

# CenturyLink, Inc.

## Quarterly Earnings Supplement

As of June 30, 2013

**Disclosures:**

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

The pro forma information presented within reflects the operations of CenturyLink, Qwest and Savvis assuming their respective results of operations had been combined as of January 1, 2010. The pro forma information presented (i) has not been prepared in accordance with GAAP, (ii) is for illustrative purposes only, and (iii) is not necessarily indicative of the combined operating results that would have occurred if the Qwest and Savvis mergers had been consummated as of January 1, 2010.

You are urged to consider any pro forma or other non-GAAP measures included herein in addition to, and not in substitution for, measures prepared in accordance with GAAP. You are also urged to read carefully the endnotes to this supplement, which describe adjustments reflected in our pro forma data.

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

	Pro forma 3Q11*	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13
<b>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</b>								
OPERATING REVENUES								
Strategic services	\$ 1,996	2,033	2,058	2,078	2,101	2,124	2,142	2,164
Legacy services	2,225	2,178	2,141	2,098	2,045	2,003	1,974	1,945
Data integration	166	188	145	170	168	189	140	167
Other	246	254	266	266	257	267	257	249
Total Operating Revenues	4,633	4,653	4,610	4,612	4,571	4,583	4,513	4,525
OPERATING EXPENSES								
Cash expenses	2,848	2,868	2,748	2,747	2,691	2,697	2,614	2,687
Depreciation and amortization	1,240	1,252	1,208	1,208	1,144	1,220	1,117	1,123
Total Operating Expenses	4,088	4,120	3,956	3,955	3,835	3,917	3,731	3,810
OPERATING INCOME	545	533	654	657	736	666	782	715
OPERATING CASH FLOW								
Operating Cash Flow Margin	38.5%	38.4%	40.4%	40.4%	41.1%	41.2%	42.1%	40.6%
OTHER INCOME (EXPENSE)								
Interest expense	(327)	(340)	(343)	(335)	(326)	(315)	(316)	(325)
Other income (expense)	7	(1)	20	(199)	12	23	39	4
Income tax expense	(91)	(83)	(131)	(49)	(152)	(141)	(207)	(125)
NET INCOME	\$ 134	109	200	74	270	233	298	269
EARNINGS PER COMMON SHARE-DILUTED	\$ 0.22	0.18	0.32	0.12	0.43	0.37	0.48	0.44
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	616.6	618.5	620.4	621.8	623.3	623.7	621.1	605.6

\*See Endnote 1. Management believes that the presentation of this pro forma information will assist users in their understanding of the combined company's operating performance.

**CenturyLink, Inc.**

## CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

*(Dollars in millions)*

	<u>June 30, 2012</u>	<u>September 30, 2012</u>	<u>December 31, 2012</u>	<u>March 31, 2013</u>	<u>June 30, 2013</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 281	194	211	476	214
Other current assets	<u>3,566</u>	<u>3,639</u>	<u>3,402</u>	<u>3,399</u>	<u>3,434</u>
Total current assets	<u>3,847</u>	<u>3,833</u>	<u>3,613</u>	<u>3,875</u>	<u>3,648</u>
NET PROPERTY, PLANT AND EQUIPMENT					
Property, plant and equipment	30,623	31,288	32,086	32,571	33,204
Accumulated depreciation	<u>(11,569)</u>	<u>(12,275)</u>	<u>(13,054)</u>	<u>(13,746)</u>	<u>(14,427)</u>
Net property, plant and equipment	<u>19,054</u>	<u>19,013</u>	<u>19,032</u>	<u>18,825</u>	<u>18,777</u>
GOODWILL AND OTHER ASSETS					
Goodwill	21,732	21,732	21,732	21,733	21,744
Other, net	<u>10,457</u>	<u>10,054</u>	<u>9,643</u>	<u>9,296</u>	<u>9,085</u>
Total goodwill and other assets	<u>32,189</u>	<u>31,786</u>	<u>31,375</u>	<u>31,029</u>	<u>30,829</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 55,090</u></b>	<b><u>54,632</u></b>	<b><u>54,020</u></b>	<b><u>53,729</u></b>	<b><u>53,254</u></b>
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Current maturities of long-term debt	\$ 1,903	1,198	1,205	1,193	302
Other current liabilities	<u>3,304</u>	<u>3,733</u>	<u>3,390</u>	<u>3,390</u>	<u>3,446</u>
Total current liabilities	5,207	4,931	4,595	4,583	3,748
LONG-TERM DEBT	19,682	19,508	19,400	19,595	20,283
DEFERRED CREDITS AND OTHER LIABILITIES	9,890	9,996	10,736	10,695	10,823
STOCKHOLDERS' EQUITY	<u>20,311</u>	<u>20,197</u>	<u>19,289</u>	<u>18,856</u>	<u>18,400</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 55,090</u></b>	<b><u>54,632</u></b>	<b><u>54,020</u></b>	<b><u>53,729</u></b>	<b><u>53,254</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, 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)

	Six Months Ended June 30, 2012	Nine Months Ended September 30, 2012	Twelve Months Ended December 31, 2012	Three Months Ended March 31, 2013	Six Months Ended June 30, 2013
<b>OPERATING ACTIVITIES</b>					
Net income	\$ 274	544	777	298	567
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	2,416	3,560	4,780	1,117	2,240
Deferred income taxes	137	260	394	166	307
Provision for uncollectible accounts	103	144	187	27	65
Gain on intangible assets	-	-	-	-	(32)
Net loss on early retirement of debt	194	194	179	-	-
Changes in current assets and current liabilities, net	(188)	111	(224)	(29)	(99)
Retirement benefits	(163)	(179)	(169)	(178)	(220)
Changes in other noncurrent assets and liabilities	53	91	161	14	48
Other, net	(27)	(39)	(20)	(28)	(20)
Net cash provided by operating activities	<u>2,799</u>	<u>4,686</u>	<u>6,065</u>	<u>1,387</u>	<u>2,856</u>
<b>INVESTING ACTIVITIES</b>					
Payments for property, plant and equipment and capitalized software	(1,305)	(2,024)	(2,919)	(663)	(1,410)
Proceeds from sale of property and intangible assets	133	133	191	75	75
Other, net	(3)	28	38	4	23
Net cash used in investing activities	<u>(1,175)</u>	<u>(1,863)</u>	<u>(2,690)</u>	<u>(584)</u>	<u>(1,312)</u>
<b>FINANCING ACTIVITIES</b>					
Net proceeds from issuance of long-term debt	3,361	3,363	3,362	988	1,740
Payments of long-term debt	(3,630)	(4,529)	(5,118)	(56)	(1,018)
Early retirement of debt costs	(324)	(324)	(346)	-	-
Net borrowings (payments) on credit facility	(27)	3	543	(745)	(775)
Dividends paid	(905)	(1,357)	(1,811)	(341)	(661)
Proceeds from issuance of common stock	65	91	110	13	40
Repurchase of common stock	(20)	(20)	(37)	(397)	(867)
Other, net	7	14	2	-	-
Net cash used in financing activities	<u>(1,473)</u>	<u>(2,759)</u>	<u>(3,295)</u>	<u>(538)</u>	<u>(1,541)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	153	66	83	265	3
Cash and cash equivalents at beginning of period	<u>128</u>	<u>128</u>	<u>128</u>	<u>211</u>	<u>211</u>
Cash and cash equivalents at end of period	<u>\$ 281</u>	<u>194</u>	<u>211</u>	<u>476</u>	<u>214</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)

	Pro forma 3Q11**	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13
<b>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</b>								
<b>OPERATING REVENUES</b>								
Strategic services	\$ 1,996	2,033	2,058	2,078	2,101	2,124	2,142	2,164
Legacy services	2,225	2,178	2,141	2,098	2,045	2,003	1,974	1,945
Data integration	166	188	145	170	168	189	140	167
Other	246	254	266	266	257	267	257	249
Total Operating Revenues	4,633	4,653	4,610	4,612	4,571	4,583	4,513	4,525
<b>OPERATING EXPENSES</b>								
Cash expenses	2,739	2,807	2,666	2,712	2,672	2,670	2,580	2,667
Depreciation and amortization	1,240	1,252	1,208	1,208	1,189	1,220	1,117	1,123
Total Operating Expenses	3,979	4,059	3,874	3,920	3,861	3,890	3,697	3,790
OPERATING INCOME	654	594	736	692	710	693	816	735
<b>OPERATING CASH FLOW</b>								
Operating Cash Flow Margin	40.9%	39.7%	42.2%	41.2%	41.5%	41.7%	42.8%	41.1%
<b>OTHER INCOME (EXPENSE)</b>								
Interest expense	(327)	(340)	(343)	(335)	(326)	(315)	(316)	(325)
Other income (expense)	7	5	7	3	6	5	2	4
Income tax expense	(130)	(108)	(157)	(142)	(153)	(143)	(199)	(165)
NET INCOME	\$ 204	151	243	218	237	240	303	249
EARNINGS PER COMMON SHARE-DILUTED	\$ 0.33	0.24	0.39	0.35	0.38	0.38	0.49	0.41
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED	616.6	618.5	620.4	621.8	623.3	623.7	621.1	605.6

\*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.

\*\*See Endnote 1. Management believes that the presentation of this pro forma information will assist users in their understanding of the combined company's operating performance.

**CenturyLink, Inc.**

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

(UNAUDITED)

(Dollars in millions)

	Pro forma 3Q11**	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13
<b>ADJUSTMENTS TO OPERATING EXPENSES</b>								
Cash expenses	\$ (109) (A)	(61) (B)	(82) (D)	(35) (F)	(19) (H)	(27) (K)	(34) (M)	(20) (O)
Depreciation and amortization	-	-	-	-	45 (I)	-	-	-
Total Operating Expenses	<u>(109)</u>	<u>(61)</u>	<u>(82)</u>	<u>(35)</u>	<u>26</u>	<u>(27)</u>	<u>(34)</u>	<u>(20)</u>
<b>ADJUSTMENTS TO OPERATING INCOME</b>	<b>109</b>	<b>61</b>	<b>82</b>	<b>35</b>	<b>(26)</b>	<b>27</b>	<b>34</b>	<b>20</b>
<b>ADJUSTMENTS TO OTHER INCOME (EXPENSE)</b>								
Interest expense	-	-	-	-	-	-	-	-
Other income (expense)	-	6 (C)	(13) (E)	202 (G)	(6) (I)	(18) (L)	(37) (N)	-
Income tax expense	(39) (P)	(25) (P)	(26) (O)	(93) (P)	(1) (P)	(2) (P)	8 (P)	(40) (P)
<b>ADJUSTMENTS TO NET INCOME</b>	<b>\$ <u>70</u></b>	<b><u>42</u></b>	<b><u>43</u></b>	<b><u>144</u></b>	<b><u>(33)</u></b>	<b><u>7</u></b>	<b><u>5</u></b>	<b><u>(20)</u></b>

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

**Summary description of special items:**

- (A) Includes integration and severance costs associated with the Qwest and Embarq acquisitions incurred by CenturyLink; realignment, severance and merger related costs incurred by Qwest; and merger related costs incurred by Savvis.
- (B) Includes integration, severance, and retention costs associated with our acquisition of Qwest, along with restructuring charges (\$55 million); integration and severance costs associated with our acquisition of Embarq (\$2 million); and transaction and other costs associated with our acquisition of Savvis (\$4 million).
- (C) Loss associated with early retirement of debt.
- (D) 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).
- (E) Gain associated with early retirement of debt (\$8 million) and gain on the sale of investment securities (\$5 million).
- (F) 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).
- (G) Loss associated with early retirement of debt.
- (H) 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.
- (I) Out-of-period depreciation adjustment (\$45 million) to correct an overstatement of depreciation.
- (J) Gain on the sale of a non-operating investment (\$6 million).
- (K) 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).
- (L) Gain on the sale of a non-operating investments (\$3 million) and early retirement of debt (\$15 million).
- (M) 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).
- (N) Gain on the sale of a non-operating investments (\$32 million) and settlements of other non-operating issues (\$5 million).
- (O) Includes severance costs associated with recent headcount reductions (\$4 million), integration, severance, and retention costs associated with our acquisition of Qwest (\$11 million), integration, integration, severance, and retention costs associated with our acquisition of Savvis (\$4 million) and an accounting adjustment (\$1 million).
- (P) Tax effect of above items. Second quarter 2011 includes a benefit from the reduction of a valuation allowance (\$14 million), third quarter 2012 includes a benefit from the reversal of a valuation allowance (\$11 million), fourth quarter 2012 includes a benefit from the reversal of a valuation allowance and the effect of a rate adjustment on the first three quarters of year (\$3 million) and 2nd Quarter 2013 includes a favorable federal income tax settlement (\$33 million).

\*\*See Endnote 1. Management believes that the presentation of this pro forma information will assist users in their understanding of the combined company's operating performance.

**CenturyLink, Inc.**

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

(UNAUDITED)

*(Dollars in millions)*

	<b>Pro forma 3Q11*</b>	<b>Actual 4Q11</b>	<b>Actual 1Q12</b>	<b>Actual 2Q12</b>	<b>Actual 3Q12</b>	<b>Actual 4Q12</b>	<b>Actual 1Q13</b>	<b>Actual 2Q13</b>
<b><u>Operating Cash Flow and Cash Flow Margin</u></b>								
Operating Income, excluding special items*	\$ 654	594	736	692	710	693	816	735
Add: Depreciation and amortization	1,240	1,252	1,208	1,208	1,189	1,220	1,117	1,123
Operating cash flow	\$ 1,894	1,846	1,944	1,900	1,899	1,913	1,933	1,858
Operating Revenues	\$ 4,633	4,653	4,610	4,612	4,571	4,583	4,513	4,525
Operating cash flow margin (operating cash flow divided by revenues)	40.9%	39.7%	42.2%	41.2%	41.5%	41.7%	42.8%	41.1%
<b><u>Free Cash Flow</u></b>								
Operating cash flow		1,846	1,944	1,900	1,899	1,913	1,933	1,858
Less: Cash (paid) refunded for income taxes		25	(1)	(30)	(28)	(23)	(8)	(38)
Less: Cash paid for interest, net of amounts capitalized		(465)	(244)	(485)	(268)	(408)	(265)	(382)
Less: Capital expenditures, excluding expenditures related to integration efforts		(896)	(668)	(609)	(704)	(877)	(656)	(739)
Add: Other income (expense)		5	7	3	6	5	2	4
Free cash flow		\$ 515	1,038	779	905	610	1,006	703

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

**CenturyLink, Inc.**

SUPPLEMENTAL NON-GAAP INFORMATION - ADJUSTED DILUTED EARNINGS PER SHARE\*  
(UNAUDITED)

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

	Pro forma 3Q11**	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13
Net income (excluding special items***)	\$ 204	151	243	218	237	240	303	249
Add back:								
Amortization of customer base intangibles:								
Qwest	257	253	244	244	241	237	234	230
Embarq	39	39	39	39	34	34	34	34
Savvis	20	20	15	14	15	15	15	15
Amortization of trademark intangibles:								
Qwest	20	19	18	16	15	14	12	11
Savvis	2	2	2	3	2	2	2	2
Amortization of fair value adjustment of long-term debt:								
Embarq	1	-	1	1	1	1	1	1
Qwest	(56)	(31)	(28)	(20)	(20)	(18)	(17)	(17)
Subtotal	283	302	291	297	288	285	281	276
Tax effect of above items	(110)	(110)	(111)	(112)	(112)	(110)	(109)	(108)
Net adjustment, after taxes	\$ 173	192	180	185	176	175	172	168
Net income, as adjusted for above items	\$ 377	343	423	403	413	415	475	417
Weighted average common shares outstanding-diluted	616.6	618.5	620.4	621.8	623.3	623.7	621.1	605.6
Diluted EPS (excluding special items)	\$ 0.33	0.24	0.39	0.35	0.38	0.38	0.49	0.41
Adjusted diluted EPS as adjusted for purchase accounting intangible and interest amortizations (excluding special items)	\$ 0.61	0.55	0.68	0.65	0.66	0.67	0.76	0.69

\*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.

\*\*See Endnote 1. Management believes that the presentation of this pro forma information will assist users in their understanding of the combined company's operating performance.

\*\*\*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)

	Pro forma 3Q11*	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13
<b>Consumer</b>								
Revenues								
Strategic services	\$ 550	585	588	590	603	612	620	628
Legacy services	1,002	992	974	947	933	908	889	865
Data integration	2	2	2	3	-	2	2	1
Total Revenues	1,554	1,579	1,564	1,540	1,536	1,522	1,511	1,494
Expenses								
Direct expense	453	444	445	444	458	449	413	435
Allocated expense	137	135	122	124	127	122	113	116
Total expenses	590	579	567	568	585	571	526	551
Segment income	\$ 964	1,000	997	972	951	951	985	943
Segment income margin	62.0%	63.3%	63.7%	63.1%	61.9%	62.5%	65.2%	63.1%
<b>Business</b>								
Revenues								
Strategic services	\$ 567	573	578	590	602	600	615	617
Legacy services	813	796	787	780	771	760	751	742
Data integration	164	184	143	167	168	187	138	166
Total Revenues	1,544	1,553	1,508	1,537	1,541	1,547	1,504	1,525
Expenses								
Direct expense	854	861	799	829	818	839	778	829
Allocated expense	99	100	111	114	118	115	103	108
Total expenses	953	961	910	943	936	954	881	937
Segment income	\$ 591	592	598	594	605	593	623	588
Segment income margin	38.3%	38.1%	39.7%	38.6%	39.3%	38.3%	41.4%	38.6%
<b>Wholesale</b>								
Revenues								
Strategic services	\$ 573	572	582	575	569	572	573	572
Legacy services	410	390	380	371	341	335	334	338
Data integration	-	2	-	-	-	-	-	-
Total Revenues	983	964	962	946	910	907	907	910
Expenses								
Direct expense	44	52	48	45	38	38	30	49
Allocated expense	294	286	264	268	266	263	244	252
Total expenses	338	338	312	313	304	301	274	301
Segment income	\$ 645	626	650	633	606	606	633	609
Segment income margin	65.6%	64.9%	67.6%	66.9%	66.6%	66.8%	69.8%	66.9%
<b>Data Hosting</b>								
Revenues								
Strategic services	\$ 306	303	310	323	327	340	334	347
Total Revenues	306	303	310	323	327	340	334	347
Expenses								
Direct expense	225	232	232	241	248	266	266	274
Allocated expense	(2)	(2)	(1)	(2)	(2)	(2)	(2)	(1)
Total expenses	223	230	231	239	246	264	264	273
Segment income	\$ 83	73	79	84	81	76	70	74
Segment income margin	27.1%	24.1%	25.5%	26.0%	24.8%	22.4%	21.0%	21.3%
Total segment revenues	\$ 4,387	4,399	4,344	4,346	4,314	4,316	4,256	4,276
Total segment expenses	2,104	2,108	2,020	2,063	2,071	2,090	1,945	2,062
Total segment income	\$ 2,283	2,291	2,324	2,283	2,243	2,226	2,311	2,214
Total segment income margin (segment income divided by segment revenues)	52.0%	52.1%	53.5%	52.5%	52.0%	51.6%	54.3%	51.8%

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 this pro forma information, including related pro forma adjustments and special items, please see Endnote 1 and page 6, Impacts of Non-GAAP Special Items.

**CenturyLink, Inc.**

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

(UNAUDITED)

*(Dollars in millions)*

	Pro forma 3Q11*	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13
Total segment revenues	\$ 4,387	4,399	4,344	4,346	4,314	4,316	4,256	4,276
Total segment expenses	2,104	2,108	2,020	2,063	2,071	2,090	1,945	2,062
Total segment income	\$ 2,283	2,291	2,324	2,283	2,243	2,226	2,311	2,214
Total segment income margin (segment income divided by segment revenues)	52.0%	52.1%	53.5%	52.5%	52.0%	51.6%	54.3%	51.8%

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

Total segment income	\$ 2,283	2,291	2,324	2,283	2,243	2,226	2,311	2,214
Other revenue	246	254	266	266	257	267	257	249
Unassigned expenses	(635)	(699)	(646)	(649)	(601)	(580)	(635)	(605)
Operating Cash Flow	\$ 1,894	1,846	1,944	1,900	1,899	1,913	1,933	1,858
Depreciation and amortization	(1,240)	(1,252)	(1,208)	(1,208)	(1,189)	(1,220)	(1,117)	(1,123)
Total other expense	(320)	(335)	(336)	(332)	(320)	(310)	(314)	(321)
Income tax expense	(130)	(108)	(157)	(142)	(153)	(143)	(199)	(165)
Net Income	\$ 204	151	243	218	237	240	303	249

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

## CenturyLink, Inc.

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

(UNAUDITED)

(Dollars in millions)

#### Product View

	Pro forma 3Q11*	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13
Colocation	\$ 135	133	138	142	144	145	144	145
Managed Hosting **	103	103	104	111	112	125	125	134
Other	68	67	68	70	71	70	65	68
Total Data Center Revenue	\$ 306	303	310	323	327	340	334	347

#### Segment View

	Pro forma 3Q11*	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13
Business	\$ 41	41	43	42	44	46	41	50
Wholesale	2	2	3	3	2	2	2	2
Data Hosting	263	260	264	278	281	292	291	295
Total Data Center Revenue	\$ 306	303	310	323	327	340	334	347

#### Data Center Metrics

	Pro forma 3Q11*	Actual 4Q11	Actual 1Q12	Actual 2Q12	Actual 3Q12	Actual 4Q12	Actual 1Q13	Actual 2Q13
Number of data centers***	49	51	51	52	53	54	54	55
Revenue square feet, million sq ft	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4
Billable square feet, million sq ft	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0
Utilization	70%	71%	70%	71%	71%	72%	71%	70%

\*See Endnote 1. Management believes that the presentation of this pro forma information will assist users in their understanding of the combined company's operating performance.

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

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

## ENDNOTES TO QUARTERLY EARNINGS STATEMENT

(As of June 30, 2013)

Endnote 1 – In accordance with business combination accounting standards, the accompanying pro forma financial information was prepared assuming CenturyLink's acquisition of Qwest and Savvis occurred as of January 1, 2010. The accompanying pro forma information is for illustrative purposes only and is not necessarily indicative of the combined operating results that would have occurred if the Qwest and Savvis acquisitions had been consummated on January 1, 2010 nor is it indicative of future operating results. Pro forma adjustments include (i) the elimination of intercompany billings and the elimination of certain deferred revenues and costs; (ii) the elimination of certain components of pension and post-retirement benefit costs; (iii) the amortization of the fair value assigned to intangible assets (primarily customer relationships and software); (iv) adjustments to depreciation to reflect the fair value assigned to property, plant and equipment; (v) adjustments to interest expense to reflect valuing debt at fair value; and (vi) the related income tax effects. The pro forma adjustments are described in greater detail in our Current Report on Form 8-K filed with the SEC on March 2, 2012. For additional information relating to our Qwest and Savvis acquisitions, please see our various reports filed with the SEC.