



CenturyLink, Inc.

Quarterly Earnings Supplement

As of September 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

(UNAUDITED)

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

| | Actual 4Q13 | Actual 1Q14 | Actual 2Q14 | Actual 3Q14 | Actual 4Q14 | Actual 1Q15 | Actual 2Q15 | Actual 3Q15 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| CONDENSED CONSOLIDATED STATEMENTS OF INCOME | | | | | | | | |
| OPERATING REVENUES * | | | | | | | | |
| Strategic services | \$ 2,250 | 2,271 | 2,289 | 2,302 | 2,304 | 2,320 | 2,332 | 2,319 |
| Legacy services | 1,860 | 1,839 | 1,812 | 1,777 | 1,744 | 1,735 | 1,687 | 1,673 |
| Data integration | 186 | 174 | 187 | 185 | 144 | 139 | 142 | 153 |
| Other | 246 | 254 | 253 | 250 | 246 | 257 | 258 | 409 |
| Total operating revenues | 4,542 | 4,538 | 4,541 | 4,514 | 4,438 | 4,451 | 4,419 | 4,554 |
| OPERATING EXPENSES | | | | | | | | |
| Cash expenses | 2,743 | 2,778 | 2,793 | 2,798 | 2,824 | 2,762 | 2,822 | 2,850 |
| Depreciation and amortization | 1,166 | 1,107 | 1,093 | 1,097 | 1,131 | 1,040 | 1,048 | 1,048 |
| Impairment of goodwill | (8) | — | — | — | — | — | — | — |
| Total operating expenses | 3,901 | 3,885 | 3,886 | 3,895 | 3,955 | 3,802 | 3,870 | 3,898 |
| OPERATING INCOME | 641 | 653 | 655 | 619 | 483 | 649 | 549 | 656 |
| OPERATING CASH FLOW | 1,799 | 1,760 | 1,748 | 1,716 | 1,614 | 1,689 | 1,597 | 1,704 |
| Operating cash flow margin | 39.6% | 38.8% | 38.5% | 38.0% | 36.4% | 37.9% | 36.1% | 37.4% |
| OTHER INCOME (EXPENSE) | | | | | | | | |
| Interest expense | (328) | (331) | (325) | (325) | (330) | (328) | (327) | (329) |
| Other income (expense) | 17 | 9 | (7) | 5 | 4 | 2 | 12 | 2 |
| Income tax (expense) benefit | (91) | (128) | (130) | (111) | 31 | (131) | (91) | (124) |
| NET INCOME | \$ 239 | 203 | 193 | 188 | 188 | 192 | 143 | 205 |
| EARNINGS PER COMMON SHARE-DILUTED* | \$ 0.41 | 0.35 | 0.34 | 0.33 | 0.33 | 0.34 | 0.26 | 0.37 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED | 586.4 | 575.5 | 569.0 | 567.4 | 567.0 | 563.5 | 559.2 | 555.2 |

* 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.

CenturyLink, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(Dollars in millions)

| | <u>September 30, 2014</u> | <u>December 31, 2014</u> | <u>March 31, 2015</u> | <u>June 30, 2015</u> | <u>September 30, 2015</u> |
|---|-------------------------------|------------------------------|---------------------------|--------------------------|-------------------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 734 | 128 | 155 | 155 | 355 |
| Other current assets | 3,284 | 3,448 | 3,313 | 3,150 | 2,995 |
| Total current assets | <u>4,018</u> | <u>3,576</u> | <u>3,468</u> | <u>3,305</u> | <u>3,350</u> |
| NET PROPERTY, PLANT AND EQUIPMENT | | | | | |
| Property, plant and equipment | 35,970 | 36,718 | 37,100 | 37,642 | 38,250 |
| Accumulated depreciation | (17,647) | (18,285) | (18,917) | (19,553) | (20,182) |
| Net property, plant and equipment | <u>18,323</u> | <u>18,433</u> | <u>18,183</u> | <u>18,089</u> | <u>18,068</u> |
| GOODWILL AND OTHER ASSETS | | | | | |
| Goodwill | 20,664 | 20,755 | 20,753 | 20,758 | 20,757 |
| Other, net | 7,641 | 7,383 | 7,116 | 6,825 | 6,579 |
| Total goodwill and other assets | <u>28,305</u> | <u>28,138</u> | <u>27,869</u> | <u>27,583</u> | <u>27,336</u> |
| TOTAL ASSETS | \$ <u>50,646</u> | <u>50,147</u> | <u>49,520</u> | <u>48,977</u> | <u>48,754</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Current maturities of long-term debt | \$ 1,169 | 550 | 202 | 1,519 | 1,910 |
| Other current liabilities | 3,408 | 3,368 | 3,377 | 3,278 | 3,637 |
| Total current liabilities | <u>4,577</u> | <u>3,918</u> | <u>3,579</u> | <u>4,797</u> | <u>5,547</u> |
| LONG-TERM DEBT | 19,982 | 20,121 | 20,254 | 18,834 | 18,504 |
| DEFERRED CREDITS AND OTHER LIABILITIES | 9,642 | 11,085 | 10,922 | 10,759 | 10,453 |
| STOCKHOLDERS' EQUITY | <u>16,445</u> | <u>15,023</u> | <u>14,765</u> | <u>14,587</u> | <u>14,250</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ <u>50,646</u> | <u>50,147</u> | <u>49,520</u> | <u>48,977</u> | <u>48,754</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 CASH FLOWS

(UNAUDITED)

(Dollars in millions)

| | <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> | <u>Q3 2015</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| OPERATING ACTIVITIES | | | | | | | | |
| Net income | \$ 239 | 203 | 193 | 188 | 188 | 192 | 143 | 205 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | | | |
| Depreciation and amortization | 1,166 | 1,107 | 1,093 | 1,097 | 1,131 | 1,040 | 1,048 | 1,048 |
| Impairment of assets | — | — | 32 | — | — | 8 | — | 1 |
| Impairment of goodwill | (8) | — | — | — | — | — | — | — |
| Deferred income taxes | 41 | 106 | 102 | 93 | (10) | 37 | 16 | 40 |
| Provision for uncollectible accounts | 41 | 30 | 33 | 47 | 49 | 42 | 42 | 44 |
| Net gain on early retirement of debt | (10) | — | — | — | — | — | — | — |
| Share based compensation | 21 | 19 | 23 | 20 | 17 | 18 | 20 | 19 |
| Changes in current assets and current liabilities, net | (225) | (47) | (317) | 140 | (223) | 13 | (106) | 291 |
| Retirement benefits | (54) | (28) | (74) | (153) | 71 | (9) | (10) | (115) |
| Changes in other noncurrent assets and liabilities, net | (51) | 3 | 63 | — | 33 | (10) | (1) | (43) |
| Other, net | (19) | (13) | (19) | (4) | (5) | 5 | (7) | (15) |
| Net cash provided by operating activities | <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> | <u>1,475</u> |
| INVESTING ACTIVITIES | | | | | | | | |
| Payments for property, plant and equipment and capitalized software | (837) | (670) | (731) | (712) | (934) | (616) | (656) | (767) |
| Cash paid for acquisitions, net | (150) | — | — | — | (93) | — | (4) | — |
| Proceeds from sale of property or intangible assets | 5 | 1 | (1) | — | 63 | 14 | 12 | 3 |
| Other, net | (39) | (13) | (5) | 18 | — | (8) | — | — |
| Net cash used in investing activities | <u>(1,021)</u> | <u>(682)</u> | <u>(737)</u> | <u>(694)</u> | <u>(964)</u> | <u>(610)</u> | <u>(648)</u> | <u>(764)</u> |
| FINANCING ACTIVITIES | | | | | | | | |
| Net proceeds from issuance of long-term debt | 741 | — | — | 483 | — | 594 | — | 396 |
| Payments of long-term debt | (841) | (47) | (74) | (41) | (638) | (386) | (120) | (29) |
| Net (payments) borrowings on credit facility | 525 | 30 | 90 | (260) | 136 | (425) | 20 | (320) |
| Early retirement of debt costs | (31) | — | — | — | — | — | — | — |
| Dividends paid | (315) | (309) | (307) | (308) | (304) | (304) | (305) | (296) |
| Net proceeds from issuance of common stock | 19 | 7 | 25 | 13 | 5 | 8 | 1 | 2 |
| Repurchase of common stock | (334) | (328) | (165) | (65) | (92) | (185) | (92) | (264) |
| Other, net | 18 | — | 1 | (3) | — | (1) | (1) | — |
| Net cash used in financing activities | <u>(218)</u> | <u>(647)</u> | <u>(430)</u> | <u>(181)</u> | <u>(893)</u> | <u>(699)</u> | <u>(497)</u> | <u>(511)</u> |
| Net increase (decrease) in cash and cash equivalents | (98) | 51 | (38) | 553 | (606) | 27 | — | 200 |
| Cash and cash equivalents at beginning 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> |
| Cash and cash equivalents at end 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> |

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 4Q13 | Actual 1Q14 | Actual 2Q14 | Actual 3Q14 | Actual 4Q14 | Actual 1Q15 | Actual 2Q15 | Actual 3Q15 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| CONDENSED CONSOLIDATED STATEMENTS OF INCOME | | | | | | | | |
| OPERATING REVENUES ** | | | | | | | | |
| Strategic services | \$ 2,250 | 2,271 | 2,289 | 2,302 | 2,304 | 2,320 | 2,332 | 2,319 |
| Legacy services | 1,860 | 1,839 | 1,812 | 1,777 | 1,744 | 1,735 | 1,687 | 1,673 |
| Data integration | 186 | 174 | 187 | 185 | 144 | 139 | 142 | 153 |
| Other | 246 | 254 | 253 | 250 | 246 | 257 | 258 | 409 |
| Total operating revenues | 4,542 | 4,538 | 4,541 | 4,514 | 4,438 | 4,451 | 4,419 | 4,554 |
| OPERATING EXPENSES | | | | | | | | |
| Cash expenses | 2,706 | 2,750 | 2,728 | 2,768 | 2,729 | 2,716 | 2,795 | 2,772 |
| Depreciation and amortization | 1,166 | 1,107 | 1,093 | 1,097 | 1,131 | 1,040 | 1,048 | 1,048 |
| Total operating expenses | 3,872 | 3,857 | 3,821 | 3,865 | 3,860 | 3,756 | 3,843 | 3,820 |
| OPERATING INCOME | 670 | 681 | 720 | 649 | 578 | 695 | 576 | 734 |
| OPERATING CASH FLOW | 1,836 | 1,788 | 1,813 | 1,746 | 1,709 | 1,735 | 1,624 | 1,782 |
| Operating cash flow margin | 40.4% | 39.4% | 39.9% | 38.7% | 38.5% | 39.0% | 36.8% | 39.1% |
| OTHER INCOME (EXPENSE) | | | | | | | | |
| Interest expense | (328) | (331) | (325) | (325) | (330) | (328) | (327) | (329) |
| Other income (expense) | 7 | 9 | 7 | 5 | 4 | 2 | 12 | 2 |
| Income tax expense | (124) | (139) | (155) | (122) | (65) | (143) | (101) | (157) |
| NET INCOME | \$ 225 | 220 | 247 | 207 | 187 | 226 | 160 | 250 |
| EARNINGS PER COMMON SHARE-DILUTED | \$ 0.38 | 0.38 | 0.43 | 0.36 | 0.33 | 0.40 | 0.29 | 0.45 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING-DILUTED | 586.4 | 575.5 | 569.0 | 567.4 | 567.0 | 563.5 | 559.2 | 555.2 |

* 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, IMPACTS OF NON-GAAP SPECIAL ITEMS*

(UNAUDITED)

(Dollars in millions)

| | <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> | <u>Actual 3Q15</u> |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| ADJUSTMENTS TO OPERATING EXPENSES | | | | | | | | |
| Cash expenses | \$ (37) (A) | (28) (D) | (65) (E) | (30) (G) | (95) (H) | (46) (I) | (27) (J) | (78) (K) |
| Depreciation and amortization | — | — | — | — | — | — | — | — |
| Impairment of goodwill | 8 (B) | — | — | — | — | — | — | — |
| Total operating expenses | <u>(29)</u> | <u>(28)</u> | <u>(65)</u> | <u>(30)</u> | <u>(95)</u> | <u>(46)</u> | <u>(27)</u> | <u>(78)</u> |
| ADJUSTMENTS TO OPERATING INCOME | | | | | | | | |
| | 29 | 28 | 65 | 30 | 95 | 46 | 27 | 78 |
| ADJUSTMENTS TO OTHER INCOME OR EXPENSE | | | | | | | | |
| Interest expense | — | — | — | — | — | — | — | — |
| Other income or expense | (10) (C) | — | 14 (F) | — | — | — | — | — |
| Income tax expense or benefit | (33) (L) | (11) (L) | (25) (L) | (11) (L) | (96) (L) | (12) (L) | (10) (L) | (33) (L) |
| ADJUSTMENTS TO NET INCOME | <u>\$ (14)</u> | <u>17</u> | <u>54</u> | <u>19</u> | <u>(1)</u> | <u>34</u> | <u>17</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 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.
- (B) Non-cash, non-tax deductible goodwill impairment charge.
- (C) Gain on early retirement of debt.
- (D) 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.
- (E) 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).
- (F) Impairment of a non-operating investment.
- (G) Includes severance costs associated with headcount reductions (\$14 million) and integration costs associated with our acquisition of Qwest (\$16 million).
- (H) 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).
- (I) 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).
- (J) Includes severance costs associated with headcount reductions (\$19 million) and integration costs associated with our acquisition of Qwest (\$8 million).
- (K) Includes severance costs associated with recent 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).
- (L) Tax effect of above items. 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)

| | Actual 4Q13 | Actual 1Q14 | Actual 2Q14 | Actual 3Q14 | Actual 4Q14 | Actual 1Q15 | Actual 2Q15 | Actual 3Q15 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <u>Operating Cash Flow and Cash Flow Margin</u> | | | | | | | | |
| Operating income, excluding special items* | \$ 670 | 681 | 720 | 649 | 578 | 695 | 576 | 734 |
| Add: Depreciation and amortization | 1,166 | 1,107 | 1,093 | 1,097 | 1,131 | 1,040 | 1,048 | 1,048 |
| Operating cash flow | \$ <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> | <u>1,782</u> |
| Operating revenues | \$ <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> | <u>4,554</u> |
| Operating cash flow margin (operating cash flow divided by revenues) | 40.4% | 39.4% | 39.9% | 38.7% | 38.5% | 39.0% | 36.8% | 39.1% |
| <u>Free Cash Flow</u> | | | | | | | | |
| Operating cash flow | \$ 1,836 | 1,788 | 1,813 | 1,746 | 1,709 | 1,735 | 1,624 | 1,782 |
| Less: Cash (paid) refunded for income taxes | (3) | (10) | (13) | 2 | (6) | (5) | (36) | (13) |
| Less: Cash paid for interest, net of amounts capitalized | (419) | (265) | (407) | (262) | (404) | (270) | (384) | (260) |
| Less: Capital expenditures, excluding expenditures related to integration efforts related to integration efforts | (820) | (662) | (723) | (711) | (930) | (613) | (654) | (764) |
| Add: Other income | 7 | 9 | 7 | 5 | 4 | 2 | 12 | 2 |
| Free cash flow | \$ <u>601</u> | <u>860</u> | <u>677</u> | <u>780</u> | <u>373</u> | <u>849</u> | <u>562</u> | <u>747</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 4Q13 | Actual 1Q14 | Actual 2Q14 | Actual 3Q14 | Actual 4Q14 | Actual 1Q15 | Actual 2Q15 | Actual 3Q15 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net income (excluding special items**) | \$ 225 | 220 | 247 | 207 | 187 | 226 | 160 | 250 |
| Add back: | | | | | | | | |
| Amortization of customer base intangibles: | | | | | | | | |
| Qwest | 223 | 219 | 216 | 212 | 209 | 205 | 202 | 197 |
| Embarq | 30 | 29 | 30 | 24 | 25 | 25 | 24 | 20 |
| Savvis | 16 | 15 | 16 | 15 | 16 | 15 | 16 | 15 |
| Amortization of trademark intangibles: | | | | | | | | |
| Qwest | 7 | 6 | 5 | 4 | 2 | 1 | — | — |
| Savvis | 15 | 5 | — | — | — | — | — | — |
| Amortization of fair value adjustment of long-term debt: | | | | | | | | |
| Embarq | 1 | 1 | 2 | 1 | 1 | 1 | 2 | 1 |
| Qwest | (14) | (12) | (12) | (12) | (6) | (6) | (6) | (5) |
| Subtotal | 278 | 263 | 257 | 244 | 247 | 241 | 238 | 228 |
| Tax effect of above items | (107) | (102) | (96) | (92) | (94) | (92) | (90) | (88) |
| Net adjustment, after taxes | 171 | 161 | 161 | 152 | 153 | 149 | 148 | 140 |
| Net income, as adjusted for above items | \$ 396 | 381 | 408 | 359 | 340 | 375 | 308 | 390 |
| Weighted average common shares outstanding-diluted | 586.4 | 575.5 | 569.0 | 567.4 | 567.0 | 563.5 | 559.2 | 555.2 |
| Diluted EPS (excluding special items) | \$ 0.38 | 0.38 | 0.43 | 0.36 | 0.33 | 0.40 | 0.29 | 0.45 |
| Adjusted diluted EPS as adjusted for purchase accounting intangible and interest amortizations (excluding special items) | \$ 0.68 | 0.66 | 0.72 | 0.63 | 0.60 | 0.67 | 0.55 | 0.70 |

* 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 4Q13* | Actual 1Q14* | Actual 2Q14* | Actual 3Q14* | Actual 4Q14* | Actual 1Q15* | Actual 2Q15 | Actual 3Q15 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| Business | | | | | | | | |
| Revenues | | | | | | | | |
| Strategic services | \$ 1,567 | 1,569 | 1,580 | 1,590 | 1,577 | 1,582 | 1,574 | 1,556 |
| Legacy services | 1,048 | 1,033 | 1,022 | 999 | 978 | 977 | 943 | 928 |
| Data integration | 185 | 173 | 186 | 184 | 143 | 138 | 142 | 152 |
| Total revenues | 2,800 | 2,775 | 2,788 | 2,773 | 2,698 | 2,697 | 2,659 | 2,636 |
| Expenses | | | | | | | | |
| Total expenses | 1,513 | 1,503 | 1,516 | 1,549 | 1,521 | 1,484 | 1,525 | 1,541 |
| Segment income | \$ 1,287 | 1,272 | 1,272 | 1,224 | 1,177 | 1,213 | 1,134 | 1,095 |
| Segment income margin | 46.0% | 45.8% | 45.6% | 44.1% | 43.6% | 45.0% | 42.6% | 41.5% |
| Consumer | | | | | | | | |
| Revenues | | | | | | | | |
| Strategic services | \$ 683 | 702 | 709 | 712 | 727 | 738 | 758 | 763 |
| Legacy services | 812 | 806 | 790 | 778 | 766 | 758 | 744 | 745 |
| Data integration | 1 | 1 | 1 | 1 | 1 | 1 | — | 1 |
| Total revenues | 1,496 | 1,509 | 1,500 | 1,491 | 1,494 | 1,497 | 1,502 | 1,509 |
| Expenses | | | | | | | | |
| Total expenses | 610 | 593 | 601 | 612 | 614 | 589 | 617 | 622 |
| Segment income | \$ 886 | 916 | 899 | 879 | 880 | 908 | 885 | 887 |
| Segment income margin | 59.2% | 60.7% | 59.9% | 59.0% | 58.9% | 60.7% | 58.9% | 58.8% |
| Total segment revenues | \$ 4,296 | 4,284 | 4,288 | 4,264 | 4,192 | 4,194 | 4,161 | 4,145 |
| Total segment expenses | 2,123 | 2,096 | 2,117 | 2,161 | 2,135 | 2,073 | 2,142 | 2,163 |
| Total segment income | \$ 2,173 | 2,188 | 2,171 | 2,103 | 2,057 | 2,121 | 2,019 | 1,982 |
| Total segment income margin (segment income divided by segment revenues) | 50.6% | 51.1% | 50.6% | 49.3% | 49.1% | 50.6% | 48.5% | 47.8% |

* 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 4Q13 | Actual 1Q14 | Actual 2Q14 | Actual 3Q14 | Actual 4Q14 | Actual 1Q15 | Actual 2Q15 | Actual 3Q15 |
|--|----|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total segment revenues | \$ | 4,296 | 4,284 | 4,288 | 4,264 | 4,192 | 4,194 | 4,161 | 4,145 |
| Total segment expenses | | 2,123 | 2,096 | 2,117 | 2,161 | 2,135 | 2,073 | 2,142 | 2,163 |
| Total segment income | \$ | 2,173 | 2,188 | 2,171 | 2,103 | 2,057 | 2,121 | 2,019 | 1,982 |
| Total segment income margin (segment income divided by segment revenues) | | 50.6% | 51.1% | 50.6% | 49.3% | 49.1% | 50.6% | 48.5% | 47.8% |

Reconciliation of segment income to net income:

| | | | | | | | | | |
|-------------------------------|----|---------|---------|---------|---------|---------|---------|---------|---------|
| Total segment income | \$ | 2,173 | 2,188 | 2,171 | 2,103 | 2,057 | 2,121 | 2,019 | 1,982 |
| Other revenue | | 246 | 254 | 253 | 250 | 246 | 257 | 258 | 409 |
| Unassigned expenses | | (583) | (654) | (611) | (607) | (594) | (643) | (653) | (609) |
| Operating Cash Flow | \$ | 1,836 | 1,788 | 1,813 | 1,746 | 1,709 | 1,735 | 1,624 | 1,782 |
| Depreciation and amortization | | (1,166) | (1,107) | (1,093) | (1,097) | (1,131) | (1,040) | (1,048) | (1,048) |
| Total other expense | | (321) | (322) | (318) | (320) | (326) | (326) | (315) | (327) |
| Income tax expense | | (124) | (139) | (155) | (122) | (65) | (143) | (101) | (157) |
| Net Income | \$ | 225 | 220 | 247 | 207 | 187 | 226 | 160 | 250 |

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

CenturyLink, Inc.

SUPPLEMENTAL NON-GAAP SEGMENT DATA, SEGMENT REVENUES

(UNAUDITED)

(Dollars in millions)

| | Actual 4Q13 | Actual 1Q14 | Actual 2Q14 | Actual 3Q14 | Actual 4Q14 | Actual 1Q15 | Actual 2Q15 | Actual 3Q15 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Strategic services | | | | | | | | |
| Business high-bandwidth data services (1) | \$ 600 | 617 | 632 | 655 | 675 | 687 | 697 | 699 |
| Business low-bandwidth data services (2) | 628 | 621 | 597 | 574 | 553 | 533 | 516 | 506 |
| Business hosting services (3) | 325 | 328 | 329 | 331 | 328 | 318 | 319 | 324 |
| Other business strategic services (4) | 14 | 3 | 22 | 30 | 21 | 44 | 42 | 27 |
| Consumer high-speed Internet services (5) | 603 | 617 | 614 | 616 | 622 | 635 | 652 | 658 |
| Other consumer strategic services (6) | 80 | 85 | 95 | 96 | 105 | 103 | 106 | 105 |
| Total strategic services revenues | 2,250 | 2,271 | 2,289 | 2,302 | 2,304 | 2,320 | 2,332 | 2,319 |
| Legacy services | | | | | | | | |
| Business legacy voice services (7) | 710 | 711 | 700 | 692 | 677 | 671 | 649 | 638 |
| Other business legacy services (8) | 338 | 322 | 322 | 307 | 301 | 306 | 294 | 290 |
| Consumer legacy voice services (7) | 749 | 741 | 722 | 707 | 694 | 688 | 675 | 664 |
| Other consumer legacy services (9) | 63 | 65 | 68 | 71 | 72 | 70 | 69 | 81 |
| Total legacy services revenues | 1,860 | 1,839 | 1,812 | 1,777 | 1,744 | 1,735 | 1,687 | 1,673 |
| Data integration | | | | | | | | |
| Business data integration | 185 | 173 | 186 | 184 | 143 | 138 | 142 | 152 |
| Consumer data integration | 1 | 1 | 1 | 1 | 1 | 1 | — | 1 |
| Total data integration revenues | 186 | 174 | 187 | 185 | 144 | 139 | 142 | 153 |
| Other revenues | | | | | | | | |
| High cost support revenue (10) | 134 | 134 | 132 | 134 | 128 | 134 | 132 | 284 |
| Other revenue (11) | 112 | 120 | 121 | 116 | 118 | 123 | 126 | 125 |
| Total other revenues | 246 | 254 | 253 | 250 | 246 | 257 | 258 | 409 |
| Total revenues | \$ 4,542 | 4,538 | 4,541 | 4,514 | 4,438 | 4,451 | 4,419 | 4,554 |

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

| | Actual 4Q13 | Actual 1Q14 | Actual 2Q14 | Actual 3Q14 | Actual 4Q14 | Actual 1Q15 | Actual 2Q15 | Actual 3Q15 |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Colocation | \$ 158 | 161 | 158 | 164 | 160 | 156 | 156 | 151 |
| Managed Hosting/Cloud | 143 | 142 | 147 | 145 | 146 | 140 | 142 | 152 |
| Hosting Area Network | 24 | 25 | 24 | 22 | 22 | 22 | 21 | 21 |
| Total Hosting Services | \$ 325 | 328 | 329 | 331 | 328 | 318 | 319 | 324 |

Operating Metrics

| | Actual 4Q13 | Actual 1Q14 | Actual 2Q14 | Actual 3Q14 | Actual 4Q14 | Actual 1Q15 | Actual 2Q15 | Actual 3Q15 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Number of data centers (2) | 55 | 56 | 57 | 58 | 58 | 58 | 59 | 59 |
| Sellable square feet, million sq ft | 1.39 | 1.42 | 1.43 | 1.45 | 1.46 | 1.53 | 1.57 | 1.59 |
| Billed square feet, million sq ft | 0.96 | 0.93 | 0.93 | 0.94 | 0.92 | 0.93 | 1.01 | 1.01 |
| Utilization | 69% | 66% | 65% | 65% | 63% | 61% | 64% | 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.