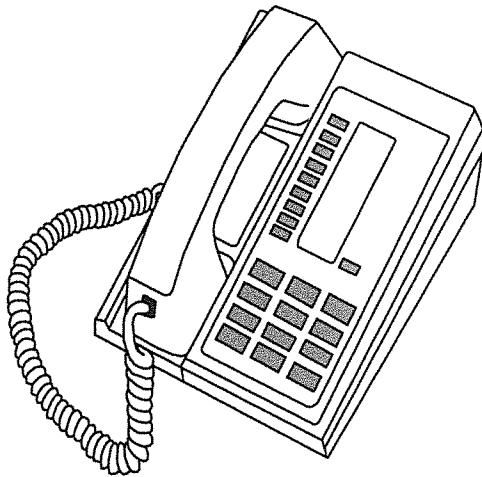


YEAR ENDING 2011

ANNUAL REPORT
OF
Qwest Corporation

TELEPHONE UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

General Information

Year 2011

1. Legal Name of Respondent:
Qwest Corporation
2. Name Under Which Respondent Does Business:
Qwest Corporation dba CenturyLink QC
3. Date of Incorporation:
The Colorado Telephone Company was organized January 10, 1881, consolidated with the Tri-State Telephone and Telegraph Company on July 17, 1911, forming the Mountain States Telephone and Telegraph Company which on July 20, 1911, purchased the Rocky Mountain Telephone Company. On January 1, 1991, the Mountain States Telephone and Telegraph Company was merged with Northwestern Bell and Pacific Northwest Bell to form U S WEST Communications, Inc. On July 1, 2000, U S WEST, Inc., together with all its subsidiaries, including U S WEST Communications, Inc., was merged into Qwest Communications International, Inc. On April 1, 2011, Qwest Communications International, Inc., together with all its subsidiaries, including Qwest Corporation, was merged into CenturyLink, Inc.
4. Address to send Correspondence Concerning Report:
1801 California Street, Room 310
Denver, CO 80202
5. Person Responsible for This Report:
Don Haack
- 5a. Telephone Number:
402-422-4446

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of the year, provide the following:
- 1a. Name and address of the controlling organization or person:
Qwest Communications International, Inc.
1801 California Street
Denver, Colorado 80202
- 1b. Means by which control was held:
Through ownership of voting securities
- 1c. Percent Ownership:
100%

Board of Directors

Line No.	Name of Director and Address (City, State) (a)		Fees Paid During Year (b)
1	R. Stewart Ewing	Monroe, Louisiana	None
2	Stacey W. Goff	Monroe, Louisiana	None
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13	Chairman of the Board: Glenn F. Post III		
14			
15			

Officers

Year 2011

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	Chief Executive Officer & President		Glen F. Post III, Monroe, Louisiana
2	Executive Vice President & Chief Operating Officer		Karen A. Puckett, Monroe, Louisiana
3	Executive Vice President & Chief Financial Officer		R. Stewart Ewing, Jr., Monroe Louisiana
4	Executive Vice President, General Counsel &		Stacey W. Goff, Monroe, Louisiana
5	President	Business Markets	Christopher K. Ancell, Denver, Colorado
6	President	Wholesale	William E. Cheek, Monroe, Louisiana
7	Executive Vice President	Network Operations	Dennis G. Huber, Overland Park, Kansas
8	Executive Vice President	Corporate Strategy and Development	Stephanie G. Comfort, Denver, Colorado
9	Senior Vice President	Controller and Operations Support	David D. Cole, Monroe, Louisiana
10	Senior Vice President	Public Policy and Government Relations	R. Steven Davis, Denver, Colorado
11	Senior Vice President	Treasurer	G. Clay Bailey, Monroe, Louisiana
12	Senior Vice President	IT Service	Girish Varma, Denver, Colorado
13	Vice President		Jonathan J. Robinson, Monroe, Louisiana
14	Secretary		Kay Buchart, Monroe, Louisiana
15	Assistant Secretary		Carrick B. Inabnett, Monroe, Louisiana
16	Assistant Secretary		Joan E. Randazzo, Denver, CO

Total Company Balance Sheet

(Thousands of Dollars)

Year 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	1,575	188,782
3	1180	Telecommunications Accounts Receivable - Net	638,069	635,068
4	1190	Other Accounts Receivable - Net	107,323	141,164
5	1200	Notes Receivable - Net	0	0
6	1210	Interest and Dividends Receivable	220,965	135,751
7	1220	Materials and Supplies	48,847	48,963
8	* 1280	Prepayments	74,050	91,351
9	^ 1290	Prepaid Rents	9,288	6,627
10	^ 1300	Prepaid Taxes	971	6,922
11	^ 1310	Prepaid Insurance	18,382	26,681
12	^ 1320	Prepaid Directory Expenses	0	0
13	^ 1330	Other Prepayments	45,409	51,121
14	1350	Other Current Assets	2,954	3,861
15		Total Current Assets	1,093,784	1,244,939
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	43,575	34,653
18	1402	Investments in Nonaffiliated Companies	7,889	52,436
19	1406	Nonregulated Investments	0	0
20	1407	Unamortized Debt Issuance Expense	122,505	97,489
21	1408	Sinking Funds	0	0
22	1410	Other Noncurrent Assets	941,493	970,986
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	538,902	495,689
25	1500	Other Jurisdictional Assets - Net	0	(639,835)
26		Total Noncurrent Assets	1,654,364	1,011,418
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	47,003,085	46,489,663
29	2002	Property Held for Future Telecommunications Use	0	0
30	2003	Plant Under Construction - Short Term	233,939	150,740
31	2004	Plant Under Construction - Long Term	0	0
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	0	5,870
34	2007	Goodwill	0	0
35	3100	Accumulated Depreciation	(35,190,278)	(34,141,629)
36	3200	Accumulated Depreciation - Held for Future Use	0	0
37	3300	Accumulated Depreciation - Nonoperating	0	0
38	3400	Accumulated Amortization (Includes 3500 and 3600)	(2,107,838)	(1,866,851)
39		Net Property, Plant, & Equipment	9,938,908	10,637,793
40		TOTAL ASSETS	12,687,056	12,894,150

^ Subaccount of account marked with a *.

PAGE 3

Total Company Balance Sheet

(Thousands of Dollars)

Year 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	987,391	1,024,850
43	4020	Notes Payable	0	0
44	4030	Advance Billing and Payments	244,306	255,891
45	4040	Customer Deposits	3,608	6,530
46	4050	Current Maturities - Long Term Debt	21,756	500,070
47	4060	Current Maturities - Capital Leases	41,765	14,599
48	4070	Income Taxes - Accrued	(157,027)	(149,853)
49	4080	Other Taxes - Accrued	160,517	161,431
50	4100	Net Current Deferred Operating Income Taxes	0	0
51	4110	Net Current Deferred Nonoperating Income Taxes	0	0
52	4120	Other Accrued Liabilities	700,300	645,479
53	4130	Other Current Liabilities	5,720	999
54		Total Current Liabilities	2,008,335	2,459,997
55		LONG-TERM DEBT:		
56	4210	Funded Debt	7,843,540	7,967,830
57	4220	Premium on Long-Term Debt	6,842	10,603
58	4230	Discount on Long-Term Debt	(157,962)	(165,010)
59	4240	Reacquired Debt	0	0
60	4250	Obligations Under Capital Leases	94,455	57,914
61	4260	Advances From Affiliated Companies	0	0
62	4270	Other Long-Term Debt	0	0
63		Total Long-Term Debt	7,786,875	7,871,337
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	2,577,993	2,679,328
66	4320	Unamort. Oper. Invest. Tax Credits - Net	24,421	40,780
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net	0	0
68	4340	Net Noncurrent Deferred Oper. Income Taxes	1,379,496	1,074,238
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes	25,868	26,266
70	4360	Other Deferred Credits	700,907	765,080
71	4370	Other Jurisdictional Liab. and Def. Credits	0	(160,516)
72		Total Other Liabilities and Deferred Credits	4,708,684	4,425,175
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	10,761,924	10,667,273
75	4520	Additional Paid-In Capital	992,252	992,252
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	(13,571,015)	(11,868,759)
79		Total Stockholders' Equity	(1,816,839)	(209,234)
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	12,687,056	14,547,275

Total Company Income Statement

(Thousands of Dollars)

Year 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,667,585	2,902,571
3	5080	Network Access Revenues	4,360,497	4,356,064
4	* 5100	Long Distance Message Revenue	5,500	9,904
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	5,498	9,902
6	^ 5120	Long Distance Private Network Revenue	2	2
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	1,965,434	2,004,195
10	^ 5230	Directory Revenue	44,915	50,625
11	^ 5240	Rent Revenue	516,732	519,220
12	^ 5250	Corporate Operations Revenue	208,149	225,185
13	^ 5260	Miscellaneous Revenue	515,093	551,230
14	^ 5270	Carrier Billing and Collection Revenue	121,262	130,316
15	^ 5280	Nonregulated Revenue	559,283	527,619
16	5300	Uncollectible Revenue	61,236	69,587
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,937,781	9,203,147
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	5,219	7,068
20	6120	General Support Expense	420,449	425,977
21	6210	Central Office Switching Expense	121,760	109,778
22	6220	Operator Systems Expense	605	1,046
23	6230	Central Office Transmission Expense	103,166	121,627
24	6310	Information Origination/Termination Expense	170,174	168,625
25	6410	Cable and Wire Facilities Expense	624,163	614,855
26	6431	Aerial Wire Expense	146	198
27	6441	Conduit Systems Expense	14,461	10,043
28	6510	Other Property, Plant & Equipment Expense	1,332	2,769
29	6530	Network Operations Expense	467,357	460,937
30	6540	Access Expense	142,697	162,661
31	6560	Depreciation and Amortization Expense	2,087,994	2,090,279
32	6610	Marketing	842,135	903,003
33	6620	Services	453,023	495,788
34	6710	Executive and Planning	31,913	146,640
35	6720	General and Administrative	1,072,797	915,696
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36)	6,559,390	6,636,989
38	7100	Other Operating Income and Expense	(698)	(1,282)
39	7200	Operating Taxes	755,885	948,242
40		Net Operating Income (L.17-L.37-L.38-L.39)	1,623,203	1,619,198
41	7300	Nonoperating Income and Expense	162,106	30,404
42	7400	Nonoperating Taxes	58	(14,711)
43	7500	Interest and Related Items	608,250	631,392
44	7600	Extraordinary Items	0	0
45	7910	Effects of Juris. Ratemaking Diff. - Net	(448,493)	70,043
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40-L.41-L.42-L.43-L.44-L.45-L.46)	1,301,281	902,070

^ Subaccount of the account marked with a *.

PAGE 5

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Montana Total State Income Statement

(Thousands of Dollars)

Year 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	61,362	64,713
3	5080	Network Access Revenues	107,098	108,819
4	* 5100	Long Distance Message Revenue	175	270
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	177	272
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	13,506	13,343
10	^ 5230	Directory Revenue	1,384	1,516
11	^ 5240	Rent Revenue	(2,574)	(2,420)
12	^ 5250	Corporate Operations Revenue	(327)	140
13	^ 5260	Miscellaneous Revenue	1,681	1,491
14	^ 5270	Carrier Billing and Collection Revenue	3,074	3,157
15	^ 5280	Nonregulated Revenue	10,268	9,458
16	5300	Uncollectible Revenue	747	627
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	181,394	186,788
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	(139)	104
20	6120	General Support Expense	5,310	5,387
21	6210	Central Office Switching Expense	2,424	2,212
22	6220	Operator Systems Expense	1	0
23	6230	Central Office Transmission Expense	2,031	2,554
24	6310	Information Origination/Termination Expense	2,620	2,440
25	6410	Cable and Wire Facilities Expense	11,291	10,875
26	6431	Aerial Wire Expense	2	7
27	6441	Conduit Systems Expense	7	10
28	6510	Other Property, Plant & Equipment Expense	977	429
29	6530	Network Operations Expense	7,839	8,562
30	6540	Access Expense	2,796	3,021
31	6560	Depreciation and Amortization Expense	33,616	32,911
32	6610	Marketing	12,691	13,277
33	6620	Services	9,028	9,597
34	6710	Executive and Planning	523	2,178
35	6720	General and Administrative	17,128	14,692
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	108,136	108,238
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(42)	(23)
39	7200	Operating Taxes	30,196	26,273
40		Net Operating Income (L.17-L.37-L.38-L.39)	43,105	52,299

PAGE 6

^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Montana Intrastate Income Statement

(Thousands of Dollars)

Year 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	61,362	64,713
3	5080	Network Access Revenues	10,072	13,212
4	* 5100	Long Distance Message Revenue	177	270
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	178	271
6	^ 5120	Long Distance Private Network Revenue	(2)	(1)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	2,052	2,416
10	^ 5230	Directory Revenue	1,384	1,516
11	^ 5240	Rent Revenue	(1,644)	(1,458)
12	^ 5250	Corporate Operations Revenue	(213)	91
13	^ 5260	Miscellaneous Revenue	1,216	1,077
14	^ 5270	Carrier Billing and Collection Revenue	0	1,316
15	^ 5280	Nonregulated Revenue	1,309	(126)
16	5300	Uncollectible Revenue	537	508
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	73,127	80,103
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	(85)	69
20	6120	General Support Expense	3,511	3,557
21	6210	Central Office Switching Expense	1,520	1,387
22	6220	Operator Systems Expense	1	0
23	6230	Central Office Transmission Expense	1,277	1,609
24	6310	Information Origination/Termination Expense	136	178
25	6410	Cable and Wire Facilities Expense	7,770	7,484
26	6431	Aerial Wire Expense	1	5
27	6441	Conduit Systems Expense	5	7
28	6510	Other Property, Plant & Equipment Expense	651	285
29	6530	Network Operations Expense	4,905	5,321
30	6540	Access Expense	193	236
31	6560	Depreciation and Amortization Expense	22,264	22,284
32	6610	Marketing	7,659	7,665
33	6620	Services	6,653	7,150
34	6710	Executive and Planning	340	1,433
35	6720	General and Administrative	10,108	8,765
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	66,902	67,424
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(9,535)	(11,145)
39	7200	Operating Taxes	7,926	7,354
40		Net Operating Income (L.17-L.37-L.38-L.39)	7,835	16,469

PAGE 7

^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Montana Intrastate Regulated Income Statement

(Thousands of Dollars)

Year 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	61,170	64,487
3	5080	Network Access Revenues	7,860	10,527
4	* 5100	Long Distance Message Revenue	177	270
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	178	271
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	1,280	1,622
10	^ 5230	Directory Revenue	1,384	1,516
11	^ 5240	Rent Revenue	(1,505)	(1,311)
12	^ 5250	Corporate Operations Revenue	(240)	58
13	^ 5260	Miscellaneous Revenue	1,216	1,077
14	^ 5270	Carrier Billing and Collection Revenue	425	408
15	^ 5280	Nonregulated Revenue	0	(126)
16	5300	Uncollectible Revenue	518	486
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	69,970	76,419
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	(85)	69
20	6120	General Support Expense	3,305	3,332
21	6210	Central Office Switching Expense	1,444	1,316
22	6220	Operator Systems Expense	1	0
23	6230	Central Office Transmission Expense	1,213	1,527
24	6310	Information Origination/Termination Expense	136	178
25	6410	Cable and Wire Facilities Expense	7,384	7,104
26	6431	Aerial Wire Expense	1	5
27	6441	Conduit Systems Expense	5	7
28	6510	Other Property, Plant & Equipment Expense	651	285
29	6530	Network Operations Expense	4,627	5,047
30	6540	Access Expense	193	236
31	6560	Depreciation and Amortization Expense	21,168	28,533
32	6610	Marketing	7,420	7,257
33	6620	Services	5,728	6,083
34	6710	Executive and Planning	340	1,433
35	6720	General and Administrative	8,653	12,024
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	62,178	74,425
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(9,535)	(11,145)
39	7200	Operating Taxes	7,021	2,388
40		Net Operating Income (L.17-L.37-L.38-L.39)	10,306	10,752

PAGE 8

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

(Thousands of Dollars)

Year 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	950,868	938,423
2	3100	Accumulated Depreciation (Note 1)	820,952	800,721
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	301	319
6	4340	Noncurrent Deferred Operating Income Taxes	10,887	10,060
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	119,330	127,961

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (c)
1	2001	Telecommunications Plant in Service	631,086	623,703
2	3100	Accumulated Depreciation (Note 1)	546,761	532,918
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	195	208
6	4340	Noncurrent Deferred Operating Income Taxes	6,593	6,783
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	77,927	84,210

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (c)
1	2001	Telecommunications Plant in Service	594,891	588,403
2	3100	Accumulated Depreciation (Note 1)	516,557	502,106
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	187	199
6	4340	Noncurrent Deferred Operating Income Taxes	6,379	11,141
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	72,142	75,355

PAGE 9

Note 1: This also includes Accumulated Amortizations, accounts 3410, 3420, 3500, 3600.

Statement of Cash Flows

(Thousands of Dollars)

Year 2011

Line No.	Item Description (a)	This Year (b)	Last Year (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net		
13	Change in Other Assets & Deferred Charges - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other		
16	Total Adjustments	0	0
17	Net Cash Provided by/(Used in) Operating Activities	0	0
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities		
25	Net Cash Provided by/(Used in) Investing Activities	0	0
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity < = 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities		
37	Net Cash Provided by Financing Activities	0	0
38	Effect of Exchange Rate Changes on Cash	0	0
39	Net Increase/(Decrease) in Cash & Cash Equivalents	0	0
40	Cash & Cash Equivalents at Beginning of Period		0
41	Cash & Cash Equivalents at End of Period		0

**See Notes to Schedules
9, 21, 29.**

Receivables and Investments-Affiliated & Nonaffiliated Companies

(Thousands of Dollars)		Year 2011									
Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow-Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable * (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	CenturyLink				954						
2	CenturyTel Service Group				239					8,370	
3	The El Paso County Telephone Company				5						
4	QWEST Communications Company, LLC				10,213				565	35,171	
5	QWEST India Holding LLC									34	
6	QWEST Telecom Software Services P4 LTD				362						
7	QWEST Broadband Services				9,542						
8	QWEST LD Corp				45						
9	QWEST Service Corporation				15,000						
10	Western Reinsurance				45						
11	QCII				17						
12	QWEST Government Services				288						
13	QWEST Transoceanic				5,807						
14	CenturyLink(conduit)										
15	CenturyLink (Cash receipts)								194,045		
16	CenturyLink Cash Sweep (Account 1214)										
17											
18	All other investments	0	673,698	(35,628)	70,786	(5,979)	0	0	26,355		7,889
19											
20											
21	Totals	0	673,698	(35,628)	113,302	(5,979)	0	0	220,965	43,575	7,889

* Includes Account 1214

Net Plant in Service - Detail

(Thousands of Dollars)

Year 2011

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	70,006	3,039	1,641	0	71,404	42,591	28,814
2	^ 2111	Land	1,801	3	87		1,717	0	1,717
3	^ 2112	Motor Vehicles	4,833	215	219		4,829	4,159	671
4	^ 2113	Aircraft	0	0	0		0	0	0
5	^ 2114	Special Purpose Vehicles	132	0	0		132	45	86
6	^ 2115	Garage Work Equipment	182	0	104		78	77	1
7	^ 2116	Other Work Equipment	6,677	554	105		7,126	3,556	3,571
8	^ 2121	Buildings	52,583	2,089	845		53,828	31,360	22,468
9	^ 2122	Furniture	7	0	0		7	8	(0)
10	^ 2123	Office Equipment	890	18	0		908	796	112
11	^ 2124	General Purpose Computers	2,902	159	282		2,780	2,590	189
12	2211	Analog Electronic Switching	0	0	0		0	0	0
13	2212	Digital Electronic Switching	159,395	8,402	8,460		159,336	143,246	16,090
14	2215	Electro-Mechanical Switching	0	0	0		0	0	0
15	2220	Operator Systems	0	0	0		0	0	0
16	2231	Radio Systems	11,636	740	325		12,051	11,531	520
17	2232	Circuit Equipment	201,989	10,252	6,606		205,635	169,765	35,870
18	* 2310	Information Orig & Term Equip	6,774	83	333	0	6,524	5,004	1,520
19	^ 2311	Station Apparatus	0	0	0		0	0	0
20	^ 2321	Customer Premises Wiring	0	0	0		0	0	0
21	^ 2341	Large Private Branch Exchanges	0	0	0		0	0	0
22	^ 2351	Public Telephone Term. Equip.	0	0	0		0	0	0
23	^ 2362	Other Terminal Equipment	6,774	83	333		6,524	5,004	1,520
24	2411	Poles	7,435	280	1,181		6,533	11,385	(4,852)
25	* 2420	Cable and Wire Facilities	461,565	3,605	1,243	0	463,928	427,025	36,903
26	^ 2421	Aerial Cable	35,683	313	138		35,858	42,984	(7,126)
27	^ 2422	Underground Cable	44,801	951	11		45,741	47,648	(1,907)
28	^ 2423	Buried Cable	372,709	2,267	1,070		373,906	328,608	45,299
29	^ 2424	Submarine Cable	32	0	0		32	31	1
30	^ 2425	Deep Sea Cable	0	0	0		0	0	0
31	^ 2426	Intrabuilding Network Cable	8,340	74	24		8,391	7,754	637
32	2431	Aerial Wire	1,243	3	1		1,244	1,628	(384)
33	2441	Conduit Systems	23,796	1,514	19		25,290	11,621	13,668
34		Totals	943,839	27,917	19,810	0	951,946	823,797	128,149

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

(Thousands of Dollars)

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Year 2011	
							Book Cost of Property at End of Year (g)	
1	<i>Qwest Corporation - Montana had no</i>							
2	<i>Plant Held for Future Use in 2011</i>							
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30	Totals (Sum L.1 to L.29)		0	0	0	0	0	0

Cost of Long Term Debt

(Thousands of Dollars)												Year 2011
Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	QWEST CORPORATION											
2	7.500% 30 Year Debenture	06/15/93	06/15/23	484,000	N/A	484,134	100.03	481,217	7.50%	36,300	131	7.57%
3	7.250% 30 Year Debenture	09/15/95	09/15/25	250,000	N/A	249,575	99.83	248,059	7.25%	18,125	71	7.34%
4	7.200% 31 Year Debenture	11/10/95	11/10/26	250,000	N/A	247,188	98.88	246,228	7.20%	18,000	121	7.36%
5	6.875% 40 Year Debenture	09/15/93	09/15/33	1,000,000	N/A	912,507	91.25	917,981	6.88%	68,750	1,264	7.63%
6	7.250% 40 Year Debenture	10/15/95	10/15/35	250,000	N/A	246,438	98.58	244,893	7.25%	18,125	67	7.43%
7	7.125% 50 Year Debenture	11/15/93	11/15/43	250,000	N/A	250,350	100.14	247,940	7.13%	17,813	14	7.19%
8	8 Year Floating Rate Note	06/17/05	06/15/13	750,000	N/A	738,750	98.50	747,949	3.50%	26,277	1,407	3.70%
9	7.625% 10 Year Note	06/17/05	06/15/15	400,000	N/A	394,000	98.50	397,379	7.63%	30,500	563	7.82%
10	7.50% 8 Year Note	08/08/06	10/01/14	600,000	N/A	592,500	98.75	596,818	7.50%	45,000	887	7.69%
11	6.50% 10 Year Note	05/16/07	06/01/17	500,000	N/A	493,750	98.75	502,808	6.50%	32,500	540	6.57%
12	8.375% 7 Year Note	04/13/09	05/01/16	810,500	N/A	740,794	91.40	759,985	8.38%	67,879	7,549	9.93%
13	7.375% 40 Year Notes	06/08/2011	06/1/2051	661,250	N/A	661,250	100.00	642,615	7.38%	48,767		7.59%
14	6.750% 10 Year Notes	10/4/2011	12/1/2021	950,000	N/A	933,006	98.21	926,343	6.75%	64,125		6.92%
15	7.500% 40 Year Notes	09/21/2011	09/15/2051	575,000	N/A	575,000	100.00	556,755	7.50%	43,125		7.75%
16												
17	EASTERN REGION											
18	Refinanced Debenture	02/15/77	02/15/17		N/A						498	
19	7.750% 40 Year Debenture	05/01/90	05/01/30	42,883	N/A	33,910	79.08	35,191	7.75%	3,323	122	9.79%
20												
21	CENTRAL REGION											
22	Refinanced Debenture	11/01/76	11/01/16		N/A						311	
23	Refinanced Debenture	09/15/77	09/15/17		N/A						429	
24	Refinanced Debenture	06/01/83	06/01/23		N/A						899	
25	Refinanced Debenture	02/01/85	02/01/25		N/A						813	
26	Refinanced Debenture	02/01/77	02/01/17		N/A						575	
27	Refinanced Debenture	02/01/77	02/01/17		N/A						1,276	
28	7.375% 40 Year Debenture	05/01/90	05/01/30	55,150	N/A	41,535	75.31	43,509	7.38%	4,067	185	9.77%
29												
30	WESTERN REGION											
31	Refinanced Debenture	05/01/80	05/01/20		N/A						441	
32	Grand Total			7,828,783		7,594,687		7,595,670		542,677	18,163	7.38%

NOTES:

The amortization of debt issuance expenses are included in column K for the debt issues.
The schedule includes funded debt and current maturities of long term debt.

Cost of Preferred Stock

(Thousands of Dollars)

Year 2011

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	<u>QWEST CORPORATION</u>											
2	<u>HAS NO PREFERRED STOCK</u>											
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)			0		0	0			0	0	0

Analysis of Common Stock

(Thousands of Dollars)

Year 2011

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price		Price/Earnings Ratio (i)
							High (g)	Low (h)	
1	Year Ended December 31:	1	(1,816,839)	1,301,281	1,600,000	N/M	N/A	N/A	N/A
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									

1. Qwest Corporation is 100% owned by Qwest Communications International, Inc., the parent company. Qwest Corporation has issued one share of stock to its parent company.
2. Because one share of stock is outstanding, all per share figures reflect gross dollar amounts of Book Value, Net Income, and Dividends.
3. Book Value (per share) in column C reflects Total Shareholders Equity and includes both capital stock and retained earnings.

N/M=Not Meaningful

Capital Stock and Funded Debt Reacquired or Retired During the Year

(Thousands of Dollars)

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Year 2011	
							Retirement or Reacquisition (g)	
1	<u>FUNDED DEBT</u>							
2	7.875% 7 Year Term Loan	09/01/11		575,000	0		Retirement	
3	7.875% 7 Year Term Loan	09/01/11		250,000	0		Retirement	
4	8.875% 10 Year Note	03/15/12		1,500,000	0		Retirement	
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30	Totals (Sum L.1 to L.29)		0	2,325,000	0	0		0

Total Company Expense Matrix

Year 2011								
Line No.	Acct. No.	Description	Salaries and Wages	Benefits	Rents	Other Expenses	Clearances	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	*	Network Support Expense	3,526,844	750,329	3,409,316	(2,467,731)	0	5,218,759
2	^	Motor Vehicle Expense	1,910,861	514,510	459,470	(3,119,041)		(234,200)
3	^	Aircraft Expense	1,615,983	235,820	60,670	2,123,781		4,036,254
4	^	Special Purpose Vehicles Expense	-	-	1,640	49,354		50,994
5	^	Garage Work Equipment Expense	-	-	623	273,472		274,096
6	^	Other Work Equipment Expense	-	-	2,886,912	(1,795,297)		1,091,615
7	*	General Support Expense	45,773,454	5,980,483	100,904,782	267,790,138	0	420,448,857
8	^	Land and Building Expense	6,266,218	-	95,050,725	120,132,960		221,449,904
9	^	Furniture and Artworks Expense	25,836	-	8,115	4,229,138		4,263,090
10	^	Office Equipment Expense	2,025,703	-	2,369,619	7,485,927		11,881,248
11	^	General Purpose Computers Expense	37,455,697	5,980,483	3,476,323	135,942,113		182,854,615
12	*	Central Office Switching Expense	94,489,801	0	1,446,898	26,427,857	0	122,364,556
13	^	Analog Electronic Expense	-	-	-	-		0
14	^	Digital Electronic Expense	94,489,801	-	1,446,898	25,823,315		121,760,014
15	^	Electro-Mechanical Expense	-	-	-	-		0
16	^	Operator Systems Expense	-	-	-	604,542		604,542
17	*	Central Office Transmission Expense	80,080,825	0	1,595,582	21,489,295	0	103,165,702
18	^	Radio Systems Expense	1,727,832	-	-	348,811		2,076,643
19	^	Circuit Equipment Expense	78,352,993	-	1,595,582	21,140,484		101,089,060
20	*	Information Origination/Termination Expense	77,431,892	0	0	92,741,919	0	170,173,811
21	^	Station Apparatus Expense	12,833,175	-	-	82,788,469		95,621,644
22	^	Large Private Branch Exchange Expense	16,375,935	-	-	1,767,790		18,143,726
23	^	Public Telephone Terminal Equipment Expense	-	-	-	-		0
24	^	Other Terminal Equipment Expense	48,222,781	-	-	8,185,660		56,408,441
25	*	Cable and Wire Facilities Expense	428,386,655	749	22,040,600	188,341,374	0	638,769,377
26	^	Poles Expense	2,542,637	6	19,032,377	3,895,135		25,470,155
27	^	Aerial Cable Expense	78,119,584	72	92,459	16,165,268		94,377,384
28	^	Underground Cable Expense	31,292,405	123	105,983	9,455,209		40,853,720
29	^	Buried Cable Expense	301,221,564	436	2,770,962	142,401,731		446,394,694
30	^	Submarine Cable Expense	4	-	-	5,509		5,513
31	^	Deep Sea Cable Expense	-	-	-	-		0
32	^	Intrabuilding Network Cable Expense	14,194,422	3	-	2,867,355		17,061,780
33	^	Aerial Wire Expense	84,756	-	-	60,847		145,603
34		Subtotals	728,758,189	6,731,452	129,358,359	580,832,533	0	1,445,680,534

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

		Year 2011						
Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense	931,283	108	38,818	13,490,319		14,460,529
36	6512	Other Property Expenses	(2,873,153)	2,590,403	-	1,614,805		1,332,055
37	6530	Network Operations Expense	22,808,069	291,030,719	6,313	153,512,045	0	467,357,146
38	6531	Power Expense	-	-	-	89,324,190		89,324,190
39	6532	Network Administration Expense	2,597,860	392,046	-	(994,344)		1,995,563
40	6533	Testing Expense	74,848,549	12,263,990	-	(424,948)		86,687,591
41	6534	Plant Operations Expense	(100,523,949)	252,650,453	4,723	69,715,230		221,846,457
42	6535	Engineering Expense	45,885,608	25,724,230	1,589	(4,108,084)		67,503,344
43	6540	Access Expense	-	-	108,624	142,587,995		142,696,619
44	6561	Depreciation - Telecomm. Plant in Service	-	-	-	1,787,805,354		1,787,805,354
45	6562	Depreciation-Prop. for Future Telecom. Use	-	-	-	52,122,133		52,122,133
46	6563	Amortization Expense - Tangible	-	-	-	248,066,887		248,066,887
47	6564	Amortization Expense - Intangible	-	-	-	0		0
48	6565	Amortization - Other	-	-	-	0		0
49	6610	Marketing	362,076,481	58,266,518	1,024	421,790,970	0	842,134,993
50	6611	Product Management	33,728,111	5,212,728	-	21,958,018		60,898,856
51	6612	Sales	328,348,370	53,053,791	1,024	204,697,071		586,100,256
52	6613	Product Advertising	-	-	-	195,135,881		195,135,881
53	6621	Call Completion Services	2,460,441	1,226,654	-	81,773		3,768,868
54	6622	Number Services	9,311,673	4,474,806	-	210,676		13,997,155
55	6623	Customer Services	240,162,552	99,391,616	28,150	95,675,025		435,257,343
56	6711	Executive	22,702,964	680,303	1,310	6,220,131		29,604,708
57	6712	Planning	4,316,279	568,475	-	146,811		5,031,565
58	6721	Accounting and Finance	53,041,852	8,724,752	3,955	18,772,969		80,543,529
59	6722	External Relations	18,378,135	2,646,841	27	18,384,227		39,409,231
60	6723	Human Relations	14,455,512	2,421,308	-	11,796,109		28,672,929
61	6724	Information Management	102,989,360	12,947,218	62,269,465	176,067,601		354,273,645
62	6725	Legal	24,840,181	2,827,967	-	12,172,008		39,840,157
63	6726	Procurement	6,114,625	1,138,770	-	246,351		7,499,746
64	6727	Research and Development	-	-	-	-		0
65	6728	Other General and Administrative	130,244,593	68,435,081	11,177,704	312,700,562		522,557,940
66	6790	Provision for Uncollectible Notes Receivable	-	-	-	-		0
67	8747	Administrative Services Clearing	-	-	-	-		0
68		Totals	1,740,719,038	564,102,991	202,993,750	4,054,297,285	0	6,562,113,064

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Year 2011

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	50,139	8,466	(217,322)	20,067	0	(138,650)
2	^	Motor Vehicle Expense	32,972	5,960	(237,454)	(39,881)		(238,403)
3	^	Aircraft Expense	17,168	2,506	-	24,154		43,828
4	^	Special Purpose Vehicles Expense	-	-	-	1,780		1,780
5	^	Garage Work Equipment Expense	-	-	-	1,685		1,685
6	^	Other Work Equipment Expense	-	-	20,132	32,329		52,461
7	*	General Support Expense	665,492	88,864	823,954	3,732,181	0	5,310,490
8	^	Land and Building Expense	192,189	-	751,451	1,806,534		2,750,174
9	^	Furniture and Artworks Expense	-	-	-	19,813		19,813
10	^	Office Equipment Expense	2,139	-	11,082	88,476		101,697
11	^	General Purpose Computers Expense	471,163	-	61,421	1,817,358		2,438,806
12	*	Central Office Switching Expense	2,117,998	0	100	306,127	0	2,424,225
13	^	Analog Electronic Expense	-	-	-	-		0
14	^	Digital Electronic Expense	2,117,998	-	100	305,458		2,423,556
15	^	Electro-Mechanical Expense	-	-	-	669		669
16	^	Operator Systems Expense	-	-	-	651,972		651,972
17	*	Central Office Transmission Expense	1,375,624	0	2,919	7,284	0	2,030,515
18	^	Radio Systems Expense	19,943	-	-	644,688		27,227
19	^	Circuit Equipment Expense	1,355,681	-	2,919	2,003,288		2,003,288
20	*	Information Origination/Termination Expense	796,550	0	0	1,823,688	0	2,620,237
21	^	Station Apparatus Expense	51,729	-	-	1,642,822		1,694,551
22	^	Large Private Branch Exchange Expense	-	-	-	-		0
23	^	Public Telephone Terminal Equipment Expense	-	-	-	-		0
24	^	Other Terminal Equipment Expense	744,820	-	-	180,866		925,686
25	*	Cable and Wire Facilities Expense	6,666,081	11	660,960	3,963,518	0	11,290,570
26	^	Poles Expense	75,269	0	479,224	57,346		611,840
27	^	Aerial Cable Expense	846,975	11	15,151	264,459		1,126,596
28	^	Underground Cable Expense	401,228	-	-	87,016		488,244
29	^	Buried Cable Expense	5,216,512	-	166,585	3,525,164		8,908,260
30	^	Submarine Cable Expense	-	-	-	-		0
31	^	Deep Sea Cable Expense	-	-	-	-		0
32	^	Intrabuilding Network Cable Expense	122,775	-	-	24,200		146,975
33	^	Aerial Wire Expense	1,801	-	-	215		2,016
34		Subtotals	11,671,884	97,340	1,270,611	10,497,552	0	23,537,387

PAGE 20

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Year 2011

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense	1,520	-	-	5,119		6,639
36	6510	Other Property Expenses	(38,935)	24,120	-	992,179		977,364
37	6530	Network Operations Expense	606,752	3,590,731	181	6,437,325	0	10,634,990
38	6531	Power Expense	-	-	-	1,938,134		1,938,134
39	6532	Network Administration Expense	28,274	7,997	-	394		36,665
40	6533	Testing Expense	1,255,071	263,070	-	8,915		1,527,056
41	6534	Plant Operations Expense	(1,403,590)	2,971,820	181	1,638,573		3,206,984
42	6535	Engineering Expense	726,998	347,844	-	55,335		1,130,177
43	6540	Access Expense	-	-	-	2,795,975		2,795,975
44	6561	Depreciation - Telecomm. Plant in Service	-	-	-	33,066,360		33,066,360
45	6562	Depreciation-Prop. for Future Telecom. Use	-	-	-	0		0
46	6563	Amortization Expense - Tangible	-	-	-	424,358		424,358
47	6564	Amortization Expense - Intangible	-	-	-	125,370		125,370
48	6565	Amortization - Other	-	-	-	-		0
49	6610	Marketing	4,389,080	731,494	10	7,570,267	0	12,690,851
50	6611	Product Management	533,791	82,998	-	340,586		957,375
51	6612	Sales	3,855,288	648,496	10	3,560,314		8,064,109
52	6613	Product Advertising	-	-	-	3,669,367		3,669,367
53	6621	Call Completion Services	55,724	27,285	-	1,807		84,816
54	6622	Number Services	208,323	100,068	-	4,641		313,032
55	6623	Customer Services	4,662,866	2,002,093	283	1,965,405		8,630,647
56	6711	Executive	343,190	10,525	20	93,457		447,192
57	6712	Planning	64,802	8,529	-	2,202		75,533
58	6721	Accounting and Finance	793,964	130,796	60	302,020		1,226,840
59	6722	External Relations	312,007	45,203	0	284,381		641,591
60	6723	Human Relations	239,405	40,029	-	188,591		468,025
61	6724	Information Management	1,486,613	187,887	870,476	2,677,657		5,222,633
62	6725	Legal	372,133	42,401	-	139,659		554,193
63	6726	Procurement	102,684	19,121	-	4,350		126,155
64	6727	Research and Development	-	-	-	-		0
65	6728	Other General and Administrative	1,915,942	1,185,234	621,007	5,166,294		8,888,478
66	6790	Provision for Uncollectible Notes Receivable	-	-	-	0		0
67	8747	Administrative Services Clearing	-	-	-	0		0
68		Totals	27,186,434	8,242,856	2,762,648	69,943,875	0	108,135,814

PAGE 21

(\$ 000's)

Pension Costs

Year: 2011

1	Plan Name Qwest Pension Plan			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3	Actuarial Cost Method? Projected Unit Credit	IRS Code: 005		
4	Annual Contribution by Employer:	Is the Plan Over Funded? No		
5	\$307,000 Total, \$285,418 Allocated to QC			
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	7,679,393	7,580,344	1.3%
8	Service cost	56,000	53,332	5.0%
9	Interest Cost	388,423	416,014	-6.6%
10	Plan participants' contributions	-	-	
11	Amendments	-	-	
12	Actuarial Gain	532,807	337,397	57.9%
13	Curtailment	-	-	
14	Benefits paid	(595,780)	(707,694)	15.8%
14a	Special termination benefits			
15	Benefit obligation at end of year	8,060,843	7,679,393	5.0%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	7,134,728	6,842,536	4.3%
18	Adjustment to match trust			
19	Actual return on plan assets	653,808	999,886	-34.6%
20	Acquisition	-	-	
21	Employer contribution	285,418	-	
22	Plan participants' contributions	-	-	
23	420 Transfer	-	-	
24	Benefits paid	(595,780)	(707,694)	15.8%
25	Fair value of plan assets at end of year	7,478,174	7,134,728	4.8%
26	Funded Status	(582,669)	(544,665)	-7.0%
27	Unrecognized net actuarial loss	1,835,045	1,574,888	16.5%
28	Unrecognized prior service cost	(130,649)	(151,234)	13.6%
29	Prepaid (accrued) benefit cost	1,121,727	878,989	27.6%
30				
31	Weighted-average Assumptions as of Year End			
32	Discount rate	4.70%	5.30%	-11.3%
33	Expected return on plan assets	7.50%	7.50%	
34	Rate of compensation increase	3.25%	3.50%	-7.1%
35				
36	Components of Net Periodic Benefit Costs			
37	Service cost	56,000	53,332	5.0%
38	Interest cost	388,423	416,014	-6.6%
39	Expected return on plan assets	(496,474)	(517,631)	4.1%
40	Amortization of prior service cost & net transistion c	(20,585)	(20,576)	0.0%
41	Recognized net actuarial loss	115,316	120,598	-4.4%
42	Net periodic benefit cost	42,680	51,737	-17.5%
	Curtailment Recognition	-	-	
43	Adjustment for affiliated transfer	-	951	-100.0%
44	Montana Intrastate Costs:			
45	Pension Costs	157	267	-41.2%
46	Pension Costs Capitalized	24	43	-44.2%
47	Accumulated Pension Asset (Liability) at Year E	2,613	12,536	-79.2%
48	Number of Company Employees:			
49	Covered by the Plan	75,831	79,074	-4.1%
50	Not Covered by the Plan			
51	Active	23,638	25,713	-8.1%
52	Retired	39,348	39,602	-0.6%
53	Deferred Vested Terminated	12,845	13,759	-6.6%

Other Post Employment Benefits (OPEBS)

Year: 2011

Item	Current Year	Last Year	% Change
1 Regulatory Treatment:			
2 Commission authorized - most recent			
3 Docket number: 90.12.86			
4 Order number: 5535g			
5 Amount recovered through rates	453	685	-33.9%
6 Weighted-average Assumptions as of Year End			
7 Discount rate	4.60%	5.20%	-11.5%
8 Expected return on plan assets	7.50%	7.50%	
9 Medical Cost Inflation Rate	Pre-65: 8.0% graded to 5% Post-65: 7.25% graded to 5%	7.5% graded to 5%	
10 Actuarial Cost Method	Projected Unit Cr	Projected Unit Cr	
11 Rate of compensation increase	N/A	N/A	
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13 VEBA - Yes, tax advantaged	Transfer - No		
14 Cash - Yes			
15 Describe any Changes to the Benefit Plan:	N/A		
17 TOTAL COMPANY			
18 Change in Benefit Obligation			
19 Benefit obligation at beginning of year	3,105,344	3,171,168	-2.1%
20 Service cost	7,775	7,205	7.9%
21 Interest Cost	153,430	170,779	-10.2%
22 Plan participants' contributions	-	-	
23 Amendments	20,418	-	
24 Actuarial Gain	127,413	52,951	140.6%
25 Acquisition	-	-	
26 Benefits paid	(280,440)	(296,759)	5.5%
27 Benefit obligation at end of year	3,133,940	3,105,344	0.9%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	801,019	862,525	-7.1%
30 Actual return on plan assets	18,512	124,675	-85.2%
31 Acquisition	-	-	
32 Employer contribution	103,483	110,578	-6.4%
32a Life trust reimbursement	-	-	
33 Plan participants' contributions	-	-	
34 Benefits paid	(280,440)	(296,759)	5.5%
35 Fair value of plan assets at end of year	642,574	801,019	-19.8%
36 Funded Status	(2,491,366)	(2,304,325)	-8.1%
37 Unrecognized net actuarial loss	646,651	525,919	23.0%
38 Unrecognized prior service cost	(592,072)	(695,616)	14.9%
39 Prepaid (accrued) benefit cost	(2,436,787)	(2,474,022)	1.5%
40 Components of Net Periodic Benefit Costs			
41 Service cost	7,775	7,205	7.9%
42 Interest cost	153,430	170,779	-10.2%
43 Expected return on plan assets	(51,322)	(60,938)	15.8%
44 Amortization of prior service cost	(83,126)	(83,127)	0.0%
45 Recognized net actuarial loss	39,491	37,771	4.6%
46 Net periodic benefit cost	66,248	71,690	-7.6%
46a Adjustment for Accounting Changes	-	-	
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other - Cash	103,483	110,578	-6.4%
51 TOTAL	103,483	110,578	-6.4%
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Cash	103,483	110,578	-6.4%
55 TOTAL	103,483	110,578	-6.4%

Other Post Employment Benefits (OPEBS) Continued

Year: 2011

Item	Current Year	Last Year	% Change
1 Number of Company Employees:			
2 Covered by the Plan	61,656	63,276	-2.6%
3 Not Covered by the Plan	10,191	11,258	-9.5%
4 Active	16,709	18,219	-8.3%
5 Retired	44,947	45,057	-0.2%
6 Spouses/Dependants covered by the Plan	21,975	23,141	-5.0%
7 Montana			
8 Change in Benefit Obligation			
9 Benefit obligation at beginning of year	42,283	43,363	-2.5%
10 Service cost	88	84	4.8%
11 Interest Cost	1,738	1,989	-12.6%
12 Plan participants' contributions	-	-	
13 Amendments	234	-	
14 Actuarial Gain	1,462	616	137.3%
15 Acquisition			
16 Benefits paid	(3,529)	(3,769)	6.4%
17 Benefit obligation at end of year	42,276	42,283	0.0%
18 Change in Plan Assets			
19 Fair value of plan assets at beginning of year	45,160	42,190	7.0%
20 Actual return on plan assets	6,067	5,960	1.8%
21 Acquisition			
22 Employer contribution	1,508	1,604	-6.0%
Reduction in required funding	(962)	(825)	-16.6%
23 Plan participants' contributions			
24 Benefits paid	(3,529)	(3,769)	6.4%
25 Fair value of plan assets at end of year	48,244	45,160	6.8%
26 Funded Status	6,203	2,878	115.5%
27 Unrecognized net actuarial loss	NA	NA	
28 Unrecognized prior service cost	NA	NA	
29 Prepaid (accrued) benefit cost	NA	NA	
30 Components of Net Periodic Benefit Costs			
31 Service cost	88	84	4.9%
32 Interest cost	1,738	1,989	-12.6%
33 Expected return on plan assets	(3,453)	(3,441)	-0.4%
34 Amortization of prior service cost	1,627	1,612	0.9%
35 Recognized net actuarial loss	453	440	3.0%
36 Net periodic benefit cost	453	685	-33.8%
36a Adjustment for Accounting Changes	-	-	
37 Accumulated Post Retirement Benefit Obligation			
38 Amount Funded through VEBA	(962)	(825)	-16.6%
39 Amount Funded through 401(h)	-	-	
40 Amount Funded through Other - Cash	1,508	1,604	-6.0%
41 TOTAL	546	779	-29.9%
42 Amount that was tax deductible - VEBA	(962)	(825)	-16.7%
43 Amount that was tax deductible - 401(h)	-	-	
44 Amount that was tax deductible - Cash	1,508	1,604	-6.0%
45 TOTAL	546	779	-29.9%
46 Montana Intrastate Costs:			
47 Benefit Cost Expensed	453	678	-33.2%
48 Benefit Cost Capitalized	-	7	-100.0%
49 Benefit Payments - Medical	3,403	3,640	-6.5%
50 Number of Montana Employees:			
51 Covered by the Plan	149	152	-2.0%
52 Not Covered by the Plan			
53 Active	149	152	-2.0%
54 Retired			
55 Spouses/Dependants covered by the Plan			

Company Name: Qwest Corporation

Notes to Schedule 20

This document summarizes certain provisions of the Qwest Retiree and Inactive Health Plan, now due to the merger, the CenturyLink Retiree and Inactive Health Plan, which changed effective January 1, 2012. This document is intended only as a state filing compliance document and it is not intended to be a participant communication. If there is any conflict between the terms of the Plan documents and this document, the terms of the Plan documents will govern. The following is effective January 1, 2012:

Applicable to All Legacy Qwest Retirees

1. The Plan for Retirees and Inactive Participants remains an Exempt Health Plan under the Patient Protection and Affordable Care Act; merger of the Retiree Health Plans

The Patient Protection and Affordable Care Act of 2010 ("PPACA") was signed into law March 2010. A health care plan that provides benefits to fewer than two active employees is exempt from PPACA and therefore, is not required to comply with changes under PPACA. The benefit options that pertain solely to the Legacy Qwest Post-1990 Management, Post-1990 Occupational, ERO'92 and Pre-1991 retirees and certain other retirees and inactive participants meet these requirements and are not subject to PPACA. Starting January 1, 2012, the benefits options that are available to retirees and inactive participants under the Qwest Retiree and Inactive Plan and the CenturyLink Health Plan were merged and renamed and are known as the CenturyLink Retiree and Inactive Health Plan.

2. New Plan Administrator and New Benefit Administrators

- **New Plan Administrator** The new Plan Administrator of all the Company-sponsored benefit plans is the CenturyLink Employee Benefits Committee ("EBC"). EBC can be contacted at: CenturyLink Employee Benefits Committee, c/o CenturyLink, Inc. 805 Broadway Street, 8th Floor, Vancouver, WA 98660.

Applicable to Legacy Qwest Post-1990 Occupational, ERO'92 and Pre-1991 Retirees

1. Health Plan Service Area Changes Eligibility to participate in a particular benefit option is based on their home ZIP code

2. Kaiser MidAtlantic The HMO, Kaiser MidAtlantic, is no longer an available benefit option for those who live in Maryland, Virginia or Washington, DC. The default coverage is the PPO option available based on the new service area.

3. Some HMO Benefit Options May Have Copay and Benefit Changes Some HMO benefit options copays and benefits may have changed.

Applicable to Legacy Qwest Pre-1991 Retirees

1. Elimination of Medica Network Benefit Option Medica is no longer available to Pre-1991 Retirees in Minnesota, North Dakota, South Dakota or western Wisconsin. This optional health plan benefit coverage that was voluntarily made available was not part of the Pre-1991 Guaranteed coverage and is no longer be available to those participants who previously chose to Opt-In to the Medical Occupational Network benefit option.

Applicable to Legacy Qwest Post 90 Occupational Retirees

1. New Plan Administrator and New Benefit Administrators

- **Medical** Highmark (Blue Cross Blue Shield) will be the administrator for the PPO benefit option in the following states: California, Idaho, Indiana, Michigan, Montana, New Jersey, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Virginia, Washington, and Wyoming. UnitedHealthcare and Medica are the administrators for the PPO in the remaining states.

2. Monthly Contribution Changes The Retiree Health Care Annual Cost Cap is fixed and all costs for retiree healthcare that exceed these Caps are the responsibility of Post-1990 Occupational retirees (including COBRA and Inactive Participants).

Applicable to Legacy Qwest Post 90 Management Retirees

1. Plan Design Change to Group Health Plan Coverage for Medicare-eligible Participants - Availability of HRA and individual policies, New Advisor: Extend Health

Company Name: Qwest Corporation

Notes to Schedule 20

- **Medicare eligible Participants:** CenturyLink no longer provides group healthcare coverage for Medicare-eligible retirees and their dependents except for a Health Reimbursement Account (HRA). These retirees are eligible to participate in a Health Reimbursement Account (HRA) which they can use to purchase individual Medicare Supplement, Medicare Advantage and/or Medicare Prescription Drug coverage with the help and support of Extend Health.

Note: This does not apply to retirees who reside outside of the United States.

2. New Dependent Definitions and Eligibility Requirements

- **Requirement to Declare Dependents** Retirees must declare (meaning they must name and verify) all dependents who they may consider enrolling now or in the future. If they did not declare a dependent during 2012 Annual Enrollment, they are not allowed to cover him or her at any time in the future under the Plan. The retiree cannot add a new dependent to the Plan at anytime on or after January 1, 2012 if they did not declare them timely by December 30, 2011. A new dependent for this purpose is defined as a person that was not their declared eligible dependent on or before December 30, 2011 (even if their eligible dependent was not enrolled on their healthcare plan).
- **Domestic partners** May cover declared same or opposite sex domestic partners and may cover declared children of their domestic partner even if they didn't cover their domestic partner under the Plan. If they did not declare their domestic partner during 2012 Annual Enrollment, they are not allowed to cover him or her at any time in the future. They may not add a new dependent to the Plan at anytime on or after January 1, 2012 if they did not declare them by December 30, 2011.
- **Class II Dependents** These retirees are no longer able to cover Class II dependents. Coverage for Class II dependents ended on December 31, 2011. Class II Dependents were provided a continuation of coverage packet through COBRA.

3. New Coverage Categories There are four new coverage categories: retiree only, retiree and spouse/domestic partner, retiree and child(ren) and retiree and family.

4. Suspending and Waiving coverage

- **Suspending coverage** If a retiree was enrolled in medical and/or dental coverage under the Plan, the retiree has a one time opportunity to suspend coverage and still be able to enroll in the Plan at a later date.
- **Waiving coverage** If a retiree has waived coverage under the Plan or coverage is canceled due to non-payment or late payment, the retiree will not be able to elect coverage at a later date.

5. Medical Plan Updates – Non-Medicare eligible Participants

- **Monthly Contribution Changes**
- **New Plan Designs and New ID Cards**
- The High Deductible Health Plan benefit option (HDHP) is no longer available after December 31, 2011. A new medical benefit plan option, the Consumer Driven Health Plan (CDHP), became available. If they enroll in the CDHP, CenturyLink funds a Health Reimbursement Account (HRA) benefit based on their coverage election.
- The No-Network option was replaced by the Virtual Network option. If they live in the United States, they will receive benefits at the in-network level if eligible for the Virtual Network. If they live outside of the United States and are not Medicare eligible they will be eligible for the Virtual PPO Option.
- **HMOs** HMOs are no longer available as a benefit option.
- **Health Plan Service Area Changes**
- HighMark (Blue Cross Blue Shield) will administer the PPO option in 17 states: California, Idaho, Indiana, Michigan, Montana, New Jersey, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Virginia, Washington and Wyoming.
- Medica will administer the PPO in two areas: Western Wisconsin and Minnesota.
- UnitedHealthcare will administer the PPO in the remaining states.
- Medica will administer the CDHP options in four states: Western Wisconsin, Minnesota, North Dakota and South Dakota.
- UnitedHealthcare will administer the CDHP in all other states.
- **Copay and Coinsurance Changes** There were some changes to copays and coinsurance.

6. Dental Plan Updates

- **Monthly Contribution Changes** There was an increase to the monthly premium contributions for

Company Name: Qwest Corporation

Notes to Schedule 20

dental coverage.

- **New Plan Design** There is one Basic dental coverage option. The Preferred Dentist Program (PDP) is no longer available.

CenturyLink has reserved to the Plan Administrator the right to interpret and resolve any ambiguities in the Plan or any document relating to the Plan. Benefits and contribution obligations, if any, are determined by CenturyLink in its sole discretion. CenturyLink has the right to change, modify, discontinue or terminate the benefits of the CenturyLink Health Care Plan and the CenturyLink Retiree and Inactive Health Plan subject to applicable laws, the terms of the respective Plan Documents, and the written agreement specific to Legacy Qwest Pre-1991 Retirees and ERO'1992 Retirees.

Payments for Services to Persons Other Than Employees

(Thousands of Dollars)

Year 2011

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
-------------	-----------------------------	-----------------------------	---------------------------------	-------------------------------	---------------------------

TOTAL ADVERTISING AND INFORMATION SERVICES

TOTAL AUDIT AND ACCOUNTING SERVICES

TOTAL CLERICAL AND OFFICE SERVICE

TOTAL COMPUTER AND DATA PROCESSING SERVICES

TOTAL CONSULTING AND RESEARCH SERVICES

TOTAL FINANCIAL SERVICES

TOTAL LEGAL SERVICES

Total Membership Fees and Dues Exceeding \$50,000

Total Personnel Services

GRAND TOTAL

**See Notes to Schedules
9, 21, 29.**

Subscriber Line Usage Data

(Thousands of Minutes)

Year 2011

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	1,777,823	15.82%	1,777,823	15.82%
3	Interstate, IntraLATA	376	0.00%	376	0.00%
4	Total Interstate Usage	1,778,199	15.83%	1,778,199	15.83%
5	Intrastate, InterLATA	514,430	4.58%	514,430	4.58%
6	Intrastate, IntraLATA	140,527	1.25%	140,527	1.25%
7	Total Intrastate Usage	654,957	5.83%	654,957	5.83%
8	Total Toll Usage	2,433,155	21.66%	2,433,155	21.66%
9	Centrex *				
10	Local	8,802,764	78.34%	8,802,764	78.34%
11	Total Minutes	11,235,919	100.00%	11,235,919	100.00%

PAGE 26

* Centrex minutes are no longer identified separately. They are now included in Local.

The data in this table is frozen at the 2000 annual levels.

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)	Year 2011
1	AMSTERDAM	ELECTRIC											100.0%	679	
2	ANACONDA	ELECTRIC											100.0%	2,319	
3	BELGRADE	ELECTRIC											100.0%	3,940	
4	BILLINGS MAIN	ELECTRIC											100.0%	19,233	
5	BILLINGS WEST	ELECTRIC											100.0%	10,981	
6	BOULDER	ELECTRIC											100.0%	586	
7	BOZEMAN	ELECTRIC											100.0%	16,648	
8	BRIDGER	ELECTRIC											100.0%	427	
9	BUTTE	ELECTRIC											100.0%	5,691	
10	BUTTE SOUTH	ELECTRIC											100.0%	3,537	
11	CANYON FERRY	ELECTRIC											100.0%	733	
12	CASCADE	ELECTRIC											100.0%	787	
13	CLANCY	ELECTRIC											100.0%	519	
14	CLYDE PARK	ELECTRIC											100.0%	520	
15	COLSTRIP	ELECTRIC											100.0%	881	
16	COLUMBUS	ELECTRIC											100.0%	1,458	
17	CONRAD	ELECTRIC											100.0%	570	
18	COOKE CITY	ELECTRIC											100.0%	311	
19	CORVALLIS	ELECTRIC											100.0%	2,246	
20	CUT BANK	ELECTRIC											100.0%	1,221	
21	DARBY	ELECTRIC											100.0%	1,531	
22	DEER LODGE	ELECTRIC											100.0%	1,340	
23	DILLON	ELECTRIC											100.0%	2,433	
24	DUTTON	ELECTRIC											100.0%	206	
25	EAST GLACIER PARK	ELECTRIC											100.0%	322	
26	EAST HELENA	ELECTRIC											100.0%	1,887	
27	FAIRVIEW	ELECTRIC											100.0%	162	
28	FORSYTH	ELECTRIC											100.0%	213	
29	FRENCHTOWN	ELECTRIC											100.0%	1,378	
30	FROMBERG	ELECTRIC											100.0%	276	
31	Subtotal Page 1													83,035	

THIS INFORMATION IS PROPRIETARY AND WILL BE PROVIDED WHEN AN APPROPRIATE PROTECTIVE ORDER IS ISSUED.

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	GALLATIN GATEWAY	ELECTRIC											100.0%	874
2	GARDINER	ELECTRIC											100.0%	770
3	GLENDALE	ELECTRIC											100.0%	830
4	GREAT FALLS	ELECTRIC											100.0%	17,829
5	HAMILTON	ELECTRIC											100.0%	5,110
6	HARDIN	ELECTRIC											100.0%	1,556
7	HAVRE	ELECTRIC											100.0%	3,384
8	HELENA MAIN	ELECTRIC											100.0%	14,677
9	HELENA NORTH	ELECTRIC											100.0%	1,527
10	JOLIET	ELECTRIC											100.0%	843
11	LAUREL	ELECTRIC											100.0%	2,717
12	LEWISTOWN	ELECTRIC											100.0%	1,559
13	LIVINGSTON	ELECTRIC											100.0%	3,765
14	LOLO	ELECTRIC											100.0%	2,250
15	MANHATTAN	ELECTRIC											100.0%	711
16	MILES CITY	ELECTRIC											100.0%	975
17	MILLTOWN	ELECTRIC											100.0%	521
18	MISSOULA MAIN	ELECTRIC											100.0%	18,419
19	MISSOULA SOUTH	ELECTRIC											100.0%	1,883
20	OPPORTUNITY	ELECTRIC											100.0%	291
21	PARK CITY	ELECTRIC											100.0%	516
22	POWELL	ELECTRIC											100.0%	2
23	PRAY	ELECTRIC											100.0%	736
24	RED LODGE	ELECTRIC											100.0%	2,126
25	ROBERTS	ELECTRIC											100.0%	288
26	SHELBY	ELECTRIC											100.0%	514
27	SHEPHERD	ELECTRIC											100.0%	1,017
28	SIDNEY	ELECTRIC											100.0%	423
29	ST MARY	ELECTRIC											100.0%	268
30	STEVENSVILLE	ELECTRIC											100.0%	2,893
31	Subtotal Page 2													89,274

THIS INFORMATION IS PROPRIETARY AND WILL BE PROVIDED WHEN AN APPROPRIATE PROTECTIVE ORDER IS ISSUED.

Central Office and Access Line Statistics

Year 2011														
Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	TERRY	ELECTRIC											100.0%	23
2	THREE FORKS	ELECTRIC											100.0%	1,255
3	TOWNSEND	ELECTRIC											100.0%	1,397
4	ULM	ELECTRIC											100.0%	287
5	VAUGHN	ELECTRIC											100.0%	690
6	VICTOR	ELECTRIC											100.0%	1,127
7	WARM SPRINGS	ELECTRIC											100.0%	175
8	WEST GLACIER	ELECTRIC											100.0%	517
9	WEST YELLOWSTONE	ELECTRIC											100.0%	1,479
10	WHITEHALL	ELECTRIC											100.0%	1,376
11	WIBAUX	ELECTRIC											100.0%	91
12	WILLSALL	ELECTRIC											100.0%	419
13	WOLF CREEK	ELECTRIC											100.0%	284
14														
15														
16														
17														
18														
19														
20	Subtotal Page 3													9,120
21														
22	MONTANA		89,726	2	0	4,390	2,753	8,626	44,056	496	0	31,380		181,429

Central Office and Switch Information							Year 2011
Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	AMSTERDAM	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	1,824	1993
2	ANACONDA	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	5,504	1992
3	BELGRADE	Stand Alone	Digital	LUCENT	5ESS	13,368	2001
4	BILLINGS WEST	Lines/Host	Digital	LUCENT	5ESS	28,568	1985
5	BILLINGS WEST	Packet (Unreg)	Packet	NTI	DPN100	-	1905
6	BILLINGS-MAIN	Host	Digital	ERSN	AXE	-	1991
7	BILLINGS-MAIN	Packet (Unreg)	Packet	NTI	DPN100	-	1993
8	BILLINGS-MAIN	Stand Alone	Digital	LUCENT	5ESS	62,805	1994
9	BILLINGS-MAIN	STP	Digital	ERSN	AXE/STP	-	1992
10	BOULDER	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	1,280	1992
11	BOZEMAN	Stand Alone	Digital	LUCENT	5ESS	45,566	1984
12	BOZEMAN	STP	Digital	ERSN	AXE/STP	-	1992
13	BRIDGER	Remote/BILLINGS-MAIN	Digital	ERSN	AXE/RSS	1,024	1993
14	BUTTE-MAIN	Stand Alone	Digital	LUCENT	5ESS	16,159	1990
15	BUTTE-SOUTH	Remote/BUTTE-MAIN	Digital	LUCENT	5ESS/ORM	9,424	1995
16	CANYON FERRY	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	1,278	1993
17	CASCADE	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	1,776	1994
18	CLANCY	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	1,536	1993
19	CLYDE PARK	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	896	1992
20	COLSTRIP	Remote/BILLINGS-MAIN	Digital	LUCENT	5ESS/RSM	2,144	1997
21	COLUMBUS	Remote/BILLINGS-MAIN	Digital	ERSN	AXE/RSS	2,302	1992
22	CONRAD	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	2,560	1994
23	COOKE CITY	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	640	1992
24	CORVALLIS	Remote/HAMILTON	Digital	ERSN	AXE/RSS	3,712	1991
25	CUT BANK	Remote/SHELBY	Digital	ERSN	AXE/RSS	2,688	1994
26	DARBY	Remote/HAMILTON	Digital	ERSN	AXE/RSS	2,432	1991
27	DEER LODGE	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	2,944	1990
28	DILLON	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	4,735	1992
29	DUTTON	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	512	1994
30	EAST GLACIER	Remote/SHELBY	Digital	ERSN	AXE/RSS	512	1993
31	EAST HELENA	Remote/HELENA-MAIN	Digital	LUCENT	5ESS/RSM	7,160	1988
32	FAIRVIEW	Remote/GLENDIVE	Digital	ERSN	AXE/RSS	1,024	1993
33	FORSYTH	Remote/MILES CITY	Digital	ERSN	AXE/RSS	2,048	1992
34	FRENCHTOWN	Remote/MISSOULA-MAIN	Digital	LUCENT	5ESS/RSM	3,264	1990
35	FROMBERG	Remote/BILLINGS-MAIN	Digital	ERSN	AXE/RSS	512	1993
36	GALLATIN GATEWAY	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	1,888	1993
37	GARDINER	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	1,536	1991
38	GLENDIVE	Stand Alone	Digital	ERSN	AXE	4,992	1992
39	GREAT-FALLS	Lines/Host	Digital	LUCENT	5ESS	55,272	1987
40	GREAT-FALLS	Packet (Unreg)	Packet	NTI	DPN100	-	1993
41	HAMILTON	Stand Alone	Digital	ERSN	AXE	9,216	1991
42	HARDIN	Remote/BILLINGS-MAIN	Digital	ERSN	AXE/RSS	2,816	1992
43	HAVRE	Stand Alone	Digital	ERSN	AXE	8,448	1991
44	HELENA NORTH	Remote/HELENA-MAIN	Digital	LUCENT	5ESS/RSM	5,376	1988
45	HELENA-MAIN	Host	Digital	ERSN	AXE	-	1990
46	HELENA-MAIN	Lines/Host	Digital	LUCENT	5ESS	35,296	1988
47	HELENA-MAIN	STP	Digital	ERSN	AXE/STP	-	1992
48	JOLIET	Remote/BILLINGS-MAIN	Digital	ERSN	AXE/RSS	1,408	1993
49	LAUREL	Remote/BILLINGS-MAIN	Digital	ERSN	AXE/RSS	5,504	1992
50	LEWISTOWN	Stand Alone	Digital	ERSN	AXE	7,040	1993

Central Office and Switch Information

Year 2011

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
51	LIVINGSTON	Stand Alone	Digital	ERSN	AXE	8,320	1992
52	LOLO	Remote/MISSOULA-MAIN	Digital	LUCENT	5ESS/RSM	7,247	1993
53	MANHATTAN	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	2,141	1993
54	MILES CITY	Stand Alone	Digital	ERSN	AXE	7,168	1992
55	MILLTOWN	Remote/MISSOULA-MAIN	Digital	LUCENT	5ESS/RSM	2,112	1993
56	MISSOULA SOUTH	Remote/MISSOULA-MAIN	Digital	LUCENT	5ESS/ORM	8,704	1993
57	MISSOULA-MAIN	Lines/Host	Digital	LUCENT	5ESS	59,880	1986
58	MISSOULA-MAIN	STP	Digital	ERSN	AXE/STP	-	1992
59	OPPORTUNITY	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	766	1992
60	PARK CITY	Remote/BILLINGS-MAIN	Digital	ERSN	AXE/RSS	1,408	1992
61	PRAY	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	1,280	1990
62	RED LODGE	Remote/BILLINGS-MAIN	Digital	ERSN	AXE/RSS	3,712	1992
63	ROBERTS	Remote/BILLINGS-MAIN	Digital	ERSN	AXE/RSS	640	1993
64	SAINT MARY	Remote/SHELBY	Digital	ERSN	AXE/RSS	512	1993
65	SHELBY	Stand Alone	Digital	ERSN	AXE	2,432	1993
66	SHEPHERD	Remote/BILLINGS WEST	Digital	LUCENT	5ESS/RSM	3,032	1985
67	SIDNEY	Remote/GLENDIVE	Digital	ERSN	AXE/RSS	4,608	1993
68	STEVENSVILLE	Remote/HAMILTON	Digital	ERSN	AXE/RSS	6,143	1991
69	TERRY	Remote/MILES CITY	Digital	ERSN	AXE/RSS	512	1994
70	THREE FORKS	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	3,013	1993
71	TOWNSEND	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	2,560	1992
72	ULM	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	1,024	1993
73	VAUGHN	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	2,048	1993
74	VICTOR	Remote/HAMILTON	Digital	ERSN	AXE/RSS	2,048	1991
75	WARM SPRINGS	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	383	1992
76	WEST GLACIER	Remote/SHELBY	Digital	ERSN	AXE/RSS	768	1993
77	WEST YELLOWSTONE	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	2,816	1991
78	WHITEHALL	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	2,432	1992
79	WIBAUX	Remote/GLENDIVE	Digital	ERSN	AXE/RSS	639	1994
80	WILSALL	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	512	1992
81	WOLF CREEK	Remote/HELENA-MAIN	Digital	ERSN	AXE/RSS	512	1992

Construction Budget-Montana

(Thousands of Dollars)

Year 2011

Line No.	Description (a)	Year 2011 Forecast (b)
1	Central Office Assets:	
2		
3		
4		
5		
6		
7		
8	COE projects over \$500,000	0
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	0
28	Miscellaneous Central Office Projects not over \$500,000	19,000
29	Total Central Office Budget (L.27+L.28)	19,000
30	Other Projects over \$500,000:	0
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	0
42	Miscellaneous Projects not over \$500,000	5,000
43	Total Construction Budget (L.29+L.41+L.42)*	24,000

Montana Total State Construction Expenditures				Year 2011	
Line No.	FCC Part 32 Account No. (a)	Description (b)	(\$ 000) This Year (c)	(\$ 000) Last Year (d)	Percent Change (e)
1	2110	General Support Assets	2,945	2,474	19.04%
2	2210	Central Office Assets	8,372	4,777	75.25%
3	2220	Operator Systems	0	0	0.00%
4	2230	Central Office Transmission	12,255	8,183	49.76%
5	2310	Information/Termination Assets	106	114	-7.02%
6	2410	Cable and Wire Facilities Assets	6,383	7,429	-14.07%
7	2680	Amortizable Tangible Assets	274	715	-61.68%
8	2690	Intangibles	87	30	188.98%
9		Total Construction Expenditures	30,421	23,721	28.24%

Montana Employee Counts

Year 2011

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Mass Markets-Consumer	0	0
2	Business Markets Group	9	6
3	Network Services	145	150
4	Finance	1	10
5	Real Estate/Procurement/Fleet	7	0
6	Public Policy	2	1
7	Other Affiliates	1	0
8	Legal	1	0
9	IT		2
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	Totals (Sum of Lines 1 through 42)	166	169

Compensation of Top 10 Montana Based Employees

Year 2011

Line	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	THIS INFORMATION IS PROPRIETARY AND WILL BE PROVIDED WHEN AN APPROPRIATE PROTECTIVE ORDER IS ISSUED.						
2	By Notice of Commission Action on March 22, 2011, Service Date March 24, 2011, the MT PSC waived the requirement for utilities to file compensation information, Schedule 27, in their annual reports until Cause No. ADV 2010-945 filed in District Court for the First Judicial District, Lewis and Clark County, is resolved.						
3							
4							
5							
6							
7							
8							
9							
10							
11	Totals (Sum L.1 to L.10)	0	0	0	0	0	N/A

Compensation of Top 5 Corporate Employees - SEC Information

Year 2011

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other (1) Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	Current Executives Glen F. Post III Chief Executive Officer and President	\$ 1,020,800	\$ -	\$ 7,533,494	\$ 8,554,294	\$ 14,576,448	-41.3%
2	Karen A. Puckett Executive Vice President and Chief Operating Officer	\$ 663,872	\$ -	\$ 3,462,120	\$ 4,125,992	\$ 5,831,156	-29.2%
3	R. Stewart Ewing, Jr. Executive Vice President and Chief Financial Officer	\$ 598,764	\$ -	\$ 2,980,881	\$ 3,579,645	\$ 5,325,145	-32.8%
4	James E. Ousley Chief Executive Officer, SAVVIS Operations, and President-Enterprise Markets Group	\$ 252,083	\$ -	\$ 5,709,975	\$ 5,962,058	N/A	N/A
5	David D. Cole Senior Vice President - Controller and Operations Support	\$ 435,380	\$ -	\$ 2,044,684	\$ 2,480,064	\$ 3,475,567	-28.6%
6	Totals (Sum L.1 to L.5)	\$ 2,970,899	\$ -	\$ 21,731,154	\$ 24,702,053	\$ 29,208,316	

PAGE 32

(#) Details of "other compensation" and footnote references associated with each officer are publicly available in the CenturyLink, Inc. Proxy Statement, Schedule 14, beginning on page 57, filed 3/27/2012 with the SEC and available from <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=112635&fid=8092797>

Montana Composite Statistics

Year 2011

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (\$ 000)	
2	2001	Plant in Service	631,086
3	2003-2004	Construction Work in Progress	0
4	2005	Plant Acquisition Adjustments	0
5	2002	Plant Held for Future Use	0
6	1220	Materials & Supplies	195
7		(Less):	
8	3100-3400	Depreciation & Amortization Reserves	546,761
9	4360.2	Contributions in Aid of Construction	(15)
10		NET BOOK COSTS	84,534
11		Revenues & Expenses (Intrastate Only) (\$ 000)	
12	5000-5300	Operating Revenues	73,664
13	6560	Depreciation & Amortization Expenses	22,264
14		Federal & State Income Taxes	(653)
15		Other Taxes	8,578
16		Other Operating Expenses	35,640
17		TOTAL Operating Expenses	65,829
18		Net Operating Income	7,835
19		Other Income	(2,541)
20		Other Deductions	1,292
21		NET INCOME	4,002
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	96,871
24		Business Access Lines	82,962
25		PBX Access Lines	1,100
26		Other Access Lines (Public)	496
27		Total Number of Access Lines	181,429
28		Average Number of Calls Per Access Line	
29		Local Calls	See Notes to Schedules 9, 21, 29.
30		Toll Calls (Intra- or Interstate)	
31		Total Number of Calls Per Access Line (L.29 + L.30)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	13.22
34		Gross Plant Investment per Access Line	3,479

Depreciation-Montana Intrastate Regulated

(Thousands of Dollars)

Year 2011

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1		2112 MOTOR VEHICLES	5.2%	26
2		2114 SPEC PURPOSE VEHICLES	9.2%	8
3		2115 GARAGE WORK EQUIPMENT	9.2%	(5)
4		2116 OTHER WORK EQUIP	9.2%	392
5		2121 BUILDINGS	3.3%	1,096
6		2122 FURNITURE	62.8%	(87)
7		2123.1 OFFICE EQUIPMENT	12.1%	40
8		2123.2 COMPANY COMM EQUIP	0.2%	
9		2124 GEN PURPOSE CMPTR	8.2%	0
10		2212 DIGITAL SW EQUIP	5.2%	5,738
11		2220 OPERATOR SYSTEMS	12.5%	(0)
12		2231 RADIO SYSTEMS	6.7%	496
13		2232 CIRCUIT DDS	0.0%	(36)
14		2232 CIRCUIT DIGITAL	2.7%	3,320
15		2232 CIRCUIT ANALOG	0.0%	
16		2362 OTHER TERM EQUIP	4.4%	190
17		2411 POLE LINES	10.8%	(156)
18		2421 AERIAL CABLE MET	1.4%	312
19		2421 AERIAL CABLE NON MET	5.2%	14
20		2422 UNDGRD CABLE MET	2.7%	564
21		2422 UNDGRD CABLE NON MET	4.1%	312
22		2423 BURIED CABLE MET	3.4%	7,115
23		2423 BURIED CABLE NON MET	3.3%	848
24		2424 SUB CABLE MET	1.0%	0
25		2424 SUB CABLE NON MET	4.2%	-
26		2426 INTRA BLDG CA MET	3.9%	194
27		2426 INTRA BLDG CABLE NON MET	5.3%	16
28		2431 AERIAL WIRE	8.8%	23
29		2441 CONDUIT SYSTEMS	2.7%	412
30				
31		COMPOSITE TOTAL		20,832
32				
33				
34				
35	Have these rates been approved by the Commission? x Yes No			
36				
37				
38	If yes: <u>Docket Number</u> <u>Order Number</u>			
39	96.8.131 5937c			

Amortization - Montana Intrastate Regulated

Year 2011

(Thousands of Dollars)

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1	2681	Capital Leases	varies	249
2	2682	Leasehold Improvements	varies	18
3	2690	Intangibles	26.4%	79
4				
5				
6				
7				
8				
9		Capital Leases and LHI's do not have a composite rate - the amortization varies by the terms of the Leases.		
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35		COMPOSITE TOTAL		346
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates			
37				
38				
39				
40				
		Docket Number _____	Order Number _____	

Montana Regulatory Capital Structure & Costs

Year 2011

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number 88.12.55			
2	Order Number 5398a			
3				
4	Common Equity	50.00%	12.00%	6.000%
5	Preferred Stock	0.00%	0.00%	0.000%
6	Long Term Debt	50.00%	8.88%	4.440%
7	Other		0.00%	0.000%
8	Total	100.00%		10.440%
9				
10	Actual at Year End			
11				
12	Common Equity	-30.11%	See Note 2.	
13	Preferred Stock	0.00%	0.00%	0.000%
14	Long Term Debt	129.06%	5.86%	7.561%
15	Other	1.05%	0.00%	0.000%
16	Total	100.00%		

NM - Not Meaningful

Note 2: Qwest does not currently employ nor does it currently contract with a financial expert to perform the analysis necessary to estimate the current cost of equity for this analysis.

SCHEDULE 32

Network Access - Charges and Revenues

(Thousands of Dollars)

Year 2011

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	2,796	107,098
2			
3	Montana - Intrastate	193	10,072
4			
5	Montana - Intrastate Regulated	193	7,860
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2011

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Qwest BroadBand Services, Inc.	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	55,273		
2		FDC		55,273		-
3		TOTAL		55,273		-
4	CenturyTelFiber	LEASED ASSETS & FACILITIES	FDC	564		311
5		COMMUNICATIONS SERVICES		15,173		3,121
6		NETWORK SERVICES		39,214		5,741
7		CORP GEN & ADM SERVICES		272,431		277,931
8		MARKETING & SALES		12,903,039		287,105
9		FDC		13,230,420		
10		COMMUNICATIONS SERVICES		2,051		24
11		PCP	PCP	2,051		24
12		TOTAL		13,232,471		287,129
13	CTCOL	MARKETING & SALES	FDC	64,756		1,425
14		NETWORK SERVICES		491		14
15		FDC		65,247		1,439
16		TOTAL		65,247		1,439
17	CTCOW	NETWORK SERVICES	FDC	8,898		
18		FDC		8,898		-
19		TOTAL		8,898		-
20	CTEAGINC	CORP GEN & ADM SERVICES	FDC	3,250		
21		NETWORK SERVICES		206,125		
22		FDC		209,375		-
23		LEASED ASSETS & FACILITIES	FMV	29,766		
24		FMV		29,766		-
25		COMMUNICATIONS SERVICES	PCP	3,617		
26		PCP		3,617		-
27		TOTAL		242,759		-
28	CTEOR	CORP GEN & ADM SERVICES	FDC	1,995		
29		NETWORK SERVICES		634,390		
30		FDC		636,386		-
31		LEASED ASSETS & FACILITIES	FMV	2,637		
32		FMV		2,637		-
33						

Affiliate Transactions - Products & Services Provided to Utility

Year: 2011

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1		COMMUNICATIONS SERVICES	PCP	1,182		
2		PCP		1,182		-
3		TOTAL		640,204		-
4	CTFIBCOLIGHT	NETWORK SERVICES	FDC	14,103		206
5		FDC		14,103		206
6		TOTAL		14,103		206
7	CTGEMSTIDAHO	CORP GEN & ADMN SERVICES	FDC	3		
8		NETWORK SERVICES		84		
9		FDC		87		-
10		TOTAL		87		-
11	CTINTISL	NETWORK SERVICES	FDC	8,169		
12		FDC		8,169		-
13		TOTAL		8,169		-
14	CTLMKTGSOL	MARKETING & SALES	FDC	1,356,397		29,217
15		FDC		1,356,397		29,217
16		TOTAL		1,356,397		29,217
17	CTMINN	CORP GEN & ADMN SERVICES	FDC	13,574		
18		LEASED ASSETS & FACILITIES		18,193		
19		NETWORK SERVICES		3,637		
20		FDC		35,404		-
21		COMMUNICATIONS SERVICES	PCP	647		13
22		PCP		647		13
23		TOTAL		36,051		13
24	CTORINC	CORP GEN & ADMN SERVICES	FDC	1,789		
25		NETWORK SERVICES		185,575		
26		FDC		187,364		-
27		TOTAL		187,364		-
28	CTSERVGRP	CORP GEN & ADMN SERVICES	FDC	25,188,524		514,693
29		FDC		25,188,524		514,693
30		TOTAL		25,188,524		514,693
31	CTWASH	NETWORK SERVICES	FDC	410,037		
32				410,037		-
33		FDC				

Affiliate Transactions - Products & Services Provided to Utility

Year: 2011

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1		LEASED ASSETS & FACILITIES	FMV	10,651		
2		FMV		10,651		-
3		TOTAL		420,688		-
4	CTWYINC	CORP GEN & ADMN SERVICE	FDC	308		
5		NETWORK SERVICES		595		
6		FDC		903		-
7		TOTAL		903		-
8	EMBARQMGNTCO	COMMUNICATIONS SERVICES	PCP	556		11
9		PCP		556		11
10		TOTAL		556		11
11	EMBARQMN	COMMUNICATIONS SERVICES	PCP	1,848		38
12		PCP		1,848		38
13		TOTAL		1,848		38
14	Qwest Federal Services, Inc.	COMMUNICATIONS SERVICES	FDC	78,284		1,602
15		CORP GEN & ADMN SERVICE		680,136		13,954
16		MARKETING & SALES		4,297,932		93,594
17		FDC		5,056,352		109,150
18		TOTAL		5,056,352		109,150
19	Qwest Communications Company, LLC	COMMUNICATIONS SERVICES	FDC	783,365		14,751
20		CORP GEN & ADMN SERVICE		34,674		709
21		LEASED ASSETS & FACILITIES		(614)		(5,072)
22		NETWORK SERVICES		1,024,156		80,845
23		FDC		1,841,581		91,233
24		CORP GEN & ADMN SERVICE	FMV	6,016		
25		LEASED ASSETS & FACILITIES		14,990,539		
26		FMV		14,996,554		-
27		COMMUNICATIONS SERVICES	PCP	65,053,119		1,333,464
28		PCP		65,053,119		1,333,464
29		TOTAL		81,891,254		1,424,696
30	Qwest Services Corporation	CORP GEN & ADMN SERVICE	FDC	14,298,363		296,786
31		FDC		14,298,363		296,786
32		TOTAL		14,298,363		296,786
33						

Affiliate Transactions - Products & Services Provided to Utility

Year: 2011

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	Qwest Transoceanic	CORP GEN & ADMN SERVICES	FDC	8,834		181
2		FDC		8,834		181
3		TOTAL		8,834		181
4	Qwest Telcom Software Services	CORP GEN & ADMN SERVICES	FDC	24,705,966		506,259
5		FDC		24,705,966		506,259
6		TOTAL		24,705,966		506,259
7	UNITEDTEL OR	CORP GEN & ADMN SERVICES	FDC	(22)		
8		NETWORK SERVICES		253,281		
9		FDC		253,259		-
10		COMMUNICATIONS SERVICES	PCP	562		12
11		PCP		562		12
12		TOTAL		253,821		12
13	UNITEDTEL WA	CORP GEN & ADMN SERVICES	FDC	11		
14		LEASED ASSETS & FACILITIES		917		
15		NETWORK SERVICES		164,356		
16		FDC	PCP	165,285		-
17		COMMUNICATIONS SERVICES		204		4
18		PCP		204		4
19		TOTAL		165,489		4
20	UNITED TEL WEST NE	CORP GEN & ADMN SERVICES	FDC	474		
21		LEASED ASSETS & FACILITIES		61,885		
22		NETWORK SERVICES		5,485		
23		FDC		67,845		-
24		TOTAL		67,845		-
25						
26	GRAND TOTAL			167,907,466		3,169,834
27						
28						
29						
30						
31						
32						
33						

Affiliate Transactions - Products & Services Provided by Utility

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Year: 2011	
						Payments by MT Utility (f)	
1	Qwest Broadband Services, Inc	COMMUNICATIONS SERVICES	FDC	324,975		10	
2		CORP GEN & ADM SERVICES		3,055,925		8,402	
3		LEASED ASSETS & FACILITIES		262,113		537	
4		MARKETING & SALES		149,419			
5		NETWORK SERVICES		3,973,513		24,503	
6		FDC		7,765,945		33,453	
7		LEASED ASSETS & FACILITIES	FMV	659,846			
8		FMV		659,846		-	
9		COMMUNICATIONS SERVICES	PCP	804,260		564	
10		PCP		804,260		564	
11		LEASED ASSETS & FACILITIES	PUB	2,196,590			
12		NETWORK SERVICES		146,552			
13		PUB		2,343,143			
14		TOTAL		11,573,194		34,017	
15	CTSERV GROUP	CORP GEN & ADM SERVICES	FDC	232,379			
16		FDC		232,379		-	
17		TOTAL		232,379		-	
18	El Paso Telephone Company	CORP GEN & ADM SERVICES	FDC	748,144		352	
19		LEASED ASSETS & FACILITIES		28,513		39	
20		NETWORK SERVICES		597,057			
21		FDC		1,373,714		391	
22		MARKETING & SALES	PCP	599			
23		PCP		599		-	
24		TOTAL		1,374,313		391	
25	Federal Government Services	COMMUNICATIONS SERVICES	FDC	600,359		12,365	
26		CORP GEN & ADM SERVICES		16,470,664		16,986	
27		LEASED ASSETS & FACILITIES		3,546,471		6,445	
28		NETWORK SERVICES		90,259		65	
29		FDC		20,707,753		35,860	
30		LEASED ASSETS & FACILITIES	FMV	852,556			
31		FMV		852,556		-	
32							
33							

Affiliate Transactions - Products & Services Provided by Utility

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Year: 2011	
						Payments by MT Utility (f)	
1		COMMUNICATIONS SERVICES	PCP	203,101			
2		PCP		203,101			
3		TOTAL		21,763,409		35,860	
4	Qwest Communications Company LLC dba CenturyLink QCC	COMMUNICATIONS SERVICES	FDC	2,108,645		43,414	
5		CONDUIT		15			
6		CORP GEN & ADMIN SERVICES		289,471,034		641,762	
7		LEASED ASSETS & FACILITIES		95,624,090		175,389	
8		MARKETING & SALES		236,640,687			
9		NETWORK SERVICES		34,591,105		226,167	
10		FDC		658,435,577		1,086,732	
11		LEASED ASSETS & FACILITIES	FMV	7,804,594		65,081	
12		NETWORK SERVICES		5,178			
13		FMV		7,809,772		65,081	
14		COMMUNICATIONS SERVICES	PCP	2,277,908		21,588	
15		NETWORK SERVICES		(316,419)			
16		PCP		1,961,488		21,588	
17		LEASED ASSETS & FACILITIES	PUB	486			
18		NETWORK SERVICES		154,196		34,355	
19		PUB		154,682		34,355	
20		TOTAL		668,361,520		1,207,756	
21	Qwest LD Corp dba CenturyLink LD	CORP GEN & ADMIN SERVICES	FDC	29,810,519		120,862	
22		LEASED ASSETS & FACILITIES		4,939,956		9,794	
23		MARKETING & SALES		48,806,003			
24		NETWORK SERVICES		237,911			
25		FDC		83,794,389		130,655	
26		COMMUNICATIONS SERVICES	PCP	82,485,749		1,938,842	
27		PCP		82,485,749		1,938,842	
28		TOTAL		166,280,138		2,069,498	
29	Qwest Transoceanic Inc.	CORP GEN & ADMIN SERVICES	FDC	1,187,296		1,078	
30		LEASED ASSETS & FACILITIES		170,183		219	
31		MARKETING & SALES		418,709			
32		NETWORK SERVICES		173,713			
33		FDC		1,949,901		1,298	

Affiliate Transactions - Products & Services Provided by Utility

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Year: 2011	
						Payments by MT Utility (f)	
1		NETWORK SERVICES	PCP	(2,006)			
2		PCP		(2,006)		-	
3		TOTAL		1,947,895		1,298	
4	UNITEDTELOR	CORP GEN & ADMIN SERVICES	FDC	2			
5		FDC		2		-	
6		TOTAL		2		-	
7	Qwest Wireless LLC	COMMUNICATIONS SERVICES	PCP	12,993		212	
8		PCP		12,993		212	
9		TOTAL		12,993		212	
10							
11		GRAND TOTAL		871,545,843		3,349,031	
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							

Montana Intrastate Regulated Earned Rate of Return

(Thousands of Dollars)

Year 2011

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	594,891	588,403	1.10%
3	2002 Prop. Held for Future Telecommunications Use	0	0	
4	3100-3200 (Less) Accumulated Depreciation	516,557	502,106	2.88%
5	NET Plant in Service	78,334	86,297	-9.23%
6				
7	<u>Additions</u>			
8	1220 Materials & Supplies	187	199	-6.28%
9	1280 Prepayments	0	0	0
10	Other Additions	0	0	
11	TOTAL Additions	187	199	-6.28%
12				
13	<u>Deductions</u>			
14	4100 Current Deferred Operating Income Taxes	(1,317)	(3,677)	64.20%
15	4320 Unamortized Operating Investment Tax Credits	0	0	
16	4340 Noncurrent Deferred Operating Income Taxes	6,379	11,141	-42.75%
17	Customer Advances for Construction			
18	Other Deductions	0	0	
19	TOTAL Deductions	5,062	7,464	-32.18%
20	TOTAL Rate Base	73,459	79,032	-7.05%
21				
22	Net Earnings	10,306	10,752	-4.15%
23				
24	Rate of Return on Average Rate Base	14.03%	13.60%	3.12%
25				
26	Rate of Return on Average Equity	N/M	N/M	
27				
28	Major Normalizing Adjustments & Commission			
29	Rate-making adjustments to Utility Operations () reduces earnings			
30	Earnings from Docket 93.7.25 are no longer relevant to be reported			
31	with the approval of the Qwest AFOR in Docket D2008.1.6, Order No. 6889n dated 12/23/2008.			
32				
33	Federal Universal Service Fund Rate Base Adjustment is required by the			
34	AFOR Order beginning with the 2010 report filed in 2011.			
35				
36				
37				
38				
39				
40	JR Accounting Standing Rate Base Adjustment Docket D2011.7.56	3,795		
41	Federal Universal Service Fund Rate Base Adjustment, Docket	9,505	11,130	-14.60%
42	D2008.1.6, Order 6889n			
43	Adjusted Rate of Return on Average Rate Base	17.13%	15.83%	8.19%
44				
45	Adjusted Rate of Return on Average Equity	N/M	N/M	

N/M = Not Meaningful

PAGE 38

Other Taxes Paid

Year: 2011

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax**	-	-
2	Montana Public Service Commission Tax	166,417	267,276.08
3	Montana Consumer Counsel Tax	24,731	85,912.35
4	911 Emergency Telephone Fee	2,278,702	2,047,632
5	Montana Telecommunications Access Service (TDD)	227,831	204,310
6	Montana Corporate License Tax	1,992,150	981,800
7	Personal Property Tax	9,246,175	11,636,940
8	Real Property Tax	578,288	735,807
9	Montana Excise Tax	3,019,763	2,821,199
10			
11			
12	Total	17,534,057	18,780,876

** Effective 1/1/00 the telephone license was replaced by excise tax on telephone service.

Universal Service Funds Received

Year 2011

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	11,130,210	9,504,653
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	11,130,210	9,504,653

Company Name: Qwest Corporation dba CenturyLink QC
Notes to Schedules 9, 21, 29

Schedule 9

Historically, Qwest Corporation prepared Schedule 9 using Table B-2, Statement of Cash Flows, from FCC Report 43-02, the ARMIS USOA Report, which Qwest Corporation filed with the Federal Communications Commission (FCC) . In the December 12, 2008 *ARMIS Financial Reporting Forbearance Order*, FCC 08-271, the FCC granted Qwest Corporation forbearance from the obligation to file ARMIS report 43-02. In accordance with FCC 08-271, Qwest did not prepare and file FCC Report 43-02, including Table B-2, for 2011.

Schedule 21

Historically, Qwest Corporation prepared Schedule 21 using Table I-7, Donations or Payments for Services Rendered by Persons Other Than Employees, from FCC Report 43-02, the ARMIS USOA Report, which Qwest Corporation filed with the Federal Communications Commission (FCC) . In the December 12, 2008 *ARMIS Financial Reporting Forbearance Order*, FCC 08-271, the FCC granted Qwest Corporation forbearance from the obligation to file FCC Report 43-02. In accordance with FCC 08-271, Qwest did not prepare and file FCC Report 43-02, including Table I-7, for 2011.

Schedule 29

Historically, Qwest Corporation prepared the Average Number of Calls Per Access Line on Schedule 29 using Table IV, Telephone Calls, from FCC Report 43-08, the ARMIS Operating Data Report, which Qwest Corporation filed with the Federal Communications Commission (FCC) . In the September 6, 2008 *ARMIS Forbearance Order* , FCC 08-203, the FCC granted Qwest Corporation forbearance from the obligation to file ARMIS Report 43-08 except for columns (fc), (fd), (fe), and (fi) in Table III. In accordance with FCC 08-203, Qwest did not prepare and file FCC Report 43-08 for 2011 except for columns (fc), (fd), (fe), and (fi) in Table III.