

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2010

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 1-7784



CenturyLink, Inc.

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of
incorporation or organization)

72-0651161
(I.R.S. Employer
Identification No.)

100 CenturyLink Drive, Monroe, Louisiana 71203
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (318) 388-9000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒
☐

Accelerated filer ☐
Smaller reporting company ☐

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 29, 2010, there were 303,246,592 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
CenturyLink, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(Dollars, except per share amounts, and shares in thousands)			
OPERATING REVENUES	\$ 1,747,101	1,874,325	5,319,557	3,145,179
OPERATING EXPENSES				
Cost of services and products (exclusive of depreciation and amortization)	605,548	684,865	1,814,073	1,155,228
Selling, general and administrative	278,331	448,275	862,931	678,862
Depreciation and amortization	357,867	362,202	1,068,980	618,326
Total operating expenses	1,241,746	1,495,342	3,745,984	2,452,416
OPERATING INCOME	505,355	378,983	1,573,573	692,763
OTHER INCOME (EXPENSE)				
Interest expense	(139,594)	(140,422)	(425,068)	(237,391)
Other income (expense)	6,911	9,362	24,719	15,179
Total other income (expense)	(132,683)	(131,060)	(400,349)	(222,212)
INCOME BEFORE INCOME TAX EXPENSE	372,672	247,923	1,173,224	470,551
Income tax expense	141,083	99,876	449,552	185,796
INCOME BEFORE NONCONTROLLING INTERESTS AND EXTRAORDINARY ITEM	231,589	148,047	723,672	284,755
Less: Net income attributable to noncontrolling interests	(422)	(412)	(1,133)	(936)
NET INCOME BEFORE EXTRAORDINARY ITEM	\$ 231,167	147,635	722,539	283,819
Extraordinary item, net of income tax expense and noncontrolling interests (see Note 12)	-	133,213	-	133,213
NET INCOME ATTRIBUTABLE TO CENTURYLINK, INC.	231,167	280,848	722,539	417,032
BASIC EARNINGS PER SHARE				
Income before extraordinary item	\$.76	.49	2.40	1.70
Extraordinary item	\$ -	.44	-	.80
Basic earnings per share	\$.76	.94	2.40	2.50
DILUTED EARNINGS PER SHARE				
Income before extraordinary item	\$.76	.49	2.39	1.70
Extraordinary item	\$ -	.44	-	.80
Diluted earnings per share	\$.76	.94	2.39	2.50
DIVIDENDS PER COMMON SHARE	\$.725	.70	2.175	2.10
AVERAGE BASIC SHARES OUTSTANDING	300,702	298,133	300,058	165,558
AVERAGE DILUTED SHARES OUTSTANDING	301,386	298,403	300,663	165,666

See accompanying notes to consolidated financial statements.

CenturyLink, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(Dollars in thousands)			
NET INCOME BEFORE NONCONTROLLING INTERESTS	\$ 231,589	282,805	723,672	419,513
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Derivative instruments:				
Reclassification adjustment for losses included in net income, net of \$67, \$67, \$200 and \$200 tax	107	107	321	321
Defined benefit pension and postretirement plans, net of \$1,510, \$1,673, (\$10,788) and \$7,161 tax	2,422	2,684	(4,559)	11,487
Net change in other comprehensive income (loss), net of tax	2,529	2,791	(4,238)	11,808
COMPREHENSIVE INCOME	234,118	285,596	719,434	431,321
Comprehensive income attributable to noncontrolling interests	(422)	(1,957)	(1,133)	(2,481)
COMPREHENSIVE INCOME ATTRIBUTABLE TO CENTURYLINK, INC.	\$ 233,696	283,639	718,301	428,840

See accompanying notes to consolidated financial statements.

CenturyLink, Inc.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2010	December 31, 2009
	(Dollars in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 243,061	161,807
Accounts receivable, less allowance of \$51,722 and \$47,450	749,653	685,589
Income tax receivable	85,435	115,684
Materials and supplies, at average cost	35,135	35,755
Deferred income tax asset	79,468	83,319
Other	34,355	41,437
Total current assets	1,227,107	1,123,591
NET PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	16,101,285	15,556,763
Accumulated depreciation	(7,299,542)	(6,459,624)
Net property, plant and equipment	8,801,743	9,097,139
GOODWILL AND OTHER ASSETS		
Goodwill	10,260,640	10,251,758
Other	1,930,720	2,090,241
Total goodwill and other assets	12,191,360	12,341,999
TOTAL ASSETS	\$ 22,220,210	22,562,729
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 496,552	500,065
Accounts payable	292,675	394,687
Accrued expenses and other liabilities		
Salaries and benefits	197,898	255,103
Other taxes	167,233	98,743
Interest	178,348	108,020
Other	139,107	168,203
Advance billings and customer deposits	177,915	182,374
Total current liabilities	1,649,728	1,707,195
LONG-TERM DEBT	7,061,744	7,253,653
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes	2,260,097	2,256,579
Benefit plan obligations	1,242,322	1,485,643
Other deferred credits	400,465	392,860
Total deferred credits and other liabilities	3,902,884	4,135,082
STOCKHOLDERS' EQUITY		
CenturyLink, Inc.		
Common stock, \$1.00 par value, authorized 800,000,000 shares, issued and outstanding 302,684,801 and 299,189,279 shares	302,685	299,189
Paid-in capital	6,087,136	6,014,051
Accumulated other comprehensive loss, net of tax	(89,544)	(85,306)
Retained earnings	3,298,643	3,232,769
Preferred stock - non-redeemable	236	236
Noncontrolling interests	6,698	5,860
Total stockholders' equity	9,605,854	9,466,799
TOTAL LIABILITIES AND EQUITY	\$ 22,220,210	22,562,729

See accompanying notes to consolidated financial statements.

CenturyLink, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine months ended September 30,	
	2010	2009
	(Dollars in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 723,672	417,968
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,068,980	618,326
Extraordinary item	-	(133,213)
Deferred income taxes	18,875	38,237
Share-based compensation	27,988	39,618
Income from unconsolidated cellular entity	(13,882)	(15,353)
Distributions from unconsolidated cellular entity	13,793	14,137
Changes in current assets and current liabilities:		
Receivables	(64,064)	(2,782)
Accounts payable	(102,012)	(93,283)
Accrued income and other taxes	94,817	36,734
Other current assets and other current liabilities, net	(7,137)	147,874
Retirement benefits	(261,351)	(100,300)
Excess tax benefits from share-based compensation	(6,026)	(1,105)
Increase in other noncurrent assets	(17,448)	(547)
Increase (decrease) in other noncurrent liabilities	5,254	(12,494)
Other, net	-	7,944
Net cash provided by operating activities	<u>1,481,459</u>	<u>961,761</u>
INVESTING ACTIVITIES		
Payments for property, plant and equipment	(599,779)	(417,127)
Cash acquired from Embarq acquisition	-	76,906
Other, net	1,916	3,025
Net cash used in investing activities	<u>(597,863)</u>	<u>(337,196)</u>
FINANCING ACTIVITIES		
Payments of debt	(195,422)	(626,616)
Net proceeds from issuance of long-term debt	-	644,423
Proceeds from issuance of common stock	54,412	12,672
Repurchase of common stock	(14,321)	(8,774)
Cash dividends	(656,665)	(350,959)
Excess tax benefits from share-based compensation	6,026	1,105
Other, net	3,628	(8,554)
Net cash used in financing activities	<u>(802,342)</u>	<u>(336,703)</u>
Net increase in cash and cash equivalents	81,254	287,862
Cash and cash equivalents at beginning of period	<u>161,807</u>	<u>243,327</u>
Cash and cash equivalents at end of period	<u>\$ 243,061</u>	<u>531,189</u>
Supplemental cash flow information:		
Income taxes paid	<u>\$ 397,565</u>	<u>126,706</u>
Interest paid (net of capitalized interest of \$10,034 and \$909)	<u>\$ 344,706</u>	<u>158,964</u>

See accompanying notes to consolidated financial statements.

CenturyLink, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Nine months ended September 30,	
	2010	2009
	(Dollars in thousands)	
COMMON STOCK		
Balance at beginning of period	\$ 299,189	100,277
Issuance of common stock to acquire Embarq Corporation	-	196,083
Issuance of common stock through dividend reinvestment, incentive and benefit plans	3,901	1,417
Shares withheld to satisfy tax withholdings	(405)	(310)
Balance at end of period	<u>302,685</u>	<u>297,467</u>
PAID-IN CAPITAL		
Balance at beginning of period	6,014,051	39,961
Issuance of common stock to acquire Embarq Corporation, including portion of share-based compensation awards assumed by CenturyLink	-	5,873,904
Issuance of common stock through dividend reinvestment, incentive and benefit plans	50,511	11,255
Shares withheld to satisfy tax withholdings	(13,916)	(8,464)
Excess tax benefits from share-based compensation	6,026	1,105
Share-based compensation and other	30,464	41,189
Balance at end of period	<u>6,087,136</u>	<u>5,958,950</u>
ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX		
Balance at beginning of period	(85,306)	(123,489)
Change in other comprehensive loss (net of reclassification adjustment), net of tax	(4,238)	11,808
Balance at end of period	<u>(89,544)</u>	<u>(111,681)</u>
RETAINED EARNINGS		
Balance at beginning of period	3,232,769	3,146,255
Net income attributable to CenturyLink, Inc.	722,539	417,032
Cash dividends declared		
Common stock - \$2.175 and \$2.10 per share, respectively	(656,656)	(350,950)
Preferred stock	(9)	(9)
Balance at end of period	<u>3,298,643</u>	<u>3,212,328</u>
PREFERRED STOCK - NON-REDEEMABLE		
Balance at beginning and end of period	<u>236</u>	<u>236</u>
NONCONTROLLING INTERESTS		
Balance at beginning of period	5,860	4,568
Net income attributable to noncontrolling interests	1,133	936
Extraordinary gain attributable to noncontrolling interests	-	1,545
Distributions attributable to noncontrolling interests	(295)	(320)
Balance at end of period	<u>6,698</u>	<u>6,729</u>
TOTAL STOCKHOLDERS' EQUITY	\$ 9,605,854	9,364,029

See accompanying notes to consolidated financial statements.

CenturyLink, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(UNAUDITED)

(1) Basis of Financial Reporting

Our consolidated financial statements include the accounts of CenturyLink, Inc. (“CenturyLink”, formerly named CenturyTel, Inc.) and its majority-owned subsidiaries. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission; however, in the opinion of management, the disclosures made are adequate to make the information presented not misleading. The consolidated financial statements and notes included in this Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2009.

The financial information for the three months and nine months ended September 30, 2010 and 2009 has not been audited by independent certified public accountants; however, in the opinion of management, all adjustments necessary to present fairly the results of operations for the three-month and nine-month periods have been included therein. The results of operations for the first nine months of the year are not necessarily indicative of the results of operations which might be expected for the entire year.

As more fully described in Note 9, we have reclassified subscriber line charge revenues to “Voice” revenues from “Network access” revenues for all periods presented and we have included the revenues from our fiber transport, CLEC and security monitoring operations in “Other” revenues for all periods presented. In addition, certain revenues presented in third quarter 2009 attributable to our Embarq properties (acquired in the transaction described in Note 2) have been reclassified to conform to the current presentation.

Recent accounting pronouncements. In September 2009, the accounting standard update regarding revenue recognition for multiple deliverable arrangements was issued. This update requires the use of the relative selling price method when allocating revenue in these types of arrangements. This method allows a vendor to use its best estimate of selling price if neither vendor specific objective evidence nor third party evidence of selling price exists when evaluating multiple deliverable arrangements. This standard update is effective January 1, 2011 and may be adopted prospectively for revenue arrangements entered into or materially modified after the date of adoption or retrospectively for all revenue arrangements for all periods presented. We are currently evaluating the impact that this standard update will have on our consolidated financial statements.

In January 2010, we adopted the accounting standard update regarding fair value measurements and disclosures, which requires additional disclosures regarding assets and liabilities measured at fair value. The adoption of this accounting standard update did not have a material impact on our condensed consolidated financial statements.

(2) Embarq Acquisition

On July 1, 2009, we acquired Embarq Corporation (“Embarq”) through a merger transaction, with Embarq surviving the merger as a wholly-owned subsidiary of CenturyLink. We accounted for such acquisition pursuant to Financial Accounting Standards Board guidance on business combinations, which requires an acquiring entity to recognize all of the assets acquired and liabilities assumed in a transaction at the acquisition date fair value with limited exceptions. Such guidance also changed the accounting treatment for certain specific items, including acquisition costs, acquired contingent liabilities, restructuring costs, deferred tax asset valuation allowances and income tax uncertainties after the acquisition date and is effective for us for all business combinations with acquisition dates after January 1, 2009.

As a result of the acquisition, each outstanding share of Embarq common stock was converted into the right to receive 1.37 shares of CenturyLink common stock (“CTL common stock”), with cash paid in lieu of fractional shares. Based on the number of CenturyLink common shares issued to consummate the merger (196.1 million), the closing stock price of CTL common stock as of June 30, 2009 (\$30.70) and the pre-combination portion of share-based compensation awards assumed by CenturyLink (\$50.2 million), the aggregate merger consideration approximated \$6.1 billion. The premium paid by us in this transaction is attributable to strategic benefits, including enhanced financial and operational scale, market diversification, leveraged combined networks and improved competitive positioning. None of the goodwill associated with this transaction is deductible for income tax purposes.

The results of operations of Embarq are included in our consolidated results of operations beginning July 1, 2009. Approximately \$3.687 billion of operating revenues of Embarq are included in our consolidated results of operations for the first nine months of 2010. CenturyLink was the accounting acquirer in this transaction. We have recognized Embarq’s assets and liabilities at their acquisition date estimated fair values pursuant to business combination accounting rules that are effective for acquisitions consummated on or after January 1, 2009. The assignment of a fair value to the assets acquired and liabilities assumed of Embarq (and the related estimated lives of depreciable tangible and identifiable intangible assets) require a significant amount of judgment. The fair value of Embarq’s property, plant and equipment and identifiable intangible assets were determined based upon analysis performed by an independent valuation firm. The fair value of Embarq’s pension and postretirement obligations was determined by independent actuaries. The fair value of Embarq’s long-term debt was determined by management based on a discounted cash flow analysis, using

the rates and maturities of these obligations compared to terms and rates available in the long-term financing markets at the time of acquisition. All other fair value determinations, which consisted primarily of Embarq's current assets, current liabilities and deferred income taxes, were made by management. The following is the assignment of the fair value of the assets acquired and liabilities assumed for the Embarq acquisition.

	Fair value as of July 1, 2009 (Dollars in thousands)
Current assets	\$ 675,720
Net property, plant and equipment	6,077,672
Identifiable intangible assets	
Customer list	1,098,000
Rights of way	268,472
Other (trademarks, internally developed software, licenses)	26,817
Other non-current assets	24,131
Current liabilities	(837,132)
Long-term debt, including current maturities	(4,886,708)
Other long-term liabilities	(2,621,493)
Goodwill	6,244,966
Total purchase price	<u>\$ 6,070,445</u>

The following unaudited pro forma financial information presents the combined results of CenturyLink and Embarq as though the acquisition had been consummated as of January 1, 2009.

	Nine months ended September 30, 2009 (Dollars in thousands, except per share amounts)
Operating revenues	\$ 5,816,000
Net income attributable to CenturyLink, Inc.	\$ 667,000
Basic earnings per share before extraordinary item	\$ 2.24
Diluted earnings per share before extraordinary item	\$ 2.24

These results include certain adjustments, primarily due to adjustments to depreciation and amortization associated with the property, plant and equipment and identifiable intangible assets, increased retiree benefit costs due to the remeasurement of the benefit obligations, and the related income tax effects. Pro forma operating revenues for the nine months ended September 30, 2009 include approximately \$104 million of revenues that would have been eliminated had our July 1, 2009 discontinuance of the application of regulatory accounting (discussed further in Part I, Item 2 of this report) been effective as of January 1, 2009. The pro forma information does not necessarily reflect the actual results of operations had the acquisition been consummated at the beginning of the period indicated nor is it necessarily indicative of future operating results. Other than those actually realized during the quarter ended September 30, 2009, the pro forma information does not give effect to any potential revenue enhancements or cost synergies or other operating efficiencies that could result from the acquisition.

(3) Pending Acquisition of Qwest

On April 21, 2010, we entered into a definitive agreement under which we propose to acquire Qwest Communications International Inc. ("Qwest") in a tax-free stock-for-stock transaction. Under the terms of the agreement, Qwest shareholders will receive 0.1664 CenturyLink shares for each share of Qwest common stock they own at closing. CenturyLink shareholders are expected to own approximately 50.5% and Qwest shareholders are expected to own approximately 49.5% of the combined company at closing. As of September 30, 2010, Qwest had outstanding approximately (i) 1.742 billion shares of common stock and (ii) \$12.979 billion of long-term debt.

Completion of the transaction is subject to the receipt of regulatory approvals, including approvals from the Federal Communications Commission and certain state public service commissions, as well as other customary closing conditions. Subject to these conditions, we anticipate closing this transaction in the first half of 2011. If the merger agreement is terminated under certain circumstances, we may be obligated to pay Qwest a termination fee of \$350 million or Qwest may be obligated to pay CenturyLink a termination fee of \$350 million.

(4) Goodwill and Other Intangible Assets

Goodwill and other intangible assets as of September 30, 2010 and December 31, 2009 were composed of the following:

	Sept. 30, 2010	Dec. 31, 2009
	(Dollars in thousands)	
Goodwill	\$ 10,260,640	10,251,758
Intangible assets subject to amortization		
Customer list		
Gross carrying amount	\$ 1,279,308	1,279,308
Accumulated amortization	(301,564)	(148,491)
Net carrying amount	\$ 977,744	1,130,817
Other		
Gross carrying amount	\$ 69,567	69,567
Accumulated amortization	(26,514)	(22,466)
Net carrying amount	\$ 43,053	47,101
Other intangible assets not subject to amortization	\$ 268,500	268,500

The change in the balance of goodwill from December 31, 2009 is attributable to the finalization of the assignment of fair value to Embarq's assets and liabilities acquired (primarily certain contingent liabilities and deferred income taxes) in connection with our July 1, 2009 acquisition of Embarq.

The vast majority of our goodwill is attributable to our telephone operations, which we internally operate and manage based on five geographic regions. We test for goodwill impairment for our telephone operations at the region level due to the similar economic characteristics of the individual reporting units that comprise each region. Impairment of goodwill is tested by comparing the fair value of the reporting unit to its carrying value (including goodwill). Estimates of the fair value of the reporting unit of our telephone operations are based on valuation models using techniques such as multiples of earnings (before interest, taxes and depreciation and amortization). We also evaluate goodwill impairment of our other operations primarily based on multiples of earnings and revenues. If the fair value of the reporting unit is less than its carrying value, a second calculation is required in which the implied fair value of goodwill is compared to its carrying value. If the implied fair value is less than its carrying value, goodwill must be written down to its implied fair value. As of September 30, 2010, we completed our annual impairment test of goodwill and concluded that our goodwill was not impaired as of September 30, 2010.

Total amortization expense related to the intangible assets subject to amortization for the first nine months of 2010 was \$157.1 million and is expected to be \$206.3 million for the full year 2010, \$185.6 million in 2011, \$164.5 million in 2012, \$145.2 million in 2013 and \$126.0 million in 2014.

(5) Postretirement Benefits

We sponsor health care plans that provide postretirement benefits to qualified retired employees.

Net periodic postretirement cost for the nine months ended September 30, 2009 only includes the effect of our Embarq acquisition subsequent to July 1, 2009. Net periodic postretirement benefit cost for the three months and nine months ended September 30, 2010 and 2009 included the following components:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(Dollars in thousands)			
Service cost	\$ 3,306	3,175	9,975	5,701
Interest cost	8,187	8,448	24,562	18,245
Expected return on plan assets	(981)	(847)	(2,943)	(1,540)
Amortization of unrecognized prior service cost	(343)	(887)	(1,029)	(2,660)
Net periodic postretirement benefit cost	\$ 10,169	9,889	30,565	19,746

(6) Defined Benefit Retirement Plans

We sponsor defined benefit pension plans for substantially all employees, including separate plans for legacy CenturyLink employees and legacy Embarq employees. Until such time as we elect to integrate Embarq's benefit plans with ours, we plan to continue to operate these plans independently.

Upon payment of certain lump sum distributions under a supplemental executive retirement plan in early 2009, we recognized a curtailment loss (which is included in selling, general and administrative expense) of approximately \$7.7 million in the first quarter of 2009.

Due to change of control provisions that were triggered upon the consummation of the Embarq acquisition on July 1, 2009, certain retirees who were receiving monthly annuity payments under a supplemental executive retirement plan were paid a lump sum distribution calculated in accordance with the provisions of the plan. A settlement expense of approximately \$8.9 million was recognized in the third quarter of 2009 as a result of these actions.

The legacy Embarq pension plan contains a provision that grants early retirement benefits for certain participants affected by workforce reductions. During the third quarter of 2009, we recognized approximately \$14.7 million of additional pension expense related to these contractual benefits.

Net periodic pension cost for the nine months ended September 30, 2009 only includes the effect of our Embarq acquisition subsequent to July 1, 2009. Net periodic pension expense for the three months and nine months ended September 30, 2010 and 2009 included the following components:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(Dollars in thousands)			
Service cost	\$ 13,974	14,373	47,075	21,360
Interest cost	62,589	60,723	184,250	73,975
Expected return on plan assets	(70,757)	(56,857)	(212,270)	(70,785)
Curtailment loss	-	-	-	7,711
Settlement loss	-	8,890	-	8,890
Contractual retirement benefits	-	14,676	-	14,676
Net amortization and deferral	3,803	4,101	14,027	12,453
Net periodic pension expense	<u>\$ 9,609</u>	<u>45,906</u>	<u>33,082</u>	<u>68,280</u>

We contributed \$300 million to the legacy Embarq pension plan in the first quarter of 2010. Based on current actuarial estimates, we expect to make a contribution of approximately \$100 million to the legacy Embarq pension plan in 2011. Based on current circumstances, our minimum required contributions to our other pension plans are immaterial. The actual level of contribution required in future years can change significantly depending on prevailing discount rates and actual returns on plan assets.

(7) Stock-based Compensation

We recognize as compensation expense our cost of awarding employees with equity instruments by allocating the fair value of the award on the grant date over the period during which the employee is required to provide service in exchange for the award.

We currently maintain programs which allow the Board of Directors (through its Compensation Committee) and the Chief Executive Officer to grant incentives to certain employees and our outside directors in any one or a combination of several forms, including incentive and non-qualified stock options; stock appreciation rights; restricted stock; restricted stock units and performance shares. As of September 30, 2010, we had reserved approximately 27.5 million shares of common stock which may be issued in connection with awards under our current incentive programs. We also offer an Employee Stock Purchase Plan whereby employees can purchase our common stock at a 15% discount based on the lower of the beginning or ending stock price during recurring nine-month periods stipulated in such program.

Our outstanding restricted stock awards generally vest over a three- or five-year period (for employees) or a three-year period (for outside directors). During the first quarter of 2010, we granted 396,753 shares of restricted stock to certain executive-level employees, of which 198,374 were time-vested restricted stock that vests over a three-year period and 198,379 were performance-based restricted stock. The performance-based restricted stock will vest over time only if specific performance measures are met for the applicable periods. One half of the performance based restricted stock will vest in March 2012 based on our two-year total shareholder return for 2010 and 2011 as measured against the total shareholder return of the companies comprising the S&P 500 Index for the same period. The other half will vest in March 2013 based on our three-year total shareholder return for 2010, 2011 and 2012 as measured against the total shareholder return of the companies

comprising the S&P 500 Index for the same period. The 198,379 shares of performance-based restricted stock issued represent the target award. Each recipient has the opportunity to ultimately receive between 0% and 200% of the target restricted stock award depending on our total shareholder return in relation to that of the S&P 500 Index. We valued these performance-based awards using Monte-Carlo simulations. In addition, during the first nine months of 2010, we granted 525,377 shares of time-vested restricted stock (which vest over a three-year period) to certain other key employees and our outside directors as part of our normal recurring annual equity compensation programs.

During the third quarter of 2010, we granted 407,236 shares of restricted stock and approximately \$15.2 million of deferred cash compensation awards to certain executive officers and other key employees as part of a retention program in connection with our pending acquisition of Qwest. The shares of restricted stock will vest in equal installments on the first, second and third anniversaries of the closing date. Each employee receiving a deferred cash award will be entitled to receive one-half of the award on the closing date of the Qwest merger and the other half on the first anniversary of the closing date. Both the restricted stock grant and the deferred cash award will accelerate if we terminate the recipient without cause or under certain other conditions, and will be forfeited if the Qwest merger is not consummated. In addition to the above retention awards, 75,000 shares of restricted stock were granted to an incoming executive officer during the third quarter of 2010 (which vests fully at the end of the officer's term of employment).

As of September 30, 2010, there were 3,054,000 shares of nonvested restricted stock outstanding at an average grant date fair value of \$33.60 per share.

The total compensation cost for all share-based payment arrangements for the first nine months of 2010 and 2009 was \$28.0 million and \$39.6 million, respectively. As of September 30, 2010, there was \$71.2 million of total unrecognized compensation cost related to our share-based payment arrangements, which we expect to recognize over a weighted-average period of 2.2 years. The \$15.2 million of deferred cash compensation awards mentioned above is also unrecognized as of September 30, 2010.

(8) Income Taxes

Our effective income tax rate was 38.4% and 39.3% for the nine months ended September 30, 2010 and 2009, respectively.

Included in income tax expense is a \$4.0 million charge incurred in the first quarter of 2010 related to the change in the tax treatment of the Medicare Part D subsidy as a result of the comprehensive health care reform legislation signed into law by the President in March 2010. In addition, a portion of our transaction costs associated with our pending acquisition of Qwest is considered non-deductible for income tax purposes. The treatment of these costs as non-deductible resulted in the recognition of approximately \$1.4 million of higher income tax expense in the first nine months of 2010 than would have been recognized had such costs been deductible for income tax purposes.

The lump sum distributions made to certain executive officers in the first quarter of 2009 in connection with discontinuing the Supplemental Executive Retirement Plan were non-deductible for income tax purposes pursuant to Internal Revenue Code Section 162(m) limitations. Such treatment resulted in the recognition of approximately \$6.7 million of income tax expense in the first quarter of 2009 above amounts that would have been recognized had such payments been deductible for income tax purposes. Our 2009 effective tax rate is also higher because a portion of our merger-related transaction costs incurred during the first nine months of 2009 are non-deductible for income tax purposes (with such treatment resulting in a \$6.9 million increase to income tax expense). Such increases in income tax expense were partially offset by a \$5.8 million reduction in income tax expense caused by a reduction to our deferred tax asset valuation allowance associated with state net operating loss carryforwards due to a state law change that we believe will allow us to utilize net operating loss carryforwards in the future. Prior to the law change, such net operating loss carryforwards were fully offset by a valuation allowance as it was more likely than not that we would not utilize these carryforwards prior to expiration.

(9) Business Segments

We are an integrated communications company engaged primarily in providing an array of communications services to our retail, business and wholesale customers, including local exchange, long distance, Internet access and broadband services. We strive to maintain our customer relationships by, among other things, bundling our service offerings to provide our customers with a complete offering of integrated communications services. Because of the similar economic characteristics of our operations, we have utilized the aggregation criteria specified in the segment accounting guidance and concluded that we operate as one reportable segment. Our operating revenues for our products and services include the following components:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(Dollars in thousands)			
Voice	\$ 777,367	849,357	2,380,823	1,346,978
Data	480,111	460,213	1,420,550	743,073
Network access	264,319	317,529	825,503	620,639
Other	225,304	247,226	692,681	434,489
Total operating revenues	<u>\$ 1,747,101</u>	<u>1,874,325</u>	<u>5,319,557</u>	<u>3,145,179</u>

Beginning in 2010, we have reclassified revenues generated from subscriber line charges to “Voice” revenues from “Network access” revenues to better align our presentation of such revenues with others in our industry and we have included revenues generated from our fiber transport, CLEC and security monitoring operations in “Other” revenues. In addition, certain third quarter 2009 revenues attributable to our legacy Embarq properties have been reclassified to conform to current presentation. Prior periods have been restated to reflect this new presentation.

We derive our voice revenues by providing local exchange telephone and retail long distance services to our customers in our local exchange service areas.

We derive our data revenues primarily by providing high-speed Internet access services (“DSL”) and data transmission services over special circuits and private lines in our local exchange service areas.

We derive our network access revenues primarily from (i) providing services to various carriers and customers in connection with the use of our facilities to originate and terminate their interstate and intrastate voice transmissions; (ii) receiving universal support funds which allows us to recover a portion of our costs under federal and state cost recovery mechanisms and (iii) receiving reciprocal compensation from competitive local exchange carriers and wireless service providers for terminating their calls.

We derive other revenues primarily by (i) providing fiber transport, CLEC and security monitoring services; (ii) leasing, selling, installing and maintaining customer premise telecommunications equipment and wiring, (iii) providing payphone services primarily within our local service territories and at various correctional facilities around the country, (iv) participating in the publication of local telephone directories, which allows us to share in revenues generated by the sale of yellow page and related advertising to businesses, (v) providing network database services and (vi) providing our video services, as well as other new product and service offerings.

We are required to contribute to several universal service fund programs and generally include a surcharge amount on our customers’ bills which is designed to fully recover our contribution costs. Such amounts are reflected on a gross basis in our statements of income (included in both operating revenues and expenses) and aggregated approximately \$88 million for the nine months ended September 30, 2010 and \$52 million for the nine months ended September 30, 2009.

(10) Fair Value Disclosure

As of September 30, 2010, we held life insurance contracts with cash surrender value that are required to be measured at fair value on a recurring basis. The following table depicts these assets held and the related tier designation pursuant to the accounting guidance related to fair value disclosure.

Description	Balance			
	Sept. 30, 2010	Level 1	Level 2	Level 3
(Dollars in thousands)				
Cash surrender value of life insurance contracts	\$99,751	99,751	-	-

(11) Commitments and Contingencies

Over 60 years ago, one of our indirect subsidiaries, Centel Corporation, acquired entities that may have owned or operated seven former plant sites that produced “manufactured gas” under a process widely used through the mid-1900s. Centel has been a subsidiary of Embarq since being spun-off in 2006 from Sprint Nextel, which acquired Centel in 1993. None of these plant sites are currently owned or operated by either Sprint Nextel, Embarq or their subsidiaries. On three sites, Embarq and the current landowners are working with the Environmental Protection Agency (“EPA”) pursuant to administrative consent orders. Remediation expenditures pursuant to the orders are not expected to be material. On five sites, including the three sites where the EPA is involved, Centel has entered into agreements with other potentially responsible parties to share remediation costs. Further, Sprint Nextel has agreed to indemnify Embarq for most of any eventual liability arising from all seven of these sites. Based upon current circumstances, we do not expect this issue to have a material adverse impact on our results of operations or financial condition.

In William Douglas Fulghum, et al. v. Embarq Corporation, et al., filed on December 28, 2007 in the United States District Court for the District of Kansas (Civil Action No. 07-CV-2602), a group of retirees filed a putative class action lawsuit challenging the decision to make certain modifications to Embarq’s retiree benefits programs generally effective January 1, 2008. Defendants include Embarq, certain of its benefit plans, its Employee Benefits Committee and the individual plan administrator of certain of its benefits plans. Additional defendants

include Sprint Nextel and certain of its benefit plans. In 2009, a ruling in Embarq's favor was entered in an arbitration proceeding filed by 15 former Centel executives, similarly challenging the benefits changes. Embarq and other defendants continue to vigorously contest these claims and charges. Given that this litigation is still in discovery, it is premature to estimate the impact this lawsuit could have to our results of operation or financial condition.

In April 2010, a series of lawsuits were filed by shareholders of Qwest Communications International Inc. in Colorado state and federal courts and in Delaware federal court, alleging that Qwest's officers and directors breached their fiduciary duties by failing to maximize the value to be received by Qwest's stockholders in connection with CenturyLink's recently announced acquisition of Qwest. CenturyLink was also named as a defendant in most of the lawsuits. On July 16, 2010, the parties entered into a memorandum of understanding reflecting the terms of their agreement-in-principle for a settlement of all of the claims asserted in these actions. Pursuant to this agreement, defendants included additional disclosures in the final joint proxy statement-prospectus dated July 19, 2010, in response to allegations and claims asserted in certain of the complaints. If the settlement is consummated, all of the actions relating to the proposed transaction will be dismissed, with prejudice. We do not expect the settlement to have a material adverse impact to our results of operations or financial condition.

In December 2009, subsidiaries of CenturyLink filed two lawsuits against subsidiaries of Sprint Nextel to recover terminating access charges for VoIP traffic owed under various interconnection agreements and tariffs which presently approximate \$32 million. One lawsuit, filed on behalf of all legacy Embarq operating entities, was tried in federal court in Virginia earlier this year and a ruling is expected in the fourth quarter of 2010. The other lawsuit, filed on behalf of all legacy CenturyLink operating entities, is pending in federal court in Louisiana. The lawsuits allege that Sprint Nextel has breached contracts, violated tariffs, and violated the Federal Communications Act by failing to pay these charges. We have not recorded a reserve related to this issue.

From time to time, we are involved in other proceedings incidental to our business, including administrative hearings of state public utility commissions relating primarily to rate making, actions relating to employee claims, occasional grievance hearings before labor regulatory agencies and miscellaneous third party tort actions. The outcome of these other proceedings is not predictable. However, based on current circumstances, we do not believe that the ultimate resolution of these other proceedings, after considering available insurance coverage, will have a material adverse effect on our financial position, results of operations or cash flows.

(12) Discontinuance of Regulatory Accounting

Through June 30, 2009, we accounted for our regulated telephone operations (except for the properties acquired from Verizon in 2002) in accordance with the provisions of Accounting Standards Codification 980-10 which addresses regulatory accounting under which actions by regulators can provide reasonable assurance of the recognition of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities were required to be recorded and, accordingly, reflected in the balance sheet of an entity subject to regulatory accounting.

On July 1, 2009, we discontinued the accounting requirements of regulatory accounting upon the conversion of substantially all of our rate-of-return study areas to federal price cap regulation (based on the FCC's approval of our petition to convert our study areas to price cap regulation).

Upon the discontinuance of regulatory accounting, we reversed previously established regulatory assets and liabilities. Depreciation rates of certain assets established by regulatory authorities for our telephone operations subject to regulatory accounting have historically included a component for removal costs in excess of the related salvage value. Notwithstanding the adoption of accounting guidance related to the accounting for asset retirement obligations, regulatory accounting required us to continue to reflect this accumulated liability for removal costs in excess of salvage value even though there was no legal obligation to remove the assets. Therefore, we did not adopt the asset retirement obligation provisions for our telephone operations that were subject to regulatory accounting. Upon the discontinuance of regulatory accounting, such accumulated liability for removal costs included in accumulated depreciation was removed and an asset retirement obligation was established. Upon the discontinuance of regulatory accounting, we were required to adjust the carrying amounts of property, plant and equipment only to the extent the assets are impaired, as judged in the same manner applicable to nonregulated enterprises. We did not record an impairment charge related to the carrying value of the property, plant and equipment of our regulated telephone operations as a result of the discontinuance of regulatory accounting.

In the third quarter of 2009, upon the discontinuance of regulatory accounting, we recorded a non-cash extraordinary gain in our consolidated statements of income comprised of the following components (dollars, except per share amounts, in thousands):

	Gain (loss)
Elimination of removal costs embedded in accumulated depreciation	\$ 222,703
Establishment of asset retirement obligation	(1,556)
Elimination of other regulatory assets and liabilities	(2,585)
Net extraordinary gain before income tax expense and noncontrolling interests	218,562
Income tax expense associated with extraordinary gain	(83,804)
Net extraordinary gain before noncontrolling interests	134,758
Less: extraordinary gain attributable to noncontrolling interests	(1,545)
Extraordinary gain attributable to CenturyLink, Inc.	\$ 133,213

Basic earnings per share of extraordinary gain	\$.44
Diluted earnings per share of extraordinary gain	\$.44

Upon the discontinuance of regulatory accounting, we revised the lives of our property, plant and equipment to reflect the economic estimated remaining useful lives of the assets. In general, the estimated remaining useful lives of our telephone property were lengthened as compared to the rates used that were established by regulatory authorities.

Upon the discontinuance of regulatory accounting, we eliminated certain intercompany transactions with regulated affiliates that previously were not eliminated under the application of regulatory accounting. This has caused our operating revenues and operating expenses to be lower by equivalent amounts beginning in the third quarter of 2009.

Item 2.

CenturyLink, Inc.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Overview

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included herein should be read in conjunction with MD&A and the other information included in our annual report on Form 10-K for the year ended December 31, 2009. The results of operations for the three months and nine months ended September 30, 2010 are not necessarily indicative of the results of operations which might be expected for the entire year.

On July 1, 2009, we acquired Embarq Corporation ("Embarq") in a transaction that substantially expanded the size and scope of our business. The results of operations of Embarq are included in our consolidated results of operations beginning July 1, 2009. Due to the significant size of Embarq, direct comparisons of our results of operations for the nine months ended September 30, 2010 with the corresponding periods of 2009 are less meaningful than usual since most of the significant period to period variances are caused by the Embarq acquisition. We discuss below certain trends that we believe are significant, even if they are not necessarily material to the combined company.

We are an integrated communications company primarily engaged in providing an array of communications services to customers in 33 states, including local and long distance voice, wholesale network access, high-speed Internet access, other data services, and video services. In certain local and regional markets, we also provide fiber transport, competitive local exchange carrier services, security monitoring, and other communications, professional and business information services. We operate approximately 6.6 million access lines and serve approximately 2.4 million broadband customers, based on operating data as of September 30, 2010. For additional information on our revenue sources, see Note 9. For additional information on our acquisition of Embarq, see Note 2.

During the three months and nine months ended September 30, 2010 and 2009, we incurred a significant amount of one-time expenses, the vast majority of which are directly attributable to our acquisition of Embarq and our pending acquisition of Qwest Communications International Inc. ("Qwest") discussed in Note 3. Such expenses are summarized in the table below.

Description	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(Dollars in thousands)			
Integration related costs associated with our acquisition of Embarq	\$ 22,719	25,055	62,175	54,482
Severance costs and accelerated recognition of share-based compensation and pension costs due to workforce reductions	4,213	114,417	32,357	114,417
Transaction and other costs associated with our acquisition of Embarq	-	47,154	-	47,154
Transaction and other costs associated with our pending acquisition of Qwest	5,134	-	15,157	-
Income tax charge due to a change in the treatment of Medicare subsidy receipts	-	-	3,965	-
Settlement and curtailment loss related to supplemental executive retirement plan	-	8,900	-	16,611
Charge incurred upon termination of our \$800 million bridge facility	-	-	-	8,000
Total	\$ 32,066	195,526	113,654	240,664

In addition, due to Internal Revenue Code Section 162(m) limitations, a portion of the lump sum distributions related to the termination of an executive retirement plan made in the first quarter of 2009 are reflected as non-deductible for income tax purposes and thus increased our

effective income tax rate. Certain merger-related costs incurred during the first nine months of 2010 and 2009 are also non-deductible for income tax purposes and similarly increased our effective income tax rate. Such increase in our effective tax rate was partially offset by a reduction to our deferred tax asset valuation allowance associated with state net operating loss carryforwards during the first nine months of 2009. See Note 8 and “Income Tax Expense” below for additional information.

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Upon the discontinuance of regulatory accounting, during the third quarter of 2009 we recorded a one-time, non-cash extraordinary gain that aggregated approximately \$218.6 million before income tax expense and noncontrolling interests (\$133.2 million after-tax and noncontrolling interests). See Note 12 for additional information.

During the last several years (exclusive of acquisitions and certain non-recurring favorable adjustments), we have experienced revenue declines in our voice and network access revenues primarily due to declines in access lines, intrastate access rates, minutes of use, and federal support fund payments. In an attempt to mitigate these declines, we plan to, among other things, (i) promote long-term relationships with our customers through bundling of integrated services, (ii) provide new services, such as video and wireless broadband, and other additional services that may become available in the future due to advances in technology, wireless spectrum sales by the Federal Communications Commission (“FCC”) or improvements in our infrastructure, (iii) provide our broadband and premium services to a higher percentage of our customers, (iv) pursue acquisitions of additional communications properties if available at attractive prices, (v) increase usage of our networks and (vi) market our products and services to new customers.

In addition to historical information, this management’s discussion and analysis includes certain forward-looking statements that are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. Actual events and results may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry (including those arising out of the FCC’s proposed rules regarding intercarrier compensation and the Universal Service Fund and the FCC’s National Broadband Plan released in the first quarter of 2010); our ability to effectively adjust to changes in the communications industry; our ability to successfully integrate Embarq into our operations, including the possibility that the anticipated benefits from the Embarq merger cannot be fully realized in a timely manner or at all, or that integrating Embarq’s operations into ours will be more difficult, disruptive or costly than anticipated; our ability to successfully complete our pending acquisition of Qwest, including timely receiving all regulatory approvals and realizing the anticipated benefits of the transaction; our ability to effectively manage our expansion opportunities, including retaining and hiring key personnel; possible changes in the demand for, or pricing of, our products and services; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; our continued access to credit markets on favorable terms; our ability to collect our receivables from financially troubled communications companies; our ability to pay a \$2.90 per common share dividend annually, which may be affected by changes in our cash requirements, capital spending plans, cash flows or financial position; unanticipated increases in our capital expenditures; our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; the effects of adverse weather; other risks referenced from time to time in this report or other of our filings with the Securities and Exchange Commission, or SEC; and the effects of more general factors such as changes in interest rates, in tax rates, in accounting policies or practices, in operating, medical, pension or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to our business, our pending acquisition of Qwest and our July 2009 acquisition of Embarq are described in greater detail in Part II, Item 1A of this report, as updated and supplemented by our subsequent SEC reports. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the business or the extent to which any one or more factors may cause actual results to differ from those reflected in any forward-looking statements. You are further cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to update any of our forward-looking statements for any reason.

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RESULTS OF OPERATIONS

Three Months Ended September 30, 2010 Compared to Three Months Ended September 30, 2009

Net income attributable to CenturyLink, Inc. was \$231.2 million and \$280.8 million for the third quarter of 2010 and 2009, respectively. Net income before extraordinary item was \$231.2 million and \$147.6 million for the third quarter of 2010 and 2009, respectively. Diluted earnings per share for the third quarter of 2010 and 2009 was \$.76 and \$.94, respectively. Diluted earnings per share before extraordinary item for the third quarter of 2009 was \$.49. As described in Note 12, upon the discontinuance of regulatory accounting, we recorded an extraordinary gain (net of income tax expense and noncontrolling interests) of approximately \$133.2 million in the third quarter of 2009. As mentioned in the “Overview” section above, we incurred a significant amount of one-time expenses in the third quarter of 2010 and 2009, primarily all of which relates to our acquisition of Embarq and our pending acquisition of Qwest.

	Three months ended September 30,	
	2010	2009
	(Dollars, except per share amounts, and shares in thousands)	
Operating income	\$ 505,355	378,983
Interest expense	(139,594)	(140,422)
Other income (expense)	6,911	9,362
Income tax expense	(141,083)	(99,876)
Income before noncontrolling interests and extraordinary item	231,589	148,047
Noncontrolling interests	(422)	(412)
Net income before extraordinary item	231,167	147,635
Extraordinary item, net of income tax expense and noncontrolling interests	-	133,213
Net income attributable to CenturyLink, Inc.	<u>\$ 231,167</u>	<u>280,848</u>
Basic earnings per share		
Before extraordinary item	\$.76	.49
Extraordinary item	\$ -	.44
Basic earnings per share	\$.76	.94
Diluted earnings per share		
Before extraordinary item	\$.76	.49
Extraordinary item	\$ -	.44
Diluted earnings per share	\$.76	.94
Average basic shares outstanding	<u>300,702</u>	<u>298,133</u>
Average diluted shares outstanding	<u>301,386</u>	<u>298,403</u>

Operating income increased \$126.4 million as a \$127.2 million decrease in operating revenues was more than offset by a \$253.6 million decrease in operating expenses.

Operating Revenues

	Three months ended September 30,	
	2010	2009
	(Dollars in thousands)	
Voice	\$ 777,367	849,357
Data	480,111	460,213
Network access	264,319	317,529
Other	225,304	247,226
	<u>\$ 1,747,101</u>	<u>1,874,325</u>

The \$72.0 million decrease in voice revenues is primarily due to (i) a \$42.0 million decrease due to a 7.7% decline in the average number of access lines; (ii) a \$13.9 million decrease in custom calling feature revenues primarily due to the continued migration of customers to bundled service offerings at a lower effective rate; and (iii) a \$9.3 million reduction in non-recurring revenues.

Total access lines declined 140,000 (2.1%) during the third quarter of 2010. We believe the decline in the number of access lines during the third quarter of 2010 is primarily due to the displacement of traditional wireline telephone services by other competitive services and recent economic conditions. Based on our current retention initiatives, we estimate that our access line loss will be between 7.5% and 8.0% in 2010.

Data revenues increased \$19.9 million in the third quarter of 2010 due an \$11.2 million increase in DSL-related revenues principally due to growth in the number of DSL customers and a \$6.0 million increase in special access revenues.

Network access revenues decreased \$53.2 million in the third quarter of 2010 primarily due to (i) a \$38.4 million decrease due to a reduction in access rates and minutes (principally due to the loss of access lines and the displacement of minutes by wireless, electronic mail and other optional calling services) and (ii) an \$11.2 million reduction in revenues from the federal Universal Service Fund primarily due to an

increase in the nationwide average cost per loop factor used by the FCC to allocate funds among all recipients. We believe that access rates and minutes will continue to decline. Proceedings filed by interexchange carriers in several of our operating states or state-initiated legislation could, if successful, place further downward pressure on our access revenues.

Other revenues decreased \$21.9 million in the third quarter of 2010 primarily due to (i) an \$11.5 million reduction in nonregulated revenues; (ii) a \$4.5 million decline in revenues from our wireless reseller product offering (which was discontinued in late 2009) and (iii) a \$2.6 million reduction in directory revenues.

Operating Expenses

	Three months ended September 30,	
	2010	2009
	(Dollars in thousands)	
Cost of services and products (exclusive of depreciation and amortization)	\$ 605,548	684,865
Selling, general and administrative	278,331	448,275
Depreciation and amortization	357,867	362,202
	<u>\$ 1,241,746</u>	<u>1,495,342</u>

Total operating expenses (exclusive of depreciation and amortization) decreased \$249.3 million in the third quarter of 2010 compared to the third quarter of 2009. Such decrease was primarily caused by (i) a \$119.1 million decrease in severance costs and accelerated recognition of share-based compensation and pension costs due to workforce reductions related to the Embarq acquisition and (ii) \$47.2 million of transaction related costs (primarily investment banker and legal costs) that were incurred in the third quarter of 2009 related to the Embarq acquisition. In addition, salaries and benefits (exclusive of the above described severance, share-based compensation and pension costs) decreased approximately \$39.5 million in the third quarter of 2010 compared to the third quarter of 2009 primarily due to the impact of workforce reductions, and the cost of providing long distance services decreased \$34.0 million due to reduced reliance on third party providers.

Depreciation and amortization decreased \$4.3 million primarily due to a reduction in amortization expense associated with the customer list intangible asset established in connection with our Embarq acquisition (such asset is being amortized over an accelerated method).

Interest Expense

Interest expense increased \$828,000 in the third quarter of 2010 compared to the third quarter of 2009.

Other Income (Expense)

Other income (expense) includes the effects of certain items not directly related to our core operations, including gains and losses from nonoperating asset dispositions and impairments, our share of income from our 49% interest in a cellular partnership, interest income and allowance for funds used during construction. Other income (expense) was \$6.9 million for the third quarter of 2010 compared to \$9.4 million for the third quarter of 2009.

Income Tax Expense

Our effective income tax rate was 37.9% and 39.5% for the third quarter of 2010 and 2009, respectively. During 2009, certain transaction costs incurred in connection with our acquisition of Embarq were treated as non-deductible for income tax purposes.

Extraordinary Item

Upon the discontinuance of regulatory accounting, we recorded a one-time extraordinary gain of approximately \$133.2 million (net of income tax expense and noncontrolling interests) in the third quarter of 2009. See Note 12 for additional information related to this extraordinary gain.

Nine Months Ended September 30, 2010 Compared to Nine Months Ended September 30, 2009

Net income attributable to CenturyLink, Inc. was \$722.5 million and \$417.0 million for the first nine months of 2010 and 2009, respectively. Net income before extraordinary item was \$722.5 million and \$283.8 million for the nine months ended September 30, 2010 and

2009, respectively. Diluted earnings per share for the first nine months of 2010 and 2009 was \$2.39 and \$2.50, respectively. Diluted earnings per share before extraordinary item for the first nine months of 2009 was \$1.70. As described in Note 12, upon the discontinuance of regulatory accounting, we recorded an extraordinary gain (net of income tax expense and noncontrolling interests) of approximately \$133.2 million in the third quarter of 2009. As mentioned in the “Overview” section above, we incurred a significant amount of one-time expenses in the first nine months of 2010 and 2009, primarily all of which relate to our acquisition of Embarq and our pending acquisition of Qwest. The increase in the number of average diluted shares outstanding is primarily attributable to the common stock issued in connection with our acquisition of Embarq on July 1, 2009.

	Nine months ended September 30,	
	2010	2009
	(Dollars, except per share amounts, and shares in thousands)	
Operating income	\$ 1,573,573	692,763
Interest expense	(425,068)	(237,391)
Other income (expense)	24,719	15,179
Income tax expense	(449,552)	(185,796)
Income before noncontrolling interests and extraordinary item	723,672	284,755
Noncontrolling interests	(1,133)	(936)
Net income before extraordinary item	722,539	283,819
Extraordinary item, net of income tax expense and noncontrolling interests	-	133,213
Net income attributable to CenturyLink, Inc.	<u>\$ 722,539</u>	<u>417,032</u>
Basic earnings per share		
Before extraordinary item	\$ 2.40	1.70
Extraordinary item	\$ -	.80
Basic earnings per share	\$ 2.40	2.50
Diluted earnings per share		
Before extraordinary item	\$ 2.39	1.70
Extraordinary item	\$ -	.80
Diluted earnings per share	\$ 2.39	2.50
Average basic shares outstanding	<u>300,058</u>	<u>165,558</u>
Average diluted shares outstanding	<u>300,663</u>	<u>165,666</u>

Operating income increased \$880.8 million due to a \$2.174 billion increase in operating revenues and a \$1.294 billion increase in operating expenses. Such increases in operating revenues, operating expenses and operating income were substantially due to our July 1, 2009 acquisition of Embarq, which impacted our operating results for the entire nine months ended September 30, 2010 but only a third of the comparable period of 2009.

As a result of the discontinuance of the application of regulatory accounting effective July 1, 2009 (as more fully described in our 2009 Annual Report on Form 10-K and Note 12), we have eliminated all intercompany transactions with regulated affiliates since the third quarter of 2009 that previously were not eliminated under the application of regulatory accounting. This has caused our revenues and operating expenses to be lower by equivalent amounts (approximately \$104 million) for the nine months ended September 30, 2010 as compared to the nine months ended September 30, 2009.

Operating Revenues

	Nine months ended September 30,	
	2010	2009
	(Dollars in thousands)	
Voice	\$ 2,380,823	1,346,978
Data	1,420,550	743,073
Network access	825,503	620,639

Other

	692,681	434,489
	<u>\$ 5,319,557</u>	<u>3,145,179</u>

The \$1.034 billion increase in voice revenues is primarily due to \$1.094 billion of additional revenues attributable to the Embarq properties acquired July 1, 2009. The remaining \$60.4 million decrease is primarily due to (i) a \$26.4 million decrease due to a 6.3% decline in the average number of access lines in our legacy CenturyLink markets; (ii) a \$10.0 million decrease in custom calling feature revenues primarily due to the continued migration of customers to bundled service offerings at a lower rate; (iii) an \$8.5 million reduction due to the elimination of all intercompany transactions due to the above-described discontinuance of regulatory accounting; and (iv) a \$7.7 million reduction in long distance revenues due primarily to a decrease in minutes of use.

Total access lines declined 412,000 (5.9%) during the first nine months of 2010. We believe the decline in the number of access lines during 2010 is primarily due to the displacement of traditional wireline telephone services by other competitive services and recent economic conditions. Based on our current retention initiatives, we estimate that our access line loss will be between 7.5% and 8.0% in 2010.

Data revenues increased \$677.5 million in the first nine months of 2010 due to \$715.6 million of additional revenues attributable to Embarq. Excluding Embarq, data revenues decreased \$38.1 million substantially due to a \$53.0 million reduction due to the elimination of all intercompany transactions due to the discontinuance of regulatory accounting. The remaining \$15.0 million increase is primarily attributable to an increase in DSL-related revenues principally due to growth in the number of DSL customers.

Network access revenues increased \$204.9 million in the first nine months of 2010 due to \$285.7 million of additional revenues attributable to Embarq. Excluding Embarq, network access revenues decreased \$80.9 million in the first nine months of 2010 primarily due to (i) a \$27.8 million reduction in revenues from the federal Universal Service Fund primarily due to an increase in the nationwide average cost per loop factor used by the FCC to allocate funds among all recipients; (ii) a \$25.3 million decrease due to a reduction in access rates and minutes (principally due to the loss of access lines and the displacement of minutes by wireless, electronic mail and other optional calling services); and (iii) a \$21.5 million reduction due to the elimination of all intercompany transactions due to the discontinuance of regulatory accounting. We believe that access rates and minutes will continue to decline. Proceedings filed by interexchange carriers in several of our operating states or state-initiated legislation could, if successful, place further downward pressure on our access revenues.

Other revenues increased \$258.2 million in the first nine months of 2010 due to \$292.5 million of additional revenues attributable to Embarq. Excluding Embarq, other revenues decreased \$34.3 million primarily due to a \$20.5 million reduction due to the elimination of all intercompany transactions as a result of the discontinuance of regulatory accounting, a \$5.8 million decrease in directory revenues and a \$4.6 million decrease in certain non-regulated product sales and service offerings.

Operating Expenses

	Nine months ended September 30,	
	2010	2009
	(Dollars in thousands)	
Cost of services and products (exclusive of depreciation and amortization)	\$ 1,814,073	1,155,228
Selling, general and administrative	862,931	678,862
Depreciation and amortization	1,068,980	618,326
	<u>\$ 3,745,984</u>	<u>2,452,416</u>

Cost of services and products increased \$658.8 million primarily due to \$748.7 million of expenses attributable to the Embarq properties acquired on July 1, 2009 (which includes approximately \$22.0 million of integration costs and \$13.1 million of costs associated with employee severance benefits). The remaining \$89.9 million decrease is primarily due to an \$85.5 million reduction in expenses due to the elimination of all intercompany transactions due to the discontinuance of regulatory accounting and a \$10.6 million decrease in costs associated with our long distance operations.

Selling, general and administrative expenses increased \$184.1 million primarily due to a \$220.7 million increase in expenses incurred by Embarq. The \$220.7 million increase is net of (i) \$47.2 million of transaction related costs incurred in the third quarter of 2009 related to the Embarq acquisition and (ii) \$91.4 million of severance costs and accelerated recognition of share based compensation and pension costs due to workforce reductions incurred during the nine months ended September 30, 2010 as compared to similar expenses incurred during the comparable period in 2009. We also incurred approximately \$40.1 million and \$54.5 million of Embarq integration costs in the first nine months of 2010 and 2009, respectively. During the first nine months of 2010, we incurred approximately \$15.2 million of transaction and other costs associated with our pending acquisition of Qwest. Such increases were partially offset by (i) a \$33.7 million reduction in salaries and benefits (which includes \$16.6 million of one-time charges related to a supplemental executive pension plan in 2009); (ii) a \$13.4 million reduction in expenses due to the elimination of all intercompany transactions due to the discontinuance of regulatory accounting and (iii) a \$9.2 million decrease in legal costs.

Depreciation and amortization increased \$450.7 million primarily due to \$478.2 million of additional depreciation and amortization attributable to Embarq (including \$143.1 million of amortization expense related to the customer list and other intangible assets associated with the Embarq acquisition) and a \$16.1 million increase due to higher levels of plant in service in our legacy markets. The remaining decrease was primarily due to a \$19.1 million decrease in depreciation expense due to a reduction in certain depreciation rates effective July 1, 2009 upon the discontinuance of regulatory accounting and a \$21.3 million decrease due to certain assets becoming fully depreciated.

Interest Expense

Interest expense increased \$187.7 million in the first nine months of 2010 compared to the first nine months of 2009 primarily due to interest expense attributable to Embarq's indebtedness assumed in connection with our acquisition of Embarq.

Other Income (Expense)

Other income (expense) includes the effects of certain items not directly related to our core operations, including gains and losses from nonoperating asset dispositions and impairments, our share of income from our 49% interest in a cellular partnership, interest income and allowance for funds used during construction. Other income (expense) was \$24.7 million for the first nine months of 2010 compared to \$15.2 million for the first nine months of 2009. Included in the first nine months of 2009 is an \$8.0 million pre-tax charge associated with terminating our \$800 million bridge credit facility.

Income Tax Expense

Our effective income tax rate was 38.4% and 39.3% for the nine months ended September 30, 2010 and September 30, 2009, respectively.

Included in income tax expense for the first quarter of 2010 is a \$4.0 million charge related to the change in the tax treatment of the Medicare Part D subsidy as a result of the comprehensive health care reform legislation signed into law by the President in March 2010. During 2010, certain costs incurred in connection with our pending acquisition of Qwest are treated as non-deductible for income tax purposes. The treatment of such costs as non-deductible resulted in the recognition of approximately \$1.4 million of income tax expense in the first nine months of 2010 above amounts that would have been recognized had such costs been deductible for income tax purposes.

During 2009, certain lump sum distributions paid to certain executive officers in connection with discontinuing a supplemental executive pension plan were reflected as non-deductible for income tax purposes pursuant to executive compensation limitations prescribed by the Internal Revenue Code. The treatment of the distributions as non-deductible resulted in the recognition of approximately \$6.7 million of income tax expense in the first nine months of 2009 above amounts that would have been recognized had such payments been deductible for income tax purposes. Such increase in income tax expense was partially offset by a \$5.8 million reduction in income tax expense caused by a reduction to our deferred tax asset valuation allowance associated with state net operating loss carryforwards due to a law change in one of our operating states that we believe will allow us to utilize our net operating loss carryforwards in the future. Prior to the law change, such net operating loss carryforwards were fully reserved as it was more likely than not that these carryforwards would not be utilized prior to expiration. In addition, certain of our Embarq merger related integration costs are non-deductible for income tax purposes.

Extraordinary Item

Upon the discontinuance of regulatory accounting, we recorded a one-time extraordinary gain of approximately \$133.2 million (net of income tax expense and noncontrolling interests) in the third quarter of 2009. See Note 12 for additional information related to this

extraordinary gain.

LIQUIDITY AND CAPITAL RESOURCES

Excluding cash used for acquisitions, we rely on cash provided by operations to fund our operating and capital expenditures as well as our dividend payments. Our operations have historically provided a stable source of cash flow which has helped us continue our long-term program of capital improvements.

Net cash provided by operating activities was \$1.481 billion during the first nine months of 2010 and \$961.8 million during the first nine months of 2009. During the first quarter of 2010, we contributed \$300 million to the legacy Embarq pension plan. Such funding was made with approximately \$126 million of borrowings under our revolving credit facility, with the balance being provided by cash on hand. The lump sum distributions associated with the discontinuance of our Supplemental Executive Retirement Plan were paid in early 2009 and aggregated approximately \$37 million. Our accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of these periods. For additional information relating to our operations, see Results of Operations.

Net cash used in investing activities was \$597.9 million and \$337.2 million for the nine months ended September 30, 2010 and 2009, respectively. Payments for property, plant and equipment were \$599.8 million in the first nine months of 2010 and \$417.1 million in the first nine months of 2009, reflecting the increase in our asset base resulting from the Embarq acquisition. Included in capital expenditures for the first nine months of 2010 and 2009 was approximately \$20 million and \$47 million, respectively, related to the integration of Embarq. Our budgeted capital expenditures for 2010 are expected to be between \$825-875 million. We acquired \$76.9 million of cash in connection with our July 1, 2009 acquisition of Embarq.

Net cash used in financing activities was \$802.3 million during the first nine months of 2010 compared to \$336.7 million during the first nine months of 2009. We made \$195.4 million and \$626.6 million of debt payments (substantially all of which related to our revolving credit facility) in the first nine months of 2010 and 2009, respectively. In September 2009, we received net proceeds of \$644.4 million from the issuance of \$250 million of 10-year, 6.15% senior notes and \$400 million of 30-year, 7.6% senior notes. We paid dividends of \$656.7 million in the first nine months of 2010 compared to \$351.0 million in the first nine months of 2009. Such increase is primarily attributable to the increase in shares outstanding as a result of the common stock issued in connection with our Embarq acquisition on July 1, 2009.

In October 2010, we repaid our \$482.5 million Series H Senior Notes at its scheduled maturity using borrowings under our existing credit facility.

We have available two revolving credit facilities, (i) a five-year, \$750 million unsecured revolving credit facility of CenturyLink which expires in December 2011 and (ii) an \$800 million unsecured revolving credit facility of Embarq which expires in May 2011. Up to \$250 million of the credit facilities can be used for letters of credit, which reduces the amount available for other extensions of credit. As of October 31, 2010, approximately \$57 million of letters of credit were outstanding. Available borrowings under these credit facilities are also effectively reduced by any outstanding borrowings under our commercial paper program. Our commercial paper program borrowings are effectively limited to the total amount available under the two credit facilities. As of October 31, 2010, we had approximately \$440 million outstanding under our credit facilities (all of which relates to CenturyLink's facility) and no amounts outstanding under our commercial paper program. Prior to the lapse of Embarq's credit facility in 2011, we plan, depending on current market conditions, to replace the existing two facilities with a single larger CenturyLink revolving credit facility.

Following our announcement of our pending acquisition of Qwest, (i) Standard & Poor's indicated that our current long-term debt rating of BBB- had been placed under watch for a possible downgrade; (ii) Moody's Investors Service affirmed our current long-term debt rating of Baa3, but downgraded its outlook from stable to negative; and (iii) Fitch Ratings placed our long-term debt rating under watch for a possible downgrade. It is expected that any downgrades would be made only following the completion of the Qwest acquisition.

OTHER MATTERS

On March 16, 2010, the FCC released its National Broadband Plan, which is the FCC's framework to develop a comprehensive plan over the next decade for broadband deployment, intercarrier compensation reform and regulatory reform initiatives such as reformation of the USF high cost support fund. As originally proposed, the Plan is likely to reduce our Universal Service Fund support and network access revenues. Since releasing the Plan, the FCC has undertaken various studies and solicited public input on a variety of issues, including its proposal to replace the current legacy USF high cost support fund with a new fund to support the provision of broadband services in areas that are unserved or under-served. The Plan is subject to change as a result of public input, Congressional action or further regulatory action. Given the relatively early stages of the FCC's proceedings, we cannot predict the ultimate outcome nor can we be assured that such Plan will not have a material adverse effect on us or our industry in the future.

Certain long distance providers have begun to dispute existing intercarrier compensation rates payable to us and other ILECs with respect to VoIP traffic or to refuse to pay such rates. These providers contend that tariffed switched access charges should not apply to VoIP originated

and terminated traffic, and that reciprocal compensation rates may apply. We dispute these positions.

We currently expect the following items to negatively impact 2011 results of operations as compared to 2010. First, we expect that delays in the migration of traffic of a wireless carrier off of our networks will reduce our operating revenues by approximately \$45-50 million in 2011 compared to our previous projections of \$30 million. Second, we expect our universal service fund receipts will decline \$25-30 million in 2011. Finally, we expect to launch our Prism IPTV service in additional markets in 2011. We expect to provide full year 2011 earnings guidance in conjunction with our fourth quarter 2010 earnings release.

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Item 3.

CenturyLink, Inc.

**QUANTITATIVE AND QUALITATIVE
DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risk from changes in interest rates on our long-term debt obligations. We have estimated our market risk using sensitivity analysis. Market risk is defined as the potential change in the fair value of a fixed-rate debt obligation due to a hypothetical adverse change in interest rates. We determine fair value on long-term debt obligations based on a discounted cash flow analysis, using the rates and maturities of these obligations compared to terms and rates currently available in the long-term financing markets. The results of the sensitivity analysis used to estimate market risk are presented below, although the actual results may differ from these estimates.

At September 30, 2010, the fair value of our long-term debt was estimated to be \$8.2 billion based on the overall weighted average rate of our debt of 7.2% and an overall weighted maturity of 11 years compared to terms and rates currently available in long-term financing markets. Market risk is estimated as the potential decrease in fair value of our long-term debt resulting from a hypothetical increase of 72 basis points in interest rates (ten percent of our overall weighted average borrowing rate). Such an increase in interest rates would result in approximately a \$340.9 million decrease in fair value of our long-term debt at September 30, 2010, but would have no impact on our results of operations or cash flows. As of September 30, 2010, approximately 99% of our long-term and short-term debt obligations were fixed rate.

From time to time over the past several years, we have used derivative instruments to (i) lock-in or swap our exposure to changing or variable interest rates for fixed interest rates or (ii) to swap obligations to pay fixed interest rates for variable interest rates. We have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative instrument activities. We do not hold or issue derivative financial instruments for trading or speculative purposes. Management periodically reviews our exposure to interest rate fluctuations and implements strategies to manage the exposure. Currently, we have no derivative instruments in place.

We are also exposed to market risk from changes in the fair value of our pension plan assets. If our actual return on plan assets is significantly lower than our expected return assumption, our net periodic pension expense will increase in the future and we will be required to contribute additional funds to our pension plan.

Certain shortcomings are inherent in the method of analysis presented in the computation of fair value of financial instruments. Actual values may differ from those presented if market conditions vary from assumptions used in the fair value calculations. The analysis above incorporates only those risk exposures that existed as of September 30, 2010.

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Item 4.

CenturyLink, Inc.

CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to provide reasonable assurances that information required to be disclosed by us in the reports we file under the Securities Exchange Act of 1934 is timely recorded, processed, summarized and reported as required. Our Chief Executive Officer, Glen F. Post, III, and our Chief Financial Officer, R. Stewart Ewing, Jr., have evaluated our disclosure controls and procedures as of September 30, 2010. Based on that evaluation, Messrs. Post and Ewing concluded that our disclosure controls and procedures have been effective in providing reasonable assurance that they have been timely alerted of material information required to be filed in this report. Since the date of Messrs. Post's and Ewing's most recent evaluation, we did not make any change to our internal control over financial reporting that materially affected, or that we believe is reasonably likely to materially affect, our internal control over financial reporting. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events and contingencies, and there can be no assurance that any design will succeed in achieving its stated goals. Because of inherent limitations in any control system, misstatements due to error or fraud could occur and not be detected.

PART II. OTHER INFORMATION

CenturyLink, Inc.Item 1. Legal Proceedings.

See Note 11 to the financial statements included in Part I, Item 1, of this report.

Item 1A. Risk Factors.**Risk Factors**

Any of the following risks could materially and adversely affect our business, financial condition, results of operations, liquidity or prospects. The risks described below are not the only risks facing us. Please be aware that additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could also materially and adversely affect our business operations.

Risks Related to Our Business

If we continue to experience access line losses similar to the past several years, our revenues, earnings and cash flows may be adversely impacted.

Our business generates a substantial portion of its revenues by delivering voice and data services over access lines. We have experienced substantial access line losses over the past several years due to a number of factors, including increased competition and wireless and broadband substitution. We expect to continue to experience access line losses in our markets for the foreseeable future. Our inability to retain access lines could adversely impact our revenues, earnings and cash flow from operations.

Weakness in the economy and credit markets may adversely affect our future results of operations.

To date, we have not been materially impacted by recent weaknesses in the credit markets; however, these weaknesses may negatively impact our operations in the future if overall borrowing rates increase. In addition, if the economy and credit markets continue to remain weak, it may impact our ability to collect our receivables. This weakness may also cause our customers to reduce or terminate their receipt of service offerings from us. Economic weakness could also negatively affect our vendors. We cannot predict with certainty the impact to us of any further deterioration or weakness in the overall economy and credit markets.

We face competition, which we expect to intensify and which may reduce market share and lower profits.

As a result of various technological, regulatory and other changes, the telecommunications industry has become increasingly competitive. We face competition from (i) wireless telephone services, which is expected to increase as wireless providers continue to expand and improve their network coverage and offer enhanced services, (ii) cable television operators, (iii) competitive local exchange carriers ("CLECs"), (iv) Voice-over-Internet Protocol ("VoIP") service providers, (v) alternative networks or non-carrier systems designed to reduce demand for our switching or access services and (vi) resellers, sales agents and facilities-based providers that either use their own networks or lease parts of our networks. Over time, we expect to face additional local exchange competition from electric utilities, satellite communications providers and municipalities. The recent proliferation of companies offering integrated service offerings has intensified competition in Internet, long distance and data services markets, and we expect that competition will further intensify in these markets.

Our competitive position could be weakened in the future by strategic alliances or consolidation within the communications industry or the development of new technologies. Our ability to compete successfully will depend on how well we market our products and services and on our ability to anticipate and respond to various competitive and technological factors affecting the industry, including changes in regulation (which may affect us differently from our competitors), changes in consumer preferences or demographics, and changes in the product offerings or pricing strategies of our competitors.

Some of our current and potential competitors (i) offer a more comprehensive range of communications products and services, (ii) have market presence, engineering, technical and marketing capabilities and financial, personnel and other resources substantially greater than ours, (iii) own larger and more diverse networks, (iv) conduct operations or raise capital at a lower cost than us, (v) are subject to less regulation, (vi) offer greater online content services or (vii) have substantially stronger brand names. Consequently, these competitors may be better equipped to charge lower prices for their products and services, to provide more attractive offerings, to develop and expand their communications and network infrastructures more quickly, to adapt more swiftly to new or emerging technologies and changes in customer requirements, and to devote greater resources to the marketing and sale of their products and services.

Competition could adversely impact us in several ways, including (i) the loss of customers and market share, (ii) the possibility of customers reducing their usage of our services or shifting to less profitable services, (iii) reduced traffic on our networks, (iv) our need to expend substantial time or money on new capital improvement projects, (v) our need to lower prices or increase marketing expenses to remain competitive and (vi) our inability to diversify by successfully offering new products or services.

Changes in technology could harm us.

The communications industry is experiencing significant technological changes, particularly in the areas of VoIP, data transmission and electronic and wireless communications. The growing prevalence of electronic mail and similar digital communications continues to reduce demand for many of our products and services. Other changes in technology could result in the development of additional products or services that compete with or displace those offered by incumbent local exchange companies, or ILECs, or that enable current customers to reduce or bypass use of our networks. Several large electric utilities have announced plans to offer communications services that will compete with ILECs. Some of our competitors may enjoy network advantages that will enable them to provide services that have a greater market acceptance than ours. Technological change could also require us to expend capital or other resources in excess of currently contemplated levels. We cannot predict with certainty which technological changes will provide the greatest threat to our competitive position. We may not be able to obtain timely access to new technology on satisfactory terms or incorporate new technology into our systems in a cost effective manner, or at all. If we cannot develop new products to keep pace with technological advances, or if such products are not widely embraced by our customers, we could be adversely impacted.

We cannot assure you that our diversification efforts will be successful.

The telephone industry has recently experienced a decline in access lines and intrastate minutes of use, which, coupled with the other changes resulting from competitive, technological and regulatory developments, could materially adversely affect our core business and future prospects. As explained in greater detail in our Annual Report on Form 10-K for the year ended December 31, 2009, our access lines (excluding the effect of acquisitions) have decreased over the last several years, and we expect this trend to continue. We have also earned less network access revenues in recent years due to reductions in access rates and minutes of use (partially due to the displacement of minutes of use by wireless, electronic mail, text messaging, arbitrage and other optional calling services). We believe that our access rates and minutes of use will continue to decline, although the magnitude of such decrease is uncertain.

Recently, we broadened our services and products by offering satellite television as part of our bundled product and service offerings. As noted in further detail below, our reliance on other companies and their networks to provide these services could constrain our flexibility and limit the profitability of these new offerings. We also provide facilities-based digital video services to select markets and may initiate other new service or product offerings in the future. We anticipate that these new offerings will generate lower profit margins than many of our traditional services. Moreover, our new product or service offerings could be constrained by intellectual property rights held by others, or could subject us to the risk of infringement claims brought against us by others. For these and other reasons, we cannot assure you that our recent or future diversification efforts will be successful.

Future deterioration in our financial performance could adversely impact our credit ratings, our cost of capital and our access to the capital markets.

We may not be able to continue to grow through acquisitions.

We have traditionally sought growth largely through acquisitions of properties similar to those currently operated by us, such as those that we acquired from Embarq in 2009 and those that we have agreed to acquire from Qwest. However, no assurance can be given that additional properties will in the future be available for purchase on terms attractive to us, particularly if they are burdened by regulations, pricing plans or competitive pressures that are new or different from those historically applicable to our incumbent properties. Moreover, no assurance can be given that we will be able to arrange additional financing on terms acceptable to us or to obtain timely federal and state governmental approvals on terms acceptable to us, or at all.

Our future results will suffer if we do not effectively adjust to changes in our business.

The above-described changes in our industry have placed a higher premium on marketing, technological, engineering and provisioning skills. Our acquisition of Embarq also changed the composition of our markets and product mix. Our future success depends, in part, on our ability to retrain our staff to acquire or strengthen skills necessary to address these changes, and, where necessary, to attract and retain new personnel that possess these skills.

Our future results will suffer if we do not effectively manage our expanded operations.

Following our pending acquisition of Qwest, we may continue to expand our operations through additional acquisitions, other strategic transactions, and new product and service offerings, some of which could involve complex technical, engineering, and operational challenges. Our future success depends, in part, upon our ability to manage our expansion opportunities, which pose substantial challenges for us to integrate new operations into our existing business in an efficient and timely manner, to successfully monitor our operations, costs, regulatory compliance and service quality, and to maintain other necessary internal controls. We cannot assure you that our expansion or acquisition opportunities will

be successful, or that we will realize our expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

Our relationships with other communications companies are material to our operations and expose us to a number of risks.

We originate and terminate calls for long distance carriers and other interexchange carriers over our networks in exchange for access charges that represent a significant portion of our revenues. If these carriers go bankrupt or experience substantial financial difficulties, or are otherwise unable to or unwilling to pay our access charges, our inability to timely collect access charges from them could have a negative effect on our business and results of operations.

In addition, certain of our operations carry a significant amount of voice and data traffic for larger communications companies. As these larger communications companies consolidate or expand their networks, it is possible that they could transfer a significant portion of this traffic from our fiber network to their networks, which could have a negative effect on our business and results of operations.

We rely on certain reseller and sales agency arrangements with other companies to provide some of the services that we sell to our customers. If we fail to extend or renegotiate these arrangements as they expire from time to time or if these other companies fail to fulfill their contractual obligations, we may have difficulty finding alternative arrangements. In addition, as a reseller or sales agent, we do not control the availability, retail price, design, function, quality, reliability, customer service or branding of these products and services, nor do we directly control all of the marketing and promotion of these products and services. To the extent that these other companies make decisions that negatively impact our ability to market and sell our products and services, our business plans and reputation could be negatively impacted.

Network disruptions or system failures could adversely affect our operating results and financial condition.

To be successful, we will need to continue providing our customers with a high capacity, reliable and secure network. Some of the risks to our network and infrastructure include:

- breaches of security, including sabotage, tampering, computer viruses and break-ins
- power losses or physical damage to our access lines, whether caused by fire, adverse weather conditions (including those described immediately below), terrorism or otherwise
- capacity limitations

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- software and hardware defects or malfunctions, and
- other disruptions that are beyond our control.

Disruptions or system failures may cause interruptions in service or reduced capacity for customers. If service is not restored in a timely manner, agreements with our customers or service standards set by state regulatory commissions could obligate us to provide credits or other remedies. If network security is breached, confidential information of our customers or others could be lost or misappropriated, and we may be required to expend additional resources modifying network security to remediate vulnerabilities. The occurrence of any disruption or system failure may result in a loss of business, increase expenses, damage our reputation, subject us to additional regulatory scrutiny or expose us to civil litigation and possible financial losses, any of which could have a material adverse effect on our results of operations and financial condition.

We face hurricane and other natural disaster risks, which can disrupt our operations and cause us to incur substantial additional capital costs.

A substantial number of our access lines are located in Florida, Alabama, Louisiana, Texas, North Carolina, and South Carolina, and our operations there are subject to the risks associated with severe tropical storms, hurricanes and tornadoes, including downed telephone lines, power-outages, damaged or destroyed property and equipment, and work interruptions.

Although we maintain property and casualty insurance on our plant (excluding our outside plant) and may under certain circumstances be able to seek recovery of some additional costs through increased rates, only a portion of our additional costs directly related to such hurricanes and natural disasters have historically been recoverable. We cannot predict whether we will continue to be able to obtain insurance for hazard-related damages or, if obtainable and carried, whether this insurance will be adequate to cover our losses. In addition, we expect any insurance of this nature to be subject to substantial deductibles and to provide for premium adjustments based on claims. Any future hazard-related costs and work interruptions could adversely affect our operations and our financial condition.

Any failure or inadequacy of our information technology infrastructure could harm our business.

The capacity, reliability and security of our information technology hardware and software infrastructure (including our billing systems) are important to the operation of our current business, which would suffer in the event of system failures. Likewise, our ability to

expand and update our information technology infrastructure in response to our growth and changing needs is important to the continued implementation of our new service offering initiatives. Our inability to expand or upgrade our technology infrastructure could have adverse consequences, which could include the delayed implementation of new service offerings, increased acquisition integration costs, service or billing interruptions, and the diversion of development resources.

We rely on a limited number of key suppliers and vendors to operate our business.

We depend on a limited number of suppliers and vendors for equipment and services relating to our network infrastructure. Our local exchange carrier networks consist of central office and remote sites, all with advanced digital switches. Some of the digital switches were manufactured by Nortel, which is currently restructuring its operations and selling assets under the bankruptcy laws of Canada, the United States and the United Kingdom. If any of these suppliers experience interruptions or other problems delivering or servicing these network components on a timely basis, our operations could suffer significantly. To the extent that proprietary technology of a supplier is an integral component of our network, we may have limited flexibility to purchase key network components from alternative suppliers. In addition, we rely on a limited number of software vendors to support our business management systems. In the event it becomes necessary to seek alternative suppliers and vendors, we may be unable to obtain satisfactory replacement supplies or services on economically attractive terms, on a timely basis, or at all, which could increase costs or cause disruptions in our services.

We may not own or have a license to use all technology that may be necessary to expand our product offerings, either of which could adversely affect our business and profitability.

From time to time, we may need to obtain the right to use certain patents or other intellectual property from third parties to be able to offer new products and services. If we cannot license or otherwise obtain rights to use any required technology from a third party on reasonable terms, our ability to offer new IP-based products and services, including VoIP, or other new offerings may be restricted, made more costly or delayed. Our inability to implement IP-based or other new offerings on a cost-effective basis could impair our ability to successfully meet increasing competition from companies offering voice or integrated communications services. Our inability to deploy new technologies could also prevent us from successfully diversifying, modifying or bundling our service offerings and result in accelerated loss of access lines and revenues or otherwise adversely affect our business and profitability.

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Portions of our property, plant and equipment are located on property owned by third parties.

Over the past few years, certain utilities, cooperatives and municipalities in certain of the states in which we operate have requested significant rate increases for attaching our plant to their facilities. To the extent that these entities are successful in increasing the amount we pay for these attachments, our future operating costs will increase.

In addition, we rely on rights-of-way, co-location agreements and other authorizations granted by governmental bodies and other third parties to locate our cable, conduit and other network equipment on their respective properties. If any of these authorizations terminate or lapse, our operations could be adversely affected.

We depend on key members of our senior management team.

Our success depends largely on the skills, experience and performance of a limited number of senior officers. Competition for senior management in our industry is intense and we may have difficulty retaining our current senior managers or attracting new ones in the event of terminations or resignations. For a discussion of similar retention concerns relating to the Embarq merger and the pending Qwest merger, please see the risks described below under the headings “– Risks Related to our Acquisition of Embarq on July 1, 2009” and “Risks Relating to Our Pending Acquisition of Qwest.”

We could be affected by certain changes in labor matters.

A substantial number of our employees are members of various bargaining units represented by two different unions. From time to time, our labor agreements with these unions lapse, and we typically negotiate the terms of new agreements. We cannot predict the outcome of these negotiations. We may be unable to reach new agreements, and union employees may engage in strikes, work slowdowns or other labor actions, which could materially disrupt our ability to provide services. In addition, new labor agreements may impose significant new costs on us, which could impair our financial condition or results of operations in the future. Moreover, our post-employment benefit offerings cause us to incur costs not faced by many of our competitors, which could ultimately hinder our competitive position.

Risks Relating to Our Pending Acquisition of Qwest

Our ability to complete the Qwest merger is subject to the receipt of consents and approvals from government entities, which may impose conditions that could have an adverse effect on us or could cause us to abandon the merger.

We are unable to complete the merger until we receive approvals from the FCC and various state governmental entities. In deciding whether to grant some of these approvals, the relevant governmental entity will make a determination of whether, among other things, the

merger is in the public interest. Regulatory entities may impose certain requirements or obligations as conditions for their approval or in connection with their review.

The merger agreement may require us to accept conditions from these regulators that could adversely impact the combined company without us having the right to refuse to close the merger on the basis of those regulatory conditions. We can provide no assurance that we will obtain the necessary approvals or that any required conditions will not materially adversely effect us following the merger. In addition, we can provide no assurance that these conditions will not result in the abandonment of the merger.

Failure to complete the Qwest merger could negatively impact us.

If the merger is not completed, our ongoing businesses may be adversely affected and we will be subject to several risks, including the following:

- being required, under certain circumstances, to pay a termination fee of \$350 million;

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- having to pay certain costs relating to the proposed merger, such as legal, accounting, financial advisor, filing, printing and mailing fees; and
- diverting the focus of management from pursuing other opportunities that could be beneficial to us,

in each case, without realizing any of the benefits of having the merger completed.

The Qwest merger agreement contains provisions that could discourage a potential acquirer of CenturyLink or could result in any proposal being at a lower price than it might otherwise be.

The merger agreement contains “no shop” provisions that restrict our ability to solicit, encourage, facilitate or discuss third-party proposals to acquire all or a significant part of CenturyLink. In some circumstances on termination of the merger agreement, we may be required to pay a termination fee to Qwest. These and other provisions in the Qwest merger agreement could discourage a potential acquirer that might have an interest in acquiring all or a significant part of CenturyLink from considering or proposing that acquisition, or might result in a potential acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

The pendency of the Qwest merger could adversely affect our business and operations.

In connection with the pending Qwest merger, some of our customers or vendors may delay or defer decisions, which could negatively impact our revenues, earnings, cash flows and expenses, regardless of whether the merger is completed. Similarly, our current and prospective employees may experience uncertainty about their future roles with the combined company following the merger, which may materially adversely affect our ability to attract and retain key personnel during the pendency of the merger. In addition, due to operating covenants in the merger agreement, we may be unable, during the pendency of the merger, to pursue strategic transactions, undertake significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions that are not in the ordinary course of business, even if such actions would prove beneficial.

We expect to incur substantial expenses related to the Qwest merger.

We expect to incur substantial expenses in connection with completing the Qwest merger and integrating Qwest’s business, operations, networks, systems, technologies, policies and procedures of Qwest with ours. There are a large number of systems that must be integrated, including billing, management information, purchasing, accounting and finance, sales, payroll and benefits, fixed asset, lease administration and regulatory compliance. While we have assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond our control that could affect the total amount or the timing of our integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Moreover, we expect to commence these integration initiatives before we have completed a similar integration of our business with the business of Embark, acquired in 2009, which could cause both of these integration initiatives to be delayed or rendered more costly or disruptive than would otherwise be the case. Due to these factors, the transaction and integration expenses associated with the Qwest merger could, particularly in the near term, exceed the savings that we expect to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the merger. As a result of these expenses, we expect to take charges against our earnings before and after the completion of the merger. The charges taken after the merger are expected to be significant, although the aggregate amount and timing of such charges are uncertain at present.

Following the Qwest merger, the combined company may be unable to integrate successfully our business and Qwest’s business and realize the anticipated benefits of the merger.

The Qwest merger involves the combination of two companies which currently operate as independent public companies. The combined company will be required to devote significant management attention and resources to integrating the business practices and

operations of CenturyLink and Qwest. We may encounter difficulties in the integration process, including the following:

- the inability to successfully combine our business and Qwest's business in a manner that permits the combined company to achieve the cost savings and operating synergies anticipated to result from the merger, which would result in the anticipated benefits of the merger not being realized partly or wholly in the time frame currently anticipated or at all;

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- lost sales and customers as a result of certain customers of either of the two companies deciding not to do business with the combined company;
- the complexities associated with managing the combined businesses out of several different locations and integrating personnel from the two companies, while at the same time attempting to provide consistent, high quality products and services under a unified culture;
- the additional complexities of combining two companies with different histories, regulatory restrictions, markets and customer bases, and initiating this process before we have fully completed the integration of our operations with those of Embarq;
- the failure to retain key employees of either of the two companies;
- potential unknown liabilities and unforeseen increased expenses or regulatory conditions associated with the merger; and
- performance shortfalls at one or both of the two companies as a result of the diversion of management's attention caused by completing the merger and integrating the companies' operations.

For all these reasons, you should be aware that it is possible that the integration process could result in the distraction of the combined company's management, the disruption of the combined company's ongoing business or inconsistencies in the combined company's products, services, standards, controls, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, vendors and employees or to achieve the anticipated benefits of the merger, or could otherwise adversely affect our business and financial results.

The Qwest merger will change the profile of our local exchange markets to include more large urban areas, with which we have limited operating experience.

Prior to the Embarq acquisition, we provided local exchange telephone services to predominantly rural areas and small to mid-size cities. Although Embarq's local exchange markets include Las Vegas, Nevada and suburbs of Orlando and several other large U.S. cities, we have operated these more dense markets only since mid-2009. Qwest's markets include Phoenix, Arizona, Denver, Colorado, Minneapolis — St. Paul, Minnesota, Seattle, Washington, Salt Lake City, Utah, and Portland, Oregon. Compared to our legacy markets, these urban markets, on average, are substantially denser and have experienced greater access line losses in recent years. While we believe our strategies and operating models developed serving rural and smaller markets can successfully be applied to larger markets, we can not assure you of this. Our business, financial performance and prospects could be harmed if our current strategies or operating models cannot be successfully applied to larger markets following the merger, or are required to be changed or abandoned to adjust to differences in these larger markets.

Following the Qwest merger, we may be unable to retain key employees.

Our success after the merger will depend in part upon our ability to retain key Qwest and CenturyLink employees. Key employees may depart either before or after the merger because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with us following the merger. Accordingly, no assurance can be given that we will be able to retain key employees to the same extent that we or Qwest have been able to in the past.

Following the Qwest merger, we may need to conduct branding or rebranding initiatives that are likely to involve substantial costs and may not be favorably received by customers.

We plan to consult with Qwest about how and under what brand names to market the various legacy communications services of CenturyLink and Qwest. Prior to the merger, each of us will each continue to market our respective products and services using the "CenturyLink" and "Qwest" brand names and logos. Following the merger, we may discontinue use of either or both of the "CenturyLink" or "Qwest" brand names and logos in some or all of the markets of the combined company. As a result, we expect to incur substantial capital and other costs in rebranding the combined company's products and services in those markets that previously used a different name, and may incur substantial write-offs associated with the discontinued use of a brand name. The failure of any of these initiatives could adversely affect our ability to attract and retain customers after the merger, resulting in reduced revenues.

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Any adverse outcome of the KPNQwest litigation or other material litigation of Qwest or CenturyLink could have a material adverse impact on our financial condition and operating results following the Qwest merger.

As described in further detail in Qwest's reports filed with the SEC, the pending KPNQwest litigation presents material and significant risks to Qwest, and, following the merger, to the combined company. In the aggregate, the plaintiffs in these matters have sought billions of dollars in damages.

There are other material proceedings pending against Qwest and CenturyLink, as described in their respective reports filed with the SEC. Depending on their outcome, any of these matters could have a material adverse effect on the financial position or operating results of Qwest, CenturyLink or, following the merger, the combined company. We can give you no assurances as to the impact of these matters on our operating results or financial condition.

Counterparties to certain significant agreements with Qwest may exercise contractual rights to terminate such agreements following the Qwest merger.

Qwest is a party to certain agreements that give the counterparty a right to terminate the agreement following a "change in control" of Qwest. Under most such agreements, the Qwest merger will constitute a change in control of Qwest and therefore the counterparty may terminate the agreement upon the closing of the merger. Qwest has agreements subject to such termination provisions with significant customers, major suppliers and providers of services where Qwest has acted as reseller or sales agent. In addition, certain Qwest customer contracts, including those with state or federal government agencies, allow the customer to terminate the contract at any time for convenience, which would allow the customer to terminate its contract before, at or after the closing of the merger. Any such counterparty may request modifications of their respective agreements as a condition to their agreement not to terminate. There is no assurance that such agreements will not be terminated, that any such terminations will not result in a material adverse effect, or that any modifications of such agreements to avoid termination will not result in a material adverse effect.

We may be unable to obtain security clearances necessary to perform certain Qwest government contracts.

Certain Qwest legal entities and officers have security clearances required for Qwest's performance of customer contracts with various government entities. Following the merger, it may be necessary for us to obtain comparable security clearances. If we or our officers are unable to qualify for such security clearances, we may not be able to continue to perform such contracts.

We cannot assure you whether, when or in what amounts we will be able to use Qwest's net operating losses following the Qwest merger.

As of September 30, 2010, Qwest had \$5.3 billion of net operating losses, or NOLs, which for federal income tax purposes can be used to offset future taxable income, subject to certain limitations under Section 382 of the Code and related regulations. Our ability to use these NOLs following the Qwest merger may be further limited by Section 382 if Qwest is deemed to undergo an ownership change as a result of the merger or we are deemed to undergo an ownership change following the merger, either of which could potentially restrict use of a material portion of the NOLs. Determining the limitations under Section 382 is technical and highly complex. As a result, we cannot assure you that we will be able to use the NOLs after the merger in the amounts we project.

The pending Qwest merger raises other risks.

For information on other risks raised by the pending Qwest merger, please see (i) the risks described below under the heading "– Other Risks" and (ii) the joint proxy statement – prospectus filed by us with the SEC on July 19, 2010.

Risks Related to our Acquisition of Embarq on July 1, 2009

We have not yet fully integrated Embarq's operations into our operations, which involves several risks.

We continue to incur substantial expenses in connection with integrating the business, operations, networks, systems, technologies, policies and procedures of Embarq with ours, which will likely result in us continuing to take significant charges against earnings in future quarters. We cannot assure you that we will be able to successfully integrate our legacy business with Embarq's business, or that we will be able to retain key employees affected by the Embarq merger. For more information on these risks, please see (i) the risk factors included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009 and (ii) the risks described above under the heading "– Risks Relating to Our Pending Acquisition of Qwest" that discuss the costs and uncertainties associated with integrating Qwest's operations into ours.

In connection with completing the Embarq merger, we launched branding initiatives that may not be favorably received by customers.

Upon completion of the merger, we changed our brand name to CenturyLink. We have incurred substantial capital and operating costs

in re-branding our products and services. There is no assurance that we will be able to achieve name recognition or status under our new brand that is comparable to the recognition and status previously enjoyed. The failure of these initiatives could adversely affect our ability to attract and retain customers after the merger, resulting in reduced revenues.

In connection with approving the Embarq merger, the Federal Communications Commission imposed conditions that could increase our future capital costs and limit our operating flexibility.

In connection with approving the Embarq merger, the FCC issued a publicly-available order that imposed a comprehensive set of conditions on our operations over periods ranging from one to three years following the closing date. Among other things, these conditions commit us (i) to make broadband service available to all of our residential and single line business customers within three years of the closing, (ii) to meet various targets regarding the speed of our broadband services, and (iii) to enhance the wholesale service levels in our legacy markets to match the service levels in Embarq's markets. Although most of these commitments largely correspond to our business strategies, they could increase our overall future capital or operating costs or limit our flexibility to deploy capital in response to changing market conditions.

In connection with completing the Embarq merger, we assumed various contingent liabilities and a sizable underfunded pension plan of Embarq, which could negatively impact our future financial position or performance.

Upon consummating the merger, Embarq became our wholly-owned subsidiary and remains responsible for all of its pre-closing contingent liabilities, including Embarq's previously-disclosed risks arising under its tax sharing agreement with Sprint Nextel Corporation, its retiree benefit litigation, and various environmental claims. Embarq also remains responsible for benefits under its existing qualified defined benefit pension plan, which as of September 30, 2010 was in an underfunded position. If any of these matters give rise to material liabilities, our consolidated operating results or financial position will be negatively affected. Additional information regarding these risks is available in (i) Items 3 and 8 of our Annual Report on Form 10-K for the year ended December 31, 2009 and (ii) the periodic reports filed by Embarq with the SEC through the date of the merger.

Risks Related to Our Regulatory Environment

Our revenues could be materially reduced or our expenses materially increased by changes in state or federal regulations.

The majority of our revenues are substantially dependent upon regulations which, if changed, could result in material revenue reductions. Laws and regulations applicable to us and our competitors have been and are likely to continue to be subject to ongoing changes and court challenges, which could also affect our financial performance.

Risk of loss or reduction of network access charge revenues or support fund payments. A significant portion of our revenues is derived from access charge revenues that are paid to us by long distance carriers based largely on rates set by federal and state regulatory bodies. Interexchange carriers have filed complaints in several of our operating states requesting lower intrastate access rates. In addition, several long distance providers have begun disputing amounts owed to us for carrying VoIP traffic, or refusing to pay such amounts. Several state public service commissions are investigating intrastate access rates and the ultimate outcome and impact of such investigations are uncertain.

The FCC regulates tariffs for interstate access, special access and subscriber line charges, all of which are components of our revenue. The FCC has been considering comprehensive reform of its intercarrier compensation rules for several years, including proposals included in its recently-released National Broadband Plan that, as proposed, are likely to reduce network access payments. Any reform eventually adopted by the FCC will likely involve significant changes in the access charge system and could potentially result in a significant decrease or elimination of access charges altogether. In addition, we could be harmed if carriers that use our access services become financially distressed or bypass our networks, either due to changes in regulation or other factors. Action or inaction by the FCC on intercarrier compensation could lead to disputes by carriers that could potentially result in delay or difficulty collecting the full amount of our access charges.

The FCC and Congress may take actions that would impact our access to video programming and pricing, which could impact our ability to continue to expand our video business and impact our competitive position in our existing video markets.

We receive revenues from the federal Universal Service Fund ("USF"), and, to a lesser extent, intrastate support funds. These governmental programs are reviewed and amended from time to time, and we cannot provide assurance that they will not be changed or impacted in a manner adverse to us. For several years, the FCC and the federal-state joint board considered comprehensive reforms of the federal USF contribution and distribution rules. During this period, various parties have objected to the size of the USF or questioned the continued need to maintain the program in its current form. Over the past few years, high cost support fund payments to our operating subsidiaries have decreased due to increases in the nationwide average cost per loop factor used to determine payments to program participants, as well as declines in the overall size of the high cost support fund. In addition, the number of eligible telecommunications carriers receiving support payments from this program has increased substantially in recent years, which, coupled with other factors, has placed additional financial pressure on the amount of money that is available to provide support payments to all eligible recipients, including us.

The FCC's National Broadband Plan released on March 16, 2010 seeks comprehensive changes in federal communications regulations and programs that could, among other things, reduce or eliminate USF and access revenues for several of our local exchange companies. At this stage, we cannot predict the ultimate outcome of this plan or provide any assurances that its implementation will not have a material adverse effect on our business, operating results or financial condition.

Risks posed by state regulations. We are also subject to the authority of state regulatory commissions which have the power to regulate intrastate rates and services, including local, in-state long-distance and network access services. The limited number of our ILECs that continue to be subject to "rate of return" regulation for intrastate purposes remain subject to the powers of state regulatory commissions to conduct earnings reviews and reduce our service rates. Our ILECs governed by alternative regulatory plans could also under certain circumstances be ordered to reduce rates or could experience rate reductions following the lapse of plans currently in effect. Our business could also be materially adversely affected by the adoption of new laws, policies and regulations or changes to existing state regulations. In particular, we cannot assure you that we will succeed in obtaining or maintaining all requisite state regulatory approvals for our operations without the imposition of adverse conditions on our business that impose additional costs or limit our revenues.

Risks posed by costs of regulatory compliance. Regulations continue to create significant compliance costs for us. Challenges to our tariffs by regulators or third parties or delays in obtaining certifications and regulatory approvals could cause us to incur substantial legal and administrative expenses, and, if successful, such challenges could adversely affect the rates that we are able to charge our customers. Our business also may be impacted by legislation and regulation imposing new or greater obligations related to regulations or laws related to bolstering homeland security, increasing disaster recovery requirements, minimizing environmental impacts, enhancing privacy, or addressing other issues that impact our business, including the Communications Assistance for Law Enforcement Act (which requires communications carriers to ensure that their equipment, facilities, and services are able to facilitate authorized electronic surveillance), and laws governing local number portability and customer proprietary network information requirements. We expect our compliance costs to increase if future laws or regulations continue to increase our obligations to assist other governmental agencies.

Regulatory changes in the communications industry could adversely affect our business by facilitating greater competition against us.

The Telecommunications Act of 1996 provides for significant changes and increased competition in the communications industry, including the local and long distance telephone industries. This Act and the FCC's implementing regulations remain subject to judicial review and additional rulemakings, thus making it difficult to predict what effect the legislation will ultimately have on us and our competitors. Several regulatory and judicial proceedings addressing communications issues have recently concluded, are underway or may soon be commenced. Moreover, certain communities nationwide have expressed an interest in establishing municipal telephone utilities that would compete for customers. Finally, federal broadband stimulus projects authorized by Congress in 2009 and the above-described National Broadband Plan announced in early 2010 may adversely impact us. We cannot predict the outcome of these developments, nor can we assure that these changes will not have a material adverse effect on us or our industry.

We are subject to significant regulations that limit our flexibility.

As a diversified full service ILEC, we have traditionally been subject to significant regulation that does not apply to many of our competitors. For instance, unlike many of our competitors, we are subject to federal mandates to share facilities, file and justify tariffs, maintain certain accounts and file reports, and state requirements that obligate us to maintain service standards and limit our ability to change tariffs in a timely manner. This regulation imposes substantial compliance costs on us and restricts our ability to change rates, to compete and to respond rapidly to changing industry conditions. Although newer alternative forms of regulation permit us greater freedoms in several states in which we operate, they nonetheless typically impose caps on the rates that we can charge our customers. As our business becomes increasingly competitive, regulatory disparities between us and our competitors could impede our ability to compete. Litigation and different objectives among federal and state regulators could create uncertainty and impede our ability to respond to new regulations. Moreover, changes in tax laws, regulations or policies could increase our tax rate, particularly if state regulators continue to search for additional revenue sources to address budget shortfalls. We are unable to predict the future actions of the various regulatory bodies that govern us, but such actions could materially affect our business.

We are subject to franchising requirements that could impede our expansion opportunities.

We may be required to obtain from municipal authorities operating franchises to install or expand facilities. Some of these franchises may require us to pay franchise fees. These franchising requirements generally apply to our fiber transport and CLEC operations, and to our emerging switched digital television and wireless broadband businesses. These requirements could delay us in expanding our operations or increase the costs of providing these services.

We will be exposed to risks arising out of recent legislation affecting U.S. public companies, including risks relating to evaluations of controls required by Section 404 of the Sarbanes-Oxley Act.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act and

the Dodd-Frank Wall Street Reform and Consumer Protection Act, and related regulations implemented by the SEC, the New York Stock Exchange and the Public Company Accounting Oversight Board, are increasing legal and financial compliance costs and making some activities more time consuming. Any future failure to successfully or timely complete annual assessments of our internal controls required by Section 404 of the Sarbanes-Oxley Act could subject us to sanctions or investigation by regulatory authorities. Any such action could adversely affect our financial results or investors' confidence in us, and could cause our stock price to fall. If we fail to maintain effective controls and procedures, we may be unable to provide financial information in a timely and reliable manner, which could in certain instances limit our ability to borrow or raise capital.

For a more thorough discussion of the regulatory issues that may affect our business, see Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2009.

Other Risks

We have a substantial amount of indebtedness and may need to incur more in the future.

We have a substantial amount of indebtedness, which could have material adverse consequences for us, including (i) hindering our ability to adjust to changing market, industry or economic conditions, (ii) limiting our ability to access the capital markets to refinance maturing debt or to fund acquisitions or emerging businesses, (iii) limiting the amount of free cash flow available for future operations, acquisitions, dividends, stock repurchases or other uses, (iv) making us more vulnerable to economic or industry downturns, including interest rate increases, and (v) placing us at a competitive disadvantage to those of our competitors that have less indebtedness.

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As a result of assuming Qwest's indebtedness in connection with the pending Qwest merger, we will become more leveraged. This could reduce our credit ratings and thereby raise our borrowing costs.

In connection with executing our business strategies following the Qwest merger, we expect to continue to evaluate the possibility of acquiring additional communications assets and making strategic investments, and we may elect to finance future acquisitions by incurring additional indebtedness. Moreover, to respond to competitive challenges, we may be required to raise substantial additional capital to finance new product or service offerings. Our ability to arrange additional financing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. We cannot assure you that we will be able to obtain additional financing on terms acceptable to us or at all. If we are able to obtain additional financing, our credit ratings could be adversely affected, which could further raise our borrowing costs and further limit our future access to capital and our ability to satisfy our debt obligations.

Adverse changes in the value of assets or obligations associated with our employee benefit plans could negatively impact our financial results or financial position.

We maintain one or more qualified pension plans, non-qualified pension plans and post-retirement benefit plans, several of which are currently underfunded. Adverse changes in interest rates or market conditions, among other assumptions and factors, could cause a significant increase in the benefit obligations under these plans or a significant decrease in the value of plan assets. With respect to the qualified pension plans, adverse changes could require us to contribute a material amount of cash to the plans or could accelerate the timing of any required cash payments. The process of calculating benefit obligations is complex. The amount of required contributions to these plans in future years will depend on earnings on investments, prevailing discount rates, changes in the plans and funding laws and regulations. Any future material cash contributions could have a negative impact on our financial results or financial position.

We have a significant amount of goodwill on our balance sheet. If our goodwill becomes impaired, we may be required to record a significant charge to earnings and reduce our stockholders' equity.

Under generally accepted accounting principles, goodwill is not amortized but instead is reviewed for impairment on an annual basis or more frequently whenever events or circumstances indicate that its carrying value may not be recoverable. If our goodwill is determined to be impaired in the future, we may be required to record a significant, non-cash charge to earnings during the period in which the impairment is determined.

We cannot assure you that we will be able to continue paying dividends at the current rate.

We plan to continue our current dividend practices. However, you should be aware that these practices are subject to change for reasons that may include any of the following factors:

- we may not have enough cash to pay such dividends due to changes in our cash requirements, capital spending plans, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of our board of directors, which reserves the right to change our dividend practices at any time and for any reason;
- the effects of regulatory reform, including any changes to intercarrier compensation, Universal Service Fund or special access

rules;

- our desire to maintain or improve the credit ratings on our senior debt;
- the amount of dividends that we may distribute to our shareholders is subject to restrictions under Louisiana law and is limited by restricted payment and leverage covenants in our credit facilities and, potentially, the terms of any future indebtedness that we may incur; and

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- the amount of dividends that our subsidiaries may distribute to CenturyLink is subject to restrictions imposed by state law, restrictions that have been or may be imposed by state regulators in connection with obtaining necessary approvals for the Embarq merger and pending Qwest merger, and restrictions imposed by the terms of credit facilities applicable to certain subsidiaries and, potentially, the terms of any future indebtedness that these subsidiaries may incur.

Our Board of Directors is free to change or suspend our dividend practices at any time. Our common shareholders should be aware that they have no contractual or other legal right to dividends.

Our current dividend practices could limit our ability to pursue growth opportunities.

The current practice of our Board of Directors to pay an annual \$2.90 per common share dividend reflects an intention to distribute to our shareholders a substantial portion of our free cash flow. As a result, we may not retain a sufficient amount of cash to finance a material expansion of our business in the future. In addition, our ability to pursue any material expansion of our business, through acquisitions or increased capital spending, will depend more than it otherwise would on our ability to obtain third party financing. We cannot assure you that such financing will be available to us at all, or at an acceptable cost.

As a holding company, we rely on payments from our operating companies to meet our obligations.

As a holding company, substantially all of our income and operating cash flow is dependent upon the earnings of our subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those subsidiaries to, us. As a result, we rely upon our subsidiaries to generate the funds necessary to meet our obligations, including the payment of amounts owed under our long-term debt. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts owed by us or, subject to limited exceptions for tax-sharing purposes, to make any funds available to us to repay our obligations, whether by dividends, loans or other payments. Certain of our subsidiaries may be restricted under loan agreements or regulatory orders from transferring funds to us, including certain restrictions on the amount of dividends that may be paid to us. Moreover, our rights to receive assets of any subsidiary upon its liquidation or reorganization will be effectively subordinated to the claims of creditors of that subsidiary, including trade creditors. The notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009 describe these matters in additional detail.

Changes in the tax rate on dividends could reduce demand for our stock.

The current maximum U.S. tax rate of 15% on qualified dividends is scheduled to rise to a maximum rate of 39.6% on January 1, 2011 if Congress does not otherwise act. An increase in the U.S. tax rate on dividends could reduce demand for our stock, which could potentially depress its trading price.

Our agreements and organizational documents and applicable law could limit another party's ability to acquire us.

Our articles of incorporation provide for a classified board of directors, which limits the ability of an insurgent to rapidly replace the board. In addition, a number of other provisions in our agreements and organizational documents and various provisions of applicable law may delay, defer or prevent a future takeover of CenturyLink unless the takeover is approved by our Board of Directors. This could deprive our shareholders of any related takeover premium.

We face other risks.

The list of risks above is not exhaustive, and you should be aware that we face various other risks discussed in this or other reports, proxy statements or documents filed by us or Embarq with the SEC.

Cautionary Statements Regarding Forward-Looking Statements

This report and other documents filed by us under the federal securities laws include, and future oral or written statements or press releases by us and our management may include, certain forward-looking statements relating to CenturyLink or Qwest, the operations of either such company or our pending acquisition of Qwest, including without limitation statements with respect to CenturyLink's or Qwest's anticipated future operating and financial performance, financial position and liquidity, tax position, contingent liabilities, growth opportunities and growth rates, acquisition and divestiture opportunities, merger synergies, business prospects, regulatory and competitive outlook, investment and expenditure plans, investment results, financing opportunities and sources (including the impact of financings on our financial position, financial performance or credit ratings), pricing plans, strategic alternatives, business strategies, and other similar statements of expectations or objectives or accompanying statements of assumptions that are highlighted by words such as "expects," "anticipates," "intends," "plans," "believes,"

“projects,” “seeks,” “estimates,” “hopes,” “likely,” “should,” “could,” and “may,” and variations thereof and similar expressions. Such forward-looking statements are based upon our judgment and assumptions as of the date such statements are made concerning future developments and events, many of which are outside of our control. These forward-looking statements, and the assumptions upon which such statements are based, are inherently speculative and are subject to uncertainties that could cause our actual results to differ materially from such statements. Anticipated events may not occur and the actual results or performance of CenturyLink or Qwest may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could impact the actual results of CenturyLink or Qwest include but are not limited to:

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- the extent, timing, success and overall effects of competition from wireless carriers, VoIP providers, CLECs, cable television companies, electric utilities and others, including without limitation the risks that these competitors may offer less expensive or more innovative products and services;
- the risks inherent in rapid technological change, including without limitation the risk that new technologies will displace our products and services;
- the effects of ongoing changes in the regulation of the communications industry, including without limitation (i) increased competition resulting from regulatory changes, (ii) the final outcome of various federal, state and local regulatory initiatives, disputes and proceedings that could impact our competitive position, revenues, compliance costs, capital expenditures or prospects, (iii) the effect of the National Broadband Plan, (iv) the reduction or elimination of revenues received from the federal Universal Service Fund or other current or future federal and state support programs designed to compensate ILECs operating in high-cost markets, (v) changes in the regulatory treatment of VoIP traffic, and (vi) changes in the regulation of special access;
- our ability to effectively adjust to changes in the communications industry and changes in the composition of our markets and product mix caused by the Embarq merger and the pending Qwest merger;
- the possibility that the anticipated benefits from the Embarq merger cannot be fully realized in a timely manner or at all, or that integrating Embarq’s operations into ours will be more difficult, disruptive or costly than anticipated;
- our ability to (i) successfully complete our pending acquisition of Qwest, including timely receipt of the required regulatory approvals for the merger free of detrimental conditions, and (ii) timely realize the anticipated benefits of the transaction, including our ability after the closing to use the net operating losses of Qwest in the amounts projected;
- our ability to effectively manage our expansion opportunities, including without limitation our ability to (i) effectively integrate newly-acquired or newly-developed businesses into our operations, (ii) attract and retain technological, managerial and other key personnel, (iii) achieve projected growth, revenue and cost savings targets from the Embarq acquisition and the pending Qwest acquisition within the timeframes anticipated, and (iv) otherwise monitor our operations, costs, regulatory compliance, and service quality and maintain other necessary internal controls;
- possible changes in the demand for, or pricing of, our products and services, including without limitation reduced demand for our traditional telephone or access services caused by greater use of wireless, electronic mail or Internet communications or other factors;
- our ability to successfully introduce new product or service offerings on a timely and cost-effective basis, including without limitation our ability to (i) successfully roll out our new video and broadband services, (ii) expand successfully our full array of service offerings to new or acquired markets and (iii) offer bundled service packages on terms attractive to our customers;

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- our continued access to credit markets on favorable terms, including our continued access to financing in amounts, and on terms and conditions, necessary to support our operations and refinance existing indebtedness when it becomes due;
- our ability to collect receivables from financially troubled communications companies;
- the inability of third parties to discharge their commitments to us;
- the outcome of pending litigation in which CenturyLink, Embarq or Qwest is involved, including the KPNQwest litigation matters in which plaintiffs have sought, in the aggregate, billions of dollars in damages from Qwest;
- our ability to pay a \$2.90 per common share dividend annually, which may be affected by changes in our cash requirements, capital spending plans, cash flows or financial position;
- unanticipated increases in our capital expenditures;

- our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages;
- our ownership of or access to technology that may be necessary for us to operate or expand our business;
- regulatory limits on our ability to change the prices for telephone services in response to industry changes;
- impediments to our ability to expand through attractively priced acquisitions, whether caused by regulatory limits, financing constraints, a decrease in the pool of attractive target companies, or competition for acquisitions from other interested buyers;
- uncertainties relating to the implementation of our business strategies, including the possible need to make abrupt and potentially disruptive changes in our business strategies due to changes in competition, regulation, technology, product acceptance or other factors;
- the lack of assurance that we can compete effectively against better-capitalized competitors;
- the impact of equipment failure, including potential network disruptions;
- general worldwide economic conditions and related uncertainties;
- the effects of adverse weather on our customers or properties;
- other risks referenced in this report and from time to time in our other filings with the SEC;
- the effects of more general factors, including without limitation:
 - changes in general industry and market conditions and growth rates
 - changes in labor conditions, including workforce levels and labor costs
 - changes in interest rates or other general national, regional or local economic conditions
 - changes in legislation, regulation or public policy, including changes that increase our tax rate
 - increases in capital, operating, medical, pension or administrative costs, or the impact of new business opportunities requiring significant up-front investments
 - changes in our relationships with vendors, or the failure of these vendors to provide competitive products on a timely basis

- failures in our internal controls that could result in inaccurate public disclosures or fraud
- changes in our debt ratings
- unfavorable outcomes of regulatory proceedings and investigations, including rate proceedings and tax audits
- losses or unfavorable returns on our investments in other communications companies
- delays in the construction of our networks
- changes in accounting policies, assumptions, estimates or practices adopted voluntarily or as required by generally accepted accounting principles.

For additional information, see the risk factors listed above in this report and the description of our business included as Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2009. Due to these uncertainties, we cannot assure you that our anticipated results will occur, that our judgments or assumptions will prove correct, or that unforeseen developments will not occur. Accordingly, you are cautioned not to place undue reliance upon any of our forward-looking statements, which speak only as of the date made. Additional risks that we currently deem immaterial or that are not presently known to us could also cause our actual results to differ materially from those expected in our forward-looking statements. We undertake no obligation to update or revise any of our forward-looking statements for any reason, whether as a result of new information, future events or developments, changed circumstances, or otherwise.

Investors should also be aware that while we do, at various times, communicate with securities analysts, it is against our policy to disclose to them selectively any material non-public information or other confidential information. Accordingly, investors should not assume that we agree with any statement or report issued by an analyst irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the third quarter of 2010, we withheld 26,737 shares of stock at an average price of \$34.85 per share to pay taxes due upon vesting of restricted stock for certain of our employees.

Item 5. Other Information

On November 4, 2010, we amended our bylaws to reflect the change in our name from “CenturyTel, Inc.” to “CenturyLink, Inc.”

Item 6. Exhibits

A. Exhibits

- 3.2 Bylaws of CenturyLink, Inc., as amended and restated through November 4, 2010.
- 10.1(a) Seventh Amendment to the CenturyLink Dollars & Sense 401(K) Plan, effective May 20, 2010.
- 10.1(b) Seventh Amendment to the CenturyLink Union 401(K) Plan, effective May 20, 2010.
- 10.1(c) Amendment No. 7 to the CenturyLink Retirement Plan, effective at various dates during 2010.
- 10.2 Form of Retention Award Agreement, pursuant to the equity incentive plans of CenturyLink or Embarq and dated August 23, 2010, entered into between us and certain officers and key employees as of such date.

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- 10.13 First Amendment to the Amended and Restated CenturyLink Bonus Life Insurance Plan for Executive Officers.
- 10.15 Employment Agreement, dated as of September 7, 2010 by and between Registrant and Dennis G. Huber.
- 10.16 Restricted Stock Agreement, dated as of September 7, 2010 by and between Registrant and Dennis G. Huber.
- 11 Computations of Earnings Per Share.
- 31.1 Registrant’s Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Registrant’s Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Registrant’s Chief Executive Officer and Chief Financial Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CenturyLink, Inc.

Date: November 5, 2010

/s/ Neil A. Sweasy _____
Neil A. Sweasy
Vice President and Controller
(Principal Accounting Officer)

BYLAWS
OF
CENTURYLINK, INC.

(as amended through November 4, 2010)

**BYLAWS
CENTURYLINK, INC.**

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BYLAWS

(Amended entirely May 23, 1995)

(Amended Article I, Section I, Subsection 1.1(L), added new Subsection 1.1(O),
and amended Subsection 1.2 - October 7, 1996)

(Amended Article III, Section 1.1(B), Section 1 by adding new Subsection 1.3, Sections 3 and 4
amended in their entirety - November 21, 1996)

(Amended Article I, Section I by adding, deleting, revising or renumbering various paragraphs of Subsection 1.1 and by revising Subsection 1.2
- October 7, 1998)

(Amended Article I, Section 1 by adding or renumbering various paragraphs of
Subsection 1.1, by revising Subsection 1.2, Article IV, Section 5,
Subsections 5.2 and 5.7 amended in their entirety - November 19, 1998)

(Amended Article I, Section I by adding Subsection 1.1(G), amending Subsection 1.2 and renumbering subsections - August 24, 1999)

(Amended Article III, Section 1.1(D) - November 18, 1999)

(Amended Article III in its entirety - February 25, 2003)

(Amended Article I, Section 1.1(A, B and P) and Article II, Section 3.1 - August 26, 2003)

(Amended Article I, Section 1.1 (A, B, D, G, H and N) and Section 1.2, added new Article I, Section 3, and amended Article II, Sections 2, 3.1,
3.2 and 10, Article III,

Sections 1.1 and 5, Article IV, Sections 3, 6.1 and 13, Article V and Article VIII – July 1, 2009)

(Amended Article IV, Section 8 by revising Subsection 8.1 and adding
Subsections 8.2 and 8.3 – April 7, 2010)

(Amended cover page and table of contents to reflect name change – November 4, 2010)

ARTICLE I.

OFFICERS

Section 1. Required and Permitted Positions and Offices.

1.1 **Chairman, Vice Chairmen and Officers**. The Board may elect a Chairman and one or more Vice Chairmen. Persons with or without executive responsibilities may be elected to these positions. The officers of the Corporation shall be a Chief Executive Officer; a President; a Secretary; and a Treasurer. The Board may elect such other officers as it may from time to time determine. An officer need not be a Director and any two or more of the offices may be held by one person, provided, however, that a person holding more than one office may not sign in more than one capacity any certificate or any instrument required to be signed by two officers. The duties of the required and permitted positions and offices of the Corporation are as follows:

A. **Chairman of the Board (Chairman)**. The Board shall elect from their own number a Chairman. The Chairman shall preside at all meetings of the Directors, ensure that all orders, policies and resolutions of the Board are carried out and perform such other duties as may be prescribed by the Board of Directors, these Bylaws or the Corporation's Corporate Governance Guidelines.

B. **Vice Chairman of the Board (Vice Chairman)**. The Board may from time to time elect from their own number one or more Vice Chairmen. Each Vice Chairman shall assist the Chairman and perform such other duties as may be assigned by the Board of Directors, these Bylaws, or, in the case of any Vice Chairman with executive responsibilities, the CEO. If the Chairman is not present at any meeting of the Directors, the Vice Chairman (or, if there are more than one, the Vice Chairman selected by a majority of the Directors present at such meeting) will preside at such meeting. Any Vice Chairman with executive responsibilities may be designated an Executive Vice Chairman.

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C. **Chief Executive Officer (CEO)**. The CEO, subject to the powers of the Chairman and the supervision of the Board of Directors, shall have general supervision, direction and control of the business and affairs of the Corporation. He may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, bonds and other obligations and shall perform such other duties as may be prescribed from time to time by the Board of Directors or these Bylaws. The CEO shall have general supervision and direction of the officers of the Corporation and all such powers as may be reasonably incident to such responsibilities except where the supervision and direction of an officer is delegated expressly to another by the Board of Directors or these Bylaws. Without limiting the generality of the foregoing, the CEO shall establish the annual salaries of each non-executive officer of the Corporation, unless otherwise directed by the Board, and the annual salaries of each officer of the Corporation's subsidiaries, unless otherwise directed by the respective boards of directors of such subsidiaries.

D. **President**. The President may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, bonds, and other obligations and shall perform such other duties as may be prescribed from time to time by the Board of Directors, the CEO, or these Bylaws.

E. **Chief Operating Officer (COO)**. The COO, subject to the powers of the CEO and the supervision of the Board of Directors, shall manage the day-to-day operations of the Corporation, shall perform such other duties as may be prescribed by the Board

of Directors or the CEO, and shall have the general powers and duties usually vested in the chief operating officer of a corporation. Without limiting the generality of the foregoing, the COO shall supervise any other officer designated by the CEO and shall have all such powers as may be reasonably incident to such responsibilities. Unless otherwise provided by law or the Board of Directors, he may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, and bonds.

F. Chief Financial Officer (CFO). The Chief Financial Officer shall be the principal financial officer of the Corporation. He shall manage the financial affairs of the Corporation and direct the activities of the Treasurer, Controller and other officers responsible for the Corporation's finances. He shall be responsible for all internal and external financial reporting. Unless otherwise provided by law or the Board of Directors, he may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, bonds, and other obligations, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by these Bylaws.

G. Chief Administrative Officer (CAO). The CAO, subject to the supervision of the Board of Directors, shall be in general and active charge of the administrative functions of the Corporation, shall perform such other duties as may be prescribed by the Board of Directors and shall have the general powers and duties usually vested in the chief administrative officer of a corporation. Without limiting the generality of the foregoing, the CAO shall oversee the development and implementation of the Corporation's administrative policies.

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H. Chief Information Officer (CIO). The CIO, subject to the powers of the CEO, shall be responsible for (i) identifying and addressing the Corporation's information systems needs, (ii) identifying changes and trends in computer and systems technology that affect the Corporation and its operations, (iii) determining long-term corporate-wide information needs, (iv) developing overall strategy for information needs and systems development and (v) protecting corporate data, proprietary information and related intellectual property stored in the Corporation's information systems.

I. General Counsel. The General Counsel shall be directly responsible for advising the Board of Directors, the Corporation, and its officers and employees in matters affecting the legal affairs of the Corporation. He shall determine the need for and, if necessary, select outside counsel to represent the Corporation and approve all fees in connection with their representation. He shall also have such other powers, duties and authority as may be prescribed to him from time to time by the CEO, the Board of Directors, or these Bylaws.

J. Treasurer. As directed by the Chief Financial Officer, the Treasurer shall have general custody of all the funds and securities of the Corporation. He may sign, with the CEO, President, Chief Financial Officer or such other person or persons as may be specifically designated by the Board of Directors, all bills of exchange or promissory notes of the Corporation. He shall perform such other duties as may be prescribed from time to time by the Chief Financial Officer or these Bylaws.

K. Controller. As directed by the Chief Financial Officer, the Controller shall be responsible for the development and maintenance of the accounting systems used by the Corporation and its subsidiaries. The Controller shall be authorized to implement policies and procedures to ensure that the Corporation and its subsidiaries maintain internal accounting control systems designed to provide reasonable assurance that the accounting records accurately reflect business transactions and that such transactions are in accordance with management's authorization. Additionally, as directed by the Chief Financial Officer, the Controller shall be responsible for internal and external financial reporting for the Corporation and its subsidiaries.

L. Assistant Treasurer. The Assistant Treasurer shall have such powers and perform such duties as may be assigned by the Treasurer. In the absence or disability of the Treasurer, the Assistant Treasurer shall perform the duties and exercise the powers of the Treasurer.

M. Secretary. The Secretary shall keep the minutes of all meetings of the shareholders, the Board of Directors and its committees or subcommittees. He shall cause notice to be given of meetings of shareholders, of the Board of Directors and of any committee or subcommittee of the Board. He shall have custody of the corporate seal and general charge of the records, documents and papers of the Corporation not pertaining to the duties vested in other officers, which shall at all reasonable times be open to the examination of any Director. He may sign or execute contracts with any other officer thereunto authorized in the name of the Corporation and affix the seal of Corporation thereto. He shall perform such other duties as may be prescribed from time to time by the Board of Directors or these Bylaws.

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N. Assistant Secretaries. Each Assistant Secretary shall have powers and perform such duties as may be assigned by the Secretary. In the absence or disability of the Secretary, the Assistant Secretary with the longest tenure shall perform the duties and exercise the powers of the Secretary.

O. Executive Vice President(s). The Executive Vice President(s) shall, in addition to exercising such powers and performing such duties associated with any other office held thereby, assist the CEO in discharging the duties of that office in any manner requested, and shall perform any other duties as may be prescribed by the Board of Directors, by the CEO or by these Bylaws.

P. Senior Vice President(s). The Senior Vice President(s) shall, in addition to exercising such powers and performing such duties associated with any other office held thereby, perform such duties as may be prescribed from time to time by the Board of

Directors, by the CEO or by these Bylaws (or, with respect to any Senior Vice President(s) who report to some other executive officer, by such other executive officer).

Q. Vice President(s). The Vice President(s) shall have such powers and perform such duties as may be assigned to them by the Board of Directors, the CEO, the President, or any Executive Vice President, Senior Vice President or other officer to whom they report. A Vice President may sign and execute contracts and other obligations pertaining to the regular course of his duties.

R. Assistant Vice President(s). The Assistant Vice President(s) shall have such powers and perform such duties as may be assigned to them by the Board of Directors, the CEO, the President or the officer to whom they report. An Assistant Vice President may sign and execute contracts and other obligations pertaining to the regular course of his duties.

1.2 Executive Officer Group. The Board shall at least annually designate certain officers as executive officers of the Corporation.

Section 2. Election and Removal of Officers.

2.1 Election. The officers shall be elected annually by the Board of Directors at its first meeting following the annual meeting of the shareholders and, at any time, the Board may remove any officer (with or without cause, and regardless of any contractual obligation to such officer) and fill a vacancy in any office, but any election to, removal from or appointment to fill a vacancy in any office, and the determination of the terms of employment thereof, shall require the affirmative votes of (a) a majority of the Directors then in office and (b) a majority of the Continuing Directors, voting as a separate group.

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2.2 Removal. In addition, the CEO is empowered in his sole discretion to remove or suspend any officer or other employee of the Corporation who (a) fails to respond satisfactorily to the Corporation respecting any inquiry by the Corporation for information to enable it to make any certification required by the Federal Communications Commission under the Anti-Drug Abuse Act of 1988, (b) is arrested or convicted of any offense concerning the distribution or possession of, or trafficking in, drugs or other controlled substances, or (c) the CEO believes to have been engaged in actions that could lead to such an arrest or conviction.

Section 3. Special Terms .

As of July 1, 2009, William A. Owens shall serve as Chairman of the Corporation. If at any time prior to July 1, 2010, William A. Owens ceases to be Chairman, then Mr. Owens' replacement shall be chosen by the Board from among Peter C. Brown, Steven A. Davis, Richard A. Gephardt, Thomas A. Gerke, Stephanie M. Shern or Laurie A. Siegel. In the event of any conflict between the terms of this Section 3 and any other by-law or the Corporation's Corporate Governance Guidelines, the terms of this Section 3 shall prevail. Prior to July 1, 2010, this Section 3 may be amended only upon the affirmative vote of (i) a majority of the total number of Directors then in office and (ii) a majority of the following Directors then in office: Peter C. Brown, Steven A. Davis, Richard A. Gephardt, Thomas A. Gerke, William A. Owens, Stephanie M. Shern and Laurie A. Siegel. The force and effect of this Section 3 shall lapse on July 1, 2010.

ARTICLE II. BOARD OF DIRECTORS .

Section 1. Powers.

In addition to the powers and authorities by these Bylaws expressly conferred upon it, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws required to be exercised or done by the shareholders.

Section 2. Organizational and Regular Meetings.

The Board of Directors shall hold an annual organizational meeting, without notice, immediately following the adjournment of the annual meeting of the shareholders and shall hold a regular meeting on such dates during the months of February, May, August and November of each year as shall be determined from time to time by the Board. The Secretary shall give not less than five days' written notice to each Director of all regular meetings, which notice shall state the time and place of the meeting.

Section 3. Special Meetings.

3.1 Call of Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or the CEO. Upon the written request of any two Directors delivered to the Chairman, the CEO or the Secretary of the Corporation, a special meeting shall be called.

3.2 Notice. Notice of the time and place of special meetings of the Board of Directors will be given to each Director either by overnight mail mailed not less than 48 hours before the time of the meeting, by telephone or by other form of electronic transmission or communication not less than 12 hours before the time of the meeting, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate under exigent circumstances.

Section 4. Waiver of Notice.

Any Director may waive notice of a meeting by written waiver executed either before or after the meeting. Directors present at any regular or special meeting shall be deemed to have received due, or to have waived, notice thereof, provided that a Director who participates in a meeting by telephone shall not be deemed to have received or waived due notice if, at the beginning of the meeting, he objects to the transaction of any business because the meeting is not lawfully called.

Section 5. Quorum.

A majority of the authorized number of Directors as fixed by or pursuant to the Articles of Incorporation shall be necessary to constitute a quorum for the transaction of business, provided, however, that a minority of the Directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business. If a quorum is present when the meeting convened, the Directors present may continue to do business, taking action by vote of a majority of a quorum, until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum or the refusal of any Director present to vote.

Section 6. Notice of Adjournment.

Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned.

Section 7. Written Consents.

Anything to the contrary contained in these Bylaws notwithstanding, any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors at a meeting.

Section 8. Voting.

At all meetings of the Board, each Director present shall have one vote. At all meetings of the Board, all questions, the manner of deciding which is not otherwise specifically regulated by law, the Articles of Incorporation or these Bylaws, shall be determined by a majority of the Directors present at the meeting, provided, however, that any shares of other corporations owned by the Corporation shall be voted only pursuant to resolutions duly adopted upon the affirmative votes of (a) 80% of the Directors then in office and (b) a majority of the Continuing Directors, voting as a separate group.

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Section 9. Use of Communications Equipment.

Meetings of the Board of Directors may be held by means of telephone conference calls or similar communications equipment provided that all persons participating in the meeting can hear and communicate with each other.

Section 10. Indemnification.

10.1 Definitions. As used in this Section 10:

(a) The term "Change of Control" shall mean (i) an acquisition by any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) of beneficial ownership of 20% or more of the combined voting power of the Corporation's then outstanding voting securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Corporation and any new director whose election by the Board of Directors or nomination for election by the Corporation's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or (iii) the consummation of a merger or consolidation involving the Corporation if the shareholders of the Corporation, immediately before such merger or consolidation, do not own, immediately following such merger or consolidation, more than 50% of the combined voting power of the outstanding voting securities of the resulting entity in substantially the same proportion as their ownership of voting securities immediately before such merger or consolidation. Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because 20% or more of the Corporation's then outstanding voting securities is acquired by (1) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Corporation or any of its subsidiaries or (2) any entity that, immediately prior to such acquisition, is owned directly or indirectly by the shareholders of the Corporation in the same proportion as their ownership of shares in the Corporation immediately prior to such acquisition.

(b) The term "Claim" shall mean any threatened, pending or completed claim, action, suit, or proceeding, including discovery, whether civil, criminal, administrative, arbitral or investigative and whether made judicially or extra-judicially, or any separate issue or matter therein, as the context requires, but shall not include any action, suit or proceeding initiated by Indemnitee against the Corporation (other than to enforce the terms of this Section), or initiated by Indemnitee against any director or officer of the

Corporation unless the Corporation has joined in or consented in writing to the initiation of such action, suit or proceeding.

(c) The term "Determining Body" shall mean (i) the Board of Directors by a majority vote of a quorum of the entire board consisting of directors who are not named as parties to the Claim for which indemnification is being sought ("Disinterested Directors"), or (ii) if such a quorum is not obtainable, independent legal counsel (A) selected by the Disinterested Directors, or (B) if there are fewer than two Disinterested Directors, selected by the Board of Directors (in which selection directors who do not qualify as Disinterested Directors may participate); provided, however, that following a Change of Control, with respect to all matters thereafter arising out of acts, omissions or events occurring prior to or after the Change of Control concerning the rights of Indemnatee to seek indemnification, such determination shall be made by independent legal counsel selected by the Board of Directors in the manner described above in this Section 10.1(c) (which selection shall not be unreasonably delayed or withheld) from a panel of three counsel nominated by Indemnatee. Such counsel shall not have otherwise performed services for the Corporation, Indemnatee or their affiliates (other than services as independent counsel in connection with similar matters) within the five years preceding its engagement ("Independent Counsel"). If Indemnatee fails to nominate Independent Counsel within ten business days following written request by the Corporation, the Board of Directors shall select Independent Counsel. Such counsel shall not be a person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnatee in an action to determine Indemnatee's rights under this Section, nor shall Independent Counsel be any person who has been sanctioned or censured for ethical violations of applicable standards of professional conduct. The Corporation agrees to pay the reasonable fees and costs of the Independent Counsel referred to above and to fully indemnify such Independent Counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Section 10.1(c) or its engagement pursuant hereto. The Determining Body shall determine in accordance with Section 10.3 whether and to what extent Indemnatee is entitled to be indemnified under this Section and shall render a written opinion to the Corporation and to Indemnatee to such effect.

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(d) The term "D&O Insurance" shall mean directors and officers liability insurance.

(e) The term "Disbursing Officer" shall mean, with respect to a Claim, the Chief Executive Officer of the Corporation or, if the Chief Executive Officer is a party to the Claim as to which advancement or indemnification is being sought, any officer who is not a party to the Claim and who is designated by the Chief Executive Officer, which designation shall be made promptly after the Corporation's receipt of Indemnatee's initial request for advancement or indemnification and communicated to Indemnatee.

(f) The term "Expenses" shall mean any reasonable expenses or costs (including, without limitation, attorney's fees, fees of experts retained by attorneys, judgments, punitive or exemplary damages, fines and amounts paid in settlement) actually and reasonably incurred by Indemnatee with respect to a Claim, except that Expenses shall not include any amount paid in settlement of a Claim against Indemnatee (i) by or in the right of the Corporation, or (ii) that the Corporation has not approved, which approval will not be unreasonably delayed or withheld.

(g) The term "Indemnatee" shall mean each Director and officer and each former Director and officer of the Corporation.

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(h) The term "Section" shall mean Article II, Section 10, of these Bylaws, in its entirety, unless the context otherwise provides.

(i) The term "Standard of Conduct" shall mean conduct by an Indemnatee with respect to which a Claim is asserted that was in good faith and that Indemnatee reasonably believed to be in, or not opposed to, the best interest of the Corporation, and, in the case of a Claim that is a criminal action or proceeding, conduct that the Indemnatee had no reasonable cause to believe was unlawful. The termination of any Claim by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that Indemnatee did not meet the Standard of Conduct.

10.2 **Advancement of Expenses.**

(a) Subject to Indemnatee's furnishing the Corporation with a written undertaking, in a form reasonably satisfactory to the Corporation, to repay such amount if it is ultimately determined that Indemnatee is not entitled under this Section to indemnification therefor, the Corporation shall advance Expenses to Indemnatee in advance of the final disposition of any Claim involving Indemnatee; provided, however, that Indemnatee will return, without interest, any such advance that remains unspent at the disposition of the Claim to which the advance related, and provided further, that advances of such Expenses by the Corporation's D&O Insurance carrier shall be treated, for purposes of this Section 10.2(a), as advances by the Corporation. The written undertaking by Indemnatee must be an unlimited general obligation of Indemnatee but need not be secured and will be accepted by the Corporation without reference to the financial ability of Indemnatee to make repayment.

(b) Any request for advancement of Expenses shall be submitted by Indemnatee to the Disbursing Officer in writing and shall be accompanied by a written description of the Expenses for which advancement is requested. The Disbursing Officer shall, within 20 days after receipt of Indemnatee's request for advancement, advance such Expenses unsecured, interest-free and without regard to Indemnatee's ability to make repayment, provided that if the Disbursing Officer questions the reasonableness of any such request, that officer shall promptly advance to the Indemnatee the amount deemed by that officer to be reasonable and shall forward immediately to the Determining Body a copy of the Indemnatee's request and of the Disbursing Officer's response, together with a written description of that officer's reasons for questioning the reasonableness of a portion of the advancement sought. The

Determining Body shall, within 20 days after receiving such a request from the Disbursing Officer, determine the reasonableness of the disputed Expenses and notify Indemnitee and the Disbursing Officer of its decision, which shall be final, subject to Indemnitee's right under Section 10.4 to seek a judicial adjudication of Indemnitee's rights.

(c) Indemnitee's right to advancement under this Section 10.2 shall include the right to advancement of Expenses incurred by Indemnitee in a suit against the Corporation under Section 10.4 to enforce Indemnitee's rights under this Section. Such right of advancement shall, however, be subject to Indemnitee's obligation pursuant to Indemnitee's undertaking described in Section 10.2(a) to repay such advances, to the extent provided in Section 10.4, if it is ultimately determined in the enforcement suit that Indemnitee is not entitled to indemnification for a Claim.

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10.3 Indemnity.

(a) The Corporation shall, in the manner provided in this Section, indemnify and hold harmless Indemnitee against Expenses incurred in connection with any Claim against Indemnitee (whether as a subject of or party to, or a proposed or threatened subject of or party to, the Claim) or in which Indemnitee is involved solely as a witness or person required to give evidence, by reason of Indemnitee's position (a) as a director or officer of the Corporation, (b) as a director or officer of any subsidiary of the Corporation or as a fiduciary with respect to any employee benefit plan of the Corporation, or (c) as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other for profit or not for profit entity or enterprise, if such position is or was held at the request of the Corporation, regardless of when serving in such position occurred, if (x) Indemnitee is successful in defense of the Claim on the merits or otherwise, as provided in Section 10.3(d), or (y) Indemnitee has been found by the Determining Body to have met the Standard of Conduct; provided that no indemnification shall be made in respect of any Claim by or in the right of the Corporation as to which Indemnitee shall have been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Corporation unless, and only to the extent, a court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as the court shall deem proper, and provided further, that Expenses incurred in connection with a Claim for which Indemnitee has been reimbursed or indemnified by the Corporation's D&O Insurance carrier shall be credited against the Corporation's obligation under this Section 10.3(a) with respect to such Claim.

(b) Promptly upon becoming aware of the existence of any Claim with respect to which Indemnitee may seek indemnification hereunder, Indemnitee shall notify the Chief Executive Officer (or, if the Chief Executive Officer is the Indemnitee, the next ranking executive officer who is not an Indemnitee with respect to the Claim) of the existence of the Claim, who shall promptly advise the Board of Directors that establishing the Determining Body will be a matter presented at the next regularly scheduled meeting of the Board of Directors. Delay by Indemnitee in giving such notice shall not excuse performance by the Corporation hereunder unless, and only to the extent that, the Corporation did not otherwise learn of the Claim and such failure results in forfeiture by the Corporation of substantial defenses, rights or insurance coverage. After the Determining Body has been established, the Chief Executive Officer or that officer's delegate shall inform Indemnitee thereof and Indemnitee shall promptly notify the Determining Body, to the extent requested by it, of all facts relevant to the Claim known to Indemnitee.

(c) Indemnitee shall be entitled to conduct the defense of the Claim and to make all decisions with respect thereto, with counsel of Indemnitee's choice, provided that in the event the defense of the Claim has been assumed by the Corporation through its D&O Insurance carrier or otherwise, then (i) Indemnitee will be entitled to retain separate counsel from the Corporation's Counsel (but not more than one law firm plus, if applicable, local counsel at the Corporation's expense if, but only if, Indemnitee shall reasonably conclude that one or more legal defenses may be available to Indemnitee that are different from, or in addition to, those available to the Corporation or other defendants represented by the Corporation through its D&O Insurance carrier or otherwise, and (ii) the Corporation will not, without the prior written consent of Indemnitee, effect any settlement of the Claim unless such settlement (x) includes an unconditional release of Indemnitee from all liability that is the subject matter of such Claim, (y) does not impose penalties or post-settlement obligations on Indemnitee (except for customary confidentiality obligations), and (z) does not require payment by Indemnitee of money in settlement.

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(d) To the extent Indemnitee is successful on the merits or otherwise in defense of any Claim, Indemnitee shall be indemnified against Expenses incurred by Indemnitee with respect to the Claim, regardless of whether Indemnitee has met the Standard of Conduct, and without the necessity of any determination by the Determining Body as to whether Indemnitee has met the Standard of Conduct. In the event Indemnitee is not entirely successful on the merits or otherwise in defense of any Claim, but is successful on the merits or otherwise in defense of any claim, issue or matter involved in the Claim, Indemnitee shall be indemnified for the portion of Indemnitee's Expenses incurred in such successful defense that is determined by the Determining Body to be reasonably and properly allocable to the claims, issues, or matters as to which Indemnitee was successful.

(e) Except as otherwise provided in Section 10.3(d), the Corporation shall not indemnify any Indemnitee under Section 10.3(a) unless a determination has been made by the Determining Body (or by a court upon application or in a proceeding brought by Indemnitee under Section 10.4) with respect to a specific Claim that indemnification of Indemnitee is permissible because Indemnitee has met the Standard of Conduct. In the event settlement of a Claim to which Indemnitee is a party has been proposed ("Proposed Settlement"), the Determining Body shall, promptly after submission to it but prior to consummation of the Proposed Settlement, make a determination whether Indemnitee shall have met the Standard of Conduct. In the event such determination is adverse to Indemnitee, Indemnitee shall be entitled to reject the Proposed Settlement. In the event of final disposition of a Claim other

than by settlement, the Determining Body shall, promptly after but not before such final disposition, make a determination whether Indemnatee has met the Standard of Conduct. In all cases, the determination shall be in writing and shall set forth in reasonable detail the basis and reasons therefor. The Determining Body shall, promptly after making such determination, provide a copy thereof to both the Disbursing Officer and Indemnatee and shall instruct the former to (i) reimburse Indemnatee as soon as practicable for all Expenses, if any, to which Indemnatee has been so determined to be entitled and which have not previously been advanced to Indemnatee under Section 10.2 (or otherwise recovered by Indemnatee through an insurance or other arrangement provided by the Corporation), and (ii) seek reimbursement from Indemnatee (subject to Indemnatee's rights under Section 10.4) of all advancements that have been made pursuant to Section 10.2 as to which it has been so determined that Indemnatee is not entitled to be indemnified.

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(f) Indemnatee shall cooperate with the Determining Body at the expense of the Corporation by providing to the Determining Body, upon reasonable advance request, any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnatee and reasonably necessary to make such determination.

(g) If the Determining Body makes a determination pursuant to Section 10.3(e) that Indemnatee is entitled to indemnification, the Corporation shall be bound by that determination in any judicial proceeding, absent a determination by a court that such indemnification contravenes applicable law.

(h) In making a determination under Section 10.3(e), the Determining Body shall presume that the Standard of Conduct has been met unless the contrary shall be shown by a preponderance of the evidence.

(i) The Corporation and Indemnatee shall keep confidential, to the extent permitted by law and their fiduciary obligations, all facts and determinations provided pursuant to or arising out of the operation of this Section, and the Corporation and Indemnatee shall instruct their respective agents to do likewise.

10.4 **Enforcement.**

(a) The rights provided by this Section shall be enforceable by Indemnatee in any court of competent jurisdiction.

(b) If Indemnatee seeks a judicial adjudication of Indemnatee's rights under, or to recover damages for breach of, this Section, Indemnatee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all Expenses incurred by Indemnatee in connection with such proceeding, but only if Indemnatee prevails therein. If it shall be determined that Indemnatee is entitled to receive part but not all of the relief sought, then Indemnatee shall be entitled to be reimbursed for all Expenses incurred by Indemnatee in connection with such proceeding if the indemnification amount to which Indemnatee is determined to be entitled exceeds 50% of the amount of Indemnatee's claim. Otherwise, the reimbursement of Expenses incurred by Indemnatee in connection with such judicial adjudication shall be appropriately prorated.

(c) In any judicial proceeding described in this Section 10.4, the Corporation shall bear the burden of proving that Indemnatee is not entitled to advancement or reimbursement of Expenses sought with respect to any Claim.

10.5 **Saving Clause.** If any provision of this Section is determined by a court having jurisdiction over the matter to require the Corporation to do or refrain from doing any act that is in violation of applicable law, the court shall be empowered to modify or reform such provision so that, as modified or reformed, such provision provides the maximum indemnification permitted by law and such provision, as so modified or reformed, and the balance of this Section, shall be applied in accordance with their terms. Without limiting the generality of the foregoing, if any portion of this Section shall be invalidated on any ground, the Corporation shall nevertheless indemnify Indemnatee to the full extent permitted by any applicable portion of this Section that shall not have been invalidated and to the full extent permitted by law with respect to that portion that has been invalidated.

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10.6 **Non-Exclusivity.** The indemnification and payment of Expenses provided by or granted pursuant to this Section shall not be deemed exclusive of any other rights to which Indemnatee is or may become entitled under any statute, article of incorporation, insurance policy, authorization of shareholders or directors, agreement or otherwise, including, without limitation, any rights authorized by the Determining Body in its discretion with respect to matters for which indemnification is permitted under La. R.S. 12:83A. The parties recognize that La. R. S. 12:83E presently provides that no such other indemnification measure shall permit indemnification of any person for the results of such person's willful or intentional misconduct.

10.7 **Subrogation.** In the event of any payment under this Section, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnatee. Following receipt of indemnification payments hereunder, as further assurance, Indemnatee shall execute all papers reasonably required and, at the expense of the Corporation, take all action reasonably necessary to secure such subrogation rights, including execution of such documents as are reasonably necessary to enable the Corporation to bring suit to enforce such rights.

10.8 **Successors and Assigns.**

(a) The Corporation shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all the business or assets of the Corporation, by agreement or other instrument in

form and substance satisfactory to the Corporation, expressly to assume and agree to perform its obligations under this Section in the same manner and to the same extent the Corporation would be required to perform if no such succession had taken place.

(b) Indemnitee's right to advancement and indemnification of Expenses pursuant to this Section shall continue regardless of the termination of Indemnitee's status as a director or officer of the Corporation, and this Section shall inure to the benefit of and be enforceable by Indemnitee's personal or legal representatives, executors, administrators, spouses, heirs, assigns and other successors.

(c) The rights granted to each Indemnitee under this Section are personal in nature and neither the Corporation nor any Indemnitee shall, without the prior written consent of the other, assign or delegate any rights or obligations under this Section except as expressly provided in Sections 10.8(a) and 10.8(b).

(d) This Section shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, reorganization or otherwise to all or substantially all of the business or assets of the Corporation), permitted, assigns, spouses, heirs, executors, administrators and personal and legal representatives.

10.9 **Indemnification of Other Persons.** The Corporation may indemnify any person not a Director or officer of the Corporation to the extent authorized by the Board of Directors or a committee of the Board expressly authorized by the Board of Directors.

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Section 11. Certain Qualifications.

No person shall be eligible for nomination, election or service as a Director of the Corporation who shall (i) in the opinion of the Board of Directors fail to respond satisfactorily to the Corporation respecting any inquiry of the Corporation for information to enable the Corporation to make any certification required by the Federal Communications Commission under the Anti-Drug Abuse Act of 1988 or to determine the eligibility of such persons under this section; (ii) have been arrested or convicted of any offense concerning the distribution or possession of, or trafficking in, drugs or other controlled substances, provided that in the case of an arrest the Board of Directors may in its discretion determine that notwithstanding such arrest such persons shall remain eligible under this Section; or (iii) have engaged in actions that could lead to such an arrest or conviction and that the Board of Directors determines would make it unwise for such person to serve as a Director of the Corporation. Any person serving as a Director of the Corporation shall automatically cease to be a Director on such date as he ceases to have the qualifications set forth in this Section, and his position shall be considered vacant within the meaning of the Articles of Incorporation of the Corporation.

ARTICLE III . COMMITTEES

Section 1. Committees.

1.1 **Standing Committees.** The Board of Directors shall have the standing committees specified below:

A. **The Compensation Committee** shall consist of three or more Directors (the exact number of which shall be set from time to time by the Board), who shall have such qualifications, powers and responsibilities as specified in any charter that may from time to time be adopted by the Compensation Committee and approved by the Board of Directors.

B. **The Nominating and Corporate Governance Committee** shall consist of three or more Directors (the exact number of which shall be set from time to time by the Board), who shall have such qualifications, powers and responsibilities as specified in any charter that may from time to time be adopted by the Nominating and Corporate Governance Committee and approved by the Board of Directors.

C. **The Audit Committee** shall consist of three or more Directors (the exact number of which shall be set from time to time by the Board), who shall have such qualifications, powers and responsibilities as specified in any charter that may from time to time be adopted by the Audit Committee and approved by the Board of Directors.

D. **The Risk Evaluation Committee** shall consist of three or more Directors (the exact number of which shall be set from time to time by the Board), who shall have such qualifications, powers and responsibilities as specified in any charter that may from time to time be adopted by the Risk Evaluation Committee and approved by the Board of Directors.

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1.2 **Special Purpose Committees.** The Board may authorize on an *ad hoc* basis special pricing committees in connection with the issuance of securities or such other special purpose committees as may be necessary or appropriate in connection with the Board's management of the business and affairs of the Corporation.

1.3 **Subcommittees.** As necessary or appropriate, each of the standing committees listed in Section 1.1 may organize a standing or *ad hoc* subcommittee for such purposes within the scope of its powers as it sees fit, and may delegate to such subcommittee any of its powers as may be necessary or appropriate to enable such subcommittee to discharge its duties and responsibilities. Any such subcommittee shall be composed solely of members of the standing committee, which shall appoint and replace such subcommittee members. Each subcommittee member shall hold office during the term designated by the standing committee, provided that such term shall automatically lapse if such member ceases to be a member of the standing committee or fails to meet any other qualifications that may be imposed by the standing committee.

Section 2. Appointment and Removal of Committee Members.

Subject to Section 5 below, Directors shall be appointed to or removed from a committee only upon the affirmative votes of:

1. A majority of the Directors then in office; and
2. A majority of the Continuing Directors, voting as a separate group.

Each member of a committee shall serve until his or her successor is duly appointed and qualified.

Section 3. Procedures for Committees.

Each committee or subcommittee may adopt such charters, procedures or regulations as it shall deem necessary for the proper conduct of its functions and the performance of its responsibilities, provided that such charters, procedures or regulations are consistent with (i) the Corporation's Articles of Incorporation, Bylaws and Corporate Governance Guidelines, (ii) applicable laws, regulations and stock exchange listing standards, and (iii) any regulations or procedures specified for such committee by the Board of Directors or for such subcommittee by the standing committee that authorized its organization under Section 1.3 (collectively, the "Governing Standards"). Unless otherwise determined by a committee or subcommittee, each meeting thereof shall be convened pursuant to the notice requirements pertaining to meetings of the full Board. Each committee and subcommittee shall keep written minutes of its meetings.

Section 4. Meetings.

A committee or subcommittee may invite to its meetings other Directors, representatives of management, counsel or other persons whose pertinent advice or counsel is sought by the committee or subcommittees. A majority of the members of any committee or subcommittee shall constitute a quorum and action by a majority (or by any super-majority required by the Governing Standards) of a quorum at any meeting of a committee or subcommittee shall be deemed action by the committee or subcommittee. The committee or subcommittee may also take action without meeting if all members thereof consent in writing thereto. Meetings of a committee or subcommittee may be held by telephone conference calls or other communications equipment provided each person participating may hear and be heard by all other meeting participants. Each committee shall make regular reports to the Board. All recommendations or actions of any committee or subcommittee shall be subject to approval or ratification by the full Board of Directors unless the committee or subcommittee possesses plenary power to act independently with respect to such matter and the submission of such matter to the full Board for action would be prohibited by, or contrary to the intent and purpose of, any Governing Standards.

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Section 5. Authority to Fill Vacancies.

Any vacancy in any committee (including any vacancy resulting from an increase in the number of directors comprising the committee) shall be filled by the Board. If the Board fails to fill any such vacancy within 30 days of being advised thereof, the Nominating and Corporate Governance Committee shall have the power to fill the vacancy, in which case the new committee member shall serve on such committee until such time as the Board may elect to replace such new committee member. For a period of one year beginning on July 1, 2009, any such vacancies will be filled with a designee who, in addition to satisfying any other criteria required to serve on a particular committee, will be chosen from among (i) Virginia Boulet, W. Bruce Hanks, Gregory J. McCray, C.G. Melville, Jr., Fred R. Nichols, Harvey P. Perry, Glen F. Post, III or Joseph R. Zimmer (each a "Legacy CenturyLink Director") in the case of a vacancy relating to a committee position previously held by any Legacy CenturyLink Director or (ii) Peter C. Brown, Steven A. Davis, Richard A. Gephardt, Thomas A. Gerke, William A. Owens, Stephanie M. Shern or Laurie A. Siegel (each a "Legacy EMBARQ Director") in the case of a vacancy relating to a committee position previously held by any Legacy EMBARQ Director.

**ARTICLE IV.
SHAREHOLDERS' MEETINGS**

Section 1. Place of Meetings.

Unless otherwise required by law or these Bylaws, all meetings of the shareholders shall be held at the principal office of the Corporation or at such other place, within or without the State of Louisiana, as may be designated by the Board of Directors.

Section 2. Annual Meeting.

An annual meeting of the shareholders shall be held on the date and at the time as the Board of Directors shall designate for the purpose of electing Directors and for the transaction of such other business as may be properly brought before the meeting. If no annual shareholders' meeting is held for a period of 18 months, any shareholder may call such meeting to be held at the registered office of the Corporation as shown on the records of the Secretary of State of the State of Louisiana.

Section 3. Special Meetings.

Special meetings of the shareholders, for any purpose or purposes, may be called by the Board of Directors. Subject to the terms of any outstanding class or series of Preferred Stock that entitles the holders thereof to call special meetings, the holders of a majority of the Total Voting Power shall be required to cause the Secretary of the Corporation to call a special meeting of shareholders pursuant to La. R.S. 12:73B (or any successor provision). Such requests of shareholders must state the specific purpose or purposes of the proposed special meeting, and the business to be brought before such meeting by the shareholders shall be limited to such purpose or purposes.

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Section 4. Notice of Meetings.

Except as otherwise provided by law, the authorized person or persons calling a shareholders' meeting shall cause written notice of the time and place of the meeting to be given to all shareholders of record entitled to vote at such meeting at least 10 days and not more than 60 days prior to the day fixed for the meeting. Notice of the annual meeting need not state the purpose or purposes thereof, unless action is to be taken at the meeting as to which notice is required by law, the Articles of Incorporation or the Bylaws. Notice of a special meeting shall state the purpose or purposes thereof. Any previously scheduled meeting of the shareholders may be postponed, and (unless provided otherwise by law or the Articles of Incorporation) any special meeting of the shareholders may be canceled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of shareholders.

Section 5. Notice of Shareholder Nominations and Shareholder Business.

5.1 **Business Brought Before Meetings.** At any meeting of the shareholders, only such business shall be conducted as shall have been properly brought before the meeting. Nominations for the election of Directors at a meeting at which Directors are to be elected may be made by or at the direction of the Board of Directors, or a committee duly appointed thereby, or by any shareholder of record entitled to vote generally for the election of Directors who complies with the procedures set forth below. Other matters to be properly brought before a meeting of the shareholders must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, including matters covered by Rule 14a-8 of the Securities and Exchange Commission, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by any shareholder of record entitled to vote at such meeting who complies with the procedures set forth below.

5.2 **Required Notice.** A notice of the intent of a shareholder to make a nomination or to bring any other matter before the meeting shall be made in writing and received by the Secretary of the Corporation not more than 180 days and not less than 90 days in advance of the first anniversary of the preceding year's annual meeting of shareholders or, in the event of a special meeting of shareholders or annual meeting scheduled to be held either 30 days earlier or later than such anniversary date, such notice shall be received by the Secretary of the Corporation within 15 days of the earlier of the date on which notice of such meeting is first mailed to shareholders or public disclosure of the meeting date is made. In no event shall the public announcement of an adjournment of a shareholders' meeting commence a new time period for the giving of a shareholder's notice as described above.

5.3 **Contents of Notice.** Every such notice by a shareholder shall set forth:

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- (a) the name, age, business address and residential address of the shareholder of record who intends to make a nomination or bring up any other matter, and any beneficial owner or other person acting in concert with such shareholder;
- (b) a representation that the shareholder is a holder of record of shares of the Corporation's capital stock that accord such shareholder the voting rights specified in paragraph 5.1 above and that the shareholder intends to appear in person at the meeting to make the nomination or bring up the matter specified in the notice;
- (c) with respect to notice of an intent to make a nomination, a description of all agreements, arrangements or understandings among the shareholder, any person acting in concert with the shareholder, each proposed nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;
- (d) with respect to notice of an intent to make a nomination, (i) the name, age, business address and residential address of each person proposed for nomination, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of capital stock of the Corporation of which such person is the beneficial owner, and (iv) any other information relating to such person that would be required to be disclosed in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had such nominee been nominated by the Board of Directors; and
- (e) with respect to notice of an intent to bring up any other matter, a complete and accurate description of the matter, the reasons for conducting such business at the meeting, and any material interest in the matter of the shareholder and the beneficial owner,

if any, on whose behalf the proposal is made.

5.4 **Other Required Information**. Notice of an intent to make a nomination shall be accompanied by the written consent of each nominee to serve as a Director of the Corporation if so elected and an affidavit of each such nominee certifying that he meets the qualifications specified in Section 11 of Article II of these Bylaws. The Corporation may require any proposed nominee to furnish such other information or certifications as may be reasonably required by the Corporation to determine the eligibility and qualifications of such person to serve as a Director.

5.5 **Disqualification of Certain Proposals**. With respect to any proposal by a shareholder to bring before a meeting any matter other than the nomination of Directors, the following shall govern:

(a) If the Secretary of the Corporation has received sufficient notice of a proposal that may properly be brought before the meeting, a proposal sufficient notice of which is subsequently received by the Secretary and that is substantially duplicative of the first proposal shall not be properly brought before the meeting. If in the judgment of the Board of Directors a proposal deals with substantially the same subject matter as a prior proposal submitted to shareholders at a meeting held within the preceding five years, it shall not be properly brought before any meeting held within three years after the latest such previous submission if (i) the proposal was submitted at only one meeting during such preceding period and it received affirmative votes representing less than 3% of the total number of votes cast in regard thereto, (ii) the proposal was submitted at only two meetings during such preceding period and it received at the time of its second submission affirmative votes representing less than 6% of the total number of votes cast in regard thereto, or (iii) the proposal was submitted at three or more meetings during such preceding period and it received at the time of its latest submission affirmative votes representing less than 10% of the total number of votes cast in regard thereto.

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(b) Notwithstanding compliance with all of the procedures set forth above in this Section, no proposal shall be deemed to be properly brought before a meeting of shareholders if, in the judgment of the Board, it is not a proper subject for action by shareholders under Louisiana law.

5.6 **Power to Disregard Proposals**. At the meeting of shareholders, the chairman shall declare out of order and disregard any nomination or other matter not presented in accordance with the foregoing procedures or which is otherwise contrary to the foregoing terms and conditions.

5.7 **Rights and Obligations of Shareholders Under Federal Proxy Rules**. Nothing in this Section shall be deemed to modify (i) any obligations of a shareholder to comply with all applicable requirements of the Securities Exchange Act of 1934 and the regulations promulgated thereunder with respect to the matters set forth in this Section of the Bylaws or (ii) any rights or obligations of shareholders with respect to requesting inclusion of proposals in the Corporation's proxy statement or soliciting their own proxies pursuant to the proxy rules of the Securities and Exchange Commission.

5.8 **Rights of Preferred Shareholders**. Nothing in this Section shall be deemed to modify any rights of holders of any outstanding class or series of Preferred Stock to elect Directors or bring other matters before a shareholders' meeting in the manner specified by the terms and conditions governing such stock.

Section 6. Quorum.

6.1 **Establishment of Quorum**. Except as otherwise provided by law, at all meetings of shareholders the presence, in person or by proxy, of the holders of a majority of the Total Voting Power shall constitute a quorum to organize the meeting; *provided, however*, that this subsection shall not have the effect of reducing the vote required to approve any matter that may be established by law, the Articles of Incorporation or these Bylaws. Shares of Voting Stock as to which the holders have voted or abstained from voting with respect to any matter considered at a meeting, or which are subject to Non-Votes (as defined in Section 6.3 below), shall be counted as present for purposes of constituting a quorum to organize a meeting.

6.2 **Withdrawal**. If a quorum is present or represented at a duly organized meeting, such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, or the refusal of any shareholders present to vote.

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6.3 **Non-Votes**. As used in these Bylaws, "Non-Votes" shall mean the number of votes as to which the record holder or proxy holder of shares of Capital Stock has been precluded from voting thereon (whether by law, regulations of the Securities and Exchange Commission, rules or bylaws of any national securities exchange or other self-regulatory organization, or otherwise), including without limitation votes as to which brokers may not or do not exercise discretionary voting power under the rules of the New York Stock Exchange with respect to any matter for which the broker has not received voting instructions from the beneficial owner of the voting shares.

Section 7. Voting Power Present or Represented.

For purposes of determining the amount of Total Voting Power present or represented at any annual or special meeting of shareholders with respect to voting on any particular matter, shares as to which the holders have abstained from voting, and shares which are subject to Non-

Votes, will be treated as not present and not cast.

Section 8. Voting Requirements.

8.1 **General Voting Standard**. When a quorum is present at any meeting, the vote of the holders of a majority of the Total Voting Power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of law, regulation, the Articles of Incorporation or Subsection 8.2 below, a different vote is required, in which case such express provision shall govern and control the decision of such question.

8.2 **Majority Director Election Standard**. Subject to the rights of the holders of any series of preferred stock and except as otherwise required by law or the Articles of Incorporation, each director to be elected by the shareholders must receive a majority of the votes cast with respect to the election of that director at any meeting for the election of directors at which a quorum is present, provided that if the number of nominees exceeds the number of directors to be elected in a contested election, the directors will be elected by a plurality of the shares represented in person or by proxy at the meeting and entitled to vote on the election of directors. For purposes of this section, (i) a "majority of votes cast" means that the number of votes cast "for" a director's election exceeds the number of votes cast as "withheld" or "against" with respect to that director's election and (ii) a "contested election" means that the number of persons properly nominated to serve as directors of the Corporation exceeds the number of directors to be elected.

8.3 **Resignation Offers**. If a director nominee who is an incumbent director is not elected and no successor has been elected at the same meeting, the director must submit to the Board of Directors promptly after the certification of the election results a letter offering to resign from the Board of Directors (a "Resignation Offer"). The Nominating and Corporate Governance Committee will consider the Resignation Offer and will make a recommendation to the Board of Directors whether to accept the Resignation Offer, reject the Resignation Offer or take other action. The Board of Directors, taking into account the Nominating and Corporate Governance Committee's recommendation and any other factors they deem relevant, will act on each Resignation Offer within 90 days from the date of the certification of the election results and will disclose promptly in a Form 8-K Report filed with the Securities and Exchange Commission its decision and the rationale therefor.

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Section 9. Proxies.

At any meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such shareholder and bearing a date not more than 11 months prior to the meeting, unless the instrument provides for a longer period, but in no case will an outstanding proxy be valid for longer than three years from the date of its execution. The person appointed as proxy need not be a shareholder of the Corporation.

Section 10. Adjournments.

10.1 **Adjournments of Meetings**. Adjournments of any annual or special meeting of shareholders may be taken without new notice being given unless a new record date is fixed for the adjourned meeting, but any meeting at which Directors are to be elected shall be adjourned only from day to day until such Directors shall have been elected.

10.2 **Lack of Quorum**. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine, subject, however, to the provisions of Section 10.1 hereof. In the case of any meeting called for the election of Directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in Section 6.1 hereof, shall nevertheless constitute a quorum for the purpose of electing Directors.

Section 11. Written Consents.

Any action required or permitted to be taken at any annual or special meeting of shareholders may be taken only upon the vote of the shareholders, present in person or represented by duly authorized proxy, at an annual or special meeting duly noticed and called, as provided in these Bylaws, and may not be taken by a written consent of the shareholders pursuant to the Business Corporation Law of the State of Louisiana.

Section 12. List of Shareholders.

At every meeting of shareholders, a list of shareholders entitled to vote, arranged alphabetically and certified by the Secretary or by the agent of the Corporation having charge of transfers of shares, showing the number and class of shares held by each shareholder on the record date for the meeting, shall be produced on the request of any shareholder.

Section 13. Procedure at Shareholders' Meetings.

The Chairman of the Board, or, in his absence, the CEO, shall preside as chairman at all shareholders' meetings. The organization of each shareholders' meeting and all matters relating to the manner of conducting the meeting shall be determined by the chairman, including the order of business, the conduct of discussion and the manner of voting. Meetings shall be conducted in a manner designed to accomplish the business of the meeting in a prompt and orderly fashion and to be fair and equitable to all shareholders, but it shall not be necessary to follow Roberts' Rules of Order or any other manual of parliamentary procedure.

**ARTICLE V.
CERTIFICATES OF STOCK**

Any certificates of stock issued by the Corporation shall be numbered, shall be entered into the books of the Corporation as they are issued, and shall be signed in the manner required by law. The Corporation may elect to issue uncertificated shares of stock.

**ARTICLE VI.
REGISTERED SHAREHOLDERS**

The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any beneficial, equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provided by the laws of Louisiana.

**ARTICLE VII.
LOSS OF CERTIFICATE**

Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact, and the Board of Directors, the General Counsel or the Secretary may, in his or its discretion, require the owner of the lost or destroyed certificate or his legal representative, to give the Corporation a bond, in such sum as the Board of Directors, the General Counsel or the Secretary may require, to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss or destruction of any such certificate; a new certificate of the same tenor and for the same number of shares as the one alleged to be lost or destroyed, may be issued without requiring any bond when, in the judgment of the Board of Directors, the General Counsel or the Secretary, it is proper to do so.

**ARTICLE VIII.
CHECKS**

All checks, drafts and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors or the executive officers may from time to time designate.

**ARTICLE IX.
DIVIDENDS**

Dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meetings, pursuant to law.

**ARTICLE X.
INAPPLICABILITY OF LOUISIANA CONTROL SHARE STATUTE**

Effective May 23, 1995, the provisions of La. R.S. 12:135 through 12:140.2 shall not apply to control share acquisitions of shares of the Corporation's Capital Stock.

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**ARTICLE XI.
CERTAIN DEFINITIONS**

The terms Capital Stock, Continuing Directors, Total Voting Power and Voting Stock shall have the meanings ascribed to them in the Articles of Incorporation, provided, however, that for purposes of Sections 3 and 6 of Article IV of these Bylaws, Total Voting Power shall mean the total number of votes that holders of Capital Stock are entitled to cast generally in the election of Directors.

**ARTICLE XII.
AMENDMENTS**

These Bylaws may only be altered, amended or repealed in the manner specified in the Articles of Incorporation.

* * * * *

**SEVENTH AMENDMENT TO THE
CENTURYLINK DOLLARS & SENSE 401(K) PLAN**

WHEREAS, the CenturyTel Dollars & Sense 401(k) Plan ("Plan") was amended and restated by CenturyLink, Inc. (the "Company") effective December 31, 2006;

WHEREAS, on May 20, 2010, the shareholders of the Company approved a change of the Company's name from CenturyTel, Inc. to CenturyLink, Inc., and the Company wishes to change the Plan name to reflect the new Company name;

WHEREAS, the Company wishes to revise the Plan's voting provisions in light of changes to the Company's voting structure approved by the Company's shareholders in 2009; and

WHEREAS, the Company reserved the right to amend the Plan in Section 14.2 of the Plan.

NOW, THEREFORE, the Plan is amended as follows, effective May 20, 2010:

I

"CenturyTel" is deleted each place that it appears in the Plan and "CenturyLink" is substituted therefor.

II

Article XI of the Plan, Voting Provisions, is amended to read in its entirety as follows:

**ARTICLE XI
VOTING PROVISIONS**

11.1 Voting Rights of Company Stock

. Each Participant, including their beneficiaries and alternate payees (individually, "Participant" and collectively, "Participants") is, for purposes of this Section, hereby designated a "named fiduciary" within the meaning of ERISA Section 403(a)(1) and shall be entitled to direct the Plan and Trustee as to the manner in which Company Stock allocated to such Participant's accounts is to be voted on each matter brought before an annual or special shareholders' meeting of the Company. Company Stock may be held in different accounts, including the ESOP Accounts, PAYSOP Accounts and Stock Bonus Accounts. Company Stock allocated to ESOP Accounts shall be voted as provided below by the Trustee of CenturyTel Employer Stock Ownership Trust I. Company Stock allocated to Stock Bonus Accounts and PAYSOP accounts shall be voted as provided below by the Trustee of CenturyTel Employer Stock Ownership Trust II. Company Stock allocated to all other accounts in the Plan shall be voted as provided below by the Trustee of the Dollars & Sense Trust.

The Committee shall determine the total number of shares of Company Stock allocated to each Participant's accounts as of the record date and such shares shall be voted in accordance with directions of such Participant. Upon timely receipt of such directions, the Trustee shall, on each such matter, vote as directed the number of shares of Company Stock allocated to such Participant's accounts.

Each Participant, as a named fiduciary, shall be entitled to separately direct the vote of a portion of the number of shares of Company Stock with respect to which a signed voting-direction instrument is not timely received from other Participants in a Trust ("Undirected Shares"). Such direction with respect to each Participant who timely elects to direct the vote of Undirected Shares in a Trust as a named fiduciary shall be with respect to a number of Undirected Shares in a Trust equal to the total number of Undirected Shares in a Trust multiplied by a fraction, the numerator of which is the total number of Shares of Company Stock allocated to such Participant in a Trust and the denominator of which is the total number of shares of Company Stock allocated to all Participants who timely elect to vote Undirected Shares as a named fiduciary in a Trust.

11.2 Responding to Tender and Exchange Offers

. Each Participant is, for purposes of this Section, hereby designated a "named fiduciary" within the meaning of Section 403(a)(1) of ERISA and shall have the right, to the extent of the number of shares of Company Stock allocated to the Participant's accounts in the Trust, to direct the Trustee in writing as to the manner in which to respond to such tender or exchange offer with respect to shares of Company Stock. The Committee shall use its best efforts to timely distribute or cause to be distributed to each Participant such information as will be distributed to stockholders of the Company in connection with any such tender or exchange offer. Upon timely receipt of such instructions, the Trustee shall respond as instructed with respect to shares of Common Stock in the Trust allocated to such Participant's accounts. If the Trustee shall not receive timely instructions from a Participant as to the manner in which to respond to such a tender or exchange offer, the Trustee shall not tender or exchange any shares of Company Stock held in the Participant's account.

11.3 Confidentiality

. Any instructions received by the Trustee from Participants (or, if applicable, Beneficiaries) pursuant to this Article XI shall be held by

the Trustee in strict confidence and no officer or Employee of the Company or an Affiliated Employer shall ask the Trustee to divulge or release such instructions to any officer or Employee of the Company or Affiliated Employer; provided, however, that to the extent necessary for the operation of the Plan, such instructions may be relayed by the Trustee to a recordkeeper, auditor or other person providing services to the Plan if such person (1) is not the Company, an Affiliated Employer or any Employee, officer or director thereof, and (2) agrees not to divulge such directions to any other person, including Employees, officers and directors of the Company and its Affiliated Employers.

IN WITNESS WHEREOF , the Company has executed this amendment on this 31st day of August 2010.

CENTURYLINK, INC.

By: /s/ Stacey W. Goff

Name: **Stacey W. Goff**

Title: **Executive Vice-President, General Counsel and Secretary**

**SEVENTH AMENDMENT TO THE
CENTURYLINK UNION 401(K) PLAN**

WHEREAS, the CenturyTel Union 401(k) Plan ("Plan") was amended and restated by CenturyLink, Inc. (the "Company") effective December 31, 2006;

WHEREAS, on May 20, 2010, the shareholders of the Company approved a change of the Company's name from CenturyTel, Inc. to CenturyLink, Inc., and the Company wishes to change the Plan name to reflect the new Company name;

WHEREAS, the Company wishes to revise the Plan's voting provisions in light of changes to the Company's voting structure approved by the Company's shareholders in 2009; and

WHEREAS, the Company reserved the right to amend the Plan in Section 13.2 of the Plan.

NOW, THEREFORE, the Plan is amended as follows, effective May 20, 2010:

I.

"CenturyTel" is deleted each place that it appears in the Plan and "CenturyLink" is substituted therefor.

II.

Article X of the Plan, Voting Provisions, is amended to read in its entirety as follows:

**ARTICLE X
VOTING PROVISIONS**

10.1 Voting Rights of Company Stock. Each Participant, including their beneficiaries and alternate payees (individually, "Participant" and collectively, "Participants") is, for purposes of this Section, hereby designated a "named fiduciary" within the meaning of ERISA Section 403(a)(1) and shall be entitled to direct the Plan and Trustee as to the manner in which Company Stock allocated to such Participant's accounts is to be voted on each matter brought before an annual or special shareholders' meeting of the Company. Company Stock may be held in different accounts and shall be voted as provided below by the Trustee.

The Committee shall determine the total number of shares of Company Stock allocated to each Participant's accounts as of the record date and such shares shall be voted in accordance with directions of such Participant. Upon timely receipt of such directions, the Trustee shall, on each such matter, vote as directed the number of shares of Company Stock allocated to such Participant's accounts.

Each Participant, as a named fiduciary, shall be entitled to separately direct the vote of a portion of the number of shares of Company Stock with respect to which a signed voting-direction instrument is not timely received from other Participants in a Trust ("Undirected Shares"). Such direction with respect to each Participant who timely elects to direct the vote of Undirected Shares in a Trust as a named fiduciary shall be with respect to a number of Undirected Shares in a Trust equal to the total number of Undirected Shares in a Trust multiplied by a fraction, the numerator of which is the total number of Shares of Company Stock allocated to such Participant in a Trust and the denominator of which is the total number of shares of Company Stock allocated to all Participants who timely elect to vote Undirected Shares as a named fiduciary in a Trust.

10.2 Responding to Tender and Exchange Offers. Each Participant is, for purposes of this Section, hereby designated a "named fiduciary" within the meaning of Section 403(a)(1) of ERISA and shall have the right, to the extent of the number of shares of Company Stock allocated to the Participant's accounts in the Trust, to direct the Trustee in writing as to the manner in which to respond to such tender or exchange offer with respect to shares of Company Stock. The Committee shall use its best efforts to timely distribute or cause to be distributed to each Participant such information as will be distributed to stockholders of the Company in connection with any such tender or exchange offer. Upon timely receipt of such instructions, the Trustee shall respond as instructed with respect to shares of Common Stock in the Trust allocated to such Participant's accounts. If the Trustee shall not receive timely instructions from a Participant as to the manner in which to respond to such a tender or exchange offer, the Trustee shall not tender or exchange any shares of Company Stock held in the Participant's account.

10.3 Confidentiality. Any instructions received by the Trustee from Participants (or, if applicable, Beneficiaries) pursuant to this Article X shall be held by the Trustee in strict confidence and no officer or Employee of the Company or an Affiliated Employer shall ask the Trustee to divulge or release such instructions to any officer or Employee of the Company or Affiliated Employer; provided, however, that to the extent necessary for the operation of the Plan, such instructions may be relayed by the Trustee to a recordkeeper, auditor or other person providing services to the Plan if such person (1) is not the Company, an Affiliated Employer or any Employee, officer or director thereof, and (2) agrees not to divulge such directions to any other person, including Employees, officers and directors of the Company and its Affiliated Employers.

IN WITNESS WHEREOF, the Company has executed this amendment on this 31st day of August 2010.

CENTURYLINK, INC.

By: /s/ Stacey W. Goff

Name: **Stacey W. Goff**

Title: **Executive Vice-President, General Counsel and Secretary**

**AMENDMENT NO. 7
TO THE
CENTURYLINK RETIREMENT PLAN
PREVIOUSLY CENTURYTEL RETIREMENT PLAN**

WHEREAS , the CenturyTel Retirement Plan (“Plan”) was amended and restated by CenturyTel, Inc. (the “Company”) effective December 31, 2006;

WHEREAS , on May 20, 2010, CenturyTel, Inc. changed its name to CenturyLink, Inc., and the Plan name should also be changed;

WHEREAS , the Company desires to amend the Plan to revise certain of the Plan’s provisions.

NOW , THEREFORE , except as otherwise indicated below, the Plan is amended effective as of the dates set forth below, as follows:

I.

Effective May 20, 2010, “CenturyTel” is deleted each place it appears in the Plan and “CenturyLink” is substituted in its place.

II.

Effective September 1, 2010, Section 2.33 is amended to read as follows:

2.33 **Normal Retirement Age** means age 65 or, in the case of a Disabled Participant, the first day of the month in which the Participant will become 65.

III.

Effective September 1, 2010, in Section 2.2 of the Plan, the following is added to the first paragraph which begins with the word “Notwithstanding”:

Effective September 1, 2010, the following provisions of this paragraph shall apply unless a collective bargaining agreement provides otherwise for certain Represented Employees. Mortality shall be the mortality table described in Revenue Ruling 2007-67 and effective January 1, 2009, as prescribed by the Internal Revenue Service Notice 2008-85 or any other table prescribed thereafter by the Secretary as the applicable mortality table under Section 417(e)(3) of the Code (“Applicable Mortality”). Applicable Interest means the annual rate of interest described in Code Section 417(e)(3)(C) (or such other interest rate promulgated by the Commissioner of Internal Revenue in accordance with the Pension Protection Act of 2006) for the August preceding the Plan Year that contains the Annuity Starting Date. The Applicable Interest Rate as defined in Code Sections 417(e)(3)(C) and (D) for the month immediately preceding the applicable Plan Year shall be the adjusted first, second and third segment rates applied under the rules of Code Section 430(h)(2)(C) for the month before the lump sum distribution is paid by the Plan or such other time as may be prescribed in the Income Tax Regulations to Code Section 417(e). For this purpose, the first, second and third segment rates are the first, second and third segment rates which would be determined under Code Section 430(h)(2)(C) if:

- i. Code Section 430(h)(2)(D) were applied by substituting the average yields for the month described in (ii) below for the average yield for the 24-month period described in Code Section 430(h)(2)(D);
- ii. Code Section 430(h)(2)(G)(i)(II) is applied by substituting “Code Section 417(e)(3)(A)(ii)(II)” for “Code Section 412(b)(5)(B)(ii)(II)”; and
- iii. the applicable percentage under Code Section 430(h)(2)(G) is treated as 20 percent in 2008, 40 percent in 2009, 60 percent in 2010 and 80 percent in 2011.

As required by Treasury Regs. §1.417(e)-1(d)(10)(ii), any distribution for which the Annuity Starting Date occurs in the 1-year period commencing September 1, 2010 (or, if later, the 1-year period commencing on the date a collective bargaining agreement ceases to provide otherwise than is stated in this paragraph) shall be determined using the interest rate provided under the Plan determined at either the date for determining the interest rate before this amendment or the date for determining the interest rate after this amendment, whichever results in the larger distribution.

IV.

Effective January 1, 2010, Section 2.14, flush language at the beginning, and 2.14(a) are amended to read as follows:

2.14 Compensation means the sum of (a) and (b), as adjusted under (c), (d), and (e) and after applying the provisions of (f) as determined on the basis of the amounts paid to or for the benefit of a Participant with respect to a calendar

month while actively employed, including amounts paid with respect to a Participant's employment after the end of the calendar month that includes the Participant's last day worked:

- (a) All nondeferred compensation reportable on Form W-2 except the following:
- (1) overtime or premium pay.
 - (2) Imputed income from expense reimbursements or fringe benefits.
 - (3) Prizes and awards (such as employee recognition awards and safety awards).
 - (4) Payment for termination of employment (such as retirement bonuses, disability benefits and severance pay).
 - (5) Long-term incentive compensation (such as stock options, restricted stock and stock appreciation rights).
 - (6) In addition to the bonuses referred to in paragraph (4) above, annual short-term incentives that are actually paid after the calendar month in which the Participant ceases to be actively employed.

V.

Effective January 1, 2010, Section 5.1 is amended to read as follows:

5.1 Normal Retirement. An Employee who attains Normal Retirement Age shall have the right to retire with a fully vested and nonforfeitable basic benefit computed in accordance with Section 6.1, subject to the limitations contained in Section 5.7.

VI.

Effective September 1, 2010, Section 5.4 is amended as follows:

5.4 Disability Retirement. An Employee shall be entitled to a disability retirement benefit if he becomes Disabled. An Employee's disability retirement benefit will be computed in accordance with Section 6.4.

VII.

Effective January 1, 2010, new Section 6.10, Overpayments, is added to read as follows:

6.10 Overpayments. Whenever payments are made to a Participant or Beneficiary in excess of the amount necessary to satisfy the provisions of the Plan, the Plan has the right to recover these payments from the Participant or any individual to whom the excess payments were made or to reduce or withhold future payments, if necessary, until the overpayment is recovered.

VIII.

Effective September 1, 2010, Section 7.1 is amended to read as follows:

7.1 Commencement of Benefits. Subject to the provisions of Sections 7.9 and 7.10, benefits to a Participant (or Spouse under Sections 5.5 and 6.5) shall commence as of the following dates:

- (a) For normal retirement benefits under Section 5.1 and 6.1, as of the first day of the month in which the Participant's Normal Retirement Date occurs, unless the Participant elects deferred retirement.
- (b) For early retirement benefits under Section 5.2 and 6.2, the Participant may elect to commence benefits as of the first day of any month coincident with or following Early Retirement Date.
- (c) For deferred retirement benefits under Sections 5.3 and 6.3, benefits shall commence as of the first day of the month coincident with or next following the date on which the Participant actually terminates and elects to commence receiving benefits.
- (d) For disability benefits under Sections 5.4 and 6.4, benefits shall commence as of the Participant's Normal Retirement Age, provided that, if otherwise eligible for early retirement, the Participant may elect for benefits to commence on or after the Participant's meeting the requirements for early retirement pursuant to Section 7.11. If the Participant notifies the Committee in writing that disability benefits under this Plan would reduce any other disability benefit, the Committee shall defer payment until the other benefit stops.
- (e) For benefits of a Spouse under Section 5.5 and 6.5, benefits under Section 6.5(a) shall commence as of the first day of the month coincident with or next following the date of death of the Participant, benefits under Section 6.5(b) shall commence on the first day of the month coincident with or next following the date on which the Participant would have attained age fifty-five (55), and benefits for a Spouse under Section 6.5(d) shall be paid as soon as administratively feasible following the date of death of the Participant.

(f) For benefits of a terminated vested Participant under Sections 5.6 and 6.6, benefits shall normally commence as of the first day of the month after the Participant reaches Normal Retirement Age, provided that a Participant may elect to commence receiving benefits as of the first day of any month coincident with or next following the date the Participant attains age fifty-five (55). In such event, benefits shall be reduced as provided in Section 6.6(b).

IX.

Effective September 1, 2010, GATT Assumptions, contained in Paragraph 5 of the Salaried Plan portion of the Plan in Schedule 6.1(f)-2 is amended to add the following as a new paragraph:

GATT Assumptions. Effective September 1, 2010, the following provisions of this paragraph shall apply unless a collective bargaining agreement provides otherwise for certain Represented Employees. Mortality shall be the mortality table described in Revenue Ruling 2007-67 and effective January 1, 2009, as prescribed by the Internal Revenue Service Notice 2008-85 or any other table prescribed thereafter by the Secretary as the applicable mortality table under Section 417(e)(3) of the Code ("Applicable Mortality"). Applicable Interest means the annual rate of interest described in Code Section 417(e)(3)(C) (or such other interest rate promulgated by the Commissioner of Internal Revenue in accordance with the Pension Protection Act of 2006) for the August preceding the Plan Year that contains the Annuity Starting Date. The Applicable Interest Rate as defined in Code Sections 417(e)(3)(C) and (D) for the month immediately preceding the applicable Plan Year shall be the adjusted first, second and third segment rates applied under the rules of Code Section 430(h)(2)(C) for the month before the lump sum distribution is paid by the Plan or such other time as may be prescribed in the Income Tax Regulations to Code Section 417(e). For this purpose, the first, second and third segment rates are the first, second and third segment rates which would be determined under Code Section 430(h)(2)(C) if:

- i. Code Section 430(h)(2)(D) were applied by substituting the average yields for the month described in (ii) below for the average yield for the 24-month period described in Code Section 430(h)(2)(D);
- ii. Code Section 430(h)(2)(G)(i)(II) is applied by substituting "Code Section 417(e)(3)(A)(ii)(II)" for "Code Section 412(b)(5)(B)(ii)(II)"; and
- iii. the applicable percentage under Code Section 430(h)(2)(G) is treated as 20 percent in 2008, 40 percent in 2009, 60 percent in 2010 and 80 percent in 2011.

As required by Treasury Regs. §1.417(e)-1(d)(10)(ii), any distribution for which the Annuity Starting Date occurs in the 1-year period commencing September 1, 2010 (or, if later, the 1-year period commencing on the date a collective bargaining agreement ceases to provide otherwise than is stated in this paragraph) shall be determined using the interest rate provided under the Plan determined at either the date for determining the interest rate before this amendment or the date for determining the interest rate after this amendment, whichever results in the larger distribution.

X.

Effective September 1, 2010, Sections 5.1, 5.2(d), 5.4 and 5.6(c), contained in Paragraph 17 of the Salaried Plan portion of the Plan in Schedule 6.1(f)-2, is amended to read as follows:

5.1 Normal Retirement. An Employee who attains Normal Retirement Age shall have the right to retire with a fully vested and nonforfeitable basic benefit computed in accordance with Sections 6.1 of the Salaried Plan and the Minimum Benefit provisions at Paragraph 19 of the Salaried Plan, subject to the limitations contained in Section 5.7 of the Plan, commencing as of the first day of the month in which the Participant's Normal Retirement Date occurs.

5.2 (d) However, the Employee may elect, in accordance with Section 7.11 of the Plan, to have his benefit commence as of the first day of any month coincident with or following his Early Retirement Date and preceding his Normal Retirement Date.

5.4 Disability Retirement. An Employee with fifteen (15) or more years of Credited Service shall be entitled to a disability retirement benefit if he becomes Disabled and is receiving disability benefits under the Social Security Act. An Employee's disability retirement benefit will be computed in accordance with Section 6.4 of the Salaried Plan.

5.6 (c) The normal commencement date of a termination benefit shall be the first day of the month in which the former Employee's Normal Retirement Date occurs. However, if a former Employee has fifteen (15) or more years of Credited Service, he may elect, in accordance with Section 7.11 of the Plan, to have his termination benefit commence prior to his Normal Retirement Date on the first day of any month coincident with or following the date on which his combined years of age and years of Credited Service equal seventy-six (76) years. Also, if a former Employee has ten (10) or more years of Credited Service, he may elect, in accordance with Section 7.11 of the Plan, to have his termination benefit commence prior to his Normal Retirement Date on the first day of any month coincident with or following the date on which he attains age fifty-five (55). The termination benefit of any former Employee whose benefit commences prior to his Normal Retirement Date shall be reduced by multiplying such amount by the appropriate factor contained in the table at Schedule 5.6(c) of the Salaried Plan.

XI.

Effective September 1, 2010, the last paragraph of Section 6.2, contained in Paragraph 18 of the Salaried Plan portion of the Plan in Schedule 6.1(f)-2, is amended to read as follows:

In the case of a fractional part of a year, the above percentages shall be adjusted at the rate of one-fourth (1/4) of one (1) percent (0.25%) for each full month by which the date of commencement of the Employee's benefit follows the last day of the month after the attainment of age forty-nine (49) through age fifty-four (54); provided, however, that the date of commencement of the Employee's benefit for purposes of this calculation shall be deemed to occur not earlier than the first day of the month following the Employee's forty-ninth (49th) birthday.

XII.

Effective September 1, 2010, Section 6.5, contained in Paragraph 20 of the Salaried Plan portion of the Plan in Schedule 6.1(f)-2, is amended to read as follows:

6.5 Spouse's Benefit .

(a) The annual benefit payable to a Spouse who qualifies for a Spouse's benefit under Section 5.5 of the Salaried Plan shall be the annual amount payable to the Spouse as Beneficiary under the survivor annuity portion of the Qualified Joint and Survivor Annuity with respect to the Participant, computed as if the Participant had:

- (1) terminated employment with the Employer on the date of his death (or, if earlier, on the date of his actual termination of employment with the Employer),
- (2) elected the first day of the month in which his Normal Retirement Date occurs (or, if later, the first day of the month coincident with or next following the month in which the date of his death occurs) as the commencement date for his benefits, and
- (3) died on the commencement date of his benefits.

Except as provided in subsections (b) and (c) below, the normal commencement date of a Spouse's benefit shall be the later of the deceased Participant's Normal Retirement Date or the first day of the month coincident or next following the date of his death.

(b) In the case of a Participant who dies before his Normal Retirement Date while in the service of the Employer and after having satisfied, while in service of the Employer, the criteria for an early distribution set forth in Section 5.6(c) of the Salaried Plan, the Spouse may elect, in accordance with Section 7.11 of the Plan, that the commencement date of the Spouse's benefit shall be the first day of any month before the Participant's Normal Retirement Date and after the month of the Participant's death. The annual amount of a Spouse's benefit that commences before the Participant's Normal Retirement Date in accordance with this subsection (b) shall not be reduced on account of such early commencement.

(c) In the case of a Participant who dies before his Normal Retirement Date after terminating from service with the Employer, the Spouse may elect, in accordance with Section 7.11 of the Plan, that the commencement date of the Spouse's benefit shall be the first day of any month before the Participant's Normal Retirement Date and after the month of the Participant's death, provided that (i) the Participant had satisfied, while in service of the Employer, the criteria for an early distribution set forth in Section 5.6(c) of the Salaried Plan or (ii) the Participant had at least 10 Years of Credited Service at termination and was age 55 or older at his date of death, or the Participant had at least 15 Years of Credited Service at termination and his combined Years of Credited Service and age at his date of death was at least 76. The annual amount of a Spouse's benefit that commences before the Participant's Normal Retirement Date in accordance with this subsection (c) shall equal the annual amount payable to the Spouse as Beneficiary under the survivor annuity portion of the Qualified Joint and Survivor Annuity that would have been payable with respect to the Participant computed as if the Participant had:

- (1) terminated employment with the Employer on the date of his death (or, if earlier, on the date of his actual termination of employment with the Employer),
- (2) elected as the commencement date of his benefits the date elected by the Spouse in accordance with this subsection (c), and
- (3) died on the commencement date of his benefits.

XIII.

Effective September 1, 2010, GATT Assumptions, contained in paragraph 5 of the Hourly Plan portion of the Plan in Schedule 6.1(f)-3, is amended to read as follows:

GATT Assumptions, Effective September 1, 2010, the following provisions of this paragraph shall apply unless a collective bargaining agreement provides otherwise for certain Represented Employees. Mortality shall be the mortality table described in Revenue Ruling 2007-67 and effective January 1, 2009, as prescribed by the Internal Revenue Service Notice 2008-85 or

any other table prescribed thereafter by the Secretary as the applicable mortality table under Section 417(e)(3) of the Code ("Applicable Mortality"). Applicable Interest means the annual rate of interest described in Code Section 417(e)(3)(C) (or such other interest rate promulgated by the Commissioner of Internal Revenue in accordance with the Pension Protection Act of 2006) for the August preceding the Plan Year that contains the Annuity Starting Date. The Applicable Interest Rate as defined in Code Sections 417(e)(3)(C) and (D) for the month immediately preceding the applicable Plan Year shall be the adjusted first, second and third segment rates applied under the rules of Code Section 430(h)(2)(C) for the month before the lump sum distribution is paid by the Plan or such other time as may be prescribed in the Income Tax Regulations to Code Section 417(e). For this purpose, the first, second and third segment rates are the first, second and third segment rates which would be determined under Code Section 430(h)(2)(C) if:

- i. Code Section 430(h)(2)(D) were applied by substituting the average yields for the month described in (ii) below for the average yield for the 24-month period described in Code Section 430(h)(2)(D);
- ii. Code Section 430(h)(2)(G)(i)(II) is applied by substituting "Code Section 417(e)(3)(A)(ii)(II)" for "Code Section 412(b)(5)(B)(ii)(II)"; and
- iii. the applicable percentage under Code Section 430(h)(2)(G) is treated as 20 percent in 2008, 40 percent in 2009, 60 percent in 2010 and 80 percent in 2011.

As required by Treasury Regs. §1.417(e)-1(d)(10)(ii), any distribution for which the Annuity Starting Date occurs in the 1-year period commencing September 1, 2010 (or, if later, the 1-year period commencing on the date a collective bargaining agreement ceases to provide otherwise than is stated in this paragraph) shall be determined using the interest rate provided under the Plan determined at either the date for determining the interest rate before this amendment or the date for determining the interest rate after this amendment, whichever results in the larger distribution.

XIV.

Effective September 1, 2010, Sections 5.1, 5.2(d), 5.4 and 5.6(c) contained in Paragraph 20 of the Hourly Plan portion of the Plan in Schedule 6.1(f)-3, are amended to read as follows:

5.1 Normal Retirement . An Employee who attains Normal Retirement Age shall have the right to retire with a fully vested and nonforfeitable basic benefit computed in accordance with Section 6.1 of the Hourly Plan and the Minimum Benefit provisions at Paragraph 22 of the Hourly Plan, subject to the limitations contained in Section 5.7 of the Plan, commencing as of the first day of the month in which the Participant's Normal Retirement Date occurs.

5.2 Early Retirement

(d) The normal commencement date of the benefit on Early Retirement hereunder shall be the Employee's Normal Retirement Date. However, the Employee may elect, in accordance with Section 7.11 of the Plan, to have his benefit commence as of the first day of any month coincident with or following his Early Retirement Date and preceding his Normal Retirement Date. The benefit of any Employee whose commencement date occurs prior to attaining age fifty-five (55) shall be reduced pursuant to the schedule set forth in Section 6.2 of the Hourly Plan.

5.4 Disability Retirement . An Employee with fifteen (15) or more years of Credited Service shall be entitled to a disability retirement benefit if he becomes Disabled. An Employee's disability retirement benefit will be computed in accordance with Section 6.4 of the Hourly Plan.

5.6 Benefits on Termination of Employment .

(c) The normal commencement date of a termination benefit shall be the first day of the month in which the former Employee's Normal Retirement Date occurs. However, if a former Employee has fifteen (15) or more years of Credited Service, he may elect, in accordance with Section 7.11 of the Plan, to have his termination benefit commence prior to his Normal Retirement Date on the first day of any month coincident with or following the date on which his combined years of age and years of Credited Service equal seventy-six (76) years. Also, if a former Employee has ten (10) or more years of Credited Service, he may elect, in accordance with Section 7.11 of the Plan, to have his termination benefit commence prior to his Normal Retirement Date on the first day of any month coincident with or following the date on which he attains age fifty-five (55). The termination benefit of any former Employee whose benefit commences prior to his Normal Retirement Date shall be reduced by multiplying such amount by the appropriate factor contained in the table at Schedule 5.6(c) of the Hourly Plan.

XV.

Effective January 1, 2010, the following paragraph is added to the end of Section 5.5 contained in Paragraph 20 of the Hourly Plan portion of the Plan in Schedule 6.1(f)-3:

A spousal or non-spousal benefit under this Section 5.5 shall be paid in the form provided under Section 6.5 of the Hourly Plan or, if required pursuant to the terms of a collective bargaining agreement, the form required by such agreement. For example, spousal and non-spousal beneficiaries of Participants covered by the Memorandum of Agreement

between CenturyTel of Central Wisconsin, LLC, Telephone USA of Wisconsin, LLC and Communication Workers of America dated May 1, 2008, shall be entitled to receive their pre-retirement death benefits in a single lump sum.

XVI.

Effective September 1, 2010, the last paragraph of Section 6.2, contained in Paragraph 21 of the Hourly Plan portion of the Plan in Schedule 6.1(f)-3, is amended to read as follows:

An Employee whose years of Credited Service total thirty (30) or more years shall be entitled to an unreduced benefit. In the case of a fractional part of a year, the above percentages shall be adjusted at the rate of one-fourth (1/4) of one (1) percent (0.25%) for each full month by which the date of commencement of the Employee's benefit follows the last day of the month after the attainment of age forty-nine (49) through age fifty-four (54); provided, however, that the date of commencement of the Employee's benefit for purposes of this calculation shall be deemed to occur not earlier than the first day of the month following the Employee's forty-ninth (49th) birthday.

XVII.

Effective September 1, 2010, in Section 2.2, contained in Paragraph 1 of the Ohio Plan portion of the Plan in Schedule 6.1(f)-4, the following is added to the paragraph which begins with the word "Notwithstanding":

Effective September 1, 2010, the following provisions of this paragraph shall apply unless a collective bargaining agreement provides otherwise for certain Represented Employees. Mortality shall be the mortality table described in Revenue Ruling 2007-67 and effective January 1, 2009, as prescribed by the Internal Revenue Service Notice 2008-85 or any other table prescribed thereafter by the Secretary as the applicable mortality table under Section 417(e)(3) of the Code ("Applicable Mortality"). Applicable Interest means the annual rate of interest described in Code Section 417(e)(3)(C) (or such other interest rate promulgated by the Commissioner of Internal Revenue in accordance with the Pension Protection Act of 2006) for the August preceding the Plan Year that contains the Annuity Starting Date. The Applicable Interest Rate as defined in Code Sections 417(e)(3)(C) and (D) for the month immediately preceding the applicable Plan Year shall be the adjusted first, second and third segment rates applied under the rules of Code Section 430(h)(2)(C) for the month before the lump sum distribution is paid by the Plan or such other time as may be prescribed in the Income Tax Regulations to Code Section 417(e). For this purpose, the first, second and third segment rates are the first, second and third segment rates which would be determined under Code Section 430(h)(2)(C) if:

- i. Code Section 430(h)(2)(D) were applied by substituting the average yields for the month described in (ii) below for the average yield for the 24-month period described in Code Section 430(h)(2)(D);
- ii. Code Section 430(h)(2)(G)(i)(II) is applied by substituting "Code Section 417(e)(3)(A)(ii)(II)" for "Code Section 412(b)(5)(B)(ii)(II)"; and
- iii. the applicable percentage under Code Section 430(h)(2)(G) is treated as 20 percent in 2008, 40 percent in 2009, 60 percent in 2010 and 80 percent in 2011.

As required by Treasury Regs. §1.417(e)-1(d)(10)(ii), any distribution for which the Annuity Starting Date occurs in the 1-year period commencing September 1, 2010 (or, if later, the 1-year period commencing on the date a collective bargaining agreement ceases to provide otherwise than is stated in this paragraph) shall be determined using the interest rate provided under the Plan determined at either the date for determining the interest rate before this amendment or the date for determining the interest rate after this amendment, whichever results in the larger distribution.

XVIII .

Effective September 1, 2010, Paragraph 4 of the Ohio Plan portion of the Plan in Schedule 6.1(f)-4, Elapsed Service, is amended to add subparagraph (f) at the end, as follows:

(f) For purposes of determining Elapsed Service, periods of service shall be aggregated on the basis that 12 months of service are equal to 1 full year of service, and a Participant shall be credited with 1 full month of service for each 30 days of service included in a participant's period of service.

XIX.

Effective September 1, 2010, Section 5.1, contained in Paragraph 17 of the Ohio Plan portion of the Plan in Schedule 6.1(f)-4, is amended to read as follows:

5.1 Normal Retirement . An Employee who attains Normal Retirement Age shall have the right to retire with a fully vested and nonforfeitable basic benefit computed in accordance with Section 6.1 of the Ohio Plan, subject to the limitations contained in Section 5.7 of the Plan.

XX.

Effective January 1, 2010, Section 6.3, contained in Paragraph 22 of the Ohio Plan portion of the Plan in Schedule 6.1(f)-4, is deleted in its entirety.

XXI.

Effective September 1, 2010, Section 7.1, contained in Paragraph 25 of the Ohio Plan portion of the Plan in Schedule 6.1(f)-4, is amended to read as follows:

7.1 Commencement of Benefits. Subject to the provisions of Sections 7.9 and 7.10 of the Plan, benefits to a Participant (or Spouse under Sections 5.5 of the Plan and 6.5 of the Ohio Plan) shall commence as of the following dates:

(a) For normal retirement benefits under Section 5.1 and 6.1 of the Ohio Plan, as of the first day of the month in which the Participant's Normal Retirement Date occurs.

(b) For early retirement benefits under Sections 5.2 of the Plan and 6.2 of the Ohio Plan, the Participant may elect to commence benefits as of the first day of any month coincident with or next following Early Retirement Date.

(c) For disability benefits under Sections 5.4 and 6.4 of the Ohio Plan, benefits shall commence as of the first day of the month following the month in which the Participant otherwise eligible for disability benefits becomes Disabled, and shall continue solely during the period of Disability, provided, however, that no benefits shall be payable under the Ohio Plan by reason of such disability during any period in which the participant is not eligible for, and does not receive, disability benefits under the Social Security Act (except for the waiting period required under such Act) or while payments otherwise provided by the Employer, or an Affiliate (whether directly or under the LTD Plan), are being made on account of such disability. The Committee may require that a Participant receiving disability benefits periodically, but not more often than once in any 12-month period, furnish medical evidence that such disability continues. In the event such Participant is no longer considered disabled, or ceases to be eligible for or does not continue to receive disability benefits under the Social Security Act, disability benefit payments under the Ohio Plan shall cease. In addition, disability benefit payments under the Ohio Plan shall in any event cease as of such Participant's Normal Retirement Date, at which time the Participant shall be eligible to commence receiving his or her normal retirement benefit in accordance with Section 6.1 of the Ohio Plan pursuant to the distribution rules set forth in Article VII (and, except as may otherwise be required under Section 411 of the Code, without regard to the \$150 monthly minimum prescribed by Section 6.4 to the Ohio Plan). In the event a participant dies while receiving disability benefits, such disability benefits shall cease. Any survivor benefits payable on account of such participant's death shall be payable solely at the time and in the manner prescribed by Section 7.1(e) below and shall be based upon such Participant's Pension Band(s) dollar amount(s) determined in accordance with Section 6.5(c) of the Ohio Plan, rather than Schedule 6.4 to the Ohio Plan (and, except as may otherwise be required under Section 411 of the Code, without regard to the \$150 monthly minimum prescribed by Section 6.4 of the Ohio Plan).

(d) (1) For benefits of a Spouse under Sections 5.5 of the Plan and 6.5 of the Ohio Plan, benefits under Section 6.5(a) shall commence as of the first day of the month following the date of death of the Participant, and benefits under Section 6.5(b) shall commence as of the first day of the month coincident with or next following the later of the date of death of the Participant and the date on which the Participant would have attained age fifty-five (55).

(2) In lieu of receiving benefit payments pursuant to (1) above, the surviving Spouse of a Participant shall be entitled to elect a single-sum payment equal to the Actuarial Equivalent of the survivor benefits payable under (1), payable as of the first day of any subsequent month, but no later than the Participant's Normal Retirement Date.

(e) For benefits of a terminated vested Participant under Sections 5.6 and 6.6 of the Ohio Plan, benefits shall normally commence as of the Participant's Normal Retirement Date, provided that a Participant may elect to commence receiving benefits as of the first day of any month coincident with or following the month the Participant attains age fifty-five (55).

(f) Any supplemental benefits payable to a Participant or beneficiary pursuant to the Prior Plan Benefits and Supplemental Benefits provisions of Paragraphs 22 and 23 of the Ohio Plan shall be payable to such individual or beneficiary at the same time and in the same manner as the aggregate benefits to which they relate are paid.

IN WITNESS WHEREOF, the Company has executed this amendment on this 31st day of August, 2010.

CENTURYLINK, INC.

By: /s/ Stacey W. Goff

Name: **Stacey W. Goff**

Title: **Executive Vice-President, General Counsel and Secretary**

FORM OF RETENTION AWARD AGREEMENT

(2010 Retention Grants to Section 16 Officers and HR Director) ¹

This RETENTION AWARD AGREEMENT (this "Agreement") is entered into as of August 23, 2010 by and between CenturyLink, Inc. ("CenturyLink") and _____ ("Award Recipient").

WHEREAS, pursuant to a merger agreement dated April 21, 2010 (the "Merger Agreement"), CenturyLink has agreed to acquire Qwest Communications International Inc. (the "Merger");

WHEREAS, the Merger Agreement provides for the establishment by CenturyLink of a retention program to grant added incentives to its key employees to remain employed with CenturyLink through the completion of the Merger and during the critical integration period thereafter;

WHEREAS, at its August 23, 2010 meeting, the Compensation Committee (the "Committee") of the Board of Directors of CenturyLink (the "Board") approved such a retention program, under which certain key employees of CenturyLink were granted deferred cash, equity incentives, or a combination of both, with vesting of such awards dependent upon the closing of the Merger (the "Retention Program");

WHEREAS, CenturyLink maintains the Amended and Restated 2005 Management Incentive Compensation Plan (the "Plan") under which the Committee, or a duly authorized subcommittee thereof may, directly or indirectly, among other things, grant restricted shares of CenturyLink's common stock, \$1.00 par value per share (the "Common Stock"), to key employees of CenturyLink or its subsidiaries (collectively, the "Company"), subject to such terms, conditions, or restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Retention Program and the Plan, the Committee has awarded to the Award Recipient a deferred cash award and restricted shares of Common Stock on the terms and conditions specified below;

NOW, THEREFORE, the parties agree as follows:

1.

DEFERRED CASH AWARD

1.1 Subject to the terms and conditions of this Agreement, CenturyLink hereby grants a cash award to the Award Recipient of a total of \$_____ (the "Cash Award"). One-half of the Cash Award shall vest on the date of the closing of the Merger (the "Closing Date") and the remainder shall vest on the first anniversary of the Closing Date, provided in each case that the Award Recipient remains employed with the Company on such date.

1.2 Notwithstanding Section 1.1. above, if the Company terminates the Award Recipient's employment without Cause prior to the vesting or forfeiture of any portion of the Cash Award under the terms and conditions of this Agreement, all unvested portions of the Cash Award shall vest in full on the date of such termination. For purposes of this Agreement, "Cause" shall mean (a) conviction of a felony; (b) habitual intoxication during working hours; (c) habitual abuse of or addiction to a controlled dangerous substance; or (d) the willful and continued failure of the Award Recipient to perform substantially the Award Recipient's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) for a period of 10 days after a written demand for substantial performance is delivered to the Award Recipient by the Board.

1.3 Notwithstanding any other provision of this Agreement, if the Merger is not consummated under the terms of the Merger Agreement (including any permissible extensions thereof), the entirety of the Cash Award shall be forfeited.

1.4 The Cash Award is intended to be exempt from Section 409A (as such term is defined in the Plan) as a short-term deferral. Once vested, payment of that portion of the Cash Award shall be made as soon as administratively practicable, but in no event later than 30 days following the applicable vesting date.

¹ The retention award agreements differed for (i) Glen F. Post, III, who received no Cash Award, and (ii) William E. Cheek, who received his grant of Restricted Stock under the Amended and Restated CenturyLink Legacy Embarq 2008 Equity Incentive Plan.

2.

AWARD OF SHARES

2.1 Upon the terms and conditions of the Plan and this Agreement, CenturyLink as of the date of this Agreement (the “Grant Date”) hereby awards to the Award Recipient a total of _____ restricted shares of Common Stock (the “Restricted Stock”) that vest, subject to Sections 3, 4, and 5 hereof, in installments as follows:

Scheduled Vesting Date
first anniversary of the Closing Date
second anniversary of the Closing Date
third anniversary of the Closing Date

Number of Shares

2.2 Notwithstanding any other provision of this Agreement, if the Merger is not consummated under the terms of the Merger Agreement (including any permissible extensions thereof), all shares of the Restricted Stock shall be forfeited.

3. AWARD RESTRICTIONS ON RESTRICTED STOCK

3.1 In addition to the conditions and restrictions provided in the Plan, neither the shares of Restricted Stock nor the right to vote the Restricted Stock, to receive dividends thereon or to enjoy any other rights or interests thereunder or hereunder may be sold, assigned, donated, transferred, exchanged, pledged, hypothecated, or otherwise encumbered prior to vesting. Subject to the restrictions on transfer provided in this Section 3.1, the Award Recipient shall be entitled to all rights of a shareholder of CenturyLink with respect to the Restricted Stock, including the right to vote the shares and the right to receive all dividends and other distributions declared thereon.

3.2 If the shares of Restricted Stock have not already vested or been forfeited under the terms of this Agreement or the Plan, all of the shares of Restricted Stock shall vest and all restrictions set forth in Section 3.1 shall lapse on the earlier of:

- (a) the date on which the employment of the Award Recipient terminates as a result of (i) death or (ii) disability within the meaning of Section 22(e)(3) of the Internal Revenue Code;
- (b) the date on which the Award Recipient retires (i) on or after attaining the age of 65 or (ii) on or after attaining the age of 55 with at least ten years of prior service with the Company, but in either case, only if such vesting and lapsing of restrictions is specifically approved by the Committee in its discretion;
- (c) the date the Company terminates the Award Recipient’s employment without Cause, as such term is defined in Section 1.2; or
- (d) unless the Committee otherwise determines in its sole discretion, the occurrence of a Change of Control of CenturyLink, as described in the Plan.

Notwithstanding the foregoing, any use of discretion by the Committee under Section 3.2(d) must be uniform with respect to the Award Recipient and all other similarly-situated key employees who received a comparable grant of Restricted Stock on the Grant Date.

4. TERMINATION OF EMPLOYMENT

All unvested Restricted Stock shall automatically terminate and be forfeited if the employment of the Award Recipient terminates for any reason, unless and to the extent otherwise provided in Section 3.

5. FORFEITURE OF AWARD

5.1 If, at any time during the Award Recipient’s employment by the Company or within 18 months after termination of employment, the Award Recipient engages in any activity in competition with any activity of the Company, or inimical, contrary or harmful to the interests of the Company, including but not limited to: (a) conduct relating to the Award Recipient’s employment for which either criminal or civil penalties against the Award Recipient may be sought, (b) conduct or activity that results in termination of the Award Recipient’s employment for Cause, (c) violation of the Company’s policies, including, without limitation, the Company’s insider trading, ethics and compliance policies and programs, (d) participating in the public reporting of any financial or operating result that was impacted by the participant’s knowing or intentional fraudulent or illegal conduct; (e) accepting employment with, acquiring a 5% or more equity or participation interest in, serving as a consultant, advisor, director or agent of, directly or indirectly soliciting or recruiting any employee of the Company who was employed at any time during the Award Recipient’s tenure with the Company, or otherwise assisting in any other capacity or manner any company or enterprise that is directly or indirectly in competition with or acting against the interests of the Company or any of its lines of business (a “competitor”), except for (A) any isolated, sporadic accommodation or assistance provided to a competitor, at its request, by the Award Recipient during the Award Recipient’s tenure with the Company, but only if provided in the good faith and reasonable belief that such action would benefit the Company by promoting good business relations with the competitor and would not harm the Company’s interests in any

substantial manner or (B) any other service or assistance that is provided at the request or with the written permission of the Company, (f) disclosing or misusing any confidential information or material concerning the Company, (g) engaging in, promoting, assisting or otherwise participating in a hostile takeover attempt of the Company or any other transaction or proxy contest that could reasonably be expected to result in a Change of Control (as defined in the Plan) not approved by the CenturyLink Board of Directors or (h) making any statement or disclosing any information to any customers, suppliers, lessors, lessees, licensors, licensees, regulators, employees or others with whom the Company engages in business that is defamatory or derogatory with respect to the business, operations, technology, management, or other employees of the Company, or taking any other action that could reasonably be expected to injure the Company in its business relationships with any of the foregoing parties or result in any other detrimental effect on the Company, then the Cash Award and the shares of Restricted Stock granted hereunder shall automatically terminate and be forfeited effective on the date on which the Award Recipient engages in such activity and (i) the entire Cash Award and all shares of Common Stock acquired by the Award Recipient pursuant to this Agreement (or other securities into which such shares have been converted or exchanged) shall be returned to the Company or, if no longer held by the Award Recipient, the Award Recipient shall pay to the Company, without interest, all cash, securities or other assets received by the Award Recipient, whether upon the sale or transfer of such stock or securities or otherwise, and (ii) any unvested portion of the Cash Award and all unvested shares of Restricted Stock shall be forfeited.

5.2 If the Award Recipient owes any amount to the Company under Section 5.1 above, the Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as salary, wages, reimbursements or other compensation, fringe benefits, retirement benefits or vacation pay). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

5.3 The Award Recipient may be released from the Award Recipient's obligations under Sections 5.1 and 5.2 above only if the Committee determines in its sole discretion that such action is in the best interests of the Company.

6. STOCK CERTIFICATES

No stock certificates evidencing the Restricted Stock shall be issued by CenturyLink until the lapse of restrictions under the terms hereof. Instead, ownership of the Restricted Stock shall be evidenced by a book entry with the applicable restrictions reflected. Upon the lapse of restrictions on shares of Restricted Stock, CenturyLink shall issue the vested shares of Restricted Stock (either through book entry issuances or delivery of a stock certificate) in the name of the Award Recipient or his or her nominee, subject to the other terms and conditions hereof, including those governing any withholdings of shares under Section 7 below. Upon receipt of any such vested shares, the Award Recipient is free to hold or dispose of such shares, subject to (i) applicable securities laws, (ii) CenturyLink's insider trading policy, and (iii) CenturyLink's stock ownership guidelines then in effect.

7. WITHHOLDING TAXES

7.1 At the time that all or any portion of the Cash Award vests, CenturyLink shall withhold from the amount payable to the Award Recipient the amount of income tax withholding required by law.

7.2 At the time that all or a portion of the Restricted Stock vests, the Award Recipient must deliver to CenturyLink the amount of income tax withholding required by law. Unless otherwise directed in writing by CenturyLink, the Award Recipient hereby agrees to fully satisfy the tax withholding obligation relating to the vesting of Restricted Stock by requesting CenturyLink to withhold from the shares the Award Recipient otherwise would receive hereunder shares of Common Stock having a value equal to the minimum amount required to be withheld (as determined under the Plan); provided, however, that to prevent the issuance of fractional shares and the under-withholding of taxes, the Award Recipient agrees that the number of shares withheld shall be rounded up to the next whole number of shares.

8. ADDITIONAL CONDITIONS

Anything in this Agreement to the contrary notwithstanding, if, at any time prior to the vesting of the Restricted Stock in accordance with Section 2 or 3 hereof, CenturyLink further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to CenturyLink. CenturyLink agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

9. NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon the Award Recipient any right to continue in the employment of the Company, or to interfere in any way with the right of the Company to terminate the Award Recipient's employment relationship with the Company at any time.

BINDING EFFECT

Upon being duly executed and delivered by CenturyLink and the Award Recipient, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

11.

INCONSISTENT PROVISIONS

The shares of Restricted Stock granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control, except with regard to this Agreement's grant of discretionary authority to the Committee under Section 3.2 (d). The Award Recipient acknowledges receipt from CenturyLink of a copy of the Plan and a prospectus summarizing the Plan and further acknowledges that the Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives and successors.

12.

ATTORNEYS' FEES AND EXPENSES

Should any party hereto retain counsel for the purpose of enforcing, or preventing the breach of, any provision hereof, including, but not limited to, the institution of any action or proceeding in court to enforce any provision hereof, to enjoin a breach of any provision of this Agreement, to obtain specific performance of any provision of this Agreement, to obtain monetary or liquidated damages for failure to perform any provision of this Agreement, or for a declaration of such parties' rights or obligations hereunder, or for any other judicial remedy, then the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, attorneys' fees (including costs of appeal).

13.

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

14.

SEVERABILITY

If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and CenturyLink intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

15.

ENTIRE AGREEMENT; MODIFICATION

The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein. This Agreement may not, without the Award Recipient's consent, be amended or modified so as to materially adversely affect the Award Recipient's rights under this Agreement, except (i) as provided in the Plan, as it may be amended from time to time in the manner provided therein, or (ii) by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered on the day and year first above written.

[Signature Blocks Intentionally Omitted]

**FIRST AMENDMENT TO THE
AMENDED AND RESTATED
CENTURYLINK, INC.
BONUS LIFE INSURANCE PLAN
FOR EXECUTIVE OFFICERS**

WHEREAS , the Amended and Restated CenturyTel, Inc. Bonus Life Insurance Plan (“Plan”) for Executive Officers was amended and restated effective January 1, 2008 by documents executed on April 3, 2008; and

WHEREAS , the Employer changed its name from CenturyTel, Inc. to CenturyLink, Inc. on May 20, 2010; and

WHEREAS , the Plan needs to be amended to change the name of the Employer effective May 20, 2010; and

WHEREAS , the Employer Provided Benefits under the Plan were defined as life insurance premium bonuses on life insurance policies owned by the executive officer or such officer’s assignee and Tax Gross-Up Bonuses; and

WHEREAS , in its Form 8-K, dated May 7, 2010, the Employer represented that its executive officers have agreed effective January 1, 2011 to waive any right to receive Tax Gross-Up Bonuses under the Plan; and

WHEREAS , the Plan needs to be amended to delete the payment of Tax Gross-Up Bonuses effective January 1, 2011; and

WHEREAS , under Section 6.1, the Employer reserved the right to amend and terminate the Plan.

NOW, THEREFORE , the Plan is amended as follows:

1. Effective May 20, 2010, delete “CenturyTel, Inc.” and substitute “CenturyLink, Inc.” each place that it appears in the Plan.
2. Effective January 1, 2011, amend the definition of “Employer Provided Benefits” to read as follows:

“ Employer Provided Benefits means the Life Insurance Premium Bonuses.”
3. Effective January 1, 2011, amend Article II to delete the definition of “ **Tax Gross-Up Bonuses** .”

IN WITNESS WHEREOF , CenturyLink, Inc. has executed this First Amendment on this 24 th day of August 2010.

CENTURYLINK, INC.

By: /s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.,
Executive Vice-President and
Chief Financial Officer

**DENNIS G. HUBER
EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (" Agreement ") is made and entered into as of the 7th day of September, 2010 (" Effective Date ") by and between Embarq Corporation, a Delaware Corporation (which, together with its parent, CenturyLink, Inc. (" CenturyLink "), a Louisiana Corporation, with respect to benefits it may provide to employees of its subsidiaries, are referred to herein as " Employer ") and Dennis G. Huber (" Executive ").

WHEREAS, Executive's employment was terminated under Section 3(c) of Executive's prior employment agreement with Employer (" Old Agreement ") on May 3, 2010; and

WHEREAS, Executive is receiving benefits including severance pay for an 18-month Severance Period under the Old Agreement; and

WHEREAS, CenturyLink and Qwest Communications International Inc. (" Qwest ") have entered into an Agreement and Plan of Merger, dated as of April 21, 2010, pursuant to which CenturyLink will acquire Qwest (" Qwest Transaction "); and

WHEREAS, CenturyLink has concluded that it needs Executive's expertise to close the Qwest Transaction and integrate Qwest with CenturyLink; and

WHEREAS, Executive has agreed to be reemployed by Employer on the Effective Date under the terms and conditions of this Agreement; and

WHEREAS, the Old Agreement provided for cessation of the severance and other benefits under Section 5 of the Old Agreement if Executive was rehired by Employer, but concern exists that if the severance and other benefits under such Section 5 that are governed by Internal Revenue Code (" Code ") Section 409A and the rules and regulations thereunder are again provided for in this Agreement after Executive's subsequent termination date, this would be impermissible under Code Section 409A; and

WHEREAS, both the Old Agreement and this Agreement are intended to comply with Code Section 409A.

NOW, THEREFORE, Employer and Employee agree as follows:

1. **Rehire of Executive**. On the Effective Date, Executive shall be rehired by Employer as a full-time active employee (" Active Employee "), and his employment shall continue until the earlier of (a) the Trigger Termination Date, defined below, on which date his employment shall terminate, or (b) his earlier termination of employment for any reason (together " Employment Termination ").
2. **Position and Duties**. Executive shall be the Executive Vice-President of Network Services of CenturyLink and shall perform such duties as are assigned to him from time to time by the Chief Executive Officer of CenturyLink or his delegate. Executive recognizes that during his employment hereunder, he owes an undivided duty of loyalty to Employer and CenturyLink, and agrees to devote his entire business time and attention to the performance of such duties and responsibilities and to use his best efforts to promote and develop the business of Employer and CenturyLink.
3. **Compensation**. Provided that Executive's Employment Termination has not previously occurred, he shall be paid a base salary of \$15,517.28 biweekly, payable in accordance with Employer's normal payroll policies and subject to applicable income and employment tax withholding, commencing November 1, 2011 and continuing until his Employment Termination. He shall be reimbursed for reasonable expenses incurred and accounted for in accordance with the policies and procedures of Employer.
4. **Other Benefits**. While Executive is an Active Employee, he shall also be entitled to the welfare and pension plan benefits provided to employees in his pay grade generally, provided he is eligible for such benefits in accordance with the terms of such plans. Nevertheless, Executive shall be entitled to 9 hours and 23 minutes of PTO each pay period (every 2 weeks). During the biweekly periods that Executive is an Active Employee but is not receiving current biweekly compensation, his current compensation shall be zero for purposes of computing benefits based on salary or current compensation. During such period, he will be counted as receiving zero current compensation for purposes of the Embarq Retirement Pension Plan and the Embarq Retirement Savings Plan. However, his bonuses under any applicable short-term incentive compensation plan or provision under Section 5 as an Active Employee (but not bonuses due him under his Old Agreement) may count if included under the definition of compensation under such plan. Executive's severance payments under Section 6 below will not be counted as compensation under the Embarq Supplemental Executive Retirement Plan ("SERP"), notwithstanding any provision of the SERP to the contrary.
5. **Incentive Plans**. For the portion of 2010 that Executive is an Active Employee, he shall be eligible for a bonus as if he had been designated as a participant in the CenturyLink 2010 Executive Officer Short-Term Incentive Plan and is otherwise eligible to receive a bonus for such year under such plan. For the portions of 2011 and 2012 that he is an Active Employee, he shall be designated as a participant in the CenturyLink 2010 Executive Officer Short-Term Incentive Plan and shall be eligible for bonuses for such year if he is otherwise eligible under the terms of such plan. Nevertheless for each of the years 2010 through 2012, the performance goals applicable to him shall be solely

CenturyLink performance goals, and there shall be no individual performance goals. For purposes of computing the amount of bonus to which Executive is entitled as an Active Employee during the period beginning on the Effective Date and ending on October 31, 2011 or on the date of his Employment Termination, if earlier, he shall be deemed to have been paid a base salary of \$15,517.28 biweekly. Under the Amended and Restated CenturyLink Legacy Embarq 2008 Equity Incentive Plan, Executive has been granted 75,000 shares of restricted stock on the Effective Date that will vest and be payable on the terms and subject to the conditions specified in the Restricted Stock Agreement between CenturyLink and Executive entered into contemporaneously with this Agreement (“Restricted Stock Agreement”). Executive shall not be entitled to any other grants or awards under such plan or any other long-term incentive compensation plan during his employment or after his Employment Termination. The bonuses and restricted stock provided for in this Section 5 shall be in lieu of any bonuses or restricted stock available under any and all Employer bonus, equity based compensation, change-of-control, severance and/or separation plans, policies and agreements.

6. Severance Payments. If Executive continues as an Active Employee until the earliest of (a) 1 year after the closing of the Qwest Transaction, (b) 30 days after his replacement is hired or (c) May 1, 2012 (“Trigger Termination Date”), then within 30 days after the later of (w) November 1, 2011 or (x) the Trigger Termination Date, he shall be paid in one lump sum an amount equal to \$15,517.28 biweekly for the number of biweekly periods that have elapsed after August, 2010 and before the earlier of (y) November, 2011 or (z) the Trigger Termination Date (“Severance Benefit Period”). If such conditions are satisfied, commencing immediately after the later of such dates, he shall also be paid severance pay of \$15,517.28 payable biweekly for 8.5 biweekly periods, provided that any unpaid amount shall be paid in one lump sum no later than March 15 of the year following the Trigger Termination Date and further provided that such payments shall terminate at his death. In addition, if such conditions are satisfied, commencing immediately after the later of such dates and during a period of time equal to 8.5 biweekly periods plus the Severance Benefit Period or until his prior death, he shall participate in the Employer's benefits listed on Schedule A. Furthermore, if such conditions are satisfied, Executive shall receive short-term incentive bonuses based on actual CenturyLink performance results up to his target opportunity under the CenturyLink 2010 Executive Officer Short-Term Incentive Plan for 8.5 biweekly periods following his Trigger Termination Date or until his death, if earlier, payable if approved in accordance with and at the time provided for under such plan. Such Bonuses for partial calendar years shall be prorated. If such conditions are satisfied, the payments and benefits provided for in this Section 6 shall be in lieu of any benefits available under any and all Employer change-of-control, severance and/or separation plans, policies and agreements.

7. Cessation of Benefits. In all events, Executive's right to receive severance pay and other benefits during the Severance Benefit Period plus 8.5 biweekly periods shall cease in the event Executive is reemployed by Employer or an affiliate, unless such cessation is inconsistent with Code Section 409A, or Executive breaches Sections 16, 17, 18 or 19 hereof. Furthermore, in all events, the severance pay and other benefits shall cease if Executive becomes employed by an employer other than CenturyLink and its affiliates during the Severance Benefit Period plus 8.5 biweekly periods. Within 30 days of Executive's obtaining employment with another employer, Executive shall provide Employer written notice of such employment. Additionally, Executive's right to receive severance pay and other benefits during the Severance Benefit Period plus 8.5 biweekly periods shall cease when and if Executive does not sign the General Release Agreement that will be provided to him and return it within 45 days after his Trigger Termination Date or if he signs and returns it within 45 days but revokes it within 7 days after he signs it.

8. Continuation of Old Agreement Severance Benefits. Notwithstanding the provisions of Section 5(l) of his Old Agreement, the severance pay under Section 5(a) and other benefits under Section 5 of his Old Agreement that may be governed by Code Section 409A shall not cease because of his reemployment. Executive shall be entitled to SERP benefits under his Old Agreement and the SERP as if he had not again become an Active Employee, and his SERP benefits will not decrease because he again became an Active Employee, although his future benefits under the SERP may increase because of his service, salary and bonuses as an Active Employee under this Agreement. Executive shall be entitled to qualified plan benefits under his Old Agreement and the qualified plans as if he had not again become an Active Employee (including eligibility for a Special Early Retirement Allowance, as defined in and subject to the terms of the Embarq Retirement Pension Plan), and his qualified plan benefits will not decrease because he again became an Active Employee and may increase in accordance with the terms of such qualified plans. However, Executive will not be entitled to distributions from the Employer's qualified plans while he is an Active Employee. Executive consents that if employee contributions to benefit plans are required, during the period beginning on the Effective Date and ending on November 1, 2011, they may be withheld from such severance pay.

9. No Duplication of Amounts. Notwithstanding any other provision hereof, there is intended to be no duplication of amounts so that if benefits under Section 5 of the Old Agreement are continued under Sections 4 hereof, the benefits provided to Executive as an Active Employee under Section 4 hereof shall not also be provided. There shall be no duplication of SERP or qualified plan benefits such that increases in such benefits while he is an Active Employee may increase benefits he was entitled to under such plans and his Old Agreement but shall not duplicate such benefits.

10. Principal Business Office and Travel. Executive may maintain his principal business office in Overland Park, Kansas or at another location with the prior approval of Employer. As a general rule, Executive will be expected to be in his Overland Park office 2 business days a week and in his Monroe, Louisiana office or at another out of town location on Employer's business 3 business days a week. A corporate airplane will be made available to Executive for his business travels as reasonably needed, and Employer will maintain an apartment in Monroe for his use.

11. Interpretation. Notwithstanding the other provisions hereof, this Agreement is intended to comply with the requirements of Section 409A of the Code, to the extent applicable, and this Agreement shall be interpreted to avoid any penalty sanctions under Section 409A of the Code. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with Section 409A of the Code and, if necessary, any such provision shall be deemed amended to comply with Section 409A of the Code. If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under Section 409A of the Code, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of Section 409A of the Code, all payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" within the meaning of such term under Section 409A of the Code and the regulations thereunder, each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall Executive, directly or indirectly, designate the calendar year of any payment.

12. Payment Delay. To the maximum extent permitted under Section 409A of the Code, the cash severance payments payable under this Agreement are intended to comply with the "short-term deferral exception" under Treas. Reg. §1.409A-1(b)(4), and any remaining amount is intended to comply with the "separation pay exception" under Treas. Reg. §1.409A-1(b)(9)(iii); provided, however, if on the date of Executive's termination of employment Employer's stock (or stock of any other company required to be aggregated with Employer for purposes of Section 409A of the Code) is publicly-traded on an established securities market or otherwise and Executive is a "specified employee" (as such term is defined in Section 409A(a)(2)(B)(i) of the Code and its corresponding regulations) as determined by the Board of Directors (or its delegate) of CenturyLink in its discretion in accordance with its "specified employee" determination policy, then all severance payments payable to Executive under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A of the Code and payable within six months following Executive's "separation from service" shall be postponed for a period of six months following Executive's "separation from service" with Employer. The postponed amounts shall be paid to Executive in a lump sum within 30 days after the date that is six months following Executive's "separation from service" with Employer. If Executive dies during such six-month period and prior to payment of the postponed cash amounts hereunder, the amounts delayed on account of Section 409A of the Code shall be paid to the personal representative of Executive's estate within 60 days after Executive's death.

13. Reimbursements. All reimbursements and provision of in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement, or the amount of in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense or provision of in-kind benefits will be made on or before the last day of the taxable year following the year in which the expense is incurred or payment becomes due, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. Any tax gross-up payments to be made hereunder shall be made not later than the end of Executive's taxable year next following Executive's taxable year in which the related taxes are remitted to the taxing authority.

14. Dispute Resolution. All disputes arising under this Agreement, other than those disputes relating to Executive's alleged violations of Sections 16 through 19 herein, and all disputes arising out of Executive's employment or the termination thereof, including all statutory, contractual, tort or other claims arising under federal, state, or local laws, rules, or regulations, shall be submitted to arbitration by the American Arbitration Association in Monroe, Louisiana. Costs of arbitration shall be borne equally by the parties. The decision of the arbitrator shall be final and there shall be no appeal from any award rendered. Any award rendered may be entered as a judgment in any court of competent jurisdiction. In any judicial enforcement proceeding, the losing party shall reimburse the prevailing party for its reasonable costs and attorneys' fees for enforcing its rights under this Agreement, in addition to any damages or other relief granted. This Section 14 does not apply to any action by Employer to enforce Sections 16 through 19 of this Agreement and does not in any way restrict Employer's rights under section 20 herein.

15. Enforcement. In the event Employer shall fail to pay any amounts due to Executive under this Agreement as they come due, Employer agrees to pay interest on such amounts at a rate of prime plus two percent (2%) per annum. Employer agrees that Executive and any successor shall be entitled to recover all costs of successfully enforcing any provision of this Agreement, including reasonable attorney fees and costs of litigation.

16. Confidential Information. Executive acknowledges that during the course of his employment he has learned or will learn or develop Confidential Information (as that term is defined in this Section 16). Executive further acknowledges that unauthorized disclosure or use of such Confidential Information, other than in discharge of Executive's duties, will cause Employer irreparable harm.

For purposes of this Section 16, "Confidential Information" means trade secrets (such as technical and non-technical data, a formula, pattern, compilation, program, device, method, technique, drawing, process) and other proprietary information concerning the products, processes or services of Employer or its parent, and/or affiliates, including but not limited to: computer programs; unpatented inventions, discoveries or improvements; marketing, manufacturing, or organizational research and development; business plans; sales forecasts; personnel information, including the identity of other employees of Employer, their responsibilities, competence, abilities, and compensation; pricing and financial information; current and prospective customer lists and information on customers or their employees; information concerning planned or pending acquisitions or divestitures; and information concerning purchases of major equipment or property, which information: (a) has not

been made generally available to the public; and (b) is useful or of value to the current or anticipated business, or research or development activities of Employer or of any customer or supplier of Employer, or (c) has been identified to Executive as confidential by Employer, either orally or in writing.

Except in the course of his employment and in the pursuit of the business of Employer or any of its subsidiaries or affiliates, Executive shall not, during the course of his employment, or for a period of 18 months following termination of his employment for any reason, directly or indirectly, disclose, publish, communicate or use on his behalf or another's behalf, any Confidential Information of the Employer or any of its subsidiaries or affiliates.

Executive acknowledges that Employer operates and competes nationally, and that Employer will be harmed by unauthorized disclosure or use of Confidential Information regardless of where such disclosure or use occurs, and that therefore this confidentiality agreement is not limited to any single state or other jurisdiction.

17. Non-Competition. Executive acknowledges that use or disclosure of Confidential Information described in Section 16 is likely if Executive were employed by a competitor of Employer. Therefore, Executive shall not, for 18 months following termination of employment for any reason (the "Non-Compete Period"), perform any services for any entity that competes with Employer or CenturyLink and its subsidiaries, including but not limited to AT&T Inc., Cablevision Systems Corporation, Charter Communications, Inc., Comcast Corporation, Cox Communications, Inc., Mediacom Communications Corporation, Sprint Nextel Corporation, Time Warner Cable Inc., Verizon Communications Inc., Windstream Corporation or any subsidiary of any such companies.

The prohibition on the performance of such services as set forth in this Section shall apply only in the parishes and counties listed on Schedule B so long as the Employer or CenturyLink carry on a like business therein.

18. Inducement of Other Employees. For an 18-month period following termination of employment, Executive will not directly or indirectly solicit, induce or encourage any employee or agent of Employer to terminate his relationship with Employer.

19. Return of Employer's Property. All notes, reports, sketches, plans, published memoranda or other documents created, developed, generated or held by Executive during employment, concerning or related to Employer's business, and whether containing or relating to Confidential Information or not, are the property of Employer and will be promptly delivered to Employer upon termination of Executive's employment for any reason whatsoever. During the course of employment, Executive shall not remove any of the above property containing Confidential Information, or reproductions or copies thereof, or any apparatus from Employer's premises without authorization.

20. Remedies. Executive acknowledges that the restraints and agreements herein provided are fair and reasonable, that enforcement of the provisions of Sections 16, 17, 18 and 19 will not cause him undue hardship and that such provisions are reasonably necessary and commensurate with the need to protect Employer and its legitimate and proprietary business interests and property from irreparable harm.

Executive acknowledges that failure to comply with the terms of this Agreement will cause irreparable damage to Employer. Therefore, Executive agrees that, in addition to any other remedies at law or in equity available to Employer for Executive's breach or threatened breach of this Agreement, Employer is entitled to specific performance or injunctive relief, without bond, against Executive to prevent such damage or breach, and the existence of any claim or cause of action Executive may have against Employer will not constitute a defense thereto. Executive further agrees to pay reasonable attorney fees and costs of litigation incurred by Employer in any proceeding relating to the enforcement of the Agreement or to any alleged breach thereof in which Employer shall prevail in whole or those reasonable fees and costs attributable to the extent that Employer prevails in part.

In the event of a breach or a violation by Executive of any of the covenants and provisions of this Agreement, the running of the Non-Compete Period (but not of Executive's obligation thereunder), shall be tolled during the period of the continuance of any actual breach or violation.

21. Confidentiality of Agreement. As a specific condition to Executive's right to the pay and benefits described in Sections 5 and 6 or other benefits described herein, Executive agrees that he will not disclose or discuss: the existence of this Agreement; the pay and benefits provided hereunder; or any other terms of the Agreement except: (1) to members of his immediate family; (2) to his financial advisor or attorney but then only to the extent necessary for them to assist him; (3) to a potential employer on a strictly confidential basis and then only to the extent necessary for reasonable disclosure in the course of serious negotiations; or (4) as required by law or to enforce legal rights.

22. Entire Understanding. This Agreement and the Restricted Stock Agreement constitute the entire understanding between the parties relating to Executive's employment hereunder and supersedes and cancels all prior written and oral understandings and agreements with respect to such matters, except for the terms and provisions of the Old Agreement and any other employee benefit or other compensation plans (or any agreements or awards thereunder) referred to in or contemplated by this Agreement.

23. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Executive's executors, administrators, legal representatives, heirs and legatees and the successors and assigns of Employer.

24. Partial Invalidity. The various provisions of this Agreement are intended to be severable and to constitute independent and distinct binding obligations. Should any provision of this Agreement be determined to be void and unenforceable, in whole or in part, it shall not be deemed to affect or impair the validity of any other provision or part thereof, and such provision or part thereof shall be deemed modified to the extent required to permit enforcement. Without limiting the generality of the foregoing, if the scope of any provision contained in this Agreement is too broad to permit enforcement to its full extent, but may be made enforceable by limitations thereon, such provision shall be enforced to the maximum extent permitted by law, and Executive hereby agrees that such scope may be judicially modified accordingly.

25. Strict Construction. The language used in this Agreement will be deemed to be the language chosen by Employer and Executive to express their mutual intent and no rule of strict construction shall be applied against any person.

26. Waiver. The waiver of any party hereto of a breach of any provision of this Agreement by any other party shall not operate or be construed as a waiver of any subsequent breach.

27. Notices. Any notice or other communication required or permitted to be given hereunder shall be determined to have been duly given to any party (a) upon delivery to the address of such party specified below if delivered personally or by courier; (b) upon dispatch if transmitted by telecopy or other means of facsimile, provided a copy thereof is also sent by regular mail or courier; or (c) within 48 hours after deposit thereof in the U.S. mail, postage prepaid, for delivery as certified mail, return receipt requested, addressed, in any case to the party at the following address(es) or telecopy numbers:

If to the Executive:

Dennis G. Huber
10126 Garnett
Overland Park, KS 66214-2725

If to Employer:

Embarq Corporation
100 CenturyLink Drive
Monroe, LA 71203
Attention: Stacey W. Goff

or to such other address(es) or telecopy number(s) as any party may designate by written notice in the aforesaid manner.

28. Governing Law. This Agreement shall be governed by, and interpreted, construed and enforced in accordance with, the laws of Louisiana.

29. Gender. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and the pronouns stated in either the masculine, the feminine or the neuter gender shall include the masculine, feminine or neuter.

30. Headings. The headings of the Sections of this Agreement are for reference purposes only and do not define or limit, and shall not be used to interpret or construe the contents of this Agreement.

THUS DONE AND SIGNED on the date hereinafter set forth below.

_____, **October 25**, 2010

EMBARQ CORPORATION

By: /s/ Glen F. Post, III
**Glen F. Post, III, Chief Executive
Officer and President**

_____, **October 25**, 2010

CENTURYLINK, INC.

By: /s/ Glen F. Post, III
**Glen F. Post, III, Chief Executive
Officer and President**

_____, **October 26**, 2010

/s/ Dennis G. Huber
DENNIS G. HUBER

Schedule A Benefits

For such Severance Benefit Period plus 8.5 biweekly periods ("Severance Period"):

1. **Medical, Dental and Vision Coverage.** Executive's medical, dental, and/or vision plan coverage will continue in effect through the end of the month in which his Severance Period ends, unless his benefits cease under Section 7. This does not impact Executive's right to pay for his own COBRA continuation coverage.

After 39 weeks of the Severance Period, the non-discrimination rules under the Internal Revenue Code require Executive pay the total cost of medical, dental and vision coverage, on an after-tax basis, for the remainder of his Severance Period. The cost of coverage will continue to be paid through payroll deduction. Employer will reimburse Executive through the payroll system for Employer's portion of the cost of coverage.

In order to provide Executive with the same pre-tax advantages he previously enjoyed, he will receive an income tax gross-up on the total cost of coverage through the payroll system. As required by the Code 409A regulations, any tax gross-up payments shall be made not later than the end of Executive's taxable year next following Executive's taxable year in which the related taxes are remitted to the taxing authorities.

If Executive relocates to a different state during his Severance Period, Executive should notify the Employee Resource Center at 1-888-722-4ERC (4372). If his relocation has any impact on his medical plan administrator, Employer will notify Executive.

If Executive is enrolled in Employer's Consumer Driven Health Plan (CDHP) he has a Health Reimbursement Account (HRA) available to him. The full amount of that account will continue to be available to Executive for expenses incurred until his medical benefits end at the end of his Severance Period or for as long as he is enrolled in the CDHP plan. If Executive's plan election is changed during the Annual Enrollment period to a non-CDHP plan any HRA balance is forfeited.

For each year covered by Executive's Severance Period, Executive will have the opportunity to enroll in benefits during Annual Enrollment. If he does not submit a new enrollment at the end of each year, he will continue to receive the current coverage he has in force for the following year; provided, however, such coverage will not extend beyond the end of the month in which his Severance Period ends. However, if Executive's plan elections are not available, he will be afforded the opportunity to enroll in new plan elections. If Executive wishes to enroll in either the Health Care FSA or the Dependent Day Care FSA in 2011, he will have to participate in the enrollment process.

After Executive's benefit coverage ends, he may elect to continue medical, prescription drug, dental and vision coverage through COBRA for a period of up to 18 months following that date by paying 102% of the applicable cost of coverage. COBRA and other benefit information will be mailed to his address of record approximately two weeks after his separation pay ends. Executive's COBRA personalized information will provide deadlines for submitting elections (60 days after his coverage ends) and the required initial payment for his elections (45 days after he submit his elections). COBRA coverage will not be in effect until elections and the required initial payment are received. Then, his coverage will be effective retroactively to the first day of the month following the date his coverage ended.

2. **Outplacement Services.** Employer shall pay the cost of outplacement services for Executive at the outplacement agency designated by Employer and in accordance with CenturyLink's procedures regarding outplacement services. Any cash payment due for provision of outplacement services shall be paid by Employer directly to the outplacement agency.

3. **Accrued PTO.** Executive shall receive a lump sum cash payment equal to the value of any accrued but unused PTO.

4. **Basic and Supplemental Employee Life, Dependent Spouse Life and Dependent Child Life Insurance.** Executive's coverage for these plans will continue in effect through the end of his Severance Period, unless his benefits cease under Section 7. Conversion to an individual policy is available. Conversion information will be included with Executive's COBRA information packet that will be mailed to Executive's address of record after his separation benefits have ended.

Schedule B**List of Parishes in Louisiana**

Acadia; Allen; Ascension; Assumption; Avoyelles; Beauregard; Bienville; Bossier; Caddo; Calcasieu; Caldwell; Cameron; Catahoula; Claiborne; Concordia; De Soto; East Baton Rouge; East Carroll; East Feliciana; Evangeline; Franklin; Grant; Iberia; Iberville; Jackson; Jefferson; Jefferson Davis; Lafayette; Lafourche; La Salle; Lincoln; Livingston; Madison; Morehouse; Natchitoches; Orleans; Ouachita; Plaquemines; Pointe Coupee; Rapides; Red River; Richland; Sabine; St Bernard; St Charles; St Helena; St James; St John the Baptist; St Landry; St Martin; St Mary; St Tammany; Tangipahoa; Tensas; Terrebonne; Union; Vermilion; Vernon; Washington; Webster; West Baton Rouge; West Carroll; West Feliciana; Winn

List of Counties in Other States

Dallas County, TX (AT&T), Johnson County, KS (Sprint), New York County, NY (Verizon and Time Warner Cable), Pulaski County, AR (Windstream), Nassau County, NY (Cablevision), St. Louis County, MO (Charter), Philadelphia County, PA (Comcast), DeKalb County, GA (Cox), Orange County, NY (Mediacom)

**RESTRICTED STOCK AGREEMENT
UNDER THE
AMENDED AND RESTATED
CENTURYLINK LEGACY EMBARQ 2008 EQUITY INCENTIVE PLAN**

This RESTRICTED STOCK AGREEMENT (this "Agreement") is entered into as of September 7, 2010, by and between CenturyLink, Inc. ("CenturyLink") and DENNIS G. HUBER ("Award Recipient").

WHEREAS, CenturyLink and the Award Recipient have entered into an employment agreement, as of even date herewith (the "Employment Agreement"), which, among other terms, contemplates the grant to the Award Recipient of 75,000 shares of restricted shares of CenturyLink's common stock, \$1.00 par value per share (the "Common Stock");

WHEREAS, CenturyLink maintains the Amended and Restated CenturyLink Legacy Embarq 2008 Equity Incentive Plan (the "Plan") under which the Compensation Committee, or a duly authorized subcommittee thereof (the "Committee"), of the Board of Directors of CenturyLink (the "Board") may, directly or indirectly, among other things, grant restricted shares of Common Stock to key employees of CenturyLink or its subsidiaries (collectively, the "Company") who were not employed by CenturyLink or any of its subsidiaries as of June 30, 2009, subject to such terms, conditions, or restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Employment Agreement and the Plan, the Committee has awarded to the Award Recipient restricted shares of Common Stock on the terms and conditions specified below;

NOW, THEREFORE, the parties agree as follows:

1.

AWARD OF SHARES

1.1 Upon the terms and conditions of the Plan and this Agreement, CenturyLink as of the date of this Agreement (the "Grant Date") hereby awards to the Award Recipient a total of 75,000 restricted shares of Common Stock (the "Restricted Stock").

1.2 Subject to Sections 2, 3, and 4 of this Agreement, the Restricted Stock shall vest in full on the Trigger Termination Date, as defined in Section 6 of the Employment Agreement, provided that the Award Recipient is employed with the Company on such date.

2.

**AWARD RESTRICTIONS ON
RESTRICTED STOCK**

2.1 In addition to the conditions and restrictions provided in the Plan, neither the shares of Restricted Stock nor the right to vote the Restricted Stock, to receive dividends thereon or to enjoy any other rights or interests thereunder or hereunder may be sold, assigned, donated, transferred, exchanged, pledged, hypothecated, or otherwise encumbered prior to vesting. Subject to the restrictions on transfer provided in this Section 2.1, the Award Recipient shall be entitled to all rights of a shareholder of CenturyLink with respect to the Restricted Stock, including the right to vote the shares and to receive all dividends and other distributions declared thereon.

2.2 If the shares of Restricted Stock have not already vested or been forfeited under the terms of this Agreement or the Plan, and the Award Recipient's employment terminates as a result of either death or disability within the meaning of Section 22(e)(3) of the Internal Revenue Code, then (a) a pro rata portion of the Restricted Stock (determined by multiplying the total number of shares of Restricted Stock by a fraction, the numerator of which is the number of full months from the Grant Date to the date of termination, and the denominator of which is 19) shall vest and all restrictions set forth in Section 2.1 shall lapse; and (b) any remaining unvested shares of Restricted Stock shall be forfeited.

2.3 If the shares of Restricted Stock have not already vested or been forfeited under the terms of this Agreement or the Plan and unless the Committee in its sole discretion determines otherwise, all of the shares of Restricted Stock shall vest and all restrictions set forth in Section 2.1 shall lapse upon the occurrence of a Change of Control of CenturyLink, as described in the Plan. Notwithstanding the foregoing, any use of discretion by the Committee under this Section 2.3 must be uniform with respect to the Award Recipient and all other similarly-situated key employees with outstanding, unvested restricted shares of Common Stock.

2.4 The Committee, in its discretion, may specifically approve the acceleration of vesting of, and lapse of restrictions on, any unvested shares of Restricted Stock upon the Company's termination of the Award Recipient's employment.

3.

TERMINATION OF EMPLOYMENT

All unvested Restricted Stock shall automatically terminate and be forfeited if the employment of the Award Recipient terminates for any reason, unless and to the extent otherwise provided in Section 2.

4.

FORFEITURE OF AWARD

4.1 If, at any time during the Award Recipient's employment by the Company or within 18 months after termination of employment, the Award Recipient engages in any activity in competition with any activity of the Company, or inimical, contrary or harmful to the interests of the Company, including but not limited to: (a) conduct relating to the Award Recipient's employment for which either criminal or civil penalties against the Award Recipient may be sought; (b) conduct or activity that results in termination of the Award Recipient's employment for cause; (c) violation of the Company's policies, including, without limitation, the Company's insider trading, ethics and compliance policies and programs; (d) participating in the public reporting of any financial or operating result that was impacted by the participant's knowing or intentional fraudulent or illegal conduct; (e) accepting employment with, acquiring a 5% or more equity or participation interest in, serving as a consultant, advisor, director or agent of, directly or indirectly soliciting or recruiting any employee of the Company who was employed at any time during the Award Recipient's tenure with the Company, or otherwise assisting in any other capacity or manner any company or enterprise that is directly or indirectly in competition with or acting against the interests of the Company or any of its lines of business (a "competitor"), except for (i) any isolated, sporadic accommodation or assistance provided to a competitor, at its request, by the Award Recipient during the Award Recipient's tenure with the Company, but only if provided in the good faith and reasonable belief that such action would benefit the Company by promoting good business relations with the competitor and would not harm the Company's interests in any substantial manner or (ii) any other service or assistance that is provided at the request or with the written permission of the Company; (f) disclosing or misusing any confidential information or material concerning the Company; (g) engaging in, promoting, assisting or otherwise participating in a hostile takeover attempt of the Company or any other transaction or proxy contest that could reasonably be expected to result in a Change of Control (as defined in the Plan) not approved by the Board; or (h) making any statement or disclosing any information to any customers, suppliers, lessors, lessees, licensors, licensees, regulators, employees or others with whom the Company engages in business that is defamatory or derogatory with respect to the business, operations, technology, management, or other employees of the Company, or taking any other action that could reasonably be expected to injure the Company in its business relationships with any of the foregoing parties or result in any other detrimental effect on the Company, then the Restricted Stock granted hereunder shall automatically terminate and be forfeited effective on the date on which the Award Recipient engages in such activity and (1) all shares of Common Stock acquired by the Award Recipient pursuant to this Agreement (or other securities into which such shares have been converted or exchanged) shall be returned to the Company or, if no longer held by the Award Recipient, the Award Recipient shall pay to the Company, without interest, all cash, securities or other assets received by the Award Recipient upon the sale or transfer of such stock or securities, and (2) all unvested shares of Restricted Stock shall be forfeited.

4.2 If the Award Recipient owes any amount to the Company under Section 4.1 above, the Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as salary, wages, reimbursements or other compensation, fringe benefits, retirement benefits or vacation pay). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

4.3 The Award Recipient may be released from the Award Recipient's obligations under Sections 4.1 and 4.2 above only if the Committee determines in its sole discretion that such action is in the best interests of the Company.

5.

STOCK CERTIFICATES

No stock certificates evidencing the Restricted Stock shall be issued by CenturyLink until the lapse of restrictions under the terms hereof. Instead, ownership of the Restricted Stock shall be evidenced by a book entry with the applicable restrictions reflected. Upon the lapse of restrictions on shares of Restricted Stock, CenturyLink shall issue the vested shares of Restricted Stock (either through book entry issuances or delivery of a stock certificate) in the name of the Award Recipient or his or her nominee, subject to the other terms and conditions hereof, including those governing any withholdings of shares under Section 6 below. Upon receipt of any such vested shares, the Award Recipient is free to hold or dispose of such shares, subject to (i) applicable securities laws, (ii) CenturyLink's insider trading policy, and (iii) CenturyLink's stock ownership guidelines then in effect.

6.

WITHHOLDING TAXES

At the time that all or any portion of the Restricted Stock vests, the Award Recipient must deliver to CenturyLink the amount of income tax withholding required by law. Unless otherwise directed in writing by CenturyLink, the Award Recipient hereby agrees to fully satisfy this tax withholding obligation by requesting CenturyLink to withhold from the shares the Award Recipient otherwise would receive hereunder shares of Common Stock having a value equal to the minimum amount required to be withheld (as determined under the Plan); provided, however, that to prevent the issuance of fractional shares and the under-withholding of taxes, the Award Recipient agrees that the number of shares withheld shall be rounded up to the next whole number of shares.

7.

ADDITIONAL CONDITIONS

Anything in this Agreement to the contrary notwithstanding, if, at any time prior to the vesting of the Restricted Stock in accordance with Section 1 or 2 hereof, CenturyLink further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to CenturyLink. CenturyLink agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

8.

NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon the Award Recipient any right to continue in the employment of the Company, or to interfere in any way with the right of the Company to terminate the Award Recipient's employment relationship with the Company at any time.

9.

BINDING EFFECT

Upon being duly executed and delivered by CenturyLink and the Award Recipient, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

10.

INCONSISTENT PROVISIONS

The shares of Restricted Stock granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control, except with regard to this Agreement's grant of discretionary authority to the Committee under Section 2.3. If any provision of this Agreement conflicts with a provision of the Employment Agreement, this Agreement shall control. The Award Recipient acknowledges receipt from CenturyLink of a copy of the Plan and a prospectus summarizing the Plan and further acknowledges that the Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives, and successors.

11.

ATTORNEYS' FEES AND EXPENSES

Should any party hereto retain counsel for the purpose of enforcing, or preventing the breach of, any provision hereof, including, but not limited to, the institution of any action or proceeding in court to enforce any provision hereof, to enjoin a breach of any provision of this Agreement, to obtain specific performance of any provision of this Agreement, to obtain monetary or liquidated damages for failure to perform any provision of this Agreement, or for a declaration of such parties' rights or obligations hereunder, or for any other judicial remedy, then the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, attorneys' fees (including costs of appeal).

12.

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

13.

SEVERABILITY

If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and CenturyLink intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

ENTIRE AGREEMENT; MODIFICATION

The Plan, this Agreement, and the Employment Agreement contain the entire agreement between the parties with respect to the subject matter contained herein. This Agreement may not, without the Award Recipient's consent, be amended or modified so as to materially adversely affect the Award Recipient's rights under this Agreement, except (i) as provided in the Plan, as it may be amended from time to time in the manner provided therein, or (ii) by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered on the day and year first above written.

CENTURYLINK, INC.

By: /s/ Glen F. Post, III
Glen F. Post, III
Chief Executive Officer and President

/s/ Dennis G. Huber
Dennis G. Huber
Award Recipient

CenturyLink, Inc.
COMPUTATIONS OF EARNINGS PER SHARE
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(Dollars, except per share amounts, and shares in thousands)			
Income (Numerator):				
Net income before extraordinary item	\$ 231,167	147,635	722,539	283,819
Extraordinary item, net of income tax expense and noncontrolling interests	-	133,213	-	133,213
Net income attributable to CenturyLink, Inc.	231,167	280,848	722,539	417,032
Dividends applicable to preferred stock	(3)	(3)	(9)	(9)
Earnings applicable to unvested restricted stock:				
Income before extraordinary item	(1,442)	(690)	(3,866)	(2,395)
Extraordinary item	-	(622)	-	(1,124)
Net income as adjusted for purposes of computing basic earnings per share	229,722	279,533	718,664	413,504
Dividends applicable to preferred stock	3	3	9	9
Net income as adjusted for purposes of computing diluted earnings per share	\$ 229,725	279,536	718,673	413,513
Shares (Denominator):				
Weighted average number of shares:				
Outstanding during period	301,745	297,331	300,665	166,230
Unvested restricted stock	(1,882)	(1,390)	(1,607)	(1,403)
Unvested restricted stock units	839	2,192	1,000	731
Weighted average number of shares outstanding during period for computing basic earnings per share	300,702	298,133	300,058	165,558
Incremental common shares attributable to dilutive securities:				
Shares issuable under convertible securities	13	13	13	13
Shares issuable under incentive compensation plans	671	257	592	95
Number of shares as adjusted for purposes of computing diluted earnings per share	301,386	298,403	300,663	165,666
Basic earnings per share				
Income before extraordinary item	\$.76	.49	2.40	1.70
Extraordinary item	\$ -	.44	-	.80
Basic earnings per share	\$.76	.94	2.40	2.50
Diluted earnings per share				
Income before extraordinary item	\$.76	.49	2.39	1.70
Extraordinary item	\$ -	.44	-	.80
Basic earnings per share	\$.76	.94	2.39	2.50

CERTIFICATIONS

I, Glen F. Post, III, Chief Executive Officer and President, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyLink, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2010

/s/ Glen F. Post, III
Glen F. Post, III
Chief Executive Officer and
President

CERTIFICATIONS

I, R. Stewart Ewing, Jr., Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyLink, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2010

/s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.
Executive Vice President and
Chief Financial Officer

CenturyLink, Inc.

November 5, 2010

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: CenturyLink, Inc.
Certification of Contents of Form 10-Q for the quarter ending September 30, 2010
pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Ladies and Gentlemen:

The undersigned, acting in their capacities as the Chief Executive Officer and the Chief Financial Officer of CenturyLink, Inc. (the “Company”), certify that the Form 10-Q for the quarter ended September 30, 2010 of the Company fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by such report.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Very truly yours,

/s/ Glen F. Post, III
Glen F. Post, III
Chief Executive Officer
and President

/s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.
Executive Vice President and
Chief Financial Officer