
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported):

February 15, 2012



CENTURYLINK, INC.

(Exact Name of registrant as specified in its charter)

Louisiana

(State or other jurisdiction
of incorporation)

001-7784

(Commission
File Number)

72-0651161

(IRS Employer
Identification No.)

**100 CenturyLink Drive
Monroe, Louisiana**

(Address of principal executive offices)

71203

(Zip Code)

(318) 388-9000

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On February 15, 2012, CenturyLink, Inc. (“CenturyLink” or “we” or “us” or “our”) issued a press release announcing operating results for the fourth quarter and full year of 2011. The press release is included as Exhibit 99.1.

Forward Looking Statements

Certain non-historical statements made in this release and future oral or written statements or press releases by us or our management are intended to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements 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 recent reforms and changes by the Federal Communications Commission regarding intercarrier compensation and the Universal Service Fund, among other things); our ability to effectively adjust to changes in the communications industry and changes in the composition of our markets and product mix caused by our recent acquisitions of Savvis, Qwest and Embarq; our ability to successfully integrate the operations of Savvis and Qwest into our operations, including the possibility that the anticipated benefits from these acquisitions cannot be fully realized in a timely manner or at all, or that integrating the acquired operations will be more difficult, disruptive or costly than anticipated; our ability to use the net operating loss carryovers of Qwest in projected amounts; the effects of changes in our assignment of the Savvis or Qwest purchase price to identifiable assets or liabilities after the date hereof; 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; any adverse developments in legal proceedings involving us; 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 or other changes in our future cash requirements, whether caused by unanticipated increases in capital expenditures, increases in pension funding requirements or otherwise; 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 our filings with the Securities and Exchange Commission (the “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 July 2011 acquisition of Savvis, our April 2011 acquisition of Qwest and our July 2009 acquisition of Embarq are described in greater detail in Item 1A to our Form 10-K for the year ended December 31, 2010, 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 release. We undertake no obligation to update any of our forward-looking statements for any reason.

SIGNATURES

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

CenturyLink, Inc.

Dated: February 15, 2012

By: /s/ David D. Cole

David D. Cole

Senior Vice President - Controller and Operations Support

EXHIBIT INDEX

| Exhibit No | Description |
|--------------|--|
| Exhibit 99.1 | Press release dated February 15, 2012, reporting fourth quarter and full year of 2011 operating results. |



News Release

FOR IMMEDIATE RELEASE:

February 15, 2012

FOR MORE INFORMATION CONTACT:

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 kristina.r.waugh@centurylink.com

CENTURYLINK REPORTS FOURTH QUARTER 2011 EARNINGS; ANTICIPATES CONTINUED REVENUE TREND IMPROVEMENT IN 2012

Achieved operating revenues of \$4.653 billion, exceeding guidance; Strategic Revenue growth of 4.7% percent year-over-year

Improved fourth quarter and full year 2011 rate of revenue decline to 3.2% and 3.8%, respectively, compared to an estimated 3.8% and 5.6% in pro forma fourth quarter and full year 2010

Generated Free Cash Flow(1) of \$515 million, excluding special items

Certain non-cash employee benefit plan expenses negatively impacted Adjusted Diluted EPS(1) by \$0.03; Excluding these items, Adjusted Diluted EPS was \$0.58 in fourth quarter 2011

Realized strong growth in high-speed Internet and Prism™ TV subscribers and continued improvement in line loss trend during fourth quarter

Completed Embarq integration and achieved targeted annual operating expense synergies of \$375 million within planned time frame; Hitting key milestones and synergy targets in integrations of Qwest and Savvis

Anticipate continued improvement in revenue trend with revenue decline of 1.5% to 2.5% expected in 2012

MONROE, La., February 15, 2012 — CenturyLink, Inc. (NYSE: CTL) today reported strong operating revenues, solid free cash flow generation and improved customer results for fourth quarter 2011 and full year 2011.

(1) See attachments for non-GAAP reconciliations.

“CenturyLink delivered solid financial results in the fourth quarter and exited 2011 with a strategic, diversified portfolio of assets,” Glen F. Post, III, chief executive officer and president, said. “The Company generated strong revenues for the quarter, driven by continued growth in strategic revenues and a slower decline in legacy revenues. In addition, we completed our integration of Embarq and continue to hit our key targets in the integrations of Qwest and Savvis. We achieved very strong growth in our high-speed Internet subscriber base during the fourth quarter, with over 70,000 net additions. We also completed more than 1,250 fiber builds in the quarter as part of our fiber-to-the-tower expansion initiative, supporting the continued growth in wireless data and Ethernet demand.

“We believe CenturyLink’s strategy is working, and our competitive position is continuing to strengthen. Our local operating model and “go-to-market” strategies are driving improved operating results in legacy Qwest markets. We remain focused on leveraging the cross-selling opportunities for network and managed hosting services in our business segments. In addition, our Savvis fourth quarter bookings were the highest of any quarter in 2011, with significant new customer wins and renewals.

“As we enter 2012, we continue to make investments in key growth areas while maintaining a high-quality balance sheet, a significant quarterly cash dividend and healthy free cash flow. I am pleased with our performance over the past year and I am confident in CenturyLink’s ability to drive long-term shareholder value as we successfully execute our business plans and further enhance our position as a communications industry leader,” Post concluded.

Fourth Quarter Highlights

CenturyLink continues to successfully respond to a challenging economic environment and an increasingly competitive industry. Among the quarter’s highlights:

- Improved year-over-year top-line revenue trend to a rate of decline of 3.2% in fourth quarter 2011, compared to an estimated decline of 3.8% in pro forma fourth quarter 2010.
- Generated operating revenues of \$4.653 billion on a consolidated basis, compared to pro forma operating revenues of \$4.807 billion in fourth quarter 2010.
- Incurred operating expenses of \$4.059 billion in fourth quarter 2011, a 1% increase from pro forma \$4.016 billion in fourth quarter 2010, primarily driven by higher costs associated with growth initiatives.
- Achieved strong free cash flow generation of \$515 million, excluding special items of \$61 million.
- Continued to drive improved access line loss trend and higher broadband subscriber growth as a result of CenturyLink’s effective local operating model and “go-to-market” strategies.
- Reduced access line loss by more than 30% compared to pro forma fourth quarter 2010 and more than 14% sequentially.
- Grew high-speed Internet customer base to 5.55 million subscribers at the end of 2011, representing 4.5% annual growth over pro forma year end 2010.
- Expanded Prism™ TV subscribers by 30% in fourth quarter 2011 from third quarter 2011 and increased penetration of available homes to nearly 7% from 5% in third quarter 2011.

Consolidated Fourth Quarter Financial Results

Operating revenues for fourth quarter 2011 were \$4.653 billion compared to \$1.722 billion in fourth quarter 2010. This increase was primarily due to \$2.730 billion and \$260 million of revenue contributions from the Qwest acquisition completed April 1, 2011 and the Savvis acquisition completed July 15, 2011, respectively. Increases in strategic revenues, primarily driven by demand for data transport capacity from wireless providers, data services demand from business customers and growth in high-speed Internet and PrismTM TV subscribers, were more than offset by declines in legacy services revenues primarily due to the impact of access line losses and lower access revenues.

Fourth quarter 2011 operating revenues compared to fourth quarter 2010 pro forma operating revenues⁽²⁾ declined 3.2% from \$4.807 billion a year ago to \$4.653 billion this quarter, due to the decline in legacy revenues, more than offsetting the increase in strategic revenues as discussed above. Excluding data integration revenues, operating revenues declined 3.0% year-over-year.

Operating expenses, excluding special items, increased to \$4.059 billion from \$1.223 billion in fourth quarter 2010, primarily due to \$2.612 billion and \$285 million of operating costs associated with the Qwest and Savvis acquisitions, respectively. Operating expenses for fourth quarter 2011 also included additional non-cash employee benefit costs driven by a reduction in the discount rate and other actuarial assumptions, as well as higher than anticipated network expenses and customer premise equipment costs. The Company expects employee benefit costs and network expenses to decline in first quarter 2012 compared to fourth quarter 2011.

Operating expenses, excluding special items, increased to \$4.059 billion in fourth quarter 2011 from pro forma fourth quarter 2010 operating expenses of \$4.016 billion. This 1% increase was primarily driven by costs associated with the launch of PrismTM TV in additional markets in the first half of 2011, investment in other key growth areas including Savvis, and higher depreciation and amortization expense that more than offset lower personnel costs and facility costs.

Operating cash flow (as defined in our supplemental schedules), excluding special items, increased 113.7% to \$1.846 billion from \$864 million in fourth quarter 2010, primarily due to the Qwest acquisition. For fourth quarter 2011, CenturyLink achieved an operating cash flow margin, excluding special items, of 39.7% versus 50.2% in fourth quarter 2010, reflecting the impact that lower margins of Qwest and Savvis had on CenturyLink's consolidated operating cash flow margin.

Fourth quarter 2011 operating cash flow of \$1.846 billion, excluding special items, declined 8.9% from fourth quarter 2010 pro forma operating cash flow of \$2.026 billion, primarily due to the decline in legacy revenues and higher expenses as discussed above.

Adjusted Net Income and Adjusted Diluted Earnings Per Share (Adjusted Diluted EPS)

Adjusted Net Income and Adjusted Diluted EPS exclude special items, the non-cash impact of the amortization of intangibles, the non-cash impact to interest expense of the assignment of fair value

(2) See the attached pro forma statements of income for more information about our pro forma results discussed in this release.

to debt outstanding related to the Embarq, Qwest and Savvis transactions, and the non-cash impact of the acquisition related adjustments and special items to our effective book income tax rate.

Excluding the items outlined above, CenturyLink's Adjusted Net Income for fourth quarter 2011 was \$343 million compared to pro forma Adjusted Net Income of \$455 million in fourth quarter 2010. Fourth quarter 2011 Adjusted Diluted EPS was \$0.55 compared to pro forma Adjusted Diluted EPS of \$0.75 in the year-ago period. The decrease in both measures was primarily driven by higher operating costs and the anticipated decline in legacy voice and access revenues associated with access line losses and lower minutes of use, which more than offset the increase in strategic revenues.

Excluding the impact of the additional non-cash employee benefit plan costs discussed earlier, Adjusted Diluted EPS was \$0.58 for fourth quarter 2011.

Full Year Results

For the year 2011, operating revenues more than doubled to \$15.4 billion from \$7.0 billion for the same period in 2010. Operating cash flow, excluding special items, was \$6.5 billion for 2011 compared to \$3.6 billion in 2010. Net income, excluding special items, was \$867 million in 2011 compared to \$1.03 billion in 2010. Full year 2011 earnings per share, excluding special items, was \$1.62 compared to \$3.39 for the prior year. The decrease in 2011 compared to 2010 is primarily due to the negative impact of the non-cash items resulting from the business combination accounting rules associated with the Qwest and Savvis acquisitions, which are not included in the results for 2010.

Pro forma full year 2011 operating revenues of \$18.7 billion declined 3.8% from operating revenues of \$19.4 billion for pro forma full year 2010. Operating cash flow, excluding special items, was \$7.8 billion for pro forma 2011 compared to \$8.3 billion in pro forma 2010. Adjusted Net Income, excluding special items, was \$1.63 billion in pro forma 2011 compared to \$1.85 billion in pro forma 2010. Adjusted Diluted EPS, excluding special items, was \$2.64 in pro forma 2011 compared to \$3.04 for pro forma 2010. The decline in the above measures was driven by a reduction in legacy voice and access revenue, which more than offset growth in strategic revenues.

GAAP Results — Fourth Quarter and Full Year

Under generally accepted accounting principles (GAAP), net income for fourth quarter 2011 was \$109 million compared to \$225 million for fourth quarter 2010, and diluted earnings per share for fourth quarter 2011 was \$0.18 compared to \$0.74 for fourth quarter 2010. Fourth quarter 2011 net income and diluted earnings per share reflect after-tax integration, severance, and retention costs associated with the Embarq, Qwest and Savvis acquisitions and costs associated with the early retirement of Qwest Corporation debt, which aggregated \$42 million (\$0.07 per share). Fourth quarter 2010 net income and diluted earnings per share reflect after-tax integration, severance and transaction costs associated with the Embarq and Qwest acquisitions, an expense reduction associated with freezing certain benefits related to our pension plans and a net tax benefit due to state net operating loss carryforwards and other tax adjustments, which aggregated \$6 million (\$0.02 per share).

Net income under GAAP for full-year 2011 was \$573 million compared to \$948 million for full-year 2010, and diluted earnings per share for full-year 2011 was \$1.07 compared to \$3.13 for full-

year 2010. For details regarding the Company's special items for the three and twelve months ended December 31, 2011 and 2010, please see the accompanying financial schedules.

Segment Results / Highlights

Regional Markets Group (RMG)

RMG continued to implement "go-to-market" strategies in the fourth quarter to improve our competitive position resulting in an improved line loss trend and an increased number of broadband subscribers. This segment delivered strong operating results, increased business strategic data sales and positive subscriber trends in the fourth quarter.

- Strategic revenues for RMG were \$761 million in the quarter, a 5.8% increase over pro forma fourth quarter 2010.
- Generated \$2.2 billion in total revenues, a decrease of 3.9% from pro forma fourth quarter 2010, reflecting the continued decline in legacy services.
- Achieved significant high-speed Internet subscriber growth with a net increase of over 70,000 new customers compared to 57,000 in the previous quarter and 44,000 on a pro forma basis in the same period a year ago.
- Increased Prism TM TV subscribers by 16,000 with a broadband attachment rate of more than 90%. Of the new subscribers, nearly 50% are new CenturyLink customers.

Business Markets Group (BMG)

BMG leveraged a strong sales funnel exiting third quarter 2011, capitalized on new business opportunities and experienced increased success in its cross-sales of Savvis managed hosting and cloud services portfolio to achieve continued sales growth despite expected seasonal pressures.

- Strategic revenues for BMG were \$446 million in the quarter, a 2.8% increase over pro forma fourth quarter 2010 driven by strong Ethernet, Wavelength and MPLS sales. Normalized to exclude low-speed private line services, the adjusted growth rate is 7.8%.
- Generated \$947 million in total revenues, a decrease of 3.3% from pro forma fourth quarter 2010, reflecting declines in legacy services revenues and data integration revenues, which more than offset growth in CenturyLink's high-bandwidth broadband offerings. Excluding data integration revenues, BMG's fourth quarter year-over-year revenue decline was 1.2%.
- Continued realignment of sales force to address the growing opportunities in strategic services products such as MPLS(3) and Ethernet services led to strong sales funnel exiting 2011.

Wholesale Markets Group (WMG)

WMG continued to generate strong strategic revenue growth in the fourth quarter driven by customer demand for both copper and fiber-based connections for data transport services. WMG secured additional Fiber-to-the-tower (FTTT) contracts during the fourth quarter that bolster FTTT revenue growth opportunities in 2012 and beyond.

- Strategic revenues for WMG were \$564 million in the quarter, a 5.4% increase over pro forma fourth quarter 2010, driven by wireless carrier bandwidth expansion and Ethernet sales.
- Generated \$955 million in total revenues, a decrease of 4.0% from pro forma fourth quarter 2010, reflecting the continued decline in legacy services primarily driven by lower switched

(3) Defined as Multiprotocol Label Switching (MPLS)

access minutes of use associated with access line loss and displacement by alternative forms of communication such as email, social media and texting.

- Completed more than 1,250 fiber builds during the fourth quarter as part of the FTTT build-out initiative, ending the year with a total of nearly 10,200 FTTT builds completed since inception of this program.

Savvis

Savvis grew total revenues year-over-year driven by strength in managed hosting, including cloud services, slowing colocation revenue growth and declining network revenue. While colocation revenue growth slowed in 2011 as the Company approached data center capacity, CenturyLink has begun 2012 data center expansions to increase capacity and drive revenue growth in colocation as well as managed hosting and cloud services.

- Savvis operating revenues were \$260 million in the quarter, a 3.6% increase from pro forma fourth quarter 2010. Savvis hosting revenues were \$197 million, a 7% increase from pro forma fourth quarter 2010, with managed hosting revenue of \$98 million, an 11.8% increase from pro forma fourth quarter 2010.
- Pro forma full year 2011 Savvis operating revenues were \$1.039 billion, a 12.6% increase from pro forma full year 2010. Total pro forma hosting revenues were \$780 million, a 17.3% increase from pro forma 2010, with pro forma managed hosting revenue of \$383 million, a 23.7% increase from pro forma 2010.
- Achieved highest quarterly bookings level since first quarter 2008, with bookings growth of 23% compared to third quarter 2011 driven by record bookings in Europe and notable wins in the financial and government verticals.
- Continued to expand data center footprint, opening one center and adding space in centers in two other cities in the fourth quarter, with further expansion planned during 2012. At year-end 2011, we had 49 data centers in North America, Europe and Asia, with total data center raised floor space of 2 million square feet and sellable space of 1.3 million square feet.

Integration Update: Embarq Completed; Qwest and Savvis Integrations on Track

During fourth quarter 2011, CenturyLink incurred pre-tax transaction, integration, severance and retention costs of \$61 million related to the Embarq, Qwest and Savvis acquisitions.

The Embarq integration was fully completed in the fourth quarter of 2011. CenturyLink achieved its targeted \$375 million in annual run rate operating expense synergies within the anticipated timeframe.

CenturyLink ended fourth quarter 2011 with an annualized operating expense synergy run rate of approximately \$235 million from the Qwest acquisition, as the Company realized synergies earlier than originally anticipated. In addition, the Qwest financial and HR systems conversions were successfully completed by year-end 2011.

Full Year 2012

| | |
|--|----------------------------------|
| Operating Revenue | \$18.2 billion to \$18.4 billion |
| Revenue decline from pro forma FY11 | 1.5% to 2.5% |
| Operating Cash Flow (excl special items) | \$7.4 billion to \$7.6 billion |
| Adjusted Diluted EPS (excl special items) | \$2.25 - \$2.45 |
| Capital Expenditures(4) | \$2.6 billion to \$2.8 billion |
| Free Cash Flow (excl special items)(4) | \$3.2 billion to \$3.4 billion |

First Quarter 2012

| | |
|--|----------------------------------|
| Operating Revenue | \$4.58 billion to \$4.64 billion |
| Operating Cash Flow (excl special items) | \$1.84 billion to \$1.90 billion |
| Adjusted Diluted EPS (excl special items) | \$0.57 - \$0.63 |

All 2012 outlook figures included in this release exclude the effects of special items, future changes in regulation, integration expenses associated with the Qwest and Savvis acquisitions, any changes in operating or capital plans and any future mergers, acquisitions, divestitures, buybacks or other similar business transactions. In addition, all outlook and pro forma figures are based on acquisition-related fair value estimates that remain subject to finalization. All assets and liabilities of Qwest and Savvis have been assigned a fair value pursuant to business combination accounting rules. The related income statement impact of these items was significant to our operating results for the second, third and fourth quarters of 2011, and will have a significant impact on our results for 2012, which may be significantly different than what we have currently included in our outlook information for first quarter and full year 2012. Such fair value assignments for Qwest and Savvis have not been finalized and are subject to further adjustment before becoming final. The pro forma figures include adjustments described in the attached supplemental schedule that sets forth unaudited pro forma financial information regarding the Qwest and Savvis acquisitions, except that the figures above assume a January 1, 2011 closing date. The pro forma information above (i) has not been prepared in accordance with generally accepted accounting principles or the rules and regulations of the U.S. Securities and Exchange Commission, (ii) is for illustrative purposes only, and (iii) is not necessarily indicative of the combined operating results that would have occurred if the Qwest and Savvis mergers had been consummated as of January 1, 2011.

Investor Call

As previously announced, CenturyLink's management will host a conference call at 4:00 p.m. Central Time today, February 15, 2012. Interested parties can access the call by dialing 866.238.0637. The call will be accessible for replay through February 22, 2012, by calling

(4) Excludes approximately \$100 million of integration related capital expenditures

888.266.2081 and entering the conference ID number 1564408. Investors can also listen to CenturyLink's earnings conference call and replay by accessing the Investor Relations portion of the Company's Web site at www.centurylink.com through March 8, 2012.

Reconciliation to GAAP

This release includes certain non-GAAP financial measures, including but not limited to operating cash flow, free cash flow, adjustments to GAAP measures to exclude the effect of special items and certain pro forma combined operating results. In addition to providing key metrics for management to evaluate the Company's performance, we believe these measurements assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends. Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the attached financial schedules. Reconciliation of additional non-GAAP financial measures that may be discussed during the earnings call described below will be available in the Investor Relations portion of the Company's Web site at www.centurylink.com. Investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP.

CenturyLink is the third largest telecommunications company in the United States. The company provides broadband, voice, wireless and managed services to consumers and businesses across the country. It also offers advanced entertainment services under the CenturyLink™ Prism™ TV and DIRECTV brands. In addition, the company provides data, voice and managed services to enterprise, government and wholesale customers in local, national and select international markets through its high-quality advanced fiber optic network and multiple data centers. CenturyLink is recognized as a leader in the network services market by key technology industry analyst firms, and is a global leader in cloud infrastructure and hosted IT solutions for enterprises through Savvis, a CenturyLink company. CenturyLink's customers range from Fortune 500 companies in some of the country's largest cities to families living in rural America. Headquartered in Monroe, La., CenturyLink is an S&P 500 company and is included among the Fortune 500 list of America's largest corporations. For more information, visit www.centurylink.com.

Forward Looking Statements

Certain non-historical statements made in this release and future oral or written statements or press releases by us or our management are intended to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements 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 recent reforms and changes by the Federal Communications Commission regarding intercarrier compensation and the Universal Service Fund, among other things); our ability to effectively adjust to changes in the communications industry and changes in the composition of our markets and product mix caused by our recent acquisitions of Savvis, Qwest and Embarq; our ability to successfully integrate the operations of Savvis and Qwest into our operations, including the possibility that the anticipated benefits from these acquisitions cannot be fully realized in a timely manner or at all, or that integrating the acquired operations will be more difficult, disruptive or costly than anticipated; our ability to use the net operating loss carryovers of Qwest

in projected amounts; the effects of changes in our assignment of the Savvis or Qwest purchase price to identifiable assets or liabilities after the date hereof; 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; any adverse developments in legal proceedings involving us; 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 or other changes in our future cash requirements, whether caused by unanticipated increases in capital expenditures, increases in pension funding requirements or otherwise; 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 our filings with the Securities and Exchange Commission (the "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 July 2011 acquisition of Savvis, our April 2011 acquisition of Qwest and our July 2009 acquisition of Embarq are described in greater detail in Item 1A to our Form 10-K for the year ended December 31, 2010, 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 release. We undertake no obligation to update any of our forward-looking statements for any reason.

CenturyLink, Inc.
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED DECEMBER, 2011 AND 2010
(UNAUDITED)

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

| | Three months ended December 31, 2011 | | | Three months ended December 31, 2010 | | | | |
|-------------------------------------|--------------------------------------|--------------------|-------------------------------------|--------------------------------------|--------------------|-------------------------------------|---------------------------------|---|
| | As reported | Less special items | As adjusted excluding special items | As reported | Less special items | As adjusted excluding special items | Increase (decrease) as reported | Increase (decrease) excluding special items |
| OPERATING REVENUES | | | | | | | | |
| Strategic services | \$ 2,031 | | 2,031 | 525 | | 525 | 286.9% | 286.9% |
| Legacy services | 2,180 | | 2,180 | 1,023 | | 1,023 | 113.1% | 113.1% |
| Data integration | 188 | | 188 | 36 | | 36 | 422.2% | 422.2% |
| Other | 254 | | 254 | 138 | | 138 | 84.1% | 84.1% |
| | <u>4,653</u> | <u>—</u> | <u>4,653</u> | <u>1,722</u> | <u>—</u> | <u>1,722</u> | <u>170.2%</u> | <u>170.2%</u> |
| OPERATING EXPENSES | | | | | | | | |
| Cost of services and products | 1,968 | 10(1) | 1,958 | 632 | 9(4) | 623 | 211.4% | 214.3% |
| Selling, general and administrative | 900 | 51(1) | 849 | 239 | 4(4) | 235 | 276.6% | 261.3% |
| Depreciation and amortization | 1,252 | | 1,252 | 365 | | 365 | 243.0% | 243.0% |
| | <u>4,120</u> | <u>61</u> | <u>4,059</u> | <u>1,236</u> | <u>13</u> | <u>1,223</u> | <u>233.3%</u> | <u>231.9%</u> |
| OPERATING INCOME | 533 | (61) | 594 | 486 | (13) | 499 | 9.7% | 19.0% |
| OTHER INCOME (EXPENSE) | | | | | | | | |
| Interest expense | (340) | | (340) | (128) | | (128) | 165.6% | 165.6% |
| Other income (expense) | (1) | (6(2)) | 5 | 1 | | 1 | (200.0)% | 400.0% |
| Income tax expense | (83) | 25(3) | (108) | (134) | 7(5) | (141) | (38.1)% | (23.4)% |
| NET INCOME | \$ 109 | (42) | 151 | 225 | (6) | 231 | (51.6)% | (34.6)% |
| BASIC EARNINGS PER SHARE | | | | | | | | |
| | \$ 0.18 | (0.07) | 0.24 | 0.74 | (0.02) | 0.76 | (75.6)% | (68.4)% |
| DILUTED EARNINGS PER SHARE | | | | | | | | |
| | \$ 0.18 | (0.07) | 0.24 | 0.74 | (0.02) | 0.76 | (75.6)% | (68.3)% |
| AVERAGE SHARES OUTSTANDING | | | | | | | | |
| Basic | 616,575 | | 616,575 | 302,301 | | 302,301 | 104.0% | 104.0% |
| Diluted | 618,510 | | 618,510 | 303,201 | | 303,201 | 104.0% | 104.0% |
| DIVIDENDS PER COMMON SHARE | | | | | | | | |
| | \$ 0.725 | | 0.725 | 0.725 | | 0.725 | 0.0% | 0.0% |

SPECIAL ITEMS

- (1) - Includes integration, severance, and retention costs associated with our acquisition of Qwest, along with restructuring charges (\$55 million); integration and severance costs associated with our acquisition of Embarq (\$2 million); and transaction and other costs associated with our acquisition of Savvis (\$4 million).
- (2) - Cost associated with early retirement of Qwest debt.
- (3) - Income tax benefit of Items (1) and (2).
- (4) - Includes integration and severance related costs associated with our acquisition of Embarq (\$27 million) and transaction and other costs associated with our acquisition of Qwest (\$7 million).
These increases were partially offset by a \$21 million curtailment gain associated with freezing certain future benefit accruals related to our defined benefit pension plans.
- (5) - Income tax benefit of Item (4) and a net \$4 million income tax benefit due to an increase in the net deferred tax asset related to state net operating loss carryforwards and other tax adjustments.

CenturyLink, Inc.
CONSOLIDATED STATEMENTS OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)

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

| | Twelve months ended December 31, 2011 | | | Twelve months ended December 31, 2010 | | | | |
|-------------------------------------|---------------------------------------|--------------------|-------------------------------------|---------------------------------------|--------------------|-------------------------------------|---------------------------------|---|
| | As reported | Less special items | As adjusted excluding special items | As reported | Less special items | As adjusted excluding special items | Increase (decrease) as reported | Increase (decrease) excluding special items |
| OPERATING REVENUES | | | | | | | | |
| Strategic services | \$ 6,254 | | 6,254 | 2,049 | | 2,049 | 205.2% | 205.2% |
| Legacy services | 7,680 | | 7,680 | 4,288 | | 4,288 | 79.1% | 79.1% |
| Data integration | 537 | | 537 | 158 | | 158 | 239.9% | 239.9% |
| Other | 880 | | 880 | 547 | | 547 | 60.9% | 60.9% |
| | <u>15,351</u> | <u>—</u> | <u>15,351</u> | <u>7,042</u> | <u>—</u> | <u>7,042</u> | <u>118.0%</u> | <u>118.0%</u> |
| OPERATING EXPENSES | | | | | | | | |
| Cost of services and products | 6,325 | 70(1) | 6,255 | 2,544 | 44(5) | 2,500 | 148.6% | 150.2% |
| Selling, general and administrative | 2,975 | 395(1) | 2,580 | 1,004 | 79(5) | 925 | 196.3% | 178.9% |
| Depreciation and amortization | 4,026 | | 4,026 | 1,434 | | 1,434 | 180.8% | 180.8% |
| | <u>13,326</u> | <u>465</u> | <u>12,861</u> | <u>4,982</u> | <u>123</u> | <u>4,859</u> | <u>167.5%</u> | <u>164.7%</u> |
| OPERATING INCOME | 2,025 | (465) | 2,490 | 2,060 | (123) | 2,183 | (1.7)% | 14.1% |
| OTHER INCOME (EXPENSE) | | | | | | | | |
| Interest expense | (1,072) | 5(2) | (1,077) | (544) | | (544) | 97.1% | 98.0% |
| Other income (expense) | (5) | (22(3)) | 17 | 15 | | 15 | (133.3)% | 13.3% |
| Income tax expense | <u>(375)</u> | <u>188(4)</u> | <u>(563)</u> | <u>(583)</u> | <u>43(6)</u> | <u>(626)</u> | <u>(35.7)%</u> | <u>(10.1)%</u> |
| NET INCOME | <u>\$ 573</u> | <u>(294)</u> | <u>867</u> | <u>948</u> | <u>(80)</u> | <u>1,028</u> | <u>(39.6)%</u> | <u>(15.7)%</u> |
| BASIC EARNINGS PER SHARE | \$ 1.07 | (0.55) | 1.62 | 3.13 | (0.26) | 3.40 | (65.8)% | (52.3)% |
| DILUTED EARNINGS PER SHARE | \$ 1.07 | (0.55) | 1.62 | 3.13 | (0.26) | 3.39 | (65.8)% | (52.2)% |
| AVERAGE SHARES OUTSTANDING | | | | | | | | |
| Basic | 532,780 | | 532,780 | 300,619 | | 300,619 | 77.2% | 77.2% |
| Diluted | 534,121 | | 534,121 | 301,297 | | 301,297 | 77.3% | 77.3% |
| DIVIDENDS PER COMMON SHARE | | | | | | | | |
| | \$ 2.90 | | 2.90 | 2.80 | | 2.80 | 3.6% | 3.6% |

SPECIAL ITEMS

- (1) - Includes integration, severance, and retention costs associated with our acquisition of Qwest, along with restructuring charges (\$371 million); integration and severance costs associated with our acquisition of Embarq (\$81 million); and transaction and other costs associated with our acquisition of Savvis (\$26 million); net of a favorable settlement of an operating tax issue (\$13 million).
- (2) - Reflects the interest component of a favorable settlement of an operating tax issue.
- (3) - Expense associated with terminating a bridge credit facility related to the Savvis acquisition (\$16 million) and costs associated with early retirement of Qwest debt (\$6 million).
- (4) - Income tax benefit of Items (1) through (3) and a benefit from the reduction of an NOL valuation allowance (\$14 million).
- (5) - Includes integration costs associated with our acquisition of Embarq (\$92 million); severance and related costs due to workforce reductions (\$30 million) and transaction and other costs associated with our acquisition of Qwest (\$22 million). Such increases were partially offset by a \$21 million curtailment gain associated with freezing certain future benefit accruals related to our defined benefit pension plans.
- (6) - Includes income tax benefit of Item (5) and a net \$4 million income tax benefit due to an increase in the net deferred tax asset related to state net operating loss carryforwards and other tax adjustments. Such amounts were partially offset by a \$4 million one-time charge to income tax expense as a result of a change in the tax treatment of Medicare subsidy receipts.

CenturyLink, Inc.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2011 AND DECEMBER 31, 2010
(UNAUDITED)
(In millions)

| | <u>December 31,</u> <u>2011</u> | <u>December 31,</u> <u>2010</u> |
|---|------------------------------------|------------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 128 | 173 |
| Other current assets | 3,395 | 970 |
| Total current assets | <u>3,523</u> | <u>1,143</u> |
| NET PROPERTY, PLANT AND EQUIPMENT | | |
| Property, plant and equipment | 29,577 | 16,329 |
| Accumulated depreciation | (10,141) | (7,575) |
| Net property, plant and equipment | <u>19,436</u> | <u>8,754</u> |
| GOODWILL AND OTHER ASSETS | | |
| Goodwill | 21,724 | 10,261 |
| Other | 11,456 | 1,880 |
| Total goodwill and other assets | <u>33,180</u> | <u>12,141</u> |
| TOTAL ASSETS | <u>\$ 56,139</u> | <u>22,038</u> |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Current maturities of long-term debt | \$ 480 | 12 |
| Other current liabilities | 3,539 | 999 |
| Total current liabilities | <u>4,019</u> | <u>1,011</u> |
| LONG-TERM DEBT | 21,356 | 7,316 |
| DEFERRED CREDITS AND OTHER LIABILITIES | 9,937 | 4,064 |
| STOCKHOLDERS' EQUITY | <u>20,827</u> | <u>9,647</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 56,139</u> | <u>22,038</u> |

CenturyLink, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
TWELVE MONTHS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)
(In millions)

| | Twelve Months Ended December 31, 2011 | Twelve Months Ended December 31, 2010 |
|---|--|--|
| OPERATING ACTIVITIES | | |
| Net income | \$ 573 | 948 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 4,026 | 1,434 |
| Deferred income taxes | 395 | 132 |
| Provision for uncollectible accounts | 153 | 91 |
| Changes in current assets and current liabilities, net | (205) | (303) |
| Retirement benefits | (688) | (271) |
| Changes in other noncurrent assets and liabilities | (6) | (13) |
| Other, net | (47) | 27 |
| Net cash provided by operating activities | <u>4,201</u> | <u>2,045</u> |
| INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment and capitalized software | (2,411) | (864) |
| Acquisition of Savvis, net of \$61 cash acquired | (1,671) | — |
| Cash acquired in Qwest acquisition, net of \$5 cash paid | 419 | — |
| Other, net | 16 | 5 |
| Net cash used in investing activities | <u>(3,647)</u> | <u>(859)</u> |
| FINANCING ACTIVITIES | | |
| Payments of long-term debt | (2,984) | (500) |
| Net proceeds from issuance of long-term debt | 4,102 | — |
| Net (payments) borrowings on credit facility | (88) | 74 |
| Proceeds from issuance of common stock | 103 | 130 |
| Repurchase of common stock | (31) | (17) |
| Cash dividends | (1,556) | (878) |
| Other, net | (123) | 16 |
| Net cash used in financing activities | <u>(577)</u> | <u>(1,175)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (22) | — |
| Net increase (decrease) in cash and cash equivalents | (45) | 11 |
| Cash and cash equivalents at beginning of period | 173 | 162 |
| Cash and cash equivalents at end of period | <u>\$ 128</u> | <u>173</u> |

CenturyLink, Inc.
SELECTED SEGMENT FINANCIAL INFORMATION
THREE MONTHS AND TWELVE MONTHS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)
(Dollars in millions)

| | Three months ended December 31, | | Twelve months ended December 31, | |
|--|--|--------------|---|--------------|
| | 2011 | 2010 | 2011 | 2010 |
| Total segment revenues | \$ 4,399 | 1,584 | 14,471 | 6,495 |
| Total segment expenses | 2,087 | 597 | 6,535 | 2,403 |
| Total segment income | <u>\$ 2,312</u> | <u>987</u> | <u>7,936</u> | <u>4,092</u> |
| Total segment income margin (segment income divided by segment revenues) | <u>52.6%</u> | <u>62.3%</u> | <u>54.8%</u> | <u>63.0%</u> |
| Regional Markets Segment | | | | |
| Revenues | | | | |
| Strategic services | \$ 761 | 309 | 2,532 | 1,212 |
| Legacy services | 1,440 | 796 | 5,171 | 3,289 |
| Data integration | 36 | 32 | 129 | 139 |
| | <u>\$ 2,237</u> | <u>1,137</u> | <u>7,832</u> | <u>4,640</u> |
| Expenses | | | | |
| Direct | \$ 932 | 463 | 3,252 | 1,818 |
| Allocated | 59 | (16) | 146 | (35) |
| | <u>\$ 991</u> | <u>447</u> | <u>3,398</u> | <u>1,783</u> |
| Segment income | <u>\$ 1,246</u> | <u>690</u> | <u>4,434</u> | <u>2,857</u> |
| Segment income margin | <u>55.7%</u> | <u>60.7%</u> | <u>56.6%</u> | <u>61.6%</u> |
| Business Markets Segment | | | | |
| Revenues | | | | |
| Strategic services | \$ 446 | 14 | 1,341 | 57 |
| Legacy services | 350 | 47 | 1,113 | 190 |
| Data integration | 151 | 4 | 407 | 19 |
| | <u>\$ 947</u> | <u>65</u> | <u>2,861</u> | <u>266</u> |
| Expenses | | | | |
| Direct | \$ 275 | 2 | 764 | 6 |
| Allocated | 312 | 28 | 972 | 114 |
| | <u>\$ 587</u> | <u>30</u> | <u>1,736</u> | <u>120</u> |
| Segment income | <u>\$ 360</u> | <u>35</u> | <u>1,125</u> | <u>146</u> |
| Segment income margin | <u>38.0%</u> | <u>53.8%</u> | <u>39.3%</u> | <u>54.9%</u> |
| Wholesale Markets Segment | | | | |
| Revenues | | | | |
| Strategic services | \$ 564 | 202 | 1,898 | 780 |
| Legacy services | 390 | 180 | 1,396 | 809 |
| Data integration | 1 | — | 1 | — |
| | <u>\$ 955</u> | <u>382</u> | <u>3,295</u> | <u>1,589</u> |
| Expenses | | | | |
| Direct | \$ 52 | 30 | 174 | 139 |
| Allocated | 249 | 90 | 847 | 361 |
| | <u>\$ 301</u> | <u>120</u> | <u>1,021</u> | <u>500</u> |
| Segment income | <u>\$ 654</u> | <u>262</u> | <u>2,274</u> | <u>1,089</u> |
| Segment income margin | <u>68.5%</u> | <u>68.6%</u> | <u>69.0%</u> | <u>68.5%</u> |
| Savvis Operations Segment | | | | |
| Revenues | | | | |
| | \$ 260 | — | 483 | — |
| Expenses - direct | | | | |
| | \$ 208 | — | 380 | — |
| Segment income | <u>\$ 52</u> | <u>—</u> | <u>103</u> | <u>—</u> |
| Segment income margin | <u>20.0%</u> | <u>—</u> | <u>21.3%</u> | <u>—</u> |

CenturyLink, Inc.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)
(Dollars in millions)

| | Three months ended December 31, 2011 | | | Three months ended December 31, 2010 | | |
|--|--------------------------------------|--------------------|-------------------------------------|--------------------------------------|--------------------|-------------------------------------|
| | As reported | Less special items | As adjusted excluding special items | As reported | Less special items | As adjusted excluding special items |
| Operating cash flow and cash flow margin | | | | | | |
| Operating income | \$ 533 | (61)(1) | 594 | 486 | (13)(2) | 499 |
| Add: Depreciation and amortization | 1,252 | — | 1,252 | 365 | — | 365 |
| Operating cash flow | <u>\$ 1,785</u> | <u>(61)</u> | <u>1,846</u> | <u>851</u> | <u>(13)</u> | <u>864</u> |
| Revenues | <u>\$ 4,653</u> | <u>—</u> | <u>4,653</u> | <u>1,722</u> | <u>—</u> | <u>1,722</u> |
| Operating income margin (operating income divided by revenues) | <u>11.5%</u> | | <u>12.8%</u> | <u>28.2%</u> | | <u>29.0%</u> |
| Operating cash flow margin (operating cash flow divided by revenues) | <u>38.4%</u> | | <u>39.7%</u> | <u>49.4%</u> | | <u>50.2%</u> |
| Free cash flow | | | | | | |
| Operating cash flow | | | \$ 1,846 | | | \$ 864 |
| Less: Cash paid for income taxes, net of refunds | | | 25 | | | (34) |
| Less: Cash paid for interest, net of amounts capitalized | | | (465) | | | (204) |
| Less: Capital expenditures (3) | | | (896) | | | (255) |
| Other income (expense) | | | 5 | | | 1 |
| Free cash flow (4) | | | <u>515</u> | | | <u>372</u> |

- (1) - Includes integration, severance, and retention costs associated with our acquisition of Qwest, along with restructuring charges (\$55 million); integration and severance costs associated with our acquisition of Embarq (\$2 million); and transaction and other costs associated with our acquisition of Savvis (\$4 million).
- (2) - Includes integration and severance related costs associated with our acquisition of Embarq (\$27 million) and transaction and other costs associated with our acquisition of Qwest (\$7 million). These increases were partially offset by a \$21 million curtailment gain associated with freezing certain future benefit accruals related to our defined benefit pension plans.
- (3) - Excludes \$4 million in fourth quarter 2011 and \$9 million in fourth quarter 2010 of capital expenditures related to the integration of Embarq and Qwest.
- (4) - Excludes special items and does not reflect the impact of pension contributions of \$487 million for the three months ended December 31, 2011.

CenturyLink, Inc.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)
(Dollars in millions)

| | Twelve months ended December 31, 2011 | | | Twelve months ended December 31, 2010 | | |
|--|---------------------------------------|--------------------|-------------------------------------|---------------------------------------|--------------------|-------------------------------------|
| | As reported | Less special items | As adjusted excluding special items | As reported | Less special items | As adjusted excluding special items |
| Operating cash flow and cash flow margin | | | | | | |
| Operating income | \$ 2,025 | (465) | 1,560 | 2,060 | (123) | 1,937 |
| Add: Depreciation and amortization | 4,026 | — | 4,026 | 1,434 | — | 1,434 |
| Operating cash flow | <u>\$ 6,051</u> | <u>(465)</u> | <u>5,586</u> | <u>3,494</u> | <u>(123)</u> | <u>3,371</u> |
| Revenues | <u>\$ 15,351</u> | <u>—</u> | <u>15,351</u> | <u>7,042</u> | <u>—</u> | <u>7,042</u> |
| Operating income margin (operating income divided by revenues) | <u>13.2%</u> | | <u>16.2%</u> | <u>29.3%</u> | | <u>31.0%</u> |
| Operating cash flow margin (operating cash flow divided by revenues) | <u>39.4%</u> | | <u>42.4%</u> | <u>49.6%</u> | | <u>51.4%</u> |
| Free cash flow | | | | | | |
| Operating cash flow | | | \$ 6,516 | | | \$ 3,617 |
| Less: Cash paid for income taxes, net of refunds | | | 118 | | | (432) |
| Less: Cash paid for interest, net of amounts capitalized | | | (1,225) | | | (548) |
| Less: Capital expenditures (3) | | | (2,381) | | | (835) |
| Other income (expense) | | | 17 | | | 15 |
| Free cash flow (4) | | | <u>3,045</u> | | | <u>1,817</u> |

- (1)-Includes integration, severance, and retention costs associated with our acquisition of Qwest, along with restructuring charges (\$371 million); integration and severance costs associated with our acquisition of Embarq (\$81 million); and transaction and other costs associated with our acquisition of Savvis (\$26 million); net of a favorable settlement of an operating tax issue (\$13 million).
- (2)-Includes integration costs associated with our acquisition of Embarq (\$92 million); severance and related costs due to workforce reductions (\$30 million) and transaction and other costs associated with our acquisition of Qwest (\$22 million). Such increases were partially offset by a \$21 million curtailment gain associated with freezing certain future benefit accruals related to our defined benefit pension plans.
- (3)-Excludes \$30 million in 2011 and \$29 million in 2010 of capital expenditures related to the integration of Embarq and Qwest.
- (4)-Excludes special items and does not reflect the impact of pension contributions of \$587 million and \$300 million for the twelve months ended December 31, 2011 and 2010, respectively.

CenturyLink, Inc.
SUPPLEMENTAL PRO FORMA INFORMATION - ADJUSTED DILUTED EPS
2010 AND 2011
(UNAUDITED)

(In millions, except per share amounts)

| | Pro Forma* Three months ended March 31, 2010 (excluding special items) | Pro Forma* Three months ended June 30, 2010 (excluding special items) | Pro Forma* Three months ended September 30, 2010 (excluding special items) | Pro Forma* Three months ended December 31, 2010 (excluding special items) | Pro Forma* Twelve months ended December 31, 2010 (excluding special items) | Pro Forma* Three months ended March 31, 2011 (excluding special items) | Pro Forma* Three months ended June 30, 2011 (excluding special items) | Pro Forma* Three months ended September 30, 2011 (excluding special items) | Three months ended December 31, 2011 (excluding special items) | Pro Forma* Twelve months ended December 31, 2011 (excluding special items) |
|---|---|--|---|--|---|---|--|---|--|---|
| Net income | \$ 331 | 284 | 282 | 285 | 1,182 | 306 | 246 | 204 | 151 | 907 |
| Addback: | | | | | | | | | | |
| Amortization of customer base intangibles: | | | | | | | | | | |
| Qwest | 260 | 257 | 253 | 249 | 1,019 | 246 | 260 | 257 | 253 | 1,016 |
| Embarq | 49 | 48 | 44 | 44 | 185 | 44 | 44 | 39 | 39 | 166 |
| Savvis | 20 | 20 | 20 | 20 | 80 | 20 | 20 | 20 | 20 | 80 |
| Amortization of trademark intangibles: | | | | | | | | | | |
| Qwest | 21 | 20 | 19 | 18 | 78 | 16 | 21 | 20 | 19 | 76 |
| Savvis | 2 | 2 | 2 | 2 | 8 | 2 | 2 | 2 | 2 | 8 |
| Amortization of fair value adjustment of long- term debt: | | | | | | | | | | |
| Embarq | 1 | — | 1 | 1 | 3 | 1 | 1 | 1 | — | 3 |
| Qwest | (81) | (78) | (75) | (60) | (294) | (44) | (67) | (56) | (31) | (198) |
| Subtotal | 272 | 269 | 264 | 274 | 1,079 | 285 | 281 | 283 | 302 | 1,151 |
| Tax effect ** | (103) | (102) | (100) | (104) | (410) | (107) | (99) | (110) | (110) | (426) |
| Net adjustment, after taxes | 169 | 167 | 164 | 170 | 669 | 178 | 182 | 173 | 192 | 725 |
| Net income, as adjusted for above items | \$ 500 | 451 | 446 | 455 | 1,851 | 484 | 428 | 377 | 343 | 1,632 |
| Weighted average diluted shares outstanding | 602.9 | 607.4 | 602.4 | 605.9 | 604.65 | 614.1 | 614.5 | 616.6 | 618.5 | 615.8 |
| Diluted EPS (excluding special items) | \$ 0.55 | 0.47 | 0.47 | 0.47 | 1.94 | 0.50 | 0.40 | 0.33 | 0.24 | 1.46 |
| Adjusted diluted EPS as adjusted for purchase accounting intangible and interest amortizations (excluding special items) | \$ 0.82 | 0.74 | 0.74 | 0.75 | 3.04 | 0.78 | 0.69 | 0.61 | 0.55 | 2.64 |

*The pro forma information presented above reflects the operations of CenturyLink, Qwest and Savvis assuming their respective results of operations had been combined as of January 1, 2010. Pro forma adjustments include (i) the elimination of intercompany billings and the elimination of certain deferred revenues and costs; (ii) the elimination of certain components of pension and postretirement benefit costs; (iii) the amortization of the fair value preliminarily assigned to intangible assets (primarily customer relationship and software); (iv) adjustments to depreciation to reflect the fair value preliminarily assigned to property, plant and equipment; (v) adjustments to interest expense to reflect valuing debt at fair value; and (vi) the related income tax effects. The above proforma information (i) has not been prepared in accordance with generally accepted accounting principles or the rules and regulations of the U.S. Securities and Exchange Commission, (ii) is for illustrative purposes only, and (iii) is not necessarily indicative of the combined operating results that would have occurred if the Qwest and Savvis mergers had been consummated as of January 1, 2010.

** Includes income tax effect of above items and impact to the pro forma consolidated effective income tax rate due to the exclusion of special items and the items above.

CenturyLink, Inc.
PRO FORMA STATEMENTS OF INCOME
PRO FORMA THREE MONTHS ENDED DECEMBER 31, 2011, THREE MONTHS ENDED SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(UNAUDITED)

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

| | Three months ended December 31, 2011 (excluding special items) | Pro forma* Three months ended September 30, 2011 (excluding special items) | Pro forma* Three months ended December 31, 2010 (excluding special items) |
|--|--|---|--|
| OPERATING REVENUES | | | |
| Strategic services | \$ 2,031 | 1,994 | 1,939 |
| Legacy services | 2,180 | 2,227 | 2,408 |
| Data integration | 188 | 166 | 206 |
| Other | 254 | 246 | 254 |
| | <u>4,653</u> | <u>4,633</u> | <u>4,807</u> |
| OPERATING EXPENSES | | | |
| Cash expenses | 2,807 | 2,739(A) | 2,781(B) |
| Depreciation and amortization | 1,252 | 1,240 | 1,235 |
| | <u>4,059</u> | <u>3,979</u> | <u>4,016</u> |
| OPERATING INCOME | 594 | 654 | 791 |
| OTHER INCOME (EXPENSE) | | | |
| Interest expense | (340) | (327) | (345) |
| Other income (expense) | 5 | 7 | —(C) |
| Income tax expense | (108) | (130)(D) | (161)(D) |
| | <u>151</u> | <u>204</u> | <u>285</u> |
| NET INCOME | \$ | 204 | 285 |
| DILUTED EARNINGS PER SHARE | \$ 0.24 | 0.33 | 0.47 |
| WEIGHTED AVERAGE DILUTED SHARES OUTSTANDING | 618,510 | 616,560 | 605,898 |
| OPERATING CASH FLOW | | | |
| Operating income | \$ 594 | 654 | 791 |
| Add: Depreciation and amortization | 1,252 | 1,240 | 1,235 |
| Operating cash flow | <u>\$ 1,846</u> | <u>1,894</u> | <u>2,026</u> |
| OPERATING METRICS | | | |
| | As of December 31, 2011 | As of September 30, 2011 | Pro forma** as of December 31, 2010 |
| Broadband subscribers | 5,554 | 5,484 | 5,316 |
| Access lines | 14,584 | 14,803 | 15,613 |

*The pro forma information presented above reflects the operations of CenturyLink, Qwest and Savvis assuming their respective results of operations had been combined as of January 1, 2010. Pro forma adjustments include (i) the elimination of intercompany billings and the elimination of certain deferred revenues and costs; (ii) the elimination of certain components of pension and postretirement benefit costs; (iii) the amortization of the fair value preliminarily assigned to intangible assets (primarily customer relationship and software); (iv) adjustments to depreciation to reflect the fair value preliminarily assigned to property, plant and equipment; (v) adjustments to interest expense to reflect valuing debt at fair value; and (vi) the related income tax effects. The above proforma information (i) has not been prepared in accordance with generally accepted accounting principles or the rules and regulations of the U.S. Securities and Exchange Commission, (ii) is for illustrative purposes only, and (iii) is not necessarily indicative of the combined operating results that would have occurred if the Qwest and Savvis mergers had been consummated as of January 1, 2010.

**The pro forma operating metrics presented above reflects the broadband subscribers and access lines of CenturyLink and Qwest as though the companies had been combined as of January 1, 2010 after conforming the definitions of broadband subscribers and access lines between the two companies.

Summary description of special items for Third Quarter 2011 and Fourth Quarter 2010 excluded from above schedule:

- (A) Integration and severance costs associated with the Qwest and Embarq acquisitions incurred by CenturyLink; realignment, severance and merger related costs incurred by Qwest; and merger related costs incurred by Savvis (\$109 million).
- (B) Integration, transaction and severance costs associated with the Qwest and Embarq acquisitions and curtailment gain incurred by CenturyLink; realignment, severance and merger related costs; accelerated recognition of share based compensation expense; and a legal reserve incurred by Qwest; and acquisition costs incurred by Savvis (\$132 million).
- (C) Loss on embedded option in convertible debt incurred by Qwest (\$267 million).
- (D) Tax effect of above items and other tax adjustments (\$39 million for third quarter 2011 and \$35 million for fourth quarter 2010).

CenturyLink, Inc.
PRO FORMA STATEMENTS OF INCOME
PRO FORMA TWELVE MONTHS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010
(UNAUDITED)
(Dollars in millions, except per share amounts, shares in thousands)

| | Pro forma* Twelve months ended December 31, 2011 (excluding special items) | Pro forma* Twelve months ended December 31, 2010 (excluding special items) |
|--|---|---|
| OPERATING REVENUES | | |
| Strategic services | \$ 7,995 | 7,543 |
| Legacy services | 9,037 | 10,070 |
| Data integration | 658 | 765 |
| Other | 1,002 | 1,053 |
| | <u>18,692</u> | <u>19,431</u> |
| OPERATING EXPENSES | | |
| Cash expenses | 10,910(A) | 11,167(B) |
| Depreciation and amortization | 4,953 | 4,918 |
| | <u>15,863</u> | <u>16,085</u> |
| OPERATING INCOME | 2,829 | 3,346 |
| OTHER INCOME (EXPENSE) | | |
| Interest expense | (1,331)(C) | (1,431) |
| Other income (expense) | 22(D) | 11(E) |
| Income tax expense | (613)(F) | (743)(F) |
| | <u></u> | <u></u> |
| NET INCOME | <u>\$ 907</u> | <u>1,183</u> |
| DILUTED EARNINGS PER SHARE | \$ 1.46 | 1.94 |
| WEIGHTED AVERAGE DILUTED SHARES OUTSTANDING | 615,800 | 604,650 |
| OPERATING CASH FLOW | | |
| Operating income | \$ 2,829 | 3,346 |
| Add: Depreciation and amortization | 4,953 | 4,918 |
| Operating cash flow | <u>\$ 7,782</u> | <u>8,264</u> |
| | As of December 31, 2011 | Pro forma** as of December 31, 2010 |
| OPERATING METRICS | | |
| Broadband subscribers | 5,554 | 5,316 |
| Access lines | 14,584 | 15,613 |

*The pro forma information presented above reflects the operations of CenturyLink, Qwest and Savvis assuming their respective results of operations had been combined as of January 1, 2010. Pro forma adjustments include (i) the elimination of intercompany billings and the elimination of certain deferred revenues and costs; (ii) the elimination of certain components of pension and postretirement benefit costs; (iii) the amortization of the fair value preliminarily assigned to intangible assets (primarily customer relationship and software); (iv) adjustments to depreciation to reflect the fair value preliminarily assigned to property, plant and equipment; (v) adjustments to interest expense to reflect valuing debt at fair value; and (vi) the related income tax effects. The above proforma information (i) has not been prepared in accordance with generally accepted accounting principles, (ii) is for illustrative purposes only, and (iii) is not necessarily indicative of the combined operating results that would have occurred if the Qwest and Savvis mergers had been consummated as of January 1, 2010.

**The pro forma operating metrics presented above reflects the broadband subscribers and access lines of CenturyLink and Qwest as though the companies had been combined as of January 1, 2010 after conforming the definitions of broadband subscribers and access lines between the two companies.

Summary description of special items for 2011 and 2010 excluded from above schedule:

- (A) Includes integration and severance costs associated with the Qwest and Embarq acquisitions incurred by CenturyLink; realignment, severance and merger related costs incurred by Qwest; and merger related costs incurred by Savvis (\$482 million).
- (B) Includes integration, transaction and severance costs associated with the Qwest and Embarq acquisitions and curtailment gain incurred by CenturyLink; realignment, severance and merger related costs; accelerated recognition of share based compensation expense; prior period assessment of USF fees; and a legal reserve incurred by Qwest; and acquisition costs incurred by Savvis (\$362 million).
- (C) Includes the interest component of a favorable settlement of an operating tax issue (\$5 million).
- (D) Includes expense associated with terminating a bridge credit facility related to the Savvis acquisition (\$16 million) and costs associated with early retirement of Qwest debt (\$6 million).
- (E) Loss on embedded option in convertible debt incurred by Qwest (\$520 million).
- (F) Tax effect of above items and other tax adjustments (\$193 million for 2011 and \$8 million for 2010).

CenturyLink, Inc.
SUPPLEMENTAL PRO FORMA SEGMENT DATA
THREE MONTHS ENDED DECEMBER 31, 2011 AND PRO FORMA THREE MONTHS ENDED SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
ASSUMING CENTURYLINK'S ACQUISITIONS OF QWEST AND SAVVIS OCCURRED JANUARY 1, 2010
(UNAUDITED)
(Dollars in millions)

| | Three months ended December 31, 2011 | Pro forma* Three months ended September 30, 2011 | Pro forma* Three months ended December 31, 2010 |
|--|--|---|--|
| Total segment revenues | \$ 4,399 | 4,387 | 4,553 |
| Total segment expenses | 2,087 | 2,070 | 2,083 |
| Total segment income | <u>\$ 2,312</u> | <u>2,317</u> | <u>2,470</u> |
| Total segment income margin (segment income divided by segment revenues) | <u>52.6%</u> | <u>52.8%</u> | <u>54.2%</u> |
| Regional Markets Segment | | | |
| Revenues | | | |
| Strategic services | \$ 761 | 725 | 719 |
| Legacy services | 1,440 | 1,464 | 1,576 |
| Data integration | 36 | 32 | 33 |
| | <u>2,237</u> | <u>2,221</u> | <u>2,328</u> |
| Expenses | | | |
| Direct | 932 | 952 | 951 |
| Allocated | 59 | 53 | 68 |
| | <u>991</u> | <u>1,005</u> | <u>1,019</u> |
| Segment income | <u>\$ 1,246</u> | <u>1,216</u> | <u>1,309</u> |
| Segment income margin | <u>55.7%</u> | <u>54.8%</u> | <u>56.2%</u> |
| Business Markets Segment | | | |
| Revenues | | | |
| Strategic services | \$ 446 | 441 | 434 |
| Legacy services | 350 | 352 | 372 |
| Data integration | 151 | 134 | 173 |
| | <u>947</u> | <u>927</u> | <u>979</u> |
| Expenses | | | |
| Direct | 275 | 252 | 258 |
| Allocated | 312 | 318 | 319 |
| | <u>587</u> | <u>570</u> | <u>577</u> |
| Segment income | <u>\$ 360</u> | <u>357</u> | <u>402</u> |
| Segment income margin | <u>38.0%</u> | <u>38.5%</u> | <u>41.1%</u> |
| Wholesale Markets Segment | | | |
| Revenues | | | |
| Strategic services | \$ 564 | 568 | 535 |
| Legacy services | 390 | 411 | 460 |
| Data integration | 1 | — | — |
| | <u>955</u> | <u>979</u> | <u>995</u> |
| Expenses | | | |
| Direct | 52 | 44 | 45 |
| Allocated | 249 | 251 | 249 |
| | <u>301</u> | <u>295</u> | <u>294</u> |
| Segment income | <u>\$ 654</u> | <u>684</u> | <u>701</u> |
| Segment income margin | <u>68.5%</u> | <u>69.9%</u> | <u>70.5%</u> |
| Savvis Operations Segment | | | |
| Revenues | | | |
| Savvis Operations | \$ 260 | 260 | 251 |
| | <u>260</u> | <u>260</u> | <u>251</u> |
| Expenses | | | |
| Direct | 208 | 200 | 193 |
| Allocated | — | — | — |
| | <u>208</u> | <u>200</u> | <u>193</u> |
| Segment income | <u>\$ 52</u> | <u>60</u> | <u>58</u> |
| Segment income margin | <u>20.0%</u> | <u>23.1%</u> | <u>23.1%</u> |

* For additional information regarding this pro forma information, including related pro forma adjustments, please see the preceding supplemental schedule.
