPERATING EXPENSES</b>								
Cash expenses	2,778	2,793	2,798	2,824	2,762	2,822	2,850	2,672
Depreciation and amortization	1,107	1,093	1,097	1,131	1,040	1,048	1,048	1,053
Total operating expenses	3,885	3,886	3,895	3,955	3,802	3,870	3,898	3,725
OPERATING INCOME	653	655	619	483	649	549	656	751
OPERATING CASH FLOW **	1,760	1,748	1,716	1,614	1,689	1,597	1,704	1,804
Operating cash flow margin (operating cash flow divided by revenues)	38.8%	38.5%	38.0%	36.4%	37.9%	36.1%	37.4%	40.3%
<b>OTHER INCOME (EXPENSE)</b>								
Interest expense	(331)	(325)	(325)	(330)	(328)	(327)	(329)	(328)
Other income (expense)	9	(7)	5	4	2	12	2	7
Income tax (expense) benefit	(128)	(130)	(111)	31	(131)	(91)	(124)	(92)
NET INCOME	\$ 203	193	188	188	192	143	205	338
EARNINGS PER COMMON SHARE-DILUTED	\$ 0.35	0.34	0.33	0.33	0.34	0.26	0.37	0.62
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	575.5	569.0	567.4	567.0	563.5	559.2	555.2	542.5

\* 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.

\*\* In addition to providing key metrics for management to evaluate the Company's performance, we believe non-GAAP measurements assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends.

**CenturyLink, Inc.**

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(Dollars in millions)

	<u>December 31, 2014*</u>	<u>March 31, 2015*</u>	<u>June 30, 2015*</u>	<u>September 30, 2015*</u>	<u>December 31, 2015</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 128	155	155	355	126
Other current assets *	2,568	2,595	2,554	2,545	2,524
Total current assets	<u>2,696</u>	<u>2,750</u>	<u>2,709</u>	<u>2,900</u>	<u>2,650</u>
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>					
Property, plant and equipment	36,718	37,100	37,642	38,250	38,785
Accumulated depreciation	(18,285)	(18,917)	(19,553)	(20,182)	(20,716)
Net property, plant and equipment	<u>18,433</u>	<u>18,183</u>	<u>18,089</u>	<u>18,068</u>	<u>18,069</u>
<b>GOODWILL AND OTHER ASSETS</b>					
Goodwill	20,755	20,753	20,758	20,757	20,742
Other, net *	7,219	6,949	6,660	6,402	6,143
Total goodwill and other assets	<u>27,974</u>	<u>27,702</u>	<u>27,418</u>	<u>27,159</u>	<u>26,885</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>49,103</u></b>	<b><u>48,635</u></b>	<b><u>48,216</u></b>	<b><u>48,127</u></b>	<b><u>47,604</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Current maturities of long-term debt	\$ 550	202	1,519	1,910	1,503
Other current liabilities	3,368	3,377	3,278	3,637	3,101
Total current liabilities	<u>3,918</u>	<u>3,579</u>	<u>4,797</u>	<u>5,547</u>	<u>4,604</u>
LONG-TERM DEBT *	19,953	20,082	18,664	18,322	18,722
DEFERRED CREDITS AND OTHER LIABILITIES *	10,209	10,209	10,168	10,008	10,218
STOCKHOLDERS' EQUITY	<u>15,023</u>	<u>14,765</u>	<u>14,587</u>	<u>14,250</u>	<u>14,060</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ <u>49,103</u></b>	<b><u>48,635</u></b>	<b><u>48,216</u></b>	<b><u>48,127</u></b>	<b><u>47,604</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.

\* In 2015 we adopted both ASU 2015-03 "Simplifying the Presentation of Debt Issuance Costs" and 2015-17 "Balance Sheet Classification of Deferred Taxes" by retrospectively applying the requirements of the ASUs to our previously issued consolidated financial statements. The impacts of the adoptions on our balance sheets were as follows:

	<u>December 31, 2014</u>	<u>March 31, 2015</u>	<u>June 30, 2015</u>	<u>September 30, 2015</u>
A decrease in Other current assets	\$ 880	718	596	450
A decrease in Other assets, net	164	167	165	177
A decrease in Long-term debt	168	172	170	182
A decrease in Deferred credits and other liabilities	876	713	591	445

**CenturyLink, Inc.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(UNAUDITED)

(Dollars in millions)

	<u>Q1 2014</u>	<u>Q2 2014</u>	<u>Q3 2014</u>	<u>Q4 2014</u>	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>	<u>Q4 2015</u>
<b>OPERATING ACTIVITIES</b>								
Net income	\$ 203	193	188	188	192	143	205	338
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization	1,107	1,093	1,097	1,131	1,040	1,048	1,048	1,053
Impairment of assets	—	32	—	—	8	—	1	—
Deferred income taxes	106	102	93	(10)	37	16	40	257
Provision for uncollectible accounts	30	33	47	49	42	42	44	49
Share based compensation	19	23	20	17	18	20	19	16
Changes in current assets and current liabilities, net	(47)	(317)	140	(223)	13	(106)	291	(519)
Retirement benefits	(28)	(74)	(153)	71	(9)	(10)	(115)	(7)
Changes in other noncurrent assets and liabilities, net	—	66	—	33	(10)	(1)	(43)	(24)
Other, net	(10)	(22)	(4)	(5)	5	(7)	(15)	33
Net cash provided by operating activities	<u>1,380</u>	<u>1,129</u>	<u>1,428</u>	<u>1,251</u>	<u>1,336</u>	<u>1,145</u>	<u>1,475</u>	<u>1,196</u>
<b>INVESTING ACTIVITIES</b>								
Payments for property, plant and equipment and capitalized software	(670)	(731)	(712)	(934)	(616)	(656)	(767)	(833)
Cash paid for acquisitions, net	—	—	—	(93)	—	—	—	(4)
Proceeds from sale of property or intangible assets	1	(1)	—	63	14	12	3	2
Other, net	(13)	(5)	18	—	(8)	(4)	—	4
Net cash used in investing activities	<u>(682)</u>	<u>(737)</u>	<u>(694)</u>	<u>(964)</u>	<u>(610)</u>	<u>(648)</u>	<u>(764)</u>	<u>(831)</u>
<b>FINANCING ACTIVITIES</b>								
Net proceeds from issuance of long-term debt	—	—	483	—	594	—	396	(1)
Payments of long-term debt	(47)	(74)	(41)	(638)	(386)	(120)	(29)	(431)
Net (payments) borrowings on credit facility	30	90	(260)	136	(425)	20	(320)	410
Early retirement of debt costs	—	—	—	—	—	—	—	(1)
Dividends paid	(309)	(307)	(308)	(304)	(304)	(305)	(296)	(293)
Net proceeds from issuance of common stock	7	25	13	5	8	1	2	—
Repurchase of common stock	(328)	(165)	(65)	(92)	(185)	(92)	(264)	(278)
Other, net	—	1	(3)	—	(1)	(1)	—	—
Net cash used in financing activities	<u>(647)</u>	<u>(430)</u>	<u>(181)</u>	<u>(893)</u>	<u>(699)</u>	<u>(497)</u>	<u>(511)</u>	<u>(594)</u>
Net increase (decrease) in cash and cash equivalents	51	(38)	553	(606)	27	—	200	(229)
Cash and cash equivalents at beginning of period	<u>168</u>	<u>219</u>	<u>181</u>	<u>734</u>	<u>128</u>	<u>155</u>	<u>155</u>	<u>355</u>
Cash and cash equivalents at end of period	<u>\$ 219</u>	<u>181</u>	<u>734</u>	<u>128</u>	<u>155</u>	<u>155</u>	<u>355</u>	<u>126</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 1Q14	Actual 2Q14	Actual 3Q14	Actual 4Q14	Actual 1Q15	Actual 2Q15	Actual 3Q15	Actual 4Q15
<b>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</b>								
<b>OPERATING REVENUES **</b>								
Strategic services	\$ 2,271	2,289	2,302	2,304	2,320	2,332	2,319	2,372
Legacy services	1,839	1,812	1,777	1,744	1,735	1,687	1,673	1,657
Data integration	174	187	185	144	139	142	153	139
Other	254	253	250	246	257	258	409	308
Total operating revenues	4,538	4,541	4,514	4,438	4,451	4,419	4,554	4,476
<b>OPERATING EXPENSES</b>								
Cash expenses	2,750	2,728	2,768	2,729	2,716	2,795	2,772	2,657
Depreciation and amortization	1,107	1,093	1,097	1,131	1,040	1,048	1,048	1,053
Total operating expenses	3,857	3,821	3,865	3,860	3,756	3,843	3,820	3,710
OPERATING INCOME	681	720	649	578	695	576	734	766
OPERATING CASH FLOW ***	1,788	1,813	1,746	1,709	1,735	1,624	1,782	1,819
Operating cash flow margin (operating cash flow divided by revenues)	39.4%	39.9%	38.7%	38.5%	39.0%	36.8%	39.1%	40.6%
<b>OTHER INCOME (EXPENSE)</b>								
Interest expense	(331)	(325)	(325)	(330)	(328)	(327)	(329)	(328)
Other income (expense)	9	7	5	4	2	12	2	7
Income tax expense	(139)	(155)	(122)	(65)	(143)	(101)	(157)	(152)
NET INCOME	\$ 220	247	207	187	226	160	250	293
EARNINGS PER COMMON SHARE-DILUTED	\$ 0.38	0.43	0.36	0.33	0.40	0.29	0.45	0.54
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	575.5	569.0	567.4	567.0	563.5	559.2	555.2	542.5

\* 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.

\*\*\* In addition to providing key metrics for management to evaluate the Company's performance, we believe non-GAAP measurements assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends.

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

(UNAUDITED)

(Dollars in millions)

	<u>Actual 1Q14</u>	<u>Actual 2Q14</u>	<u>Actual 3Q14</u>	<u>Actual 4Q14</u>	<u>Actual 1Q15</u>	<u>Actual 2Q15</u>	<u>Actual 3Q15</u>	<u>Actual 4Q15</u>
<b>ADJUSTMENTS TO OPERATING EXPENSES</b>								
Cash expenses	\$ (28) (A)	(65) (B)	(30) (D)	(95) (E)	(46) (F)	(27) (G)	(78) (H)	(15) (I)
Depreciation and amortization	—	—	—	—	—	—	—	—
Impairment of goodwill	—	—	—	—	—	—	—	—
Total operating expenses	<u>(28)</u>	<u>(65)</u>	<u>(30)</u>	<u>(95)</u>	<u>(46)</u>	<u>(27)</u>	<u>(78)</u>	<u>(15)</u>
<b>ADJUSTMENTS TO OPERATING INCOME</b>								
	28	65	30	95	46	27	78	15
<b>ADJUSTMENTS TO OTHER INCOME OR EXPENSE</b>								
Interest expense	—	—	—	—	—	—	—	—
Other income or expense	—	14 (C)	—	—	—	—	—	—
Income tax expense or benefit	(11) (J)	(25) (J)	(11) (J)	(96) (J)	(12) (J)	(10) (J)	(33) (J)	(60) (J)
ADJUSTMENTS TO NET INCOME	<u>\$ 17</u>	<u>54</u>	<u>19</u>	<u>(1)</u>	<u>34</u>	<u>17</u>	<u>45</u>	<u>(45)</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 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.
- (B) 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).
- (C) Impairment of a non-operating investment.
- (D) Includes severance costs associated with headcount reductions (\$14 million) and integration costs associated with our acquisition of Qwest (\$16 million).
- (E) 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).
- (F) 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).
- (G) Includes severance costs associated with headcount reductions (\$19 million) and integration costs associated with our acquisition of Qwest (\$8 million).
- (H) Includes severance costs associated with headcount reductions (\$58 million), integration costs associated with our acquisition of Qwest (\$8 million) and litigation and other adjustments associated with pre-acquisition activities of Qwest and Embarq (\$12 million).
- (I) Includes severance costs associated with recent headcount reductions (\$9 million) and integration costs associated with our acquisition of Qwest (\$6 million).
- (J) Tax effect of above items. Fourth quarter 2014 includes a favorable income tax adjustment of \$60 million and fourth quarter 2015 includes a favorable income tax adjustment of \$20 million and \$34 million related to affiliate debt rationalization.

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

(UNAUDITED)

*(Dollars in millions)*

	<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>Actual 3Q15</b>	<b>Actual 4Q15</b>
<b><u>Operating Cash Flow and Cash Flow Margin</u></b>								
Operating income, excluding special items*	\$ 681	720	649	578	695	576	734	766
Add: Depreciation and amortization	1,107	1,093	1,097	1,131	1,040	1,048	1,048	1,053
Operating cash flow	\$ <u>1,788</u>	<u>1,813</u>	<u>1,746</u>	<u>1,709</u>	<u>1,735</u>	<u>1,624</u>	<u>1,782</u>	<u>1,819</u>
Operating revenues	\$ <u>4,538</u>	<u>4,541</u>	<u>4,514</u>	<u>4,438</u>	<u>4,451</u>	<u>4,419</u>	<u>4,554</u>	<u>4,476</u>
Operating cash flow margin (operating cash flow divided by revenues)	39.4%	39.9%	38.7%	38.5%	39.0%	36.8%	39.1%	40.6%
<b><u>Free Cash Flow</u></b>								
Operating cash flow	\$ 1,788	1,813	1,746	1,709	1,735	1,624	1,782	1,819
Less: Cash (paid) refunded for income taxes	(10)	(13)	2	(6)	(5)	(36)	(13)	(9)
Less: Cash paid for interest, net of amounts capitalized	(265)	(407)	(262)	(404)	(270)	(384)	(260)	(396)
Less: Capital expenditures, excluding expenditures related to integration efforts related to integration efforts	(662)	(723)	(711)	(930)	(613)	(654)	(764)	(830)
Add: Other income	9	7	5	4	2	12	2	7
Free cash flow	\$ <u>860</u>	<u>677</u>	<u>780</u>	<u>373</u>	<u>849</u>	<u>562</u>	<u>747</u>	<u>591</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 1Q14	Actual 2Q14	Actual 3Q14	Actual 4Q14	Actual 1Q15	Actual 2Q15	Actual 3Q15	Actual 4Q15
Net income (excluding special items**)	\$ 220	247	207	187	226	160	250	293
Add back:								
Amortization of customer base intangibles:								
Qwest	219	216	212	209	205	202	197	195
Embarq	29	30	24	25	25	24	20	20
Savvis	15	16	15	16	15	16	15	16
Amortization of trademark intangibles:								
Qwest	6	5	4	2	1	—	—	—
Savvis	5	—	—	—	—	—	—	—
Amortization of fair value adjustment of long-term debt:								
Embarq	1	2	1	1	1	2	1	2
Qwest	(12)	(12)	(12)	(6)	(6)	(6)	(5)	(6)
Subtotal	263	257	244	247	241	238	228	227
Tax effect of above items	(102)	(96)	(92)	(94)	(92)	(90)	(88)	(86)
Net adjustment, after taxes	161	161	152	153	149	148	140	141
Net income, as adjusted for above items	\$ 381	408	359	340	375	308	390	434
Weighted average common shares outstanding-diluted	575.5	569.0	567.4	567.0	563.5	559.2	555.2	542.5
Diluted EPS (excluding special items)	\$ 0.38	0.43	0.36	0.33	0.40	0.29	0.45	0.54
Adjusted diluted EPS as adjusted for purchase accounting intangible and interest amortizations (excluding special items)	\$ 0.66	0.72	0.63	0.60	0.67	0.55	0.70	0.80

\* 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 SEGMENT DATA

(UNAUDITED)

(Dollars in millions)

	Actual 1Q14*	Actual 2Q14*	Actual 3Q14*	Actual 4Q14*	Actual 1Q15*	Actual 2Q15	Actual 3Q15	Actual 4Q15
<b>Business</b>								
Revenues								
Strategic services	\$ 1,569	1,580	1,590	1,577	1,582	1,574	1,556	1,599
Legacy services	1,033	1,022	999	978	977	943	928	917
Data integration	173	186	184	143	138	142	152	139
Total revenues	2,775	2,788	2,773	2,698	2,697	2,659	2,636	2,655
Expenses								
Total expenses	1,503	1,516	1,549	1,521	1,484	1,525	1,541	1,484
Segment income	\$ 1,272	1,272	1,224	1,177	1,213	1,134	1,095	1,171
Segment income margin	45.8%	45.6%	44.1%	43.6%	45.0%	42.6%	41.5%	44.1%
<b>Consumer</b>								
Revenues								
Strategic services	\$ 702	709	712	727	738	758	763	773
Legacy services	806	790	778	766	758	744	745	740
Data integration	1	1	1	1	1	—	1	—
Total revenues	1,509	1,500	1,491	1,494	1,497	1,502	1,509	1,513
Expenses								
Total expenses	593	601	612	614	589	617	622	597
Segment income	\$ 916	899	879	880	908	885	887	916
Segment income margin	60.7%	59.9%	59.0%	58.9%	60.7%	58.9%	58.8%	60.5%
Total segment revenues	\$ 4,284	4,288	4,264	4,192	4,194	4,161	4,145	4,168
Total segment expenses	2,096	2,117	2,161	2,135	2,073	2,142	2,163	2,081
Total segment income	\$ 2,188	2,171	2,103	2,057	2,121	2,019	1,982	2,087
Total segment income margin (segment income divided by segment revenues)	51.1%	50.6%	49.3%	49.1%	50.6%	48.5%	47.8%	50.1%

\* During the fourth quarter of 2014, we implemented a new organizational structure. 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.

**CenturyLink, Inc.**RECONCILIATION OF NON-GAAP SEGMENT INCOME TO NET INCOME, EXCLUDING SPECIAL ITEMS - NON-GAAP\*  
(UNAUDITED)*(Dollars in millions)*

	Actual 1Q14	Actual 2Q14	Actual 3Q14	Actual 4Q14	Actual 1Q15	Actual 2Q15	Actual 3Q15	Actual 4Q15
Total segment revenues	\$ 4,284	4,288	4,264	4,192	4,194	4,161	4,145	4,168
Total segment expenses	2,096	2,117	2,161	2,135	2,073	2,142	2,163	2,081
Total segment income	\$ 2,188	2,171	2,103	2,057	2,121	2,019	1,982	2,087
Total segment income margin (segment income divided by segment revenues)	51.1%	50.6%	49.3%	49.1%	50.6%	48.5%	47.8%	50.1%

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

Total segment income	\$ 2,188	2,171	2,103	2,057	2,121	2,019	1,982	2,087
Other revenue	254	253	250	246	257	258	409	308
Unassigned expenses	(654)	(611)	(607)	(594)	(643)	(653)	(609)	(576)
Operating Cash Flow	\$ 1,788	1,813	1,746	1,709	1,735	1,624	1,782	1,819
Depreciation and amortization	(1,107)	(1,093)	(1,097)	(1,131)	(1,040)	(1,048)	(1,048)	(1,053)
Total other expense	(322)	(318)	(320)	(326)	(326)	(315)	(327)	(321)
Income tax expense	(139)	(155)	(122)	(65)	(143)	(101)	(157)	(152)
Net Income	\$ 220	247	207	187	226	160	250	293

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

**CenturyLink, Inc.**

SUPPLEMENTAL SEGMENT DATA, SEGMENT REVENUES

(UNAUDITED)

(Dollars in millions)

	Actual 1Q14	Actual 2Q14	Actual 3Q14	Actual 4Q14	Actual 1Q15	Actual 2Q15	Actual 3Q15	Actual 4Q15
Strategic services								
Business high-bandwidth data services (1)	\$ 617	632	655	675	687	697	699	733
Business low-bandwidth data services (2)	621	597	574	553	533	516	506	497
Business hosting services (3)	328	329	331	328	318	319	324	320
Other business strategic services (4)	3	22	30	21	44	42	27	49
Consumer high-speed Internet services (5)	617	614	616	622	635	652	658	666
Other consumer strategic services (6)	85	95	96	105	103	106	105	107
Total strategic services revenues	2,271	2,289	2,302	2,304	2,320	2,332	2,319	2,372
Legacy services								
Business legacy voice services (7)	711	700	692	677	671	649	638	632
Other business legacy services (8)	322	322	307	301	306	294	290	285
Consumer legacy voice services (7)	741	722	707	694	688	675	664	649
Other consumer legacy services (9)	65	68	71	72	70	69	81	91
Total legacy services revenues	1,839	1,812	1,777	1,744	1,735	1,687	1,673	1,657
Data integration								
Business data integration	173	186	184	143	138	142	152	139
Consumer data integration	1	1	1	1	1	—	1	—
Total data integration revenues	174	187	185	144	139	142	153	139
Other revenues								
High-cost support revenue (10)	134	132	134	128	134	132	284	182
Other revenue (11)	120	121	116	118	123	126	125	126
Total other revenues	254	253	250	246	257	258	409	308
Total revenues	\$ 4,538	4,541	4,514	4,438	4,451	4,419	4,554	4,476

(1) Includes MPLS and Ethernet revenue

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

(3) Includes colocation, hosting (including cloud hosting and managed hosting) and hosting area network revenue

(4) Includes primarily VoIP, video and IT services revenue

(5) Includes high-speed Internet and related services revenue

(6) Includes video and Verizon wireless revenue

(7) Includes local and long-distance voice revenue

(8) Includes UNEs, public access and other ancillary revenue

(9) Includes switched access and other ancillary revenue

(10) Includes CAF Phase 1, CAF Phase 2 and federal and state USF support revenue

(11) Includes USF surcharges

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 SEGMENT DATA, HOSTING REVENUES AND OPERATING METRICS

(UNAUDITED)

*(Dollars in millions)***Hosting Services Detail (1)**

	<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>Actual 3Q15</b>	<b>Actual 4Q15</b>
Colocation	\$ 161	159	164	160	156	156	151	163
Managed Hosting/Cloud	141	147	145	147	140	142	152	136
Hosting Area Network	26	23	22	21	22	21	21	21
<b>Total Hosting Services</b>	<b>\$ 328</b>	<b>329</b>	<b>331</b>	<b>328</b>	<b>318</b>	<b>319</b>	<b>324</b>	<b>320</b>

**Operating Metrics**

	<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>Actual 3Q15</b>	<b>Actual 4Q15</b>
Number of data centers (2)	56	57	58	58	58	59	59	59
Sellable square feet, million sq ft	1.42	1.43	1.45	1.46	1.53	1.57	1.59	1.58
Billed square feet, million sq ft	0.93	0.93	0.94	0.92	0.93	1.01	1.01	0.99
Utilization	66%	65%	65%	63%	61%	64%	64%	63%

(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.